

VARENNE CAPITAL PARTNERS

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Contents

- I. VCP’s procedure for exercising voting rights 2
- II. Principles to which VCP intends to refer in determining the cases in which it exercises voting rights..... 3
 - A. Circumstances where VCP attends general meetings..... 3
 - B. Circumstances where VCP is not required to attend general meetings 3
- III. Principles to which VCP intends to refer when exercising voting rights 3
 - A. Decisions leading to an amendment of the Articles of Association 3
 - B. Approval of the financial statements and appropriation of earnings 4
 - C. Appointment and dismissal of corporate bodies..... 4
 - 1. Election or re-election of directors or members of the Supervisory Board..... 4
 - 2. Election or re-election of a Chairperson of the Board of Directors who also holds the position of Chief Executive Officer 5
 - 3. Election or re-election of a non-executive Chairperson of the Board of Directors 6
 - 4. Election or re-election of the Chairperson of the appointments committee 6
 - 5. Election or re-election of the Chairperson of the remuneration committee 6
 - 6. Election or re-election of employee shareholder representatives 7

Voting policy procedure

- 7. Remuneration of directors; amount of directors' fees..... 7
- D. Regulated agreements..... 7
- E. Changes in share capital 7
 - 1. Changes in the type of shares 8
 - 2. Prior authorisation to increase share capital 8
 - 3. Share buyback and capital reduction 8
- F. Appointment of ‘statutory auditors’ 8
- IV. Description of policies to identify, prevent and manage conflicts of interest 9
- V. Annual report on the conditions under which VCP exercised voting rights 9
- VI. Audits 10

This policy sets out the conditions under which Varenne Capital Partners (hereinafter **VCP**) intends to exercise the voting rights attached to the securities held by the UCIs it manages.

These procedures apply to securities held by French UCIs managed by VCP where they are traded on a regulated market of a State party to the European Economic Area Agreement or a recognised foreign market.

This document is available to unitholders upon request and on the company’s website.

I. VCP’s procedure for exercising voting rights

VCP has subscribed to the Institutional Shareholder Services (ISS) platform for the purpose of exercising voting rights. ISS adheres to the principles of responsibility, stewardship, independence and transparency, and follows French governance best practices (inter alia) by complying with MEDEF, AFG and AMF recommendations.

ISS provides recommendations on 32,000 companies listed in 115 countries and its voting policy is updated every year to reflect the latest regulations.

Full confidence in the leadership team, its capacity for long-term value creation and its adherence to environmental, social and governance (ESG) principles are key examples of the many criteria VCP uses prior to investing in a company. As such, while VCP typically accepts ISS recommendations, it reserves ultimate control over its vote.

Votes at meetings are allocated in relation to French companies in the portfolios in the first instance, with the remainder allocated in relation to foreign companies according to the criteria set out in this procedure.

Voting policy procedure

Votes are approved by at least one member of the Investment Committee.

(A chart showing how the platform interacts with the Custodian is provided in the Appendix.)

II. Principles to which VCP intends to refer in determining the cases in which it exercises voting rights

A. Circumstances where VCP attends general meetings

For all companies for which both of the following conditions are met:

- A stake of 5% of the capital in the company
- The company's weighting in the UCITS exceeds 5% of the assets (15% for AIFs)

And, at a minimum, for the 20 largest holdings as defined at the start of each year.

For all companies in the 'Special situations' management component held in cash equity.

B. Circumstances where VCP is not required to attend general meetings

- A natural person, legal entity or group of shareholders bound by a shareholders' agreement holds more than 50% of the voting rights
- The participating interest in the company concerned is in the process of being sold
- It is legally impossible to block the shares
- The nationality of the issuers in which the UCIs managed hold securities would make the cost of attending general meetings disproportionate.

The abovementioned thresholds are assessed when the convening notice is received.

However, VCP may participate in general meetings in cases where these thresholds are not met if it considers that attendance would be useful to defend unitholders' interests.

