

EFAMA STEWARDSHIP CODE

NOVEMBRE 2022

PRINCIPLES FOR ASSET MANAGERS' MONITORING OF, VOTING IN, ENGAGEMENT WITH INVESTEE COMPANIES

Principle 1

– ASSET MANAGERS SHOULD HAVE AN ENGAGEMENT POLICY AVAILABLE TO THE PUBLIC ON WHETHER, AND IF SO HOW, THEY EXERCISE THEIR STEWARDSHIP RESPONSIBILITIES. WHERE ASSET MANAGERS DECIDE NOT TO DEVELOP AN ENGAGEMENT POLICY, THEY SHOULD GIVE A CLEAR AND REASONED EXPLANATION AS TO WHY THIS IS THE CASE

DNCA Finance works in the exclusive interests of its clients. In this context, DNCA Finance is constantly seeking to maintain strong relations and dialogue with the management of the companies it invests in. All along the investment process, starting from the analysis to investment and divestment, the investment team takes into account the whole impact the company can have on shareholders and stakeholders in general (employees, supply chain, customers, local communities) and to integrate it in our investment process.

According to this general philosophy, DNCA Finance has established various documents to structure its engagement process. Details can be found in the Engagement Report and Voting Report document (dated 2021) as well as Shareholder Engagement and Voting Policy document (dated 2022), both disclosed on the website.

The Shareholder Engagement and Voting Policy document addresses all the relevant issues that can be raised at AGMs. More specifically, the policy describes our approach to resolutions regarding minority shareholders rights, capital increase, composition and election of board members, management remuneration, agreement, and capital structure.

In addition, a proprietary model has been built to analyze Corporate Social Responsibility and Sustainable Transition for every investee company. This model includes a thorough assessment of how the company addresses its material ESG risks and how it is positioned to contribute to the sustainable transition.

DNCA Finance investment philosophy is built on in-depth fundamental analysis and conviction.

As such, the investment teams attach the utmost importance to meeting and engaging as much as possible with the companies they invest in. Dialogue with companies is an invaluable source of added value in analyses, whether financial or specifically ESG. All dialogue and engagement actions are thus integrated into two complementary tools :

- The proprietary ABA tool, to adjust, if necessary, the "Risk of Responsibility" or "Transition" rating of the company, and to keep track of exchanges with the management of the invested issuers
- The ResearchPool (RMS) tool, in which managers complete all information relating to discussions with issuers

The DNCA Group adopts organizational arrangements to maintain the required degree of independence of employees in the performance of their duties and to take measures to detect and prevent conflicts of interest.

In addition, DNCA Finance takes all reasonable measures enabling it to prevent and detect situations of market abuse. DNCA Finance has implemented a prevention and detection system based on the vigilance of employees and the establishment of internal procedures in order to be able to ensure the correct management of inside information. DNCA Finance employees may come to know privileged information in the course of their duties, in particular through market surveys, or meetings with issuers or brokers. DNCA Finance has implemented procedures to manage these situations.

<https://www.dnca-investments.com/informations-reglementaires>

Principle 2

– ASSET MANAGERS SHOULD MONITOR THEIR INVESTEE COMPANIES, IN ACCORDANCE WITH THEIR ENGAGEMENT POLICY

The investee companies are followed everyday by the investment team through newsflow analysis and corporate meetings. Each contact with a company is reported and recorded in the collaborative tool, including corporate roadshows, site visits, and management calls. On average, we meet with every investee company 2 to 4 times a year.

Principle 3

– ASSET MANAGERS SHOULD ESTABLISH CLEAR GUIDELINES ON WHEN AND HOW THEY WILL ESCALATE ENGAGEMENT WITH INVESTEE COMPANIES TO PROTECT AND ENHANCE THE VALUE OF THEIR CLIENT'S INVESTMENT

The governance pillar in DNCA Finance analysis is a key dimension to evaluate the governance quality and the company's ability to generate long-term value. This analysis is used in investment decisions, in corporate meetings and when DNCA Finance is voting at AGMs. It is mainly focused on the protection of minority shareholders' rights through:

- ④ Regular meeting with the top management.
- ④ Strict voting policy across DNCA Finance that includes environmental and social issues;
- ④ Engagement with companies regarding specific resolutions.
- ④ Transparency on the number of negative votes cast at AGMs.

A specific escalation procedure has not been established yet as part of DNCA Finance engagement process. Currently, the same process is implemented throughout the investment teams:

- ④ First, we get in contact with the company regarding a particular issue.
- ④ Then, depending on the answer, we start dialogue with the top management, which sometimes can be done in collaboration with other investors.
- ④ And finally, we follow DNCA Finance voting policy to submit and/or vote on resolutions in line with the interest of our clients.

A structured escalation procedure is currently being drafted and should be published before the end of 2022.

Principle 4

– ASSET MANAGERS SHOULD CONSIDER ACTING WITH OTHER INVESTORS, WHERE APPROPRIATE, HAVING DUE REGARD TO APPLICABLE RULES ON ACTING IN CONCERT

DNCA Finance is willing to collaborate with others investors when the situation is appropriate.

This case-by-case situation can be initiated internally or externally. Of course, those actions are always conducted in line with the rules applicable to acting in concert.

Principle 5

– ASSET MANAGERS SHOULD EXERCISE THEIR VOTING RIGHTS IN A CONSIDERED WAY

The Voting Policy explains in details how and when DNCA Finance voting rights will be exercised. Voting is always undertaken with the underlying objective of protecting our clients' interests and investment value. Each resolution is considered individually with attention and our vote reflects the application of our voting policy in the specific context of the resolution.

Principle 6

– ASSET MANAGERS SHOULD DISCLOSE THE IMPLEMENTATION AND RESULTS OF THEIR STEWARDSHIP AND VOTING ACTIVITIES

Each year, a report on voting activities is published on DNCA Finance website. It provides a detailed description of the voting season, including the negative votes cast, and a comprehensive assessment of the engagement actions conducted.

DNCA Investments is a trademark held by DNCA Finance.

This promotional document is a simplified presentation and does not constitute a subscription offer or an investment recommendation. No part of this document may be reproduced, published, or distributed without prior approval from the investment management company. Access to products and services presented may be restricted regarding certain persons or countries. Tax treatment depends on the individual situation of each investor. All subscribers must receive the KIID prior to making a subscription.

For full information regarding strategies and fees, please refer to the prospectus, KIID documents and other regulatory information available on our website www.dnca-investments.com or free of charge on demand from the investment management company's registered offices.

DNCA Finance - 19, Place Vendôme - 75001 Paris - France
Tel.: +33 (0)1 58 62 55 00 - email: dnca@dnca-investments.com - www.dnca-investments.com

An investment management company authorized by the AMF (Financial Market Authorities) under number GP 00-030 on 18 August 2000.



– DNCA Finance
19 place Vendôme - 75001 Paris
Tel.: +33 (0)1 58 62 55 00
Contact: dnca@dnca-investments.com
www.dnca-investments.com

