

# Engagement Policy

KBI Global Investors is a specialist investment boutique focused on two distinct strategies; natural resource equities and global equities. The practical exercise of good stewardship is integrated into each strategy in line with prudence and the distinct nature of each investment process, via Engagement and Proxy Voting in particular. This policy covers all aspects of Engagement, and the firm has a separate Proxy Voting policy and voting policy guidelines.

## **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, broker research, the CDP, the Transition Pathway Initiative, or the 2° Investing Initiative, among others.

The objective of our Engagement activity is to improve the ESG performance of companies. We believe that this has benefits to society and the environment, but also assists investment performance.

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we have decided to prioritise companies in relation to which we have particular ESG-related concerns, or which do not publish adequate environmental information, or which are 'laggards' with regard to a commitment to address climate change issues.

We most commonly engage with companies in which we are invested, but engagement may also be carried out with other companies from time to time. We engage with all types of listed companies, regardless of ownership status (e.g. with controlling shareholder or large government stake). Both of our investment teams (Natural Resources and Global Equities) carry out engagement, and a framework is in place to ensure that each team is kept informed of engagement activity by the other team, in cases where the company is of interest to both teams.

Reports are prepared on Stewardship (including Engagement) activity twice per year, and made available to all staff and to clients. In addition, a log of all engagement activity is maintained by the Responsible Investing staff, and this is available to all investment staff at any time.

## **Direct Engagement**

This will usually commence with an approach to the company outlining our concerns.

This may be an in-person meeting or a direct phone call with the appropriate personnel at the company in question, or the Engagement could commence with a letter or email.

We outline our concern and ask the company to respond, either at the time or (more usually) at a later date having had time to consider the issue.

We consider the company's response and either close the Engagement if a satisfactory response has been obtained or pursue it further, usually via escalation to the Company Chairperson or designated independent/lead director, as appropriate.

The process continues until closed.

Engagement can finish either because we have obtained a satisfactory result or because we feel a satisfactory outcome is unlikely, in which case we will consider divestment, if we judge it to be in the best interests of our clients.

We integrate the Engagement with our Proxy Voting, as appropriate and when required.

We do not always publicise the names of companies with which we directly engage as in some circumstances to do so would be counterproductive.

A log is kept of all Engagement, including the objective/target of the engagement, a summary of all interactions on the issue, whether the Engagement is complete, and - when closed - whether we view it as successful, unsuccessful, or partially successful.

### **Collaborative Engagement:**

As a specialist boutique asset manager with focused resources, we endeavour to leverage relationships to engage in collective engagement when appropriate.

To that end, we are members of or signatories to the initiatives below and take an active role in those most relevant to us.

- The United Nations Principles for Responsible Investment (PRI)
- The Institutional Investors Group on Climate Change (IIGCC)
- The Carbon Disclosure Project
- CERES Investor Network on Climate Risk
- Climate Action 100+
- Workforce Disclosure Initiative

Eoin Fahy, Head of Responsible Investing, is our primary contact for all collaborative engagement initiatives.

### **Reporting:**

Clients receive a Responsible Investing report periodically (usually annually but this may vary), which describes all RI activity within the firm during the period in question, including Engagement activity.

For Engagement activity, we will generally make public both our priority issues and examples of our work in this area. However, we believe that direct Engagement can be a partial exception to our general principle of transparency relating to Stewardship activity, as in some circumstances the effectiveness of direct Engagement is reduced if investee companies expect that the Engagement will be publicised, potentially in a way which would - in their view – adversely affect the company.

*Approved by KBI Global Investors Responsible Investing Committee, January 2021*