GSI

2023 Annual UK Stewardship Code Report

APRIL 2023

GSI's commitment to responsible stewardship

At Global Systematic Investors, our mission is to deliver better risk-adjusted investment outcomes through a disciplined and research-driven approach to systematic investing.

As a team, we are driven by our passion for investing and our unwavering commitment to excellence.

Our goal is to be a trusted partner and to deliver investment solutions that exceed expectations and provide innovative and customised investment solutions that meet the unique needs and objectives of investors.

GSI supports the FRC's mission to promote transparency and integrity in business and is committed to upholding the highest standards of professionalism and ethics in all that we do.

In 2022, we enhanced our stewardship efforts by actively voting and collaborating. We aim to safeguard and improve shareholder value by prioritising fundamental governance principles, such as board composition and structure, risk management, executive compensation, and shareholder rights.

Also, by exercising our right to vote on important issues we can influence positive change and encourage responsible practices. Working with others, via collaborative opportunities and coalitions, is an effective platform to share knowledge, expertise, and resources, leading to more effective stewardship outcomes.

We believe that our efforts will enable us to further our commitment to being responsible stewards of our clients' investments.

GSI has chosen to apply to be a signatory to the UK Stewardship Code before applying for membership of any other stewardship organisations. We recognise the UK Code sets the global gold standards for stewardship. By following the principles of the Code, we can demonstrate our commitment to the highest standards of responsible investment, which go beyond mere compliance with regulations.

We believe our stewardship efforts presented in this report demonstrate GSI's commitment to the Principles of the Code.

For more information on our stewardship activities please visit our website www.gsillp.com.

This report has been reviewed and approved by the Management Committee of Global Systematic Investors LLP 28 April 2023.

Garrett Quigley
Managing Partner, Co-Chief Investment Officer, GSI

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The UK Stewardship Code 2020

The 2020 UK Stewardship Code 2020 (the "Code") is a set of principles and guidance for asset managers and owners in the UK to promote good governance and responsible investment practices. The code was developed by the Financial Reporting Council (FRC) and replaces the previous version of the code, which was first introduced in 2010.

The code sets out 12 principles for effective stewardship, which include the need for investors to take a long-term approach to investment, to engage with companies on issues of strategy, risk, and performance, and to be transparent about their stewardship activities.

The purpose of the Code is to encourage investors, like Global Systematic Investors (GSI), and other asset managers and asset owners, to take a more active role in the companies in which they invest, and to promote better alignment between the interests of investors and companies.

As the FRC stated in the Code's introduction, "Stewardship is critical to the long-term success of companies and the economy. It is about investing responsibly and sustainably, in a way that considers the long-term interests of clients and beneficiaries, and the wider impact on society."

The Code comprises a set of 'apply and explain' Principles for asset managers and asset owners, and a separate set of Principles for service providers. The Code does not prescribe a single approach to effective stewardship. Instead, it allows organisations, like GSI, to meet the expectations in a manner that is aligned with our own business model and strategy.

Environmental, particularly climate change, and social factors, in addition to governance, have become material issues for investors to consider when making investment decisions and undertaking stewardship. The Code also recognises that asset managers play an important role as guardians of market integrity and in working to minimise systemic risks, as well as being stewards of the investments in their portfolios.`

In order to become a signatory to the Code, organisations are required to produce an annual stewardship report explaining how they have applied the Code in the previous 12 months. The FRC then evaluates these reports against its assessment framework, and those that meet the reporting expectations will be listed as signatories to the Code.

GSI fully endorses the principles promoted by the UK Stewardship Code and we aim to adhere to its principles and comply with its guidelines. This report outlines our approach to stewardship in the calendar year 2022, as well as how our policies and procedures meet the Code's criteria.

Principles:

Principle 1:
Purpose, Strategy and Culture

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Engagement

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Principle 11:
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Principle 12:
Exercising Rights and Responsibilities

> We are committed to responsible investment and upholding best practice principles in corporate governance and believe that signing up to the Stewardship Code is an important step in demonstrating that commitment. The Code provides a clear framework for our investment approach, ensuring that we consider the long-term interests of our clients and the companies in which we invest.

Kate Hudson
Managing Partner at Global Systematic Investors LLP

SECTION 1

Purpose and Governance

Principle 1: Purpose, Strategy and Culture

Signatories' purpose, 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.

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GSI purpose and values

GSI aims to design, build, and deliver portfolios that have better risk and return profiles than traditional, market-weighted indices while integrating sustainability risk into our investment decisions.

Our purpose is to be a trusted partner to our clients, providing them with investment solutions that align with their values and long-term goals.

We have a systematic, disciplined approach which is robust, and built on academic research and empirical evidence. We stay on top of the latest research in financial economics and apply these insights to our investment strategy.

We are long-term investors, aiming to deliver higher returns for our clients through diversified, sustainably focused portfolios with high capacity, low turnover, and low transaction costs. We incorporate financially material ESG risk considerations into all our investment strategies and have been doing so since 2018. 100% of our AUM is managed sustainably. Our ESG integration process is further described in Principle 7.

We strive to deliver improved returns for our clients over the long term, through ‘factor investing.’ We believe that if an investor wants to target higher expected returns, then the most robust and effective way to do so is via the management of well-known factor exposures while ensuring that a portfolio maintains diversification across countries, sectors, and stocks. Our approach, therefore, is to design a set of factor-based exposures in a portfolio to target the higher expected returns associated with those factors. We then integrate the tilts to companies that have better ESG scores while maintaining those targeted factor exposures and ensuring that those exposures are not diluted after the integration of the ESG tilt.

> “
> Integrating sustainability considerations into our investment processes is not only the right thing to do, it is essential to delivering long-term value to our clients. By considering ESG factors, we can identify risks and opportunities that traditional investment approaches may overlook. It’s about being proactive and forward-looking in our investment approach.
>
> Garrett Quigley
> Managing Partner at Global Systematic Investors LLP

“For investors interested in sustainable investing, the research implies they can receive competitive performance while also addressing their sustainability concerns.” [1]

Our academic foundations lead us to investigate the academic arguments and evidence available. One of the most extensive academic studies that have reviewed the impact of ESG scores, and corporate financial performance is Friede, Busch and Bassen (2015) based on 402 studies. The research finds that the majority of studies in each region show a positive relationship between ESG scores and corporate financial performance. Friede et al. state: “The orientation toward long-term responsible investing should be important for all kinds of rational investors to fulfil their fiduciary duties and may better align investors’ interests with the broader objectives of society. This requires a detailed and profound understanding of how to

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integrate ESG criteria into investment processes to harvest the full potential of value enhancing ESG factors.” [2]

Although there is evidence for a positive relationship between ESG scores and corporate financial performance, there is no robust evidence of a positive relationship between ESG scores and future investment performance.

GSI fundamentally believes we have a moral and fiduciary obligation to conduct ESG screening. The Paris Agreement of 2015, signed by global leaders, pledged to keep the increase of global temperatures below 2°C of pre-industrial levels. We can play our part, by investing in companies which prioritise good ESG practice. Given similar levels of risk and return, these companies are also more appealing to investors.

When we research and analyse a company’s factor potential, its ESG rating helps to inform our view. Is a company attempting to reduce its impact on the environment? How does it manage its relationships with employees, suppliers, and customers, not to mention the community within which it operates? How is the company led, how are executives paid, and is the business well-audited?

We look at a company’s ESG rating alongside other factors like value, profitability, and size.

Systematic risk factor strategy
(ESG overlay on risk factor structure)

Environmental Social Governance

Stewardship

GSI has a collaborative team-based culture and follows a systematic, process-driven investment approach with the purpose to create long-term value for clients which aligns well with our principles and culture.

GSI’s Managing Partners are all seasoned professionals, each with many years of relevant practical experience and academic credentials. It is through this experience GSI was built on a deep understanding of equity markets and the ethos of aligning articulated investment philosophies and processes with client needs.

GSI has a small yet culturally diverse team. As we grow, the focus will be on fostering a meritocratic inclusive environment to attract the best people to the firm.

Consistent with our recognition of the benefit of diversity of talent, our team recognise the importance of fostering industry knowledge. We engage PhD students to support specific GSI research projects. Bernd Hanke, our Co-CIO, volunteers as a curriculum level advisor for the CFA reading material (Level 3) for the CFA Institute and was involved in the development of initial reading material for the CFA Certificate in ESG in Investing.

We also understand we have a duty to our clients who entrust us with their investments to be active stewards. There are several ways asset managers can facilitate active stewardship through engagement, corporate engagement, policy engagement, voting and escalation. We understand as systematic investors there are certain ways to add value through stewardship and exercise our rights and responsibilities as owners of capital. We are less focused on direct corporate engagement. We value the power of our vote and use our expertise to cast voting decisions in our clients and society’s best interests.

Whilst we recognise our stewardship activities may not be influencing immediate change and can purely be for information, we do recognise the importance to engage for both information and change. As investors of global equities, our clients' returns are linked to the broad economy and our voting policy supports the firm's philosophy of providing our clients with long-term positive investment experiences by encouraging better corporate behaviour in the companies we invest in.

> "We believe that responsible investing is not just a trend, but a fundamental shift in the investment industry. Our clients are increasingly looking for investment solutions that align with their values and have a positive impact on society and the environment. By integrating sustainability considerations into our investment processes, we can deliver on these expectations.
>
> Andrew Cain
> Managing Partner at Global Systematic Investors LLP

Client-centred organisation

We are small and nimble with a scalable proposition which is built to match the needs of investors.

Our aim is to help our clients have a successful investment experience by providing sustainable investment solutions that are well diversified, systematic, and consistent with academic research.

We pride ourselves on our strong relationship with our clients. Part of what makes this work so well is they have access to the portfolio managers and key decision-makers on an ongoing basis. Our approach is collaborative, internally, and externally.

- GSI works principally with independent financial advisors and other intermediaries that use our funds in portfolios for clients.
- The ultimate clients are individuals, who have sought financial advice from professional advisers.
- We work closely with financial advisers to help them understand what we do and how that can benefit their clients.
- Advisers and their clients access our fund through over 25 wrap platforms, such as Transact or Wealthtime.

Stakeholder input is fundamental in our product development process and developing solutions with desired investment outcomes suitable for the end investor. It is through our strong aligned relationships with financial advisors and wealth managers that we have produced suitable strategies incorporating our shared investment philosophy and ESG values, which can be used to help investors achieve their goals.

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We will continue to develop innovative solutions and products to meet client needs. Our Global Sustainable Focused Value Fund is an example of a client-directed enhancement. There are very few deep value strategies that can incorporate sustainability factors effectively whilst maintaining the risk-return characteristics of factor investing sought after by certain investors.

We understand and value transparency as a key consideration in demonstrating good governance. We regularly report to clients on performance, attribution, stewardship and voting activity. We will continue to put resources into evolving our investment and corporate disclosures.

We believe that our careful management of our client's assets, using well diversified portfolios, combined with a clear and transparent approach to stewardship in line with our well-articulated philosophies, is the best approach to effectively manage our client's assets.

Outcome

At the heart of our philosophy is the belief that sustainable investing is the key to creating long-term value for our clients and society as a whole. By aligning our investment strategies with our clients' values, we aim to create a positive impact and contribute to a more sustainable future. We are committed to transparency, accountability, and ethical practices, and we hold ourselves to the highest standards of professionalism and integrity.

We also recognize that our responsibility extends beyond financial returns, and we strive to incorporate environmental, social, and governance considerations into our investment decisions. Overall, our approach to investing reflects our commitment to meeting our clients' needs and our responsibility to act in the best interest of all stakeholders, while promoting sustainability and positive impact.

PRINCIPLE 2 ▸

[1] Hale, J., 2016 "Sustainable Investing Research Suggest No Performance Penalty", Morningstar Research.

[2] Friede et al. 2016, p227

SECTION 1

Purpose and Governance

Principle 2: Governance, Resources and Incentives

Signatories' governance, resources and incentives support stewardship.

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GSI is entrusted to deliver successful investment experiences for our clients, and we believe that combining diversification, factor investing, and sustainability is in the best interests of our investors and those of society as a whole.

To deliver this we have to appropriately structure and apply our governance, resources, and incentives to support this commitment. GSI believe the strength of our purpose, our ability to execute our strategy and our relevance to clients are fundamental to our effectiveness in both investment solutions and stewardship of the assets we manage.

Our Stewardship strategy includes;

1. Use the power of voting
2. Participate in policy engagement discussion
3. Leverage the power of collaborative engagement

We understand the need for voting and engagement to fulfil our stewardship responsibilities. For proxy voting, GSI employs Minerva Analytics Ltd (Minerva) to provide research and guidance on voting matters and to exercise votes according to GSI's proxy voting guidelines. For corporate engagement, GSI works with ShareAction to identify key engagement issues and to cooperate with other asset managers and asset owners in engaging with investee companies.

Organisational and governance structure

GSI is an asset manager structured as a limited partnership. A strength of GSI's business is that it is 100% owned by experienced individuals who are all committed to the firm's success and partners are intricately involved in the running of the business.

All GSI funds incorporate sustainability in the investment decision process. There is no discrepancy between funds, which serves to ensure that all clients receive a consistent and clear approach to sustainability and stewardship in our investment approach.

GSI has a robust governance process, which comprises several key committees with oversight of the critical areas of the business. We also have an external compliance specialist, Compliancy, to support the governance oversight. The members of these committees are all managing partners of the firm and have every incentive to ensure that the business operates properly.

The partners of GSI have over 25 years each of practical investment knowledge with global experience across UK, Europe, US, and Asia Pacific. In addition, they have strong academic credentials from world leading universities.

GSI is a workplace which is committed to:

- Freedom from discrimination, harassment, bullying, victimisation and vilification;
- Treating employees fairly and with respect;
- A workplace culture that is inclusive and embraces individual differences;
- Awareness in all fairness, equity and respect for all aspects of diversity;
- Flexible work practices and policies
- Cohesive hiring policies to attract and develop of a diverse range of talented people;

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The GSI team

Garrett Quigley

Managing Partner;
Co-Chief Investment Officer

Garrett has over 25 years' experience managing quantitative investment strategies. He co-founded GSI to forge diversified factor-based investing with long-term sustainability of investments. Prior to this he was a senior portfolio manager with Dimensional. He holds a Masters in Finance from London Business School and an MSc in Intelligent Systems from Brunel University. He has co-authored articles including a study with Rex Sinquefield on UK fund returns and a long-term study on the value effect in the UK with Elroy Dimson and Stefan Nagel. He is an Advisory Board member of Style Analytics and was a director of INQUIRE UK.

Bernd Hanke

Managing Partner;
Co-Chief Investment Officer

Bernd has more than 20 years' experience managing quantitative investment strategies on a global basis. Prior to founding GSI, Bernd was an asset manager for GSA Capital in London and Head of International Quantitative Equity Research at Goldman Sachs Asset Management in New York. Bernd believes that a scientific, academically grounded, and sustainable approach to investment management produces optimal long-term results both for investors and for society as a whole. He is also a referee for the Financial Analysts. Bernd holds a CFA designation and has a PhD in Finance from London Business School.

