



Shareholder engagement and voting policy

Introduction

This policy aims to define a framework for the management company's approach as a shareholder regarding the funds under management, given the dual objective of protecting the interests of investors and the core values of Argos Wityu, specifically in terms of corporate governance and social and environmental responsibility.

Statutory references

This policy is based on the following references:

- Directive 2017/828/EC, known as "SRD II"
- Articles L533-22 and L533-22-1 of the French Monetary and Financial Code
- Article R533-16 of the French Monetary and Financial Code

General principles

The governing bodies and corporate officers of the Management Company, in the exercise of their powers, manage the portfolio management operations of the Company on behalf of third parties in the context of the authorisation as issued by the AMF and based on the business operations as approved by the AMF. The Chief Executive Officer, the Managing Directors and the Deputy Managing Directors are responsible for the effective management of the Company, within the meaning of Article L.532-9 of the Monetary and Financial Code; with powers namely relating to determining the effective direction of the Company, the accounting and financial data and fixing its capital resources.

Annual General Meetings are where voting rights are exercised and therefore a core part of corporate governance. Argos Wityu, therefore, takes a negative view of anything that could limit, or hinder the exercising of these or reduce the extent of their competence.

Evaluating strategies, financial and non-financial performances, risks, capital structures, social and environmental impacts and corporate governance

Strategic Overview

As a management company authorised by the AMF, Argos Wityu manages closed investment funds investing in unlisted shares. The Funds managed or advised by Argos Wityu have equity holdings in French and European companies.

As part of making direct or indirect investments in company equity, the development strategies of the companies subject to financing analyses are shared with the other shareholders involved and the managers of the companies in question.

The implementation of the strategy as defined during the investment process and subsequently implemented is kept under regular review. Input into this review comes from a range of stakeholders:

- The Investment Managers: They are integrated within the governing bodies to provide assistance and monitor the shareholdings through implementation of the growth strategies;
- The legal representatives of the funds (by extension, the representatives of Argos Wityu): They vote on the resolutions submitted during AGMs in their roles as representatives of the shareholder(s) - the funds. This role can be delegated to a third party as necessary but standard practice is for the direct representatives to take part in the vote;
- The members of the Investment Team: They may be appointed as directors or act as the permanent representatives of Argos on the boards. Their role consists of a day-to-day involvement in the companies.

Evaluating financial and non-financial performances

The Funds managed or advised by Argos Wityu are committed first of all to evaluating the financial performances of the shareholdings they hold against the applicable policies and procedures of Argos Wityu. These performances are kept under constant review throughout the period of the investment by the financial managers on the “Investment Committee” (hereafter “IC”), as well as by the investment teams.

The financial performances are evaluated through an analysis of the following, non-exhaustive, criteria:

- Turnover;
- Profitability (EBITDA);
- Level of equity capital;
- Cash flow/Net cash flow;
- Debt level;
- Risk measurement and monitoring indicators are adapted for each situation (currency exposure, business finance, HR issues, etc.).

The Funds managed or advised by Argos Wityu are also committed to evaluating the ESG performances and the sustainability risks of their investments relative to the public commitments of Argos Wityu (signing up to initiatives such as the Principles for Responsible Investment) or its internal policies and procedures.

Responsible investment strategies are subject to a verification and monitoring process for the ESG risks and impacts that apply throughout the lifetime of the vehicles managed or advised by Argos Wityu. The investment team draws on internally developed ESG and climate expertise, alongside the use of high-level specialists on the relevant areas of impact.

Extra-financial performances are principally assessed through an analysis of the responses to ESG questionnaires. Argos Wityu issues ESG questionnaires to the companies in the Fund portfolios, and the responses to these make it possible to:

- Evaluation of the responsible investment practices of these companies through ESG reporting;
- Verify the ESG performances of these companies through the application of key performance indicators;

Our Responsible Investment Policy can be viewed on the website for further information.

Risk Management

Investment reviews are conducted quarterly by the teams at Argos Wityu. The Funds managed or advised by Argos Wityu also conducted quarterly reviews of the performances of their investments. The management company's Valuation Committee collects and analyses this data.

These investment reviews enable us to analyse exposure to the following risks:

- Market risks, including the risk of losses for the individual portfolio resulting from fluctuations in the market value of its portfolio positions attributable to a change in market variables;
- Counterparty risks, relating to the risk of losses for the portfolio arising as a result of the failure of a counterparty or counterparties during an operation or contract to fulfil its/their obligations prior to the final completion of the operation in terms of a financial flow;
- Liquidity risks, including the risk that a position in the portfolio cannot be divested, liquidated or closed at a limited cost and within a sufficiently short time frame;
- Operational risks, which are risks of losses for the individual portfolio arising from inadequate internal processes and failures attributable to personnel and systems.

Argos Wityu is a management company operating in the unlisted sector, risk management does not follow the same pattern as that used for the traditional management of listed assets. Our risk management system is adapted to ensure the best possible management of the risks to which the funds - and by extension the investors - are likely to be exposed.

Capital structure reviews

The Funds managed or advised by Argos Wityu pay particular attention to any events (disposals, transfers, allocations of free shares, capital increases, etc.) that could have consequences regarding the capital structure of the investment holdings. This allows them to protect their holders' interests and monitor their holdings' capital base to ensure long-term support.

This monitoring of capital structures involves using quarterly valuation records in application of the Regulations of the managed funds.

Dialogue with investee companies

The Funds managed or advised by Argos Wityu essentially invest in equity. This means that the investments are long-term investments based on dialogue with the investee companies over the long term.

The Investment Managers are therefore in regular dialogue with these companies, including before the investment itself, during and on divesting.

