

2021 Active Ownership and Stewardship Report

Varenne Capital Partners is committed to being a responsible investor and taking environmental, social and governance (ESG) issues into account in its investment process. Our approach encompasses the beliefs, standards, procedures and activities by which we exercise our responsibility towards our clients, who entrust us with the management of their assets. We believe that:

- Responsible investment improves long-term economic and market stability, while directing capital to activities that have positive social and environmental impacts.
- Responsible investment is relevant in both the selection of investments and the management of assets.
- The analysis of ESG factors is a necessary complement to the analysis of fundamental indicators when determining the value of a company.

We are dedicated to encouraging the companies that we invest in to enhance their ESG practices and disclosure, through our own engagement activities, as part of individual and collaborative efforts, and through voting activity. The report presents our engagement and voting activities for 2021:

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Engagement in 2021

Engagement is integral to Varenne Capital's fundamental research process. It provides a framework for dialogue to actively support, influence or change ESG practices that may have a material impact on a company's ability to preserve or grow its economic value. Varenne Capital considers dialogue with the management teams of the selected companies a necessary analytical step before any investment in the Long Equity - Enterprise Picking strategy can be completed. As a matter of course, Varenne Capital excludes the possibility of becoming a shareholder in a company that does not meet the basic criteria of transparency and willingness to engage in dialogue with its investors. This crucial activity occurs at the end of the analysis process, and enables our analysts to assess the quality of the management team, the soundness of the strategy implemented and the resources available to deploy it successfully. Once a position has been initiated, we aim to engage in regular, open dialogue with the company throughout the duration of the investment. Any deterioration in the quality of interactions could lead to a complete divestment.

In addition, Varenne Capital participates in the pooled engagement actions carried out by ISS. This allows the company to push for governance improvements in a wider universe than just the companies present in our portfolio. ISS analysts identify serious, systematic, or systemic, alleged or proven breaches of compliance with international standards and guidelines on responsible conduct by certain private sector issuers.

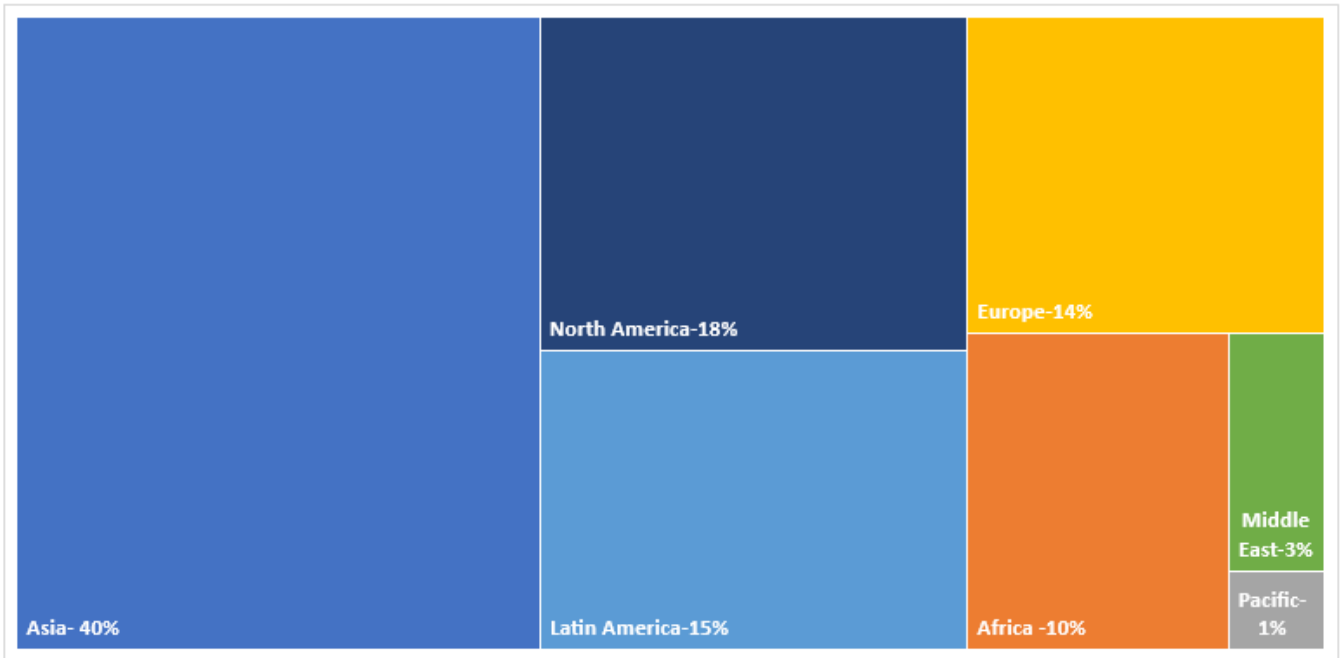
This report presents a summary of the engagements performed in 2021.

