

Engagement Policy

December 2024

Introduction

Quay Global Investors Pty Ltd (**Quay**) is an investment manager that employs an active, index-unaware approach to investing in global listed real estate securities. Our objective is to protect our investors' capital and deliver attractive, long-term inflation-protected returns. To us, responsible investing is a key element in achieving this objective. Details of our overall approach to responsible investing can be found [here](#).

As long term high conviction investors, we believe engagement is a fundamental component of responsible investing. We define engagement as investor interactions with the management team of potential or current investee companies to promote sustainable practices, improve corporate governance and address ESG risks and opportunities. Engagement can be done both individually and collectively.

In our view, engagement can lead to better outcomes for the company, shareholders and society. Engagement also allows Quay to evaluate management quality and ESG risk as part of our due diligence process.

Purpose and application of the Policy

This document details the key elements of Quay's Engagement Policy (**Policy**) which applies to all strategies managed by Quay. This policy should be read in conjunction with Quay's other ESG-related policies.

This Policy is set by the principals of Quay and will be reviewed annually, or more frequently as updated or required. The Policy applies to all members of the Quay investment team.

Engagement philosophy and beliefs

At Quay, we believe a company's actions or response (or lack thereof) to our engagement activities is a good reflection of the culture and governance of that entity. Our investment making decisions are influenced by the process and outcome of our engagement activities. Poor responses, in particular to controversies, and/or no commitment to improving ESG outcomes, can lead to us deciding to not invest in that entity at all, or to decrease a company's weight in our portfolio.

In our view, management teams that are committed to improving their ESG outcomes are more likely to run the company in a way that would align to our investment philosophy of investing in entities that can generate long term sustainable returns for our investors.

Engagement approach

All members of Quay's investment team are responsible for engagement as part of their stock coverage responsibilities. Additionally, Quay's principals have overall responsibility for engagement on a portfolio level.

Engagement items are identified by the investment team through the ESG research stage of Quay's portfolio management and due diligence processes, as well as any items identified during our investees' ongoing reporting requirements (operating results etc.). Four main areas where potential engagement items are typically identified by the Quay investment team for current and potential investees include during:

- Quay's ongoing monitoring of entity ESG goal setting and progress towards stated goals
- Quay's ongoing monitoring of ESG controversies
- Quay's ad-hoc ESG research which focus on thematic areas such as carbon emissions or diversity
- disclosure of all financial and ESG related reporting.

A broad range of ESG-related topics can be the subject of engagement. Below is a non-exhaustive list of topics that we focus on at Quay.

- ESG governance (ESG leadership, entity-wide ESG goals and measures)
- Disclosure of ESG metrics in accordance with recognised frameworks
- Targets for carbon emission reduction / net zero, as well as progress towards these targets
- Management and board remuneration
- Controversies/ESG red flags that are identified
- Diversity, Equity, Inclusion and Belonging (DEIB) factors in the company including items such as:
 - diversity of the board, management and/or employees in terms of gender, age and/or race
 - pay equity, particularly between genders
 - whether stakeholders such as people managers are provided with discrimination and DEIB training for the hiring and staff management process and
 - employee belonging, health & safety and learning opportunities.

Potential engagement items are raised by the responsible analyst either in internal team meetings or via internal research notes. These items are discussed among the investment team and a decision is made whether to engage with the applicable entity or entities.

If engagement with an entity is deemed necessary, it is typically carried out either via email or in virtual/in-person meetings with entity representatives, which can include the management team, board of directors, investor relations and/or the Head of ESG. Representatives on Quay's side may include the covering analyst and/or the principals.

The purpose of the meeting from Quay's perspective is to clarify details and understand any nuances including hearing the entity's reasoning. Quay will also communicate its views and expectations and seek to encourage entity representatives towards improved ESG outcomes.

Post-meeting, findings are discussed among the team including whether any escalation is required. Avenues of escalation include proxy voting and portfolio weighting decisions such as exclusion, divestment or decreasing the weighting of the entity.

If applicable, the entity's outcomes/progress in relation to the engagement item is tracked by Quay over the relevant timeframe.

Collective engagement

Quay also recognises the value of collective engagement and seeks to join collaborative efforts where possible.

Quay participates in investor outreach activities with the organisation GRESB (Global Real Estate Sustainability Benchmark) on an annual basis to encourage better reporting and focus on ESG outcomes.

Quay is also a signatory to the UNPRI (United Nations Principles for Responsible Investment) and may join in UNPRI-led collaborative engagement efforts.

Record keeping and disclosure

Quay will maintain a record of its engagement activities and disclose this to relevant stakeholders on a regular basis.