TwentyFour
a boutique of Vontobel

Document	**Engagement Policy**
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Responsible unit	Responsible Investment Policy Group
Prepared by	ESG Team

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1. Introduction and Scope

This policy sets out how TwentyFour Asset Management LLP and its group companies' (collectively "TwentyFour") engage with companies on behalf of our clients.

We believe in actively engaging on behalf of our clients at a company, industry and regulatory level. As fixed income investors, our voting rights are limited, thus engagement as a fixed income manager is somewhat different to that of managers in the equity space. Engagement with an investee company may occur prior to investment, be ongoing or as a result of monitoring.

This policy reflects our current engagement approach and we expect it will evolve over time to reflect changes in business practices and regulation.

2. Engagement with and monitoring of investee companies

TwentyFour believes that effective engagement is one of the most impactful ways to improve corporate behaviour and promote positive change.

Examples of engagement can range from fundamental governance issues, such as the structure and terms of a bond issue, right through to more general ESG related matters, like the absence or content of a Corporate Social Responsibility (CSR) report. This is in addition to the significant amount of due diligence conducted on issuers with whom we invest, which enables us to avoid companies we believe do not meet our high standards in strategy, performance and/or ESG factors. TwentyFour's portfolio management teams aim to engage with the management of every company whose securities we invest in, or who manages or services any instrument in which we invest – both prior to investment and on an ongoing basis.

The general principles of our engagements are not fund or geography specific. Global fixed income markets are large, diverse and complex, as such we need to retain a dynamic approach to serving our clients' needs. In general we will engage on any topic as and when we feel it is in our clients' interests.

As part of its investment process, TwentyFour undertakes a substantial portion of its investee company research via direct contact with multiple levels of company management including senior management, as well as monitoring public statements of investee companies through financial information platforms such as Bloomberg, financial statements and regulatory announcements, reports & accounts, and results meetings.

TwentyFour engages with the company management through periodic meetings, visits, and telephone calls during which TwentyFour's portfolio management teams discuss and pose questions on operational, strategic, and other management issues. Maintaining this dialogue is central to how we implement our stewardship responsibilities and informs the investment decisions we make on behalf of our clients.

TwentyFour's portfolio managers communicate internally on the status of engagement activities and any outcomes arising.

Any engagement is formally recorded by issue, the desired outcome, the form of engagement, the company's response and any action subsequently decided by us.

2.1 ESG Engagement

We believe that Environmental, Social and Governance (ESG) factors can have a material impact on the future performance of our investments.

TwentyFour's portfolio management teams are well positioned to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on bondholder value. As such, explicitly considering ESG factors is fully integrated in our investment process for all the funds and accounts that we manage.

TwentyFour will on an ongoing basis engage with companies on ESG matters identified and monitor improvements. Any information obtained regarding ESG matters can be recorded in our proprietary ESG model, which includes a template that enables the portfolio management teams to log any company engagement by the following steps:

- Nature of the issue of concern
- Desired outcome
- Engagement
- Response
- Action/outcome

2.2 Selection of companies to engage with

The portfolio management teams identify and select companies to engage with – TwentyFour currently conducts direct engagement only and does not engage the services of third parties for any aspect of our engagement. Criteria considered when selecting companies include but are not limited to which companies TwentyFour has the most influence over and what will have the greatest impact for our clients while ensuring we can maintain the quality of the engagements and monitoring. TwentyFour may also decide to engage if a company is taking action, we believe is detrimental to the interests of investors or the market as a whole even if we ourselves are not necessarily current bold holders.

We do not currently see the value in 'mass mailing' issuers as we believe targeted approaches are more effective. However, we have and continue to have some more specific 'project' type engagements that can be more specific to geographies and asset classes. A particular focus for

TwentyFour is carbon emissions and net zero initiatives and we have put separate engagement principles in place for these engagements.

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires that products consider ‘principal adverse impact’ indicators and TwentyFour also engages with companies to obtain information relating to this.

2.3 Monitoring

TwentyFour’s portfolio management teams monitor the strategy and capital structure of investee companies, analysing financial statements as they are produced, assessing execution of a stated strategy, and paying close attention to events like capital investment decisions, important features of capital structure like the term structure of borrowing, access to working capital and financial obligations that may not appear in their entirety on the balance sheet, and monitor changes in them over time.

TwentyFour’s portfolio management teams also pay close attention to changes in governance structures (board composition, voting rights, pre-emption rights etc.) and management incentives. The aim is to understand whether the interests of management are aligned, and remain aligned, with those of TwentyFour’s clients.

