MACQUARIE

ESG POLICY

Macquarie ValueInvest Global Equity Team

FORWARD thinking

ValueInvest Global Equity Team

Following the acquisition by Macquarie in 2018, the former ValueInvest Asset Management S.A. has been renamed to Macquarie Investment Management Europe S.A.

The ValueInvest Global Equity Team (VI Team) continues to manage the Global and Japan strategies, launched its International Strategy in 2019, and is part of Macquarie Asset Management. The investment team is based in Luxembourg.

The following policies and procedures have been applied to each fund and account managed, advised, or sub-advised (collectively, the "Fund/Funds") by the VI team.

ESG Policy

As investment manager, it is our fiduciary duty to safeguard our clients' investments. We believe that considering ESG: environmental, social and governance issues in the investment process is crucial in delivering positive outcomes in the long term. Our long-term strategy includes a systematic approach to identifying, assessing, and managing environmental, social and governance risks and opportunities.

The VI Team has formally integrated the principles of responsible investing into its investment processes, including implementing the principles set out in this policy paper. The policy is based on 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."

Responsible investments are investments that acknowledge ESG factors and acknowledge that long-term sustainable returns are dependent on well governed companies, respecting environmental and social issues. For us as investors, good corporate governance and management of material risks is the basis for stable and sustainable returns and indicates effective management.

The policy has been developed and implemented by the Investment Team, consisting of the Portfolio Management Team and the ESG Manager who are responsible for achieving the policy's commitments. A Chief Investment Officer is accountable for the results achieved. The ESG practices of the VI team are monitored and reviewed by the ESG Manager.

We incorporate ESG issues into our investment analysis and decision-making processes

For the VI Team, managing risks lies at the heart of our investment philosophy. We believe that integrating ESG criteria into the investment- and decision-making processes is an essential component in achieving positive long-term return on equity investments.

Our risk assessment includes evaluating risks related to environmental, social and governance factors. Our investment decision is based on an analysis of the management of these risks combined with the fair value of a business. We do not select or exclude any investment based solely on any 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.

Part of the investment decision is the analysis of any potential ESG risks and opportunities of a company and how these are managed. We closely monitor the impact of ESG issues on the sustainability of the companies' operation and business.

We are active owners that incorporate ESG issues into our ownership policies and practices

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

Through proxy voting, shareholders can exercise their influence and control their investment. We exercise our clients' rights through proxy voting and have adopted a Proxy Voting Policy. In the management of client accounts, it is also possible for clients to implement their own proxy voting policy.

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 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.

As long-term investors, we motivate 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 our 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

We seek disclosure on ESG issues by the entities invested in

We expect the companies we invest in to identify and manage ESG risks and opportunities as any other business risk and opportunity – in their operations and their reporting. We expect companies to report on the sustainability of their business as well as environmental-, social- and governance activities and on matters that might impact long-term performance and profitability.

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 expected to be in line with applicable international reporting standards and initiatives, such as the GRI.

For our Japanese holdings, we request that all information is published in English at the same time as they are published in Japanese.

Further, we encourage companies invested in to report on their CO2 emission and to support the UN Global Compact.

Observation and exclusion of sectors and companies

We monitor sectors and companies and update an 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 tobacco, production of antipersonnel landmines, production of cluster munitions, production of nuclear, chemical and/or biological weapons. Further, the fund does not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production or sale of conventional weapons[1]. The fund does not invest companies which 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. Further, the fund does not invest in 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.

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 are imported into our portfolio monitoring and management system, ensuring that individual clients do not invest in companies, sectors, counties, etc. excluded by their investment policy.

Climate Change and the Montréal Carbon Pledge

In accordance with our long-term perspective to protect our clients' holdings and portfolio return, we recognise that climate change is a growing risk that needs collaborative global action.

As investment managers, we have signed the Montréal Carbon Pledge. We support the Paris Agreement and will work to:

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

The Montréal Carbon Pledge commits its signatories to measure and disclose the carbon footprint of part or all of their equity portfolio.

The VI Team signed the Montréal Pledge in 2017 and has been measuring the carbon footprint of the Funds ever since. Measuring the carbon footprint helps us understand, quantify, and manage climate related risks, impact, and opportunities.

[1] Conventional weapons include small arms and light weapons as well as (non-weapons of mass destruction) bombs, shells, rockets, missiles, warships, military aircraft, tanks etc.

We report on our activities and progress towards implementing the policies and practices presented in this document

As part of the quarterly reporting to clients, we report on our ESG related activities and progress, including portfolio key ESG data, proxy voting and engagement activities.