III. Principles to which VCP intends to refer when exercising voting rights

A. Decisions leading to an amendment of the Articles of Association

FOR the motion of the Board of Directors except:

AGAINST if:

Insufficient information to assess the impact of the amendment on the rights and interests of shareholders,

The amendment has a negative impact on the rights and interests of shareholders,

A number of amendments to the Articles of Association are put to the vote as a group, with positive, negative or neutral impacts on the rights and interests of shareholders, but the negative impact is decisive.

B. Approval of the financial statements and appropriation of earnings

FOR the motion of the Board of Directors except:

ABSTENTION if:

Doubts about the quality and veracity of the information provided,

The company does not submit a 'say on pay' resolution (to the extent that the dissenting vote cannot be effective in the election or re-election of the Chairperson of the Board or the Chairperson of the Remuneration Committee),

The company does not present a resolution related to the approval of regulated agreements.

AGAINST if:

Insufficient information to judge the overall performance of the company,

Information not available prior to the general meeting,

Refusal by the Board of Directors to disclose requested material information,

Partial response of the Board of Directors to legitimate requests for additional information,

Serious and proven shortcomings in the preparation of the accounts,

Proven lack of information about the company's social and environmental policy

C. Appointment and dismissal of corporate bodies

1. Election or re-election of directors or members of the Supervisory Board

FOR the Board's motion except:

AGAINST if:

Voting policy procedure

Insufficient information about the candidate (identity, professional background, skills, etc.),

Poor reputation of the candidate or corporate officer already associated with harmful practices, in the case of re-election,

Excessive duration of the term of office concerned (more than four years, as set out in the AFEF-MEDEF recommendations),

Candidate who is over 70 years of age without sufficient reason to justify his or her election,

Lack of independence of the Board of Directors in the case of non-independent candidate directors (at least 1/3 independent directors for family businesses and 1/2 for companies with diversified capital, since employee representatives on the board are not included in the determination of the Board's independence),

Additional criteria for non-executive directors:

AGAINST if:

The candidate is the chairperson of the appointments, remuneration or audit committee, and the relevant committee has made decisions under his or her leadership that run contrary to good corporate governance practices

Excessive number of terms of office (more than five in large companies)

Additional criteria for executive directors:

AGAINST if:

Excessive number of terms of office (more than three in large companies),

The candidate sits or will sit on the audit or remuneration committee,

The candidate sits or will sit on the appointments committee and the latter does not have a majority of independent directors,

The company does not have an appointment, remuneration or audit committee,

The remuneration of the candidate director is above the ceiling of 240 SMIC (minimum wage),

The number of executive directors is greater than two.

2. Election or re-election of a Chairperson of the Board of Directors who also holds the position of Chief Executive Officer

FOR the motion of the Board of Directors except:

Voting policy procedure

ABSTENTION if the Board of Directors proposes to maintain combined functions without providing justification

ABSTENTION or AGAINST if:

Insufficient information about the candidate,

Poor reputation or corporate officer already associated with harmful practices, in the case of re-election,

Lack of independence of the Board of Directors (at least 1/3 independent directors for family businesses and 1/2 for firms with diversified capital, since employee representatives on the Board are not included in the determination of the Board's independence),

The candidate will sit on the audit or remuneration committee,

The company does not have an audit, remuneration or appointment committee,

The Board of Directors proposes to reintroduce combining functions,

There is no 'say on pay' resolution on executive remuneration.

3. Election or re-election of a non-executive Chairperson of the Board of Directors

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if: the Chairperson's remuneration is not subject to a vote or exceeds four times the average fee paid to directors.

4. Election or re-election of the Chairperson of the appointments committee

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if: The percentage of women sitting on the Board is less than 20%.

