

# Engagement policy

## Document history

Version	Date	Description	Author	Owner	Approval
5	December 2023	Annual review	GRC Expert SRI	Head of SRI Strategy & Stewardship	Sustainable & Responsible Investment Committee

## Contents

1	Introduction .....	1
	BLI - Banque de Luxembourg Investments.....	1
	Purpose and scope of application of the Policy .....	1
2	Engagement process .....	2
	2.1 Engagement approach by asset class .....	2
	2.2 Engagement types .....	2
	A Individual engagement.....	2
	B Collaborative engagement .....	3
	C Approach.....	3
3	Voting .....	3
4	Communication with stakeholders.....	4
5	Special case: Conventum Third Party Solutions.....	4
6	Conflicts of interest .....	4
7	Review and update of the Policy .....	5
8	Informations légales.....	5

---

# 1 Introduction

## BLI - Banque de Luxembourg Investments

BLI - Banque de Luxembourg Investments ("**BLI**", or the "**Company**") is a management company and an alternative investment fund manager in accordance with Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended, whose authorisation covers, in addition to the activity of collective management pursuant to Article 101 (2), also one or more services provided for by Article 101 (3) of the law of 17 December 2010, and in accordance with the Luxembourg law of 12 July 2013 on alternative investment fund managers.

BLI is a public limited company under Luxembourg law wholly owned by Banque de Luxembourg, Luxembourg ("**BDL**"), itself part of the French financial group Crédit Mutuel Alliance Fédérale ("**CM AF**").

Within the framework of its authorisations, BLI offers its services to investment funds (whether initiated by BDL, by other entities of the CM AF group or by third parties) as well as to institutional or professional clients other than investment funds.

For the majority of investment funds initiated by BDL or other entities of the CM AF group, BLI manages the portfolio. For the majority of investment funds initiated by third-party entities, BLI delegates portfolio management to duly authorised entities proposed by the investment funds in question or their initiators.

## Purpose and scope of application of the Policy

The purpose of this document (the "**Policy**") is to present BLI's approach and process for engagement.

The engagement carried out by BLI teams with companies takes the form of constructive dialogue, particularly on ESG risk management and growth opportunities associated with sustainability challenges. Through its efforts, BLI seeks to improve the disclosure and quality of ESG-related information, encourage companies to adopt best practices and align themselves with international standards such as the United Nations Global Compact (UNGC). All stakeholders, especially investors and investee companies, benefit from of ESG engagement.

The primary role of engagement activities is to enable BLI teams to communicate identified action points to the companies concerned. In addition, engagement activities enable a better understanding of the companies in which BLI's portfolios are invested.

The Policy applies to all portfolios for which BLI acts as management company and investment manager. BLI may also deem it appropriate to apply the Policy to portfolios other than those defined in the above scope.

BLI's approach and process for engagement have been defined and are maintained and monitored in compliance with applicable laws and regulations.

## 2 Engagement process

The engagement process followed by BLI can be summarized as follows:



The various elements and stages are described below.

### 2.1 Engagement approach by asset class

BLI invests in equities, bonds and investment funds.

The Company focuses its engagement efforts primarily on equities. The status of a shareholder is that of a co-owner of a company. As such, shareholders have a say in the way companies are run, which can be expressed in three distinct ways:

- Directly, through dialogue with the company,
- Formal, through the exercise of voting rights attached to shares held at general meetings, enabling direct influence on the strategic decisions of companies in which BLI invests,
- Activist, through the submission of resolutions at shareholders' meetings.

For bonds, the approach is different, as creditors do not have voting rights at general meetings. However, direct dialogue with companies can be undertaken in the same way as for equity investments. This approach is particularly valuable in the case of green bonds, to obtain a higher level of assurance or best practice from the issuers of this type of bond.

For both equities and bonds, a commitment is triggered when there is a need for clarification of information or transparency, when reprehensible behavior on sustainability issues is identified, or when a commitment campaign is launched on a defined theme.

All these actions are carried out both by the fund managers concerned and by BLI's SRI team.

### 2.2 Engagement types

#### A Individual engagement

Individual engagement involves direct contact with the company. BLI's long-term approach enables it to monitor and understand the ESG challenges faced by investee companies. Individual engagement at BLI involves a number of steps: identifying the target company and

the trigger for engagement, initiating dialogue with the counterpart best able to respond, closing the engagement and reporting it in the monitoring tool and BLI's annual SRI activity report.

Targets are identified on the basis of their sustainability practices, controversies affecting them, and defined issues such as ESG disclosure. Precise targeting is essential to maximise the chances of successful engagement and tangible sustainability impact, which is the primary objective. Once identified, preliminary contact is made and then followed up as necessary.

