

Responsible Investment:

Environmental, Social, and Corporate Governance Policy

Macquarie Investment Management Europe S.A. (hereafter “ValueInvest”) believes responsible and sustainable investing to be a significant component in accomplishing successful outcomes in the long term. ValueInvest has formally integrated the principles of responsible investments into its investment processes, including implementing the principles set out in this ESG (Environmental, Social, and Corporate Governance) Policy. The policy is based the United Nations supported Principles for Responsible Investment (PRI) definition of responsible investment:

“Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.”

ESG risk management, active ownership, cooperation on and promotion of responsible investment principles, including engagements, is the basis of our work on responsible investments.

We have established a set of principles and expectations for responsible investments as presented in this document. These form the basis for our priorities and activities. As part of our commitment to responsible investments, we have given priority to the following ESG issues:

- Environmental issues: climate change, water risk
- Social issues: labour standards, human rights, inequality, gender diversity
- Governance: tax, anti-corruption, proxy voting, board accountability, executive pay

We Incorporate ESG Issues into Our Investment Analysis and Decision-Making Processes

At ValueInvest, managing risks lies at the heart of our investment philosophy. We believe that integrating ESG criteria into the investment- and decision making processes is a prerequisite for achieving positive long-term added value on equity investments.

Managing environmental, social, and governance risks in the portfolio is an important aspect of safeguarding our client’s investments. We strive to obtain high-quality data on the risks associated with the investments. Consequently, our thorough understanding and management of risks gives rise to a strong belief that ESG considerations must be part of each and every decision surrounding an investment.

We take a systematic approach to risk monitoring and our investment process has been designed to take ESG factors into account. The Portfolio Managers consider environmental, social, and governance issues that could have a significant impact on portfolio returns and hence the outcome for the clients. Each analysed company’s ESG performance can influence whether the stock will be included in portfolios as well as the size of the allocation.

We are Active Owners That Incorporate ESG Issues into Our Ownership Policies and Practices

ValueInvest’s principles of business ethics, respect for clients/investors and other stakeholders, as well as commitment to the highest degree of transparency have been key values of our way of doing business

since the company was founded. On behalf of clients/investors, we act as shareholder in various companies.

As responsible shareholders, it is our obligation to ensure that management teams are monitored and held accountable for their corporate actions. Where appropriate, we seek to understand how management teams acknowledge, manage, and reduce ESG-related risks.

We exercise shareholder's rights through proxy voting and has adopted a proxy voting policy that is considering current ESG-issues. Specifically, we pay additional attention to issues that will reduce discrimination, improve protection of minorities and disadvantaged classes, and increase conservation of resources and wildlife.

In keeping with our long-term interest, we seek to proxy vote at all general meetings. As a responsible investor, we take account of long-term value creation, sustainable business practices, board accountability, and transparent corporate communication.

We are Working with Other Investors to Enhance ESG Issues and Responsible Investment Principles

We wish to contribute to the sustainable development of market practices that will benefit the portfolios and clients in the long term. As part of our commitment to promote acceptance and implementation of the principles of responsible investment, we are signatories to the PRI. As signatories, we work with the responsible investment community to enhance our effectiveness in implementing the principles.

As long-term investors, we prefer to work with companies over time to implement fundamental changes rather than promoting short-term fixes. This includes engaging with the companies invested in. We take part in collaborative engagements with other investors, organised through a third party collaboration platform.

We Seek Disclosure on ESG Issues by the Entities Invested in

We expect companies to consider ESG themes with the same importance as conventional financial matters - in their reporting and in their everyday operations. We expect companies to report on their operation's impact on the world and on matters that might impact long-term performance and profitability.

We would like the companies invested in to think long-term. They should focus on sustainable strategies and business models that are profitable over time. As long term investors, we make every effort to secure value for our clients.

An important premise for our expectations is company transparency. As investors, we analyse risks and opportunities associated with the investments. To do this in a satisfactory manner, we depend on high-quality, timely information from the companies invested in. Consequently, we emphasise that company reporting is in line with applicable international reporting standards and initiatives. In terms of initiatives, we encourage companies invested in to report on their Co2 emission and would also like the companies invested in to join the UN Global Compact.

To enhance disclosure and transparency, we monitor the ESG ratings of the companies invested in and report on engagement activities and progress, as well as proxy voting, to our clients.

Observation and Exclusion of Sectors and Companies

As part of our commitment to ESG, we monitor sectors and companies and update our investment exclusion list on a regular basis. The exclusion can either be product based or conduct based as described below.

Product based exclusion includes production of antipersonnel landmines, production of cluster munitions, production of nuclear weapons, and production of tobacco, as well as companies whose main business derives from coal or coal-based energy.

Conduct based exclusion includes 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.

In the management of individual client portfolios, client specific exclusion lists may be imported into our portfolio monitoring and management system, ensuring that these clients do not invest in companies excluded by their investment policy.