



Shareholder Engagement and Voting Policy

Article L. 533-22 of the French Monetary and Financial Code requires that asset managers publish an engagement policy reflecting how they integrate their shareholder engagement in their investment strategy. Tikehau Capital has laid down below the principles of its engagement policy regarding equity investments.

In accordance with the provisions of Directive (EU) 2017/828 ("Shareholder Rights Directive II") transposed by Decree 2019-1235 of 28 November 2019, Tikehau Capital also specifies below how it exercises the voting rights relating to the shares held in all its portfolios (funds of funds excluded). This policy is applied by all Tikehau Capital companies domiciled in the European Union (Tikehau Capital, Tikehau Investment Management, Sofidy and Tikehau Ace Capital). The terms "Tikehau Capital" and the "Group" in this document refers to all these companies.

This policy has been approved by Tikehau Capital ESG Committee on 2 December 2019, and has been updated on 12 July 2022.

Tikehau Capital aims to provide investment solutions that foster lasting growth for our client investors, the companies we invest in and our own Group. Active ownership enhances value and increases communication, learning and internal relationships for investors and companies.

1. ESG integration & dialogue with owned companies

Tikehau Capital investment policy is characterised by the integration of sustainability criteria in the fundamental analysis. The Group's investment teams oversee the analysis and the monitoring of environmental, social and governance (ESG) topics (including sustainability opportunities and risks as well as the main principal adverse impacts) in the same way as the analysis and monitoring of the Company's strategy and its economic, financial and operational factors.

Model governance is based on transparent rules organizing power and checks and balances. Such governance enables the Company to ensure the interests of all the stakeholders (employees, executives, financiers, shareholders, the public etc.), to anticipate trends and to improve risk management."

Where relevant, Tikehau Capital investment analysts and the ESG team engage in dialogue with portfolio companies with a view to create long-term value.

The annual general meeting (AGM) is the forum for exercising voting rights and therefore a core component of corporate governance. For this reason, Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds (fund of funds excluded) regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.

2. General voting principles

2.1. Fair treatment of all shareholders and long term view

Tikehau Capital's preference is to have a capital structure with a single class of shares, in accordance with the principle of "one share, one vote". However, with a view to the long term or provided duly justified reasons can be given, we are not opposed to awarding dividend premiums or multiple voting rights to long-term shareholders as well as separate share classes providing special rights.

In general, the Group does not support the introduction of anti-takeover mechanisms. Tikehau Capital encourages stakeholder consultation during structuring operations.

The Group supports plans which aim to increase the loyalty of the company's long-term shareholders and develop employee share ownership.

Transactions with related parties (regulated agreements) should be disclosed in order to ensure that the company is managed with due regard for the interests of all shareholders. Where regulated agreements are subject to a vote, the Group will be attentive to the company's interests and compliance with minority shareholders' rights.

2.2. Efficient governance of companies

Tikehau Capital has no preference between one-tier structures (board of directors) or two-tier structures (executive board and supervisory board).

The Group favors the separation of executive and supervisory powers. Where the positions of chairman and chief executive officer are held by the same person, the reasons behind this choice must be explained, and it is important that the board checks for the presence of sufficiently independent members and ensures proper oversight of executive powers.

Tikehau Capital considers that a group of 5 to 15 members ensures a proper representation of skills and experience and optimize its efficiency and effectiveness.

The Group believes that the competence and the expertise of candidates for the Board and current Board members are crucial and should be scrutinized. Tikehau Capital also takes into account: the balance of the board in terms of nationality/age/gender/experience, the availability of directors and their attendance rates, the proportion of independent board members and the attendance of directors to other committees (such as audit committee, remuneration committee, etc.).

Tikehau Capital considers that directors must be able to meet regularly (at least once a year) in closed-door sessions without the management.

2.3. Integrity of information

Accurate and transparent financial information is a pre-requisite. Financial information must be independently audited to the highest standards.

ESG criteria allow an assessment of a company's intrinsic value and long-term economic performance. The information provided should address ESG topics and Tikehau Capital supports the production of certified annual reports covering non-financial information.

2.4. Pragmatic approach

Tikehau Capital adapts its criteria to each local context and company size. For example, the minimum percentage of independent directors required may depend on local rules. Beyond applicable regulations, the cultural or economic environment in which a company operates can be decisive for certain choices.

3. Guidelines on other voting issues

The policy applies primarily to the exercise of ownership in companies that have issued shares admitted for trading. For other investments, the policy will be followed to the greatest extent possible.

As a voting proxy on behalf of a client's portfolio or funds, the Group is responsible for acting in its client's best economic interests, which includes taking into account the following non-exhaustive circumstances:

Type of resolutions	Principles
Compensation policy	
Say on pay	The introduction of "say on pay" in France has led Tikehau Capital to place even more emphasis on transparency and the quality of the criteria and targets on which directors' pay is based. The Group attaches importance to the clarity of remuneration plans, the transparency of and reasons for past awards, the relevance of performance targets and criteria, and compliance with the main rules of governance as set out in national and regional governance codes.

