

# Engelwood Asset Management S.A.

## Voting Rights Policy

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### Document history

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## **1. PURPOSE AND SCOPE OF THE POLICY**

Engelwood Asset Management S.A (the “**AIFM**”) is an alternative investment fund manager authorised by the Luxembourg regulator of the financial sector (Commission de Surveillance du Secteur Financier; “**CSSF**”) in Luxembourg under Article 5 of Law of 12 July 2013 relating to AIFMs providing in addition to the activities referred to Annex I, services covered by Article 5 (4) of the aforementioned law (“**AIFM Law**”). In addition to the activity of collective portfolio management, its scope of authorisation also includes the provision of discretionary portfolio management services to retail and professional clients.

The purpose of this voting rights policy (the “**Policy**”) is to describe the policy of the AIFM in the area of determining when and how voting rights attached to instruments held in the funds or segregated accounts it manages (the “**Funds**”) shall be exercised in compliance with the relevant legal and regulatory requirements applicable to the AIFM.

## **2. GENERAL VOTING PRACTICES OF THE AIFM**

As a rule, the AIFM is only entrusted with the voting rights relating to the portfolio securities held by the Funds if the AIFM has been expressly mandated by the Funds to exercise such voting rights.

Unless otherwise decided during the on-boarding phase of a Fund, it is the intention of the AIFM to exercise such voting rights as a service provided to the Fund. The AIFM has developed appropriate and effective strategies for determining when and how potential voting rights attached to instruments held in the Funds will be exercised so that these rights benefit exclusively the relevant Funds and or investors.

As a matter of principle, and in particular regarding equity-related investments, the voting rights should be exercised only for material positions (i.e. investments representing more than 1% of the Fund’s net assets).

## **3. VOTING PROCESSES ESTABLISHED BY THE AIFM**

### **3.1. IDENTIFICATION OF VOTING EVENTS**

#### **3.1.1. Identification of voting events in cases of custody positions**

The AIFM has entrusted custodians (the “**Custodians**”) with the responsibility for the identification of relevant voting events. The Custodians then use proxy advisers offering the whole voting logistic and transmitting the voting instructions of the AIFM to the issuer, e.g. through a voting execution platform. The AIFM is outsourcing these tasks because the Funds invest in many companies in different countries, which are subject to different corporate legal systems and different rules on governance. Within this framework, the Custodians provide valuable information of corporate governance specificities in a certain country of which cannot be easily monitored by the AIFM. In addition, the AIFM does not necessarily have the infrastructure for casting cross-border votes.

Any voting event below the threshold set forth in section 2 above may not be considered by the AIFM. Other voting events raised by the Custodians will be shared with the Portfolio Management function (the “**PMF**”) and must be reviewed during the meeting of the investment committees of the AIFM (the “**ICs**”).

#### **3.1.2. Identification of voting events in cases of ex-custody position**

With regard to positions which are not held in custody by the depositary, the PMF of the AIFM will directly receive the voting events.

### **3.2. PREPARATION OF THE VOTING DECISION**

As soon as a voting event is escalated by the PMF or as soon as the general meeting agenda of a company is published, the PMF verifies the agenda and collects additional data deemed necessary to draft the voting recommendation. The information required may be collected from multiple sources such as regulatory disclosures, newspapers/media, trading venues, data vendors and custodians. Also, the reviewed company itself is an important source, either from annual or quarterly reports, the company website and other corporate information, or through dialogue.

For standard items of a shareholders' meeting agenda (i.e. those which in normal circumstances have no long-term material impact on the investments), unless otherwise explicitly justified and documented by the PMF, the recommendation will be to vote in accordance with the proposals of the company's management.

For other matters which may have an impact on the Funds' interests, some in-depth analysis of the items on the meeting agenda should be undertaken and documented. These items are, among others: (i) mergers and acquisitions, (ii) takeovers, (iii) reorganisations and (iv) changes in the structure of capital and voting rights. The analysis should be conducted based on available information, such as press releases, annual reports of the company, analysts' recommendations. After verifying the information on voting requirements, the analysis starts. The drafting of the voting decision is based on the voting policies and guidelines of the AIFM set forth in the annex 1 below.

### **3.3. FINALISATION OF THE VOTING DECISION**

The report covering the voting decision prepared in accordance with the provisions of section 3.2 above will typically follow the order of the general meeting agenda with an explanation of each of the recommendations where AIFM votes are needed. The voting decision will be discussed during the ICs and the outcome of such discussion will be documented in the minutes of the ICs.

Once final, the voting decision will be shared with the Custodians for execution when Custodians have been entrusted with the identification of voting events.

## **4. VOTING PROCESS ESTABLISHED BY DELEGATES OF THE AIFM**

Where the AIFM has delegated the PMF of the Funds to a third party, the AIFM entrusts such external portfolio manager with the exercise of the voting rights attached to the Funds' portfolio.

The appointment of an external portfolio manager is subject to an initial due diligence process, as further described in the "Delegation oversight policy and procedure" and during which the AIFM will among other review the voting processes established by such delegate. In order to monitor the performance of the voting on an ongoing basis, the PMF will review annual KPIs provided by the external portfolio manager evidencing in particular:

- Number of voting rights exceptions and related financial impact;
- Number of general meetings attended;
- Number of voting rights executed;
- Percentage of voting right exercised on the total number of voting right of the portfolio; and
- Ventilation of the typology of voting rights exercised.

The outcome of the review of the PMF will be reported to the management committee of the AIFM and to the board of directors.

