

MAM Public Investments

Engagement Policy

1. Introduction

1.1 Macquarie Asset Management

Macquarie Asset Management (“**MAM**”) is a global asset manager providing access to specialist investment expertise across a range of capabilities spanning our Private Markets and Public Investments businesses.

MAM’s Public Investments business (“**MPI**”) partners with institutional and individual clients to deliver specialist active investment capabilities across global equities, fixed income and multi-asset solutions. In the United States, retail investors recognise our Delaware Funds® by Macquarie family of funds as one of the oldest mutual fund families.

MAM is part of Macquarie Group, a diversified financial group providing clients with asset management, finance, banking, advisory and risk and capital solutions across debt, equity, and commodities. Founded in 1969, Macquarie Group employs approximately 18,000 people in 33 markets and is listed on the Australian Securities Exchange.

1.2 MAM Public Investments

MPI is made up of independent investment teams focused on providing investment capabilities across a large range of asset classes to clients including pension and superannuation funds and other institutional and individual investors globally.

MPI’s specialised, independent investment teams focus on delivering long-term, consistent results for our clients. Each team has autonomy to execute on its own investment philosophy and process – to focus on investing – while benefitting from a comprehensive global operational support platform as well as a broad global distribution network. All our teams share several traits: independent thinking, global perspectives and conviction in their specialised investment philosophies.

Across MPI, we believe that investing in well-managed companies will deliver long-term value and therefore, that it is important for a company to have high-quality management with appropriate supervision through balanced controls. Typically, this means that a company has a strong and effective board, honours appropriate ownership and shareholder rights, implements effective remuneration structures in line with long-term performance, delivers transparent and high-quality reporting to its investors and other stakeholders, and considers and discloses its environmental and social exposure.

2. Our policy

Our policy sets out how investment teams within MPI integrate engagement into their investment strategies. We define engagement as active dialogue with a targeted objective that occurs between MPI and current or potential investee companies/issuers. Engagement objectives entail the furthering of an investment team's understanding of material environmental, social, or governance ("**ESG**") issues and demonstrate to current and potential investee companies/issuers the importance of these issues as criteria for inclusion or retention of the company's securities in a portfolio. Examples of these objectives include improving practice on an ESG issue, changing a sustainability outcome in the real world, or improving public disclosure. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients.

In preparing our Engagement Policy, MPI has observed the Macquarie Group's three long-held principles of Opportunity, Accountability and Integrity, which are further explained in the [Macquarie Group Code of Conduct](#).

3. Integration of investor engagement

The integration of investor engagement in the investment process varies for MPI's investment teams as each team owns its own investment process.

In situations where MPI entities are managing assets of investment funds as delegated fund managers for third party management companies, the engagement policies and proxy voting policies of the respective management company may need to be respected. These policies and procedures are respected and followed with priority.

All MPI investment teams have access to specialised Environmental, Social and Governance (**ESG**) research, governance and proxy analysis. Investment teams determine how best to leverage this information in their investment process, including how to use the information when monitoring investee companies and determining when to engage with management of the companies invested in.

4. Monitoring of investee companies

Where relevant, one of the factors MPI's investment teams may consider when deciding to invest in a particular company is the **quality and depth of the company's management**.

In addition, MPI's investment teams monitor investee companies on relevant matters, which may include:

- a. **strategy**, including the corporate strategy as well as any ESG/Corporate Social Responsibility and/or Sustainability strategy;
- b. **financial and non-financial performance and risk**, including analysing corporate reports, annual reports, earnings, as well as ESG ratings and initiatives and ESG reports;
- c. **capital structure**, including analysing debt and growth opportunities; and
- d. **social and environmental impact and corporate governance**, including using data and research from third party providers or research produced by the teams themselves and as further described below in *Dialogue with Investee Companies*.

5. Dialogue with investee companies

MPI's investment teams often engage with investee companies as part of their regular investment processes. These engagements are typically strategic in nature and provide additional insights into management quality, business drivers, financial strategy, financial and non-financial performance and risks, capital structure etc. During these meetings, MPI's investment teams may discuss ESG factors, including social and environmental impact and corporate governance and incorporate their findings into the overall assessment of the management teams.

MPI's investment teams (or otherwise central teams on behalf of investment teams) may also engage directly with investee companies to encourage additional ESG disclosure or to improve practice on an ESG issue. Companies that have been targeted for engagement are typically identified and prioritised by geography, sector, size, and materiality in order to ensure that a diverse cross-section of engagements are undertaken and a variety of ESG issues are addressed.

Through engagement, MPI's investment teams ensure that corporate management teams are monitored and held accountable for their actions. When assessing investments, investment teams seek to understand how management teams acknowledge, manage, and reduce ESG-related risks and engage with investee companies on how these risks are being managed.

Factors such as the type of investment instrument held, degree of ownership stake, and relative

investment style will influence the ability to gain access to and influence company management.

Portfolios with investments in corporate bonds may have limited influence and a reduced ability to engage. In such circumstances, fixed income investment teams may partner with equity investment teams who also have equity holdings in the company, in order to have greater impact.

6. Exercising voting rights and other rights attached to shares

MPI's investment teams provide investment advisory and portfolio management services to various types of clients. Pursuant to the terms of an investment management agreement between MPI and a client or as a result of another type of specific delegation by the client, MPI's active investment teams may be given the authority and discretion to vote proxy statements relating to the underlying securities which are held on behalf of such clients.

