

# Responsible Investment Policy 2022



## 1. Introduction

The GIB Asset Management (GIB AM) Responsible Investment Policy covers our approach to responsible investment and our stewardship processes. GIB AM ensures that all investment decisions are made consistent with the relevant regulation and regulatory environments in which we operate.

### 1.1. Policy Scope

This policy applies to all of our assets under management. This includes assets managed on behalf of third-party clients under mandates, unless client-specific requirements specify otherwise.

## 2. Philosophy

GIB AM's vision is to create value for our clients through sustainable investment. We believe success in this field will scale and mobilise capital in support of sustainable development.

Sustainability, responsible investment, and responsible banking are core to how we do business, and our vision is to drive the reallocation of capital by offering our clients a set of products that deliver financial performance with impact.

The real value of future investments depends not only on their performance, but also on the state of the world in which they will be enjoyed. We believe that the greatest financial opportunities lie in solving our greatest sustainability challenges and that can only be enjoyed in a safe, clean, biodiverse, and habitable world. Our asset management business has investment excellence at its heart. Our teams have a diverse set of skills and experiences but share the same ideologies and core values; applying rigorous analysis and diligence to outperform through sustainability.

## 3. Solutions

At GIB AM, we offer a range of opportunities from full indexation at one end of the scale, through to focused impact at the other, with a range of assets and styles in between. Our rules-based equity, active equity, fixed income, and balanced opportunities will reflect that banner of shared values across complementary products. Below we outline these solutions.

Our Sustainable World approach is multi thematic; we believe the greatest profits belong to companies who can solve our greatest challenges. Those great challenges include Climate, Health, and Waste, and form the basis of our themes. We believe that healthy, safe and clean products will outsell unhealthy, dangerous and polluting products over the coming decades.

Our Emerging Markets Active Engagement Strategy shares the same view of sustainable investment delivered through investment rigor, due diligence and bottom-up analysis. It's two pillar process first identifies undervalued business through bottom-up analysis while the second pillar involves partnering with portfolio companies to drive change on material ESG issues to generate alpha.



Our Sustainable Indexation Solution business shares the same aim of finding the most sustainable businesses in order to outperform but utilises a rules-based data-driven approach. The team's proprietary scoring methodology assesses a company's ESG credentials with a focus on financially material issues and invests in the very best in each industry.

## **4. Stewardship**

Stewardship covers all aspects of our active ownership activities. It consists of two main parts, engagement and proxy voting. The stewardship process is exceedingly important for us as it can generate additional alpha from material sustainability-related improvements, uncover deeper investment insights, reduce investment risk, and drive better impact outcomes. As our investee companies succeed, so do we.

Our stewardship activities satisfy our responsibilities under UN PRI principle 2 and 3: to be active owners and incorporate ESG issues into our ownership policies and practices; and seek appropriate disclosure on ESG issues by the entities in which we invest.

### **4.1. Engagement**

The dual understanding of a company's behaviour provided by our understanding of impact and integration offers an excellent platform for engaging with company management. All products, both passive and active, benefit from our investment teams' interactions with companies.

We believe that when we invest in a company, we partner with them. Engagement is therefore defined by us as all efforts by minority investors to help move controlling owners and management teams onto a roadmap of change - one which provides a pathway of higher incremental returns and/or an improved ESG profile. We prefer to 'grow the pie'.

GIB AM proactively engages with companies in which we invest across all asset classes and geographies, leveraging our passive book to bolster our active positions where overlap occurs.

Through engagement with these companies, we gain additional understanding of material topics and, when relevant and possible, drive change with the aim of enhancing our investee companies' ESG credentials or other corporate characteristics. GIB AM may conduct its engagement activities in house, in collaboration with others, or via the use of a third party provider.

### **4.2. Proxy Voting**

Proxy voting provides us with an opportunity to exercise our rights as owners of companies and as such we endeavour to vote on every meeting that we have the opportunity to.

For GIB AM, Proxy voting serves two purposes: to allow us to formally express our view on certain aspects of a company, such as remuneration or the effectiveness of the current board of directors; and second, to serve as an opportunity to engage with our companies on current resolutions and future issues.

GIB AM's proxy voting policy provides the basis for proxy voting decisions and is applied centrally for all stocks. This policy has been reviewed and condoned by the investment team. From time to time the Sustainability and Engagement team, in consultation with the relevant portfolio managers, may override the proxy voting policy. This may occur where the policy does not give a voting direction due to a novel resolution, or where there is no clear answer, or where the investment team may feel that the policy does not fully take into account what is best for the client for the particular resolution.

