

# RAM Active Investments (RAM AI) 2023 Engagement Report.

From 1<sup>st</sup> January to 31<sup>st</sup> December 2023

## ● Engagement

By way of principle, RAM AI considers the exercise of voting rights and shareholder engagement aspects in accordance with the best interest of the relevant Collective Investment Scheme ('CIS') and its investors.

Recognising the value of different forms of engagement, RAM AI prioritises collaborative engagement where possible and combines these with direct individual engagements.

- **Collective engagements:** opportunistic and aiming to push the companies for structural change and more transparency on their non-financial reporting. RAM AI will take an active role in collaborative engagement in the form of (co-)leadership. Whilst RAM AI might use such platforms for collaborative engagement, it will not outsource its engagement responsibilities to third parties.
- The **individual engagement** process is launched whenever RAM AI is aware that any invested company is object of any relevant adverse media. These individual engagements aim at clarifying a suspicious situation to make a decision about whether to add the entity into the exclusion list. As a result, the engagement may also result in excluding a company from RAM AI's investment universe.

Engagements contribute to strengthening the sustainable investment strategy carried out by the relevant CIS.

Severe and structural breaches of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption, ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, OCDE Guidelines for Multinational Enterprises controversies lead to exclusions and not engagements.

When RAM AI detects any controversy, it shall take any of the following 3 approaches:

1. decide to exclude a company from its investment universe (in case of serious breaches to the above-mentioned conventions);
2. engage with the company and, depending on the severity of the adverse media, allowing a temporary regime so that the company takes action and improves its behaviour;
3. seeking collective engagement.

The Engagement Policy will be reviewed on a regular basis by the firm's Responsible Investment Committee.

## ● Collaborative Engagement

At RAM AI, we believe engagements can be used as effective tools to influence our investee companies' Environmental, Social and Governmental practices. These are an integral part of our Responsible Investment Policy and align with our goal to be a responsible and active investment manager. RAM AI advocates sustainable corporate practices and proper corporate governance, which is essential for long-term shareholder value creation. By engaging, we make our voices heard

at companies' management level. Given RAM AI's size, we have determined that the most powerful tool is through active membership in collaborative platforms.

### CDP Non-Disclosure Campaigns

As a CDP signatory, each year, we join this campaign and directly engage with companies to disclose environmental performance to CDP. The 2023 Non-disclosure Campaign was supported by a record of **288 FIs** representing nearly **US\$29 trillion in assets**, targeting **1,590 non-disclosing companies** for engagement **317 companies disclosed** after engagement by FIs in the 2023 campaign. RAM AI led the engagement on the below companies, emphasising the importance of answering the CDP questionnaire on Climate, Forest and Water issues.

Requested organisation	HQ Country	Activity	Climate	Forest	Water	Success?
Balfour Beatty	United Kingdom	Non-residential building construction		Lead		
Box	United States of America	Software	Lead			Yes
GT Capital Holdings Inc	Philippines	Automobiles		Lead	Lead	
Hanmi Pharmaceutical Co., Ltd.	Republic of Korea	Pharmaceuticals	Lead		Lead	
Harbour Energy	United Kingdom	Oil & gas extraction			Lead	
JET2 PLC	United Kingdom	Passenger airlines	Lead	Lead		
M Dias Branco SA	Brazil	Other food processing		Lead	Lead	
Nongfu Spring Co Ltd	China	Non-alcoholic beverages	Lead			
PCCW	China, Hong Kong	Telecommunications services	Lead			
Piaggio & C SpA	Italy	Automobiles		Lead		
Picc Property & Casualty	China	Insurance	Lead			
Premier Investments	Australia	Apparel stores	Lead		Lead	
Super Retail Group	Australia	Specialist retail	Lead		Lead	
Synnex Technology Intl Corp	Taiwan, China	Electronic components	Lead		Lead	
Südzucker AG	Germany	Other food processing		Lead	Lead	
UOL Group	Singapore	Real estate owners & developers	Lead		Lead	
WISETECH GLOBAL LTD	Australia	Software	Lead			
WNS Holdings ADR	India	IT services	Lead			Yes

### Climate Action 100+

Climate Action 100+ engagement focuses on 170 companies that are critical to the net-zero emissions transition. RAM AI continues its ongoing engagement through Climate Action 100 on key names within its portfolio. We are monitoring the progress of the engagement led by the Lead investors and participating in the preparation of the engagement for selected companies.

