

<b>LONVIA</b> CAPITAL	<b>Shareholder engagement and voting rights policy</b>	Reference: VI.6 Version: 1.4
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Liability	
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Service	Management
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Purpose of the procedure
<p>The Shareholder Rights Directive transposed into French law aims to strengthen long-term investment in companies and promote the transparency of investments made by "institutional investors".</p> <p>Investment services providers (portfolio management companies and investment firms) are required to describe and make available to the public their long-term commitment to the equity issuers in which they invest their funds and mandates.</p> <p>This policy describes the way in which LONVIA CAPITAL integrates its role as a shareholder into its investment strategy.</p> <p>It sets out the voting policy in full and describes the additional mechanisms put in place by LONVIA CAPITAL to strengthen dialogue with its issuers.</p>

List of tools/applications used	
Tools	Microsoft Office
Application(s)	

First-level controls	Archiving (yes/no)	Storage location

Managing procedure updates				
Version	Date	Status	Author	Nature of the changes
1.0	25/05/2020	To be confirmed	AGAMA Conseil	Creation
1.1	24/09/2020	Completed	J-B BARENTON	Validated
1.2	26/05/2021	Completed	J-B BARENTON	Extension of voting rights
1.3	22/11/2021	Completed	J-B BARENTON	MAJ ESG
1.4	13/05/2024	Completed	PBRADBURY	UPDATE

**Table of contents**

<b>1</b>	<b><i>Fields of application</i></b> .....	<b>3</b>
1.1	ISPs concerned.....	3
	Portfolio management companies.....	3
	Investment firms.....	3
1.2	Investments concerned .....	3
1.3	Content of the shareholder engagement policy .....	3
<b>2</b>	<b><i>Organisation and principles</i></b> .....	<b>4</b>
2.1	Investment monitoring.....	4
2.2	Dialogue with investee companies.....	4
2.3	Exercise of voting rights.....	5
2.4	Cooperation with other shareholders.....	6
2.5	Communication with relevant stakeholders .....	6
2.6	Prevention and management of conflicts of interest.....	7
<b>3</b>	<b><i>Annual report</i></b> .....	<b>7</b>
<b>4</b>	<b><i>Publications</i></b> .....	<b>7</b>

## **1 Fields of application**

### **1.1 ISPs concerned**

#### **Portfolio management companies**

This policy applies to asset management companies that manage UCITS and/or AIFs that are fully subject to the AIFM Directive, or that manage mandates. The inclusion of mandates is not clearly stated in the directive, but remains a national policy.

Asset management companies that only manage:

- AIFs below the AIFM Directive thresholds,
- the securitisation vehicles referred to in I of article L.214-167 of the COMOFI,
- other collective investment schemes.

#### **Investment firms**

These are exclusively investment firms that provide portfolio management services.

### **1.2 The investments concerned**

The shareholder engagement policy is mainly aimed at equities, so both listed and unlisted equities are concerned. LONVIA CAPITAL is therefore concerned by this policy in the context of its fund management activities.

### **1.3 The content of the shareholder engagement policy**

The policy specifies that LONVIA CAPITAL takes the exclusive interests of unitholders into account when exercising voting rights for the funds it manages.

The shareholder engagement policy includes the following sections:

- Investment monitoring.
- Dialogue with investee companies.
- Exercise of voting rights and other rights attached to shares.
- Cooperation with other shareholders. Communication with relevant stakeholders.
- Preventing and managing actual or potential conflicts of interest in relation to their commitment.

LONVIA CAPITAL does not plan an annual review of this policy, which will be updated as necessary.

## **2 Organisation and principles**

### **2.1 Investment monitoring**

LONVIA CAPITAL carries out a detailed analysis of the various companies and/or issuers held in its portfolios. This analysis is carried out before, during and after the investment period.

Monitoring covers various aspects such as:

- strategy,
- financial and non-financial results,
- risks,
- capital structure,
- social and environmental impact and quality of governance.

The companies held are also monitored by the portfolio manager responsible for investment, in terms of their non-financial performance, social and environmental impact and corporate governance in all of their funds.

