



Stewardship and Active Ownership Policy

1. General approach

CIAM is an investment management firm that uses equity-based investment strategies to generate returns from its global approach to corporate events. CIAM was co-founded by Catherine Berjal and Anne-Sophie d'Andlau in 2010 and has offices in Paris.

CIAM implements high conviction portfolios based on proprietary research, building positions around corporate events. A streamlined process is used to select a limited number of positions presenting the right catalyst and probability of delivering the expected returns. CIAM predominantly invests in European small, mid and large cap companies.

CIAM is focused on a careful assessment of risk and particularly on identifying companies with specific ESG issues that have a detrimental impact on the value of their shares. In some cases CIAM may become a more active investor, engaging, whenever possible, through a constructive private dialogue with boards and management teams. However, when progress cannot be or is insufficiently achieved by dialogue, CIAM may escalate the issue on the public scene by issuing statements, filing shareholders' resolutions, engaging with other stakeholders etc.

Furthermore CIAM has extensive experience of the legal and regulatory processes that govern European M&A and minority shareholder protecting laws and has since 2013 led several public campaigns around these topics. CIAM's long history of engagement with companies about governance issues fostered its engagement expansion a few years ago to the Environmental and Social aspects, also incorporated into its investment decision and risk management processes. To demonstrate its commitment CIAM became a signatory to the UN Principles of Responsible Investment (UN PRI) in November 2020. CIAM also became a signatory of the Task Force on Climate-related Financial Disclosures (TCFD).

The policy covers all funds managed by CIAM and pertains to companies held in investment portfolios. CIAM engages with the expectation to deepen understanding of the company's business environment, risks and opportunities, initiate responsible behaviors and avert decisions (or lack thereof) that would be detrimental to the companies' long term value.

Engagement is carried out by the investment team, enabling it to continually monitor and reassess the perspectives and ESG risks of the investment. The portfolio concentration and limited number of positions allow for in-depth focus and appropriate time allocation to each investee. Thus, the investment team has the resources needed, including third party tools and analysis, to carry out extensive research and incorporate ESG aspects in their evaluation. The team, led by the CIO has several years of experience in conducting stewardship activities on corporate governance, environmental and social aspects and benefits from continued specialized training at least once a year to ramp up its knowledge on environmental and social aspects.

Active ownership activities are overseen by CIAM's executive partners (the CEO-CIO and the Deputy CEO-Head of ESG).



Conflicts of interest are managed as per the company's Conflict of Interest Policy, with the expectation of potential conflicts of interest analysis, abstention to act, disclosure and registration via the Chief Compliance Officer.

CIAM has written a Responsible Investment policy, accessible on CIAM's website. This policy is updated each year and describes the ESG process established within CIAM, and applicable to all funds under management. A specific procedure "ESG integration process" can also be associated to a specific fund. This document details the methods of analysis, the specific data used, and details the extra-financial management method associated to a specific fund. This document is linked to the management policy of the fund involved.

2. Engagement

CIAM incorporates into its analysis, and aims to whenever necessary actively engage with companies on:

- **Transparency** - we review the reporting and question the transparency of companies we consider for investment. For instance, we examine whether they:
 - Issue a corporate responsibility report
 - Link management's remuneration to corporate responsibility factors, using clear, transparent and auditable KPIs.
- **Corporate behavior and leadership** – we review the way each company integrates ESG issues in their value creation process. For example, we question its ability to
 - Absorb systemic shocks and regulatory changes
 - Acknowledge and take into account the low-probability high-impact risks directly posed to the environment, to society, to its workforce etc.
 - Manage arising issues around product quality & safety
 - Adapt the business model to reach and create new markets.
- **Environment** –CIAM integrates climate-related risks and opportunities in its investments through its responsible investment policy. Where relevant we review and question companies' views, business plans and commitments. We focus on :
 - Board level oversight of climate change transition and impact
 - Quantification and disclosure of carbon emissions (Scope 1, 2 & 3)
 - Clear evidence-based carbon reduction targets
 - Alignment with the objectives of the Paris Agreement and phasing out of services provided to unsustainable sectors
 - Ability to meet the evolving environmental regulation
 - Alignment with the TCFD recommendations and reporting to CDP
 - Etc.



