Stewardship Report

Macquarie Global Equity team operating under
Macquarie Investment Management Europe S.A.

FORWARD thinking

Macquarie Asset Management (**MAM**) is a global asset manager, providing clients with access to a diverse range of capabilities and products across infrastructure, real estate, natural resources, private credit, fixed income, equities, multi-asset and liquid alternatives. Macquarie Investment Management (**MIM**) is the securities investment management arm with offices in the US, Europe, Asia, and Australia. We are active managers who prioritise autonomy and accountability at the investment team level in pursuit of opportunities that matter for clients.

MIM comprises over 840 total staff and over 230 investment professionals. Our clients include institutional investors, wholesale distributors and platforms, financial advisors, and their clients worldwide, across fixed income, currency, equities, listed real estate, listed infrastructure and multi-asset solutions.

As part of Macquarie's acquisition of Luxembourg based ValueInvest Asset Management in 2018, the Macquarie Global Equity team joined MIM. The Global Equity team, originally founded in 1998, now forms part of the firm's multi-boutique structure, operating under the legal entity Macquarie Investment Management Europe S.A. (**MIME SA**) out of Luxembourg. The Global Equity team has been a signatory to the UK Stewardship Code since 2015.

This report highlights the stewardship policies and practices utilised by the Global Equity team and the following stewardship practices have been adopted in the management of every portfolio (including pooled funds and separately managed accounts) they manage.

The Financial Reporting Council (**FRC**) is the UK's independent regulator responsible for promoting transparency and integrity in business. It sets the UK's Corporate Governance and Stewardship Codes. The Macquarie Global Equity team's Statement of Compliance with the UK Stewardship Code is presented below.

Principle 1	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

Macquarie's Global Equity team, in managing Global, International and Japan equity strategies, adopts a value-based investment philosophy that has been employed consistently since 1998 and has generated strong long term relative performance versus the MSCI World Index. By focusing on high quality businesses and taking a long-term perspective, the team invests in attractive companies trading at discounts to their intrinsic value.

The team's approach is differentiated by (1) their approach to risk; (2) their time-tested investment philosophy and truly active approach; and (3) their consistent long-term performance results. Environmental, social and governance (**ESG**) considerations are embedded throughout the investment process, from the philosophy, through to oversight of the portfolio and engagement with portfolio companies.

Macquarie's Global Equity team has been a signatory to the United Nations' Principles for Responsible Investment (**PRI**) since 2010 and believes responsible and sustainable investing to be a significant component in accomplishing successful outcomes over the long term. Since becoming a signatory of the PRI, the Global Equity team has formally integrated the principles of responsible investments into its investment processes, including implementing the principles set out in our ESG Policy. The team has also published a statement of compliance with the UK Stewardship Code since 2015 and are signatories to the Montreal Pledge.

Since 2010, the team has continued to evolve the integration of ESG considerations into the investment process. In 2014, an ESG officer was employed, ensuring smooth integration of third party ESG-data and the implementation of ESG policies and practices. With time, the ESG practices of the team have evolved to ensure ongoing alignment with client demands, improvements in ESG data and supplier developments, and the investment process of the team. Today, ESG is a fully integrated part of the investment process, from screening and research to ongoing monitoring of the investee companies and their ability to create value for clients. The investment team, consisting of Portfolio Managers as well as a dedicated ESG team with an ESG Manager and ESG Assistant, work together to identify companies that meet investment requirements, including the ESG criteria set by the team.

As active investment managers, it is the fiduciary duty of the team to safeguard clients' investments. The team believes that integrating ESG issues in the investment process is crucial in delivering positive outcomes in the long term. The team's long-term strategy includes a systematic approach to identifying, assessing, and managing ESG risks and opportunities.

Managing Risks

Managing risks lies at the heart of the investment philosophy. The team believes that integrating ESG criteria into the investment- and decision-making processes is an essential component in achieving positive long-term return on equity investments and invest with the intention of promoting the environmental and social characteristics outlined by the ten principles of the UN Global Compact (**UNGC**), as set out below.

Human Rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and

- make sure that they are not complicit in human rights abuses.

Labour

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation

Environment

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Businesses should work against corruption in all its forms, including extortion and bribery

Identifying Opportunities

The team's investment strategy to attain the environmental and social characteristics it promotes is:

1. To apply exclusion screens of certain activities, sectors and practices that are incompatible with sustainability principles; and
2. to apply further ESG positive screening criteria through fundamental analysis.

Part of the investment decision is the analysis of any potential ESG risks and opportunities of a company and how these are managed. The team closely monitors the impact of ESG issues on the sustainability of the companies' operation and business. This also means an acknowledgement of the fact that ESG issues could boost a company's business model and have a positive impact on performance as well as the fact that neglecting ESG issues could very well have a negative impact on performance.

Explicitly, as part of the fundamental analysis, the Portfolio Managers incorporate ESG research conducted by the ESG Team which is included in the overall investment case. The assessment includes evaluating risks and opportunities relating to environmental, social and governance factors and the investment decision is based on an analysis of the management of these aspects, combined with the analysis of conventional business factors, including the fair value of the business. No company is selected or excluded solely based on one factor. In the portfolio construction, the ESG profile of a company influences whether the stock will be included in the portfolios as well as the size of the allocation.

Engagement

As active investors, the team believes that one of the most important and effective tools available is shareholder engagement. On behalf of clients, the team practices active ownership using shareholder rights to vote at company meetings and engaging, both directly and in collaboration with other investors, with investee companies. In cooperating with investee companies, the team believes they can create positive change on a company and industry level which in return will reflect positively on the company and, by extension, portfolio performance.

Principle 2	Signatories' governance, resources, and incentives support stewardship

The MIM Investment Governance Committee has ultimate responsibility for the oversight of investment corporate governance and ESG related activities. The Investment Governance Committee oversees the Global Corporate Governance Committee, whose responsibilities are presented under Principle 5.

At MIM, the Global Equity team are, as all MIM's investment teams are, supported in their stewardship efforts by internal and externally generated ESG resources, including specialised external ESG research, governance, and proxy analysis. These external resources provide our investment teams with ESG-specific data, opinions, and insights, which complement the research that is independently obtained by the teams. MIM's investment teams are supported in their consideration of sustainability risks at all stages of the investment lifecycle by the MIM Sustainability Team and MIM ESG Oversight Committee.

The MIM Sustainability Team is responsible for setting MIM's overall sustainability strategy and ESG framework, providing specialist expertise on environmental and certain social issues, and supporting investment teams in managing sustainability risks and harnessing ESG opportunities across their portfolios.

In accordance with the applicable charter, MIM's ESG Oversight Committee is responsible for monitoring MIM's ESG practices, and comprises representatives from each of MIM's investment teams, allowing each of the teams to share best practices in incorporating ESG factors into their investment processes and to discuss market developments with respect to ESG. Training is provided to the ESG Oversight Committee in order for its members to pass along key information, including how best to consider and integrate sustainability risks, to their teams.

Investment teams, including the Global Equity team, are responsible for the ongoing management of their investments, including with respect to sustainability risks. Investment teams may use engagement opportunities and/or voting rights as a way of mitigating sustainability risks, as further outlined below. It is open to investment teams to choose to divest from companies and/or issuers where they consider sustainability risks are material, as a measure of last resort.

Proxy Voting: MIM's Proxy Voting Committee is responsible for overseeing MIM's proxy voting process. The Proxy Voting Committee consists of the following persons in MIM: (i) at least five investment team representatives across the range of global strategies; (ii) one representative from Fund Administration; (iii) one representative from the Client Solutions Group; (iv) one representative from Compliance; and (v) one representative from the Legal Department. The person(s) representing each department on the Committee may change from time to time, but at least one member of the Committee will also be a member of MIM's ESG Oversight Committee.

MIM has adopted Proxy Voting Guidelines which summarize MIM's positions on various issues and give a general indication as to how MIM will vote shares on each issue.

Remuneration: Macquarie's longstanding and consistent approach to remuneration continues to support the overarching objective of delivering strong company performance over the short and long term, while prudently managing risk and reinforcing Macquarie's Code of Conduct and What We Stand For. Macquarie's Board of Directors recognises that to achieve this objective, we must attract, motivate, and retain exceptional people with deep industry expertise while aligning their interests with shareholders to meet the needs of clients and customers while ensuring that regulatory requirements are upheld. Further information on Macquarie's remuneration framework can be found in the most recent Macquarie Group Corporate Governance Statement at https://www.macquarie.com/au/en/about/company/corporate-governance.html.

