

Shareholder commitment and the exercise of voting rights

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Responsibility

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Procedure Goal

This policy presents AMUNDSEN's shareholder commitment system as well as its voting rights policy. The shareholder commitment policy describes the manner in which the company incorporates its role as shareholder into its investment strategy.

List of tools/applications used

Tool(s)	Custodian online voting interface
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First-level controls	Storage (yes/no)	Storage location
Monitoring of upcoming AGM/EGM voting	no	
Recording of voting decisions	yes	Vote list

Management of procedure updates

Version	Date	Status	Author	Nature of the modifications
1.0	25/02/2021	Validated	AMUNDSEN	Creation

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Introduction

The "Shareholder Rights" Directive implemented into French law aims to encourage long-term investment in companies and the transparency of investments made by institutional investors. AMUNDSEN must describe and render its long-term commitment publicly accessible to issuers of shares in which it is investing its capital and mandates.

However, AMUNDSEN, by not voting at general shareholder meetings on behalf of clients but only on behalf of holders of units or shares in the UCITS or AIFs that it is managing, its shareholder commitment in regard to discretionary investment management shall be limited to the selection of issuers and monitoring them for the duration of the mandate, depending on the investment strategy implemented.

This policy describes the manner in which AMUNDSEN integrates its role as shareholder within its investment strategy. It features the entire voting policy and describes additional mechanisms set up by AMUNDSEN to strengthen dialogue with its issuers.

Except for its voting policy applied regularly to every participation at a shareholder meeting, AMUNDSEN abides as much as possible by the various shareholder commitment criteria described below. If it does not apply any one of these criteria or does so incompletely, the reasons are explained in this policy.

1. Scope of application

The shareholder commitment policy describes the manner in which the company integrates its role as shareholder within its investment strategy. **Thus, it targets investments in shares.**

The asset management companies subject to the shareholder commitment policy are those that manage UCITS and AIFs fully subject to the AIFM Directive (French Monetary and Financial Code Art. L 533-22 §I) or to discretionary investment management.

Thus, the following are not subject thereto: asset management companies only managing

- AIFs below the directive's percentage holding thresholds,
- securitisation undertakings as specified in Article L 214-167, and
- "other collective investments"

Comment by the French Asset Management Association (AFG): Discretionary investment management is included based on a reading of the directive, though not explicitly cited in the French Monetary and Financial Code under Article L 533-22. Nevertheless, France is expressly targeting investment companies providing asset management services (see below), thus including discretionary investment management.

If the commitment policy involves share investments made by UCITS and AIFs subject to the AIFM Directive, then the voting policy shall only involve investments in shares made by:

- the UCITS
- "general public" capital investment funds: Retail Private Equity Investment Fund (FCPR), Retail Local Investment Fund (FIP), and Retail Venture Capital Investment Fund (FCPI)
- Funds of Alternative Funds (FFA)
- Professional Specialised Fund (FPS) and Professional Private Equity Investment Fund (FPCI)
- Funds of Alternative Funds (FPVG)
- Professional Alternative Investment Fund (FPVG)

2. Objective of the policy

The shareholder commitment policy describes the way to guarantee the following elements:

- monitoring of the strategy, financial and non-financial performance, risks, capital structure, as well as the company's environmental, social, and corporate governance.
- dialogue with the companies held
- the exercise of voting rights and other shareholder rights
- cooperation with other shareholders
- communication with relevant stakeholders
- prevention and management of conflicts of interest, both real and potential, related to their commitment

One or more of the items listed above may be excluded from the shareholder commitment policy if the reasons they have been discarded are provided.

3. Policy provisions

3.1. Issuer monitoring

Monitoring strategy, financial, risks, capital structure, as well as environmental, social, and corporate governance are integral to how issuers are selected by AMUNDSEN.

AMUNDSEN commits to exercising its responsibility in full as shareholder in the interest of the holder of the security by investing along a long-term horizon and analysing the listed companies in detail, all with the objective of creating value. To this end, the managers analyse the economic and financial performance of companies in which they are investing and pay close attention to their good governance as well as their social and environmental footprint.

AMUNDSEN's management team frequently meets with directors of the companies in which it has invested. These meetings are intended to improve and update its understanding of the strategy of these companies, as well as their opportunities and risks.

An ESG policy has been implemented guaranteeing that the manager assesses these companies annually, depending on the issues communicated by the company regarding its CSR policy. This approach ensures that non-financial factors are taken into account in parallel with financial ones before the investment decision is made.

