Shareholder Engagement Policy

Pzena Investment Management Europe Limited

27 September 2022

1. Introduction

Pzena Investment Management Europe Limited (the "**Company**") is authorised and regulated by the Central Bank of Ireland as a UCITS Management Company under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "**Regulations**"). The Company has delegated its discretionary investment management function in respect of Pzena Value Funds p.l.c. (the "**Fund**") and its sub-funds (the "**Sub-Funds**") to Pzena Investment Management, LLC (the "**Investment Manager**"). As of 31 August 2022, the Investment Manager's assets under management were approximately $47.5 billion. The Investment Manager is engaged in the business of, *inter alia*, providing investment management and advisory services to and in respect of collective investment undertakings, investment companies, limited partnerships and other investment facilities. The Investment Manager is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC").

The Shareholders Rights Directive 2007/36 as revised by the Shareholder Rights Directive II (2017/828) (as revised, "**SRD II**"), aims to promote effective stewardship and long-term investment decision-making. Among other things, it requires "*asset managers*", including the Company, to develop and publicly disclose a shareholder engagement policy in relation to companies that are listed on an EEA regulated market or to explain why they have not done so. In order to comply with SRD II, the engagement policy must disclose how the asset manager:

(i) integrates shareholder engagement into its investment strategy;

(ii) monitors investee companies on relevant matters, including matters such as: strategy; financial and non-financial performance and risk; capital structure and ESG impact;

(iii) conducts dialogue with companies it which it invests;

(iv) exercises voting rights and other rights attached to shares;

(v) cooperates with other shareholders;

(vi) communicates with relevant stakeholders of companies it invests in; and

(vii) manages actual and potential conflicts of interest in relation to its engagement.

Given that the Company has delegated the investment management powers in respect of each Sub-Fund it manages to the Investment Manager, the Company, within this Policy, has adopted the key elements of the Investment Manager's engagement policy in order to comply with the Company's own obligations under SRD II.

Accordingly, this Policy sets out the Company's approach to shareholder engagement, how the Investment Manager engages with shareholders in companies that are listed on an EEA regulated market and how the Company oversees the implementation of this Policy (e.g., through the regular reports it receives from the Investment Manager as part of its normal operations, including monthly and quarterly reporting).

For more detailed information on how the Investment Manager approaches shareholder engagement, please refer to the Investment Manager's Proxy Voting Policy which is available on the Investment Manager's website.

The Investment Manager is happy to engage directly with the Company to explain its approach to any aspect of this Policy as the Investment Manager believes that effective engagement ultimately helps to drive the investment returns the Investment Manager is seeking for and on behalf of the Sub-Funds.

2. Integrating Shareholder Involvement in the Investment Strategy

The Investment Manager employs a classic value investment approach. It manages U.S., non-U.S., and global portfolios with a goal of long-term alpha generation.

The Investment Manager seeks to buy good businesses at low prices, leveraging its deep fundamental research to look for companies that are underperforming their historically-demonstrated earnings power. The Investment Manager buys concentrated portfolios of publicly-traded equities and typically holds its investments for long periods of time. Its portfolios generally range from 30-80 companies and its typical holding period for a portfolio company is three to five years. As a result, the Investment Manager's investment strategies are non-complex, do not utilize any derivatives or alternative investments, and exhibit low turnover.

The value investment philosophy is predicated on the belief that most investors do not want to invest in businesses that are experiencing problems or are otherwise out of favour; a lack of near-term earnings visibility leads investors to significantly undervalue companies that are experiencing some form of distress, as most investors prefer to wait until a company's current problems are resolved, or to invest in less controversial growth-oriented companies. Further, the Investment Manager believes that waiting for the catalyst to emerge before making the investment can result in missing the initial stock price appreciation, which, when earnings are recovering, can be rapid and steep. The Investment Manager thus seeks to capture this initial stock price appreciation and believes that the return garnered from this initial rise compensates for the Investment Manager's longer holding period.

The Investment Manager implements this investment philosophy by offering a variety of publicly-traded value equity investment strategies, segmented by market capitalization (e.g., Large Cap, Mid Cap, Small Cap) and by geography (e.g., U.S., Europe, Global, Emerging Markets). All of the Investment Manager's strategies follow the same investment philosophy, and the Investment Manager offers its investment strategies generally to institutional investors around the world through several avenues (e.g., pooled funds (including the Sub-Funds), sub-advisory mandates, and segregated accounts).

The Investment Manager maintains a model portfolio for each investment strategy. This model portfolio is applied to all clients in that strategy, regardless of the client's structure (e.g., whether they are a pooled fund, sub-advisory mandate, or segregated account). The Investment Manager then overlays client-specific restrictions and guidelines tailored to each client (for example, restrictions required by the Regulations for the Sub-Funds). Changes to this model portfolio are a result of the Investment Manager's regular portfolio review meetings where all the individuals involved in the investment process (e.g., the Investment Manager's portfolio managers and research analysts) review the current model portfolio. This process ensures commonality of holdings between all of the client portfolios in a particular investment strategy. The Investment Manager is highly sensitive to minimizing account dispersion within a given strategy regardless of the client's structure. This consistent investment process allows the Company to oversee the Investment Manager's day-to-day management of both the Sub-Funds and IPM segregated accounts in an efficient and effective manner.