2.4 Escalation

We believe that constructive dialogue with companies is more effective than automatically excluding companies from our investment universe. We prefer to support companies that can show us a credible and demonstrable plan for improving areas in which they score badly. However, there are instances where escalation may be necessary.

Generally, if we have not been able to resolve an issue satisfactorily, we would not invest in bonds issued by those companies, however we would continue dialogue to ensure, as far as possible, the company in question understands why we are not investing in its bonds and that we are kept up to date with any developments including changes in management behaviours.

Investment or ESG issues can also arise post-investment, and where we are concerned about specific matters such as governance, management or treatment of bondholders, the portfolio management team will engage with the appropriate senior management or board member of the company involved and seek to understand their plans to address the matter. Following such engagement TwentyFour may agree an appropriate timeframe with management to implement their plans and TwentyFour will continue to monitor and engage with management during such period. As a last resort, TwentyFour may choose to either exit the investment, reduce our position or decide not to participate in future re-financing.

All of our escalations are on a case by case basis and are carried out irrespective of fund or region. In terms of our approach to escalation, again, this will depend on the situation and how we feel we can get the best outcome for our clients. In terms of how to approach a general issue sometimes all that is required is to contact the company’s Investor Relations function (for example collating CO_2 data or payment holiday data) and at other times the issue may be more specific or requiring interaction with a decision maker in which case we can contact the CFO, FD or other board member as appropriate. Regardless of the type of escalation the form of engagement is recorded in our Observatory system.

While we generally keep such discussions private as we believe better outcomes can occur this way, we have on occasion published blogs discussing issues that we have found difficult to resolve and we felt deserved to be brought to our clients' or the broader market's attention.

3. Cooperation with other bondholders

While most of our engagements are individual engagements, TwentyFour acknowledges that collaborating with other investors can add value on specific issues and TwentyFour may collaborate with other investors if we consider it in our clients' best interests and permitted by TwentyFour's Legal and Compliance departments.

TwentyFour believes that good market practice can be promoted through collaborative platforms. In addition to being signatories of the UK Stewardship Code and UNPRI, TwentyFour is also member of the European Leveraged Finance Association (ELFA) which works to develop industry standards and best practice in leveraged finance markets such as high yield bonds and collateralised loan obligations (CLOs) and Association for Financial Markets in Europe (AFME). Outcome of the work from AFME is an ESG DDQ questionnaire which CLO issuers now usually fill in when they come to the market; TwentyFour was actively involved in the consultation regarding the content of this questionnaire and had input towards building it.

4. Voting Rights

As a fixed income company TwentyFour's proxy voting rights are limited. As fixed income investors we do manage 'corporate actions' such as consenting (or not) to repurchase offers, bond exchanges and covenant modifications, among other matters.

TwentyFour has in place a Proxy Voting Policy which sets out that when voting proxies or acting with respect to corporate actions for investments we manage for clients, TwentyFour's utmost concern is that all decisions are made solely in the best interest of the client and the Firm will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account(s).

5. Management of conflicts of interest

TwentyFour has a conflicts of interest policy that applies to its investment activities, and is available on TwentyFour's website here.

TwentyFour has adopted and implemented policies and procedures that are reasonably designed to manage conflicts if they arise in its stewardship activities, including corporate engagement.

6. Shareholder Rights Directive II

TwentyFour's investment strategy is to trade in fixed income products only and TwentyFour therefore is not required to make a disclosure under Directive (EU) 2017/828 and its implementing measures as adopted and implemented by the United Kingdom under the Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/60) and recorded in COBS 2.2B (collectively "SRD II"), however, TwentyFour has chosen to adopt this engagement policy and makes annual disclosures setting out how TwentyFour has complied with this policy.

In compliance with SRD II, TwentyFour will annually disclose how this policy has been implemented, including but not limited to:

- a description of its voting behaviour;
- an explanation of the most significant votes;
- the use of the services of proxy advisors; and
- a description of how TwentyFour has cast votes in the general meetings of companies in which it holds shares on behalf of its clients.

As required by applicable law under SRD II, TwentyFour will provide certain of its institutional clients with additional disclosures regarding how its investment strategy complies with the arrangements in place with those clients and contributes to the medium to long-term performance of the assets of that institutional investor.

7. Disclosure

This policy is publicly available on the TwentyFour website. TwentyFour will annually publish an engagement report complying with SRD II, outlining how this engagement policy has been implemented, its voting history and use of proxy voting and engagement service providers.

TwentyFour may also report to certain clients on an individual basis.

8. Review

This policy is reviewed and approved annually or more frequently as needed.