The Global Equity team is subject to Macquarie Group's remuneration framework and the Macquarie Group Remuneration Policy, but MIME SA has also implemented a standalone Remuneration Policy in order to ensure compliance with Luxembourg laws. Remuneration is in part driven by the long-term performance of strategies which relies on the team being stewards of the portfolios.

Macquarie's remuneration policies are consistent with and promote effective risk management and form part of Macquarie's risk management framework. The risk management framework promotes active management and monitoring of a range of risks (both financial and non-financial), for all business activities within Macquarie globally and particularly does not encourage excessive risk-taking with respect to sustainability risks.

Under the remuneration framework, MIM employees receive fixed remuneration and performance-based remuneration in the form of discretionary annual profit share.

Profit share allocations may be adjusted downwards based on an assessment of both financial or non-financial risks - where appropriate this may include sustainability risk - and conduct issues that have arisen during the year.

Principle 3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

As a global organisation offering a diverse range of products and financial services, Macquarie[1] may, from time to time, have interests which conflict with the interests of its clients, unitholders, or counterparties.

In accordance with Macquarie's Code of Conduct (**Code**), applicable laws, regulations and principles and guidance, Macquarie is required to manage conflicts of interest fairly. The Code sets out the way staff are expected to do business including by following the principles of What We Stand For – Opportunity, Accountability and Integrity and meeting expectations of behaviour. These principles are expected to form the basis of all day-to-day behaviours and actions.

The Code is not an exhaustive list of policies and procedures. Staff are required to understand and comply with additional policies and procedures, including those that reflect the specific requirements of a particular business or region. The Code also sets out additional responsibilities of supervisors. A breach of the Code will be investigated and consequences, including a warning, impact to discretionary remuneration, impact to promotion and/or dismissal, may result. All staff have a responsibility to report concerns or possible breaches of this Code.

In addition to the Macquarie Group Code of Conduct, MIM also has a business unit Code of Ethics in place, which applies to the Portfolio Managers in the Global Equity team.

Macquarie's **Conflicts of Interest Policy** sets out the framework, controls, and administration for identifying, preventing, and managing conflicts of interest – whether actual, potential, or perceived.

Application: The potential for conflicts of interest to arise is a key consideration for Macquarie, and as such our Conflicts of Interest Policy applies to all employees, contractors and consultants of Macquarie Group Limited and its related entities.

Conflicts of Interest identification: Macquarie has systems and protocols in place to identify potential conflicts of interest. Macquarie's policy and related protocols do not contain an exhaustive list of all conflicts of interest that arise; therefore, any new conflicts of interest must be escalated for assessment prior to undertaking the new activity. Conflict management arrangements at Macquarie are subject to the oversight of Compliance. Both Compliance and Legal assist in the identification, escalation and management of actual, perceived and potential conflicts of interest.

Potential Conflicts of Interest: The following are examples of potential conflicts of interest that may arise as a result of the diverse nature of Macquarie's activities:

- Macquarie has confidential knowledge about its clients in a way that is likely to advance Macquarie's or another client's interests;
- Macquarie could fail to meet its client's objectives or its fiduciary obligations;
- Macquarie may make a financial gain or avoid a financial loss at the expense of a client, customer, unit holder or counterparty;
- Macquarie has the same competing business as a client; or

[1] Macquarie or Macquarie Group means Macquarie Group Limited and each of its subsidiary entities.

- Macquarie has an incentive to favour the interests of one client, or a group of clients or customers, over another client or another group of clients or customers.

Conflicts Management: Macquarie has established various systems and controls to prevent and manage conflicts of interests globally, many of which are outlined in Macquarie's policies in relation to conflicts of interest, investment research, gifts and entertainment, outside business activities, allocations and offers of financial products, and personal investments, to name a few.

If a potential or actual conflict has been identified, there are various methods for managing the conflict, such as avoidance, disclosures, waivers, and consent. Examples of Macquarie's systems and controls for preventing and managing conflicts of interest include (but are not limited to):

- Requirements to undertake a conflict check prior to entering into certain business arrangements;
- Systems and controls which restrict the flow of confidential or non-public price sensitive information (inside information) within Macquarie (such as Information Barriers) including, where applicable, physical separation and system access restrictions;
- Segregation of duties and supervision for staff engaged in different business activities including procedures for ensuring appropriate communication between businesses, for example restricting communications between research analysts and sales and trading staff;
- Personal investments restrictions applicable to all staff, and their associates, regardless of seniority. Restrictions include pre-trade approval, minimum holding periods and the operation of staff trading-windows for Macquarie Group investments;
- Maintenance of a list of restricted financial instruments that may be prone to conflicts of interest. Activities, such as principal and agency trading and production and dissemination of research may only be permitted in such financial instruments in certain circumstances.
- Undertaking of related-party transactions (including co-investments) on arms-length terms, with appropriate investor consent and disclosures;
- Use of "deal trees" when providing services to competing bidders in a transaction;
- Avoidance of conflicts of interest by deciding not to proceed with the relevant transaction or business relationship;
- Training of directors and employees on conflicts of interest management;
- Avoidance or disclosure of potential conflicts on investment research, where appropriate, subject to any confidentiality requirements;
- Requirements to record the solicitation, offer or receipt of certain gifts and entertainment and obtain prior approvals where required;
- Requirements for all external directorships and outside business interests to be declared and approved;
- Permitted and prohibited practices to manage or prevent conflicts of interests arising in regard to allocations and offers of financial products involving Macquarie; and
- Avoidance of direct links between remuneration or performance assessments that conflict with a duty to act in the best interests of clients.

Conflicts Disclosure: Where Macquarie's methods and controls to prevent or manage a conflict of interest (including those described above) are not sufficient to ensure with reasonable confidence that the risk of damage to a client's interests will be prevented, Macquarie may disclose such conflict to its client and ask for the client's informed consent to continue to act notwithstanding the conflict.

The Global Equity team adopts one approach and all of the strategies and portfolios it manages are a result of the same investment process.

Potential conflicts specifically relating to stewardship activities are presented in the MIM Proxy Voting Policy.

Conflicts of Interest Per MIM Proxy Voting Policy

As a matter of policy, MIM's Proxy Voting Committee and any other officers, directors, employees and affiliated persons of MIM may not be influenced by outside sources who have interests which conflict with the interests of MIM's clients when voting proxies for such clients. However, in order to ensure that MIM votes proxies in the best interests of the client, MIM has established various systems, as described in more detail below, to properly deal with a material conflict of interest, including developing its own Proxy Voting guidelines (**Guidelines**).

In order to facilitate the actual process of voting proxies, the Global Equity team has partnered with a third-party proxy advisor (**Proxy Advisor**).

