

MONOCLE AM	Commitment policy shareholder and exercise of voting rights	Reference: IV-3 Version: 1.0
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Liability	
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Service	All employees
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Objective of the procedure
This policy presents MONOCLE AM's shareholder engagement mechanism and its voting rights policy. The Shareholder Engagement Policy describes "how the company integrates its shareholder role into its investment strategy."

List of tools/applications used	
Tool(s)	Microsoft Office
Application(s)	Proxy Voting (ISS) ; Dropbox

1st ^{level} controls	Archiving (yes/no)	Archive location
Monitoring the control over the companies held	Yes	Dropbox
Report on the exercise of voting rights	Yes	Dropbox

Management of procedure updates				
Version	Date	Status	Author	Nature of amendments
1.0	26/01/2021	To be validated	AGAMA Conseil	Creation
1.0	03/02/2021	Validation	MONOCLE AM	Proofreading and validation
1.0	10/11/2022	To be validated	AGAMA Advisors	Modification (addition of ESG criteria)

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Preamble

The “Shareholder Rights” Directive transposed into French law aims to strengthen long-term investment in companies and to promote the transparency of investments made by “institutional investors”. MONOCLE AM is required to describe and make publicly available its long-term commitment to the issuers of shares with which it invests its funds.

This policy describes how MONOCLE AM integrates its shareholder role into its investment strategy. It fully adopts the voting policy and describes the additional arrangements put in place by MONOCLE AM to strengthen the dialogue with its issuers.

MONOCLE AM follows as far as possible the various criteria of shareholder engagement described below. Where it does not, or is incomplete, it sets out the reasons for this in this policy.

1. Scope

The shareholder engagement policy describes how the company integrates its role as a shareholder in its investment strategy. **It therefore targets investments in actions.**

In the case of MONOCLE AM, the commitment policy and the voting policy concern investments in shares made by UCITS and AIFs subject to the AIFM Directive.

2. Objectives of the policy

Monocle sets as its objective, provided that the following conditions are met, to exercise the voting rights related to the instruments held by the UCIs managed where there are risks that a resolution proposed to the vote could lead to a strategic change that, in the manager’s opinion, would be detrimental to the interests of shareholders.

The indices of such changes include resolutions relating to capital increases, disposals/acquisitions of companies or branches of activity, restructuring, appointments to executive functions, etc.

The Voting Rights Policy related to the instruments held by the UCIs managed aims to protect the interests of the shareholders of these UCIs, in accordance with the objectives and investment policy of the UCI in question. It also aims to prevent or manage any conflict of interest arising from the exercise of voting rights.

In this context, when Monocle exercises these voting rights, the votes cast will support resolutions to promote:

- improving the foundations of a proportionate corporate governance regime; and effective ;
- the relevance of economic and strategic decisions;

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- the protection and fair treatment of shareholders;
- the transparency and reliability of the information provided;
- accountability of supervisory and management bodies;
- compliance with ethical standards and standards;
- proportionality and adequacy of remuneration policies

3. Policy Provisions

3.1. Dialogue with the companies held

MONOCLE AM may be required to contact the investor relations persons of the companies in which it invests if necessary.

3.2. Exercise of voting and other rights attached to shares

- **General principles for the analysis of resolutions**

The principles of the Management Company are:

1. To act in the exclusive interest of unitholders, in compliance with the rules of the Funds and applicable conflict of interest management rules,
2. To ensure that there is transparency regarding the information given to shareholders,
3. To ensure that the powers of the general assembly are maintained.

In accordance with these principles, MONOCLE AM examines, on a case-by-case basis, the resolutions submitted for voting and in particular:

1. Decisions involving an amendment of the articles of association (extraordinary general meetings),
2. The programmes for the issue and redemption of capital securities,
3. Approval of accounts and allocation of income,
4. The appointment and dismissal of corporate bodies,
5. The regulated agreements,
6. The appointment of statutory auditors.

