

# Engagement Policy



## Overview

This Engagement Policy ("Policy") is written in accordance with the Shareholder Rights Directive 2017/828 (SRD II) amending Directive 2007/36 (SRD I), the Shareholder Rights Directive 2017/828 (SRD II) ("the Directive") was transposed into Irish law by the European Union (Shareholders' Rights) Regulations 2020 (S.I. No. 81 of 2020).

This Policy outlines Setanta's approach to engagement. The objective of this Policy is to establish and maintain a consistent framework for engagement aligned to the relevant principles and requirements set out in Setanta's Sustainability Risks Policy, Responsible Investment Policy, Remuneration Disclosure, Proxy Voting Policy, and Setanta Risk Appetite Statement.

Setanta considers engagement to form an integral part of our stewardship responsibility. We consider stewardship to mean using the rights and position of holdings in investee companies, wherever the investment is in a company's capital structure, through engagement and voting activities. As an asset manager, Setanta believes that engagement and stewardship play an important role in preserving and enhancing the value of the assets we manage for our clients and that exercising our respective rights and position for those purposes is consistent with our fiduciary duties to our clients.

## Setanta

Setanta is an independent investment management firm based in Dublin, Ireland. Setanta provides discretionary management services to institutional investors to help them achieve their long-term investment objectives. Established in 1998, Setanta applies a long-term, active, and value investing approach to its equity and multi-asset investment solutions. Our approach is research-driven and is conducted by a team of investment professionals, who aim to deliver competitive returns across our investment strategies. Our focus is on identifying good quality businesses in which to invest on behalf of our clients with particular emphasis on the potential downside risk of each investment.

We provide discretionary management services to institutional investors with a view to help them achieve their long-term investment objectives. We aim to maximise the long-term investment returns on their portfolios within certain risk parameters and in adherence with the Setanta approach to investing.

## Engagement and Monitoring<sup>1</sup>

Setanta's investment approach is research driven and is conducted by a team of investment professionals<sup>2</sup> who consider the financially material factors, risks, and opportunities that each investment presents in the short, medium, and long term.

<sup>1</sup>For information around Sustainability Engagement see below

<sup>2</sup>Information about the team can be found here: <https://www.setanta-asset.com/our-team/>

Setanta believes that engagement with investee companies can be a key part of forming a financial and qualitative understanding of the business of such investee companies. Our engagements cover a myriad of factors including long-term objectives and challenges, operating and decision-making frameworks, business risk, and management's plans for maximising shareholder value.

Setanta may engage with other stakeholders in accordance with market conduct requirements. The appropriateness of these engagements is assessed on a case-by-case basis taking into consideration any potential conflicts of interest that may arise.

## **Voting**

Setanta believes that voting rights are a valuable means by which shareholders can hold management in investee companies accountable. We believe that the right to vote at company shareholders' meetings is a fundamental part of a well-functioning corporate governance system.

Exercising the voting rights for shares beneficially owned by our clients is a key component of Setanta's responsible investment approach. Setanta will exercise these voting rights unless it is instructed not to do so by a client. Setanta has a Proxy Voting Policy which describes our approach to voting on the assets we manage on behalf of our clients. Clients may request a bespoke voting policy to be applied, and this will be considered by Setanta on a case-by-case basis.

Our approach is to vote in a manner most consistent with the long-term economic interest of our clients including in relation to sustainability risks. In determining how to exercise voting rights attached to securities, we rely on our own internal analysis and assessment and do not outsource the responsibility to proxy voting service providers.

Setanta endeavours to vote on all security voting decisions and does not outsource the responsibility to proxy advisors. ProxyEdge, provided through Setanta's third-party vendor Broadridge, is an online solution which supports the management of meeting notifications, voting decision communication, reporting of the meetings taking place on the securities held in our clients' portfolios.

## **Responsible Investing**

We view the consideration of financially material sustainability factors as core to our investment process. As such, sustainability factors will form part of our engagement and voting practices where we feel they are material to the investment case, or they are required by our investment mandates. Setanta has a Responsible Investment Policy and a Sustainability Risks Policy in place.

## **Sustainability Engagement and Voting**

Setanta also has a sustainability engagement program and a sustainability voting program which focus on environmental matters, especially those related to climate. These programs solely apply to investment solutions which are classified as Article 8 under the SFDR. Through these programs we seek to encourage investee companies to manage sustainability risks with a long-term environmental focus. The Setanta sustainability analyst and the portfolio management team work closely together in running these programs.

## **Conflicts of Interest**

Setanta is required to take all appropriate steps to identify, manage or prevent potential or actual conflicts of interest that may arise while providing its services. In all instances of actual or potential conflict of interest Setanta will abide by the principles of treating its clients fairly and dealing honestly and professionally with all its stakeholders. All Setanta employees also have an obligation to comply with the Conflicts of Interest Policy, to avoid any conflict of interest and to act in the best interests of our clients.

In Setanta's engagement with investee companies, and in making voting decisions, any potential or actual conflicts that arise will be managed in accordance with Setanta's Conflicts of Interest Policy.

## **Scope of coverage**

This Policy applies to directly managed investments in equities and corporate fixed income. The sustainability engagement program will be applied solely in relation to investment solutions which have been categorised as an Article 8 financial product under the Sustainable Finance Disclosures Regulation ("SFDR").

## **Ownership**

The Setanta Responsible Investment Committee ("SRIC") is responsible for overseeing adherence to this Policy. This Policy is reviewed annually (or more frequently if required) by the SRIC and all updates are approved by Setanta's Executive Management Committee. The membership of the SRIC and its terms of reference are available on request.

## Disclosures

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Setanta relies on data, ratings and measurements which have been obtained from third party data providers ("Third Party Data") to implement the procedures and practices set out in this Policy. Third Party Data may be limited due to a lack of availability or quality of the information, data and indicators for certain issuers/exposures or asset classes. Third Party Data may also be based on assumptions, forecasts, calculations, views and opinions of the relevant third-party data provider ("Estimated Data"). Estimated Data may vary from realised figures or may be otherwise inaccurate or incorrect. Setanta has not independently verified or assessed the assumptions underlying Estimated Data.

While reasonable endeavours are taken to ensure the Third-Party Data is accurate, it is important to note that third party data providers assume no responsibility for inaccuracies, errors, inconsistencies or omissions in their data and cannot be held liable for any damage arising from our use of their data. We cannot guarantee the accuracy, completeness or reliability of the Third-Party Data and we accept no responsibility or liability whatsoever for any inaccuracies, errors, inconsistencies or omissions in the Third Party Data, or for any loss or damage suffered by you or any other party arising in connection with the information contained in this document.

Any reference to third party data providers in this document is solely for appropriate acknowledgement of the source of the relevant Third-Party Data and does not constitute any sponsorship or endorsement by Setanta of such third party data provider.

Environmental, Social and Governance ("ESG") strategies may diverge from, increase or eliminate exposures found in other non-ESG strategies or broad market benchmarks. This may cause performance to diverge from the performance of these other strategies or market benchmarks. ESG strategies will be subject to the risks associated with their underlying investments' asset classes. Further, the demand within certain markets or sectors that an ESG strategy targets may not develop as forecasted or may develop more slowly than anticipated.

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