



Engagement and Voting Rights Policy

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1. Definitions

1.1. Investment Fund Manager (IFM) and Investment Fund related definitions

The following definitions related to IFP INVESTMENT MANAGEMENT S.A. and the Funds it manages apply throughout this policy:

- “**IFPIM S.A.**” or “**the IFM**” means IFP INVESTMENT MANAGEMENT S.A.
- “**Applicable Law**” means the Luxembourg laws, regulations and CSSF Circulars listed in – Regulatory Framework of the present Policy, referred to collectively as “applicable Luxembourg law”
- “**Board**” means Board of Directors of IFPIM S.A.
- “**Board Members**” means the Members of the Board of Directors of IFPIM S.A.
- “**Common Fund**” means an investment fund which is not in corporate form (i.e. not a legal entity) – an FCP
- “**Conducting Officers**” means the members of Senior Management
- “**CSSF**” means Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*), the competent authority for the supervision of the financial sector in Luxembourg
- “**Distributor**” means a firm that offers, recommends or sells an investment product and service to a client
- “**Employee**” means employee (a member of staff) or secondee
- “**Executive Committee**” means the committee composed of the members of Senior Management of IFPIM S.A.
- “**FCP**” means a common fund (*fonds commun de placement*)
- “**Fund**” means UCI – see *UCI*
- **IFM**” means Investment Fund Manager – i.e.:
 - A UCITS Management Company (a Chapter 15 Management Company in Luxembourg) –see UCITS
 - An AIFM
 - Another type of management company (a Chapter 16 Management Company in Luxembourg)
- “**Internal Control Functions**” collectively refers to:
 - The Permanent Risk Management Function
 - The Compliance Function
 - The Internal Audit Function
- “**Investment Fund**” means UCI – see *UCI*
- “**Investment Company**” means an investment fund in corporate form (e.g. a SICAV)
- “**Policy**” means Sustainability, Engagement and Voting rights policy
- “**Professionals**” means employee (a member of staff) or secondee, Board member or Senior Manager
- “**Senior Management**” means the means the persons who effectively conduct the business of the IFM on a day to day basis
- “**SICAV**” means investment company with variable capital
- “**Sub-fund**” is a compartment of a Fund
- “**The Funds**” means all the Funds managed by IFPIM S.A. – i.e. all the UCITS
- “**UCI**” means Undertaking for Collective Investment – i.e. a UCITS or an AIF
- “**UCITS**” means Undertaking for Collective Investment in Transferable Securities
- “**UCITS Management Company**” means an IFM authorised to manage a UCITS
- “**Wealth management services**” means:
 - Discretionary portfolio management
 - Investment advice

1.2. Long-Term Shareholder Engagement-related definitions

The following definitions relating to long-term shareholder engagement apply throughout this policy:

- **“Investee company”** means at least companies which have their registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State
- **“Proxy advisor”** means a legal person that analyses, on a professional and commercial basis, the corporate disclosure and, where relevant, other information of listed companies with a view to informing investors’ voting decisions by providing research, advice or voting recommendations that relate to the exercise of voting rights.

1.3. Financial services-related definitions

The following definitions apply related to financial services-related throughout this policy:

- **“Financial products”** means, in the context of IFMs:
 - The funds managed by the IFM (i.e. UCITS)
 - The discretionary portfolio management services of the IFM
- **“Investment advice”** means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments

- **“Professional investor”** means a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.

Per se professional clients include:

(1) Entities which are required to be authorised or regulated to operate in the financial markets. The list below is understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country:

- Credit institutions
- Investment firms
- Other authorised or regulated financial institutions
- Insurance companies
- Collective investment schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Commodity and commodity derivatives dealers
- Locals
- Other institutional investors

(2) Large undertakings meeting two of the following size requirements on a company basis:

- Balance sheet total: €20,000,000
- Net turnover: €40,000,000
- Own funds: €2,000,000

(3) National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations

(4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Clients who may be treated as professionals on request:

Clients including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules.

Professional clients on request must, *inter alia*, satisfy, as a minimum, two of the following criteria:

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters
 - The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds €500,000
 - The client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged
- “Retail investor” means an investor who is not a professional investor

2. Introduction to IFPIM S.A.

IFPIM S.A. is a société anonyme "S.A." Company governed by the laws of the Grand-Duchy of Luxembourg.

