

Stewardship Policy 2022-2023

Engagement and Voting Policy
Anthos Fund & Asset Management



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0 Policy review record

V0 2021-2022

First detailed self-standing Stewardship policy published

V2 2022-2023

Changes in this version compared to V1:

1. Overall small textual changes
2. We remove our reference to adherence to the Dutch stewardship code in engagement. At the moment we don't have a segregated direct investment mandate and note that the code is specifically written for direct investors in listed Dutch companies, and our fund of funds structure does not lend itself to a number of the principles as stated in the code.
3. Updated our process to exclude UN Global Compact violators after Sustainalytics' failed engagement and advice to 'disengage'. These companies are now part of our exclusion list.
4. Added reference to our endorsement of the collaborative engagement by the UN-backed PRI on Human Rights.

1 Introduction

This Stewardship (Engagement & Voting) Policy is part of the Responsible Investment Policy and a further elaboration on the engagement and voting activities of Anthos Fund & Asset Management ('Anthos'). Established almost 100 years ago, Anthos Fund & Asset Management provides comprehensive values-based asset management and investment advisory services across various asset classes to select, like-minded clients. We care deeply about the impact that our collective decision-making has on people, society and the environment. Like our founders, we are guided by an inherent belief that doing business and doing good go hand in hand. This is the expectation we set for ourselves and when looking for ways to exert our influence and exercise our rights as an investor. As Anthos, and on behalf of our clients, it is our fiduciary duty to generate financial outperformance and sustainable societal impact.

Our approach to responsible investment is described in the Responsible Investment Policy. We use all the tools available to make sure we deliver long-term value to our investments through stewardship (engagement and voting), by integrating ESG into our portfolio construction and manager selection, and through our exclusions and our positive and impact investments. This policy outlines our stewardship approach, which applies to all our assets under management. We see engaging with the fund managers across all our asset classes as a crucial part of our monitoring process after selection and initial funding, and a tool to being a force for good.

The policy has been written by the Investment department and the RI director, and approved by the management team and the board of Anthos. It should be read in conjunction with the RI Policy and the ESG Positions & Exclusions Policy. All these documents are evolving, and will be updated in line with developments in our thinking on the topics.

2 Engagement and voting as indirect investors

As a fund of funds manager, Anthos invests in pooled funds and segregated mandates, and this is why we rely on our external managers for engagement and voting. However, we believe we also need to address active ownership through additional engagement activities, either via a service provider or, where possible, directly. This enhances investor stewardship and the pursuit of responsible investment.

We have high expectations of our external managers and incorporate ESG considerations into the entire manager due diligence and relationship lifecycle. We expect our managers to be signatories of the Principles for Responsible Investment (PRI) and to support the Principles of the European Fund and Asset Management Association (EFAMA) Stewardship Code (see appendix), which clearly outlines engagement and voting good practices for direct investors.

Internally, engagement is carried out by our investment managers, who assess the ESG integration capacity and quality of the external managers of the funds we invest in. We also engage via an external engagement service provider that engages on our clients' behalf, even when we do not appear as shareholders at the companies in question. In this way we give our voice to the pool of like-minded investors wanting meaningful change.

Voting directly is applicable only for clients that invest in a segregated mandate. Otherwise voting is implemented via the external managers. This is why the assessment of the external managers' approach to stewardship before we invest, and their engagement after we invest, is of key added value for Anthos. On request, we can provide voting services, via an external proxy voting service provider, for clients investing in a segregated mandate. Voting guidelines would always be aligned with the Dutch Stewardship Code and other relevant standards set in liaison with our voting service provider.

3 Stewardship and external commitments

Stewardship of our client assets is a core element of our fiduciary duty. We recognise that our clients expect us to ensure that our approach aligns with their own investment beliefs, policies and guidelines, including applicable international market regulations.

Anthos is a signatory to the Principles for Responsible Investment and has actively implemented all six principles into our investment decision-making process and philosophy. We also support one of our clients in implementing its commitment to the IRBC¹ agreement, which aligns well with our values of sustainability, human dignity and good corporate citizenship. In addition, we aim to adhere to international initiatives and guidance, such as the OECD Guidelines for Institutional Investors, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact, while also continuing to take steps to strengthen our due diligence and our monitoring of and engagement with these standards.

