

# Engagement Policy

Through our engagement activities, we strive to maximize long-term returns while reducing risks for our investments by communicating risks and opportunities we see in our relevant investable markets, encouraging innovative best practices, and driving continuous improvement in sustainability practices.

We believe that being a good steward of our clients' capital carries the responsibility of actively engaging portfolio companies and investments in a range of discussions, including those related to ESG issues. To do so, we may employ a variety of tools including initiating direct dialogue with senior company leadership, actively voting proxy statements, and coordinating with other owners where it's in the best interest of our investors to do so. We believe these actions encourage companies to take positive and effective actions that are consistent with shareholder interests and promote corporate longevity.

Our goal is to leverage longstanding relationships as a stakeholder by encouraging management teams to improve transparency, implement operational best practices, complete proper environmental reporting disclosures, and improve upon shareholder and management alignment through strengthened corporate governance.

## Key Modes of Engagement

1. **Direct engagement** with company management teams to drive positive change relative to our review of critical sustainability issues and ESG analysis.
2. **Industry leadership** to collaborate with our clients, research analysts, management teams and other actively involved investment managers to build best practices across our sectors.
3. **Industry initiatives** with third party organizations to increase ESG reporting and transparency. This ESG analysis then leads to potential engagement topics.

**Our research and investment process fully integrates both traditional fundamental analysis and ESG analysis that the investment team believes will affect investment valuations and long-term value. An important aspect of this approach is that both the fundamental analysis and the ESG analysis are conducted and integrated by the investment team. Each investment has an assigned portfolio manager or analyst who is responsible for all aspects of the research process and for engaging with company management. This circular process enables our investment team to identify the level and type of engagement needed in order to promote and monitor future progress.**

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**Our investment team engages with portfolio companies in a wide variety of formats with the goal of aligning investments with our vision of top tier, sustainable operations / supply chain, transparent reporting, and strong governance.**

## **Engagement Prioritization**

While we strive to engage with all of our portfolio companies, it may become necessary to prioritize certain engagements and topics over others. When necessary, we prioritize our engagement targets based on the following:

- The materiality of ESG factors on financial and/or operational performance
- The size of our holdings in the entity or the size of the asset, portfolio company/ and or property
- The adequacy of public disclosure on ESG factors/performance

## **Escalation Strategies**

We lean heavily on our proxy voting and our engagement efforts to push for positive change. There are incidents where despite those efforts, escalation is required. Items of concern are escalated beyond management teams to include letters and other contacts with independent Board members, collaboration with other large stakeholders, and even decisions to divest of certain investments.

## **Engagement with other institutions**

Beyond engaging with our portfolio companies, we engage with our clients, signatory organizations, and regulators. We prioritize active membership and engagement with our signatory organizations. This is an opportunity for us to share best practices and continually improve our engagement efforts.

As we strive to stay at the forefront of regulatory and policy changes in the sustainability landscape, we engage with regulators, government officials and other organizations.