BLI keeps a documentary record of all engagements, including the result obtained and an evaluation of the response (i.e. satisfactory, partially satisfactory, unsatisfactory or no response). This file allows the SRI team and asset managers to monitor the progress of companies and determine whether further action is required as part of the engagement.

If the dialogue fails<sup>1</sup> within 12 months of the commitment being triggered, and depending on the materiality of the issue, the company may be placed on an internal watch list and if necessary the matter will be discussed at BLI's SRI Committee. The latter decides on the most appropriate action to be taken (no further action, continuation of the engagement, adjustment of the security's weighting, sale of the stock, etc.).

Where necessary and appropriate, BLI will submit resolutions to shareholders' meetings in the best interests of investors and the desired impact.

## **B Collaborative engagement**

Collaborative engagement consists in cooperating with other shareholders of the company through engagement platforms in order to send, for example, a letter signed by several shareholders, and join forces to achieve greater impact. BLI sees collaborative engagement as one of the most promising opportunities for impact.

As with individual engagement, BLI targets the initiatives it considers most relevant in terms of materiality and impact.

## **C Approach**

The decision to use an individual or collaborative engagement strategy is partly determined by :

- The influence that BLI is in a position to exert on a company due to its level of shareholding, the duration of its investment, its proximity to management and the company's geographical location,
- The assessment of the incident, i.e. the urgency and seriousness of the issue at stake, determined by the number of stakeholders affected, media coverage of the incident and the involvement of NGOs, as well as by the level of financial and reputational risk associated with the incident,
- The existence or lack of opportunities for collaborative engagement on the identified theme.

## **3 Voting**

BLI believes that exercising its voting rights is an important means of expressing its active management and approach to sustainable and responsible investment.

---

<sup>1</sup> The failure of dialogue can be, for example, a lack of response or the inability to reach a satisfactory outcome.

The general voting guidelines encourage high standards of corporate governance. They also encourage transparency and accountability on environmental and social issues.

The voting policy can be consulted [here](#).

## 4 Communication with stakeholders

BLI is committed to being transparent with stakeholders about its engagement efforts. The Company publishes an annual engagement and voting report that covers, among other things:

1. the manner in which the engagement policy is implemented,
2. a general description of its approach to voting,
3. an explanation of the most important votes,
4. the use of voting advisers,
5. how votes were cast at general meetings.

The annual report is made available to stakeholders by publication on BLI's website.

More information on BLI's sustainable and responsible investment approach can be found [here](#).

## 5 Special case: Conventum Third Party Solutions

In cases where BLI, operating under the trade name of Conventum Third Party Solutions (Conventum TPS), delegates the management of one or more managed undertakings for collective investment ("UCI") to an external portfolio manager, it systematically delegates to the delegated manager the power to exercise the voting rights attached to the instruments held in the portfolio of the managed UCI.

The investment strategy and the investment policy of the managed UCIs are set by the board of directors of the UCIs and implemented by the third party manager to whom the portfolio management, including exercise of the voting rights attached to the instruments in the portfolio, has been delegated.

In this context, BLI does not impose its own engagement policy on these delegated managers. In compliance with the relevant regulations, information on the implementation of the engagement policy will not be available on the BLI website.

Following an agreement between BLI and the delegated managers, the engagement policy and annual information on the implementation of the engagement policy, or alternatively a clear and reasoned explanation of why the delegated manager has chosen not to comply with one or more of these requirements, will be published by the third party managers to whom the portfolio management of the investment funds has been delegated.

BLI will monitor the proper implementation of these contractual provisions during the periodic due diligence analysis it carries out on the delegated managers. In the context of the exercise of voting rights by the delegated portfolio manager, BLI will also ensure compliance with obligations in terms of managing conflict of interest and reporting.

## 6 Conflicts of interest

BLI's engagement and voting are focused on promoting and protecting the interests of its clients as investors in companies.

The Company recognizes that potential or actual conflicts of interest may arise in the course of its engagement and voting. Accordingly, it has defined policies and procedures to identify, assess, prevent, mitigate and manage conflicts of interest that may arise.

BLI's Conflicts of Interest Policy can be consulted [here](#).

## 7 Review and update of the Policy

The Policy will be amended to reflect any changes in the approach to engagement and voting, organizational changes and legislative and regulatory developments. In all cases, it will be reviewed at least once a year.

## 8 Informations légales

This Policy does not constitute an advertising communication within the meaning of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014

Any reproduction of the Policy is subject to the prior written consent of BLI.