IFPIM S.A. is authorised as:

- A UCITS Management Company under Chapter 15 of the Law of 17 December 2010 (the 2010 Law)

IFPIM S.A. is authorised to:

- Manage UCITS, i.e. perform the activities of:
 - Portfolio management
 - Fund administration
 - Marketing
- Provide the following services:
 - Wealth management services:
 - Discretionary portfolio management on a customer-by-customer basis
 - Investment advice

IFPIM S.A. may also be appointed by another investment fund or its board of director to provide the following types of services as a delegate:

- Portfolio management
- Fund administration
- Fund marketing / distribution

3. Scope

This Policy applies to:

- IFPIM S.A.
- The members of the Board of the IFM
- The employees of the IFM
- All professionals acting for or on behalf of the IFM

4. Purpose of the Policy

The purpose of this engagement and Voting Rights Policy is to define:

- IFPIM S.A.'s commitment as a shareholder engagement to the companies in which it invests, including at least investee companies
- IFPIM S.A.'s commitment to exercise voting rights

This Policy will be published on IFPIM S.A.'s website www.ifpim.lu

5. Regulatory framework

5.1. Long term shareholder engagement

The applicable European Union Directives include the following:

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

The applicable Laws and Regulations applicable in Luxembourg include the following:

- Law of 24 May 2011 on the exercise of certain shareholder rights at general meetings of listed companies, as amended, in particular by the Law of 1 August 2019 transposing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

5.2. Voting rights

5.2.1. European framework

The applicable European Union Directives and Regulations include the following:

- UCITS Management Companies and self-managed UCITS:
 - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended (UCITS Directive), as regards depositary functions, remuneration policies and sanctions
 - The Delegated Regulation of the Commission (EU) No. 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries as amended

5.2.2. Luxembourg framework

The applicable Laws and Regulations applicable in Luxembourg include the following:

- UCITS Management Companies and self-managed UCITS:
 - The Law of 17 December 2010 relating to undertakings for collective investment (the “**2010 Law**”)
 - The CSSF Regulation 10-04 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing the UCITS Directive as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (“CSSF Regulation 10-04”), and in particular Article 23 thereof
 - CSSF Circular 18/698 on Authorisation and organisation of Luxembourg management companies (“**CSSF Circular 18/698**”), as amended, and in particular *Section 5.5.10. Exercise of voting rights* thereof

6. Roles and responsibilities

6.1. All professionals and employees

All professionals are responsible for:

- Complying with the requirements of this Policy which apply to them

6.2. Board of [Directors/Managers]

The Board of Directors:

- Approves this Policy
- Ensures that this Policy is maintained
- Is ultimately responsible for the implementation of this Policy
- Regularly reviews the reporting provided by the Executive Committee

Executive Committee (includes the Conducting Officers)

The Executive Committee:

- Approves this Policy and submits to the Board for final approval
- Ensures that this Policy is maintained
- Regularly reviews the reporting provided by the Sustainability and Engagement Advisory Committee
- Analysing any points of attention raised by the Sustainability and Engagement Advisory Committee

Where an Investment is under the application of this engagement and voting rights Policy upon the decision of the Sustainability and Engagement Advisory Committee and has been implemented, the Executive Committee reviews the decision of the Sustainability and Engagement Advisory Committee at its monthly meetings.

6.3. Sustainability and Engagement Advisory Committee

The Sustainability and Engagement Advisory Committee:

- May support Conducting Officer/Senior Management and the Board in defining the Engagement and Voting Rights Policy
- May support Conducting Officer/Senior Management and the Board in defining the Engagement and Voting Rights strategy and identifying the most important key issues for IFPIM S.A.
- Collaborates with other Group's entities to ensure adequate consideration of the Environmental, Social, Governance and Engagement aspects by IFPIM S.A.
- Help oversee the implementation of this Policy on a day-to-day basis including *inter alia*:
 - May oversee dialogue with stakeholders on issues related to Engagement
 - May oversee dialogue and relations with the financial community of investors
 - Carries out the monitoring and assessment of notices of shareholder meetings
 - Considers the decisions taken at general meetings for the achievement of investment strategies
 - Ensures that the voting rights are exercised in accordance with the objectives and investment policy of each client
 - Supervises the preparation of the required Engagement-related disclosures on behalf of IFPIM S.A.(e.g. website, pre-contractual disclosures, annual report)
- Defines the Sustainability framework within IFPIM S.A., where relevant
- Supports training and communication on Engagement issues
- Proposes amendments to and maintains this Policy

The Sustainability and Engagement Advisory Committee is composed by at least 4 members, with at least one executive director, one conducting officer and a member of PM team, preferably the Head of Investments.

