

Active Ownership - Engaging with Companies and Proxy Voting

Macquarie Investment Management Europe S.A. (hereafter “ValueInvest”) has adopted a written engagement and proxy voting policy as set out below.

As long-term investors, ValueInvest engages in dialogue with companies. We believe that our long-term success and contribution to sustainable development depend on our active monitoring of the companies invested in.

On behalf of our clients, we have an interest in understanding the corporate governance and sustainability framework of the companies in addition to their operation and strategy. We believe the companies’ boards and management should address relevant environmental, social, and governance issues and report on this to their shareholders.

When collaborating with other investors, our combined holding size gives us access to board members, senior management, and a range of specialists of the companies invested in. As signatories to the PRI, we collaborate with the ESG Engagement team of the PRI to identify key environmental, social, and governance issues in the market - and to address them.

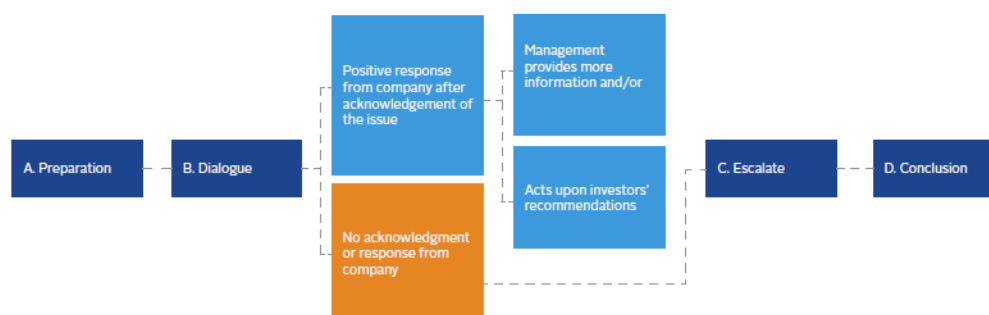
Signatories have been consulted on priority ESG issues to engage on, which include:

- Environmental issues: *climate change, water risk, fracking, deforestation*
- Social issues: *labour standards, human rights, inequality, gender diversity*
- Governance: *tax, anti-corruption, proxy voting, board accountability, executive pay*

We look to engage on all topics and with all companies relevant to our portfolios. The identified key issues are subject to revision and is a result of dialogue between the ESG Engagement Team and the Investors/Signatories.

When engaging with companies, we seek to improve certain standards and practices. Most sectors and companies invested in continue to progress and undergo restructuring and adjustment, and this extends to the corporate governance standards expected by the shareholders.

For each engagement topic, we set up measurable goals for improvements. The engagements may extend over several years and involve a range of companies. Once an investor group has identified one or more ESG issues and agree to engage collaboratively to address them, the process of collaborative shareholder dialogue with companies typically follows the stages below¹:



¹ Source: PRI: [Introductory guide to collaborative engagement](#)

We record company dialogue according to the goals set out for the engagement. We document the engagement objectives and goals prior to initiating an activity and store and measure any progress in our proprietary company database.

Based on the work accomplished through collaborating with other investors, we evaluate whether the results from the engagement meet the expectations and goals set out at the beginning and whether further actions are needed, e.g. proxy voting.

Proxy Voting

ValueInvest exercises shareholder's rights through proxy voting. In keeping with our long-term interest, 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.

We have established voting guidelines that provide the basis for our voting decisions. The Proxy Voting Policy is designed and implemented in a manner expected to reasonably ensure that voting and consent rights are exercised in the best interests of the Funds and their shareholders/investors.

The Proxy Voting Policy has been adopted by each fund and account managed, advised, or sub-advised (collectively, the "Fund/Funds") as policies and procedures that are use when proxy voting or giving recommendation on voting on behalf of the Funds.

We have selected an unaffiliated third party proxy research and voting service ("Proxy Voting Service") to assist in researching and voting. With respect to each ballot received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation on how to vote on each proposal.

Upon receiving the recommendation, the Investment Management Team may determine to override any recommendation made by the Proxy Voting Service. If the Proxy Voting Service does not provide a recommendation with respect to a proposal, we may determine to vote on the proposals directly.

