

**CBIS Global Funds plc**  
**(the “Company”)**

**Annual report on the implementation of the Shareholder Rights Directive Engagement Policy of the Company (the “Policy”) for the year to 30 June 2020 (the “Period”) pursuant to Chapter 8B 1110G(4) of the European Union (Shareholders Rights) Regulations 2020 (the “Regulations”)**

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**1. Introduction**

The Policy was adopted by the Company on 21 August 2019 following the enactment of the Revised Shareholder Rights Directive (“SRD II”) which required asset managers to develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. SRD II and the Regulations require that the Company discloses on an annual basis how the Policy has been implemented. Defined terms have the meaning given to them in the Policy, which is available at <https://cbisonline.com/eu> (the “Fund Website”).

**2. Implementation of the Policy during the Period**

The Company’s activities (in this report, the “Company” shall be deemed to refer, where relevant, to each fund under management by the Company and/or the investment manager(s) responsible for the implementation of each fund’s investment strategy (the “Investment Manager”), during the Period were conducted in line with the Policy. In particular, the Company has monitored investee companies’ approach towards matters such as:

- business strategy;
- financial and non-financial performance and risk;
- capital structure; and
- social, environmental impact and corporate governance, noting that the Company has a particular focus on Catholic Responsible Investing (“CRI”),

having regard to, among other things, the Investment Strategies of the sub-funds of the Company (the “Funds”) and the nature and size of the Funds’ exposure to investee companies.

**3. Exercise of voting rights and other rights attached to shares<sup>1</sup>**

The Company has adopted a policy in relation to the exercise of voting rights (the “Voting Rights Policy”), and this policy was adhered to during the Period. The Investment Manager exercises voting rights on behalf of the Company in accordance with the Voting Rights Policy. The Investment Manager has proxy voting authority relating to portfolio holdings of the Company.

For any assets not allocated to a Voting Sub-Adviser, proxy voting authority has been delegated to the Investment Manager. The Company has hired the Institutional Shareholder Services group of companies (“ISS”) to provide research and recommendations in accordance with CBIS’ set of Catholic proxy voting guidelines.

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<sup>1</sup> Chapter 8B 1110(G)(3)(d) and 1110(G)(4) of the Regulations.

There were 1,926 meetings during the Period. The Investment Manager voted on 99.8 % of the 21,077 voteable items at these meetings and its voting activity can be summarised as follows:

- 3.1 14,543 votes cast (69%) were aligned with recommendations of the management of the investee company;
- 3.2 of votes cast, (97%) were on management proposals (20,693); and
- 3.3 501 votes cast (3%) were in respect of shareholder proposals.

Proxy voting guidelines are available at [https://cbisonline.com/eu/wp-content/uploads/sites/3/2017/05/CBIS\\_Proxy-spreads\\_final\\_links.pdf](https://cbisonline.com/eu/wp-content/uploads/sites/3/2017/05/CBIS_Proxy-spreads_final_links.pdf) and the full voting record and summary statistics can be found at <https://cbisonline.com/eu/catholic-responsible-investing/proxy-voting/>.

#### 4. Screening and Active Ownership

1.1 A large part of the Company's engagement as a shareholder relates to its screening procedures and the decision process used to establish the investee companies in which the Company should invest.

1.2 This year, the Company has engaged with investment companies on issues related to human dignity, economic justice, and environmental stewardship. The Company's basic philosophy is to screen out companies based upon what they do, and to use active engagement with companies to ascertain how they are conducting their business. Which strategy is employed for any given issue is strongly influenced by Catholic teaching, by the preferences of the Company's participants and by the potential financial impact. When evaluating companies to engage, the Company also considers the following points:

- the Company's largest holdings, to identify the areas in which the Company might have the most leverage;
- the strategic importance of a potential investment company within an industry;
- the performance of a potential investment company within the sector as a leader or laggard;
- the size and country of origin of any potential investment; and
- the number of other socially responsible investors to have invested in such a company.

1.3 The Company develops screening criteria by examining such things as Catholic teachings and the views of Catholic organizations and institutional investors. Primary research on corporate activities and products and data from third-party vendors inform decisions. CBIS' Catholic investment screens address the following four issue categories: Life Ethics, Pornography, Tobacco, and Violence. For more on screening, see:

[https://cbisonline.com/us/wp-content/uploads/sites/2/2015/05/SCREENING\\_CASE\\_STUDY\\_YELLOW2017.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/05/SCREENING_CASE_STUDY_YELLOW2017.pdf).

5. As part of the ongoing review of investments, the Company requires companies that appear on an active ownership focus list to demonstrate that they are implementing any agreed upon

changes. The Company also asks these companies to take certain actions, such as publish relevant policies (such as a human rights policy) and provide details as to the steps they are taking, the priorities they have established, evidence of accountability mechanisms, their measurements of success, and the benchmarks and metrics they have created to evaluate their ongoing performance. The Company pushes for public disclosure of this information so that all investors and stakeholders can have access to it and may go on-site and evaluate company operations for in-depth engagement. As an active owner, the Company has in the past focused, and will continue to focus on, key issues including the mitigation of climate change, the prevention of child sexual exploitation online, and protection of workers from human trafficking.