Engagement overview

Category	Engagements	Engagements Closed
Corruption	27	
Environment	26	3
Human rights	29	1
Labour rights	28	
Total	110	4

The data presented refer to the reporting period 01/04/2021 – 31/12/2021.

Engagement by Geographical Areas



The data presented are as of the reporting period 01/04/2021 – 31/12/2021.

Engagement by Sustainable Development Goals (SDGs)



The data presented refer to the reporting period 01/04/2021 – 31/12/2021. Please note that an engagement can address several SDGs at the same time.

Engagement Highlights

Environment – Depletion of biodiversity – Deforestation

We participated in a collective engagement campaign with a major steel manufacturer company which, together with its subsidiaries, manufactures and sells steel-rolled products and plates internationally. The engagement was initiated as a result of its alleged failure to prevent deforestation and depletion of biodiversity in Indonesia, in addition to other issues.

The company was open to dialogue regarding the allegations and shared the additional details concerning the issue.

The company has initiated measures to protect and restore High Conservation Value areas and shared audit reports available through Roundtable on Sustainable Palm Oil (RSPO). The engagement will therefore be suspended until the efficacy of remedial measures taken can be assessed.

Corruption – Bribery

We joined a pooled engagement campaign with a large European software company regarding its alleged involvement in bribery in South Africa. The engagement was initiated to obtain further information on the company's efforts to strengthen its anti-corruption framework. They have made comprehensive improvements in compliance and anti-corruption measures. The company has highlighted the establishment of localized compliance units in South Africa and other high-risk markets, enhanced due diligence monitoring and the prohibition on third-party sales commissions. It was concluded that the company had made substantial and credible efforts to address the issues. At this point, there is no need for further engagement and the campaign has concluded.

Human Rights – Right to health, Torture / inhumane treatment

A European company providing security services worldwide was subject to a pooled engagement regarding its alleged failure to respect of the right not to be subjected to torture/inhumane and/or degrading treatment at federal asylum centers in Switzerland.

The company was open to dialogue, reiterated its commitment to human rights, and that it follows the highest industry standards regarding training and development. The company also has preventive and remediation measures in place, including regular meetings with local authorities to discuss current topics and incidents, scenario simulations to strengthen the employees' knowledge and expertise in managing different situations, and a whistle-blower protection system. Furthermore, the company's human rights due diligence policies explain that it has zero tolerance for misconduct in any values- and ethics-related areas. The company noted that the findings of both internal and external investigations were aligned and although it declined to share the results of its own investigation. Following these audits, eight employees were suspended and removed from the centers in Switzerland. This engagement is still active, to assess the effectiveness of the measures initiated.

Voting Activities

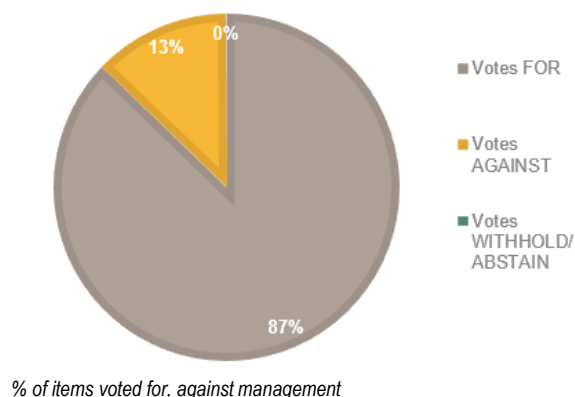
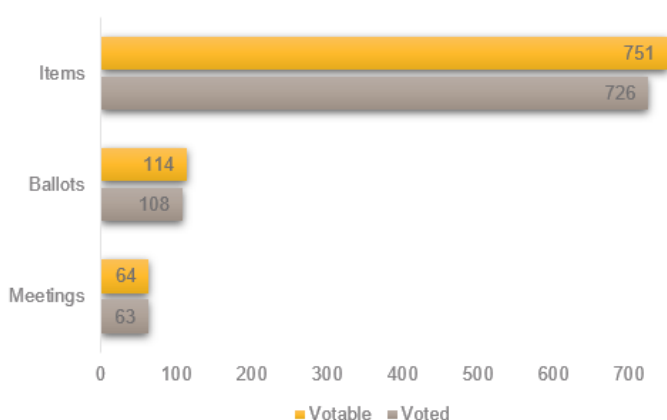
As a long-term investor, Varenne Capital considers it essential to be an active investor on behalf of the funds it manages and to participate in the consideration of environmental, social and governance issues through an appropriate voting policy. Varenne Capital Partners uses the services of International Shareholder Services Inc. (ISS) to exercise its voting rights. Voting is in line with recommendations that incorporate best practices in governance, actions to be taken and processes on subjects related to the Environmental and Social pillars. Our voting also follows the principles of promoting accountability, transparency, honesty, and integrity within companies.