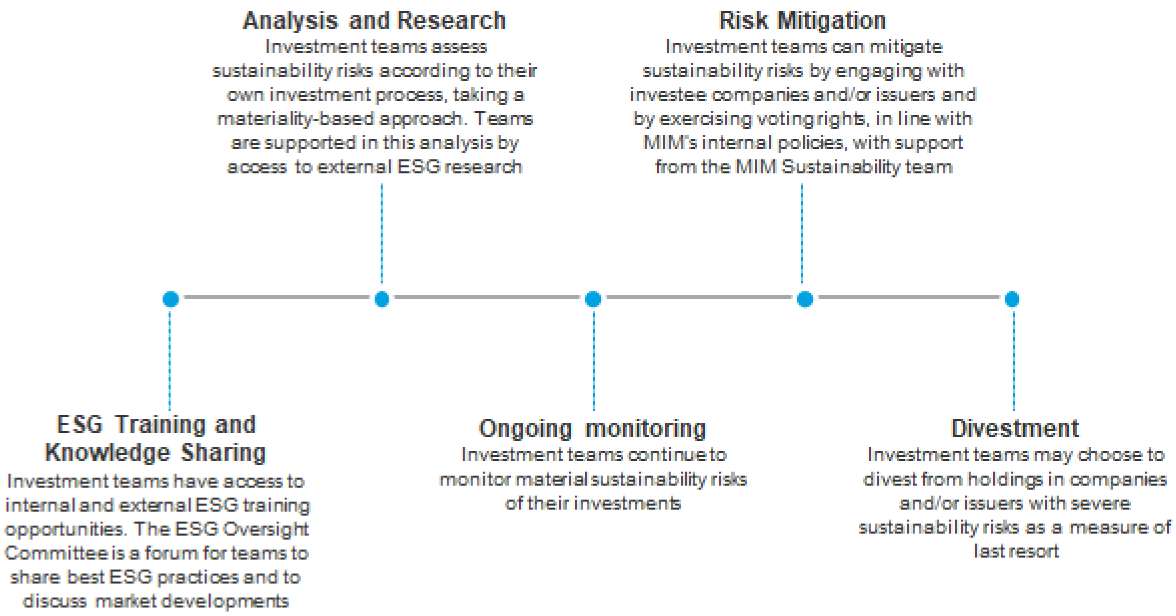
If MIM becomes aware of a conflict of interest in an upcoming proxy vote, the proxy vote will generally be referred to the Committee or the Committee's delegates for review. If the portfolio management team for such proxy intends to vote in accordance with Proxy Advisor's recommendation pursuant to our Guidelines, then no further action is needed to be taken by the Committee. If the MIM portfolio management team is considering voting a proxy contrary to Proxy Advisor's research recommendation under the Guidelines, the Committee or its delegates will assess the proposed vote to determine if it is reasonable. The Committee or its delegates will also assess whether any business or other material relationships between MIM and a portfolio company (unrelated to the ownership of the portfolio company's securities) could have influenced an inconsistent vote on that company's proxy. If the Committee or its delegates determines that the proposed proxy vote is unreasonable or unduly influenced by a conflict, the portfolio management team will be required to vote the proxy in accordance with Proxy Advisor's research recommendation or abstain from voting. Except as permitted by law, MIM will not vote in relation to related party securities on proposals in which MIM has an interest other than as an investor. Generally, MIM will abstain from voting on proposals related to Macquarie Group Limited (**MGL**) or on entities controlled by MGL.

Principle 4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Throughout the investment cycle, a variety of risks are considered by the Global Equity team with one major one being sustainability. Various sustainability risks have the potential to impact the returns of an investment mandate. Where relevant, the Global Equity team takes such risks into account in its investment decision making process and portfolio monitoring in order to mitigate any potential impact to a portfolio in accordance with the ESG Policy.

For example, a portfolio's investments may be exposed to certain Sustainability Risks, either directly or indirectly, including (i) environmental risks, including both physical risks and transition risks, such as extreme weather events, global warming, rising sea levels, changes in environmental regulation, a shift to low carbon technologies or changing consumer preferences, (ii) social risks, for example human rights breaches or labour rights breaches, and (iii) governance risks, including poor governance practices, illegal or poor tax practices or bribery and corruption and, as a consequence of each (i), (ii) and (iii), reputational risks. The examples provided are not intended to be an exhaustive list of all possible risks and are provided as an indication of the types of sustainability risks that may arise.

Sustainability risks are integrated into the investment decisions of the Global Equity investment team and will be taken into account throughout the investment process in accordance with MIM's ESG framework as illustrated below:



The Macquarie Group views management of material ESG risks as a component of broader risk management and recognises that failure to manage these risks could expose the Macquarie Group to commercial, reputational, and regulatory impacts.

Macquarie recognises that environmental and social risks can impact our businesses and affect the communities in which we operate. Macquarie is committed to ensuring these risks are identified and managed responsibly. Staff are expected to identify, assess and manage material environmental and social risks in all business activities (including procurement) and comply with applicable laws, regulations and policies.

ESG risks are managed in the Macquarie Group through a well-established framework of ESG-related policies and practices, including:

- corporate governance;
- oversight and management of Work Health and Safety;
- identification, assessment and management of environmental and social risks;
- selection and management of investments and undertaking new business activities;
- ethical conduct by staff, including support from Integrity Officers;
- advancing sustainability in corporate operations through the 2025 Sustainability Plan;
- greenhouse gas and energy management and reporting;
- provision of a safe, diverse and appropriate workplace, including a network of Equal Employment Opportunity officers;
- dealings with external parties such as regulators and public officials;
- whistle blowing, anti-corruption and anti-money laundering;
- management of business and staff conflicts of interest; and
- engagement by the Macquarie Group and its staff in the wider community, including volunteering, capacity building and matched donations.

MIM collaborates with colleagues throughout the Macquarie Group to assist in its collective approach towards ESG, in particular the Risk Management Group Environmental and Social Risk team (**RMG ESR**), which helps staff within the Macquarie Group to identify and manage environmental and social risk. RMG ESR can support MIM with access to a diverse range of internal stakeholders to coordinate ESG-related activities and communications, including other business areas, other parts of the Risk Management Group, Corporate Communications and Investor Relations, the Macquarie Group Foundation, human resources and business services. The Macquarie Group's approach to ESG reflects its commitment to clients, shareholders, and the communities in which it operates.

Macquarie structures its ESG approach around eight focus areas which are considered to be material to the business. Underpinned by What We Stand For and our Code of Conduct, these focus areas reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders.

Macquarie publishes its approach to ESG at https://www.macquarie.com/uk/en/about/company/environmental-social-and-governance.html and in its annual report.

Macquarie's ESR policy is available here: https://www.macquarie.com/assets/macq/impact/esg/policies/Environmental%20and%20Social%20Risk%20Policy.pdf

Industry Initiatives

Sustainability Accounting Standards Board

MIM is an original member of the SASB Alliance, whose members share the belief that today's capital markets need standardized sustainability disclosure and effective ESG integration into investment practices – for the benefit of both companies and investors. MIM is also a supporter of the Transition Pathway Initiative, which is an asset-owner led initiative that assesses companies' preparedness for the transition to a low carbon economy and we are a participant in Climate Action 100+, which is an investor initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

UN Principles for Responsible Investment

The Global Equity became a signatory of the PRI in April 2010 and Macquarie Asset Management in August 2015. As signatories to the PRI, both MAM and the Global Equity Team utilise the principles as a source of possible actions for incorporating ESG issues into investment practices.

The Global Equity team participates in collaborative engagements with other likeminded investors, organised by the PRI. Via this collaboration, the team seeks to identify and manage ESG risks through engagement. Identified risks and engagement subjects have included labour practices in the agricultural supply chain, water risks, and deforestation risks. Through initiatives like these, the team has (as supporting investors) been able to address key risks at company and industry level and promote positive change.

In general, collaboration with other investors has shown measurable improvement at company and industry level. For example, the engagement on labour practices in agricultural supply chains involved an assessment of companies across six areas: supplier codes of conduct; governance and accountability; traceability and risk assessment; sourcing and supplier relationships; collaboration on systemic issues; and monitoring and corrective action. For the final analysis, business practices were classified in three categories: basic, standard and leading. The three categories allow investors to assess a given company's preparedness to identify, prevent and mitigate labour risks in its supply chain and, in turn, better tailor engagement efforts according to the company's performance against set objectives.

In all six areas, the engagement found continuous and steady improvement across all sectors and the final report from the engagement can be found here: https://www.unpri.org/farm-land/from-farm-to-table-ensuring-fair-labour-practices-in-agricultural-supply-chains/5800.article

Alignment with Paris Agreement

In 2020, MIM, as part of MAM, made a public commitment to invest and manage its portfolio in line with global net zero greenhouse gas emissions by 2040. MIM will seek to support the goals of the Paris Agreement in a manner consistent with its client-guided fiduciary and regulatory responsibilities.

In 2021, the Global Equity team will, as part of its shareholder engagement activities including proxy voting, engage with investee companies on their ambitions toward net zero emissions and alignment with the Paris Agreement.

COVID-19: How the pandemic influenced the Global Equity team's portfolios and stewardship activities

In the spring of 2020, the world was shaken by the global COVID-19 pandemic, also affecting the stock market. A key component of the investment philosophy of the team is the identification and management of risks. The team's approach to assessing risks and managing portfolios during COVID-19 was twofold:

1) Portfolio construction after a paradigm shift
   Assessing risks and circumstances affecting the companies already in the portfolio;

Identified risks included, but were not limited to:

- Weak consumer confidence globally
- Reduced demand in certain industries, even if supply capabilities were to return
- Sector related risks: travel, leisure, tourism, restaurants, non-food retail
- Supply chain weaknesses exposed; supply chain management may change as a consequence

2) Investment ideas in the new economy
Assessing the real economy and generating ideas for new innovative investments which will shape the world post COVID-19.