6.4. Portfolio Management function

The Portfolio Management Function is responsible for:

- Ensuring that the criteria delimited in this Policy are complied with on an ongoing basis

6.5. Risk Management Function

The Risk Management Function is responsible for:

- Reviewing this Policy
- Preparing periodic reports to the Investment / Sustainability and Engagement Advisory Committee and Executive Committee in this context.

6.6. Compliance Function

The Compliance Function is responsible for:

- Verifying the compliance of Sustainability, Engagement and Voting rights framework implemented by IFPIM S.A. with the Law and Regulations
- Reviewing the Policy

7. Shareholder engagement

7.1. Introduction

IFPIM S.A. considers its shareholder engagement with the companies in which it invests, including at least investee companies, to be of key importance for the achievement of the investment strategies, especially on ESG related issues that can improve the performance of the companies and reduce their downside risks.

IFPIM S.A. believes that engagement is an essential element of understanding and practising responsible investment and in order to generate long term value.

IFPIM S.A. takes also due account of its size, the nature and scale of its activities and the type of products covered in order to exercise its engagement obligation.

This Policy is implemented by the Investment / Sustainability and Engagement Advisory Committee acting with the PM recommendation.

7.2. Investee companies in scope of shareholder engagement

In general, IFPIM S.A. engages with companies in which it invests, including at least investee companies, where the following criteria are met:

- Where the value of the investment on behalf of IFPIM S.A. is considered significant compared to the total assets managed by IFPIM S.A. on behalf of clients
- Where the amount of the investment constitutes an effective instrument for the pursuit of the interests of clients of IFPIM S.A.
- Where it can have a positive influence on the behaviour of the company especially taking into account its environmental and social impact and a good governance and its adverse impact on sustainability risks.

IFPIM S.A. may decide not to engage with companies in which it invests in one or more of the following situations:

- The shares held are destined to be short-term investments, so that the engagement not have enough time to have an impact for the client
- The value of holding in the company, is not a significant holding in the issuer, is minor or not important if compared to the overall assets of each portfolio holding them
- Any other condition that, according to a specific assessment on a case-by-case basis, may render the engagement irrelevant

7.3. Monitoring

IFPIM S.A. monitors the investee companies, of its sustainable products, *inter alia*, in relation to:

- Business strategy
- Financial and non-financial performance and risk
- Capital structure
- ESG issues:
 - Environmental impact
 - Social impact
 - Corporate Governance
- Its Exclusion Policy
- Its adverse Impact on sustainable risks report
- SDG Impact
- Carbon footprint

In actively monitoring the sound management of investee companies, through direct contact, the depositary bank or a platform, IFPIM S.A. may also enter into a dialogue with the company to request additional documentation to deepen its risk analysis.

7.4. Engagement

IFPIM S.A. is committed to engaging in a constructive dialogue with investee companies where appropriate with a view to:

- Questioning the investee company in pursuing its sustainability risks policy or its adverse impact sustainability risks policy.
- Engage in ESG issues and also in general issues that could have a negative impact on results.
- Identifying any ESG or business factors to be revealed for understanding better its investee company's approach.

IFPIM will follow up on its engagement and will produce an internal report at disposal when requested by the client

7.5. Cooperation with other shareholders

IFPIM S.A. may engage with investee companies either directly, or in collaboration with other shareholders or through its depositary bank or through a platform.

7.6. Exercise of voting rights

IFPIM S.A. is committed to exercising voting rights in accordance with the Section on Voting Rights of this Policy (*see Section 8: Voting rights*).

7.7. Divestment

Divestment is an instrument of last resort, to be used in case the path of engagement or voting rights does not answer IFPIM S.A. investment philosophy on sustainability risks, adverse impact and exclusion policy.

8. Voting rights

8.1. Introduction

IFPIM S.A. is committed to exercise voting rights attached to instruments in the portfolios it manages on behalf of its clients, in particular at general meetings, including annual and extraordinary general meetings, where such voting rights meet the pre-defined criteria.

This Policy is implemented by the Sustainability and Engagement Advisory Committee acting on behalf of the governing bodies of IFPIM S.A. and/or on behalf of its clients.