As an independent management company, Varenne Capital is free from any conflict of interest that may arise from offering other financial services to the companies on which it votes.

The report presents how the management company exercised voting rights during the financial year ended December 31, 2021, on behalf of all the funds it manages, in accordance with the voting policy established for the year 2021.

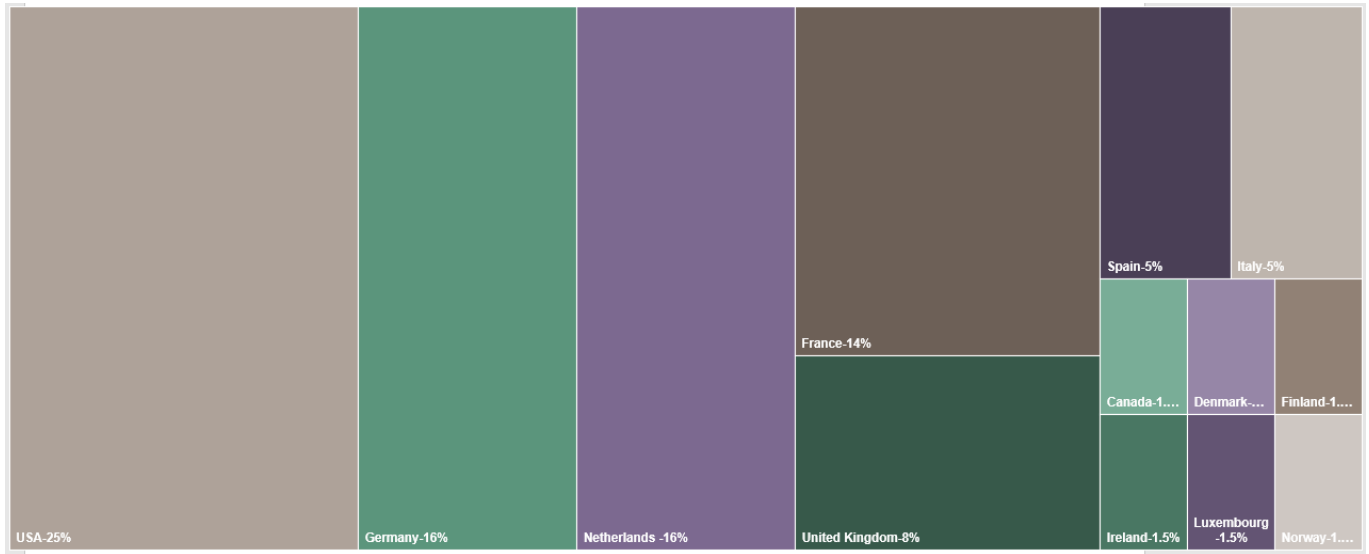
Varenne Capital Partners voted on 98.4 % out of 64 votable meetings with a total of 751 proposals. Among the 63 voted in 2021, Varenne Capital Partners voted in 30 meetings with at least 1 vote Against, Withhold or Abstain (46.9 % of votable meetings).

Category	Global		Europe		Americas	
Number of votable meetings	64		47		17	
Number of meetings voted	63	98.4%	46	97.9%	17	100%
Number of meetings with at least 1 vote Against, Withhold or Abstain	30	46.9%	23	48.9%	7	41.2%

