

The EU Shareholder Rights Directive II (“SRD II”) contains various obligations relating to shareholder engagement and transparency. These obligations are being implemented in the UK from 10 June 2019, and those which apply to asset managers are contained in the Financial Conduct Authority’s Conduct of Business Sourcebook. The obligations affect asset managers, such as Seven Pillars Capital Management LLP (“SPCM”).

We are required to develop and publicly disclose an engagement policy which complies with the requirements set out in the FCA’s Conduct of Business Sourcebook and publicly disclose on an annual basis how that engagement policy has been implemented in a way that meets the requirements (including disclosure of certain of voting activities in respect of shares in investee companies) or to publish a clear and reasoned explanation of why we have chosen not to comply any such requirements. The engagement policy must describe how SPCM:

- integrates shareholder engagement in its investment strategies;
- monitors investee companies on relevant matters (e.g. strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance);
- conducts dialogues with investee companies;
- exercises voting and any other shareholder rights;
- cooperates with other shareholders;
- communicates with relevant stakeholders of investee companies;
- manages actual and potential conflicts of interests in relation to SPCM’s engagement.

Our UK Stewardship Code is already available on our website. Due to the large number of securities held, and consequent many thousands of actionable items (many being routine issues) each year, we are currently considering whether to have an engagement policy and will update our website in due course.