Andrew Cain

Managing Partner

Andrew has over 25 years of experience in fund management, both in Europe and Asia. His expertise covers global, regional, local equity and fixed income portfolios. Andrew holds a CFA designation and an MBA from the London Business School. Andrew is a firm believer that a systematic approach to investing, using well understood and tested academic theories, combined with sensible implementation, produces the best results for clients. GSI has enabled Andrew to get back to working in a small team of like-minded professionals, all of whom are passionate about investing and delivering the best outcome to their clients.

Kate Hudson

Managing Partner

Kate has over 30 years' experience in global asset management in distribution across all channels. Prior to GSI, she was Head of Institutional Business UK and Europe, Listed Infrastructure for Legg Mason Global Asset Management and Director of RARE Infrastructure (UK). Kate was also Director at Russell Investments in London and Vice President at Dimensional Fund Advisers based in Sydney and held senior positions for BT Funds Management and AMP Capital. Kate is a Trustee for the Shrewsbury Food Hub. She holds the CFA Institute Certificate in ESG Investing and a Bachelor of Economics from the Australian National University (ANU).

Max Tennant

Manging Partner

Max has over 30 years' experience in the financial advisory world in advice, strategy and platforms and is a regular conference speaker. He talks across UK, Europe and SE Asia on subjects such as socially responsible investing and practice management. Max has spent many years applying systematic investment strategies to client portfolios. His drive for adopting a sustainable approach to investing has come from his farming background as a child and one simple question he asks nearly everyone he meets; "What do you want for society and the world at large?" Max is a Chartered Financial Advisor, MCSI and Chairman of IFAMAX.

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Diversity and inclusion

Diversity is essential in any workplace, as it fosters a culture of inclusivity, creativity, and collaboration. GSI is a small firm, comprising five partners with a gender mix of 4:1 men to women. The partnership is culturally diverse, with partners from Irish, German, British and Australian backgrounds.

Our aim is to ensure that our business policies, procedures, and behaviours promote diversity and inclusion and create an environment where individual differences are valued. For example, ensuring that all employees have equal access to professional development opportunities, and creating a workplace culture that values and respects diversity.

Systems and processing

Outsourcing

To achieve the best results while being a relatively small business, GSI outsources areas of operations and stewardship where we believe that the business and our clients will benefit.

Data and Research

We seek the best providers of data and research to suit our needs.

Philisophical outsourcers

We outsource the following key service:

- Fund services to Gemini Capital Management (Ireland) Limited, which operates an umbrella fund of which our funds are sub-funds;
- Trading to Vident Investment Advisory, a US-based advisory firm, that coordinates our global trading activity;
- The implementation of our tailored voting policy to Minerva, a leading European global proxy voting and stewardship platform,
- Compliance to Compliancy Services Ltd, a specialist compliance consultancy.

We support our stewardship activities including ESG risk ratings from Sustainalytics a subsidiary of Morningstar and one of the leading providers of ESG research and data. For information on companies' sustainability risks, we source research, ratings, and data from Sustainalytics. They also provide us with product involvement screening and carbon intensity data, as well as support for SFDR and EU Taxonomy reporting.

Consequently, we obtain data from FactSet, a specialist financial data and software company and we use Style Analytics to provide analysis and reports on our investments. We cross-check this data with other providers to ensure its robustness.

Data monitoring refer to **Principle 8**.

Regulatory

The EU has introduced sustainability reporting regulations that require disclosures of specific metrics. GSI is working closely with the Funds' management company, Gemini Capital Management (Ireland) Limited (Gemini), who is responsible for ensuring the Funds satisfy their SFDR obligations.

Gemini has employed RiskMetrics to monitor the Funds and, for reporting purposes, GSI has subscribed to the Sustainalytics SFDR module. SFDR reporting is on the Funds' pages on Gemini's website (www.geminicapital.ie).

Both GSI and Gemini are required to ensure that the Funds' SFDR reporting obligations are met.

Proxy voting

In 2022 our assets grew to a level where it made sense to improve our proxy voting process and commence voting proxies on behalf of our funds and expand our active stewardship capabilities.

We needed to use a scalable solution after reviewing available service providers. We chose to work with Minerva.

Minerva offers a bespoke tailored solution and voting guidance which is derived from a policy that is proprietary to GSI. We use the services of Minerva to provide information, highlight controversial items, and they also provide a platform to execute our proxy votes.

We have developed and implemented policies and procedures to ensure that the fiduciary obligation to vote proxies in the best interest of our clients is fulfilled.

We actively exercise our rights as a shareholder to promote responsible and sustainable practices in companies in which our funds invest in.

Based on that fiduciary obligation, we have produced the proxy voting guidelines described in this document. The Guidelines consider global best practice guidelines such as the ICGN Global Corporate Governance Principles and the G20/OECD Principles of Corporate Governance.

In addition, we incorporate how companies disclose and manage their environmental, social and governance ("ESG") responsibilities in our voting decisions. As such, the Guidelines consider internationally recognised sustainability-related initiatives such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact and UN Sustainable Development Goals (SDGs).

We believe that our current governance structure works very well for our business today. We also consider our philosophy of outsourcing operations to specialist organisations to be extremely effective.

How we monitoring service providers refer to **Principle 8**.

Incentives

GSI's Management Committee is responsible for governance and oversight arrangements within the firm, including the firm's remuneration policy.

All the team at GSI are equity partners in the firm and share in its successes and failures. Therefore, we are all incentivised to make sure that the firm is effectively managed and run in the best interest of our clients. We do not have any volume or sales targets for which sales are measured against for remuneration purposes.

Resources

We have expanded our team, which helped with resourcing the development of a more active engagement strategy, during the past year. At the end of 2021 Kate Hudson, who has since become a Partner, joined the team. Kate has three decades of relevant experience, an active interest in sustainability, is a board member and trustee of an environmental and social charity and has completed the CFA Certificate in ESG Investing.

As a team we are all active in keeping abreast of stewardship issues, monitoring regulatory developments and industry trends. We speak with industry academics, for example, Professor Kevin Chuah formerly at London Business School, now at Northeastern University, on issues around membership to industry advocacy groups and active stewardship through collaboration. His insights have been invaluable in our focus on key coalitions at Share Action, Climate and Good Work.

Collaborative engagement refer to **Principle 10**.

Outcome

We recognise that there is scope to improve and diversify our approach and processes. As we grow over the coming years, we plan to devote more resources to evolve our stewardship strategy, monitor engagement impact, improve reporting, and increase our engagement activities. Expanding our capabilities in this area will enable GSI to participate in industry initiatives and meet regulatory requirements as part of the EU's Sustainable Finance Disclosure Regulation (SFDR).

We believe that during the reporting period, our governance structure for stewardship activities has been effective in promoting and enhancing shareholder value. In particular, our continued integration of stewardship has provided valuable insights.

PRINCIPLE 3 ▶

SECTION 1

Purpose and Governance

Principle 3: Conflicts of Interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Conflicts of interest

GSI values integrity and operates to the highest possible standards of openness and accountability to ensure that we conduct our business with honesty and integrity across all our clients and business activities. We also have processes in place to ensure legal and regulatory requirements are fully complied with as required.

GSI has a clearly articulated policy on managing conflicts of interest which forms part of the firm's policies and procedures. Our Conflicts Of Interest Policy is available on request.

We strive to identify and manage any conflicts of interest in the best interests of our clients. We believe transparency and disclosure are the important elements in managing conflicts of interest.

At GSI we understand that some conflicts are inevitable. The Managing Partners of the firm are responsible for ensuring that its systems, controls, and procedures can identify, manage, and control or prevent any potential and actual conflicts of interest that may arise. GSI regularly reviews our business model to ensure any new potential conflicts are noted and managed or prevented effectively.

Where a conflict of interest has arisen, the issue is reviewed and, if appropriate, brought to the Compliance Committee. The Committee reviews the issue and determines the best approach to manage the conflict of interest.

Examples of arrangements in place to facilitate conflict management include policy implementation and internal processes, conflict registers, detailed conflict assessments where required, training, and governance arrangements with appropriate oversight.

Oversight

GSI employs Compliancy Services to assist in its compliance activities, including participation in Compliance Committee meetings, regulatory filing, review and maintenance of compliance procedures, and an annual review of the firm's implementation of the compliance governance process. Compliancy's review and monitoring responsibilities include GSI's conflicts of interest.

The Firm records all conflicts of interest that arise or may arise, on the Conflicts of Interest Register which is updated regularly and discussed at the monthly compliance meeting. The register is provided to the Management Committee for review at least annually. We regularly review our business model to ensure any new potential conflicts of interest are noted and managed or prevented effectively.

We also have regular compliance training for staff to ensure awareness and understanding are up to date.

Potential Conflicts of Interest

GSI has reviewed its business model and has identified the following potential conflicts of interest for now and in the future:

- Employee Roles and Responsibilities
- Management of Employees
- Remuneration
- Business interests
- Connected persons
- Inducements including Gifts and Hospitality
- Personal account dealing
- Customer orders versus firm business or other customers' orders
- Handling confidential and insider information flows

GSI conflicts of interest policy

Employee Roles & Responsibilities	GSI maintains a clear segregation of roles and responsibilities within the Management Committee to maintain an effective control environment and to avoid conflicts of interest in roles wherever possible. The governance structure is documented in the individual Statements of Responsibility for each Managing Partner.
Supervision and Management of Staff	Staff currently work remotely. As the business grows, access to sensitive data may give rise to conflicts and the requirement to establish segregated controls will be considered Employees will receive training on understanding their obligations in this area.
Remuneration	In order to prevent a conflict of interest, the remuneration of employees is not directly linked to sales and the remuneration structure considers a number of different factors including a good standard of compliance.
Business Interests	GSI requires its employees to disclose directorships and interests in other companies and to disregard the interest, relationships or arrangements concerned when acting on behalf of clients.
Connected Persons	There is a duty to avoid a conflict of interest arising where an employee has an indirect interest through a connected person. We require our employees to disclose any conflict and to disregard the interest when acting on behalf of clients.
Inducements including Gifts and Hospitality	We recognise that Gifts and Hospitality can lead to potential conflicts of interest. GSI has a strict policy, which specifically prohibits soliciting or accepting any inducements to conduct business in a specific manner that would give rise to favouring the interests of one client over another. Our policy ensures all gifts and inducements received from or given to third parties of any size are declared, and pre-approved as appropriate. All employees are expected to act with the highest standards of integrity to avoid any allegations of conflicts of interest.
Personal Account Dealing Procedures	In order to manage actual or potential conflicts that may arise from personal account dealing, GSI has Personal Account Dealing Procedures in place.
Customer Orders	Our Order Execution Policy requires employees to take all reasonable steps to achieve the best overall trading result for clients; to exercise consistent standards; and operate the same processes across all markets, clients, and financial instruments in which it operates. GSI has a strict “no front running” policy.
Handling confidential & inside information flows	All staff must comply with our Market Conduct Policy, as well as the relevant FCA Rules, which aim to prevent insider trading, the misuse of information and market manipulation.

Source: GSI Conflicts of Interest Policy and Register_ V3.2 March 2023

During 2022, we increased our focus on our stewardship function, introducing voting and engagement initiatives and have been conscious to identify any conflicts of interest that may materialise in these processes.

Some conflicts we have identified are well understood by all proxy voters and are explained in detail in the table.

Proxy voting

From a proxy voting perspective, arrangements are in place to identify and manage potential conflicts to ensure GSI casts votes to serve our client’s best interests.

However, most proxy votes will be cast in accordance with predefined procedures and guidelines that minimise the potential for any conflict of interest.

To address the instances in which a potential conflict may arise with respect to a proxy vote, GSI maintains an explicit policy on managing such potential conflicts that are focused on the principle of preserving shareholder value.

If a conflict is identified, it will be reported to our Compliance Officer and recorded in the

Conflicts Register. The Compliance Officer will determine whether the conflict needs to be referred to the Management Committee. If so, the Committee will determine the appropriate course of action to manage the conflict in the best interests of our clients.

One example of a potential conflict is if GSI retains the services of a third-party service provider that is also a portfolio company soliciting a proxy. At present, this is not an issue for GSI.

GSI currently do not split vote or accommodate expressions of wish in line with client requests. If we were to introduce this option, the proxy would continue to be voted in accordance with GSI's predetermined Proxy Voting Guidelines.

During the reporting period, there were no occasions when voting decisions were escalated due to an actual or potential conflict of interest being identified.

Our proxy voting approach refer to **Principle 12**.

Proxy voting provider - Minerva Analytics

To assist with the operational processing of proxy voting, GSI has engaged the leading third-party proxy advisory firm, Minerva to provide bespoke proxy voting guidelines, proxy voting research, and proxy voting implementation.

During the reporting period, GSI monitored the services provided by Minerva.

We found they had the capacity and competency to adequately analyse proxy issues and provide the proxy voting services they have been engaged to provide with the necessary impartiality to make their recommendations, consistent with GSI voting policies.

GSI requires Minerva to inform us if there is a substantive change in their policies and procedures, including with respect to conflicts of interest.

At the end of the 2022 period, Solactive acquired Minerva. (announced early Jan 2023).

On review, there was no reason to escalate this change as a potential conflict. As announced in their corporate communications, 'both indexed and systematic asset management firms face escalating calls from investors to actively vote and engage with portfolio companies, Minerva's solutions are a natural addition to Solactive's existing services. Following the completion of the acquisition, the companies will continue to operate independently and partner on an arm's length basis in the fields of data science and technology.'

Minerva continues to provide GSI with trustworthy and granular stewardship solutions for voting with rigorous reporting and engagement data on sustainability issues and proxy voting facilitation.

Solactive independently will continue to supply GSI with suitable indexes for our portfolio reporting.

How we monitor our service providers refer to **Principle 8**.

Other potential conflicts

GSI has a diverse group of investors, including discretionary fund managers. An issue we recognise and manage closely is the potential of a client or group of clients who have a large holding in a GSI fund and seek to influence an investment decision.

We strongly follow the principle that funds must be managed in the best interests of all the fund holders, not just the large holders. GSI has identified this potential conflict and it is monitored by the Compliance Committee to

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ensure all our funds continue to be managed in the best interests of all clients.

Another example of a potential conflict may occur when the investment team is buying or selling a holding that is in more than one GSI fund. When we decide to buy or sell a stock across multiple funds, there is a policy in place that requires the trades to be allocated proportionately across all funds, by value.

Thirdly, the approach we take in our sustainability program. There are many ways to interpret and invest according to responsible sustainable policies. We endeavour to make our approach to investing, including how we incorporate sustainability risks, clear to all our clients and prospective investors. This allows clients and prospective clients to assess whether our approach to sustainable investing is in line with their views.

Outcome

As an asset manager addressing conflicts of interest is crucial to fulfil our fiduciary duty, enhance transparency, and promote trust and confidence in the investment industry, and ultimately, contribute to the sustainable long-term success of our clients' investments. Implementing robust conflict management policies and practices supports our commitment to responsible stewardship and contributes to a more resilient and ethical financial system.