The review of new investment ideas, including the risks presented by COVID-19, was assessed through three world views and their related risks: *The optimistic view of a swift return to normal*, *The pessimistic view*, and *Damage control post-pandemic.*

The assessment was carried out by the Portfolio Managers, who are continuously monitoring the risks and circumstances relevant to existing and potential holdings. The investment process includes the identification of robust companies with limited debt. Those companies usually manage situations of crisis well and some even come out stronger, as competitors succumb. The assessment helped inform investment decisions and influenced the allocation in the portfolios.

As responsible investors, the team is obliged to ensure that corporate management teams of companies are monitored and held accountable for their actions. The team assesses, engages, and monitors its investments to understand how management teams acknowledge, manage, and reduce ESG-related risks. We consider a strong ESG profile a sign of quality, which was visible during COVID-19 as companies with strong supply chain management, solid health and safety protocols, and resilient risk management were less affected by both the short- and long-term costs of the pandemic.

Shareholder engagement during a pandemic: (extract from https://www.macquarieim.com/insights/socially-distant-corporate-governance) The team's identification of and management of risks relating to COVID-19 also affected our stewardship activities.

As COVID-19 continued to sweep through the world, affecting not only our health but our communities, economies, and investments, the pandemic has brought into focus issues such as economic inequality, labour rights, digitalisation, and public health.

These types of systemic issues can also touch investments, particularly those committed to ESG principles. The safeguarding of investment values to help protect investors' capital and their ownership rights – part of the "G" for governance in the ESG principles – is highlighted by the continued importance of the tools of stewardship, which includes voting at annual general meetings. The continued application of these principles is only underscored by the current environment.

Voting at a company's annual general meeting (**AGM**) is one of the most significant ways to exert influence on a company, as it provides a means of communicating effectively with management. However, AGMs have not been immune to the pandemic.

In 2020, meetings were delayed, held behind closed doors, or conducted virtually. According to Glass Lewis, a provider of global governance services, approximately 1,000 meetings globally were rescheduled in 2020. Normally, one-fifth of all AGMs are held in April. In 2020, the number of meetings in April decreased by 20% while increasing by 20% in June and

July[2]. Regulatory changes allowed companies to hold virtual AGMs but also to hold meetings behind closed doors, change debate structures, and alter how shareholders stay engaged and informed. The pandemic circumstances have drawn attention to the value of the AGM and the importance of debate and engagement, as well as the need in the future to focus on the timing and format of alternate types of meetings such as virtual meetings.

Engaging with companies during COVID-19: During 2020, all engagement dialogue carried out via phone or video call included an assessment of risks relating to COVID-19 and how the investee company managed those risks and considers the long-term effect of the pandemic.

[2] Source: Glass Lewis, Proxy Voting Service

Principle 5	Signatories review their policies, assure their processes, and assess the effectiveness of their activities

As mentioned under Principle 2, the MIM Investment Governance Committee (**IGC**) has ultimate responsibility for the oversight of investment corporate governance and ESG related activities, including the oversight of the Global Corporate Governance Committee (**GCGC**).

The GCGC has the following objectives and responsibilities:

Global Proxy Voting Oversight

- Review, approve and oversee the implementation and updates of the global proxy voting policies and procedures
- Review reports on any proxy voting policy exceptions
- Oversee the use and selection of independent proxy voting services. Prepare the IGC approval recommendations
- Oversee conflict of interest proxy voting process and review reports on any such decisions
- Review reports on proxy voting activity by each MIM investment team and reporting significant observations to the IGC and investment teams as necessary

Global ESG Oversight

- Review, approve and oversee the implementation and updates of the global ESG principles and applicable policies and procedures
- Oversee the use and selection of any ESG organization MIM joins or leaves, including any significant initiatives of MIM in relation to ESG matters
- Oversee the use and selection of any ESG data providers
- Oversee the preparation of the UN PRI survey
- Oversee the preparation of the ESG strategy document

The co-chairpersons of the GCGC provide quarterly updates to the IGC regarding the implementation and oversight of MIM's stewardship policies and processes.

MAM Business Compliance, in conjunction with the Risk Management Group (RMG) Regulatory Risk team, shall report any regulatory change or guidance published which may impact the implementation of MIM's ESG Policy globally, to relevant boards and senior management.

The Macquarie Group Breach, Incident and Escalation Policy is applicable across MIM with each business team being required to report breaches, exceptions and incidents relating to the ESG Policy to MAM Risk Management and the relevant local MAM Business Compliance team as soon as possible. Reported items are recorded centrally in the Macquarie risk incident management system.

Material breaches, exceptions and regulatory reviews related to the ESG Policy for MIM are escalated by MIM Operational Risk monthly via the "MIM Operational Risk Reports" to Senior Management and also forms the basis for any reporting to relevant Boards or Committees.

Additionally the Global Equity team reviews and assesses policies that apply to MIME SA, as the legal entity under which they operate.

Example Global Equity team ESG Policy: The policy has been developed by the Global Equity team and is implemented by the Investment Team, consisting of the Portfolio Management Team and the ESG team who are responsible for achieving the policy's commitments. The Chief Investment Officer of MIME SA is accountable for the results achieved. The ESG practices are continuously monitored and reviewed by the ESG Manager.

The latest review resulted in an expansion of exclusion criteria.

In 2020, the Global Equity team's ESG Manager was also involved in the development and implementation of a MIM Engagement Policy, which is compliant with the EU's Shareholder Rights Directive II, and a global Proxy Voting Policy & Guidelines.

Principle 6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

This report highlights the stewardship policies and practices utilised by the Global Equity team. Such stewardship practices, including client reporting, have been adopted in the management of every portfolio of MIME SA (including pooled funds and separately managed accounts).

Proxy voting activities as well as current engagements are documented and recorded. The team fosters regular dialogue with clients and communicates with clients through monthly, quarterly, or ad-hoc meetings, conversations, and reporting in writing. All reporting is tailored to client specific needs and include qualitative and quantitative reporting about proxy voting, engagements, and governance related matters.

The Global Equity team reports annually on its activities and progress on implementing the UN PRI in accordance with the PRI reporting framework. The annual PRI reporting framework requires signatories to disclose their stewardship activities and practices.

Client engagement and ESG integration and disclosure continues to be an iterative journey. No two clients will have the same perspective, beliefs, or approach to implementing ESG within their portfolios. As a result, the team's ongoing engagement is more of a partnership, designed to develop an understanding of client requirements and evolve the reporting to meet the needs not only today but into the future.

In 2020, a reporting project was initiated to, among others, expand on stewardship reporting, including portfolio ESG data and portfolio carbon footprint. Development needs were identified in reporting calls with clients and has been implemented in collaboration between the client representatives and the IT department.

Principle 7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

Since 1998, the Global Equity team has been managing a global equity strategy and a Japanese equity strategy, adding an international equity strategy in 2019. The strategies are managed according to a unique, disciplined, and value-oriented investment process based on fundamental bottom-up stock picking. The team invests only in large-cap equity listed in developed markets.

The investment team consists of five portfolio managers, responsible for making investment decisions and an ESG team.

The portfolio management team works as generalists on a rotation principal with no sector or country specialists. This ensures that each member of the team has a detailed knowledge of all companies in the portfolio. The portfolio managers work closely with the ESG team to implement ESG practices and apply ESG research in a suitable way. The team does not differentiate between ESG and financial research, rather see it as an integrated part of each step of the investment process, including:

Investment process	ESG Factor
Idea Generation	Exclusion criteria applied
Fundamental Analysis	ESG research conducted, investment case written, including ESG perspectives
Portfolio Construction and Monitoring	Company weight dependent on ESG rating. Monitoring process implemented in portfolio management and monitoring system, used by Portfolio Management team and ESG team

Pre-Investment

Idea Generation: The team will first identify companies that do not meet the ESG criteria of the financial product (which may be a fund or separately managed account) and will use all reasonable efforts to ensure that it does not invest in the following types of company: (a) tobacco companies (being any company whose primary business is the manufacture of tobacco products); (b) companies involved in the production of anti-personal mines, cluster munitions, nuclear weapons, chemical weapons and biological weapons (being any company where publicly available information clearly demonstrates that such company is actively and knowingly involved in the production of such weapons); (c) companies who, themselves or through entities they control, derive more than 5% of revenue from extracting coal, natural gas, crude oil, uranium, and/or refines coal, natural gas, crude oil or uranium for fuel; (d) energy companies who, themselves or through entities they control, generate power (more than 5%) from fossil fuels such as natural gas, fossil oil and/or uranium; and (e) companies who themselves or through entities they control derive 5% or more of their revenue from the production or sale of conventional weapons (including small arms and light weapons as well as bombs, shells, rockets, missiles, warships, military aircraft and tanks). Companies will be continuously reviewed against the foregoing exclusion categories and the team will seek to divest from any company that is found to fall within any such category.