- **Human capital management factors** – we believe value creation and purpose are intertwined with the promotion of
 - Diversity and equality in the workforce, at all levels and specifically at top executive levels
 - Constructive and positive relationship with other stakeholders – employees, unions, customers, suppliers and the community at large
 - Decent labor conditions – minimum wages, types of contracts, employees' health and safety.

- **Human rights** – we take into consideration the respect of human rights by companies. We do not hesitate to engage in dialogue on this issue because we believe that it is a driver of progress. To this purpose, we encourage:
 - The inclusion of human rights within sustainability policies;
 - The identification and prevention of human rights risks in the company's activities and value chain;
 - Transparency in the disclosure of data on the company's impact on human rights;
 - Implementation of due diligence processes;
 - The consideration of human rights by the highest level of management of the company;
 - Participation in collective engagement initiatives that promote human rights;
 - Participation in the UN Global Compact initiative;
 - Companies to provide remedies to affected people, where appropriate.

- **Social capital** – where relevant we engage with companies on their
 - Management of public harm risks around product security and its use of potentially harmful products
 - Employee incentives practices on products that may not be in the best interest of customers.

- **Corporate governance – we pay special attention to (among others)**
 - Board independence, skills and diversity
 - Top management roles separation
 - Executive compensation
 - Existence of poison pills
 - Related party transactions.

The investment team uses both internal analysis and external providers for initial screening and subsequent monitoring of the investees in order to control the positions size and the need for engagement.

The investment team regularly interacts with investee companies both on financial and non-financial topics. Depending on the level of concern, the interaction between CIAM and the investee company is conducted in-person during on-site visits, on the phone, or through letters. The main contacts are company's executive management and the board. When a specific



governance, environmental and/or social topic of concern is not addressed, CIAM may issue public statements, file shareholder resolutions or vote against resolutions or executive remuneration.

On some occasions, when CIAM believes that a broader base is necessary to influence the management's behavior, it calls upon other significant shareholders to collaborate on specific ESG issues. CIAM may also, depending on the significance and nature of the concern, get involved with regulators or start litigation.

We believe that good management of ESG issues creates value and mitigates risks, individual factors' relevance is sector-specific. Only **specific material** issues are expected to affect companies' values and valuations - that is why we focus our research and engagement on those ones. To narrow our research, we utilize several sources such as the transparent and broadly accepted Sustainability Accounting Standard Board's map (SASB) by sustainability factor and sector, the CDP and TCFD frameworks, and our own expectations arising from internal research.

CIAM pays particular attention to **controversies** which are part of the exclusion process as described in the Responsible Investment policy. CIAM uses Vigeo Eiris' (Moody's) Controversy Risk Assessment database which is based on allegations affecting companies. Controversies can have serious implications on a company's reputation and legal security. CIAM reviews information such as the severity and frequency of controversies, as well as the company's response to the controversies.

A document, summarizing the engagement steps undertaken with companies approached on specific ESG issues is available to investors and prospective clients; it is updated annually.

3. Voting

CIAM has a detailed voting policy, laying out the factors taken into account when making voting decisions and voting intentions on specific ESG issues. CIAM exercises its voting rights on more than 90% of its portfolio companies.

A dedicated person is in charge of properly gathering information on meetings announcements, information on draft resolutions, ensuring proper exercise of voting rights and follow-up to establish a detailed record of the votes exercised. The CIAM's executive partners meet at the end of each season of general meetings to review the report on CIAM's votes.

CIAM is in favor of the principle of "one share = one vote" in order to ensure the equality of all shareholders. CIAM is opposed to any initiative aimed at limiting voting rights, through the introduction of a holding threshold, the existence of anti-takeover pills, the creation or maintenance of double voting rights, or the existence of shareholder pacts, which will be examined on a case-by-case basis.



CIAM is demanding with regard to the qualifications of directors (independence, diversity, competence) and their commitment to the company in which they have taken a mandate. CIAM is vigilant about the efficiency and competence of the Board of Directors to ensure that decisions are taken in the best interests of all stakeholders (and not in the exclusive interest of the current management or of a reference shareholder).

CIAM is fully dedicated to shareholder engagement and aims at addressing corporate governance issues through shareholder dialogue with a designated Board member.