PRINCIPLE 4

SECTION 1

Purpose and Governance

Principle 4: Promoting Well-Functioning Markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

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GSI's approach to risk

As described in **Principle 1**, GSI's investment philosophy is based on the belief that public markets are highly effective at processing information about risks and opportunities. With this in mind, we design our investment strategies and processes to take advantage of the real-time information in market prices.

GSI is covered by the FCA's Senior Managers and Certification Regime (SMCR), which is tailored for companies of different sizes and varying importance to market-wide and systemic risks. As a small asset manager, GSI is classified as having low risk in relation to market-wide and systemic risks.

GSI is a single-business entity, focusing solely on asset management. Our business focus, ownership structure, and our governance structure combine to create a stable and reliable approach to our asset management business.

We design, build, and deliver portfolios that have better risk and return profiles than traditional, market-weighted indices. By carefully managing the key factors and characteristics that drive expected return and risk, GSI is able to integrate sustainability while preserving the improved risk and return characteristics of the factor based investment strategy and in doing so, we have created a sustainable investment approach that is suitable for a core investment allocation.

Investment risks

Navigating risk through a robust, systematic, diversified approach is foundational to GSI's investment approach. When risks are undiversifiable, such as market-wide or systemic risks, we believe that market participants are compensated for taking on exposure to these risks. Consistent with our view that investors should be compensated for the risks they take, we believe evaluating companies' performance using ESG risk ratings enhances our management of risks and opportunities.

Our investment process deals with market wide and systemic risks by holding a well-diversified portfolio that is well balanced across sectors, countries as well as style groups. Our funds hold hundreds, of securities, as we believe this approach mitigates idiosyncratic risks associated with individual securities. We have over 2000 securities in our investment universe. Our approach also reduces investors' exposure to extreme market movements, normally associated with market-weighted investing, which tend to concentrate on large-cap companies.

We do not try to time the market or individual market segments such as sectors. In the long run, the type of investment approach that we employ has been shown to generate performance above market returns, although temporary drawdowns may occur.

We do not try to time markets or market segments using macroeconomic or other factors. In an efficient market the information contained in macro factors such as interest rate changes is incorporated in securities prices in a timely manner so it cannot be used to anticipate market movements. No robust evidence either in the academic or practitioner literature exists that this can be done successfully.

With that said, we also recognize the importance of monitoring systemic risks, and we seek to identify and monitor those risks where possible. For instance, our Investment Committee regularly reviews risks related to liquidity, counterparty exposure, as well as other market-related risks.

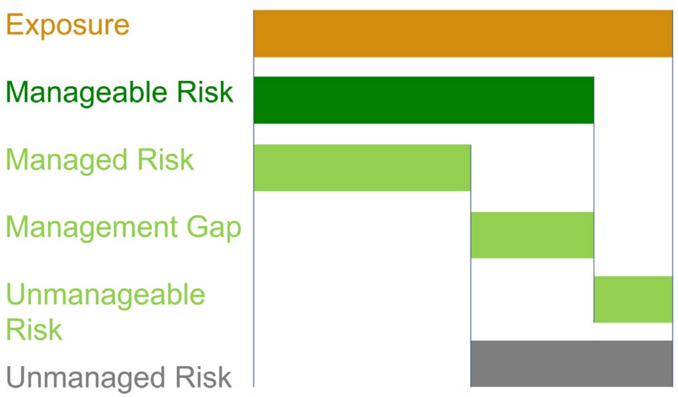
Our strategies generally remain fully invested, even in times of market stress. Although we also consider the liquidity of our portfolio. We believe it is extremely important to maintain the liquidity of our funds. Currently, all our strategies could be liquidated to cash in under 1 day with no market impact.

Events such as market turmoil from a war or market shock cannot be forecasted on a systematic basis, so the best way to deal with them is to avoid overreacting and to keep the long-term investment objective in mind.

Sustainability and finance risk

Various aspects of ESG have an impact on sustainable value creation, as well as risk management.

In 2020, we took a significant step and changed our process to evaluate companies based on ESG risk criteria rather than the pillar approach. ESG risk ratings measure to what extent the enterprise value of a company is at risk due to a company's exposures to ESG issues that are material to its business. Rather than volatility, the risk rating can be viewed as a downside risk measure. The new risk metric is determined by adding up the unmanaged risk factors of a company with regard to the most pertinent ESG issues for the company.



ESG risk ratings suggest a stronger link between ESG risk and financial risk for a company than the previous ESG scores.

Source: Sustainalytics 2022

We switched to using Sustainalytics risk data, which gives us the ability to assess publicly traded companies in the context of financially relevant ESG-related criteria that could impact their operating performance. For example, a company might be at higher risk of regulatory/legal action or negative publicity if material ESG issues such as carbon exposure, labour rights, etc. are not effectively managed.

This highlights the fact that even if an investor doesn't care about ESG per se, they should still be aware of the financial risk that may result from material ESG risk exposures and how companies manage those exposures.

The inclusion of the ESG risk ratings in our investment process helps streamline our process and allows us to incorporate the very latest ESG research into our sustainability component.

Climate risk

As a long-term investor, we recognise that climate change presents critical issues for us now and will do in the future. Policy changes and regulations to encourage the transition to a low-carbon future will create winners and losers. We believe investment in more climate-friendly assets – those positioned to adapt or benefit as the world transitions to a low-carbon economy – offer upside return potential, while lower exposure to companies poorly positioned to adapt to such a world reduces our exposure to downside risk.

Less climate-friendly companies are also gradually becoming higher-risk investments due to potential new government policies aimed at tackling climate change. These types of companies' fortunes are therefore potentially under threat unless they become more climate friendly. This is an additional source of risk for an equity investor in those companies.

We significantly reduce our overall exposure to fossil fuels and greenhouse gas emissions while having a higher investment in companies within the same sector that have a better record of managing their environmental responsibilities and a lower (or zero) investment in those firms with a poor record of managing their environmental responsibilities.

We target a level of fossil fuel exposure of half that of our benchmark (the Solactive GBS Developed Markets Large & Mid Cap Index) or lower. Companies are considered to be exposed to fossil fuels if they are involved in oil & gas production and power generation, oil and gas products and services, thermal coal extraction or thermal coal power generation.

We also target an aggregate level of GHG intensity of half that of the benchmark or lower. To measure the GHG intensity of a company we use the standard definition set by the Task Force on Climate-Related Financial Disclosures (TCFD) which is annual GHG Scope 1 & Scope 2 emissions. divided by annual revenues.

Social risk

GSI understands social and human rights-related material risks can have adverse impacts on shareholder value. We have designed our proxy voting to support fairness, equality, and diversity.

GSI manages the risk of growing social and economic inequality through our voting policy. We are supportive of remuneration policies that are well-structured, fair, understandable, and with safeguards to avoid excessive or inappropriate payments.

We expect companies to disclose an individual limit for incentive plans and consider salary increases should be aligned with what is offered to the wider workforce. We will not support increases in salary for the lead executive by more than 20% without a clear and compelling explanation.

We believe increasing diversity and the range of perspectives on the board can enhance board effectiveness and decision-making. Consequently, we expect companies to adopt and disclose a policy on board diversity. We encourage companies to adopt measurable objectives for increasing gender diversity on boards and expect boards to comply with local market quotas on female board representation.

Geopolitical risk

During the reporting period, the geopolitical risk was significant for all investors with the market

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> Effective stewardship is essential to ensure that markets remain efficient, transparent, and fair. By promoting responsible investment practices, the UK Stewardship Code plays a critical role in fostering a culture of responsible capitalism that benefits all stakeholders.
>
> Bernd Hanke, PhD
> Managing Partner at Global Systematic Investors LLP

reaction to the Ukraine War. GSI currently only invest in developed markets and manages risk by holding well-diversified portfolios.

However, the risk of investors overreacting is high and can lead to financial loss. We manage this risk by educating our investors on market behaviour.

In a GSI research report on the [Russian invasion of Ukraine], we reviewed the performance of global developed equity markets during periods of major military action since the beginning of the 1990s, so roughly the last 32 years. Overall, there was little evidence that global equity markets have been adversely affected for long periods as a result of military action. The best course of action is not to panic but instead retain sensible exposure to equity markets rather than trying to time markets. This approach has stood the test of time.

Participation in industry initiatives

An important aspect of promoting well-functioning financial systems is engaging with other market participants. GSI participates in several industry initiatives, and trade associations, including events run by the INQUIRE UK, UK SIF, Transparency Taskforce, CFA, CISI, SRI, Share Action, and others, where we have input into relevant investment topics and how ESG practices are progressing in the sector. We participate to learn, share experiences, and encourage a better understanding of stewardship and sustainable investing issues.

Garrett Quigley, Co-CIO, was previously a director of the Institute for Quantitative Investment Research UK (INQUIRE UK), the premier organisation for connecting academic research in financial economics and other quantitative investment topics with industry practitioners. INQUIRE UK organises regular research seminars and events where leading researchers present to practitioners and peers. We are still members of INQUIRE UK and regularly attend its seminars and other events.

Bernd Hanke PhD, Co-CIO has been involved for over 4 years in initiatives to protect the rights of investors and reduce the fiduciary risk and failures of governance in the stewardship of US pension funds. He is used as an expert witness in US class action lawsuits involving major pension plan sponsors.

GSI is also a member of Share Action Coalitions. ShareAction is a Not For Profit Charity committed to promoting responsible investment to achieve its mission of a financial system that works for the planet and its people.

In 2022 we identified opportunities to deepen our engagement with stakeholders concerned with addressing climate-related risks and joined Share Actions Investor Decarbonisation Initiative (IDI) Climate Coalition. This industry-member coalition wrote to the Heads of 12 European Chemical Companies as part of an initiative in the first half of 2022. This coalition has since grown to over 130 members.

The outcome of this interaction discovered that there were some but not full commitments to Scope 3 with confusion over pathways and approaches. Some partial but no full commitments to electrification and no commitment to emissions-neutral feedstock. The consequence of these findings is to research transition plans deeper and release public letters based on findings. GSI continues to be part of this group.

More recently we have participated in the discussion on the FCA-sponsored SDR commenting on the development of investment product sustainability labels via interaction with Julia Dreblow at SRI and UK SIF.

Industry collaboration refers to **Principle 10**.

Our focus on supporting well-functioning markets is continual. We research the risks facing the investors in our funds and keep our clients informed with timely research papers and thought leadership.

Thought leadership

GSI recognises the benefit of both practitioners' knowledge and academia to produce quality research for the benefit of our clients. We regularly produce topical thought leadership papers on thematic risks, investment theory, and sustainability issues.

Risks covered in our thought leadership include a review of the geopolitical risk of Russia's Invasion of Ukraine, Rising Inflation on Equity Portfolios, Global investing and the effects of foreign currency exposure and most recently the effect of the US Regional Banking Crisis.

Communication strategy refer to **Principle 6**.

Outcome

GSI's approach to risk management and firm-level commitment to advocating for well-functioning and efficient markets have benefited our investors and supported a well-functioning market.

Due to our relatively small size, singular business focus, and investment approach, we believe that our business and our investments represent a low-risk potential concerning market-wide risk and systemic risks.

We will continue to deepen our engagement and market interaction to enhance our effectiveness in promoting well-functioning financial markets. We are committed to reviewing our involvement with more industry advocacy groups when we have the capacity and when it is appropriate to do so.

PRINCIPLE 5

SECTION 1

Purpose and Governance

Principle 5:
Review and Assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Review of policies

GSI believes that an external, arm's length review, combined with robust internal review and oversight, provides the best mechanism for reviewing policies and maintaining an effective approach to stewardship.

We are committed to maintaining the highest standards of integrity and accountability in the implementation of our sustainable investment strategies.

Our policies and implementation regarding sustainability and stewardship have developed and improved greatly over the past few years as GSI has doubled in assets under management. We have embraced feedback from our clients and industry networks from which we have refined and improved our investment approach, especially with regards to stewardship.

We have set policies and procedures to ensure effective governance of our activities. We recognise assessment and reflection of our policies, processes and frameworks are critical in ensuring the effectiveness of our approach in response to the rapidly evolving industry and sustainability landscape and GSI's capabilities. Although reviews are scheduled at least annually we are pragmatic when time-critical drivers such as material incidents or regulatory amendments require ad-hoc amendments.

Seeking improvement

At GSI, we consider engagement and active stewardship to be an integral part of our approach to sustainable investment. During 2022 we significantly increased our active stewardship functions. We strategically decided during the year to focus on proxy voting and collective engagement. What was crucial in this strategy was to ensure that our stewardship activities delivered outcomes aligned with our clients' interests.

We are continuously reviewing our policies and procedures to enhance sustainability and stewardship integration with our investment process. For example, in 2020 we changed our sustainability scores from the original E. S and G pillar approach to the more suitable Sustainalytics ESG risk ratings.

Over the last 12–18 months we have reviewed our stewardship capabilities and policies. Over this time, we have grown to a size that has enabled us to make stewardship an important focus for the firm. Until 2022 we were not at a size to apply appropriate resources to make voting or engagement prudent.

GSI's stewardship activities introduced or improved include:

1. Review of our global proxy voting guidelines to reflect sustainability best practise.
2. Commencement of proxy voting activity for 200 target companies.
3. Collaborating with other investors, companies, and advocates by joining coalitions at ShareAction (Climate IDI and Good Work).
4. Educational outreach into the market through podcasts and thought papers.
5. Improved reporting and disclosures.

To ensure the successful execution of proxy voting, GSI has put controls in place to ensure that we don't miss any upcoming meetings, check for missing ballots, and vote appropriately when it's a case-by-case situation.

Change to proxy voting policy

GSI actively exercises our rights as a shareholder to promote responsible and sustainable practices in companies in which our funds invest and believe it is our fiduciary obligation to vote proxies in the best interest of our clients.

Our proxy voting policy is reviewed with consideration from input from the Investment Committee and insights from academic research, industry experts, our proxy advisor Minerva, client feedback and industry engagement.

Based on this fiduciary obligation we have updated our policies to be consistent with global best practice guidelines such as the G20/OECD Principles of Corporate Governance.

In addition, we incorporate how companies disclose and manage their environmental, social and governance ("ESG") responsibilities in our voting decisions. As such, the Guidelines consider internationally recognised sustainability-related initiatives such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact and UN Sustainable Development Goals (SDGs).

Commencement of voting

GSI chose Minerva for proxy voting because of its highly flexible and customisable options.

Minerva blends GSI's own stewardship policy beliefs and global good practice principles with sophisticated technology and expert analysis to execute independent and objective voting rather than "me too voting".

The GSI customised template can have differentiated voting policies across different resolution categories and/or markets. For proxy voting, we focus on a list of 200 target companies as explained below.

Minerva also provides detailed regular reporting on active controversies and resolutions, and we can adapt this target list when necessary.

The voting pillars are based on 8 macro policies:

1. Audit & Reporting
2. Board, Committees & Directors
3. Capital
4. Corporate Actions
5. Remuneration
6. Shareholder Rights
7. Sustainability
8. Other – for any other policy issues not captured above.

For our Voting activity refer to **Principle 12**.

