

Voting Policy

Updated on September 24th, 2020

Important note: this document is a free translation of the document titled «Politique de vote». In case of discrepancies between the two versions, only the French version will be considered valid and binding.

Scope of the voting policy

In accordance with the requirements of Articles 314-100 and following of the AMF General Regulations, Moneta Asset Management has established a voting policy, updated as necessary, which sets out the conditions under which it intends to exercise the voting rights attached to the securities held by the funds it manages.

Moneta Asset Management manages the following three funds: Moneta Micro Entreprises (MME), Moneta Multi Caps (MMC) and Moneta Long Short (MLS).

Moneta Asset Management Organisation

Method of exercising voting rights

- Postal voting is the preferred method, given that Moneta AM regularly meets with the managers of the main companies in which it invests during public meetings ("analyst" meetings) or one-on-one meetings.
- The platform used for postal voting instructions is ISS.
- Moneta AM sometimes participates physically in general meetings, in particular when analysts have asked written questions or intend to ask oral questions, or at the request of issuers who rely on Moneta AM's presence for quorum purposes or as a scrutineer.

Responsibility for votes

Moneta AM's managers and analysts closely monitor the companies in which the funds are invested and are aware of the management's strategies and the companies' needs to ensure their development. They are therefore responsible for voting at the general meetings of the companies they monitor.

Calendar

The list of companies monitored by Moneta AM is updated on a quarterly basis in the ISS database, so that the analysts / fund managers receive alerts of participation in general meetings. The analysts / fund managers are responsible for verifying at each alert whether the company meets the criteria for participation in the general meeting.

Methodology

- The analysts study the resolutions posted online by the issuers, as well as the auditors' reports.

- They also rely on the recommendations and reports prior to general meetings issued by ISS, Proxinvest and, from time to time, the AFG's governance alerts, to which Moneta AM subscribes. Monitoring the governance of French companies is also facilitated by the publications of OFG Recherche, of which Moneta AM is a client. Finally, Moneta AM consults Mrs. Colette Neuville, President of ADAM (association of minority shareholders), of which Moneta AM is one of the main financial backers, when the situation requires it.
- Preparatory meetings with companies can be organised at the request of the companies or Moneta AM. These specific meetings are usually held by telephone, but the discussion of resolutions can also take place in the context of the usual meetings with the companies.
- For any resolution in which Moneta AM deviates from its voting policy, a justification is provided in a commentary on the ISS platform in the case of postal votes, and in the company valuation models in the case of physical votes.
- In the case of postal votes, Moneta AM votes by default against any resolution that may appear during the meeting, as it is impossible to analyse the resolution in advance.

Cases in which Moneta Asset Management intends to exercise its voting rights

To ensure the best interests of unitholders, Moneta Asset Management has identified three cases in which it exercises its voting rights:

(i) where the holdings of the UCITS managed exceed 2.5% of the voting rights of the company concerned with regard to the consolidation of the fund portfolios. The presence of the portfolio management company is thus considered significant to require a vote on its part, it being specified that most of the companies in which Moneta Asset Management is a shareholder have a controlling shareholder.

(ii) When at least one of the proposed resolutions is flagrantly deemed contrary to the interests of the unitholders of the UCITS or to the principle of fairness in the light of press reports, contacts with the financial community and any recommendations made by proxies (ISS and Proxinvest). The portfolio management company intends to show its disagreement in particular by means of a vote in a meeting.

(iii) When participation in a vote at a meeting is explicitly requested by a company, either for reasons of quorum, or because the company has declared itself sensitive to the effective participation of Moneta Asset Management.

Voting Policy

Since its inception, Moneta AM has taken resolute action, when the situation requires it, to improve the governance of the companies in which it invests. Voting on resolutions at the general meeting is fully in line with this strategy, the main objective of which is to preserve the long-term interests of the holders of the UCITS managed by Moneta AM.

Increased attention is paid to environmental, social and governance issues, which are undoubtedly markers of long-term performance for companies, as well as criteria that are increasingly considered in the content of resolutions submitted to the shareholders' vote.

Moneta AM also encourages issuers to:

- Put to a shareholder vote any material decision affecting the company's interests.
- Individualise the resolutions, so as not to mix several subjects that would have deserved to be the subject of individual resolutions.
- Consider the result of the vote of minority shareholders in the effective implementation of resolutions that have been adopted with the votes of controlling shareholders or in future resolutions put to the vote of the meeting.

Approval of accounts

Moneta AM encourages companies to present their accounts in a transparent manner.

Moneta AM generally opposes the approval of accounts in the following cases:

- The accounts are certified with reservations by the statutory auditors or are subject to observations that we believe cast doubt on the fairness of the financial information.
- The accounts are presented in a misleading manner or in such a way as to mislead the analysis.
- Our knowledge of the companies leads us to believe that there are serious doubts as to the classification of agreements considered as ordinary by the companies but which should have been classified as regulated.

Discharge of directors

Moneta AM discharges directors in the absence of proven failures in the management of the company and the management of financial and non-financial communication. In the event of a resolution combining approval of the accounts and discharge of the directors, the strictest approach is adopted.

Allocation of results and share buybacks

Moneta AM is particularly attentive to the financial structure of the companies in which it invests.

Therefore, Moneta AM generally opposes proposed resolutions in the following cases:

- Payment of cash dividends or authorisation of share buybacks if it is considered that such a decision is contrary to the corporate interest of the companies or if the financial structure of the companies is considered fragile.
- Conversely, there may be cases where the proposed amount of dividends is deemed to be excessively low (lack of need for reinvestment and abundant cash flow, conflict of interest, etc.) and may also motivate opposition to the proposed amount. Opposition to such resolutions will usually be justified to companies in the context of our shareholder dialogue with issuers.
- Payment of stock dividends if the financial structure is sufficiently solid and/or this resolution can be assimilated to a creeping capital increase by a controlling shareholder
- With regard specifically to share buyback authorisations, Moneta AM systematically opposes them if they remain authorised during the Offer period (as they are considered an "anti-takeover" measure).