8.2. Instruments in scope of exercise of voting rights

In general, IFPIM S.A. exercises voting rights attached to instruments held in the portfolios it manages where the following criteria are met:

- Where the value of the investment on behalf of IFPIM S.A. is considered significant compared to the total assets managed by IFPIM S.A. on behalf of clients
- Where the amount of the investment constitutes an effective instrument for the pursuit of the interests of clients of IFPIM S.A.
- Where it can have a positive influence on the behaviour of the company especially taking into account its environmental and social impact and a good governance and its adverse impact on sustainability risks report.

IFPIM S.A. may decide not to exercise its voting rights in one or more of the following situations:

- The instruments held are destined to be short-term investments, so that the final outcome of the meeting would not have enough time to have an impact for the client
- The value of holding in the issuer is minor or not important compared to the overall assets of each portfolio holding them
- It may not be in the best interests of investors to block the instruments in the period prior to the meeting, in order not to limit its use and the possibility of taking advantage of possible investment opportunities
- Any other condition that, according to a specific assessment on a case-by-case basis, may render the exercise of voting rights irrelevant

8.3. Approach to monitoring

When the Sustainability and Engagement Advisory Committee wants to exercise its voting rights, it examines the PM recommendations on the agenda of the Shareholders' Meeting to assess the presence of particularly significant issues related to:

- The protection of minority interests
- Proposals for capital transactions
- The approval of the financial statements
- The appointment of members of governing bodies
- Amendments to the articles of incorporation

- Potential conflicts of interest
- Corporate social responsibility

8.4. Voting principles

IFPIM S.A. exercises the voting rights attached to the instruments in the portfolios it manages on behalf of its client exclusively in the interests of the client and upon the criteria defined above.

To this end, IFPIM S.A. ensures that the voting rights are exercised in accordance with the objectives and investment policy of its client, in accordance with the principle of segregation of client portfolios.

8.5. Formalisation of the decision

Following the assessment, any decision by the Sustainability and Engagement Advisory Committee to exercise voting rights is formalised in a note specifying:

- The arguments that led to the decision to exercise voting rights
- The votes to be exercised during the meeting
- The specific requests to be made during the meeting
- The presence of any conflicts of interest and prevention or management measures
- The reasons behind the adoption of the decisions

8.6. How IFPIM S.A. exercises its rights

IFPIM S.A. may exercise voting rights by:

- Participating in the general meeting. In this case, the decision to exercise voting rights will specify the name of the person designated to take part in the meeting
- Proxy advisor
- Via the depositary bank
- Via a platform
- By letter confirmation

9. Rules of conduct

9.1. Conflicts of interest

IFPIM S.A. aims to take reasonable steps to identify, prevent, manage and monitor conflicts of interest with regard to its engagement activities in order to prevent them from adversely affecting the interests of the Funds it manages and its investors.

In order to ensure that voting rights are exercised in the exclusive interest of its clients, IFPIM S.A. carefully assesses situations that may give rise to potential conflicts of interest.

If situations of conflicts of interest are identified, IFPIM S.A. will abstain from exercising its voting rights in order to prevent the risks connected with the existence of conflicts between IFPIM S.A. (in-house or in the interests of third parties) and its clients.

The identification, prevention and management, monitoring and, where relevant, disclosure of conflicts of interest to clients is covered by IFPIM S.A.'s *Conflicts of Interest Policy*.

9.2. Independence

The members of the Sustainability and Engagement Advisory Committee as well as any persons who may be delegated to participate in the meeting of listed issuers, exercise the voting rights according to the decision taken and approved by the Sustainability and Engagement advisory Committee.

9.3 Handling of inside information

The management of inside information management relating to the securities is covered by IFPIM S.A.'s *Market Abuse Policy*.

10. Transparency, Disclosure and Monitoring

The Policy is published on the website and updated when needed.

The disclosures on engagement and voting rights may be made:

- In the annual reporting of the Fund, where relevant
- In the report to the client in the wealth advisory part where relevant

IFPIM monitors the disclosures and can include KPI reports

11. Policy development and review

This Policy will be reviewed by the Compliance Officer at least once every 2 years, as well as on *an ad-hoc* basis, where necessary, for the Policy to remain robust and fit for its purpose and/ or in order to reflect any updates in the applicable requirements.

Following such review, the Policy must be approved by the Board of Directors and made available to the employees.