### **2.2 Dialogue with investee companies**

The LONVIA CAPITAL management team meets regularly with representatives of the companies held in the funds it manages. This dialogue is a key element and may be part of the monitoring of companies and issuers, or as a response to a rise in certain concerns. For example, in the event of controversy about a company, LONVIA CAPITAL may step up dialogue with the company in order to improve their practices. Engagement takes place throughout the life of an investment.

Dialogue with companies gives us an insight into the reality of their activities and the vision of their management. The fund managers talk to companies and issuers about the implementation of their business strategy, their results, financial and non-financial risks, and capital allocation in particular. LONVIA CAPITAL endeavours to understand the approach adopted by company managers and issuers in order to assess their managerial capacity. However, certain indicators, such as those relating to corporate governance or controversies, are assessed on an ongoing basis in response to public information. For example, the announcement of a change in management or the occurrence of an industrial accident are events with a major impact that will be taken into account in the analysis of the company.

Every month, at the Investment Committee meeting, the management team analyses data on controversial issuers. This analysis takes into account management's stated objectives and the actions taken to achieve them. Issuers with level 3 or higher controversies are placed on a watch list. In the event of improvement, the Investment Committee may decide to remove the issuer from the watch list. After a period of six months, if the company's practices remain stable or deteriorate (controversy still classified as level 3 or 4) or if the corrective actions implemented by the company have not been sufficient, the investment committee may decide to exclude the issuer from LONVIA funds. In all cases, the liquidation of a portfolio security for reasons of controversy rating will be done in the best interests of unitholders. This monitoring of recurring and identified controversies does not exclude controversies that may arise at any time and may be the subject of a crisis meeting depending on the current situation of the companies.

When preparing to vote at General Meetings, our managers exchange with companies on our voting

intentions, the best practices to be promoted and certain areas for improvement. Finally, dialogue with companies also enables us to get to know them better and to fine-tune our ESG ratings, as well as to promote better practices among the companies we meet. We encourage companies to place ESG issues at the heart of their strategy and to be more transparent about the resources they put in place and the results they achieve. Interventions are prioritised according to the size of the holdings, the importance of the issues concerned and overall exposure to these issues. Shareholder dialogue takes place through meetings, conference calls and correspondence.

### **2.3 Exercise of voting rights**

LONVIA CAPITAL exercises its voting rights under all circumstances, regardless of the nationality of the companies or the size of its position. In order to assist them in their decision, the Management Company may, where appropriate, refer to the recommendations of the AFG and relies in particular on the information and analyses provided by ISS - Institutional Shareholder Services. ISS examines resolutions in the light of this voting policy, including the guidelines of its Sustainability Policy.

Together with ISS Proxy, the management team has defined a voting policy that is consistent with LONVIA CAPITAL's ESG criteria and values. Voting decisions are therefore made by LONVIA CAPITAL and applied in accordance with its criteria. Resolutions are analysed by the manager responsible for monitoring the company in question and by the Head of Compliance and Internal Control. They ensure that any aspects unfavourable to the interests of the company or minority shareholders are identified.

The principles set out below apply to all securities on which LONVIA CAPITAL may vote. These principles may not be applicable, depending on the nationality of the companies, as national legislation grants different prerogatives to shareholder meetings.

The principles of LONVIA CAPITAL are:

- to act in the exclusive interests of unitholders, in compliance with UCITS/AIF regulations and applicable conflict of interest rules,
- ensure that there is transparency in the information provided to shareholders and that this information is communicated in sufficient time in accordance with the shareholder's right of communication,
- ensure that the powers of the General Meeting are maintained.

In accordance with these principles, LONVIA CAPITAL examines votes on resolutions submitted to general meetings on a case-by-case basis, and in particular:

- decisions involving amendments to the Articles of Association,
- approval of the accounts and appropriation of profits,
- the appointment and dismissal of corporate bodies,
- regulated agreements,
- share issue and buyback programmes,
- the appointment of statutory auditors.