	The Group favors a deferred payment of part of executives' compensation in accordance to priority given to medium/long term performance.
Financial transactions	
Capital increases with preferential subscription rights	Tikehau Capital will not vote in favor of capital increases with preferential subscription rights if they account for more than 50% of the capital except duly justified cases (e.g. justified by the company strategy).
Capital increases without preferential subscription rights	Authorizations for routine capital increase without preferential subscription rights should preferably not represent more than 10% of capital, except where local practices recommend a higher threshold and except duly justified cases (e.g. justified by the company strategy).
Share buybacks	Case-by-case analysis. In particular, vote against if it could affect the company's ability to invest or if the share buyback can be an anti-takeover measure.
Merger, acquisitions, demerger and other restructuring projects	Enough information should be provided to make an informed decision. Case-by-case basis analysis in order to assess potential creation of shareholder value as well as other impacts (social, environmental, etc.).
Other	
Approval of accounts	Approval of financial accounts when the auditors' report is included in the management report and no reservations have been issued.
Changes to articles of association	Proposals that would bring about an amendment to articles of association are analyzed on a case-by-case basis.
Appointment, rotation and remuneration of auditors	The auditing company used must be changed at least once every ten years. The Group would also like auditors to be primarily remunerated for auditing rather than for non-auditing services.
Shareholders' resolutions	Resolutions put on the agenda by external shareholders (including resolutions on ESG topics) are analyzed on a case-by-case basis and approved if the resolution helps to improve the company's practices or can enhance shareholder value.

Proposals not covered by chapters 2. and 3. of this policy shall be voted on a case-by-case basis.

4. Voting scope and process

4.1. Voting scope

Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.

Voting rights attached to debt securities will be exercised on a case-by-case basis according to the interest of security holders.

Where lock-up periods are required and have an adverse effect on fund managers wishing to trade shares during the lock-up period, voting rights may not be exercised in their entirety to preserve flexibility for the manager to trade share during the lock-up period.

4.2. Voting process

Tikehau Capital buy side analysts and fund managers analyze resolutions. Proxy advisor's research may be used to assess problematic resolutions. However, the team reserves the rights not to follow proxy advisors' recommendations.

As the Group promotes investments in the medium and long-term by focusing on sustainable investments in companies regularly monitored, analysts and fund managers are interested in following the consistency of the management and check if it matches their analyses and expectations.

In most cases, voting rights will be exercised by correspondence or proxy. In certain instances, the attendance of portfolio managers to the shareholders' meetings may be motivated by a desire to meet with the management of the company concerned.

The following points outline the key steps of the voting process from the notification of voting agendas in the context of Annual General Meetings (AGM) or Extraordinary General Meetings (EGM) to actual voting execution:

For public companies held through Capital Markets activities	For private companies and public companies held through other funds
<ol style="list-style-type: none"> 1. Notification of company AGM/EGM and relevant voting items 2. Custodian forwards ballots to voting platform 3. Proxy advisor makes recommendations in accordance with Tikehau Capital voting policy 4. Portfolio managers finalize voting instructions in the voting platform and execute votes 	<ol style="list-style-type: none"> 1. Notification of company AGM/EGM and relevant voting items 2. Team in charge executes vote online or directly at AGM/EGM or sends its voting instructions

5. Communication with external stakeholders of the Group

5.1. Cooperation with other shareholders

Tikehau Capital participates in several ESG & impact initiatives, notably within the Principles for Responsible Investment (PRI), France Invest and AFG. However, on the "listed shares" side, the Group has, to date, never taken part in a collaborative engagement initiative but does not rule out doing so in the future.

5.2. Communication with other relevant stakeholders

Tikehau Capital communicates with its stakeholders regarding voting and shareholder dialogue through the publication of a report on the implementation of the shareholder engagement policy and commercial documents.

6. Prevention and management of conflicts of interest

Tikehau Capital is particularly vigilant about the risks of conflicts of interest arising from its activities. The organization set up by the Group helps the prevention of conflicts of interest, in particular by putting in place Chinese walls between the different investment teams and maintaining restricted lists.

Furthermore, the Group has a code of ethics governing personal account dealings by its employees. They must report the positions that they hold to the Group's Department of Compliance and a register of conflicts of interest is kept. Tikehau Capital has also introduced a procedure to prevent, identify and manage potential conflicts of interest.

7. Report on the implementation of the Shareholder Engagement and Voting Policy

Tikehau Capital commits to make its best efforts to present a report on the implementation of its Shareholder Engagement and Voting Policy including, if relevant:

- 1° A general description of voting behavior;
- 2° An explanation of the most significant votes¹;
- 3° Information on the use of the services of proxy advisors; and
- 4° Information on how votes have been casted in the general meetings of companies in which shares are held. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company.

One or more of these elements may not appear in the annual report if it includes the reasons for which the communication of such elements has been excluded.

¹ The most **significant** votes cast relate to, among others:

- i. instances where there is a significant flow of information and media coverage of a proposal or a shareholder meeting;
- ii. instances of questions from customers and beneficiaries, or in the event that the subject of the votes are of strategic importance to them;
- iii. the topic of the vote is particularly salient at a given time;
- iv. instances where Tikehau Capital holds a significant economic interest in the company and opposes a management recommendation.