5. Election or re-election of the Chairperson of the remuneration committee

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

The director's interests are compromised,

There is no 'say on pay' resolution related to the remuneration of the director and the Chairperson of the Board is not subject to election or re-election at the general meeting

6. Election or re-election of employee shareholder representatives

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if: The process for appointing the candidate(s) representing employee shareholders is undemocratic.

If a person applies for the position of director and employee shareholder representative, the vote will be in favour in both instances.

7. Remuneration of directors; amount of directors' fees

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

The amount of the directors' fees is not indexed to board attendance (unless the fee average is low and the attendance rate is above 95%),

The amount per member of the board of directors is considered excessive (150% of the average amount observed in companies with comparable capitalisation levels),

The attendance rate of directors is not sufficient (below 80%),

The non-executive chairperson's remuneration is not subject to a vote or exceeds four times the average fee paid to directors.

D. Regulated agreements

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

The company submits an incomplete report on regulated agreements

Deferred benefits in favour of executives do not meet the criteria mentioned in the section on remuneration policy

E. Changes in share capital

Voting policy procedure

1. Changes in the type of shares

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if: the amendment undermines the principle of 'one share = one vote = one dividend' without sufficient justification

2. Prior authorisation to increase share capital

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

The increase is greater than 100% of the capital or the percentage allowed by the country's corporate governance standards,

The capital actually issued is less than a certain percentage set according to the country's corporate governance standards,

The preferential subscription right (PSR) is withdrawn,

Over-allotment option or 'green shoe' (arrangement contrary to the shareholders' interests)

3. Share buyback and capital reduction

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

The reduction exceeds a certain percentage of the share capital (approximately 10-20%),

The purpose and/or price of the buyback are not consistent with the long-term interests of the majority of the company's stakeholders,

The company's debt level means that cash cannot be used for share buybacks.

F. Appointment of 'statutory auditors'

FOR the motion of the Board of Directors except:

ABSTENTION or AGAINST if:

Name not disclosed prior to the general meeting,

Fees not related to the audit exceeding 75% of those related to the examination of the accounts,

Voting policy procedure

Existence of links between the statutory auditor and the company that may affect his or her independence,

The auditor is or will be in office for a term of more than six years,

The accounts presented or the auditor him or herself are the subject of serious criticism,

The Board of Directors proposes changing auditor without a clear reason.

IV. Description of policies to identify, prevent and manage conflicts of interest

In order to guarantee the free exercise of voting rights by Varenne Capital Partners, the Management Company has set up a system to prevent and manage conflicts of interest.

V. Annual report on the conditions under which VCP exercised voting rights

In a report drawn up within four months of the end of the relevant financial year (appended to the management report of the Board of Directors or the Management Board, as the case may be), Varenne Capital Partners gives an account of the conditions under which it has exercised its voting rights.

The report covers items including:

1. The number of companies in which VCP exercised its voting rights in relation to the total number of companies in which it had voting rights;
2. Cases in which VCP decided that it could not comply with the principles set out in its 'voting policy' document;
3. Conflicts of interest that VCP had to address when exercising the voting rights attached to the securities held by the UCIs it manages.

This report is made available to the AMF.

It is also available on the VCP website or at the head office.

Where VCP has not exercised any voting rights during the financial year, no report is drawn up, but the voting policy is accessible to unitholders, shareholders and clients on its website.

Upon request, VCP provides any unitholder or shareholder of a UCI with information relating to the exercise of voting rights on each resolution presented to the general meeting of an issuer as soon as the proportion of securities held by the UCIs managed by the portfolio management company reaches the 5% holding threshold set in the 'voting policy' document.

Voting policy procedure

This information can be accessed at the head office of the portfolio management company as well as on its website.

VCP reports on its practices with regard to the use of voting rights attached to securities held in the fund in the annual report 'of the private equity fund, specialised professional fund or professional private equity fund'.

VI. Audits

The CCO shall conduct an audit of the company's compliance with this voting rights policy on an annual basis.

APPENDIX