Fundamental Analysis: Following the exclusion screen, the team will apply further ESG analysis, including consideration of adherence to the UNGC principles and various other ESG factors, into the overall evaluation of all remaining companies in the investment universe. In addition to the exclusions described above, the team will seek to identify companies and/or issuers that do not meet its ESG criteria and will use all reasonable efforts to ensure that it does not invest in companies involved in: serious violation of human rights, severe environmental damage, gross corruption, serious violation of individuals' rights in situations of war or conflict, as well as other particularly serious violations of fundamental ethical norms.

Furthermore, the Global Equity team has a policy for assessing the governance practices of potential and actual investee companies, including whether they have sound management and staff remuneration structures, employee relations and tax compliance practices.

While the team makes use of third-party research, the ESG analysis of companies otherwise meeting the ESG criteria is performed in-house and the ESG profile of investee companies is analysed by the Investment Team, who also continuously monitor the portfolio companies to ensure ongoing compliance with the ESG criteria.

If appropriate, the investment team may engage with management teams prior to making an investment in a potential investee company, which may, among other things, provide additional insights into management quality. At the pre-investment stage, engagement is typically performed via direct conversations or meetings with senior management or the investor relations team of investee companies focusing on areas where there is a lack of information available from other sources. During these meetings, the investment team may discuss relevant ESG issues with the management team and incorporate their findings into the overall assessment of the company.

Portfolio Construction: As part of the investment process, the team considers ESG factors that could have a significant impact on portfolio returns and the environmental and social characteristics promoted by the product, including the principles set out by the UNGC. Each company's analysed ESG profile influences whether the stock will be included in the portfolio as well as the size of the allocation.

ESG Value Creation Score: In the investment process, the team applies a Value Creation Score to each investment. Here, financial indicators such as ROIC, growth, etc. are given a weight in the calculation of the final Value Creation Score, comparable with the portfolio average.

The ESG profile of a company weighs 15% in the Value Creation Score and is measured on a scale from 1-5 as below:

1 = laggard, 2 = initiatives in place, but insufficient, 3 = satisfactory, 4 = above expectations, 5 = exceptional/industry leader.

Post-Investment

Monitoring: The team make use of a proprietary portfolio management and monitoring system (**VI Systems**) to support cooperation, information sharing and documentation. In VI Systems, ESG data includes ESG rating data, ESG engagement information, ESG comments, carbon emission data, proxy voting documentation and information on exclusion lists.

ESG Rating: ESG data points are imported into VI Systems on a weekly basis. Data is received from two ESG research service providers, enabling the team to examine both sources, reaching their own conclusion. By identifying key ESG rating indicators, the team can access a customised outline of the relevant ESG ratings, sorted by portfolios. Key indicators presented in VI Systems include ESG rating, ESG headline/summary, Controversies: severity and number of controversies, Carbon emission: footprint, intensity, weighted average intensity.

ESG Monitoring and Comments: along with the data points, the team subscribes to qualitative ESG analysis used to evaluate the potential of an investment, determine risks and opportunities, and monitor the companies invested in. Additional news, company documents, research, market developments, and regulatory sources are used to monitor any developments and initiatives that influence the potential return of any investment.

In VI Systems, the team can add notes on any ESG topic, incident or analysis and share within the team.

Carbon Emission: another ESG indicator monitored is the carbon emission of the portfolios and individual company. Emission data is used in the teams work to:

- further develop the capacity to assess risks and opportunities that arise from climate change and integrate, where relevant, this assessment into the decision-making process
- engage with portfolio companies with the aim of ensuring they are aware of and disclose the risks of climate change - and are capitalizing on the opportunities presented by climate change

Emission data is provided by a third-party data provider and is either reported by the individual company or, if the company does not disclose emission data, an estimate provided by the data provider.

Measuring the carbon footprint helps the team understand, quantify, and manage climate related risks, impact, and opportunities.

Engagement: (Principle 9) If any company practices indicate non-adherence to the UNGC, or if any practices indicate a serious violation of human rights, severe environmental damage, gross corruption, a serious violation of individuals' rights in situations of war or conflict, as well as any other particularly serious violation of fundamental ethical norms, the investment team may choose to engage with the company in question.

In general, the team seeks to motivate companies to implement positive changes and improve company practices over time. This includes engaging with companies in the following ways:

- Thematic engagement
  - focusing on ESG issues constituting the most material impact to our holdings
- Event-driven engagements
  - driven by an ESG-related incident or controversy
- Collaborative engagements
  - collaborating with other investors on aligned goals
- Proxy voting engagements
  - engaging with and notifying boards and/or management of proxy voting motivations, votes against management, and policies

Engagement subjects are identified by monitoring the companies invested in and identifying practices that need improvement, controversies or issues that need to be addressed, or by wanting to work with companies to improve certain ESG standards that are relevant to their industry/sector.

The engagements are hence proactive, ensuring that ESG issues addressed in a preventative manner as well as reactive, addressing issues that may have already occurred.

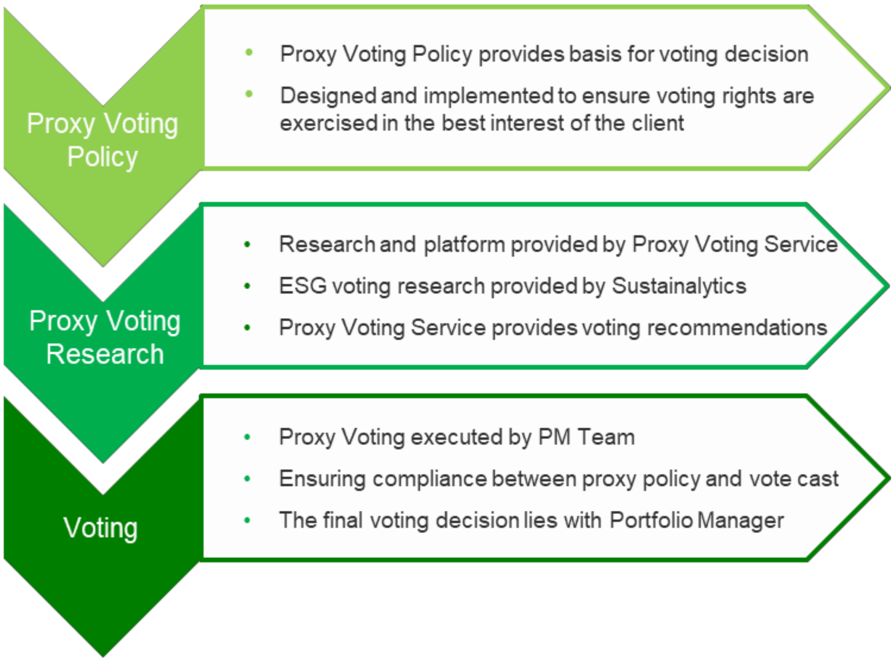
Engagements are carried out as a collaboration between the investment team, contributing in-depth knowledge of the company and sector/industry it operates in, and the ESG team, contributing knowledge on the topic of engagement. The ESG team coordinates the company dialogue and reports on engagement objectives and results. Whether the engagement objectives are met, and any further cause of action is initiated, is a joint decision of the investment team.

The team records company dialogue according to the goals set out for the engagement. Engagement objectives and goals are documented prior to initiating an activity and any progress is stored and shared with the entire investment staff.

All engagement activities are carried out in accordance with the MIM Global Engagement Policy.