We may determine not to cast proxy votes for a company if:

- a) the effect on the applicable Fund's economic interests or the value of the portfolio holding is insignificant in relation to the Fund's portfolio;
- b) the cost of the proxy vote outweighs the possible benefit to the applicable Fund, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the portfolio managers to effect trades in the related security; or
- c) It was otherwise determined that it is consistent with our fiduciary obligations not to cast proxy votes

Conflicts

In the event that the Proxy Voting Service does not provide a recommendation, or the Investment Management Team propose to override a recommendation by the Proxy Voting Service, we will review the ballot to determine whether there is a material conflict between ValueInvest and the

applicable Fund or between the Fund and other Funds. If no material conflict exists, the vote will be cast according to the recommendation of the Investment Management Team.

If a material conflict does exist, we will seek to resolve the conflict in good faith and in the best interests of the applicable Fund, as provided by the Proxy Voting Policy. The Proxy Voting Policy permits us to seek to resolve material conflicts of interest by pursuing any one of several courses of action.

With respect to material conflicts of interest between ValueInvest and a Fund, the Proxy Voting Policy permits us to either:

- i. convene a committee to assess and resolve the conflict (the "Proxy Conflicts Committee");
or
- ii. vote in accordance with protocols previously established by the Proxy Voting Policy, the Proxy Conflicts Committee, and/or other relevant procedures approved by ValueInvest's Chief Executive Officer and the Compliance Department

With respect to material conflicts of interest between a Fund and one or more other Funds, the Proxy Policy permits us to:

- (i) designate a ValueInvest Compliance Officer, who is not subject to the conflict, to determine how to cast a proxy vote if the conflict exists between two Funds; or
- (ii) permit the Investment Management Team to cast a proxy vote in accordance with each Fund's or account's best interests, if the conflict exists between Funds

We will supervise and periodically review our proxy voting activities and the implementation of the Policy.

Specific Proxy Voting Policies on Client Securities

Routine Matters

Routine matters are typically proposed by the Management (as defined below) of a company and meet the following criteria:

- i. they do not measurably change the structure, management, control, or operation of the company;
- ii. they do not measurably change the terms of, fees, or expenses associated with an investment in the company; and
- iii. they are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company

For routine matters, we will vote in accordance with the recommendation of the company's management, directors, general partners, managing members, or trustees (collectively, the "Management") as applicable, unless, in our opinion, such recommendation is not in the best interests of the investing Clients.

General Matters

ValueInvest will generally vote for proposals:

- to set time and location of annual meeting
- to change the fiscal year of the company and
- to change the name of a company

Board Members

Election or Re-Election:

ValueInvest will generally vote for Management proposals to elect or re-elect members of a board of directors (a "Board").

Fees to the Board:

ValueInvest will generally vote for proposals to increase fees paid to the Board, unless it determines that the compensation exceeds market standards.

Capital Structure

ValueInvest will generally vote for proposals to change capitalization, including to increase authorized common shares or to increase authorized preferred shares, as long as the proposal does not either: (i) establish a class or classes of shares or interests with terms that may disadvantage the class held by the investing Clients or (ii) result in disproportionate voting rights for preferred shares or other classes of shares or interests.

Appointment of Auditors

ValueInvest will generally vote for the approval of auditors and proposals authorizing the Board to fix auditor fees, unless:

- ValueInvest has serious concerns about the auditors presented, including their independence, or the audit procedures used or
- the auditors are being changed without explanation

Non-Routine Matters

Non-routine matters involve a variety of issues and may be proposed by a company's Management or beneficial owners (*i.e.* shareholders, members, partners, *etc.* (collectively, the "Owners"). These proposals may involve one or more of the following:

- (i) a measurable change in the structure, management, control, or operation of the company;
- (ii) a measurable change in the terms of fees or expenses associated with an investment in the company; or
- (iii) a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company

Board Members

Term Limits:

ValueInvest will generally vote for proposals to require a reasonable retirement age (e.g. 72) for board members, and will vote on a case-by-case basis on proposals to attempt to limit tenure.

Replacement:

ValueInvest will generally vote against proposals that make it more difficult to replace the Board, including proposals:

- to stagger the Board
- to overweight Management representation on the Board
- to introduce cumulative voting (cumulative voting allows the Owners to "stack" votes behind one or a few individuals for a position on the Board, thereby giving minority Owners a greater chance of electing the Board)
- to introduce unequal voting rights
- to create supermajority voting
- to establish pre-emptive rights

Liability and Indemnification:

In order to promote accountability, ValueInvest will generally vote against proposals to limit the personal liability of the Board for any breach of fiduciary duty or failure to act in good faith.

