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Engagement Policy

February 2021

At Quilter Investors, we believe that incorporating Environmental, Social and Governance (ESG) Considerations, should sit at the heart of the investment process.

We have a commitment to embedding Responsible Investment principles fully across our business. Stewardship is a core part of our Responsible Investment programme and something that we take seriously at Quilter Investors. This Policy should be viewed alongside our Responsible Investment Policy and Proxy Voting Policy, which outline our activities in more detail.

Quilter Investor Responsible Investment Policy

Quilter Investors Voting Policy

1.0 Policy scope

We believe that ESG issues have relevance to all investments, regardless of asset class. As such, the scope of this Policy applies to all our investment strategies including:

- Multi-asset solutions – managed by Quilter Investors' own portfolio managers
- Managed Portfolio Services offered on retail platforms – managed by Quilter Investors' own portfolio managers
- Sub-advised Funds – single-strategy mandates managed by our Sub-Advisers

As Quilter Investors' multi-asset investment strategies include fund-of-funds solutions, references to 'Managers' in this Policy relate both to managers of the funds in which we invest as part of those strategies and also to our Sub-Advisers, unless otherwise stated.

1.1 Engagement approach

As a funds-based investor, we engage closely with our Managers and scrutinise how effectively they engage on our behalf. Engagement is an ongoing conversation. This collaborative approach allows us to build rapport and develop mutual respect. It enables us to better understand the Managers we are investing with and their approach. It's also through this direct dialogue that we believe we can exert influence and make a difference. When concerns or material issues arise, we engage directly with our Managers as our first and preferred course of action. We believe it is equally as valid to address ESG-related issues as an engaged investor as it is to take a divestment or exclusionary approach.

This is particularly the case when it comes to the Managers of our sub-advised mandates. These Managers are appointed to run funds on our behalf and so we are keenly focused on deepening the collaboration in this area.

We consider our Engagement a success when we see positive change, but we acknowledge that these issues are often complex and patience is nearly always required. Ultimately, however, if we felt our Managers were not responding appropriately or our Engagement led us to conclude that the longer-term suitability of the investment (and/or investment process) had been irreparably impaired, we could redeem our holding.



Although we predominantly invest through funds, we may also invest directly in bonds and equities and in such cases would engage directly with the company/issuer should we feel it appropriate. In conjunction with continued dialogue, we will also use our rights to vote for a change at an Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM).

Given that we predominantly invest through funds, our Engagement process is executed in three main ways:

- 1 **Fund Level Engagement:** We can be agents for change by challenging the ways our Managers and their companies manage their ESG Risks and opportunities. If we support our Managers to encourage their companies to operate more sustainably, not only should this lead to better investment outcomes, but it will ultimately create more positive outcomes for society and the environment.

- 2 **Closed-End Funds:** Investment in these vehicles can confer voting rights that can be used in conjunction with continued dialogue. If we feel an issue is not being addressed through engagement, we will use our rights to vote for change at an AGM or an EGM.

- 3 **Sub-Advised Mandates:** With respect to our sub-advised mandates, we expect a robust Stewardship process to be executed on our behalf and activities to be disclosed. In certain instances, over the past 12 months, we have also worked collaboratively on Engagement plans with these Managers for specific company exposures.

Further detail on our engagement and voting can be found in the [Quilter Investors ESG Report](#).

1.2 Collaborative engagement

To date, our Engagement activity has been on an individual basis but collaborating with other investors, where effective, is a tool we may use. The decision to work collaboratively will be taken on a case by case basis, but in all such conversations, care will be taken to avoid inadvertently creating concert parties or sharing inside information. In such circumstances, we would seek alternative methods to address concerns. We are members of several industry or informal groups (either through direct membership or through our parent company, Quilter Plc), which we may use to facilitate collaboration with other investors, including:

- The UK Investment Association
- United Nations supported Principles for Responsible Investment (UNPRI)

1.3 Proxy voting

We expect our Managers to exercise the right to vote at shareholder meetings on our behalf (proxy voting) as investors in their funds. Managers have discretion on how to vote but, as a minimum standard, we expect our Managers to execute proxy votes on non-standard issues whenever they can. In some jurisdictions we understand that there may be practicalities that make it difficult to execute a proxy vote.

Voting is a key component of our process for engaging with closed-end funds. We vote on all resolutions at all AGMs and EGMs globally (unless we are restricted from doing so, for example, in share-blocked jurisdictions). Our investment team reviews all resolutions ahead of shareholder meetings and we only decide how to vote after due consideration and discussion. As a rule, we aim to discuss and resolve any concerns with management before deciding to abstain or vote against a resolution.



In practice, we are made aware of all shareholder meetings, including AGMs and EGMs through ongoing Engagement with our Managers prior to receiving a corporate notification. This is important as it allows for ample time to review the resolutions, especially for EGMs where the table of resolutions are likely to refer to a specific event rather than a recurring item.

We review all resolutions that are tabled and take an active involvement where necessary. For example, we may disagree with the recommendations of directors and/or third-party proxy advisers/administrations and, when appropriate, we will amend our voting intentions accordingly and provide a rationale for why we have done so. We wholeheartedly recognise the importance of voting, especially given that we are a significant investor in the closed-end fund sector.

We are fully transparent on our voting activity and report to our clients on a quarterly basis on our activity and in addition, will produce an Annual Voting Report. You can find out more about the process in our separate Proxy Voting Policy.

1.4 UK Stewardship Code

We recognise the UK Stewardship Code (the Code) as best practice. It aims to enhance the quality of Engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders.

As a responsible investor, Quilter Investors is committed to our role as a steward of client assets in order to protect and enhance long-term returns. This document is written in recognition of the Code as best practice and Quilter Investors will work towards embedding the requirements of the UK Stewardship Code 2020 with a view to becoming a signatory.

1.5 Conflicts of interest

It is possible that actual or perceived conflicts of interest may arise through the normal course of business in relation to the execution of our Stewardship activity. For example, should a potential conflict of interest be identified when exercising proxy votes, which may influence us to not act fairly, independently or objectively in the interests of our clients, we will follow the voting recommendations of ISS, our third-party proxy voting service provider.

Quilter Investors recognises the importance of managing potential conflicts of interest and maintains a Conflicts Register, which identifies current and potential conflicts of interest that impact our business. We have in place procedures, systems and controls, including mandatory training, to effectively manage these conflicts and to ensure that we act in the best interest of clients. The Conflicts Register is reviewed periodically by senior managers across the business.

The Quilter Investor's Compliance Manual sets out employees' responsibilities with regards to identification, prevention or management of conflicts of interest. All employees are obliged to confirm they are aware of the Quilter Investors' Compliance Manual and understand its content on an annual basis.

1.6 Policy review

We will continue to review this Policy at least on an annual basis to ensure it remains current.

Quilter Investors is the investment management business of Quilter Plc and includes Quilter Investors Limited and Quilter Investors Portfolio Management Limited.

Policy Owner: Head of Responsible Investment

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