5. **TRANSPARENCY TOWARDS THE FUNDS**

The AIFM makes available on its website a free summary of its voting right policy. The summary of the voting right policy of the AIFM is available in the annex 2 below.

6. **REVIEW OF THE POLICY**

This Policy will be reviewed annually, and on an ad hoc basis in case of any major change to the organisational structure of the AIFM and in case of amendment to any relevant laws, regulations and guidelines applicable to the AIFM.

## **ANNEX 1 – AIFM VOTING GUIDELINES**

With respect to the exercise of voting rights, the AIFM has adopted a strategy which provides reasonable assurance that the votes reflect the best interests of the shareholders of the Funds / clients concerned and which will be regularly updated.

While there is no absolute set of standards that determine appropriate governance under all circumstances and no set of values will guarantee ethical behaviour, there are certain principles, which provide evidence of good corporate governance and shall be applied when analysing / exercising voting rights:

- The voting rights related to the instruments held in the portfolios of the Funds are exercised and are exclusively reserved to the Funds, its investors or clients (for discretionary mandates);
- Fund’s investors and clients under discretionary mandates are treated equally:
  - One share - one vote;
  - Effective sale of the company's shares without takeover barriers; and
  - Equal rights to the company's dividend.
- Conflicts of interests between (i) the Funds, (ii) the Fund’s investors (iii) the AIFM and (iv) any other relevant party, are detected, analysed and mitigated appropriately (refer to section “3.3 Conflict of interest”).
- The portfolio manager exercises a separate vote for each Fund, and it is conceivable in some situations that votes would be cast differently for each Fund.
- The exercise of voting rights does not contribute to violations of human and labour rights, child labour, gross corruption, serious environmental degradation, including acts or omissions, which, on an aggregated company level, lead to an unacceptable level of emissions of greenhouse gases, or other actions that could be construed as a violation of ethical norms.
- The exercise of voting rights does not lead the Funds to invest into:
  - Companies engaged in the production of weapons that, through normal use, may violate fundamental humanitarian principles;
  - Companies engages in production of tobacco and pornography;
  - Mining companies and power producers who as independent or consolidated entities obtain 30% or more of their revenues from thermal coal, or who base 30% or more of their business on thermal coal;
  - Companies breaching one of several of the following guidelines:
    - UN global compact (10 basic principles of human and labour rights and the environment);
    - OECD guidelines for multinational companies to ensure socially responsible business practices;
    - The Ottawa convention (international treaty against anti-personnel mines);
    - The convention on cluster munitions;
    - UN principles for responsible investment;
    - UN guiding principles for business and human rights; and
    - Production, storage and trading of nuclear, biological and chemical weapons.

Moreover, with respect to the voting of companies falling within the scope of this Policy, the votes cast by the AIFM will favour:

- Laying the foundations for an effective corporate governance regime;
- The rights of shareholders and the main functions of capital holders;
- The fair treatment of shareholders;
- The role of the various stakeholders in corporate governance;
- Transparency and dissemination of information; and
- The responsibility of the Board of Directors.

## **ANNEX 2 - SUMMARY VERSION OF THE VOTING RIGHTS POLICY**

In accordance with applicable regulatory provisions, Engelwood Asset Management S.A (“**Engelwood**”) has established an adequate and effective strategy permitting the exercise of voting rights attached to the instruments held by the funds it manages (the “**Funds**”).

Engelwood owes the Funds a duty of care and loyalty with respect to all services undertaken on the Funds’ behalf, including proxy voting. Therefore, Engelwood shall cast the proxy votes in a manner consistent with the best interest of the Funds and shall place those interests ahead of its own. In particular, the following principles shall be complied with in the exercise of voting rights:

- The voting rights related to the instruments held in the portfolios of the Funds are exercised and are exclusively reserved to the Funds and its investors;
- Fund’s investors are treated equally:
  - One share - one vote;
  - Effective sale of the company's shares without takeover barriers; and
  - Equal rights to the company's dividend.
- Conflicts of interests between (i) the Funds, (ii) the Fund’s investors (iii) Engelwood and (iv) any other relevant party, are detected, analysed and mitigated appropriately.
- The Portfolio Managers exercise a separate vote for each Fund, and it is conceivable in some situations that votes would be cast differently for each Fund.
- The exercise of voting rights does not contribute to violations of human and labour rights, child labour, gross corruption, serious environmental degradation, including acts or omissions, which, on an aggregated company level, lead to an unacceptable level of emissions of greenhouse gases, or other actions that could be construed as a violation of ethical norms.
- The exercise of voting rights does not lead the Funds to invest into:
  - Companies engaged in the production of weapons that, through normal use, may violate fundamental humanitarian principles;
  - Companies engages in production of tobacco and pornography;
  - Mining companies and power producers who as independent or consolidated entities obtain 30% or more of their revenues from thermal coal, or who base 30% or more of their business on thermal coal;
  - Companies breaching one of several of the following guidelines:
    - UN global compact (10 basic principles of human and labour rights and the environment);
    - OECD guidelines for multinational companies to ensure socially responsible business practices;
    - The Ottawa convention (international treaty against anti-personnel mines);
    - The convention on cluster munitions;
    - UN principles for responsible investment;
    - UN guiding principles for business and human rights; and
    - Production, storage and trading of nuclear, biological and chemical weapons.



Where the AIFM has entrusted a delegate portfolio manager to exercise the voting, Engelwood has established a monitoring processes in order to control the activities of the such delegate portfolio managers.

Further information may be provided under request (please use the contact details provided under [engelwoodgroup.com](http://engelwoodgroup.com))