## ● Individual Engagement

Although RAM AI has assessed numerous controversies made public during the year, not all of them were deemed relevant for engagement. RAM AI has individually engaged with 17 companies in 2023:

	Company	Reason for engagement following a controversy detected	Funds
1	Old Dominion Freight Line	Old Dominion Freight Line may be facing a social ESG controversy related to their retirement plan fees.	RAM (LUX) SYSTEMATIC - MARKET NEUTRAL GLOBAL EQUITIES
2	Baxter International /Hillrom. In	Baxter International's subsidiary, Hillrom, has been under investigation by the United States Office of Inspector General for the Department of Health and Human Services (DHHS) and the Department of Justice (DOJ) for potential violations of the False Claims Act and the Anti-Kickback Statute. This controversy involves potential non-compliance with legal and regulatory requirements, which falls under the 'Governance' aspect of ESG	RAM (LUX) SYSTEMATIC FUNDS – US SUSTAINABLE EQUITIES <sup>1</sup>
3	SM Entertainment	There seems to be a case of Governance controversy involving share trading irregularities and a potential dispute over management rights.	RAM (LUX) SYSTEMATIC FUNDS – EMERGING MARKETS EQUITIES & RAM (LUX) SYSTEMATIC - MARKET NEUTRAL GLOBAL EQUITIES
4	Norfolk Southern	There seems to be a potential ESG controversy surrounding Norfolk Southern's safety practices. The National Transportation Safety Board (NTSB) has opened a special investigation into the company's organisation and safety culture after five recent significant accidents.	RAM (LUX) SYSTEMATIC - MARKET NEUTRAL GLOBAL EQUITIES
5	WANdisco	There seems to be a severe case of Governance controversy at WANdisco, as there are significant irregularities in the company's financial reporting that potentially impact its overall financial position and could lead to significant going concern issues.	RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN EQUITIES & RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY
6	Barclays	Barclays was/is under investigation by the UK's Financial Conduct Authority (FCA) for suspected failings in compliance and anti-money laundering (AML) procedures. The FCA has issued a notice requiring an independent review of Barclays' systems to prevent and detect financial crime, due to concerns about the volume of Know Your Customer (KYC) and AML incidents at the lender.	RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME

<sup>1</sup> On 18 December 2023, this sub-fund was absorbed by the sub-fund RAM (LUX) SYSTEMATIC FUNDS – GLOBAL SUSTAINABLE INCOME EQUITIES, which on the same date was renamed RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME

7	DaVita	There is a potential severe case of ESG controversy. The controversy involves an antitrust investigation concerning the American Kidney Fund (AKF) and how DaVita, a healthcare company, is connected to it. This could potentially affect the company's governance and social aspects if they are found to have acted improperly or unethically.	RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME
8	3M	There is a potential severe environmental controversy. 3M would be implicated in a situation involving pollution due to its 'forever chemicals' known as PFAS. The fact that a settlement of at least \$10B is being discussed to resolve claims by water providers demonstrates the severity of the issue.	RAM (LUX) SYSTEMATIC FUNDS – US SUSTAINABLE EQUITIES <sup>2</sup>
9	SES-imagotag	It appears that the company SES-imagotag, which is linked to the supplier BOE, is potentially involved in a severe case of Governance controversy. The alleged irregularities in financial reporting, lack of transparency regarding related party transactions and misleading business operations (as seen with the unprofitable Walmart deal) are critical governance issues.	RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY
10	McDonald's Corporation	There is a potential severe Social controversy. The allegations regarding a culture of sexual assault, harassment, racism, and bullying are highly concerning and present substantial risks to McDonald's from a social perspective. The reports indicate a potentially systemic problem within the company's culture and internal processes, which they have acknowledged but seemingly have not yet adequately addressed.	RAM (LUX) SYSTEMATIC FUNDS – STABLE CLIMATE GLOBAL EQUITIES & RAM (LUX) SYSTEMATIC - MARKET NEUTRAL GLOBAL EQUITIES
11	Hexagon AB	There is a potential situation representing a severe case of Governance controversy: Hexagon AB may not be operating with proper checks and balances and could be overly reliant on a single individual's decisions, thereby creating risks to its governance structure.	RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY
12	Deutsche Post AG	There is a potential Governance controversy. Governance refers to a set of rules or principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations.	RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME
13	Illumina	There is a potential Governance controversy involving Illumina. The controversy centers around Carl Icahn suing current and former board directors at Illumina for their actions relating to the closure of the acquisition of Grail without regulatory approval.	RAM (LUX) SYSTEMATIC FUNDS – GLOBAL MARKET NEUTRAL EQUITY
14	Verallia	There is a potential governance issue with Verallia concerning alleged anticompetitive conducts in the production and commercialisation of glass wine bottles in Italy. Antitrust investigations are significant as they can imply potential violations of fair competition laws, which falls under the governance aspect of	RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN EQUITIES & RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY & RAM (LUX) SYSTEMATIC FUNDS – GLOBAL MARKET NEUTRAL EQUITY