Anthos has committed to the Dutch Climate Agreement, which means reporting on carbon emissions and setting reduction targets. Engagement on climate strategy and transparency with our external managers and underlying companies is an important element of the climate target that we set as a fund of funds.

4 Engagement objectives and selection of companies

We aim to achieve **two main objectives** through all our engagement efforts, whether through our managers or our engagement service provider: a better portfolio and a better world.



INVESTMENT PORTFOLIO

A better portfolio: We believe that ESG issues can be financially material and need to be taken into consideration systematically. We aim to influence our managers towards achieving improved transparency and ESG integration in their investment strategy, process and engagement. We expect this to result in better portfolios and more stable financial returns.

We expect our managers to engage with companies that are exposed to, but have poor management of financially material ESG risks. This engagement aims to address those management gaps so as to improve the company's ESG performance and risk management and to focus on a broad spectrum of issues, including climate change, corporate governance and supply chain risks.



CREATING A BETTER WORLD

A better world: Stemming from our core values and aimed at managing and reducing the adverse impacts in our portfolio, and creating more positive impacts through engagement. Even though most of our investments are through pooled funds, we still see it as our fiduciary duty to take responsibility for the potential and actual adverse impacts related to our portfolio investments. This responsibility is also closely linked to our adherence to the OECD Guidelines and the UNGPs. Apart from minimising potential negative impacts, we aim to have a positive impact on the world by engaging in specific topics aligned with the Sustainable Development Goals, impact investments and our core values.

We select companies for engagement that violate international conventions and standards, such as the UN Global Compact, the OECD Guidelines for Multinationals and the International Labour Organization (ILO). In addition to Anthos' engagement with the external managers, our external engagement provider engages with more than 300 companies on

¹ [International Responsible Business Conduct Agreement for Pension Funds.](#)

human and labour rights and on environmental and business ethics issues, both on ours, and on behalf of other investors. In this way we strengthen our influence through a collaborative approach.

5 Stewardship at Anthos

Stewardship is a key element of our responsible investment approach because we believe in the steering power of capital and that investing it can contribute positively to society and the environment. We aim to achieve this by engaging with external investment managers directly and also with underlying investee companies and policy makers via an external engagement service provider. We also engage with our clients and other stakeholders, do field-building on impact and collaborate with our peers.

Themes for engagement

Stemming from our values of sustainability, human dignity and good corporate citizenship, but also given our fiduciary duty and commitments, we have identified climate change, human rights and good business conduct as three main topics and priorities for engagement. We explain our position and expectations on these themes in our **ESG Positions & Exclusions Policy**. Given the complexity of the topics and our reliance on indirect engagement and engagement through third parties, we do our utmost to select high-quality managers in order to create a positive impact and minimise potential adverse impacts. We use the insights gained from these engagements to inform our policies and to engage with our fund managers.

5.1 Engagement with fund managers

As an indirect manager, we believe that the impact we can have starts with our selection of external managers with robust stewardship principles and good engagement and voting policies. We assess these principles and policies in the due diligence that comprises part of our selection process, and continue to monitor stewardship performance throughout the manager relationship. We also engage with our managers to encourage them to improve their engagement and voting processes and reporting.

With regard to engagement with our external managers, we have developed an RI Scorecard that measures all the relevant aspects, including engagement and voting. We use this for selecting and monitoring our managers. We report to our clients on the external managers' overall scores for integrating RI into their investment process and specifically their scores for engagement and voting, where relevant. We report on successes achieved as a result of our engagement with external managers and are working to making this reporting more systematic. If a manager does not achieve sufficient improvements on material ESG issues, we may decide to discontinue the relationship. We report on this to clients on a quarterly basis.

As well as expecting our managers to demonstrate good practice on these topics, we have set expectations that guide our due diligence and monitoring both via the scorecard and in this policy.