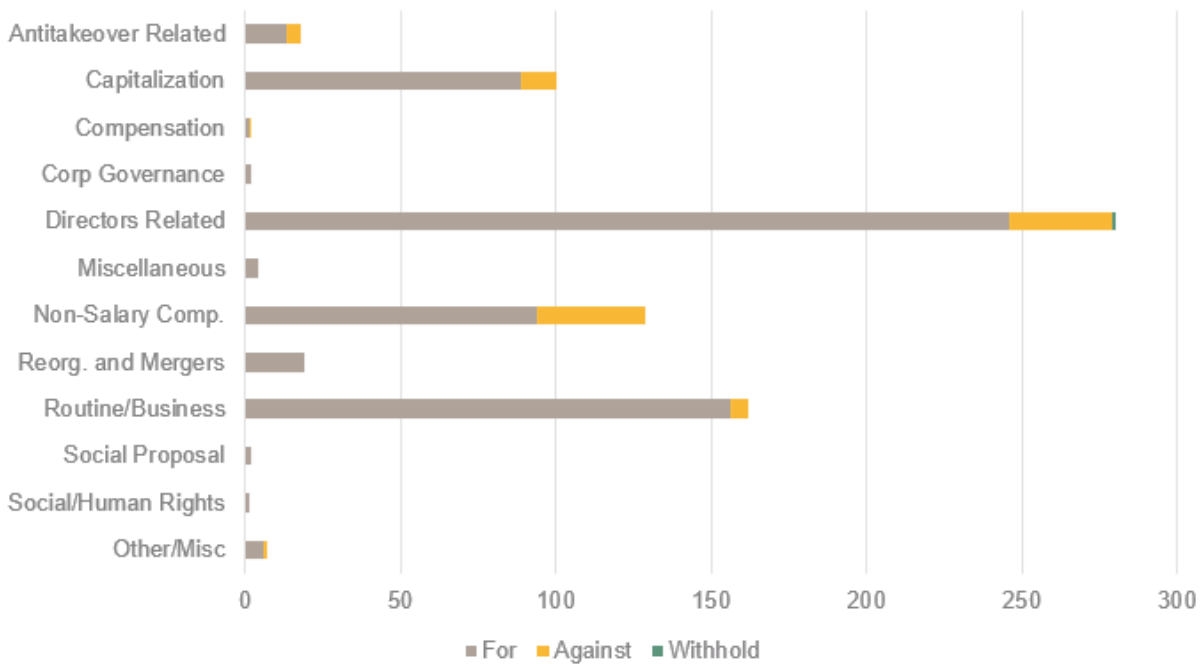


% of items voted for, against management

Market Breakdown



Voting by Proposal Type



Number of items voted for, against management

Category of items	Directors Related	Routine/ Business	Non-Salary Compensation	Capitalization	Antitakeover related / Reorg and Merger	Social Proposal / Human Rights	Compensation	Corporate Governance	Other
Shareholders Proposal	11	1	0	0	0	3	2	2	1
Management Proposal	269	161	129	100	37	0	0	0	6
Total	280	162	129	100	37	3	2	2	7

Voting Activities

Voting Highlights

LVMH

We voted against the approval of the Auditor's special Report on Related-Party Transactions. Two transactions motivated the decision to vote against the proposal of the management :

- The transaction with is an assistance agreement between Agache and LVMH, covering a wide range of high value-added services, mainly related to financial, legal, tax and administrative matters, provided by specialists. It provides for the sharing of skills as well as certain costs, thus reducing expenses in the interests of both parties. Conversely, the LVMH group provides various administrative and operational services and leases real estate and movable property assets to Agache and some of its subsidiaries. The company failed to provide enough information with respect to the transaction with Agache, important shareholder of LVMH, making it therefore impossible to ascertain that the continuation of this agreement is in shareholders' interests.
- Consulting agreements (including the provision of professional services) between a non-executive director and the company compromise the director's independence. Therefore, this transaction does not warrant support.

GREGGS

We voted against the reelection of several directors due to lack of diversity on the Board, in addition to one of the directors' low attendance to Board and key Committee meetings.

ALPHABET

We supported the shareholders' proposal to Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation. The company's compensation program mostly lacks performance-based pay elements, and the adoption of this proposal may promote a pay program for executives that is more strongly performance-based.

While acknowledging the company's robust disclosure regarding its current diversity and inclusion efforts, and the inclusion of performance equity in FY21, as well as the intention to introduce a bonus program in FY22, where payouts under the program will be determined in part by performance tied to ESG goals, it is noted that disclosure surrounding these upcoming changes are limited. Historically, the executive pay program generally lacks elements that incorporate specific pre-set performance metrics. Senior executives are compensated almost entirely in base salaries and periodic large grants of time-vesting stock. The adoption of this proposal would benefit shareholders because it would send a signal to the board regarding the importance of pre-set performance criteria for executives' incentive pay, including, but not limited to, the sustainability metrics proposed by the proponents.

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Varenne Capital Partners engagements are done through the ISS ESG Pooled Engagement collective platform and Collaborative engagement platforms. Varenne Capital Partners voting is done through the ISS ProxyExchange voting platform.

VARENNE CAPITAL PARTNERS

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