



# Shareholders Rights Directive II

Engagement Policy

August 2020



ICM Investment Management ('ICMIM') is authorised and regulated by the UK Financial Conduct Authority ('FCA') as a UK full-scope Alternative Investment Fund Manager ('AIFM') and is the appointed AIFM for the following two Alternative Investment Funds ('AIFs'):

- (1) Utilico Emerging Markets Trust plc ('UEMT'), which is a UK closed-end investment trust.
- (2) UIL Limited ('UIL'), which is an exempted closed-end Bermuda incorporated investment company.

The purpose of this policy document is to outline ICMIM's approach with regards to the **Shareholder Rights Directive II** ('SRD II' or 'Directive') requirements which have been integrated into the United Kingdom and set out in COBS 2.2B of the FCA Handbook. The Directive aims to promote effective stewardship and long-term investment decision making by enhancing the transparency of shareholder engagement policies and investment strategies across the institutional investment community.

At ICMIM we believe that effective stewardship and engagement benefits companies, investors and the economy as a whole. ICMIM is built on a philosophy of value creation, vision and innovation. Our mission is to achieve long-term total returns for our clients. Our focused investment processes identify both value and growth opportunities which are not reflected in the market price. Our deep and extensive understanding of the companies, sectors and markets in which we invest, moderates our risk and amplifies our returns.

ICMIM has elected to develop and publicly disclose an Engagement Policy that meets the requirements of COBS 2.2B.6R; and to publicly disclose on an annual basis how its Engagement Policy has been implemented in a way that meets the requirements.

In line with the principles of SRD II, this policy document describes how ICMIM:

- (1) integrates shareholder engagement in its investment strategy;
- (2) monitors investee companies on relevant matters;
- (3) conducts dialogues with investee companies;
- (4) exercises voting rights and other rights attached to shares;
- (5) cooperates with other shareholders;
- (6) communicates with relevant stakeholders of the investee companies; and
- (7) manages actual and potential conflicts of interests in relation to the firms engagement.

## Rule

### **Integrating shareholder engagement in the firm's investment strategy**

COBS 2.2B.6(1)

**Approach taken:** As a long-term bottom-up investor, engagement with management teams is and will remain paramount to investing. Investment decisions are taken following extensive bottom-up analysis of relevant sectors. As part of the investment decision making process, the analysts review company documents; business model; growth prospects/risks; environment, social and corporate governance arrangements; third-party research; and undertake meetings with management. This is then reviewed and approved by an Investment Committee.

The allocated analyst is responsible for maintaining close engagement in the relevant investments and, where relevant, maintain open dialogue with management and other shareholders. Where the firm holds a significant investment, the analysts will maintain a closer relationship with the management and other shareholders, with onsite visits where possible.

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**Approach to ongoing monitoring of investee companies.**

COBS 2.2B.6R(2)

**Approach taken:** Investee companies are continually monitored post investment. ICMIM's monitoring aims to provide an ongoing understanding of each investee company's strategic goals, opportunities, and understanding its approach to environment, social and governance ('ESG'), which involves the following:

- meeting with company management;
- on-site company visits;
- monitoring company announcements;
- reviewing quarterly and annual results;
- reviewing external sector/company specific research; and
- applying an internal ESG rating.

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**Approach to conducting dialogue with investee companies.**

COBS 2.2B.6R(3)

**Approach taken:** Strong communication channels are important. ICMIM continually connects with investee companies' management teams through ongoing meetings as well as influencing best outcomes on key issues. Given that ICMIM is a long-term investor, engagement with management teams is and will remain paramount to investing. As the analysts typically meet management teams before investment, a good rapport is usually built with the investment companies.

Dialogue with companies is undertaken by the analysts, through but not limited to the following methods:

- email exchanges with company management;
- meetings with senior management;
- conference calls;
- company site visits; and/or
- participation in roadshows.

Where companies fail to respond or to appropriately engage in dialogue on the issues raised, ICMIM may review its investment decision in consideration of the materiality of the issue and its impact on the long-term potentials.

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**Procedures for exercising voting rights and other rights attached to shares.**

COBS 2.2B.6R(4)

**Approach taken:** Being proactive in voting is key as through this mechanism ICMIM can encourage/improve good corporate governance. Therefore, ICMIM votes on all available shareholder resolutions whether through physical attendance at a shareholder meeting or via proxy.

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**Approach to cooperating with other shareholders.**

COBS 2.2B.6R(5)

**Approach taken:** We recognise that there may be occasions where it will be appropriate to work with other shareholders to effect positive change. ICMIM is willing to act collectively with other investors, however this will be considered on a case-by-case basis. Collaboration with other investors must always be conducted in compliance with applicable law and regulations. In all circumstances, we will act in the best interests of the AIF's investors.

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**Approach to communicating with relevant stakeholders of the investee companies.**

COBS 2.2B.6R(6)

**Approach taken:** ICMIM does not generally communicate with other non-equity stakeholders.

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**Approach to managing actual and potential conflicts of interests in relation to the firm's engagement.**

*COBS 2.2B.6R(7)*

**Approach taken:** ICMIM shall take all reasonable steps to identify, manage, monitor, and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs managed and their shareholders, and to ensure that the AIFs are treated fairly. ICMIM maintains a conflicts of interest register recording potential and actual conflicts.

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