Anthos' definition of engagement and expectations for stewardship by external managers:

1. Engagement is a dialogue with a company, with a request for change on environmental, social or governance issues. Fund managers should have a policy for engagement and voting and specifically explain how it applies to equities and fixed income. For the other asset classes, managers should also explain their process of engagement with the underlying assets and how they add value through their influence.
2. Fund managers should have a structured process and governance, and should set objectives and track progress on engagement in terms of impact and outcomes. They should be able to report to Anthos, based on our template or on a comparable format for the specific fund we have invested in.
3. Fund managers should engage both on sustainability risks and on adverse environmental and social impacts, following best practice guidance and industry standards. We expect managers to use standards for determining material ESG issues and the impact of their investments on the world. In any event we expect engagement on violation of international standards, human rights and long-term climate change risks in or associated with the portfolio. We expect managers to have a voting policy aligned with the engagement.

5.2 Engagement with companies and policy makers

While we find that the policies, engagement quality and reporting of external managers is continually increasing, we also want to be sure that the companies in our portfolios engage with one voice, based on one methodology, and aligned with our own policy. We therefore outsource our direct company engagement to an external engagement service provider. This expands our leverage as a fund of funds and allows us to contribute to themes that are important both to our clients and to society as a whole. Where possible we screen our portfolios for potential and actual adverse impacts and sustainability risks, and address them by leveraging the capacity of our service provider and the provider's collaboration efforts.

We closely monitor engagement dialogues and progress and will join company engagement meetings with our provider where relevant, such as when the holdings are material or the meeting relates to a theme of significant interest to our clients. We report on the engagement outcomes to our clients quarterly and annually and use the insights to engage with our fund managers.

As global investors and fiduciary managers of clients' precious capital, we believe that holistic stakeholder engagement should also include dialogue with policy makers, civil society and NGOs. As such, we participate, through our service provider, in select policy consultations and discussions. Where appropriate and where they add value, our engagement also involves collaborating within global initiatives such as the PRI.

5.2.1 Types of company engagement

Through Sustainalytics we engage with companies that are in violation of international conventions and standards or that are exposed to material ESG risks, as well as engaging in six thematic programmes aligned with our values of sustainability, human dignity and good corporate citizenship. We describe these three types of engagement in more detail below.

Global standards and international norms engagement

As part of our values of sustainability and human dignity, and our responsibility to respect human rights in line with the UN Guiding Principles for Business and Human Rights, the UN Global Compact and the OECD Guidelines, we firmly believe in the importance of engaging with the worst violators of these global standards. Apart from our due diligence, where we select managers that integrate ESG into their investment process, we screen our portfolio for Global Compact violations and controversies so as to identify actual and potential adverse impacts on society and the environment. We then prioritise the most severe adverse impacts on the basis of their scale, scope and irremediable character. The engagement programme on this topic focuses on companies causing potential or actual adverse impacts and uses the leverage of the many assets that the engagement provider has under engagement to approach these companies and

engage them in seeking to achieve improvements, prevent further violations or enable remediation. The objective of this engagement is not only to resolve the incident causing the adverse impact, but also to improve the company's future ESG performance and risk management in order to avoid incidents reoccurring in the future. We aim to exclude companies that continue to violate the UN Global Compact principles after a failed engagement. We are continuing to develop our process in this respect with our engagement service provider and investigating how best to implement it in our role as an indirect investor.

Financial risk engagement

We expect the fund managers we invest with to regularly engage with companies that are highly exposed to financially material ESG risks and are found to be managing them poorly. We expect our managers to use SASB or another relevant framework and data to analyse and engage on financially material ESG issues. We engage with companies via our external engagement provider, which uses its proprietary ESG Risk Rating process to select and engage with the relevant companies. The engagement objectives are directly linked to the company's most financially material risks. By engaging with these high-risk companies, we believe we are contributing to systemic improvements across many different companies, with the aim of preserving long-term portfolio value. Engagement progress and updates are reported on a quarterly basis.