To form its bespoke opinion on ESG issues, CIAM uses both internal research and proxy voting advisors such as Glass Lewis and Proxinvest. Where significant issues are highlighted by third party providers or internal resources, the research and time-allocation is expanded and a regular findings review is performed by the executive team of CIAM. In some cases, CIAMs executive team may discuss the concerns that are deemed of particular interest, directly with board members of the investee company. Additionally they may also reach out to other investors prior to the investee's general meeting. The final voting decision on sensitive issues is taken by the CEO-CIO.

As per its voting policy, provided proper information by the custodian, CIAM exercises its voting rights for all equities that have a voting right, with the exception of positions that are in the process of being closed out.

In order to fully exercise its rights, if securities are loaned, they are repatriated according to the constraints of local or technical considerations. For meetings deemed sensitive, the securities are repatriated systematically.

Depending on CIAM's engagement prior to the general meeting, CIAM may vote in person by attending AGMs or by proxy.

ESG resolutions introduced by other shareholders are carefully examined and voted on, depending on the perceived impact. CIAM may also reach out to the lead shareholder for additional comments and clarification.

As a follow-up to its engagement, CIAM may file or co-file resolutions on ESG issues. When co-filing, the roles and active involvement of each co-filer are agreed beforehand on legalities, supporting documents preparations and communications.

Historically voting records are kept in an internal record, updated by the Head of ESG and CIAM makes them available to any shareholder or potential client of the funds who so requests. However, since 2023, CIAM releases a summary monthly voting report.



4. Shareholder dialogue

Dialogue enables to refine our comprehension of ESG challenges and risks within each company CIAM invests in. We are convinced that the shareholder dialogue is a vector of good governance and thus a way to diminish financial and extra-financial risks, and to improve the company's long-term performance.

The shareholder dialogue is formalized in different ways:

- It can be qualified of regular and intensive when the company accepts to commit to a regular dialogue throughout the year, generally with 2 or 3 meetings. These meetings can be private appointments, collective appointments organized at the occasion of financial or governance roadshows, or through conference-calls. Regular meetings with the company's directors and/or board members are the opportunity for CIAM to discuss financial, strategic and extra-financial topics.
- It can be qualified of precise, when our request for a shareholder dialogue concerns a specific subject, or if it follows-up a controversy spotted by the market.
- It can be qualified of collaborative when the dialogue comes from a collective initiative, from a body or organization such as body or organization such as proxy solicitor or from the company itself, wishing to initiate a request for a dialogue concerning a precise subject.
- Meetings pre-GA are also a way to reinforce the shareholder dialogue with companies. Indeed, on this occasion, the company communicates the composition of its future board of directors, the assessment of its remunerations and all its requests that the company wishes to implement long-term. It is important that CIAM is involved in its information and that CIAM is able to communicate its voting policy's meaning, and its requests concerning corporate governance, social, societal and environmental matters.

5. The cooperation with other shareholders

CIAM is a member of the AFG's Corporate Governance Committee in Paris. This committee aims at promoting and defending the interests of professional portfolios' managers.

AFG actively participates in reflections concerning corporate governance:

- In France, regular dialogues with the Medef, the AFEP and the ANSA; frequent contacts with the ADAM, Proxinvest and ISS; founding member of the Institut Français des Administrateurs (IFA) and member of the Association Française pour le Gouvernement d'Entreprise (AFGE).
- In Europe: participation to the Commission's consultations regarding the guidelines that have an impact on a corporate governance level, primarily aiming at facilitating the cross-border vote; and to the EFAMA and Pensions d'Europe works.
- On an international level: active participation to the International Corporate Governance Network's (ICGN) work.



CIAM can partner with other management companies in order to co-propose resolutions during French general assemblies or international general assemblies requesting governance improvements, transparency regarding societal or environmental issues.

These meetings are the opportunity for CIAM to become even more involved in the improvement of companies' practices and transparency on the ESG level.

6. Communication with relevant stakeholders

The conditions of the dialogue between issuers, shareholders and other stakeholders have developed these past years. The dialogue's levers with "stakeholders" have become more complex and intermediated.