3.2. Dialogue with the companies held

AMUNDSEN is investing only in listed companies, which are accustomed to dialogue and transparency with their investors, and not only through the regulated periodic communication and general shareholder meetings, but also in events such as analyst meetings or trade shows dedicated to meeting with investors.

AMUNDSEN's managers receive or keep as closely informed as possible of communications from issuers, participating regularly at general shareholder meetings, trade shows, analyst meetings, and also participate in numerous telephone conference calls to have information that is as up-to-date as possible. These meetings are also an occasion to meet the management of the companies, which also allows the investment managers to form a strong opinion about an issuer, be this negative or positive.

The investment managers dialogue with the companies and issuers regarding the implementation of their business strategy, results, financial and non-financial risks, and capital allocation.

AMUNDSEN seeks to understand the approach adopted by the directors of the companies and issuers in order to assess their managerial capacity.

The dialogue with shareholders takes place via meetings, telephone conference calls, and written correspondence.

3.3. The exercise of voting rights and other shareholder rights

- **General principles applicable to analysing resolutions**

The Asset Management Company abides by the following principles:

1. to act in the exclusive interest of shareholders in respect of the respective fund regulation and the rules for handling conflicts of interest
2. to ensure transparency in the information given to shareholders
3. to ensure respect of the general shareholder meeting's powers.

In observance of these principles, AMUNDSEN examines the resolutions submitted to a vote on a case-by-case basis, in particular:

1. decisions that regard amending the by-laws (extraordinary shareholder meetings)
2. programmes for the issuance and redemption of capital securities
3. approval of accounts and allocation of the result
4. appointing and dismissing corporate bodies
5. regulated agreements
6. the designation of statutory auditors.

Implementation of the procedure for exercising shareholder voting rights by AMUNDSEN is based on the monitoring and analysis of resolutions proposed at General Shareholder Meetings, in application of the basic principles of good governance, mentioned here below:

- monitoring the respect of statutory shareholder rights (application of the "one share, one vote" principle)
- monitoring the quality and powers of management board or supervisory board members (application of the principles of separation of powers and independence of the board)
- monitoring the compensation of directors and, generally speaking, verifying the appropriateness and proportionality of the company management's and employees' share of the capital (application of the principles of transparency and equity of compensation)
- monitoring the allocation of the result and the use of company funds (application of the principle of "reasonable management" of company funds, including cash compensation to the directors)
- approval of accounts, management, regulated agreements, and renewal of the auditors (application of the principles of integrity of accounts, quality of communication, and limiting conflicts of interest when renewing the mandates of auditors)
- analysis of development strategies and capital transactions (which must be justified, balanced, and respectful of the shareholder's preferential subscription right), including share buyback programs or the issuance of new shares, as well as all other various offers that could be presented to shareholders (director's fees, other amendments to the by-laws, etc.).

▪ **Organising the exercise of voting rights**

Persons entitled to vote are the portfolio managers of the funds involved, who are in charge of reviewing and analysing resolutions presented by directors of the companies in which the Asset Management Company's funds are invested. The CIO is in charge of organising and reporting on the exercise of voting rights.

The manager votes in accordance with the principles defined in the Policy, all while taking the company's circumstances into account. The vote is documented on the Northern Trust voting platform, which centralises and coordinates information forwarded by the depository. Nevertheless, it must be pointed out that AMUNDSEN shall remain free in its decision to vote.

Depending on the information it has available, the Asset Management Company shall be called upon to exercise its right of advance communication (or not) at the Shareholder Meeting. The way the vote is cast is decided by the CIO, who is responsible for monitoring participation.

The Asset Management Company participates regularly at General Shareholder Meetings. It is normally represented by the CEO for monitoring participation. If unable to vote, the Asset Management Company shall vote by proxy or absentee ballot.

Reasoned opinions (a vote for, against, or abstention) are stored in AMUNDSEN's internal network, as are the meeting minutes from General Shareholder Meetings and associated documents.

- **Conditions for the exercise of voting rights**

- **Nationality of the companies:**

Voting rights shall be exercised for issuing companies headquartered in France. In fact, a mechanism making it possible to vote systematically at shareholder meetings of non-European companies would generate expenses that are deemed too high.

- **Minimum holdings:**

The voting right shall be exercised if the UCITS/AIFs under management hold at least a 0.5% stake in the issuer's market capitalisation. Only share-based or diversified UCITS will be taken into account when determining this threshold.