Thematic engagements

While our corporate engagements include a broad ESG scope focusing on international norms and conventions and material risks, our thematic engagement focuses on our three core values and on companies with high thematic exposure. Our ambition is to minimise the adverse impact on specific topics and to increase the positive impact, but also to reduce the risk stemming from these topics.

Below we describe the six thematic engagements by Sustainalytics for 2021-2022, and how they connect to our core values of sustainability, human dignity and good corporate citizenship.

Anthos value: Sustainability

Engagement programme: Feeding the future

- **Objective:** To contribute to a more sustainable trajectory for the future of food.
- **Expectations from companies:** Science-based scenario analysis, responsible stewardship of land and other natural resources, eliminating food waste, aligning with shifting consumer trends and supporting a sector-wide transition to more sustainable business models.

Engagement programme: Climate change: sustainable forests and finance (new)

- **Objective:** To address climate risk and advocate for reductions in direct and indirect emissions in global forest systems, with a focus on three key groups of actors: companies directly driving forest-related emissions, their customers and their financiers.
- **Expectations from companies:** Companies in forestry-linked value chains should be encouraged to promote science-based emissions-reduction strategies, transparent climate-related disclosure and sustainable practices to mitigate the impacts of climate change.

Engagement programme: Responsible cleantech

- **Objective:** To catalyse more sustainable production of some of the most popular cleantech solutions.
- **Expectations from companies:** Equipment manufacturers should implement policies that adequately address environmental and social risks in their operations and supply chains. These companies should apply a lifecycle approach to their products. They should also engage their suppliers and customers and start or join collaborative initiatives seeking to achieve sector-wide improvements.

Anthos value: Human Dignity

Engagement programme: Modern slavery

- **Objective:** To seek to ensure companies adopt fit-for-purpose strategies that can effectively address the scale, pervasiveness and hidden nature of modern slavery.
- **Expectations from companies:** Ask for improvements at companies in the textile, apparel, construction and engineering sectors so as to ensure modern slavery risks are robustly addressed. Focus on improvements in governance and reporting, responsible purchasing practices, living wages and income, stakeholder engagement, and worker inclusion and impact.

Engagement programme: Human rights accelerator (new)

- **Objective:** To improve the adoption of globally agreed corporate standards for managing and promoting human rights, as defined by the UN Guiding Principles on Business and Human Rights (UNGPs) and mirrored in the OECD Guidelines for Multinational Enterprises.
- **Expectations from companies:** Through collaborative investor dialogue, companies will be encouraged to meet the three fundamental expectations in the UNGPs: a commitment to respect human rights, adoption of a human rights due diligence process, and implementation of an operational-level grievance mechanism.

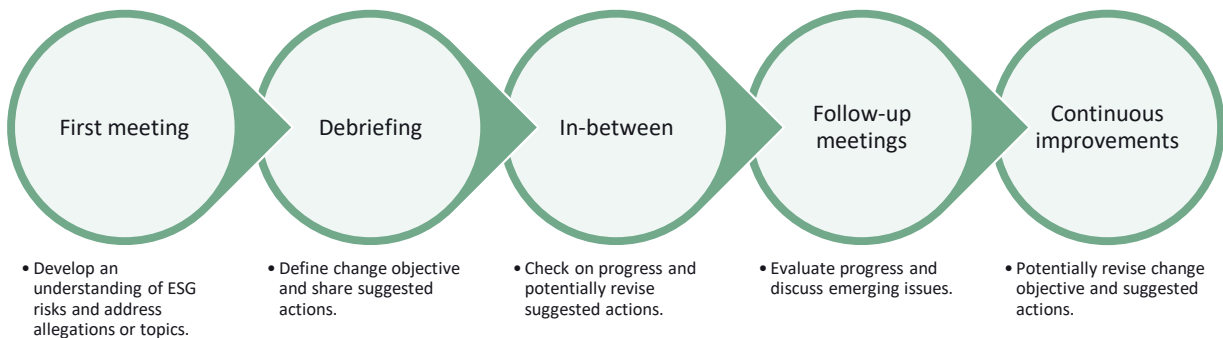
Anthos value: Good Corporate Citizenship

