



Engagement policy

March 2020

Matarin Capital Management (Matarin) has built its philosophy, policies, and processes around delivering on client and community expectations in a responsible and sustainable way. It is our fiduciary duty to provide our clients with the highest risk-adjusted returns possible within the confines of the process into which they have chosen to invest. We focus our effort on identifying investment ideas, including the sustainable investment ideas we have researched, to insure they will either improve returns or reduce risk. We believe our responsibilities as diligent investors do not cease with the decision to purchase a security

As active owners in the companies in which we invest, we regard stewardship as integral to our investment process. It enables us to have a voice and exercise ownership rights to improve disclosures and transparency and effect corporate activities, policies, and behaviors that affect attractive, long-term, risk-adjusted returns for our clients.

I. Philosophy and approach to engagement

At Matarin, we are “financial first” investors, which means focusing on sustainable investment in areas where we believe that it can improve investment performance, just as we do for all other investment ideas. We:

- are evidenced-based quantitative investors
- aspire to help to build a bridge between sustainable investment thinking and the members of the large community of traditional investors who are currently not thinking about sustainability at all.
- are long-term investors, serving a long – perhaps infinite line – of beneficiaries.
- we believe that for long-term investors, understanding ESG risk is a core part of good investment, and that focusing on ESG return opportunities may yield a unique source of investment returns.

II. Engagement

Engagement, proxy voting activities, and assessment of a broad range of investment considerations—including environmental, social, and governance (ESG) issues—are integrated into Matarin’s investment processes.

Engagement allows Matarin to:

- Engage and collaborate with CDP, and Sustainalytics on active ownership
- Ascertain company positioning to mitigate risks or leverage opportunities
- Identify potential vulnerabilities
- Understand potential regulatory impacts and threats
- Discern quality of management
- Gauge sophistication of a company’s strategy



- Communicate with companies about their reported data or non-disclosure of incorrect data
- Inform proxy voting and voting guidelines

Also, at Matarin, we are very focused on our own social responsibility and impact. Key areas of focus for our team are:

- To focus on team diversity as a driver of success - as Matarin is a woman- and minority-owned business
- Promoting best practices for our industry in terms of integrity and fairness - for example at Matarin we have policies focused on fair fees, restricted political contributions, no soft dollars, and nurturing a culture of stewardship
- Community engagement through volunteerism in the fields of responsible investment, youth and education, women's entrepreneurship, and diversity in asset management.
- In addition to the focus on climate risks and opportunities within our firm and our portfolios, we are actively in ongoing education and public advocacy about climate finance and investment through speaking engagements, conference attendance and thought leadership.

III. Identifying and managing conflicts of interest

Matarin owes a duty of loyalty to our clients. We have built Matarin on our ability to fulfill our legal, business and ethical commitments and to abide by a consistently high set of values and standards and strive to express the standards of integrity, honesty, judgment and business practice that support Matarin's own unique set of values. As a fiduciary we:

- Always seek to place the interests of our clients first.
- To identify and manage any conflicts of interest, including those that arise from proxy voting or engagement.
- Act as a fiduciary with respect to our asset management activities.

Every employee is bound by Matarin's Code of Ethics and Compliance Manual. These Manuals implement appropriate processes and procedures to avoid, mitigate, or appropriately resolve conflicts of interest. It is pursuant to Rule 204A-1 under the Advisers Act in the U.S. and Markets in Financial Instruments Directive in Europe and is designed to ensure that we meet our fiduciary obligations. The policy governs employee personal trading activities and provides guidance with respect to potential conflicts of interest, insider trading, and the use of material nonpublic information.

IV. Industry collaborations

Matarin is engaged with CDP and Sustainalytics for active engagement collaboration and research. In the equity markets, shareholder action through proxies can be the most direct way to have impact on a firm's business practices. All proxies voted by Matarin on behalf of its clients are voted based upon ESG standards, through our proxy-voting partner, Glass Lewis which is partnered with Sustainalytics for ESG research. Our ESG proxy guidelines focus on sustainable business practices such as ESG disclosure, risk mitigation and good governance. While Glass Lewis's policies determine the vote, we have the ability to override any such vote if we don't feel it is consistent with our own ESG principals.

Among the broader ESG community including think tanks and asset owners, we have engaged in a meaningful way via panel and speaking engagements on topics related to sustainability and climate. You will find a list of these engagements earlier in this application. We have also addressed the issue of carbon and other



environmental issues specifically with other with asset owners around the world to help develop a cohesive response to the climate issue. We believe we have been successful in widening the sphere of interested and concerned investors, educating them about what the critical issues are, and helping build a coalition to tackle this challenge as a group..

We are a signatory to the Principles for Responsible Investment (PRI), where we have committed to implementing the six principles around the integration of ESG. Beyond the commitment to integrating ESG and publicly reporting on our progress, we are actively contributing to the work of the PRI as a whole to help investment professionals across the industry increase their sophistication to ESG.

V. Connecting engagement with proxy voting

Matarin partners with Glass Lewis's ESG proxy voting policy. We formally evaluate the ESG guidelines on an ongoing and annual basis. ESG proxy voting looks corporate governance proposals such as (list is not all inclusive):

- Election of Directors and Director Overboarding
- Board Diversity, Tenure and Refreshment
- Executive Compensation
- Environment
- Disclosures such as the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD)
- Labor and Human Rights
- Health and Safety
- Business Ethics
- Trojan Horse Proposals

VI. Commitment to transparency on stewardship activities

Matarin discloses its Stewardship Policy (including proxy voting policy and procedures and engagement policy) to clients upon request. We work with clients to meet their individual reporting requirements for proxy and engagement activities, including proxy voting records for their accounts and rationale for votes or areas of engagement.