

KBI Global Investors Responsible Investment Policy

KBI Global Investors has been a pioneer in Natural Resource Investing since 2000, investing in companies providing solutions to sustainability challenges related to the provision of food, energy, water and the mitigation and adaptation to the impacts of climate change. Our Global Equity Strategies with their focus on companies with the ability to pay sustainable dividends is grounded in the changing demographics and macro environment that are driving an increase in the demand for investment income and the implications of these trends for equity investors. The strategy focuses on companies with a sustained ability to return value to shareowners.

Philosophy

Environmental factors are foundational for the Natural Resource Strategies as are the Social factors of an increasing global population and changing world demographics. Governance is a consideration in evaluation of company management and management structures. Our Global Equity Strategies are grounded in the consideration of the Social factor of the demographic of an ageing population's increasing demand for income. It has also been our experience that a focus on companies with a sustained ability to pay dividends results in a portfolio of companies that sustainably deploys capital and has a higher Governance profile. In our view such a profile ultimately is to the long term benefit of shareholders.

Integration

The firm's Responsible Investing Committee has oversight of, and responsibility for, all Responsible Investing related issues. This committee comprises of senior staff from the investment, client servicing and compliance teams, co-chaired by the Chief Investment Officer. This Committee decides on all Responsible Investing policy issues and 'hires and fires' external providers of ESG research and related services.

Externally, we employ the services of two leading industry research companies in this area; Institutional Shareholders Services (ISS), and MSCI ESG Research Inc. ISS is the leading provider of corporate governance research, proxy advisory and voting services. ISS carry out all stock-specific governance research on our behalf and provide us with voting recommendations, based on criteria discussed at annual review meetings with ISS. MSCI ESG Research provides us with in-depth research, ratings and analysis of the environmental, social and governance (ESG) related business practices of companies in which we invest or consider investing and provide an overall quantitative score for each company, taking into account all ESG factors. This research is also used, where required, to exclude companies from our portfolios where those companies are involved with certain controversial sectors, either at client request or arising from a policy decision by the firm.

Environmental and Social factors are a fundamental underpinning of our Natural Resource Strategies, grounding the investment premise for our Water, Energy Solutions, Agribusiness, Sustainable Infrastructure and blended strategies. Our team applies its expertise to evaluate the investment implications of environmental challenges, evolving world demographics, and opportunities in environmental solutions and then integrates these assessments into the overall fundamental assessment of companies. Corporate governance is reviewed as part of our fundamental analysis of a company. Where governance risks are identified, they will be the basis for Engagement with management and/or an adjustment to the risk premium we use in our valuation of the company.

Responsible Investing is explicitly integrated into our Global Equity Strategies. We believe that there is a connection between dividend payments and corporate governance standards. Identifying companies with the ability to pay sustainable dividends, we believe, is a unique way to identify better governed companies, particularly in emerging markets. Firm-level corporate governance provisions matter more in countries with weaker legal environments or political instability and better governance is typically associated with higher

dividend payouts. While equity investors can receive returns through capital gains or dividends, agency theory indicates that shareholders may prefer dividends, particularly when they fear expropriation by insiders; have concerns over the motivations of management; or there is a weak regulatory environment.

These portfolios are constructed so that the overall ESG rating of each portfolio is higher than the benchmark, and some also exclude investment in certain controversial sectors or companies, as determined by the Responsible Investing committee, and exclude investments in companies that score the worst overall ESG grade (“CCC”) from MSCI ESG Research.

SRI Screening

All portfolios do not invest in companies manufacturing land mines, cluster bombs, depleted uranium, biological and chemical weapons. We also do not invest in companies with more than 30% of revenues from coal extraction (or in certain other coal companies which are large coal extractors), or in companies that repeatedly violate one or more of the ten principles of the UN Global Compact.

Some of our portfolios exclude companies that have material connections to certain controversial industries, e.g. tobacco, predatory lending and weapons, and exclude investments in companies with the lowest overall ESG score as calculated by an independent external ESG research company, MSCI ESG Research.

It is our policy to facilitate clients who wish to exclude investment in certain companies or sectors, on a separate account basis, using either lists of securities supplied by the client or using negative screens based on MSCI ESG Research inputs.

Proxy Voting

KBI Global Investors policy is to vote all securities that we are entitled to vote on behalf of our client portfolios. A Proxy Voting Policy is in place and is reviewed once a year. Voting is facilitated by an external provider, Institutional Shareholder Services, the leading provider of proxy voting advice and administrative services. ISS make voting recommendations to us, based on a pre-agreed set of policy guidelines (currently the ‘Sustainability’ guidelines) which are reviewed annually and which are designed to comply with UNPRI principles. We typically follow the ISS recommendation but may decide not to – if so this decision will be taken by the firm’s Proxy Voting Committee which is chaired by our CIO, and includes our Head of Compliance and several other senior staff.

Engagement

We carry out both direct and collaborative Engagement. The Portfolio Managers monitor ESG-specific research from two specialised outsourced providers, Institutional Shareholder Services Ltd (which has a particular focus on Governance issues), and MSCI ESG Research. Both of these companies provide detailed reports on investee companies, periodically, while MSCI ESG Research also provides themed sector-specific reports which are useful in terms of monitoring specific companies, as well as sectors. Portfolio Managers may also receive ESG-related research from other sources such as Amundi’s ESG Research department or from broker research.

There are many reasons for commencing Engagement, including but not limited to concerns re board structure and governance, excessive or inappropriately-structured executive compensation, management’s intention or ability to deliver shareholder expectations, disclosure of environmental information, and breaches of best practice with regard to stakeholder management. However, while any of these factors may lead to commencement of Engagement, we have decided to particularly focus on companies in relation to which we have particular ESG-related concerns, or which do not publish adequate environmental information, or which are ‘laggards’ with regard to a commitment to address climate change issues.



Conflicts of Interest

KBI Global Investors always endeavours to act in the best interests of its clients. The firm has a robust Conflicts of Interests policy in place which is made available to all staff and published on the company website. Where conflicts do arise they are always reviewed bearing the client's best interests in mind.

RI Policy Governance

KBI Global Investors' Responsible Investing committee is responsible for reviewing the Responsible Investment Policy and recommending it for final approval to the KBI Global Investors Executive Committee. The Responsible Investing committee reviews the policy annually and recommends any necessary changes.

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