Engagement programme: Human capital and the future of work

- **Objective:** To understand how companies are preparing for technological change, employee development and demographic shifts to meet the demands of future work. Businesses are looking to capitalize on new technologies, improve productivity, expand into new markets, and develop products meeting the demands of the future. An appreciation of the risks and impacts is critical to properly managing the effect on employment and ensure human capital resources are supportive of innovation.
- **Expectations from companies:** Improve awareness of the impact of technological change and the skills that will be needed in their organisations. Create strategies to reskill the current workforce and support employees transitioning to the skills needed in the future. Promote development of a diverse and inclusive workforce taking account of demographic change, equality and globalisation. Encourage participation in multi-stakeholder collaboration to create conditions conducive to a fair and well-functioning labour market. Strengthen the role of investors as stakeholders in integrated responses to employment-related risks and opportunities.

5.2.2 Engagement process

Our engagement provider has a clearly structured engagement process that identifies engagement companies and sets out a strategy for achieving specific change objectives. Engagements follow a structured process.



The choice of engagement methods will largely depend on the context and the company culture. Communications are usually initiated by e-mail and telephone calls, with all available engagement tools – ranging from constructive dialogue to proxy voting – being used from then on. The engagement progress is regularly measured to ensure that the dialogue moves forward and potential challenges are addressed. Anthos recognises that an engagement process may take several years, depending on the specific case and objectives. Anthos follows developments closely and supports the escalation of dialogue to senior management and board level if an engagement fails to advance.

5.2.3 Escalation and disengagement / divestment

Our primary engagement is with our external managers, we engage for improvement on their RI policy, implementation of ESG risks and impacts, their stewardship and reporting. In this context, depending on the asset class, escalation can mean anything from reporting lagging performance to our clients to eventually divesting from this manager.

We view disengagement or divestment as a last resort and would continue to support engagement efforts as long as there is meaningful progress and effort on the part of the external manager or company. Where the violation is assessed as severe from an environmental and social risk or impact perspective, we may decide to exclude the company directly rather than joining an engagement dialogue. In practice this means that we put on our exclusion list companies that have violated the Global Compact and are on Sustainalytics' 'disengage' list. We share this list with our managers and report exposure to these companies in our annual reporting.

5.3 Collaborative initiatives

Collaborative engagement with investor participants is effective, given the strength in numbers that is created by speaking with 'a common voice'. Such engagement can take a variety of forms, including investor letters and broader investor initiatives. Anthos participates in collaborative engagement initiatives through its service provider, and may actively participate in initiatives that are key to its overall thematic focus. Sustainalytics' initiatives include, but are not limited to, the following: Investor Alliance for Human Rights and The Principles for Responsible Investment. Anthos is also directly endorsing the Human Rights engagement coalition led by the PRI since 2022.

5.4 Engagement with clients and stakeholders

We engage with our clients and collaborate across our organisation to increase and share knowledge on relevant topics and to ensure that together we improve our policies and their implementation. We arrange round-table discussions, discuss with our broader organisation and look for ways to collaborate with the philanthropic organizations in our ecosystem on important issues. Our ambition in this respect is to drive change and create impact both among asset owners and the managers we invest with.

6 Reporting

We publicly report on our stewardship and its outcomes through our Annual RI Report and the PRI reporting framework, in which we address developments and progress made towards our targets. We report quarterly to our clients on engagement with our external managers and on engagement with companies via our external engagement service provider.

7 Appendix

7.1 European Fund and Asset Management Association (EFAMA) Stewardship Code

Anthos expects its external managers to engage and vote in line with the Principles of the EFAMA Stewardship Code.

Principle 1: Asset Managers should have an engagement policy available to the public on how they exercise their stewardship responsibilities.

Principle 2: Asset Managers should monitor their investee companies, in accordance with their engagement policy.

Principle 3: Asset Managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their client's investments.

Principle 4: Asset Managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.

Principle 5: Asset Managers should exercise their voting rights in a considered way.

Principle 6: Asset Managers should disclose the implementation and results of their stewardship and voting activities.