The company's corporate governance is monitored through this ongoing dialogue based around a close working relationship. The dialogue facilitated thanks to this close relationship will cover any financial and extra-financial issues experienced by a company being analysed and for existing operations.

Exercising voting rights and other rights associated with the shares

Exercising voting rights

Argos Wityu's voting policy is not based on the percentage shareholding of the Funds, nor the nationality of this latter.

When the invitations are issued in accordance with standard procedures, the representatives of Argos make every effort to take part in the General Meetings. They will vote, either:

- Directly; or
- By post.

Specific cases: Luxembourg registered companies can be represented by a trustee or board member.

Each resolution submitted to the AGMs of the companies in the portfolio is examined by the Argos Wityu management teams and ratified by the managers. All resolutions are judged on their specific merits. Whilst they can delegate their votes to third parties, the representatives of the Argos funds are committed to taking part in person or by post in all AGMs.

Monitoring the exercising of voting rights

The monitoring of the voting rights arising from the various shareholdings of the Funds managed or advised by Argos Wityu is carried out by the Fund Services Team of the management company.

A form for reporting on the AGMs is compiled by the Fund Services Team to enable the monitoring of all actions required for every AGM date and to ensure that Argos Wityu has complied with all of its obligations to take part in every vote.

The AGM dates are forwarded by the Investment Managers or by the Fund Services Team as these dates are notified in the financial timetables as issued by the companies' Financial Departments

Cooperation with shareholders

In the context of deploying their investment strategies, the Funds managed or advised by Argos Wityu may find it necessary to take a majority shareholding alongside other shareholders.

This implies coordination and cooperation with these co-investors and/or existing shareholders with a focus on the long-term.

The processes for communicating and cooperating with other shareholders are, whenever possible, organised within a governing body at the shareholding level (Board of Directors or Supervisory Board, consultative committee, strategy committee).

The objective is to work in partnership with the other shareholders to implement the agreed growth or change plan, and to provide as much advice and analysis as possible to ensure the achievement of the objectives.

As a committed investor and to ensure compliance with its core values, Argos Wityu and its management teams are particularly closely involved in negotiations with other shareholders concerning notably the governance of investee companies.

As the representative of the Funds managed or advised, Argos Wityu is committed to being a part of:

- The strategic decisions of the financed company (approval of the annual strategy and budget, company growth plan, share issues, disposal/transfer of shares by shareholders, disposal of assets by the governing bodies, merger/spin-off, changes to Statutes, membership of governing bodies, executive remuneration, etc.);
- Voting at General Meetings;
- Veto and preferential rights associated with shares held and specifically for capital increases or introduction of new shareholders;
- Regular information to be communicated by the investee companies: in the interests of transparency and for monitoring the investee companies, Argos Wityu requires regular submission of financial and extra-financial reports and data.
- The ESG clauses: this may for instance apply to clauses concerning the implementation of the ESG policy, shareholdings and incentives for executives/employees, measures promoting parity, the ecological and energy transition, creation of a specific ESG committee within the investee companies;
- The clauses relating to non-competition and non-soliciting of the founders and the protection of intellectual property by the investee companies;
- The clauses relating to the probity and professional ethics of the officers of the investee companies.

Communications with relevant stakeholders

Argos Wityu pays particular attention to all of the various stakeholders that may be involved in its business operations. Stakeholders mean all external entities the management company may come into contact with during the conduct of its management role.

Argos Wityu pays particularly close attention to the stakeholders involved in its operations and most notably in terms of Corporate Social Responsibility (“C.S.R.”)

Argos Wityu firmly believes that structured and transparent dialogue with all stakeholders is a key factor in competitiveness and value creation. With this objective in mind, this is why Argos Wityu is directly involved with stakeholders to facilitate an optimised flow of information.

Stakeholders can in particular include: Independent experts and other bodies contributing to investment operations, as well as Regulators and the State.

Prevention and management of real or potential conflicts of interest arising during the engagement

In compliance with applicable regulations, Argos Wityu has a formal conflict of interest process. This includes precisely a procedure, a register and a mapping of conflicts of interest.

As part of their roles and responsibilities, all employees must quickly identify and characterise any conflicts of interest they may perceive, to analyse these and evaluate the consequences.

As soon as any employee, whoever they may be, identifies a conflict of interest, they must notify the head of compliance who will then investigate the situation. Depending on the outcome of this investigation, it will then report directly to senior Management to enable it to take any necessary measures. These corrective measures are either:

- Defined in advance applying the conflict of interests mapping;
- Defined case-by-case if the situation is not covered in the mapping (in which case, the mapping will be amended).

Annual report on the implementation of the shareholder engagement policy

Under the provisions of II of Article R533-16, the annual report on the implementation of the shareholder engagement policy referred to in I of Article L. 533-22 includes namely:

- A general description of how voting rights have been exercised;
- A reasoning for the choices made for the most important votes;
- Information on any recourse to the services delivered by the voting advisers;
- The direction of voting during General Meetings, insignificant votes in terms of their subject matter or scale of shareholding in the company, can be left out of this information.

The shareholder engagement policy is available to the public on the company's website. The annual report is available to investors on request.

Supervision

Exercising voting rights is an integral part of the permanent supervision of the company. The head of compliance provides the level 2 supervision by checking that the regulatory constraints covering exercising voting rights have been complied with.

Archiving

The Investment Teams retain all Minutes and attendance registers or voting slips. Every vote is logged in a file recording the exercising of voting rights and the Investment Team updates this. All attendance registers, all voting slips or all proxies and all Minutes are retained in an electronic format on SharePoint in a dedicated file for each shareholding.