- **Compliance with ESG criteria**

MONOCLE AM takes into account environmental (E) and good governance (G) criteria from the initial stage of company analysis. Each investment decision is made on the basis of these considerations.

The Management Company's responsible investment approach is based on three requirements:

- Exclusion of companies active in controversial sectors (thermal coal & tobacco);
- Obtaining a minimum E-G rating from issuers;
- Obtaining a minimum average E-G rating at the portfolio level;

MONOCLE AM has a "Responsible Investment Policy" (VI-1) which sets out how SGP integrates ESG criteria into its analysis and investment strategy.

- **Organization of the exercise of voting rights**

The persons entitled to vote are the financial managers of the funds concerned. The Administrative and Financial Manager is responsible for organizing and reporting on the exercise of voting rights.

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MONOCLE AM has subscribed to the proxy voting *services* Crédit Suisse (Luxembourg) S.A (*ISS Proxy Voting Exchange Plateform*).

Reasoned opinions (for, against, abstention) are kept on the Dropbox of MONOCLE AM.

- **Conditions for exercising voting rights**

In order to ensure proportionality, MONOCLE AM generally exercises the voting rights attached to the instruments held by the UCIs it manages only when these securities represent a significant part of a portfolio of the UCI managed, and when the exercise of all rights reasonably suggests that it will influence the outcome of the vote.

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3.3. Cooperation with other shareholders

MONOCLE AM does not normally interact with other shareholders. It does not prevent itself from doing so. In the event that the Management Company is required to communicate with other shareholders, any solicitation would first be submitted to the RCCI, which would ensure control of each exchange and share.

3.4. Communication with relevant stakeholders

MONOCLE AM does not by default have any relationship with stakeholders (representing minority shareholder groups, issuer governance bodies, extra-financial rating bodies...) and privilege an independent analysis. MONOCLE AM nevertheless reserves the right and the possibility to do so if it is relevant to the defence of its interests.

Any exchange with any of the stakeholders will be monitored by the CICN.

3.5. Prevention and management of conflicts of interest

In application of the policy of management and prevention of conflicts of interest defined by the Company of As part of the voting exercise, managers must:

- Behave with loyalty and act fairly in the best interests of the bearers and integrity of the market,
- To carry out their activity with the competence, care and diligence which are necessary to the best of the interests of unitholders and market integrity, transparency and market security,
- Comply with all regulations applicable to the exercise of its activities in order to promote the best interests of holders and the integrity of the market,
- Because of their functions, ensure that the information communicated to them is used solely for the benefit of customers.

The members of the investment team must alert the RCCI, without delay, of any conflict of interest situation likely to affect the free exercise of voting rights. MONOCLE AM will then appreciate the usefulness of voting after having obtained the opinion of the RCCI.

4. Reports on the exercise des rights of voting and the shareholder engagement policy

In accordance with its obligations, MONOCLE AM reports on how it has exercised its rights and its shareholder engagement policy in a report annexed to the annual management report.

This report is prepared by one of the members of the management team. It is sent to the unitholders within six months of the end of the Management Company's financial year (at the same time as the annual report). This communication is not mandatory when this information is already made available on the Management Company's website.

The report states in particular:

- A general description of how voting rights were exercised;

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- The number of companies in which MONOCLE AM exercised the voting rights in relation to the total number of companies in which it held voting rights,
- The cases in which it has deemed that it is unable to comply with the principles set out in this procedure, as well as the cases of conflict of interest which it has had to deal with during the voting,
- The method of exercising voting rights, the meaning of voting or abstention for each resolution,
- And, where appropriate, decisions taken in respect of resolutions of related companies in which a UCI is a shareholder and resolutions proposed by minority shareholders without the consent of the Board,
- An explanation of the choices made on the most important votes,
- Information on the possible use of services provided by voting advisors.

5. Dissemination and review of policy

MONOCLE AM makes this policy and the annual reports on its application available to its clients upon request.

A mention of the existence of this policy is also available on the MONOCLE AM website www.monocle.lu

MONOCLE AM does not provide for an annual review of this policy, it will be updated as required.