Proxy Voting: (Please also see principle 12 for further information) The Global Equity team exercises clients' rights through proxy voting and have adopted a Proxy Voting Policy. They utilise a third-party Proxy Voting Service and research provider (**Proxy Advisor**) and seek to proxy vote at all general meetings. As a responsible investor, the team takes account of long-term value creation, sustainable business practices, board accountability, and transparent corporate communication and look for board practices and decision-making practices that are in the best interest of the company and that demonstrate alignment with shareholder interest.

All proxy voting activities are carried out in accordance with the MIM Global Proxy Voting Policy and Guidelines.



Principle 8	Signatories monitor and hold to account managers and/or service providers

MIM's ESG Oversight Committee is responsible for assessing the quality of research produced by our third-party providers. This entails consultations with the provider and review of their research process. The Committee also periodically assesses other research providers in order to provide a basis of comparison as well as a source for potential replacements or complements to our existing provider.

The Proxy Voting Committee and appropriate MIM personnel are responsible for overseeing Proxy Advisor's proxy voting activities for MIM's clients. MIM will conduct periodic due diligence of Proxy Advisor that will include: (i) Proxy Advisor's conflict of interest procedures and any other pertinent procedures or representations from Proxy Advisor in an attempt to ensure that Proxy Advisor will make research recommendations for voting proxies in an impartial manner and in the best interests of MIM's clients; (ii) the adequacy and quality of Proxy Advisor's staffing, personnel, and technology; (iii) the methodologies, guidelines, sources and factors underlying Proxy Advisor's voting recommendations; (iv) whether Proxy Advisor has an effective engagement process for seeking timely input from issuers, its clients and other third parties and how that input is incorporated into Proxy Advisor's methodologies, guidelines and proxy voting recommendations; (v) how Proxy Advisor ensures that it has complete, accurate and up-to-date information about each proxy voting matter and updates its research accordingly; (vi) reviewing whether Proxy Advisor has undergone any recent, material organizational or business changes; and (vii) a review of Proxy Advisor's general compliance with the terms of its agreement with MIM.

Specifically, for proxy voting, the Global Equity team is responsible for casting the vote in the service provider's voting platform. Vote recommendations are sent to clients' custodians who are responsible for votes being cast. The investment team is notified in case votes are rejected.

Principle 9	Signatories engage with issuers to maintain or enhance the value of assets

The Global Equity team's stewardship processes do not differ across strategies as all strategies are managed according to the same investment philosophy and process.

As responsible investors, it is the obligation of the team to ensure that corporate management teams are monitored and held accountable for their actions. In the assessment of investments, the team seeks to understand how management teams acknowledge, manage, and reduce ESG-related risks and engage with portfolio companies on how these risks are being managed.

As long-term investors, the team motivates companies to implement fundamental changes and improve company practices over time. This includes engaging with companies in the following ways:

- thematic engagement
  - focusing on ESG issues that are constituting the most material risks to the holdings
- event-driven engagement
  - driven by an ESG-related incident or controversy
- collaborative engagement
  - collaborating with other investors on aligned goals
- proxy voting engagement
  - engaging with and notifying boards and/or management of proxy voting motivations, votes against management, and policies

The engagement activities of the investment team are managed by the ESG Manager.

Engagement subjects are identified by monitoring the companies invested in and identifying practices that need improvement, controversies or issues that need to be addressed, or by wanting to work with companies to improve certain ESG standards that are relevant to their industry/sector.

The engagements are hence proactive, ensuring that ESG issues addressed in a preventive manner as well as reactive, addressing issues that may have already occurred.

Engagements are carried out as a collaboration between Portfolio Managers, contributing with in depth knowledge of the company and sector/industry it operates in, and the ESG team, contributing knowledge on the topic of engagement. The ESG team coordinates the company dialogue and reports on engagement objectives and results. Whether the engagement objectives are met, and any further cause of action is a joint decision between Portfolio Managers and the ESG team.

Company dialogue is recorded according to the goals set out for the engagement. The team documents the engagement objectives and goals prior to initiating an activity and store and measure any progress in the portfolio monitoring and management database accessible to and used by the entire investment staff.

Collaborative engagements: (Please also see principle 10 for further information) The objectives of collaborative engagements (organised through the PRI) are defined in collaboration between the engaging parties. Our objective as investor is most often to influence corporate practice on ESG issues and to encourage improved/increased ESG disclosure.

For collaborative engagements, progress is measured by performing a baseline evaluation of the issue (scorecard of disclosure). Halfway through the engagement, an interim evaluation is performed in order to track any progress and objectives are revised or new objectives identified. At the end of the engagement period, a final evaluation is performed.

If dialogue does not lead to a satisfactory response, the Global Equity team would consider taking the following further measures: sending reminders, being increasingly assertive, proxy voting, asking a question at the AGM, or filing a shareholder resolution. As a last resort, another escalation measure would be reducing exposure or divesting.

Insights from collaborative engagements are shared with clients as part of the quarterly reporting (please see Principle 6 for further information). Insight from individual/internal staff engagements are shared occasionally, depending on the nature of the engagement.

Individual engagements: Individual/internal staff engagements most often are responses to ESG impacts/controversies that have already occurred. Here, the objective is to gain an understanding of the ESG strategy and management of the issue at company level and to address our expectations and suggestions for corrective action.

For individual/internal staff engagements, progress is tracked on several levels:

- Company response (time and substance)
- Company action
- Visible improved practices/course of action

Here, the objectives for engagement are monitored and, if necessary, revised as the company meets the desired objectives for improvement or action.

Engagement and Proxy Voting

In 2020, the team piloted a new approach to proxy voting and engagement, ensuring a more comprehensive approach to ESG and shareholder engagement (principle 9).

In the research and brainstorming phase, the ESG Manager together with a Portfolio Manager researched possible topics to focus on in the 2020 proxy season. The team identified the following theme that was part of the proxy voting engagement approach in 2020:

1. Board Diversity. The team's hypothesis is that companies perform better when they are led by a group of diverse board members who complement each other. Hence the team believes in leadership that is varied across, but not limited to, gender, race, economic background, and ideology. Areas of focus included:
    - Gender diversity, with studies reflecting the positive impact of gender diversity, including supporting the premise that a minimum of three women on a board / at least 30% representation reflects positively on financial performance.
    - Board independence and the separation of the roles of CEO of the company and Chair of the Board.

As part of the focus on board diversity, the team approached every company in the portfolio and engagement dialogue has been established with the majority.

Here, success is measured by identifying:

- Did the company respond?
    - 22 out of 50 companies responded

- Content of response
    - Responds were mostly cooperative and supported the team's hypothesis
- Plans in place to improve on identified areas
- Agenda of AGM the following year: did the company take our input into consideration
    - Follow-up during proxy season 2021

Combining engagement activities with proxy voting has proven successful as companies are likely to seek shareholder support as part of the AGM. Engaging companies on topics that could influence the voting outcome has meant that almost 50% of companies have engaged in dialogue. Dialogue has been positive as well as constructive and has enabled an ongoing conversation with every company invested in and facilitated the opportunity to approach companies on subjects important to the team.

Additional engagement activities and topics in 2020 included:

Company sub-industry	Topic	Means of communication
Security & Alarm Services	Human Rights, Labour Practices	Letter, e-mail and conference calls
10 companies as part of collaborative engagement	Deforestation	Letter, e-mails and calls
Food Retail	ESG efforts following acquisition	Extensive e-mail correspondence. Call requested, but interpreter needed.
Industrial Gasses	Different ESG topics to research and expand on as part of buy-decision	Letter, e-mail
All holdings (50)	Proxy voting, incl. Board Diversity: Gender diversity and Board independence	E-mail Reply though e-mail from 22 companies and conference calls with 4 companies
Personal Products	Deforestation and Human Rights	E-mail
Packaged Foods & Meats	Deforestation and Human Rights	E-mail
Packaged Foods & Meats	Water (access to Water/Indigenous peoples rights)	E-mail
Industrial Machinery	Different ESG topics to research and expand on as part of buy-decision	E-mail

Principle 10	Signatories, where necessary, participate in collaborative engagement to influence issuers

Across the Macquarie Group, teams collaborate with industry, government, and other stakeholders to share knowledge and build capacity through initiatives like the new Climate Finance Leadership Initiative, for which Macquarie's CEO, Shemara Wikramanayake, was appointed a founding member of on 17 January 2019.

