

**SHAREHOLDER ENGAGEMENT POLICY**  
**OF**  
**THE SCOTTISH INVESTMENT TRUST PLC**  
**Dated: OCTOBER 2019**

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## 1. **INTRODUCTION**

This document is issued by SIT Savings Limited ("SIT") as alternative investment fund manager ("AIFM") for The Scottish Investment Trust PLC (the "Company").

The Company is an alternative investment fund ("AIF") for the purposes of the EU Alternative Investment Fund Managers Directive ("AIFMD") and it has appointed its wholly-owned subsidiary, SIT, to act as its AIFM. SIT is authorised and regulated by the Financial Conduct Authority ("FCA") as a 'full-scope' UK AIFM.

## 2. **PURPOSE**

The purpose of this policy is to outline our approach with regards to each requirement as set out under Article 3g of the Shareholder Rights Directive II (2017/828) ("SRD II").

SRD II aims to promote effective stewardship and long-term investment decision-making by enhancing the transparency of shareholder engagement policies and investment strategies across the institutional investment community. Please see below the specific requirements that Article 3g of the SRD II outlines with regards to shareholder engagement within an investment strategy and our current approach for each.

## 3. **POLICY**

### 3.1. Integrating shareholder engagement in our investment strategy

We make investments in businesses on behalf of our shareholders and may engage with management or investor relations teams on a wide range of issues, always representing our shareholders' best interest.

Where any material issues occur, either financial or non-financial, we would review the investment thesis to see if this has affected our investment rationale.

### 3.2. Monitoring investee companies on relevant matters, including strategy, financial and non financial performance and risk, capital structure, social and environmental impact and corporate governance

Monitoring investee companies is an important part of our investment approach. When we meet with their management teams, our primary focus is the company's long-term strategy and business development plans. The aim of these meetings is to learn more about the investee company and to gain confidence that an alignment exists between the investee company's management, the investee company's, and our, shareholders.

The topics and issues on which we are likely to comment include corporate strategy, intended merger & acquisition activity, capital allocation and leadership. We may take action where we believe it is in the best interest of our shareholders.

### 3.3. Conducting dialogue with investee companies and communicating with the relevant stakeholders of the investee companies

We assess the information gathered from dialogue with investee and potential investee companies in order to make investment decisions.

3.4. Exercising voting rights and other rights attached to shares

We consider the right to vote as an effective tool for promoting good corporate governance and representing the collective interests of our shareholders. We aim to use our right to vote on behalf of our investors, in all appropriate situations.

We would usually vote with management but reserve the right to vote against proposals where we deem it appropriate. Where we vote against a proposal it will be consistent with our investors' best interest.

3.5. Co-operating with other shareholders

We may engage with other investors, where we identify that other institutional investors have similar concerns to our own.

We are not associated with any formal or informal groups that facilitate such engagement but our investment team has relationships across the wider investment industry, which could facilitate engagement when required.

3.6. Managing actual and potential conflicts of interest

We have a conflicts of interest policy to protect the interests of our shareholders and as a principle we would not advance one client's interests over another's.

We take all reasonable steps to identify any potential conflict of interest that may arise prior to making investment decisions. Once identified, conflicts are prevented or managed through internal controls to ensure that shareholder's interests are not adversely affected.

4. **REVIEW**

This policy will be reviewed at least annually.