<sup>2</sup> On 18 December 2023, this sub-fund was absorbed by the sub-fund RAM (LUX) SYSTEMATIC FUNDS – GLOBAL SUSTAINABLE INCOME EQUITIES, which on the same date was renamed RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME

		ESG (Environmental, Social, and Governance) criteria.	
15	Unilever	It appears that Unilever is facing a significant Environmental and Governance controversy. The UK's Competition and Markets Authority (CMA) is scrutinising the company's environmental claims about certain household essentials, indicating potential greenwashing concerns. This situation reflects both environmental (misleading green claims) and governance (compliance with regulations and ethical marketing practices) issues.	RAM (LUX) SYSTEMATIC FUNDS – STABLE CLIMATE GLOBAL EQUITIES & RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN EQUITIES & RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY
16	Humana	It seems the case in question presents a significant ESG (Environmental, Social, and Governance) controversy, particularly in the Social and Governance domains. Social Aspect: The use of AI by Humana to potentially deny necessary medical care to Medicare Advantage patients, as alleged, directly impacts the social component of ESG. It raises serious concerns about patient welfare and ethical treatment. Governance Aspect: The decision to rely on an AI model (nH Predict) for critical healthcare decisions reflects on the company's governance practices. This includes their approach to risk management, ethical decision-making and transparency.	RAM (LUX) SYSTEMATIC FUNDS – US SUSTAINABLE EQUITIES <sup>3</sup> & RAM (LUX) SYSTEMATIC FUNDS – GLOBAL MARKET NEUTRAL EQUITY
17	Engie	There seems to be a severe case of ESG (Environmental, Social, and Governance) controversy, specifically under the 'Social' aspect. This controversy involves alleged human rights violations due to forced displacement in César, Colombia, impacting over 59,000 residents. The companies mentioned, including Engie SA, are accused of noncompliance with OECD guidelines in relation to these adverse human rights impacts.	RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN EQUITIES & RAM (LUX) SYSTEMATIC FUNDS – EUROPEAN MARKET NEUTRAL EQUITY

<sup>3</sup> On 18 December 2023, this sub-fund was absorbed by the sub-fund RAM (LUX) SYSTEMATIC FUNDS – GLOBAL SUSTAINABLE INCOME EQUITIES, which on the same date was renamed RAM (LUX) SYSTEMATIC FUNDS – GLOBAL EQUITY INCOME

## **Important Information.**

**Important note:** please note that some sub-funds are not registered in some countries, please ensure the relevant sub-fund is available in your country. This document has been drawn up **for information purposes only**.

It is neither an offer nor an invitation to buy or sell the investment products mentioned herein and may not be interpreted as investment advice. It is not intended to be distributed, published or used in a jurisdiction where such distribution, publication or use is forbidden, and is not intended for any person or entity to whom or to which it would be illegal to address such a document. In particular, the investment products are not offered for sale in the United States or its territories and possessions, nor to any US person (citizens or residents of the United States of America).

The opinions expressed herein do not take into account each customer's individual situation, objectives or needs. Customers should form their own opinion about any security or financial product mentioned in this document. Prior to any transaction, customers should check whether it is suited to their personal situation, and analyse the specific risks incurred, especially financial, legal and tax risks, and consult professional advisers if necessary. The information and analyses contained in this document are based on sources deemed to be reliable. However, RAM AI Group cannot guarantee that said information and analyses are up-to-date, accurate or exhaustive, and accepts no liability for any loss or damage that may result from their use. All information and assessments are subject to change without notice. Subscriptions will be accepted only if they are made on the basis of the most recent prospectus, Key information document (KID) and the latest annual or half-year reports for the financial product.

The prospectus, constitutive documents and financial reports are available in English and French while KIDs are available in the relevant local languages. These documents can be obtained, free of charge, from the SICAVs' and Management Company's head office and [www.ram-ai.com](http://www.ram-ai.com), its representative and distributor in Switzerland, RAM Active Investments S.A. and the relevant local representatives in the distribution countries.

Issued in Switzerland by RAM Active Investments S.A. which is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA). Issued in the European Union and the EEA by the Management Company RAM Active Investments (Europe) S.A., 51 av. John F. Kennedy L- 1855 Luxembourg, Grand Duchy of Luxembourg.