

Sands Capital Engagement Policy Purpose

As a steward of client capital, Sands Capital Management, LLC (“Sands Capital”) has a fiduciary responsibility to consider the full range of risks and opportunities that may influence investment outcomes. To better understand each portfolio business’s long-term strategic vision and management of risks and opportunities, including those pertaining to environmental, social and governance (“ESG”) matters, we regularly engage with the management teams and, if appropriate, board members of portfolio businesses.

Engagement is an integral aspect of our deep, business-focused research. Because our portfolio businesses recognize our long-term investment orientation and focus on value creation, they tend to welcome our engagement. Additionally, because our investment strategies are designed to concentrate investments in exceptional growth businesses, we are a significant investor for many of our portfolio businesses, affording us access to their management teams and directors.

Approach

We define “engagement” as direct interaction with management and directors, as well as centers of influence such as regulators and proxy advisors, with the intent of researching, influencing, or sharing perspectives on material financial and non-financial factors that may affect long-term value creation for shareholders. Our engagements may take the form of in-person meetings, conference calls, and/or written correspondence.

Our engagements are business-specific. We do not establish an engagement template that is applied across our portfolio businesses. Instead, we make judgements about the issues that could have a material impact on our investments, which are informed by the deep domain and business-specific knowledge of our investment professionals. The lead analyst for a given business, often collaborating with relevant portfolio managers, has primary responsibility for engaging with the business.

We engage with businesses to advance the following primary objectives: (1) to inform our investment cases, enabling us to build conviction in great businesses and add value for our clients; (2) to exchange perspectives on matters that are relevant to the interests of long-term shareholders; and (3) to discuss ballot proposals and inform our proxy voting decisions.

Transparency

We are committed to providing our clients with reasonable transparency into our engagement initiatives and our view on how certain factors may or may not affect the long-term growth prospects of the businesses we own. We welcome client questions about the extent to which our understanding of relevant issues, including ESG issues, have informed each investment case.

To keep our clients informed about our engagement initiatives, we may periodically publish high-level engagement statistics, which may disclose the names of portfolio businesses with which we have engaged and the topics discussed. We may also publish narratives of select engagements to illustrate key concepts and to describe the progress made by certain portfolio businesses. Such narratives summarize only information that is widely available in the public domain.

Collaborations

Sands Capital participates with other investors in certain industry organizations that seek to improve disclosure and corporate practices within the financial markets.

Generally, however, we do not collaborate with other investment managers when engaging our portfolio businesses. We deliberately seek to maintain independence in the execution of our research and engagement activities. We are not activist investors and do not act as part of shareholder groups with the intent of collectively influencing the management teams or boards of our portfolio businesses.

In 2018 we became a member of the Council of Institutional Investors (“CII”), which promotes policies intended to enhance long-term value for U.S. institutional asset owners and their beneficiaries. CII provides us with opportunities to understand various asset owners’ perspectives on key corporate governance issues, share our own perspectives when merited, and apply learnings from our involvement with CII to our research analysis and engagements with portfolio businesses.

In 2018 we joined the Sustainability Accounting Standards Board (“SASB”) Alliance. We believe in the SASB mission, which is to foster high-quality disclosure of material sustainability information by public companies. We also find that SASB’s evidence- based approach to determining the materiality of sustainability issues aligns with our fundamental, business-focused research approach. The SASB Alliance affords us opportunities to explore best practices to integrate material sustainability information into long-term decision making and collaborate with other stakeholders to enhance corporate sustainability disclosure practices.

In 2017 we became a signatory to the internationally-recognized Principles for Responsible Investment (“PRI”), which we find offers a useful blueprint for incorporating ESG analysis into investment practice. Since ESG analysis has been an aspect of our fundamental, business-focused research for many years, even if not specifically categorized with ESG nomenclature, becoming a PRI signatory was a logical next step in making our ESG commitment more explicit to our clients.

Proxy Voting

Sands Capital has adopted policies and procedures designed to ensure our engagement activities are executed in furtherance of our clients’ best interests. To understand how we manage such activities in the proxy voting context, please refer to our Proxy Voting Policy.

Oversight

This Policy is administered by the Directing Research Team (“DRT”), which consists of senior investment staff, including the President and Director of Research. Reporting to the DRT is the ESG Steering Team, which is a cross-functional group of professionals who are responsible for guiding execution of our ESG program, which includes engagement activities.

Related Policy Statements:

Sands Capital ESG Policy

Sands Capital Proxy Voting Policy

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