The different stakeholders with which CIAM communicates are the following:

- The ESG rating agencies

CIAM takes note of reports published by certain rating agencies in the E, S and G areas. Most rating agencies make public the methodology and ratings of the companies they assess. Today, investing in a company requires a detailed analysis of all financial and non-financial risks. The latter provides a complementary opinion to CIAM 's in-house financial research. The rating market is vast, and the methodological approaches used are heterogeneous. This is why CIAM has a proprietary extra financial research process.

- Collective initiatives (NGOs) specialized in a subject or in a sector

CIAM may challenge a company's public positioning or progress with various organizations or collective initiatives (NGOs) in order to assess the degree of ESG progress in relation to its competitors and/or its sector of activity.

- A voting consulting agency (proxy advisor)

CIAM takes note of the recommendations on corporate governance of voting advisory firms such as the ECGS network in Europe, but also of foreign players such as ISS and or Glass Lewis, and/or a French player such as Proxinvest.

- Solicitor agencies (proxy solicitor)

CIAM may be contacted by organizations soliciting shareholders at the request of companies or other shareholders, on a particular issue or in the context of AGMs. We respond on a case-by-case basis. CIAM can also solicit such organizations if it considers it necessary.

- Listed companies

CIAM engages in a dialogue with companies whether they are present or not in the portfolios. Indeed, we may need to engage in dialogue in view of a future investment, or to better



understand the competitive environment of a company. These exchanges may take place in the context of dedicated meetings, group meetings or participation to conferences.

- **The depositories**

CIAM, in exercising its voting rights, has to address all requests to the custodians of its funds in order to properly send requests for votes or participation in general meetings. Where possible, we request confirmation from our custodians that our votes have been properly sent.

7. Escalation

The engagement process with investee companies is the following : first, CIAM engages in an informal discussion with the company to prepare for future meetings. Then, an appointment is fixed with the company to review CIAM's ESG & strategic diagnostic. If necessary, CIAM then sends a summary letter to engage internal stakeholders (Comex, Board of Directors), to which CIAM expects a written answer. Afterwards, CIAM engages in a regular dialogue for follow-up (6 months to 1 year for G & S issues, 1 year min. for E issues).

If required, CIAM may vote against specific proposals at the General Meeting. Finally, when deemed appropriate, CIAM may initiate a public campaign or even take legal actions.

8. Conflicts of interest to stewardship

Conflicts of interest may emerge in case of lack of independence. This is especially relevant when:

- The person in charge of the vote is not independent from the issuer;
- The issuer is also a client of the management company,
- The Board of the management company has business relations with the management of the issuer, or
- The vote is in favor of a third party and not the shareholders.

CIAM's code of ethics is based on the rules and provisions of the AMF (Autorité des Marchés Financiers) and the AFG. In the event of an identified conflict of interest, the Chief Compliance Officer is immediately informed. CIAM relies on an organization and the definition of strict rules for its managers, employees and directors in order to limit as much as possible and identify any conflicts of interest risks, if applicable.

Thus:

- All of the company's employees are subject to strict rules of ethics concerning transactions on the financial markets in their personal capacity. These transactions are subject to ex-ante clearing and then to ex-post controls by the Chief Compliance Officer.



- CIAM is particularly vigilant regarding the risks of conflicts of interest arising from any mandate held by the members of the management company. These situations are subject to controls to identify any conflicts of interest.

In order to prevent any risks that may arise, CIAM does not deviate from its voting policy, which is implemented independently of the client relationship.

CIAM has engaged independent third-party voting services providers that makes proxy voting recommendations, to avoid potential conflicts and to meet compliance requirements. When selecting a third-party voting service provider, CIAM considers various criteria such as independence, quality of analysis, consideration of the best interests of shareholders. Finally, CIAM makes sure that the voting practices are close to its own. For that reason, CIAM has decided to collaborate with Glass Lewis and Proxinvest.

Finally, CIAM is able to provide its shareholders a monthly and annual report on the exercise of its voting rights to allow them to verify compliance with our engagement and voting policies.

9. Communication and Documentation

CIAM will make available to AMF, and to any holder or shareholder of the funds who might request it, a report on the shareholder engagements, explaining the information relating to the policy set out above.

CIAM also provides the AMF and the CSSF, as well as any holder or shareholder of the funds who so requests, with an account of the voting policy, explaining the information relating to the resolutions voted at the general assemblies.