Target voting list

Currently, given the additional costs associated with voting proxies, we believe that it is not in the best economic interests of our clients to vote all proxies. Instead, we select subsets of the funds' holdings that we believe warrant voting.

FILTER	RULE	# of COMPANIES
Total Holdings	Compute aggregate holdings across all funds and dollar amount held across funds in each stock to filter on a total holdings basis	1093
Holdings #1	Aggregate holdings of at least $150,000	563
Size	Mega-cap Top 40% aggregate free-float adjusted market weight	100
Holdings #2	Aggregate holding > $1,000,000	44
ESG credentials	ESG Risk Rating > 28	31
	GHG Intensity > 200	21
Proxy Voting '200' Target List	**Target list identified and reviewed quarterly**	**196**

Source: GSI and Sustainalytics. Dec 2021

During our recent annual review, we analysed the methodology and adapted the criteria variables slightly for the target companies. Changes have been necessary as the portfolios have grown in value over the year. These changes are as follows:

- Minimum aggregate holding increased from $150,000 to $300,000; and
- ESG Risk Rating > X increased from 28 to 30, which maps to the reported "High Risk" level.

Going forward our proxy voting policies and procedures, including our proxy voting guidelines, will continue to be reviewed at least annually.

1. Collaborative engagement

During the reporting period, GSI looked for new opportunities to work with like-minded organisations. We explored the work of ShareAction, a Not For Profit charity that promotes responsible investing and works to improve corporate behaviour on environmental, social, and governance issues. We particularly liked its independence which makes it a 'critical friend' and free from member bias.

Working collectively, GSI can be positively involved in coalitions, relevant AGM activism and co-filing resolutions. We can access reports, industry insights and controversies research and use other information sources, including Sustainalytics and Minerva.

GSI's involvement with ShareAction included:

- Membership of coalitions (IDI and Good Work)
- Voting in support of resolutions
- Publicly pre-declaring our votes
- Participating in corporate engagement calls

Collaborative engagement activity refer to **Principle 10**.

Educational outreach

After soliciting feedback from clients, we significantly expanded our communication strategy on stewardship reporting in 2022, to include a broader range of ESG topics, thought leadership on our stewardship viewpoints, and additional information on policy discussions and advocacy.

We produced a trilogy of stewardship podcasts as part of our education and research programme and will continue to add to these.

We worked with the experts in each area covering ratings, voting and activism. Links to the podcasts are available here:

PODCAST

ESG Ratings
Eoghan Gill from Sustainalytics

PODCAST

Active Ownership and Voting
Paul Hewitt from Minerva

PODCAST

Shareholder Activism
Helen Wiggs from ShareAction

Fair, balanced and understandable reporting

There is a requirement under the stewardship code to provide fair balanced and understandable reporting.

Fair and balanced reporting needs to be comparable and relevant and to this end, we ensure our reporting on our funds achieves this.

We regularly share information through fund factsheets, attribution analysis, thought leadership and industry insights, research papers, webinars, and face-to-face meetings. Gemini, the management company of our funds, publish audited fund annual reports.

Our voting records are available on the website, and we summarise our stewardship activity in reports to clients.

To support our communication and marketing efforts, we engage the service of Robin Powell. Robin is an author and journalist specialising in finance and investing, and a campaigner for a fairer, more transparent asset management industry. He is the founding editor of The Evidence-Based Investor. Robin regularly produces reporting and material, supplementary to our regulated reporting requirements, that has been produced specifically to be fair, balanced, and understandable for our client base.

Refer to **Principle 6** for how we communicate and report to clients.

Outcome

Over the coming year, we aim to continue developing our reporting to reflect sustainable investment objectives in line with industry best practices. This will ensure we maintain transparency in regulatory, client and stewardship reporting, but also defend our stewardship activities in support of the regulator's mission to weed out greenwashing and stewardship washing.

In keeping with our efforts, we anticipate continuing to focus on communicating clear outcomes and observations from activities and seek to include more case studies and examples of activities that were successful or not, to provide a balanced view of our activities.

Finally, in drafting our stewardship report, we have sought to present a transparent and fair account of our activities, policy, and procedures in an understandable and easily comprehensible manner. We have strived to give balanced examples and to represent the range of our stewardship activities concerning our Global Sustainable Equity strategies.

The report has been reviewed and approved by the Investment team and our compliance officer to ensure that what we have presented in the report is fair, balanced, and understandable.

Refer to **Principle 9**, **Principle 11**, and **Principle 12** for more details on our engagement approach.

PRINCIPLE 6

SECTION 2

Investment Approach

Principle 6: Client and Beneficiary Needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

GSI has a client-focused approach in the definition, design, and delivery of investment portfolios.

Our distribution network is UK focused and primarily composed of investment advisors who adhere to an evidence-based investment philosophy. Our narrow focus enables us to provide specialised expertise, consistent service, unique differentiation, and agile responsiveness. Ultimately, we believe these benefits lead to better investment outcomes for our clients.

Product

GSI have two long-only global equity strategies - the Global Sustainable Value Fund and the Global Sustainable Focused Value Fund. Both funds are managed sustainably. The funds have different degrees of factor tilts. The 'Focused Value Fund' has a stronger value and small-cap tilt than the Global Sustainable Value Fund and takes larger positions away from a market-weighted index.

Both funds are structured as Irish Domiciled UCITS. GSI is the appointed investment manager for the Dublin-based UCITS funds. These funds are sub-funds of the GemCap Investment Funds (Ireland) plc umbrella fund, which is operated and distributed by Gemini Capital Management (Ireland) Limited. The funds are classified as Article 8 funds under SFDR.

Total assets under management, as of 31 December 2022, were £400 million – an increase from £277m 12 months prior.

Client base

The funds are available for investment in the UK and Ireland to clients of financial advisers, discretionary fund managers (DFM's), family offices and small institutional investors.
Our largest clients offer turnkey investment propositions and model portfolios. We do not have any direct consumer clients.

Our funds are available on over 26 investment platforms (wrap platforms). We expanded our share class options and platform availability in 2022 due to direct feedback and demand from clients. We added share classes to over 18 platforms in 6 months.

Currently, 99% of the clients in the funds are UK-based.

Long term perspective

All funds are equity funds and, therefore, we advise investors that they should have a long-term perspective when investing in our funds.

Most of our clients, which are predominantly in the UK, have a values-based business and generally do not use active management or tactical asset allocation. These advisors are very disciplined in their approach to investment and typically follow model portfolios with an emphasis on asset allocation and a long-term investment horizon. This tends to result in clients remaining fully invested through cycles and not withdrawing funds when there is a downturn. It, therefore, allows them to capture the equity premium as well as other factor premia, which the strategies are designed to deliver.

Design and delivery of investment solutions

Client relationships

As described in **Principle 1** we pride ourselves on our client-centric approach. Our approach is collaborative and builds long-term relationships with clients based on trust, transparency, and a deep understanding of their needs and goals

GSI is also focused on managing assets in alignment with clients' principles of investing and stewardship. We have always worked collaboratively to build solutions that align with our core values and capabilities, what clients want, and investors need.

This approach works for GSI as we are a firm built on a philosophy not products.

During 2021, GSI developed a new fund after consultation with an existing client. They wanted a deeper value-tilted portfolio with our integrated sustainability focus for their model 'Earth Portfolios'. We now manage close to £250m in this strategy. The portfolio was designed to the client's specification based on our investment expertise in combining factor-driven investment with ESG integration without diluting the risk–return characteristics.

Client feedback

We have the benefit of having a partner, Max Tennant, who is closely aligned with our clients, being a chartered advisor and involved in an advisory firm. His insights suggest that investors could benefit from more guidance on sustainable investing, and while knowledge levels in this area are limited, they are growing. However, inconsistent terminology and jargon remain key barriers. As a result, we conducted further research into clients' views and now use this information to tailor the content we provide to our clients, ensuring that it is accessible and understandable.

An example of this is the trilogy of podcasts we produced, using the industry experts within the categories that our clients wanted more information and clarity on. These are explained more in detail in Principle 5. These included discussion on ESG ratings and voting. By using industry experts, we wanted to provide a fair and balanced view.

Client communication and reporting

Meetings

Our meetings with clients are a mix of formal reviews and informal catch-ups.

These regular touchpoints include half-yearly face-to-face review meetings with a member of the investment team, quarterly conference calls, and monthly fund reporting.

Regular communication with clients is essential for building understanding, establishing trust, and achieving better outcomes. This helps us understand their needs and expectations and deliver relevant and practical support.

We prefer to pick up the phone when communicating with clients rather than relying on informal emails. This allows us to have in-depth conversations and understand their current and evolving stewardship requirements.

Information sharing

GSI works closely with Gemini to ensure that the offering documents, including the prospectus and KIIDs, provide the appropriate information for investors to make informed decisions.
In addition, we regularly share investment performance and risk statistics with clients and prospective clients, through fund factsheets, attribution analyses, thought leadership, podcasts and research documents.

Our website provides information on our stewardship and investment activities, particularly about how we incorporate sustainability into the investment process.

For example, we have an interactive webpage that shows factor and ESG exposures for every stock in our portfolios.

We also react to client-specific requests, such as when a client asked us for a simple explanation of how we screen and weight companies using our ESG criteria with company-specific examples.

We provide stock-level data and portfolio returns to Morningstar, a popular source of knowledge for our client network. Morningstar publishes fund analysis on their website. This analysis includes detailed sustainability scores for each of the funds it analyses.

Stewardship reporting

In addition to the client communications described earlier, we also communicate our stewardship activities.

In 2021, we began a formal review of our engagement agenda, focusing on proxy voting, research, and engagement. Our clients have requested this, given the rapid growth of ESG, regulatory changes, and demand from their investors.

We seek to offer our clients transparent and timely information about our activities, and we have worked this year to improve and enhance reporting on stewardship matters.

We currently report on voting and stewardship activity on a biannual basis. In addition, we publish our voting records on our website.

We are in the process of finalising our first Annual Stewardship and Voting Report. This will include details for our stewardship activities in 2022:

- A full list of voting activity;
- Statistics on the shareholder resolutions and votes for/against management; and
- A geographical and sector breakdown.

To further increase transparency and meet evolving best practices in proxy voting disclosure, we have a long list of possible enhancements to consider. We will prioritise this list through consultation with our clients.

Possible future reporting includes

- Disclose voting activity every quarter;
- Report relative to UN SDGs;
- Disclose rationales for a subset of our vote decisions; and
- Improve granularity of ESG reporting (carbon exposure in portfolios).

By regularly gathering client feedback, we monitor client concerns on our stewardship and outcomes and gain invaluable insight into the issues that are top-of-mind with investors. We are aware that carbon exposure is becoming more important.

Given these insights, we use this information to tailor the content we provide to our clients, both on a high level for analysts and a jargon-sensitive, technically less complicated level, to be reused with clients of wealth advisors.

Sometimes it can be as simple as reporting on how we screen companies. We have produced a simpler document on how we screen and weight companies using our ESG criteria with company-specific examples.

We believe our methods for understanding client needs are effective, but we are always analysing our approach and methods for ways this could be improved.

Outcome

We work closely with financial advisers to understand the needs of their clients. This approach has informed the design of our funds and responsible investment strategy, especially concerning issues such as investment in certain product lines, for example, tobacco or adult entertainment, which are both excluded

We have assessed the effectiveness of our chosen methods to communicate with our clients and support their needs based on their feedback, considering the range of amounts invested by our clients, and their distribution across different investment platforms.

PRINCIPLE 7

SECTION 2

Investment Approach

Principle 7: Stewardship, Investment and ESG Integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Integrating sustainable investment practices

All GSI's funds systematically integrate material environmental, social, and governance risks to investment decisions. As discussed in Principle 1, we seek to use stewardship activities to protect and enhance shareholder value across all our equity strategies. We currently only manage developed markets global equity funds. All funds integrate sustainable investment practices.

Six-step approach

GSI have a six-step approach to sustainability and responsible investing which includes integrating ESG risk ratings, screening, exclusions, voting and collaborative engagement.

01	02	03	04	05	06
We take ESG risk ratings into account provided by Sustainalytics	To align ourselves with UN SDGs, product involvement screens are included and we exclude companies that violate United Nations Global Compact principles	We exclude any companies involved in cluster bomb manufacturing	We target a reduction in overall exposure to fossil fuel and weighted average greenhouse gas (GHG) intensity of at least 50% compared to the benchmark Morningstar has given GSI funds a 'Low Carbon' designation	Our sustainability process is fully integrated with our factor tilts	We work with Minerva to exercise proxy voting rights with 200 selected stocks across our funds and are actively working with advocacy groups like Share Action

Step 1: Adoption of Sustainalytics ESG Risk Ratings

At GSI we continually look to improve how we identify and manage risks in our portfolios and integrate ESG to align with our long term investment outlook and those of our clients.

We believe that ESG risk ratings have several advantages over the standard ESG approach. First, each company is assessed on the ESG risks relevant to that firm's business; second, there is a more direct link between the ESG risk ratings and the ESG risk to the companies; and third, the ESG risk ratings are comparable across sectors and companies – they are in a "single currency", as Sustainalytics puts it.

We bias holdings in the portfolio towards companies that are assessed to have lower ESG risk ratings whilst maintaining the required exposure to the factors mentioned above that are related to higher expected returns. ESG risk ratings measure to what extent the enterprise value of a company is at risk due to a company's exposures to ESG issues that are material to its business.

This risk metric is determined by adding up the unmanaged risk factors of a company with regard to the most pertinent ESG issues for the company. For example, a company might be at higher risk of regulatory/legal action or negative publicity if material ESG issues such as carbon exposure, labour rights, etc. are not effectively managed.

ESG risk ratings measure the following three main criteria:

- **Exposure** – How much a company's enterprise value is exposed to material ESG issues (MEI)?
- **Management** – How well is the exposure to MEIs managed?
- **Unmanaged Risk** – How much of the MEI exposure remains unmanaged?

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Material ESG issues are the central building block of Sustainalytics' ESG Risk Ratings. Underpinning their 20 material ESG issues are more than 250 ESG indicators, which enable us to understand how exposed companies are to specific issues and how well companies are managing these issues.

Integrating ESG Scores

Similar to our composite return factor score, we create an ESG score based on the underlying ESG risk ratings by subtracting the risk ratings from 100 so that higher transformed ESG score companies have a lower ESG risk rating. This score is then ranked separately within mega/large and within mid/small cap to lie between 0 and 2.

Step 2: Alignment with UN SDGS and screen for UN Global Compact violators.

Another perspective on sustainability is provided by the Sustainable Development Goals (SDGs) which were set out by the United Nations and adopted by its member countries in 2015. These goals are aimed at reducing poverty, improving health and education, reducing inequality, and increasing economic growth as well as tackling climate change and protecting the environment.

Impact of Product Involvement & UNGC Exclusions

Product involvement is defined at the 10% level or more. The data is as of 30 Dec 2022.

