

Documentation

# Engagement Policy

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Exercising voting rights within investment portfolios  
managed by BANTLEON AG

## Introduction

BANTLEON sees itself as an active asset manager with a commitment to sustainability. We support the Principles for Responsible Investment (PRI) by explicitly incorporating sustainability criteria into our investment strategies. Taking account of environmental, social and governance (ESG) factors in investment decisions forms an integral part of our investment philosophy, especially within our equity strategies. This also includes exerting an influence on portfolio companies by exercising shareholder rights in order to rectify inadequate sustainability standards, thereby avoiding associated risks and contributing to positive performance of the portfolio companies over the long term for the benefit of our investors.

The EU's Shareholder Rights Directive (SRD; Directive 2007/36/EC) was superseded by the extensively revised and expanded SRD II (Directive (EU) 2017/828). The revision was intended to achieve a further improvement in shareholder engagement in listed companies and to facilitate the provision of information across national borders and the exercise of shareholder rights. In adopting and publishing this Engagement Policy, BANTLEON AG is complying with the requirements set out in § 134b of the German Stock Corporation Act and the requirements of SRD II (ARUG II).

BANTLEON AG is a responsible asset manager that, as a matter of principle, attaches a great deal of importance in the equity strategies to active engagement in portfolio companies through regular dialogue with company representatives and the strategic exercise of voting rights. This Engagement Policy thus applies to all companies whose shares are held by investment portfolios managed by BANTLEON AG, with the exception of those that qualify as insignificant shareholdings under § 134b para. 3 of the Stock Corporation Act. BANTLEON AG defines an investment as insignificant if less than 0.5% of the outstanding shares of a portfolio company are attributable to the total managed investment assets. In such cases, BANTLEON AG exercises voting rights at its own discretion, in particular when specific features of individual investment strategies to which voting rights are attributed require it (e.g. ESG compliance). With regard to active dialogue with portfolio companies' governing bodies and key stakeholders, BANTLEON AG focuses on listed companies within the European Economic Area (EEA) as well as those outside the EEA for which this form of active influence is justified and important in view of the extra workload involved.

## Exercising shareholder rights (voting rights)

To exercise voting rights at ordinary and extraordinary general meetings, BANTLEON AG uses the *ProxyExchange* platform provided by Institutional Shareholder Services Inc. (ISS), the market leader in corporate governance and proxy voting. The full asset allocations of all investment portfolios subject to this Engagement Policy are reported on this platform. The portfolio managers responsible at BANTLEON AG are automatically kept informed of upcoming general meetings and agenda items, ensuring that they can exercise voting rights within the stated deadlines at all times, even when a large number of portfolio companies are involved. Before every vote, each agenda item undergoes rigorous analysis in line with internal best-practice principles and the AGM analysis guidelines published by the German Investment Funds Association (BVI).

BANTLEON AG does not currently use any services provided by external voting rights consultants beyond the purely informative scope of the *ProxyExchange* platform.

## **Monitoring significant developments at portfolio companies**

An important part of BANTLEON AG's investment process for the portfolios it manages is actively and diligently monitoring developments at portfolio companies. The portfolio managers have various systems, data sources and measures at their disposal for this purpose, from specialised news services to detailed research from independent providers and active dialogue with key stakeholders.

Ongoing analysis covers market data (general market trends and individual price movements), regular reporting by portfolio companies (annual reports and other publications), strategic decisions and non-financial, ESG-relevant developments.

The findings of this analysis are continually discussed within the investment committees and the investment teams concerned, and steps are taken at the earliest possible stage to protect the interests of the portfolios' investors.

## **Exchanging opinions with companies' governing bodies and stakeholders**

BANTLEON AG endeavours to foster active dialogue with representatives of portfolio companies. It may do so by attending investor conferences or general meetings, taking part in conference calls or arranging face-to-face meetings at companies' premises. Dialogue with other stakeholders (e.g. shareholders, staff and clients) is sought selectively as necessitated by company-specific events.

Dialogue is focused on corporate strategy, important financial and non-financial data as well as capital allocation, market environment and sustainability issues.

## **Cooperating with other shareholders**

BANTLEON AG exercises voting rights in line with the findings of its own analysis, with a view to each company's long-term development and in the interests of investors. In principle, BANTLEON AG is interested in cooperating with other shareholders, in particular with regard to joint initiatives to improve the attitude of the portfolio companies to environmental, social and corporate governance (ESG) issues.

## **Dealing with conflicts of interest**

Conflicts of interest may arise as a result of exercising voting rights and interacting with portfolio companies. BANTLEON AG has appropriate procedures for determining, preventing, resolving and monitoring these in order to ensure that they do not have a negative impact on the investment portfolios it manages and on their investors. These procedures include ensuring the functional and operational independence of other companies in the BANTLEON BANK Group as well as rules relating to market abuse and insider trading.

## About BANTLEON

Based in Switzerland and Germany, BANTLEON specialises in institutional investments with a focus on capital preservation. The team behind this process comprises some of the world's best macroeconomic analysts, experienced equity and bond managers as well as a relationship management focused on institutional requirements. Investors in its mutual funds and segregated accounts include primarily banks, insurers, industrial companies and pension providers, with risk-averse private investors also represented. In total, BANTLEON's 44 staff manage EUR 4.8 billion (CHF 5.2 billion) for clients in Switzerland, Germany, Austria, Spain, Italy and elsewhere.

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