The Investment Manager is responsible for managing the assets and investments of the Fund and its Sub-Funds in accordance with the investment objectives, policies and strategies of the relevant Sub-Fund contained in the prospectus in respect of the Fund (the "**Prospectus**") and the supplement for the relevant Sub-Fund (the "**Supplement**") and in accordance with the UCITS rules, subject always to the supervision and direction of the Company.

The Company reviews and approves each Sub-Fund's investment approach prior to launch, including each Sub-Fund's investment objective and investment strategy.

Shareholder involvement is a core part of the Investment Manager's investment strategy and it firmly believes that fully integrating shareholder involvement in the investment strategy enhances the strategy and investor outcomes. The Company expects the Investment Manager to engage actively with investee companies both as part of initial due diligence and on an on-going basis. It also expects the Investment Manager to support measures that can enhance the value of those companies in the long term, including measures designed to promote strong ESG standards.

The Company oversees the activities of the Investment Manager in order to, inter alia, monitor that it keeps the overall investment approach of its mandate in mind when exercising its discretion and when engaging with investee companies.

3. **Monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, and ESG impact**

The Investment Manager believes that good corporate governance can lead to stock price appreciation over a long investment horizon The Company therefore appreciates well-run investee companies and expects the Investment Manager to carefully monitor investee companies in this regard. This includes maintaining an active dialogue with those companies, reviewing publicly available information as well as evaluating proposals at annual general meetings in terms of their compatibility with the relevant Sub-Fund's investment approach and with applicable ESG concerns.

The Company is satisfied that its current level of supervision over the Investment Manager effectively monitors the activities of the Investment Manager. The Board considers that the Company's supervision over the Investment Manager and the Investment Manager's functions and obligations under the Investment Management Agreement, together with the associated reporting that has been agreed with the Investment Manager and the service level agreement and associated key performance indicators contained therein, adequately evidences whether the obligations of the Investment Manager continue to be discharged.

4. **Dialogues with investee companies**

The Company expects the Investment Manager to maintain an active dialogue with investee companies through regular meetings, visits and/or telephone calls regarding key matters of corporate governance and business activity. By engaging in dialogue and exercising voting rights appropriately, the Investment Manager can evaluate management performance and where required, exert appropriate influence.

5. **Exercising Voting rights and other rights attached to shares**

The Investment Manager exercises the voting rights on behalf of the Sub-Funds in the context of its discretionary investment management authority. In doing so, the Investment Manager adheres to its Proxy Voting Policy and in this regard, and through its delegation to the Investment Manager, the Company has adopted the Investment Manager's Proxy Voting Policy. The Investment Manager's Proxy Voting Policy is available on the Investment Manager's website.

6. **Cooperation with other Shareholders**

Subject to applicable market conduct rules, the Investment Manager may occasionally act with other shareholders in investee companies where it is believed that such collaboration will increase the chances of bringing about a positive change to the investee company. Equally, the Investment Manager may cooperate with the other shareholders in investee companies and indeed other stakeholders, such as regulators or industry bodies, when it is believed that broader collaboration on an issue may have a meaningful and positive impact.

7. **Communication with relevant stakeholders of the investee companies**

The Company regards communication with other stakeholders as an important tool for furthering the Investment Manager's investment strategies and recognises the value of the Investment Manager communicating with relevant stakeholders of the investee companies on the relevant Sub-Fund's behalf, and conducting collaborative engagements with such stakeholders through relevant investor bodies or other methods as deemed appropriate by the Investment Manager from time to time.

8. **Managing actual and potential conflicts of interest**

The Company's policy for individuals in relation to personal transactions, conflicts of interest, and related procedures are set out in the Company's Business Plan and the Investment Manager's Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics applies to individuals employed by the Investment Manager and its group companies, including the Company.

In addition to the Code of Business Conduct and Ethics of the Investment Manager, the Company has adopted a written Conflicts of Interest Policy. This Conflicts of Interest Policy applies where relevant to the Company in relation to conflicts which may arise in the course of its business.

The Company's Conflicts of Interest Policy aims to (i) identify circumstances which may give rise to a conflict of interest entailing a material risk of damage to the interests of the Company; and (ii) establish appropriate procedures and measures to manage those conflicts.

9. **Reporting**

A version of this document is published annually on the Company's website and it will incorporate the Investment Manager's annual proxy voting record.

10. **Review**

The Investment Manager reviews its own engagement policy at least annually and will notify the Company of any material changes to it, without undue delay in order to allow the Company update this Policy, as required.