LONVIA CAPITAL's procedure for exercising voting rights is based on monitoring and analysing the resolutions proposed at General Meetings of shareholders, in accordance with the basic principles of good governance set out below:

- monitoring compliance with shareholders' statutory rights (application of the "one share, one vote" principle),
- monitoring the quality and powers of the members of the Board of Directors or Supervisory

- Board (application of the principles of separation of powers and independence of the Board),
- supervision of directors' remuneration and, more generally, verification of the appropriate and proportionate nature of the shareholding of directors and employees (application of the principles of transparency and fairness of remuneration), supervision of the allocation of profits and the use of shareholders' equity (application of the principle of "reasoned management" of shareholders' equity, including directors' cash remuneration),
  - Approval of the financial statements, management, regulated agreements and the reappointment of the Statutory Auditors (application of the principles of integrity of the financial statements, quality of communication and limiting conflicts of interest when reappointing the Statutory Auditors),
  - analysis of strategic developments and capital transactions (which must be justified, balanced and respect shareholders' pre-emptive rights) such as share buyback programmes or the issue of new shares, as well as all the various proposals that may be submitted to shareholders (directors' fees, other amendments to the Articles of Association, etc.).

For example, this policy generally supports resolutions that promote :

- Better publication of environmental policies in place, including measures to combat climate change and, in particular, elements that encourage carbon footprint accounting.
- Greater transparency of social policies, such as those concerning discrimination in the workplace and efforts to diversify boards of directors, human rights and compliance with human rights/labour standards/codes of conduct, etc.
- The publication of reports on sustainable practices, including recycling, wood sourcing, water use, operations in sensitive or protected areas, energy efficiency/renewable energy and the integration of sustainability performance measures into executive remuneration.

In general, as its reference framework, SSI's sustainability policy will take internationally-recognised sustainable development initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact, the Global Reporting Initiative (GRI), the Carbon Principles, International Labour Organisation (ILO) conventions and the European Union's environmental and social directives. It should be noted, however, that the Management Company is free to decide how to vote.

At all times, LONVIA CAPITAL is guided solely by the interests of the investors or principals it manages, to the exclusion of all other considerations. In all cases, LONVIA CAPITAL retains the justification for all its decisions.

## **2.4 Cooperation with other shareholders**

In principle, LONVIA CAPITAL does not interact with other shareholders. However, it is not prohibited from doing so. If the management company were to communicate with other shareholders, any solicitation would be submitted in advance to the Head of Compliance and Internal Control, which would monitor each of the exchanges and actions carried out. Shareholder dialogue may also extend to other shareholders.

## **2.5 Communication with relevant stakeholders**

Given its size, LONVIA CAPITAL does not have sufficient human resources to participate actively in working groups on shareholder engagement practices. By default, LONVIA CAPITAL has no relations

with stakeholders (representatives of minority shareholder groups, issuer governance bodies, extra-financial rating organisations, etc.). However, LONVIA CAPITAL reserves the right and the possibility to do so in the event of exceptional transactions or when we consider taking part in a vote.

## **2.6 Prevention and management of conflicts of interest**

LONVIA CAPITAL has implemented and maintains an effective system for preventing, detecting and managing conflicts of interest. This system makes it possible to manage potential conflicts of interest related to the company's business and its various stakeholders, as well as to identify and prevent any conflict of interest relating to relations with issuers in particular. The Head of Compliance and Internal Control is authorised to manage any conflict of interest that may arise: he analyses the nature, causes and consequences of the conflict of interest identified and takes appropriate measures to limit its immediate consequences.

In particular, with regard to any votes in which LONVIA CAPITAL may participate, the Head of Compliance and Internal Control is informed in advance of the content of all resolutions on which the management team is required to vote, in order to avoid any prevalence of particular interests over those of unitholders. Any potential conflict of interest is analysed and dealt with in accordance with the current policy on preventing and managing conflicts of interest.

## **3 Annual report**

The ISS platform stores information on each resolution and provides summaries. Each year, LONVIA CAPITAL draws up and publishes a report on the implementation of its shareholder engagement policy and on the exercise of voting rights. A voting report by fund is available on the LONVIA CAPITAL website: [Regulatory information - LONVIA Capital](#)

It focuses mainly on the 'dialogue with companies' and 'voting rights' components of the shareholder engagement policy.

The annual report contains in particular :

- A general description of how voting rights were exercised;
- An explanation of the choices made on the most important votes;
- Information on the possible use of services provided by voting consultants;
- The direction of votes cast at general meetings, which may exclude votes that are insignificant because of their purpose or the size of the shareholding in the company.

## **4 Publications**

The shareholder engagement policy and its annual report are available on the LONVIA CAPITAL website: [Regulatory information - LONVIA Capital](#)