

# Shareholder Engagement Policy

## Background

This Engagement Policy (the “**Policy**”) has been adopted by Nedgroup Investments (IOM) Ltd, the Investment Manager and Distributor (“the **Investment Manager**”) to not only demonstrate compliance with the relevant regulatory requirements as prescribed under the Shareholder Rights Directive II (“**SRD II**”), and relevant local transpositions across the European Union, but to also demonstrate to its clients the approach it has taken with respect to an effective Environmental, Social & Governance (“**ESG**”) framework.

SRD II aims to promote shareholder engagement and improve stewardship practices across the European Union. The Investment Manager is committed to ensuring that investments made by it on behalf of its clients are consistent with their needs and objectives, while ensuring these investments are part of the Investment Manager’s holistic ESG framework.

## Definitions

For the purposes of this policy, an “investee company” refers to a company which is traded (i.e. listed) on an EU regulated market<sup>1</sup>, for example, the London Stock Exchange.

Where it is noted in the policy that the Investment Manager has acquired equity holdings in investee companies, it is to be understood these holdings are for the exclusive benefit of the collective investment schemes (“**CIS**”) for which the Investment Manager acts as portfolio manager.

The Investment Manager may appoint sub-investment managers and may delegate discretionary investment management responsibility to the appointed Sub-Investment Managers in relation to certain sub-funds. All reference in this document to the Investment Manager will include, where appropriate, the Sub-Investment Managers under the delegated arrangements in place.

## Monitoring of Investee Companies -

The Investment Manager monitors investee companies through a combination of processes, which are outlined below.

### 1. Strategy

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<sup>1</sup> [List of EU Regulated Markets](#)

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The Investment Manager understands that the ultimate decision making with respect to strategy and decision making will remain with the board of directors and senior management of the investee companies. That being said, prior to the acquisition of holdings in such investee companies, the Investment Manager ensures that the strategy, objectives and culture of the investee companies are consistent with the interests and values of the Investment Manager.

Prior to investing in relevant listed securities, the Investment Manager will conduct investment due diligence on the investee companies it proposes to invest in to understand its strategy. Members of the Investment Manager's investment management team may meet with senior representatives of the prospective investee companies to garner an understanding of the investee company's strategy and medium to long-term objectives which may inform their investment decision making process.

Thereafter, through reviewing investee companies' annual reports, the Investment Manager will, through ongoing engagement with the investee companies, ensure that the strategies of the investee companies remain consistent with the objectives of itself and of its clients.

## **2. Financial, Capital & Non-Financial Performance**

Through its initial investment due diligence and ongoing engagement, the Investment Manager will ensure it understands the financial position of each investee company in which it holds equity ownership. To effectively do this, the Investment Manager may review the balance sheets and financial projections of investee companies to build a detailed understanding of the investee company's prospective financial performance and capital structure.

Additionally, the Investment Manager may consider the following to determine the financial performance of investee companies; market data providers e.g. Bloomberg/Morning Star, publicly available reports, press releases, regulatory filings.

In terms of non-financial factors, the Investment Manager remains apprised of all considerations of a material nature with respect to investee companies, for example, departures of senior management, significant business continuity events, potential for regulatory sanctions etc. The Investment Manager will consider these material events on an ongoing basis to ensure the investee company's activities are consistent with its interests and that of its investors.

## **3. Risk**

In terms of risk, the Investment Manager will ensure that there is an experienced and independent risk function, where appropriate, within the investee companies to satisfy itself an appropriate risk framework is





in place. The Investment Manager will enquire as to what, if any, risk tools and systems are deployed by the investee company to monitor risk on an ongoing basis.

The Investment Manager may also use its own proprietary risk systems or independent risk system to independently validate the risk metrics produced by investee companies on an ongoing basis.

#### **4. Social & Environmental Impact**

The Investment Manager considers the following, but not limited to, with respect to the social and environmental impact of investee companies;

- Primary activities of the investee company and any related group entities;
- The industry in which the investee company operates;
- Named individuals responsible for the operations of the investee companies;
- Negative press releases/publications in respect of the activities investee companies undertake;
- Results of AML/KYC screening which might present negative news.

#### **5. Corporate Governance**

Through its initial investment due diligence and ongoing engagement with investee companies, the Investment Manager will develop a detailed understanding of the way in which each investee company operates and the policies, procedures and forums it has enacted to ensure effective corporate governance. The Investment Manager may consider the board composition and committee structures which have been enacted in investee companies as an effective way of monitoring investee companies in relation to corporate governance.

### **Voting Rights**

The Investment Manager has adopted a proxy voting policy which has been adopted to ensure that any voting rights acquired generally in its activities are conducted in a manner consistent with the best and long-term interests of the investors for which it acts.

Where the Investment Manager acts as portfolio manager with respect to a CIS, all voting rights will be carried out in a manner which is consistent with the investment objectives and policy of each CIS as well as ensuring that any potential conflicts of interest are appropriately identified and mitigated.





The Investment Manager will monitor corporate actions, ensure the exercise of voting rights in accordance with the investment objective and policy of the relevant Fund in order to prevent and/or manage any conflicts arising from the exercise of voting rights in respect of the Fund.

The Investment Manager will exercise the voting rights attached to the assets it manages, unless exercising these rights is not in the interest of the CIS of the assets or is not allowed under local regulation. Where the resolutions are of an administrative nature or are not determined to have any material impact on the interest of shareholders, a decision may be made to abstain from voting. The Investment Manager may elect to vote for or against resolutions and will thus sometimes vote in line with or vote against company management.

Details of corporate actions announcements are available daily from outside vendors, brokers or depository. The Investment Manager reviews such announcements to determine whether the announcement is new, revised or duplicated. They are also categorised as voluntary or mandatory corporate actions. Any differences noted between sources is investigated and resolved.

## **Co-Operation with Other Shareholders**

In acquiring equity holdings in investee companies, the Investment Manager understands that in certain circumstances it may be appropriate to engage with other shareholders to promote and effect positive change with respect to the operations and governance of these investee companies. The Investment Manager, as appropriate, is willing to engage and collaborate with other shareholders in the pursuit of promoting positive change in investee companies.

This engagement with other shareholders shall be exclusively in the best interests of its clients.

## **Conflicts of Interest**

The Investment Manager has adopted a comprehensive conflicts of interest policy, which is also available on our website [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com), which governs the approach the Investment Manager has taken with respect to the identification, mitigation and monitoring of any potential conflicts of interest.

The Investment Manager is committed to ensuring that no unmitigable conflicts of interest arise between its interests in investee companies the interests of its own clients.

## **Annual Transparency Obligations**





On an annual basis, the Investment Manager shall publicly disclose through the Financial statements on its website how this policy has been implemented which will consider the following –

1. A general description of voting behavior;
2. An explanation of the most significant votes taken where it is deemed appropriate;
3. Information on the use, if any, of the services of proxy advisers; and;
4. Information on how it has cast votes in the general meetings of companies in which it holds shares

The Investment Manager will complete its first annual disclosure by 1 May 2021 which is one year following the adoption and publication of this policy.

## **Policy Governance**

This Policy will be reviewed annually and more frequently where it is considered necessary to do so.