Statutory auditors and fees

Moneta AM is sensitive to the real independence of the statutory auditors, which implies a limitation on the duration of mandates, as well as a control of conflicts of interest that may arise from consulting assignments related to statutory audit assignments.

Thus, Moneta AM generally opposes proposed resolutions in the following cases:

- Renewal of statutory auditors when their term of office exceeds 12 years
- Renewal of statutory auditors whose consulting fees exceed 33% of the total fees received

Regulated agreements

Regulated agreements are studied in detail, with the help of the special report of the statutory auditors. Particular attention is paid to the transparency of these agreements and respect for the interests of minority shareholders.

Thus, Moneta AM generally opposes proposed resolutions in the following cases:

- Insufficient detail to judge the fairness and economic conditions of the agreements.
- Insufficient respect for the interests of minority shareholders.
- Doubt as to the completeness of the agreements reported as regulated: our knowledge of companies may lead us to believe that there are serious doubts as to the classification of agreements considered as ordinary by the company, but which should have been classified as regulated.

Directors and directors' fees

Moneta AM encourages companies to surround themselves with directors who are complementary in terms of their origins, experience and skills, who respect management independence for the benefit of all shareholders, particularly minority shareholders, and who are sufficiently motivated to carry out their mission with commitment and a strong alignment of interests. To assist in the decision-making process, Moneta AM endeavours to study the real independence of candidates for the position of director as well as the attendance rate of candidates for renewal of their mandate. Moneta AM therefore encourages companies to make public the attendance rate of each director and to link the allocation of fees to attendance rates. Moneta AM is also in favour of directors being shareholders of the company beyond the statutory minimums, in proportions consistent with the amounts of directors' fees received annually.

Thus, Moneta AM generally opposes proposed resolutions in the following cases:

- Renewal of directors on a Board that does not respect a proportion of independent directors consistent with the distribution of capital and a minimum of two independent directors, in particular in companies where a governance issue is identified.
- Candidates who hold an excessive number of directorships in relation to their professional activity or who clearly do not have the time to devote to their role as director. The limit of 5 directorships of listed companies excluding subsidiaries is generally a maximum. However, we believe that a director with several mandates may potentially be more willing to ensure his or her independence, even if it means resigning from one mandate in the event of divergence, than a director who is dependent on a single mandate.
- Candidate whose skills do not seem to match the needs of the Board.

- Amount of directors' fees deemed excessive or, on the contrary, insufficient to attract good directors and encourage them to fulfil their duties with commitment. Such a vote should be justified to the company.

Executive remuneration

Moneta AM encourages companies to remunerate corporate officers in line with the responsibilities required for the mandate, with a variable component that considers the creation of long-term value for all stakeholders, and is allocated according to transparent, objective and ambitious criteria. To strengthen the alignment of interests, Moneta AM is in favour of executives being shareholders of the company they manage, not only through (free) performance shares, but also by directly purchasing shares.

Moneta AM generally opposes proposed resolutions in the following cases:

- Clearly excessive remuneration.
- Severance package (apart from a non-competition indemnity) and/or the granting of shares in case of management failure or non-contractual departure.
- Excessive non-compete compensation and/or compensation exceeding 24 months' salary and/or excessive in duration in relation to the age of the executive.
- Dilution of share plans exceeding 2% of capital per year.
- Performance shares with non-transparent award criteria and/or vesting and holding periods of less than 3 years.

Capital transactions

Since its creation in 2003, Moneta AM has contributed directly to the contribution of more than 400 million euros of equity capital to the companies in which it invests, through various capital increases. Moneta AM is in favour of transactions involving the capital of companies, if they respect, as far as possible, the equal treatment of shareholders and that they are carried out with controlled dilution, both in terms of the size of the transactions envisaged and the discounts applied. The history of use of previous authorisations to issue capital and the equal treatment of minority shareholders are also considered when voting on future authorisations.

Moneta AM therefore opposes the proposed resolutions in the following cases:

- Cumulative capital increase authorisations exceed 50% of the current share capital.
- Transaction without preferential subscription rights that exceeds 10% of the capital.
- Authorisations remain authorised during a takeover period (as this is considered an "anti-takeover" measure).

Amendments to the articles of association

Amendments to the articles of association should be clearly explained. The vote cast depends on this transparency and the consequences that these changes will have on the interests of the unitholders.

The management team may, when it deems it beneficial to the company's corporate interest and that of the unit holders of the funds managed, exceptionally depart from the voting policy detailed above.

Conflict of interest prevention and management

In accordance with Moneta Asset Management's conflict of interest prevention and management procedure, each Front Office member in a conflict of interest situation that could affect the free exercise of voting rights must notify the Compliance Officer by e-mail. The latter then determined the appropriate measure, which may result in the non-exercise of the right to vote.

It should however be recalled that Moneta Asset Management is owned by natural persons whose professional activity is exclusively dedicated to the portfolio management company, whose sole activity is the management of UCITS. Furthermore, to its knowledge, none of the holders of the funds managed by the portfolio management company is a listed company. The risks of conflict of interest in this case are therefore very low, if not non-existent by the nature of Moneta Asset Management's organization.

Provision of information on the votes cast on each resolution

Moneta AM shall make available to shareholders the information needed to assess the implementation of the voting policy. Requests may be sent to Moneta Asset Management, 36 rue Marbeuf 75008 Paris.