6. For further detail on the Company's active ownership, please see a link to the Literature page for the Active Ownership section with issues of the *Impact & Justice* newsletters: <https://cbisonline.com/us/literature/>.

7. **Disclosure to institutional investors<sup>2</sup>**

In order to comply with its obligations under the Regulations, the Investment Manager is disclosing the following details in respect of the investment arrangements in place with institutional investors during the Period. For the purposes of SRD II, institutional investors are life assurance companies authorised under the EU's Solvency II Directive<sup>3</sup> and occupational pension schemes falling within the scope of the EU's Directive on Institutions for Occupational Retirement Provision<sup>4</sup> (the "Institutional Investors").

- 7.1 ***How the Investment Strategy and its implementation complies with the investment arrangement and contributes to the medium to long-term performance of the assets of the Institutional Investor or of the Fund***

The assets of each Institutional Investor that invests in the Fund are represented by a direct or indirect interest in shares of the Fund. The net asset value of the shares of the Fund is determined by the performance of the Investment Strategy of the Fund.

The Investment Strategy of the Fund is suitable for investors seeking capital appreciation over a full market cycle and who are prepared to accept a moderate level of volatility. The Investment Manager currently considers that a full market cycle is approximately five years but, given that market cycles are not static, this may change over time.

The Investment Manager allocates the Fund's assets among several discretionary and non-discretionary investment sub-advisers with experience managing and/or advising non-traditional or "alternative" investment strategies. The Investment Manager also manages a portion of the Fund's assets directly. The Investment Manager's allocation process aims to combine strategies and sub advisers in a way that produces an investment portfolio that is diversified across strategies and asset classes.

Details of the performance of the Fund are available at the Fund Website.

- 7.2 ***Key material medium to long-term risks associated with the investments, portfolio composition, turnover and turnover costs, and the Company's policy on securities***

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<sup>2</sup> Chapter 8B 1110(I) and 1110(J) of the Regulations.

<sup>3</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

<sup>4</sup> Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs).

***lending and how it is applied to fulfil engagement activities, if applicable, particularly at the time of the general meeting of the investee companies***

***Key material medium to long-term risks associated with the investments***

The Funds invest in a wide range of assets, which may include equity securities (shares), debt securities (bonds) and financial instruments that derive their value from other underlying instruments (“FDI”). The Funds’ investments may be located anywhere in the world, may have any market capitalization and may belong to any industry sector. The Fund may use FDI for investment or non-hedging purposes as well as for hedging purposes (e.g., to reduce risk or generate additional income). For full investment objective and policy details, see the “Investment Objectives and Policies” section in the Prospectus.

In the normal course of business, the Fund may engage in investment activity that is subject to certain inherent risks, such as market price risk, interest rate risk, credit and counterparty risk, foreign investment risk, and liquidity risk. Additional risks associated with each type of investment are described within the disclosures on the relevant investment type, as well as in the disclosures on financial derivative instruments and efficient portfolio management in the Prospectus. Risks associated with the investments are also disclosed in the section entitled “Risk Factors” in the Prospectus and under “Financial Risk Management” in the annual report and financial statements and the interim financial statements (the “Periodic Reports”) of the Fund. Copies of the foregoing documents are available on the Fund Website.

***Portfolio composition, turnover and turnover costs***

Details of the portfolio composition together with a summary of the material portfolio changes and associated costs are available in the Periodic Reports and monthly fact cards of the Fund available on the Fund Website.

***Policy on securities lending and how it is applied to fulfil engagement activities, if applicable, particularly at the time of the general meeting of the investee companies***

The Fund may engage in securities lending as set out in the Prospectus in the sections entitled “Investment Techniques and Instruments”, “Repurchase Agreements, Reverse Repurchase Agreements and Stocklending Agreements” and “Securities Financing Transactions Regulation Disclosure”. Any engagement activities undertaken by the Fund relating to securities lending during the Period were conducted in accordance with the Policy, including, where relevant, in relation to voting activity of the Fund at general meetings of the investee companies / Notwithstanding the permissibility of the Fund engaging in securities lending, no such activity occurred during the Period.

**7.3 *Whether investment decisions have been made based on evaluation of medium to long-term performance of the investee company, including non-financial performance***

Investment decisions by the Company during the Period were based on a variety of factors as described in the Policy which may include an evaluation of the medium to long-term performance of an investee company, including an evaluation of the non-financial performance of the investee company.

**7.4 *Whether conflicts of interests have arisen in connection with engagements activities and how the Company has dealt with them***

Disclosures in relation to conflicts of issues relevant to the Fund (including in connection with any engagement activities pursuant to the Policy) are set out in the section entitled “General - Conflicts of Interest” and “General - Best Execution Policy” of the Prospectus and the Periodic Reports which are available on the Fund Website, and, where relevant, the Form ADV of the Investment Manager which is available at <https://adviserinfo.sec.gov>.