Product Area	Product Involvement	GSI Policy	No. of Stocks in Benchmark	% Weight in Benchmark	No. of Stocks in Portfolio	% Weight in Portfolio
Business Practices	Fur and Leather	Exclude	0	0.0	0	0.0
	Gambling	Exclude	11	0.2	0	0.0
	Predatory Lending	Exclude	0	0.0	0	0.0
	Whale Meat	Exclude	0	0.0	0	0.0
Defense and Military	Controversial Weapons	Exclude	0	0.0	0	0.0
	Military Contracts	Exclude	23	1.3	0	0.0
	Riot Control	Exclude	0	0.0	0	0.0
	Small Arms	Exclude	0	0.0	0	0.0
Energy	Arctic Energy	Exclude	0	0.0	0	0.0
	Oil Sands	Exclude	4	0.3	0	0.0
	Shale Energy	Exclude	0	0.0	0	0.0
	Thermal Coal	Exclude	23	0.9	0	0.0
Environment	GM Crops	Exclude	1	0.1	0	0.0
	Palm Oil	Exclude	2	0.0	0	0.0
	Pesticides	Exclude	4	0.2	0	0.0
Health & Wellbeing	Adult Entertainment	Exclude	0	0.0	0	0.0
	Cannabis	Exclude	1	0.0	0	0.0
	Tobacco	Exclude	8	0.9	0	0.0
Total Exclusions	.	.	102	5.4	0	0.0
UN Global Compact	UN Global Compact Violators	Exclude	11	1.2	0	0.0

Source: GSI. Product involvement is defined at the 10% level of company revenues or more. Information shown is as of 30 Dec 2022

To better align our portfolio with the SDGs, we have adopted a set of exclusions related to areas of product involvement that we believe conflicts with those goals.

Exclusions

These exclusions cover a range of product areas including energy, environment, health, and well-being etc. Examples of companies excluded are Duke Energy (Energy, US) and Glencore (Metals and Mining, UK), excluded due to thermal coal exposure; and British American Tobacco (Consumer Discretionary, UK) excluded due to Tobacco.

United Nations Global Compact

In addition to the SDGs, GSI expects companies to operate within the United Nations Global Compact (UNGC) norms and standards and therefore we will also exclude companies that violate the UNGC principles. The UNGC is based on a set of ten principles to encourage businesses worldwide to adopt sustainable and socially responsible policies.

The principles relate to respect for human rights, socially responsible labour policies, a sustainable approach to the environment, and anti-corruption policies. Sustainalytics monitors over 20,000 issuers worldwide on their compliance with UNGC principles and identifies those companies that are non-compliant.

Exclusions

An example of a company excluded on the grounds of failing to comply with the UN Global Compact Principles is Wells Fargo, a large US bank. Wells Fargo is deemed to be non-compliant as it has been assessed by Sustainalytics as failing Principle 10 - to work against corruption in all its forms, including extortion and bribery. Consequently, GSI's funds do not invest in Wells Fargo.

Step 3: Removal of cluster bomb munitons manufacturers.

Certain munitions do not discriminate between combatants and non-combatants, leave post-conflict residual dangers, and frequently pose great danger to children. Compounding these issues is the cost of post-conflict clear-up, which acts as a barrier to development in poorer communities. In accordance with two UN Conventions, the United Nations has banned all use, stockpiling, production, and transfer of these weapons. The two conventions are The Convention on Cluster Munitions 2008; and The Anti-Personnel Mine Ban Convention 1997.

GSI is aligned with the aims of these conventions and excludes companies involved in these munitions from its portfolios.

Step 4: Intergration of GHG emission policy - Target low carbon stocks.

We recognise that modern society has a responsibility to balance the needs of today's population against the consequences for future generations and the environment. To this end, we believe that it is neither feasible nor desirable to exclude all companies involved in the production and use of fossil fuels and their derivatives. Instead, we believe in a just transition and a progressive approach.

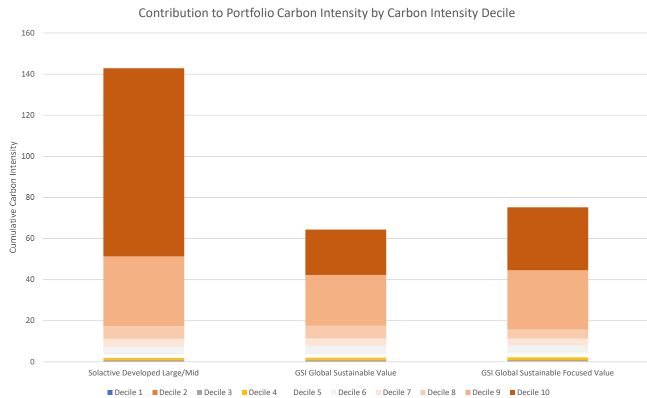
We do significantly reduce our overall exposure to fossil fuels and greenhouse gas emissions while having a higher investment in companies, within the same sector, with a better record of managing their environmental responsibilities and a lower (or zero) investment in those firms with a poor record in managing their environmental responsibilities.

We target a level of fossil fuel exposure of half that of our benchmark (the Solactive GBS Developed Markets Large & Mid Cap Index) or lower. Companies are considered to be exposed to fossil fuels if they are involved in Oil & Gas Production, Oil & Gas Power Generation, Oil and Gas Products and Services, Thermal Coal Extraction or Thermal Coal Power Generation.

We also target an aggregate level of GHG intensity of half that of the benchmark or lower. To measure the GHG intensity of a company we use the standard definition set by the Task Force on Climate-Related Financial Disclosures (TCFD) which are annual GHG Scope 1 & Scope 2 emissions divided by annual revenues.

An example of a company excluded due to extremely high carbon intensity is NextEra – a US utility

Contribution to Portfolio Carbon Intensity
by Carbon Intensity Decile



Source: GSI LLP. Contribution to portfolio carbon intensity by carbon intensity deciles for a market-weighted portfolio ("Market Weights"), the GSI Global Sustainable Value Fund and the GSI Global Sustainable Focused Value Fund based on a large/mid universe. Based on data supplied by FactSet, Solactive and Sustainalytics. The information shown is as of 31 December 2022.

Step 5: Combining sustainability data with factor-based strategy.

Sustainable investing can be incorporated into a well-thought-out, factor-based approach without compromising on risk or return objectives. Our factor approach first tilts towards smaller cap stocks whilst maintaining sector diversification. All stocks are ranked on a range of value and profitability metrics to build a composite value score. The size-tilted portfolio is then tilted towards higher-value stocks by increasing or decreasing company weights depending on the value score.

We then combine our adjusted ESG scores for the investable universe with their value scores. Thus, a stock with a higher value score and a higher ESG score will receive a higher weight; a stock with a lower value score and a lower ESG score will receive a lower weight; stocks that lie between those two extremes receive more neutral allocations.

Examples of stocks we invest in which a have high-value score as well as a high ESG score are Hewlett Packard (Technology, US); L&G (Financials, UK); and GSK (Healthcare, UK).

When a stock has a high-value score and a low ESG score, it is not excluded but we will generally hold an underweight position relative to the eligible market weight. Examples are JP Morgan (Banking, US); Shell (Oil & Gas, UK); Renault (Automobiles, France); and Panasonic (Consumer Discretionary, Japan).

Step 6: Active stewardship, proxy voting and advocacy.

GSI consider voting and active stewardship to be an integral part of our approach to sustainable investment. We see exercising our ownership rights as part of our fiduciary duty. Although GSI is a systematic investor, we retain our rights as shareholders to vote, appoint directors, approve remuneration plans, and encourage reporting on a range of environmental and social issues.

We work with Minerva to exercise proxy voting rights with 200 selected stocks across our funds and are actively working with advocacy groups like Share Action.

Stewardship activity is applied consistently across all strategies and funds.

For case studies on active stewardship outcomes refer to **Principle 10**.

For proxy voting records refer to **Principle 12**.

Divesting

GSI generally believes we better serve our clients by using stewardship activities to encourage better standards of corporate governance rather than divesting.

However, if a firm should be reclassified as failing to comply with the UNGC principles, be involved in a high degree of controversy, begin to receive a significant source of revenues from an excluded business (tobacco, thermal coal, etc.), or in any way fall foul of our screens and scoring, we will exclude it from further investment, review our holdings, and, if considered appropriate, divest all holdings in the firm.

Monitoring

GSI's Investment Committee continually monitor and assess the suitability of securities.

We receive information from our ESG data provider, Sustainalytics, and we have access to company-specific research through Minerva. We also receive alerts from Gemini, who monitors our exclusion list on an ongoing basis.

A recent example of stock eligibility change is Johnson and Johnson.

Until recently Johnson and Johnson had been ineligible due to violations of Principle 1 of the UNGC and Chapters IV and VIII of the OECD Guidelines for Multinational Enterprises. Sustainalytics' ongoing supervision and recent dialogue with the company have concluded that these issues have been addressed and recently moved the company into its watch list. Sustainalytics reported, 'The violation has ceased, and the company has adopted a responsible course of action, including increased clinical trial transparency and external certifications'.

Our investment team had been monitoring these developments. In December 2022 Gemini also alerted us about Johnson & Johnson. After a review of the sustainability status and cross-checking the change in the ratings with other sources, including company reporting and news stories, Johnson and Johnson is now eligible for readmittance to the eligible investment universe.

Outcome

Information gathered through our process of integration of ESG data and stewardship is systematically incorporated, including material environmental (for example climate change), and social and governance issues, to fulfil our responsibilities as responsible asset owners.

Using ESG risk ratings and additional sustainability criteria aligns our portfolio well with the Sustainable Development Goals of the UN and adds depth to our process of integrating ESG information with our investment strategy.

We expect our process to deliver returns that are commensurate with a factor-based strategy before the integration of ESG information. The risk should also be similar since the key drivers of risk – country, sector, size, and other factor exposures – are designed to be the same after the ESG integration as they were before.

PRINCIPLE 8

SECTION 2

Investment Approach

Principle 8: Monitoring Managers and Service Providers

Signatories monitor and hold to account managers and/or service providers.

GSI leverages a host of external third-party service providers to enable our ESG capabilities. These consist of ESG data and research providers, proxy advisory firms, compliance, and regulatory advisors. Examples of our service providers include Sustainalytics, a Morningstar company, FactSet, StyleAnalytics (part of Confluence), Minerva Analytics (a Solactive company), and Compliancy Services.

As an asset management firm dealing with sensitive data, it is important to have a robust review policy for external service providers. This includes assessing the potential impact on data accuracy, data privacy, confidentiality, and security.

Sustainalytics

In the context of stewardship and monitoring, the key service provider to GSI is Sustainalytics, a specialist provider of ESG data and research. Sustainalytics was chosen as the provider of ESG research due to their risk approach to ESG scoring and the depth and breadth of their coverage.

Sustainalytics provide higher coverage in small and micro-cap which ensures extensive ESG coverage across our investable universe of stocks.

Sustainalytics provide ESG scores on more than 4,500 companies globally, which are evaluated within global industry peer groups. In addition, Sustainalytics tracks and categorizes ESG-related controversial incidents on more than 10,000 companies globally. We use both sets of data when we develop our internal ESG score.

Sustainalytics

- Company profiles updated annually with the corporate reporting cycle
- Alternative data sources, like regulatory filings on product recall and NGO sources, augment self-reported corporate data
- Analysis by a team of over 800 ESG research analysts supported by artificial intelligence-powered descriptive and predictive analytic capabilities
- Robust quality control mechanisms with peer reviews by senior analysts and company feedback mechanisms

Sustainalytics data sets include raw metrics such as greenhouse gas emissions, total potential emissions, coal involvement, revenues earned from alcohol production, revenues earned from tobacco production, etc. by the issuer.

Additionally, GSI receives controversy-related metrics such as child labour controversy scores, as well as business activity information such as involvement in the production of cluster munitions, sustainability-focused industry codes, and other related measures by the issuer.

Sustainalytics deliver updates to their data sets on a monthly basis. Style Analytics also update their data monthly and FactSet data is updated daily. GSI recognises that ESG research and data are evolving at a rapid pace.

We maintain regular contact with service providers, allowing us to address questions on data in a timely and effective manner.

Data monitoring & due diligence

As an asset management firm dealing with sensitive data, it is important to have a robust review policy for external service providers.

GSI has a framework in place for periodic assessments of the quality of services provided, including evaluations of compliance with relevant regulations or codes of conduct. Our review process includes due diligence, risk assessments, and ongoing monitoring.

For data providers due diligence monitoring is done to ensure data providers are providing on-time deliverables and accuracy. The investment team monitors the quality of data by conducting various validations such as comparing data between vendors, analysing changes in data over different periods, assessing for reasonableness, and using other quality assurance methods.

If any problems related to data quality arise during these quality checks, they are brought to the attention of the relevant vendors and are closely monitored until they are resolved. This ensures that data providers are delivering the most up-to-date information prior to being integrated into our investment process.

At times, we identify issues with the data we receive from vendors. A recent example is Style Analytics had incorrect Carbon Intensity data for Norton Lifelock – now Gen Digital, a supplier of PC virus-checking software by a significant margin. At the time we corrected the data using information gathered on company websites. The data were corrected by Style Analytics within the next reporting period.

For data providers, such as StyleAnalytics our due diligence monitoring is constant, we are reviewing on-time deliverables, accuracy and the quality of the service on a regular use basis.

For other service providers, like Minerva and Compliancy Services, we regularly monitor our service providers’ performance against the set standards and evaluate whether they have met our needs, reviewing service level agreements (SLAs), key performance indicators (KPIs), and other relevant metrics.

We are generally happy with the services provided. If errors or problems arise, we start by discussing the issues, setting clear expectations for improvement, and establishing a timeline for corrective action.

If there is a service failure that puts our reputation or security at risk, or if they consistently fail to meet the expected criteria, we will explore options to move providers. Replacement vendors are assessed on content, technical capabilities, security protocols, track records, and compliance with relevant regulations and suitability.

Review of proxy voting platform

We commenced using our proxy voting provider, Minerva, in April 2022. Our scheduled first-anniversary due diligence meeting is forthcoming. As part of our agreement, Minerva provides regular audit and reporting structure and assessment against KPIs.

Audit structure

Provision of monthly vote audit reports either online or in spreadsheet formats in formats mutually agreed upon from time to time

Global Systematic Investors internal audit quarterly reporting deliverables; Minerva is to provide either a spreadsheet or a downloadable web page with a summary page and underlying data on two KPIs:

1. % of votes submitted to Minerva by the voting deadline for the active priority holdings.

2. % of actual votes (meeting events) executed by the voting deadline by Minerva for the priority and non-priority holdings as a percentage of GSI's total vote entitlement for all relevant holdings.

Review meetings

In addition, we have agreed to two review meetings annually:

1. **Audit** – assess the processes and procedures they followed when making proxy voting recommendations based on our custom Global Proxy Voting Policy. At this annual review, agreed KPIs and any material changes in the services, operations, staffing or processes will be examined.

2. **Policy Review** - refresh our voting policy guidelines and bring any new issues or stewardship focus into play. One advantage of Minerva's service is that we have the ability to review, amend, and upgrade our custom policy at any time.

Our relationship with Minerva is one where we have proactive and supportive interactions. Any significant material changes would be expected to be raised during our regular meetings and interactions. There has been both a change in the ownership structure of Minerva, (with the Solactive acquisition) and key personnel changes during the year. We were kept fully informed during the process and assessed that the potential impact on our service levels was minimal.