Depending on the circumstances, the management team may decide to exercise its voting rights for companies that do not meet the two criteria specified (nationality and percentage of stock held) if it deems this appropriate. The resolutions are analysed by the manager who is specially appointed to monitor the company involved and by the CCO. They identify any issues unfavourable to the interests of the company or the minority shareholders.

The principles articulated below concern all securities for which AMUNDSEN is called to vote. These principles might be inapplicable, depending on the nationality of the companies, as foreign laws may attribute different prerogatives to shareholder meetings.

3.4. Cooperation with other shareholders

AMUNDSEN interacts with shareholders who sometimes join a greater initiative that seeks to deal with systemic problems such as climate change, or more specific concerns regarding any given business that are shared by a group of investors.

AMUNDSEN participates through different ESG investing initiatives in the most important collective initiatives in relation to its holdings and ESG holdings. Other formal commitments signed by AMUNDSEN call it to educate its partners about responsible investing and to demonstrate the advantages of ethical practices for businesses and the investment sector.

3.5. Communication with relevant stakeholders

AMUNDSEN interacts with various stakeholders (shareholders and in particular co-investors, directors, and management staff, bankers, attorneys, consultants, and sometimes even certain clients or suppliers). Co-investors, together with the directors and main managers, are certainly those representing the first circle of stakeholders in our activity, with value added sometimes brought by the managers and each of the financial investors individually. This dialogue sometimes is part of a larger initiative that seeks to deal with systemic problems such as climate change, or more specific matters to any given business that are shared by a group of investors.

3.6. Prevention and management of conflicts of interest

In application of the policy for managing and preventing conflicts of interest defined by the Asset Management Company, the portfolio managers must, in exercising votes:

- conduct themselves loyally and act in the best interests of the shareholders and the integrity of the market
- exercise their activity with the skill, care, and diligence required in the best interests of the unitholders/shareholders and the market's integrity, transparency, and security
- comply with all applicable regulations in exercising their activities in a way that best advances investor interests and the market's integrity
- because of the nature of their job profiles, ensure that the information shared with them is used for the sole benefit of their clients.

The members of the investment team must alert the CCO immediately of any situation where a conflict of interest might affect the free exercise of voting rights.

The Asset Management Company shall then assess the usefulness of voting after gathering the prior opinion of the CCO.

4. Reporting on the exercise of voting rights and the shareholder commitment policy

In accordance with its obligations, AMUNDSEN shall document the manner in which it has exercised its voting rights and shareholder commitment policy in a report attached to the annual management report.

AMUNDSEN thus drafts a report every year in which it shall document the application of its voting policy and shareholder commitment policy. Its first publication must be made no later than three months from publication of this decree.

This report is to be drafted by one of the investment team members. It is to be shared with unitholders/shareholders within six months following the Asset Management Company's closing of accounts (simultaneously with the annual report). This communication is not obligatory if the information has already been posted on the Asset Management Company's website.

The report shall feature, in particular:

- a general description of the manner in which voting rights have been exercised

- the number of companies in which AMUNDSEN has exercised its voting rights in relation to the total number of companies in which it holds voting rights
- cases for which the Asset Management Company does not believe it can comply with the principles of this procedure, as well as cases of conflicts of interest it has had to resolve when voting
- the method by which it has exercised its voting rights, the vote outcome, or its abstention from voting for each resolution
- and if applicable, decisions made regarding resolutions of associated companies in which a UCI is a shareholder and resolutions proposed by minority shareholders without the Council's approval
- an explanation of the choices made regarding the most important votes
- information on any reliance on services provided by proxy advisors
- the orientation of the votes during general shareholder meetings; this information might exclude non-significant votes by reason of their subject matter or extent of the holding in the company.

In addition, and in accordance with the provisions of the AFG code of ethics, AMUNDSEN documents its practices regarding voting rights in the annual reports of the funds that it manages, whether or not the securities are listed for trading on a market. For the securities that are traded on a market, this report might reference or reproduce the Asset Management Company's management report.

5. Policy distribution and review

By simple request, AMUNDSEN shall make this policy and the annual reports on its application available to its clients and AIF unitholders.

A reference to the existence of this policy is also available on AMUNDSEN's website <http://amundsen-im.com>

AMUNDSEN does not plan for an annual review of this policy. Instead, it will be updated on an as-needed basis.