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Signatory of:



Engagement Policy Statement

13 JUN 2024

1 INTRODUCTION

Accresco Investment Management Limited ("Accresco") believes that conscientious companies committed to the principles of stakeholder capitalism (i.e. well-managed and socially responsible businesses which take into account employee welfare, work towards making an impact on the community, and make efforts to reduce their environmental footprint) stand a greater chance of generating enduring value in the long term when compared to those focusing purely on shareholder capitalism (i.e. businesses purely focused on maximizing shareholder wealth).

Accresco believes that responsible investment practices is an important element in achieving long-term sustainable value creation through financial investments. This is precisely why we promote the integration of responsible investment attributes, including with environmental, social, and governance (ESG) considerations when aligning our client's financial objectives as part of our fiduciary responsibilities.

This Engagement Policy ("Policy") is a complementary component to our broader Responsible Investment Policy which sets the groundrules for ESG integration in investment decisions. Accresco periodically engages with companies on the questions of financial health/soundness, growth prospects and forward strategies through meetings with senior management. As such this Policy is meant to also establish the framework for engaging with investee companies and relevant stakeholders on the question of ESG engagement. It is expected that all personnel adhere to the Policy laid out in this document.

Our policies are established by the Investment Committee spearheaded by the firm's Chief Investment Officer. Our engagement approach was validated by the Chief Executive and the Board of Directors who have ultimate oversight for the firm's activities.

This Policy statement will be reviewed at least once per year to ensure alignment with evolving best practices, regulatory requirements, and stakeholder expectations. Any updates or enhancements will be communicated to relevant stakeholders.

2 ENGAGEMENT

2.1 Definition

Accresco is committed to its enduring values and as a signatory to the United Nations-supported Principles for Responsible Investment (PRI). Despite its small size, as investment managers, we see ourselves as minority shareholders leveraging our clients' combined ownership positions to try to address ESG matters when relevant. Engagement, as defined by Accresco, encompasses actions aligned with our fiduciary duties and the investment objectives set by our clients. These actions involve interacting with current and potential portfolio companies, stakeholders, and industry participants to influence and enhance ESG practices and disclosure.

We engage because we recognize that robust corporate governance and responsible capital stewardship are integral to long-term investing. Embedding ESG practices into our global investment activities is a core pillar in safeguarding the long-term interests of our clients. Specifically, we believe that integrating ESG into our investment analysis and portfolio construction not only improves risk mitigation but also enhances the investment strategies we employ to achieve each client's investment objectives.

2.2 Identification of Relevant Activities

Accresco determines the timing, manner, and focus of engagement based on its potential impact on our clients' financial outcomes. We consider engaging with an organization on an ESG issue if:

- It currently or potentially affects the financial health, operational performance, or future positioning of the organization (e.g., a current or potential portfolio company).
- Accresco assesses its ability, either independently or collectively with the global investment community, to influence the organization.

Effective engagement begins with thorough investment analysis conducted by our fundamental research analysts. It hinges on clearly defining the engagement's scope, participants, and potential outcomes. Our approach prioritizes engagements likely to have the greatest impact on a company. The goals of engagement are guided by our ESG objectives listed in the firm's responsible Investment policy and encompass, but are not limited to:

- Ensuring alignment with shareholder interests
- Optimizing capital allocation
- Efficient carbon emissions management
- Management strategy and corporate governance
- Company culture that embraces diversity, equity, and inclusion

2.3 Engagement Process

Given the limited size of the Mauritian regulated capital markets landscape, and our on-the-ground proximity, we are able to meet and engage with C-Suite management of investee companies at least once a year. During these conversations, in addition to quantitative discussions we also engage on the topic of ESG with listed companies. These ongoing dialogues help provide a qualitative insight into the management teams and enriches our fundamental analysis.

During our conversations we want to understand how the company intends to enhance stakeholder capital on the following themes:

- Governance priorities set by management and the board
- Sustainability themed initiatives and/or its inclusion into the business model

- Strategies for aimed at enhancing human capital and employee morale
- Approach towards making impactful actions within local communities

Our due diligence exercise uses a variety of sources, including third-party data, company reports, stakeholder assessments, and direct engagements with companies and peers. We evaluate potential investments against our ESG objectives and industry benchmarks, leveraging these insights in our fundamental research. These analyses form the investment recommendations of our fundamental research analysts and shape our portfolio construction. The analyses yield information that impacts our assessment of value, including factors that may impact profitability, capital intensity, employee retention, risk reduction, and cost of capital.

2.4 Monitoring and Escalation

Our approach to investing involves carefully evaluating ESG considerations throughout the investment lifecycle. Tracking, documenting and reporting these engagements is integral to our process. Additionally, our Investment Committee monitors ESG discussions and engagement activities within our investment universe, as reported by our analysts and portfolio managers. This systematic approach ensures transparency, accountability, and alignment with our clients' investment objectives and ESG principles.

Although we try to ensure that we have selected the right companies at the outset, it is possible that a future major adverse event occurs that is deemed to constitute a significant negative ESG risk. This would include controversies relating to a company's actions, practices, products or businesses that are deemed to be unethical, involve gross misconduct, human rights abuses, employee exploitation, conflicts, greenwashing and other similarly issues.

Should such a significant ESG issue occur following which we expect negative implications for the security's future value, we would need to re-assess our investment and where/if possible, also engage with senior management.

- Should the company be unwilling to engage or exhibits limited willingness to address the matter within a reasonable timeframe, we would divest from the company.
- If after an assessment of the situation and after having engaged with the company where possible we believe that the matter can be addressed effectively and result in a positive outcome within a reasonable timeframe, we would closely monitor the company, seeking measurable signs of progress for up to two years. Should progress lag significantly behind targets, we would disinvest from the company.