Outcome

Strong relationships with these vendors have been fostered over the years so that, despite our scale, they are responsive to our requests when there is an issue with service levels or data quality.

We have been satisfied this year with how third-party ESG services have been delivered to meet our needs and expectations.

PRINCIPLE 9

SECTION 3

Engagement

Principle 9: Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Direct engagement

Our approach uses a quantitative and systematic approach to select which companies are suitable for investment and how much to invest. We do not engage directly or conduct dialogues with companies in which we may invest or in which we are invested.

The effectiveness of investor engagement in enacting change tends to be closely linked to the scale of ownership in the target company, and the investor's perceived market power.

Investor engagement can be a powerful tool in enacting change in companies, particularly in the areas of environmental, social, and governance (ESG) issues. By leveraging their financial influence, investors can pressure companies to adopt more responsible business practices, improve transparency, and increase accountability.

The effectiveness of investor engagement can depend on a number of factors, including the size and influence of the investor, the specific issues being addressed, and the level of commitment from the company being engaged.

Given GSI's investment style, current small company size and finite resources, we do not currently engage directly with issuers. At our existing size, we are not able to leverage and take advantage of scale, decreasing the chance of meaningful engagement.

Refer to **Principle 1** for our Investment beliefs and strategy.

If there were a circumstance where we believed it would benefit our clients, we would engage directly with the management of an investee company to communicate our concerns and to understand that company's approach to its responsibilities.

Research suggests that investor engagement can be effective in bringing about change. A study published by Harvard Business Review[1] found that companies that engage with their investors on sustainability issues tend to have better sustainability performance than those that don't.

Another study by the Principles for Responsible Investment[2] found that engagement by investors on ESG issues can lead to positive changes in corporate behaviour, such as improvements in labour standards and reductions in greenhouse gas emissions.

Our approach to sustainability and engagement practices does not differ and is consistent geographically and across our funds.

We are investigating the option to write letters directly to a company to raise our concerns when we intend to vote against management. We voted against management 33% of the time in 2022.

During the reporting period, the most effective option was to focus on the engagements via collaborative coalitions.

Engage collectively

GSI understand the value of being active stewards of the assets entrusted to us to manage by our advisor clients. Engaging with companies and voting at company meetings are part of being a responsible asset owner and steward of capital.

We identify issues that may impact a company's long-term value and address these in our Proxy Voting Guidelines to guide our engagement. We focus on material issues that we think represent specific risks to the long-term value of our clients' shareholdings. We also pay attention to the urgency of the problem.

Engaging together with others in coalitions, like the Investor Decarbonisation Initiative

Eccles & Serafeim (2013) Harvard Business Review, Principles for Responsible Investment. (2019). https://www.unpri.org coalition at ShareAction, we were able to join with other asset owners in direct conversations with chemical companies like Solvay and LyondellBasell. Refer to **Principle 10** for collaboration case studies.

Outcome

As we grow, we will expand our engagement to cover a core set of controversies and materiality issues where we can have the most influence, consistent with our level of ownership.

Going forward, we will explore engagement strategies to effectively communicate our expectations of companies to improve governance, sustainability, and social responsibility practices.

- Using other forms of active engagement such as letter writing when voting against management
- Engaging industry groups to escalate our concerns
- Revise our voting policy to reflect thematic issues such as carbon targets, remuneration, and board diversity, which are important considerations for us as responsible investors.

Our goal is always to encourage positive change and create value for our clients over the long term.

Refer to **Principle 7** on how we prioritise engagements

PRINCIPLE 10

SECTION 3

Engagement

Principle 10: Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers

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Working collectively

GSI recognise that it may be appropriate in certain circumstances to work with other shareholders to increase shareholder value or effect positive change. We are willing to act collectively with other shareholders where it:

- Will be more successful than acting individually;
- Is considered consistent with the firm's objectives;
- Is in the best interests of the firm's client, and
- Is in compliance with the law and regulation.

During the period GSI supported several industry and sustainability initiatives including those relating to issues around corporate governance, climate change, remuneration policies, and policy engagement.

The forum for this engagement has been via the following areas:

1. **Investor coalitions** – (Share Action) leverage engagements to increase our impact; learn from experts (academic, industry, non-governmental organisations), advocate, and for our clients' interests.
2. **Industry networks** – (UK SIF, CISI, SRI) Policy Engagement, feedback on global sustainability, regulations and requirements, enhance sustainability knowledge, and promote best practices.

Regardless of the collaboration method we employ, we consistently approach collaborative engagement as fiduciaries for our clients' assets, acting in their best interests and on their behalf.

GSI purpose refer to **Principles 1** and **6**.

At GSI, we understand the significance of engaging in collaborative investor efforts, and this is particularly important for us, given our size. We firmly believe that even small fund managers can make a meaningful impact.

We collaborate with organisations to advance our thinking and improve outcomes or further sustainability standards and disclosures that will broaden the adoption of sustainable investment. We are currently exploring additional collaborative opportunities to further our involvement in the future.

1. Investor coalitions

GSI likes to work in coalition with other like-minded organisations and one of those is ShareAction, a charity that promotes responsible investing. Having a collaborative perspective means that we can amplify our influence over companies through collective engagement.

ShareAction»

In late 2021 GSI met with ShareAction to explore how it worked and if we could work together. We decided that the two logical areas of focus at this time were the Climate Action and Good Work initiatives.

ShareAction's Climate Coalition – referred to as the Investor Decarbonisation Initiative (IDI) is a broad network of over 130 members. The group's mission is 'Harnessing investor power to accelerate corporate climate action'.

The Good Work Coalition is an initiative to support 'Collective action to drive up standards in the workplace' and has over 40 members.

Climate Coalition

Where a company puts forward a resolution seeking shareholder approval of its climate transition plan, we will consider voting against the plan if it is deemed to be insufficiently aligned with the goals of the Paris Agreement to keep global warming to 1.5°C.

Global warming must be held at 1.5°C to avoid the worst impacts of climate change, which is already being disproportionately felt by the world's poorest communities. The chemical sector, which is responsible for over 6 per cent of global emissions, must act rapidly to achieve this goal.

Climate change presents material financial risks and opportunities for businesses and investors. We expect investee companies to work towards mitigating climate change by making efforts to reduce carbon emissions and transition to a low-carbon economy. We also value improved disclosure on climate-related issues, including governance, strategy, risk management, metrics, and targets.

Refer to **Case Study 1.**

Good Work Coalition

GSI joined this initiative to support and drive up standards in the workplace.

There is growing evidence that the corporate financial performance of companies that look after their employees will outperform those that don't. ShareAction Good Work Investor coalition aims to engage companies to push for better working practices.

We believe remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned with company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.

We expect companies to disclose the compensation paid to directors on an individual basis and with a level of detail which will permit shareholders to conduct a fair assessment of company practices.

We support annual votes on compensation as they provide shareholders with a regular communication channel to express their concerns regarding the company's compensation practices. Refer to **Principle 12** for voting activity.

GSI action included voting in support of resolutions and publicly pre-declaring our votes in line with ShareAction.

Refer to **Case Study 2**.

Case Study 1:

Investor Decarbonisation Initiative (IDI)

IDI brought together GSI and other investors who were focusing on the decarbonisation of the industry. The collaboration used our collective power to send investor-backed letters to companies globally to ask for commitments to either science-based targets initiatives or commitments to electronic vehicles and the decarbonisation of corporate fleets to 100% EVs by 2030.

The initiative moved from a very global, cross-sector focus to particularly looking at the chemical industry. From the broad IDI group, the focus was narrowed to the European chemicals sector in 2021. It was at this time that GSI joined this smaller active chemical decarbonisation working group. This currently comprises around 35 investors with AUM/AUA of US$ 7.5trn. This group gave us a way to leverage our voice with others in this important area of climate action.

GSI action to date includes participating in IDI Chemical Initiative Investor roundtables and joining corporate engagement calls with companies following a series of the letter asks. The companies included LyondellBasell Industies and Solvay.

The letter ask to the 12 European Chemical companies of the groups was:

- Include relevant Scope 3 emissions in its net zero by 2050 commitment and set more ambitious intermediate targets.
- Make a timebound commitment to zero emissions from energy consumption through electrification and 100% renewable energy.
- Set out plans to achieve emissions-neutral feedstock by 2050 with clear intermediate targets.

The engagement conclusions were.

- Scope 3 – companies say that difficulty measuring is the barrier to progress, but switching to emissions-neutral feedstocks would resolve Scope 3 entirely.
- Emissions-neutral feedstock – no company will make timebound commitments, many relying on false solutions like biomass (Givaudan, Solvay) and blue hydrogen.
- Electrification – companies complain that there is insufficient infrastructure to go fully renewable, but some are negotiating power purchase agreements.

Outcomes included:

- Getting Scope 3 commitments to continue to be a challenge. ShareAction is keen to move towards a focus on feedstocks to solve for this rather than grapple with data collection.
- Full electrification is challenging with insufficient renewable infrastructure frequently cited. A reliance on gas may be misplaced if uncertainty of supply intensifies given the war in Ukraine.

During the follow up break-out session we split into groups to discuss companies where the group were likely to do some deep dive work into transition plans. These were Air Liquide, BASF and LyondellBasel Industries. The groups next moved on to deep dive transition work and plan for some follow up letters. The latest action is a planned BASF-ShareAction Chemicals Decarbonisation Working Group call in May.

We have not changed our fund's holdings in the chemical companies based on the findings of this research but believe the pressure and interaction can lead to these companies changing the timing of the path to decarbonise.

Findings from this engagement concluded:

The chemical sector will decarbonise – the question is how and at what speed. The debate from an investor's perspective is about how quickly this happens and, perhaps most importantly, what path companies can take that will enable them to remain profitable as they transition.

We supported this initiative as an effective way to engage across multiple high carbon-impact companies, which would not have been possible directly.

One benefit of working with an industry network is knowledge transfer. As part of this IDI European chemical sector engagement strategy, ShareAction commissioned The Sustainable Investor to undertake research on the possible financial implications of a Paris-aligned transition in the sector.

Case Study 2:

Sainsbury's

During 2022 the Good Work Coalition filed a special shareholder resolution at Sainsbury's calling for the company to accredit as a Living Wage employer by July 2023, and to commit to pay all workers a real Living Wage. In April Sainsbury's reported underlying profits of £730m, up 104% on 2020/21 and up 25% on 2019/20. In June it revealed that its chief executive, Simon Roberts, received pay worth £3.8m in 2021/22.

The real Living Wage is set by a charity called the Living Wage Foundation. It sets the minimum hourly rate necessary for workers to afford housing, food and other basic needs. The rates are currently £11.05 per hour in London and £9.90 per hour in the rest of the UK. Living Wage accredited employers commit to paying at least these rates to all directly employed staff and any third-party contracted staff providing a service for the company.

Whilst more than half of the UK's largest FTSE 100 companies are Living Wage employers, alongside more than 10,000 other companies across the country, there are currently no accredited Living Wage supermarkets.

The resolution, advocating the need to tackle low pay, was tabled by ten investors managing £2.2 trillion in assets, including the UK's largest asset manager, Legal and General Investment Management and the largest workplace pension scheme, Nest, alongside 108 individual shareholders from a wide range of backgrounds, including Sainsbury's workers, two MPs, and a barrister.

GSI were one of several institutional investors who publicly came out in support of the resolution, such as Aviva Investors, Coutts and Co, and the Coal Pensions Board. This was announced on their website https://shareaction.org/news/living-wage-resolution-at-sainsburys-gathers-momentum.

We are supportive of remuneration policies that are well-structured, fair, understandable, and with safeguards to avoid excessive or inappropriate payments.

Views against the resolution

Some of Sainsbury's largest institutional shareholders believed after a detailed analysis of likely outcomes, that the resolution failed to fully consider both the business implications and potential wider stakeholder impacts.

In a letter to shareholders, Martin Scicluna, Sainsbury's chairman, wrote: "Accrediting as a Living Wage employer would mean that a third party - the Living Wage Foundation - would decide our pay changes each year. "We want to ensure we have the flexibility to pay the right rate of pay and benefits to our colleagues, considering the needs of all our stakeholders and the specific circumstances and company performance at that time."

Outcome

The resolution was not passed.

The Living Wage resolution filed at Sainsbury's only received the support of 16.7% of investors at the company AGM however it was successful in that it raised the issue in the public arena. These specific resolutions sparked great debate amongst investors with strongly opposing views.

The resolution did have a positive result in real terms. It led to the supermarket announcing a pay uplift for London staff so that all directly employed staff currently earn the Living Wage meaning an estimated 19,000 workers received a pay rise.

The resolution has drawn back the curtain on the treatment of workers who are employed through third-party contractors, who are often effectively invisible in corporate reporting

We did not change our fund's holdings in Sainsbury as a result of this engagement.

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Review of collaborative actions

This collaboration was a learning experience for GSI. As a consequence of the unforeseen strong dichotomy of views on the Sainsbury resolution. It highlighted the complexity of the growing issues with E S and G factor considerations by Boards and voters. As a consequence, we are in the process of further enhancing our strategy, oversight, and governance of voting with shareholder resolutions as a result of collaborative engagements.

Before engaging in collaborative actions, we will assess various factors, including, but not limited to, potential conflicts of interest, the materiality of the issue, and the likelihood of achieving significant outcomes regarding key sustainability or stewardship-related concerns.

We also need to be conscious of antitrust regulations and undue and/or unfair pressure exerted on companies as a result of collective engagements. All future collaborative proposals will require approval by the Management Committee.

2. Industry networks

Being part of industry networks is a practical way to work collaboratively, provide policy feedback, enhance sustainability knowledge, and promote best practices.

Over the reporting period, GSI has actively participated in industry working groups where industry participants work together to review the potential impact of proposed regulations on issuers and help inform the industry group's written submissions to regulators. These include:

Transparency Task Force

Bernd Hanke, Co-CIO and Robin Powell, Consultant, Education for GSI, have been actively involved as an ambassador of the Transparency Taskforce.

The Transparency Task Force (TTF) is the collaborative, campaigning community, dedicated to driving up the levels of transparency in the global financial services industry and to rid the financial industry of its short-term profit mindset. Its mission is to help consumers of financial services and products to get a fair deal and in so doing to help rebuild trust and confidence in the financial services sectors.

UK SIF

GSI respects the role UK SIF (UK Sustainable Investment and Finance Association) has forged for itself in the industry and the good work they do in connecting the community, influencing policy, providing information on the most pressing topics in sustainability and providing direct support on the latest developments and ways to approach new policies and regulations.

Though not a member yet, GSI has participated in their online seminars and in person at both the 2021 and 2022 UK SIF annual conferences. We also met directly with the CEO and others to engage and share our observations on the proposed Sustainability Disclosure Requirements (SDR) regulation, expressing the views of systematic sustainable investors. While we are not impact investors, we are still committed to fulfilling our fiduciary duty to manage the financial, risk, and sustainable investment expectations of our clients authentically. We are keen to expand our memberships when resourced to do so.