Ownership Issues:

ValueInvest will generally vote for proposals that require Management to own a minimum interest in the company.

The purpose of this policy is to encourage the alignment of Management's interests with the interests of the company's Owners. However, ValueInvest will generally vote against proposals for stock options or other compensation that grant an ownership interest for Management, if such proposals offer more than 10% of the outstanding securities of a company, as such options may dilute the voting rights of other Owners of the company.

Compensation, Fees, and Expenses

In general, ValueInvest will vote against proposals to increase compensation, fees, or expenses to be paid to the company's Owners, unless ValueInvest determines that the benefits to the company and its Owners justifies the increased compensation, fees, or expenses.

Voting Rights

ValueInvest will generally vote against proposals:

- to introduce unequal voting or dividend rights among the classes
- to change the amendment provisions of a company's charter documents by removing Owner approval requirements
- to require supermajority ($\frac{2}{3}$) approval for votes rather than a simple majority ($\frac{1}{2}$)
- to restrict the Owners' right to act by written consent
- to restrict the Owners' right to call meetings, propose amendments to the articles of incorporation or other governing documents of the company, or nominate the Board

ValueInvest will generally vote for proposals that eliminate any of the foregoing rights or requirements.

Takeover Defences and Related Actions

ValueInvest will generally vote against any proposal to create any plan or procedure designed primarily to discourage a takeover or other similar action, including "poison pills". Examples of "poison pills" include:

- large increases in the amount of stock authorized, but not issued
- blank check preferred stock (stock with a fixed dividend and a preferential claim on company assets relative to common shares, the terms of which are set by the Board at a future date without further action by the Owners)
- compensation that would act to reward Management as a result of a takeover attempt, whether successful or not, such as revaluing purchase price of stock options, or "golden parachutes"
- fixed price amendments that require a certain price to be offered to all Owners based on a fixed formula and
- greenmail provisions that allow a company to make payments to a bidder in order to persuade the bidder to abandon its takeover plans

ValueInvest will generally vote for proposals that eliminate any of the foregoing rights or requirements, as well as proposals to:

- require that "golden parachutes" or "golden handcuffs" be submitted for ratification by the Owners and
- to opt out of state anti-takeover laws deemed by ValueInvest to be detrimental

ValueInvest will generally vote on a case-by-case basis regarding other proposals that may be used to prevent takeovers, such as the establishment of employee stock purchase or ownership plans.

Reincorporation

ValueInvest will generally vote for a change in the state of incorporation if the change is for valid business reasons (such as reincorporating in the same state as the headquarters of any controlling company).

Debt Issuance and Pledging of Assets for Debt

ValueInvest will generally vote on issues relating to the issuance of debt, the pledging of assets for debt, and an increase in borrowing powers on a case-by-case basis, taking into consideration relevant factors, including, for example:

- the potential increase in the company's outstanding interests or shares, if any (*e.g.* convertible bonds) and
- the potential increase in the company's capital, if any, over the current outstanding capital.

Mergers or Acquisitions

ValueInvest will vote on issues relating to mergers or acquisitions on a case-by-case basis, but will generally vote for any proposals that ValueInvest believes will offer fair value to its Clients.

Termination or Liquidation of the Company

ValueInvest will vote on issues relating to the termination or liquidation of a company on a case-by-case basis, taking into consideration one or more of the following factors:

- terms of liquidation
- past performance of the company and
- strategies employed to save the company

Social & Environmental Issues and Corporate Responsibility

ValueInvest will vote on issues relating to social and environmental issues on a case-by-case basis, but will generally vote for any proposals that will reduce discrimination, improve protections to minorities and disadvantaged classes, and increase conservation of resources and wildlife.

ValueInvest will generally vote against any proposals that place arbitrary restrictions on the company's ability to invest, market, enter into contractual arrangements, or conduct other activities.

ValueInvest will also generally vote against proposals:

- to bar or restrict charitable contributions or
- to limit corporate political activities.

All Other Matters

All other decisions regarding proxies will be determined on a case-by-case basis, taking into account the general policy as set forth above.

Transparency

ValueInvest reports on all Engagement- and Proxy Voting activities to clients.