



# Shareholder Engagement Policy

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## 1 Purpose

This policy details how Global Systematic Investors (**GSI**) integrates shareholder engagement with its investment strategy.

The Firm is authorised by the Financial Conduct Authority (FCA) and, as such, will act in accordance with the rules as defined in the FCA Handbook and the Shareholders Rights Directive II (SRD II), which will take precedence over the requirements of this policy.

## 2 Review of Policy

This policy will be reviewed regularly, at least once a year, and amended as considered necessary by the Firm's Management Committee in the event of changing circumstances or regulations.

## 3 Disclosure Requirements

Under SRD II, the Firm is required to disclose a Shareholder Engagement Policy or provide a clear and detailed explanation of why it is not. In order to meet these requirements, the Firm will provide information in this policy on how it:

- Integrates shareholder engagement in its investment strategy
- Monitors investee companies on relevant matters, including:
  - Strategy
  - Financial and non-financial performance and risk
  - Capital structure
  - Social and environmental impact
  - Corporate governance
- Conducts dialogues with investee companies
- Exercises voting and any other shareholder rights
- Cooperates with other shareholders
- Communicates with relevant stakeholders
- Manages (potential) conflicts of interest in their engagement

The Firm will publicly disclose on an annual basis on its website:

- The engagement policy's implementation
- A general description of voting behaviour
- An explanation of the most significant votes
- The use of the services of proxy advisors
- How the firm cast votes in the general meetings of companies in which it holds shares unless these votes are considered insignificant due to the subject matter of the vote or the size of the holding in the company

## 4 Integration of Shareholder Engagement in Investment Strategy

GSI integrates shareholder engagement through voting, escalation, and coalition activism.

We employ an external proxy voting research provider, Minerva Analytics Ltd – a Solactive Company (“Minerva”), to provide research and guidance on companies’ activities concerning their environmental, social, and governance (ESG) responsibilities.

In partnership with Minerva, we have produced comprehensive proxy voting guidelines, which form the basis of our proxy voting. Using these guidelines, Minerva votes proxies on behalf of the funds we manage.

The use of ESG risk ratings and additional sustainability criteria aligns our portfolio with the Sustainable Development Goals of the UN and the principles of the UN Global Compact and is integrated with our investment strategy.

## 5 Monitoring Investee Companies

We systematically integrate material environmental, social, and governance risks into investment decisions by monitoring how exposed companies are to material ESG issues and risks and how well companies are managing these risks.

As part of this process, we use research on investee companies provided by Sustainalytics – a Morningstar Company. Sustainalytics is a specialist provider of ESG data and research and was chosen as the provider of ESG research due to its risk approach to ESG scoring and the depth and breadth of its coverage. Sustainalytics monitors more than 4,500 companies globally, which are evaluated within global industry peer groups. In addition, they track and categorise ESG-related controversial incidents on more than 10,000 companies globally. The data set we monitor includes 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.

In addition, Minerva provides research on companies’ management of their environmental, social, and governance responsibilities. This research is used to inform our proxy voting on behalf of the funds we manage.

An overview of the ESG elements used in our investment process can be found on our website at [www.gsillp.com/sustainability](http://www.gsillp.com/sustainability).

## 6 Conduct dialogues with Investee Companies

We have partnered with ShareAction, a charity promoting responsible investment through engaging directly with companies. ShareAction serves as the coordinator of asset management companies and asset owners to identify ESG and other issues that need to be addressed. On behalf of the participating asset managers and asset owners, ShareAction will lobby companies to instigate change. Lobbying is supported through shareholder-initiated proxy voting resolutions.

If there are circumstances where we believe it would benefit our clients, we will engage directly with the management of an investee company to communicate our concerns and to understand that company’s approach to its responsibilities.

## 7 Exercise Voting and any other Shareholder Rights

In partnership with Minerva, we have produced comprehensive custom proxy voting guidelines, which form the basis of our proxy voting and assist us in casting votes that are in the best interest of our clients. Using these guidelines, Minerva votes proxies on behalf of the funds we manage. However, there may be occasions when we determine that our clients are best served by voting on certain issues contrary to the policy. When the guidelines do not cover potential voting issues, we will endeavour to vote in a manner consistent with the spirit of the rules and in our clients' best interests.

Our approach to voting is laid out in our Proxy Voting Policy, which can be found on our website at [www.gsillp.com/proxy-voting-policy](http://www.gsillp.com/proxy-voting-policy).

## 8 Cooperate with other Shareholders

As noted above, we have partnered with ShareAction, a charity promoting responsible investment through engaging directly with companies. Through ShareAction we cooperate with other asset managers and asset owners to identify issues that need to be addressed and to coordinate engagement with companies to effect 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
- complies with the law and regulations.

## 9 Communicate with Relevant Stakeholders

GSI recognises that it may be appropriate in certain circumstances to connect with other stakeholders to increase shareholder value or effect positive change.

We communicate with relevant stakeholders, including industry and non-government organisations, investor advocates, and investee companies, collectively through Coalitions, to leverage engagements to increase our impact.

We also communicate with stakeholders through participation in 'Industry Networks', to provide policy feedback, enhance sustainability knowledge, and promote best practices in areas of relevance including issues around corporate governance, climate change, remuneration policies, and policy engagement.

At GSI we communicate with relevant stakeholders directly or through attending meetings, publications on our website and, where appropriate, presentations.

## 10 Managing Conflicts of Interests in Engagement

GSI's engagement strategy and voting policy have been drafted to minimise the potential for any conflict of interest.

To address any potential conflict with respect to a proxy vote, GSI maintains an explicit policy on managing such potential conflicts, in the clients' best interest and consistent with 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 it needs to be referred to the Management Committee, who will then determine the appropriate course of action.

Our policy sets out how we identify and manage actual and potential conflicts of interest. Please refer to our Conflicts of Interest Policy for further information.

## **11 Breaches of Engagement Policy**

Any breaches of the rules will be recorded on the Firm's breach log in conjunction with its Regulatory Breach policy.