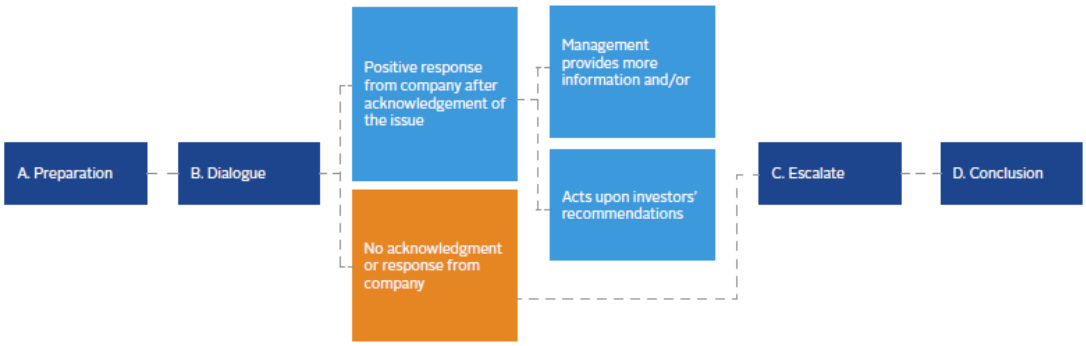
In addition, MAM became a member of Climate Action 100+ in July 2020. As a member of Climate Action 100+, MAM has an obligation to collaboratively engage with systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and achieve the goals of the Paris Agreement. Participation in these engagements is coordinated by central ESG staff and often performed in conjunction with investment personnel who have a material interest in the policies of the targeted companies. Participation is prioritised based on the potential to enhance knowledge of ESG issues through other investors, ability to have greater impact on ESG issues, and ability to add value to the collaboration.

The Global Equity team has been signatory to the PRI since 2010 and MIM's Engagement Policy is part of the process of moving towards achieving the aspirational goals set forth under the PRI. MIM's investment teams may use the PRI platform to collaborate with other shareholders, including engaging with investee companies in collaboration with other shareholders.

When collaborating with other investors, our combined holding size gives us access to board members, senior management, and a range of specialists of the companies invested in. As signatories to the PRI, the Global Equity team collaborates with the ESG Engagement team of the PRI to identify key ESG issues in the market - and to address them.

When engaging with companies, the team seeks to improve certain standards and practices. Most sectors and companies invested in continue to progress and undergo restructuring and adjustment, and this extends to the corporate governance standards expected by the shareholders.

For each engagement topic, measurable goals for improvements are set up. The engagements may extend over several years and involve a range of companies. Once an investor group has identified one or more ESG issues and agree to engage collaboratively to address them, the process of collaborative shareholder dialogue with companies typically follows the stages below:



Company dialogue is recorded according to the goals set out for the engagement. The team documents the engagement objectives and goals prior to initiating an activity and store and measure any progress in VI System.

Based on the work accomplished through collaborating with other investors, the team evaluates whether the results from the engagement met the expectations and goals set out at the beginning and whether further actions are needed, e.g. proxy voting.

PRI Coordinated Collaborative Engagement on Labour Practices in the Agricultural Supply Chain

Companies around the world are failing to address labour abuses in their supply chains. An estimated 40.3 million people are subject to some form of modern slavery, with the agriculture, forestry, and fishing sector accounting for 11% of this number, and the wholesale and trade sector another 9%. An estimated US$150bn each year is generated from the theft of their labour.

It is imperative that businesses and their investors understand their responsibilities toward workers in relation to a range of labour rights issues. The Global Equity team invests with the intention of promoting the environmental and social characteristics outlined by the ten principles of the UNGC, including principles relating to human rights, labour rights, and the elimination of forced labour and child labour.

The agricultural sector, including forestry and fishing, is a high-risk sector in terms of forced and child labour. To support investors seeking to understand and drive improvement in labour practices in agricultural supply chains, the PRI has supported a multi-year engagement with key companies in the food and drug retail, beverages, food producers and general retailers sectors.

As a supporting investor, the Global Equity team joined the PRI coordinated engagement on labour practices in the agricultural supply chain in 2016. The engagement ended in 2020.

The engagement involved 29 PRI signatory investors and 33 companies in the Beverages, Food & Drug Retail, Food Producers and General Retailers sectors. Its objective was to identify and assess existing corporate practices, encourage enhanced communication and reporting, and support improvement of performance and impact by target companies.

The Global Equity team took part in engagement calls between lead investors, the PRI, and targeted companies and shared experiences with like-minded signatories. The engagement has been a vehicle for ongoing dialogue on human rights and labour issues with investee companies.

The results from the engagement can be found here: https://www.unpri.org/farmland/from-farm-to-table-ensuring-fair-labour-practices-in-agricultural-supply-chains/5800.article

Principle 11	Signatories, where necessary, escalate stewardship activities to influence issuers

MIM portfolio management teams retain the ability to discuss upcoming proxy votes with company management. In those instances where MIM votes against management's recommendation and the proxy result is contrary to MIM's vote, the portfolio management team that manages the security may escalate the matter. Each portfolio management team is responsible for determining whether there is a need to escalate based on the facts and circumstances of the proxy vote. Options available to the portfolio management team include: directly contacting the company's senior management; utilising MIM's Head of ESG Oversight to engage with the company on the team's behalf; and/or reducing the team's holdings in the company or divesting from the position in its entirety.

For financial products that fall under MIM's Good Governance policy, if poor governance practices are identified via the quarterly reports, this will be flagged to the MIM Investment Risk Team and investment teams, which should work with the MIM Sustainability Team to pursue remediation actions. Remediation actions may include direct engagement with the investee company, exercising proxy votes against company management and/or in support of changing specific practices, and/or divestment of the relevant security. The actions expected during different phases of the remediation are summarised as follows:

Period/ Actions expected

0-90 days	Initial engagement with company/issuer and the preparation of a remedial action plan as soon as possible and not later than 90 days.
90-180 days	Medium level of engagement and formulate detailed plan if remediation not expected within 180 days.
180-365 days	High level of engagement with company/issuer and progress to have been made.

Remediation plans will be monitored by the MIM Investment Risk Team, with investment teams required to provide quarterly feedback on the progress of such remediation plans.

If after a period of 12 months, the remediation actions are not effective, or less effective than intended, investment teams must divest.

The Global Equity team monitor the development and assess the progress of every company in which they invest on behalf of clients. They may also raise concerns in conference calls, in meetings with companies, or through correspondence. This case-by-case approach means that the company does not have a systematic escalation process. As long-term investors, the team prefers to work with companies over time to implement fundamental changes rather than promoting short-term fixes. This includes collaborative engagements with other investors, organised through a third-party collaboration platform.

When engaging with companies, the team follows the recommendations of the PRI's introductory guide to collaborative engagements:

Escalation: If dialogue does not lead to a satisfactory response, the collaborating investors can consider taking further measures. When escalating, collaborators are able to leverage their collective power. Initially this can be articulated subtly, but if unsuccessful, it can be done more overtly to push companies to consider the ESG issues under discussion. Beginning with smaller steps, there are various tactics that can be considered:

- SENDING REMINDERS

One of the initial actions that can be taken is simply applying or reiterating deadlines in requests to companies. This can increase the perceived level of urgency and encourage a response from management.

- BEING INCREASINGLY ASSERTIVE

The tone of the dialogue can also become more assertive to reflect the importance of the issue for investors. If initial contacts with the companies have been between ESG specialists or fund managers and investor relations, the group could raise the issue with the Chair or a board representative, or seek a peer-to-peer meeting, for example between senior representatives of the investor group and the companies.

- PROXY VOTING

Withholding support from the board of directors or management recommendations through proxy voting can help gain the attention of unresponsive companies and express investors' discontent. The intention to vote against or abstain on management recommendations can be conveyed to a company in advance of its AGM as a mean to stimulate dialogue ahead of the meeting.

- ASKING A QUESTION AT THE AGM

As with proxy voting, raising a question at companies' AGMs attracts attention to the issue. Investors may want to share the question with companies prior to the AGM, to enable a more informed response and better dialogue.