GIB is committed to transparency in our Proxy voting process and therefore we disclose our voting behavior ex-post [here](#) as soon as possible, usually the day after a vote. We will include justification of our voting behavior wherever possible, although acknowledge that Proxy voting is a blunt tool for often complex questions and that full explanation of voting behavior may not be possible. Please contact us for more information if desired at [engagement@gibam.com](mailto:engagement@gibam.com).

## 5. Exclusions

Prior to and over the life of an investment we assess and monitor potential negative impacts on sustainability by our investee companies. Our strategies each have different exclusions which may include:

- weapons;
- fossil fuels;
- adult entertainment;
- tobacco production;
- alcohol production;
- gambling;

We also review global norms. The Investment Manager will also exclude from the eligible investment universe issuers that are subject to United Nation, European Union, United Kingdom or United States sanctions due to their systematic breach of standards. Issuers are assessed against these restrictions at the beginning of the Investment Manager's detailed bottom up analysis.

## 6. Risk Management

GIB believes that integrating ESG principles into our investment process allows us to better understand the total risk that exists in a company. As described above, the ESG integration process within each strategy ensures that there is an explicit acknowledgement of ESG risk within the investment teams. This is further reinforced by the monitoring of ESG scores provided by external 3rd parties to our internal risk team. This provides the risk team with an independent point-of-view that allows them to challenge the investment team on decisions and assumptions made on ESG issues.

As another example, climate change risk is embedded across the asset management business. GIB's Risk Appetite Statement mitigates climate-related investment risk by applying monthly monitoring and comprehensive controls to our investment portfolios. Equity portfolios are monitored by the Investment Risk and Performance Committee. The Portfolio Performance and Control and Risk teams support our investment staff in monitoring climate-related metrics.

## 7. Governance

We believe that excellent risk management is a result of excellent governance. For us, an effective governance framework includes the following:

- Clearly defined roles and responsibilities across the organisation
- Executable and auditable decision making process
- Enforceable discipline (e.g. monitoring of compliance with policies and procedures)
- Committees taking collegial decisions, based on reporting/escalated information and effective change.



The Sustainability and Engagement team (S&E team) is responsible for owning the Responsible Investment policy, and for its annual review. Implementation of the policy is delegated to the relevant investment teams, with ultimate responsibility lying with the analyst.

Our governance activities satisfy our responsibilities under principles 4 and 5 of the UN PRI: to promote acceptance and implementation of the Principles within the investment industry; and to work together to enhance our effectiveness in implementing the principles.

## **8. Reporting**

GIB AM is a signatory of the UN Principles for Responsible Investment (UN PRI) and aims to align with the initiative in reporting our activities and progress, in order to be accountable for our responsible investment goals. This includes disclosing how ESG issues are integrated within our investment practices, reporting on progress on engagements, raising awareness amongst the investment community, and providing transparency to investors in meeting their ESG aims. We have highlighted through the policy where we have directly addressed these responsibilities.

Our proxy voting activities will be made available publically through a dedicated portal, usually the day after a company vote takes place.

GIB AM abides by the recommendations of the Task Force on Climate-related Financial Disclosures in reporting on the climate-related financial risks facing our organisation. We aim to publish robust and comprehensive disclosures in line with regulatory and industry standards.

Similarly, we will report on our progress against our Net Zero Asset Managers Initiative goals on an annual basis, and review and update these goals where appropriate.

Our reporting activities satisfy our responsibilities under UN PRI principle 6: to report on our activities and progress towards implementing the principles.

## **9. Managing Conflicts of Interest**

We are aware of potential conflicts of interest that can arise internally within GIB AM and with clients. We strive to identify and manage conflicts of interest that may occur, in particular those arising from our engagement and voting activities. Our Policy for the Management of Conflicts of Interest keeps the best interest of our clients in mind. GIB AM requires all employees that take part in proxy voting and engagement activities to disclose any personal or business related conflict of interest. Compliance logs conflicts of interest together with agreed mitigating measures and governance arrangements and these are reviewed by the to the Business Risk Committee (BRC) on at least an annual basis.

Where there is an opportunity for a conflict of interest, the employee(s) affected will be excluded from engaging and / or voting (and from decision making) on these issues. In situations of necessary escalation, the BRC will ensure that any further conflict of interest incident is dealt with in the appropriate manner.