In cases where MPI's equity investment teams have been delegated the responsibility to vote or provide advice on proxies, MPI has developed Proxy Procedures and Guidelines to ensure that MPI's active equity investment teams vote proxies or give proxy voting advice that is in the best interests of MPI's clients.

MPI investment teams that are actively engaged in proxy voting retain the ability to discuss upcoming proxy votes with company management. In those instances where MPI votes against management's recommendation and the proxy result is contrary to MPI's vote, the investment team that owns the respective security on behalf of its client has the option to escalate the matter. Options available to MPI's investment teams include: directly contacting the company's senior management; MPI's Sustainability Team engaging with the company in collaboration with or on the investment team's behalf; and reducing the team's holdings in the company or divesting from the position in its entirety.

MPI's ESG proxy alert system, implemented in early 2021, pro-actively alerts investment teams when an ESG-identified issue arises for a proxy vote in a company which they hold, ensuring that these issues receive heightened scrutiny. It is the responsibility of each team to vote as they determine is best for their clients in accordance with MPI's Proxy Procedures and Guidelines.

7. Cooperation with other investors & communication with other stakeholders

7.1 Industry collaboration

Across the Macquarie Group, we collaborate with industry, government, and other stakeholders to share knowledge and build capacity through industry initiatives and memberships.

MAM entities have been signatories to the Principles of Responsible Investment ("PRI") since 2010 and this Engagement Policy supports the principles set forth under the PRI. MPI's investment teams may use the PRI platform to collaborate with other investors, including through collaborative engagements with investee companies.

MAM became a member of Climate Action 100+ in July 2020. As a member of Climate Action 100+, we collaboratively engage with systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and achieve the goals of the Paris Agreement.

MAM joined the World Benchmarking Alliance ("WBA") as an Ally in April 2021, which represents organizations working at global, regional, and local levels to shape the private sector's contributions to achieving the United Nations' Sustainable Development Goals ("SDGs"). As an Ally, MAM supports WBA's mission, vision, and values, and believes in the power of benchmarks and cross-sector partnerships to drive systematic progress on the SDGs.

Participation in these engagements is coordinated by MAM's Sustainability Team and often performed in conjunction with investment personnel who have a material interest in the policies of the targeted companies. Participation is prioritised based on the potential to create value for our clients, enhance knowledge of ESG issues through other investors, and ability to add value to the collaboration. We also aim to diversify collaborations to include a mixture of geographies and markets where our teams invest.

Through the collaborating group, MAM defines timelines and milestones for the engagement's objectives, tracks and monitors progress against defined objectives and KPIs and revisits, and if necessary, revises objectives of the engagement on a continuous basis.

MAM's participation in these collaborative engagements does not infer that every investment team agrees with the engagement's objectives since all investment teams maintain independent beliefs regarding material issues that affect a given investment.

Any cooperation by MPI's investment teams with other Investors or communication with other Stakeholders will always be undertaken while observing the Macquarie Group's principles of Opportunity, Accountability and Integrity. Further information on these guiding principles can be found in the [Macquarie Group Code of Conduct](#).

7.2 Proxy voting

Through proxy voting, the investment teams may also collaborate with other shareholders by voting on shareholder resolutions. However, as set out in MPI's Proxy Voting Guidelines, voting proxies should be in the best interests of a client and should align with the goal of maximising the value of a client's investment.

To the extent that management of a portfolio company or another company shareholder wants to engage with MPI on a particular proxy statement, the company or shareholder would generally reach out to the investment team who holds the applicable company security on behalf of its clients. MPI will consider any additional information provided by the company or shareholder regarding an upcoming proxy and analyse such information along with prior research provided by its proxy advisor, before coming to a decision on how to vote the applicable proxy.

8. Managing actual and potential conflicts of interest

As a global organisation offering a diverse range of products and financial services, the Macquarie Group may have interests which conflict with the interests of its clients, counterparties or unit holders. Conflicts could also arise between such parties or between such parties and a Relevant Person, as defined under the [Macquarie Group Conflicts of Interest Policy](#).

In accordance with the Macquarie Group Code of Conduct, applicable laws, regulations, guidance and principles, Macquarie is required to manage conflicts of interest fairly.

The Macquarie Group Conflict of Interest Policy sets out the framework, controls and administration for identifying, preventing and managing conflicts of interest, whether actual, potential or perceived.

Additionally, each investment team adopts an appropriate governance framework to ensure that key decisions are taken in the best interests of investors, consistent with their clients' instructions and regulatory requirements, including the appropriate management of conflicts of interest arising between a fund and its related parties. Guidelines on how investment teams manage conflicts of interest relating to proxy voting are available through the Proxy Policies and Guidelines.

9. Reporting

MAM is a signatory to the UK Stewardship Code. As a signatory, MAM is responsible for publishing an annual report that demonstrates how we applied and supported each of the Code's twelve Principles in the preceding year. MAM also publishes an annual Sustainability Report, which includes examples of our engagement activities.

Our Stewardship Report includes summary statistics as well as case studies that demonstrate our approach towards ESG issues such as climate change mitigation and adaptation, modern slavery and human capital management, and board effectiveness, independence, and oversight.

MPI maintains a central engagement tracker, which serves as a repository for investment teams to log their ESG engagements. Information monitored in the tracker includes details such as ESG issues discussed, engagement method, investment teams involved, and the end result of the engagement.