SDR consultation

We participated and contributed to the SRI (Julie Dreblow) industry consultation and reply to the FCA consultation paper on Sustainability Disclosure Requirements (SDR) and Investment Labels (CP22/20). We did this informally through this group as we were not in a position to submit our views to the FCA directly.

For more detail in Industry participation refer to **Principle 4**.

Participation

Through involvement in networks, GSI can participate in important discussions around labels and greenwashing. There are now regulations in place, such as the anti-greenwashing rule and the new general requirements of Consumer Duty, to discourage managers from exaggerating their sustainability claims. We agree with the proposal that intentionality should be a condition for the product labels. However, we also agree with the feedback to the consultation that suggests that the definition of intentionality should be expanded to include not only an explicit sustainability objective but also robust and demonstrable sustainability criteria. All our funds have incorporated ESG factors since 2018 and we have been transparent with our intentions and process.

Participating in industry networks like TTF, UK SIF and SRI and others, provides opportunities to contribute to policy development and advocacy initiatives to set rules and regulations to help promote investor interests and well-functioning markets.

Outcome

We believe our involvement in industry initiatives has strengthened our understanding of industry trends, and regulatory landscape, expanded our network of sustainable finance professionals and enabled us to learn about emerging best practices on topics such as climate transition plans.

As a sustainably focused asset manager, we acknowledge and appreciate the potential benefits of membership in industry groups and plan to take the necessary steps to increase our coverage and memberships.

PRINCIPLE 11

SECTION 3

Engagement

Principle 11: Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

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Due to the nature of our systematic investment approach and company size, we do not currently have a stand-alone engagement escalation policy. However, within our general stewardship policy, we prefer to engage to maintain or enhance the value of assets, rather than divest.

Escalation may involve:

1. Voting action including voting against directors or for shareholder proposals,
2. Internal escalation to the Investment Committee where we may decide to divest

The escalation strategy used will vary depending on the facts and circumstances of each case. We apply our strategy consistently across both our funds.

GSI does not have a set list of specific issues that are subject to escalation; however, certain types of portfolio company behaviours are likely to result in escalation, including sustained poor governance practices, inadequate disclosure, unwillingness to engage with shareholders and evidence of contravention to UNGC.

Voting against directors and for shareholder proposals

Our voting policy will vote against the directors in line with our agreed voting policy and where applicable on a case-by-case basis.

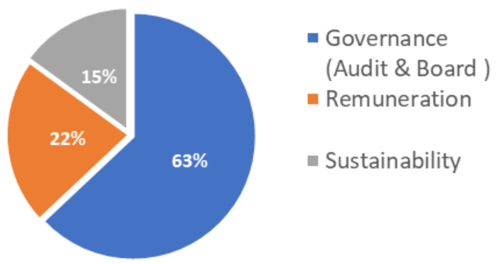
Against management

On 4th May 2022 GSI voted on the proxies for Standard Chartered Bank, a UK-listed global bank. Amongst the resolutions was Resolution 31:

To approve the company's net zero by 2050 pathway. GSI voted against management on this resolution. On the face of it, you would expect this resolution to be non-controversial. However, the resolution failed our policy on three counts:

1. The company had not demonstrated that its emissions reduction targets were science-based (i.e., through certification from the Science Based Target Initiative SBTI);
2. The company had not disclosed a statement setting out an expectation for its trade membership associations' advocacy to be aligned with the goals of the Paris Agreement; and
3. The company had not explicitly committed to aligning capital expenditures with the Paris Agreement goals.

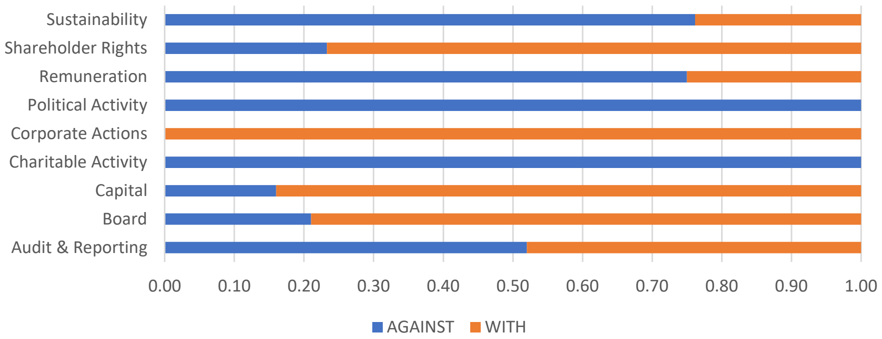
Votes against management by resolution catergory*



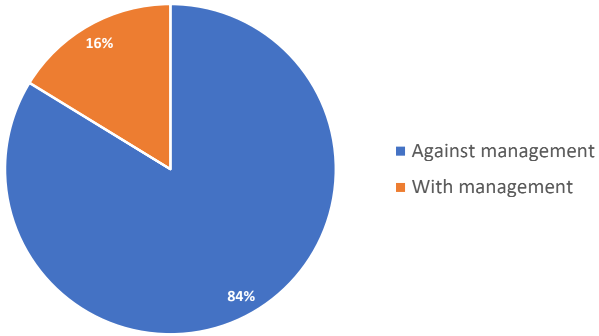
In 2022 we voted against management a third of the time (on 787 resolutions). As expected, the majority were on governance practices (63%), 22% of votes against management were remuneration matters, and 15% were on sustainability.

* Source: Minerva Analytics 2023

Voting by resolution catergory - Against management all proposals*



Shareholder resolution votes*



For shareholder resolutions

We can and do vote on shareholder proposals as a form of escalation.

Shareholder proposals are resolutions put forward by shareholders who want the board of a company to implement certain measures, for example around ESG or sustainability practices. We value the right of shareholders to submit proposals to company general meetings.

While we recognise different jurisdictions have different rules in place for the filing of shareholder proposals, we are generally supportive of initiatives that seek to introduce and/or enhance the ability to submit proposals

During 2022 GSI voted in support of 196 shareholder resolutions and against management in a shareholder resolution 84% of the time, on a broad range of topics, including ESG issues such as decarbonisation, diversity, and human rights. Refer to **Principle 12** for voting results.

On 1st June 2022 GSI voted on the proxies for Alphabet Inc, the US-based owner of Google. Amongst the resolutions was the shareholder sponsored Resolution 6: To request the Board to prepare a report to shareholders on climate lobbying. Alphabet's board recommended that shareholders vote against the resolution. GSI concluded that the resolution was sound and aligned with our guidelines and voted for the resolution.

We follow a framework for voting on shareholder proposals developed by Minerva, our proxy voting agency. The framework enables votes in favour of resolutions that promote good corporate citizenship while enhancing long-term shareholder value, and against resolutions that are misaligned with good governance and shareholder value.

Case-by-case considerations will be taken for proposals that are considered investment decisions or non-routine items.

* Source: Minerva Analytics 2023

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Divestment decisions

The option to underweight, exclude, or divest from a company is open to our Investment Committee.

As mentioned in **Principle 7** we align ourselves with UN SDGs. Product involvement screens are included and we exclude companies that violate United Nations Global Compact principles.

The Investment Committee have the option to divest from a security when we have extreme corporate governance concerns.

We recently divested from Mattel Inc in the US as Sustainalytics assessed it to be in violation of the UNGC. Fischer Price, a subsidiary of Mattel, has been linked to product safety issues that have allegedly been linked to infant deaths. Although it was previously rated as a low ESG risk, we take violations of UNGC as an escalation trigger and on review decided to divest from Mattel Inc.

We also actively monitor materiality issues and product involvement data from Sustainalytics, and we will divest companies that move above the 10% threshold of involvement in the excluded activities.

Examples of companies we divested from during the reporting period because of the product involvement threshold being breached include:

Product Involvement Escalations examples			
Entry Date	**ISIN**	**Company**	**Excluded Activity**
10/06/2022	GB00BNR5MZ78	Melrose Industries PLC	Military Contracts
10/06/2022	US1258961002	CMS Energy Corp	Thermal Coal
14/09/2022	JE00B4T3BW64	Glencore PLC	Thermal Coal
06/10/2022	FR0013451333	La Francaise des Jeux SA	Gambling

Source: Source GSI and Sustainalytics 2022

Refer to **Principle 9** and **Principle 12** for further escalation efforts in engagement and voting.

Outcome

When there is evidence of poor governance practices at a portfolio company, GSI generally believes we better serve our clients by using stewardship activities like voting against management to encourage better standards of corporate governance rather than divesting. This is founded on the belief that a company's corporate governance practices are reflected in its market price and that improvements may be rewarded with a higher price.

During 2022 GSI actively voted for shareholders proposal and against management, and divested from companies, as explained above. These have been in line with our procedures and policies on stewardship and escalation.

PRINCIPLE 12

SECTION 4

Exercising Rights and Responsibilities

Principle 12: Exercising Rights and Responsibilities

Signatories actively exercise their rights and responsibilities.

GSI only invests in global developed market equities.

As custodians of our clients' investments, we consider our responsibilities in exercising proxy voting rights and engaging with stakeholders to be crucial aspects of fulfilling our fiduciary duty to maximise shareholder value over the long term.

The firm currently subscribes to research services and proxy voting execution from Minerva as explained in **Principles 2** and **5**.

GSI has approved specific proxy voting guidelines ("Approved Guidelines") regarding various common proxy proposals which determine whether a specific agenda item should be voted "For", or "Against", or should be considered on a case-by-case basis. The process is applied across all equity portfolios without distinction.

We combine the research from Minerva, with data, ratings, and research from Sustainalytics and other sources, which builds our understanding of the issues surrounding a company's proxy proposals. Our investment team is responsible for providing the vote recommendation for a given proposal except where we have identified a material conflict as outlined in our Global Proxy Voting Policy.

GSI's Global Proxy Voting Policy serves not only as the structure for our good governance guidelines but also to communicate our dedication to responsible investing and proxy voting to our clients. It outlines the fundamental principles that shape our approach to engagement and voting at shareholder meetings.

At the heart of our Proxy Voting Policy is a commitment to safeguarding the rights of our clients while also advocating for governance structures and practices that reinforce the responsibility of corporate management and boards of directors to their shareholders.

The firm's Global Proxy Voting Policy is reviewed annually.

Refer to **Principles 8** on monitoring framework and **Principle 5** for our policy reviews.

Minerva provides a platform to automate our proxy voting according to our Approved Guidelines. If there is a resolution falling outside our approved Guidelines, Minerva communicates this to GSI's Compliance Officer, who reviews the resolution and exercises our votes via the Minerva platform.

If a resolution not covered by our Approved Guidelines requires further examination, the investment team is consulted. A thorough analysis of the resolution is made on a case-by-case basis to determine the appropriate vote to cast.

Diversified number of holding

GSI's investment strategy is to hold a well-diversified portfolio of companies whose shares are traded principally on the major exchanges of developed markets. Stock positions in the funds are weighted to achieve diversification similar to or better than a market-weighted index at the individual stock and sector levels. Our strategies, therefore, hold a large number of stocks.

The number of stocks in each strategy at the end of December 2022 was:

Global Sustainable Value Fund - 1157

Global Sustainable Focused Value Fund - 757

Target voting list

Currently, given the additional costs associated with voting proxies, we believe that it is not in the best economic interests of our clients to vote all proxies. Instead, we have a 'Target Voting List'. We select subsets of the funds' holdings that we believe warrant voting. We apply a filter to capture the largest 40% of

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stocks where we have significant holdings, or where the ESG credentials are poor (relative to our portfolio).

This captures approximately 200 names, which is our 'Target List'. These names make up 68% of the value of the Global Sustainable Value Fund and 70% of the Global Sustainable Focused Value Fund.

Refer to **Principle 5** for the selection criteria for the voting target list. Slight changes were made at our recent review as the portfolios have grown in value over the year. Our target list is reviewed quarterly.

Voting statistics

We only commenced voting actively in 2022. Before this, the AUM level in each strategy was such that the holdings in each investee company were very small. Given this, and the costs of voting to the funds, we did not vote for any proxies on behalf of the funds until April 2022.

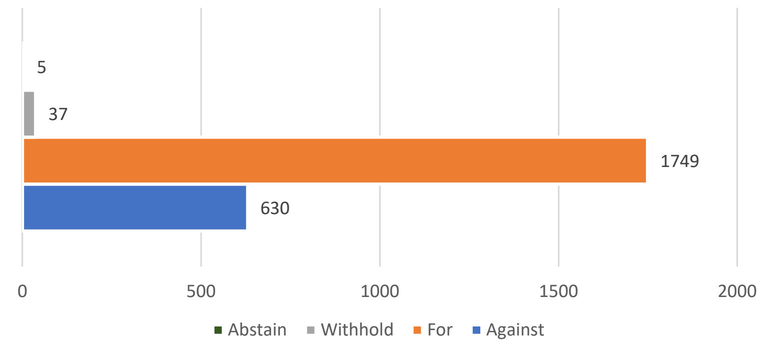
From April 2022 – December 2022 we voted at 154 meetings. We voted at all possible meetings for our target list during this period.

Voting activity commenced in April 2022. GSI voted on 2,421 resolutions in meetings held by 154 companies across developed markets from April-December 2022. In a third of the resolutions, we voted against the recommendation of management, in line with our proxy voting policy.

Approximately 10% of these resolutions were shareholder proposals (234 or 9.66%). We voted with management two thirds of the time. However, we voted in favour of the resolution 72%.

2022 VOTING KEY STATISTICS	
Meetings voted	154
Proposals voted	2421
Markets voted	15
(of which are shareholder proposals)	234 (9.66%)
% votes against management (all proposals)	33%
Number of meetings with at least 1 vote against management proposals	147 (95.4%)
% for the resolution	72%
% for shareholder proposals	84%

How we voted in 2022*



* Source: Minerva Analytics 2023

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Voting by resolution

RESOLUTION CATERGORY	ABSTAIN	AGAINST	FOR	WITHHOLD	TOTAL
Audit & Reporting		95	87	2	184
Board		305	1222	35	1562
Capital		24	123	0	147
Charitable Activity		0	7	0	7
Corporate Actions		1	15	0	16
Political Activity		2	25	0	27
Remuneration	5	163	56	0	224
Shareholder Rights		5	98	0	103
Sustainability		35	116	0	151
Total	**5**	**630**	**1749**	**37**	**2421**

Source: Minerva Analytics 2023

Voting around the globe

GSI is committed to voting at all of the meetings held by the companies in our target vote list (currently 200), including shareholder proposals.

ShareAction's 2022 Voting Matters report assessed how the world's 68 largest asset managers voted on 252 shareholder resolutions and identified nine areas for improvement. One was to explicitly commit to supporting shareholder resolutions and another to vote at AGMs regardless of geography or size of assets.

GSI manages funds invested in companies based in global developed markets and our proxy votes were spread across 15 markets in 2022.

We actively voted in all these markets, including shareholder proposals, with an average of 28% of votes being against management.

In Australia, 2.6% of our votes, proxy voting is seen as crucial for holding companies accountable on climate change and social justice.