- FILING A SHAREHOLDER RESOLUTION

Filing resolutions at AGMs attracts the attention of companies' management in a more formal and public way. The threat of filing a resolution may be more effective than doing so; many resolutions are withdrawn after management commits to further dialogue. Before moving ahead with this tactic, consider the following:

  - Local knowledge is important. Filing shareholder resolutions may be a common practice in some markets while in others it can be perceived as confrontational and aggressive.
  - It is important to understand local legislative rules that may hinder the exercise of shareholder powers and determine the power of proxy voting (for example, binding versus advisory votes).
  - Letting companies know of the intention to file a resolution can stimulate dialogue. Companies are often keen to ensure that there are not unresolved issues on the agenda at their AGM.
  - Investors can publicise shareholder resolutions or the intention to vote against management to build further support outside of the investor group.

In an escalation process, the team would first and foremost take actions through proxy voting and by being increasingly assertive in our direct dialogue with the company invested in, including sending reminders. If proven unsuccessful, a further option would be filing shareholder resolutions or asking a question at the AGM. At this moment, escalation has not yet been necessary.

Principle 12	Signatories actively exercise their rights and responsibilities

The Global Equity team is subject to the MIM Global Proxy Voting Policy and Guidelines.

The Global Equity team provides investment advisory and portfolio management services to various types of institutional investors and Funds and in cases where the team has been delegated the responsibility to vote or provide advice on proxies, MIM has developed the following procedures in order to ensure that MIM investment teams vote proxies or provides proxy voting advice that MIM believe is in the best interests of its clients:

Procedures for Voting Proxies

MIM has established a Proxy Voting Committee (the **Committee**) that is responsible for overseeing MIM's proxy voting process, including that of the Global Equity team. The Committee consists of the following persons in MIM: (i) at least five portfolio management representatives; (ii) one representative from Fund Administration; (iii) one representative from the Client Group; (iv) one representative from Compliance; and (v) one representative from the Legal Department. The person(s) representing each department on the Committee may change from time to time, but at least one member of the Committee will also be a member of MIM's ESG Oversight Committee. The Committee will meet as necessary to help MIM fulfil its duties to vote proxies for clients, but in any event, will meet at least quarterly to discuss various proxy voting is-sues. The Committee may meet in person, by video conference, and/or telephonically and may also conduct business via email or by other electronic communication.

One of the main responsibilities of the Committee is to review and approve the Procedures on a yearly basis or as otherwise necessary. When reviewing the Procedures, the Committee looks to see if the Procedures are designed to allow MIM to vote proxies in a manner consistent with the goals of voting in the best interests of clients and maximizing the value of the underlying shares being voted on by MIM. The Committee will also review the Procedures to make sure that they comply with any new rules promulgated by the Securities and Exchange Commission of the United States of America, the Australian Securities & Investments Commission, the Commission de Surveillance du Secteur Financier of Luxembourg, the Financial Market Authority of Austria, the Financial Conduct Authority of the United Kingdom, the European Securities and Markets Authority, or other relevant regulatory bodies. After the Procedures are approved by the Committee, MIM will vote proxies or give advice on voting proxies generally in accordance with such Procedures and MIM's Proxy Voting Guidelines (**Guidelines**).

In order to facilitate the actual process of voting proxies, the Global Equity team has partnered with a third-party proxy advisor.

The Proxy Advisor and/or the client's custodian monitor corporate events in connection with the team's portfolios. After receiving the proxy statements, the Proxy Advisor will review the proxy issues and recommend a vote in accordance with MIM's Guidelines. When the Guidelines state that a proxy issue will be decided on a case-by-case basis, the Proxy Advisor's custom research team will look at the relevant facts and circumstances and research the issue to provide the team with a recommendation as to how the proxy should be voted in accordance with the parameters described in the Guidelines. If the Guidelines do not address a particular proxy issue, Proxy Advisor will similarly look at the relevant facts and circumstances and research the issue to provide a recommendation as to how the proxy should be voted. In limited cases where the Proxy Advisor is unable to provide research and a proxy vote recommendation for a portfolio company, the team will be solely responsible for researching the proxy and voting the proxy.

Proxy Advisor's proxy voting research recommendations are made available to the investment team to review and evaluate prior to the corresponding shareholder meeting. As described further below in the "Proxy Voting Guidelines" section, there will be times when team believes that the best interests of the client will be better served if the Global Equity team votes a proxy counter to Proxy Advisor's research recommendation under the Guidelines. In these cases, the team will document the rationale for their votes and provide such rationale to the Committee or the Committee's delegates for its records. The Committee and its delegates are responsible for reviewing the rationale for these votes to assure that it provides a reasonable basis for any vote.

After a proxy has been voted, the Proxy Advisor will create a record of the vote in order to help the Global Equity team comply with its duties listed under "Availability of Proxy Voting Information and Recordkeeping" below. If a client provides the team with its own instruction on a given proxy vote for their portfolio, the team will forward the client's instruction to the Proxy Advisor and will vote the client's proxy pursuant to the client's instruction.

The Global Equity team will attempt to vote every proxy which they receive when a client has given the team the authority and direction to vote such proxies.

Company Management Recommendations

When determining whether to invest in a particular company, one of the factors the Global Equity team may consider is the quality and depth of the company's management. As a result, the team believes that recommendations of management on any issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. Thus, on many issues, votes are cast in accordance with the recommendations of the company's management. However, the team may vote against management's position when it runs counter to the Guidelines, and will also vote against management's recommendation when MIM believes such position is not in the best interests of clients.

Proxy Voting Guidelines

The Proxy Voting Guidelines summarize MIM's position on various issues and give a general indication as to how investment teams will vote proxies on each issue. The Proxy Voting Committee has reviewed the Guidelines and determined that voting proxies pursuant to the Guidelines should be in the best interests of the client and should align with the goal of maximizing the value of the client's investments.

Although MIM will usually vote proxies in accordance with these Guidelines, each MIM portfolio management team reserves the right to vote certain issues counter to the Guidelines if, after a thorough review of the matter, the team believes that a client's best interests would be served by such a vote. In all cases, the team responsible for voting proxies on behalf of a client will have the final decision on how to vote proxies, subject to these Procedures.

Proxy Voting Activity 2020

Proposal Category Type	***For***	***Against***	***Abstain***	***Take No Action***	***Unvoted***	***Mixed***	***Total***
Totals	***849***	***72***	***1***	***0***	***0***	***14***	***936***
Audit/Financials	*98*	*0*	*0*	*0*	*0*	*2*	***100***
Board Related	*537*	*32*	*0*	*0*	*0*	*4*	***573***
Capital Management	*37*	*10*	*0*	*0*	*0*	*7*	***54***
Changes to Company Statutes	*46*	*2*	*0*	*0*	*0*	*0*	***48***
Compensation	*110*	*5*	*0*	*0*	*0*	*0*	***115***
Meeting Administration	*8*	*0*	*0*	*0*	*0*	*0*	***8***
Other	*6*	*0*	*0*	*0*	*0*	*0*	***6***
SHP: Compensation	*1*	*10*	*0*	*0*	*0*	*0*	***11***
SHP: Governance	*6*	*8*	*1*	*0*	*0*	*1*	***16***
SHP: Misc	*0*	*3*	*0*	*0*	*0*	*0*	***3***
SHP: Social	*0*	*2*	*0*	*0*	*0*	*0*	***2***

Region	***Country Of Origin***	***Voted***	***Unvoted***	***Take No Action***	***Total***
Total for all Regions		***363***	***0***	***0***	***363***
Canada & United States		***86***	***0***	***0***	***86***
	United States	*86*	*0*	*0*	*86*
Europe		***160***	***0***	***0***	***160***
	Denmark	*9*	*0*	*0*	*9*
	France	*45*	*0*	*0*	*45*
	Germany	*18*	*0*	*0*	*18*
	Ireland	*11*	*0*	*0*	*11*
	Netherlands	*9*	*0*	*0*	*9*
	Sweden	*24*	*0*	*0*	*24*
	Switzerland	*19*	*0*	*0*	*19*
	United Kingdom	*25*	*0*	*0*	*25*
Japan		***117***	***0***	***0***	***117***
	Japan	*117*	*0*	*0*	*117*

As outlined under Principle 9, for the 2020 proxy season, the ESG Manager together with a Portfolio Manager identified Board Diversity as a particular theme to form part of the proxy voting and engagement approach in 2020.

As part of the focus on board diversity, the team approached every company in the portfolio and engagement dialogue was established with 44% of holdings. Possible votes against management were shared and the team's position on diversity and independence was shared with company management. Of 50 companies, 22 engaged in dialogue of whom 4 companies set up in-dept conference calls to discuss the issues further.

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