At the BHP AGM on Nov 10, 2022, we voted for two resolutions. Resolution 14 asked for support of Australian policy Paris Agreements objectives, while Resolution 15 called for climate sensitivity analysis in financial statements. Unfortunately, both were defeated due to a technicality.

In Japan, 29% of our votes were against management. The power of shareholders to hold management accountable has grown in Japan recent years, and companies are increasingly being pressured to prioritise sustainable practices.

Voting by region

REGION	RESOLUTIONS VOTED PER REGION	% OF TOTAL	RESOLUTIONS VOTED AGAINST MANAGEMENT	% OF VOTES IN REGION
North America	1,352	56%	497	37%
UK	231	10%	29	13%
Europe ex UK	376	16%	134	36%
Japan	378	16%	108	29%
Asia Pacific Ex Japan	84	3%	19	23%
Global total	**2,421**	**100%**	**787**	**33%**

Source: Minerva Analytics 2023

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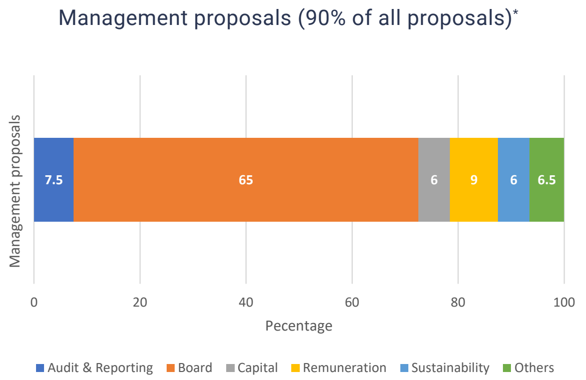
All GSI proxy votes by resolution topics

Resolution Topics	Count of ActualVote	Audit & Reporting	Board	Capital	Charitable Activity	Corporate Actions	Political Activity	Remuneration	Shareholder Rights	Sustainability
Animal Welfare	2									2
Appropriate Profits	16	16								
Auditor - Election	121	121								
Auditor - Remuneration	11	11								
Authorised Share Capital	5			5						
Board Composition	19		19							
Board Size & Structure	1		1							
Bonds & Debt	1			1						
Capital Structure	2			2						
Change of Name	1					1				
Charitable Engagement	7				7					
Company Purpose & Strategy	1					1				
Directors - Discharge	47		47							
Directors - Elect	1480		1480							
Dividends	30			30						
Election Rules	9		9							
Environmental Practices	51									51
Ethical Business Practices	15									15
General Meeting Procedures	38								38	
Human Rights & Workforce	57									57
Issue of Shares & Pre-emption Rights	70			70						
Meeting Formalities	8								8	
Nomination & Succession	3		3							
Other A&R related	2	2								
Other Articles of Association	48								48	
Other Board/Director related	3		3							
Other Corporate Action	4					4				
Other ESG	12									12
Political Activity	34						34			
Remuneration - Amount (Component, Individual)	5							5		
Remuneration - Amount (Total, Collective)	4							4		
Remuneration - Amount (Total, Individual)	20							20		
Remuneration - Non-executive	21							21		
Remuneration - Other	11							11		
Remuneration - Policy (All-employee Share Plans)	8							8		
Remuneration - Policy (Long-term Incentives)	27							27		
Remuneration - Policy (Overall)	14							14		
Remuneration - Policy (Short-term Incentives)	2							2		
Remuneration - Report	112							112		
Report & Accounts	33	33								
Share Buybacks & Return of Capital	29			29						
Shareholder Rights	6								6	
Special Audit	1	1								
Sustainability Reporting	2									2
Transactions - Related Party	7					7				
Transactions - Significant	6					6				
Treasury Shares	9			9						
Grand Total	**2415**	**184**	**1562**	**146**	**7**	**19**	**34**	**224**	**100**	**139**
% of resolutions		**8%**	**65%**	**6%**	**0%**	**1%**	**1%**	**9%**	**4%**	**6%**

Source: Minerva Analytics 2023

Management proposals by resolution

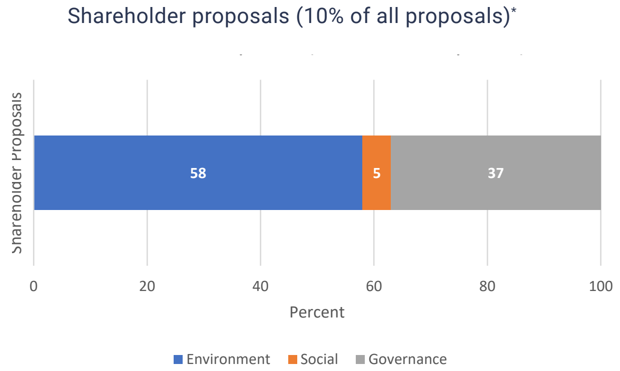


Of all the proposals voted, 90% were management proposals. And the majority of these were board related (65%), which is in keeping with expectations. Of those board-related proposals, 61% (1480) were in relation to Director re-election.

GSI voted against management on 262 re-election votes.

We support the re-election of directors at regular intervals to ensure the effectiveness of the board and accountability to shareholders. We will also vote against the election of a director where we have insufficient information to make an informed voting judgement.

Shareholder proposal by resolution



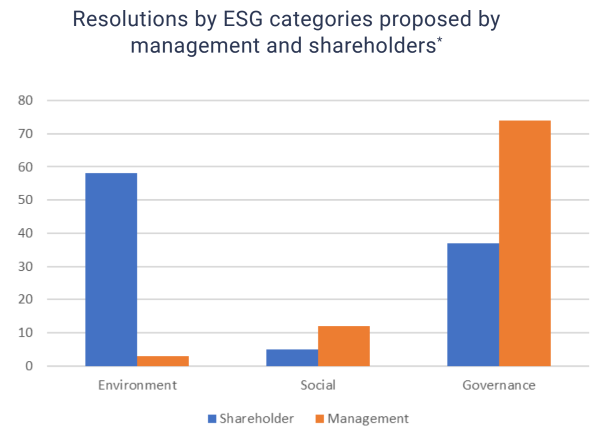
Not surprisingly, of the 234 shareholder resolutions (10% of proposals) only 25 were board related. GSI voted with shareholders on all these resolutions, including 16 regarding board composition.

Management and shareholder resolutions often differ in focus because they represent different perspectives and priorities.

The differing focus of management and shareholder resolutions reflects the complex and evolving relationship between business, society, and the environment. While management resolutions are focused on maximizing profits and shareholder value, shareholder resolutions reflect a growing recognition that companies have a broader social and environmental responsibility that must be taken into account in business decision-making.

Another reason for the difference is that shareholder resolutions often arise in response to social and environmental pressures that are outside the scope of management's traditional responsibilities. For example, a shareholder resolution on sustainability may be proposed in response to concerns about the company's carbon footprint or environmental impact, which may not be a top priority for management unless it affects the company's bottom line.

Shareholder resolutions are typically aimed at holding the company accountable for its actions and encouraging it to adopt more sustainable and responsible practices.



* Source: Minerva Analytics 2023

We are aware of our rights and responsibilities in encouraging boards to adopt more sustainable and responsible practices. We exercise these rights through our voting actions and vote with or against resolutions where appropriate to encourage better stewardship. This also ensures that the interests of our investors are being represented. Refer to **Principle 11** for examples of when we voted against management.

RESOLUTION CATERGORY	TOTAL	MGT FOR / GSI AGST	MGT AGST / GSI FOR
Audit & Reporting	95	95	0
Board	324	299	25
Capital	24	24	0
Charitable Activity	7	0	7
Corporate Actions	0	0	0
Political Activity	30	3	27
Remuneration	168	162	6
Shareholder Rights	24	1	23
Sustainability	115	7	108
TOTAL	**787**	**591**	**196**

Source: Minerva Analytics 2023

Shareholder proposals

ESG-related shareholder proposals featured prominently in the 2022 proxy season, with nearly 40% of large-cap public companies facing a shareholder vote on ESG topics in the first six months. Shareholder proposals are also increasingly filed by collaborations of institutional investors. GSI support for shareholder proposals was 84%.

We value the right of shareholders to submit proposals to company general meetings. While we recognise different jurisdictions have different rules in place for the filing of shareholder proposals, we are generally supportive of initiatives that seek to introduce and/or enhance the ability to submit proposals.

We follow a framework for voting on shareholder proposals developed in conjunction with Minerva, our proxy voting agency. The framework enables votes in favour of resolutions that promote good corporate citizenship while enhancing long-term shareholder value, and against resolutions that are misaligned with good governance and shareholder value. Case-by-case considerations will be taken for proposals that are considered investment decisions or non-routine items.

Refer to **Principle 11** for examples of shareholder proposal votes.

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Voting guidelines

Vote for shareholder proposals

GSI has Approved Guidelines to vote for shareholder proposals that:

- seek improved disclosure of an investee company's ESG and/ or climate practices over an appropriate period.
- seek improved transparency over how the investee company is supporting the transition to a low carbon economy.
- seek to improve the diversity of the Board.
- seek improved disclosures on the diversity of the Board and the wider workforce.

Vote against shareholder proposals

A vote against a shareholder proposal may be cast if the proposal asks for a report to be produced on this issue and the company already provides timely and comprehensive disclosure on the issue or it the resolution is misaligned with good governance.

For example, on 1st June 2022, GSI voted with Management on a proposal at Comcast, a US Telecommunications Service Providers where the resolution was in our view, a "shadow proposal" filed with a political spin.

On 11th May 2022 GSI voted on the proxies for CVS Health Corp, a US-based healthcare provider. Amongst the resolutions was the shareholder

Vote with shareholder proposals by resolution

SHAREHOLDER PROPOSALS	VOTES WITH SHAREHOLDERS
Animal Welfare	2
Board Composition	18
Charitable Engagement	7
Election Rules	4
Environmental Practices	35
Ethical Business Practices	15
General Meeting Procedures	20
Human Rights & Workforce	40
Nomination & Succession	2
Other Articles of Association	3
Other Board/Director related	1
Other ESG	11
Political Activity	27
Remuneration - Other	4
Remuneration - Policy (Long-term Incentives)	2
Shareholder Rights	4
Sustainability Reporting	1
Total	196

Source: Minerva Analytics 2023

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sponsored Resolution 6: To request an audit on civil rights and non-discrimination. Again, this would seem non-controversial. However, GSI voted against shareholders on this resolution. The reason behind our vote against was considered to be a "shadow proposal" filed with a political spin. Sponsoring the resolution was the National Centre for Public Policy Research, a conservative think tank.

We voted against Shareholder against shareholder resolutions 16% of the time, predominantly on Human Rights and Workforces (45% of votes against). In most of these instances, in our view, the issue had already been adequately addressed by the board of directors or management.

Abstaining

There are cases where management recommends shareholders abstain. In this situation, if the resolution is in line with the policy, then we will follow the management recommendation and abstain. In 2022 we abstained from 5 resolutions. Four of these resolutions were 'Say on Pay' votes two each for Kraft Heinz Co and PayPal Holdings.

Our policy is to support annual votes on executive compensation as they provide shareholders with a regular communication channel to express their concerns regarding the company's executive compensation practices.

Withholding

In 2022 we withheld, in line with policy, 37 resolutions (2% of votes) across 11 companies. The majority of the 35 of these were votes to re-elect existing directors. The companies included American Financial Group Inc, Berkshire Hathaway Inc, Canadian National Railway Company, Canadian Pacific Railway Ltd, Comcast Corp, Enbridge Inc, Kroger Co, Lowe's Companies Inc. Meta Platforms Inc, Netflix Inc, and Oracle Corp.

Board elections and independence

We believe that the board should include an appropriate combination of executives and non-executive directors. As such, we consider at least 50% of the board should be comprised of demonstrably independent directors.

We withheld our vote on seven board nominations for Oracle as these nominations were non-executive and not independent and the percentage of independent directors on the Board comprises less than our threshold.

We may also withhold votes if the election is uncontested and plurality voting isn't applied. As stated in our policy, "Directors in uncontested elections should be elected by a majority of the votes cast. In contested elections, plurality voting should apply. An election is contested when there are more director candidates than there are available board seats."

Plurality vote applies when a company elects its board of directors. The winning candidate simply needs more votes than their competitor in a plurality vote. Therefore, an unopposed director only needs one vote to be elected. When we are opposed to the candidate, we may withhold our voting rights

Auditor rotation

Our voting policy also has limits on how long a statutory auditor can provide their service to a firm. If they are proposing the reappointment of a statutory auditor with a service record longer than our limits, we may withhold the vote. Examples of withheld votes in line with policy in 2022 include Canadian Pacific Railway Limited and Enbridge Inc where the resolution was regarding the re-election of their auditors.

We expect the role of the external auditor to be out to tender on a regular basis, at least every 10 years, and for the external audit firm to be rotated after 20 years of service, or after 24 years in the event of a joint auditor.

In the Canadian Pacific Railway example, the auditor Ernst & Young LLP has been in place for more than 20 years and there is no evidence that a tender has been undertaken or is planned.

Policy on clients directing voting

We do not in principle allow clients to overrule the house policy nor do clients have an opportunity to vote directly. GSI currently does not delegate authority to any other person or entity but retains complete authority for voting all proxies on behalf of the funds.

Policy on stock lending

GSI does not stock lend.

GSI aims to vote on all proxy proposals, amendments, and resolutions of general meetings of companies in our Target List. Our preference is to vote 'For' or 'Against' for a resolution. However, should we have concerns, or where there is a lack of sufficient information to determine the direction of our vote, we may occasionally decide to 'Abstain' or "Withhold" our vote.

Disclosing our votes

We are committed to being transparent with our clients and companies about our investment stewardship and voting activities. We have only just completed our first year of actively voting. Full records of our voting for 2022 are available on our website. GSI proposes to publish our voting activities quarterly on our website from 2023 onwards. Information regarding our rationale for proxy voting decisions in our portfolios may also be provided upon request.

Other opportunities to strengthen our transparency are currently under review.

Outcome

To conclude, at GSI, we take pride in our inaugural year of actively voting proxies on behalf of our funds and clients who have entrusted us with their assets. The above examples demonstrate our commitment to leveraging our shareholder rights to promote sustainable business practices and hold companies accountable for their actions.

APPENDIX ▸

Appendix:

Please follow these links for the relevant documents referenced in this proposal:

GSI Voting Activity records per company for H1 2022 (April -June 2022)

GSI Voting Activity records per company for H2 2022 (June – December 2022)

GSI Conflicts of Interest Policy

GSI ESG Voting Guidelines 2022

GSI Proxy Voting Policy

GSI Shareholder Engagement Policy

GSI Responsible Investment Policy

More information can be found on our website www.gsillp.com

Important information:

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Gemini Capital Management (Ireland) Limited, trading as GemCap, is a limited liability company registered under the registered number 579677 under Irish law pursuant to the Companies Act 2014 which is regulated by the Central Bank of Ireland. Its principal office is at Ground Floor, 118 Rock Road, Booterstown, A94 V0Y, Co. Dublin and its registered office is at 1 WML, Windmill Lane, Dublin 2, D02 F206. GemCap acts as both management company and global distributor to GemCap Investment Funds (Ireland) plc.

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