

# EXTENDAM

## SHAREHOLDER ENGAGEMENT POLICY

September 2021

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## **I. Purpose of the policy**

On 2 January 2013, the French stock market watchdog, the Autorité des Marchés Financiers (AMF), authorised Extendam to provide collective investment schemes and the discretionary management of private equity portfolios. Collective investment schemes include the management of authorised AIFs (FCPR and FIP), declared AIFs reserved for well-informed investors (FCPI) or accredited investors (FCT) and the management of other AIFs (holding companies and simplified joint-stock companies) (the “**Managed Vehicle(s)**”). Extendam can hold, through Managed Vehicles, securities of unlisted companies as well as securities traded on a regulated market in the European Economic Area or on a recognised foreign market (the “**Investees**” or “**Investee Companies**”).

The purpose of this policy is to describe:

- pursuant to Article L. 533-22 of the French Monetary and Financial Code, Extendam’s shareholder engagement policy, by setting out the terms and conditions under which Extendam incorporates its shareholder role into its investment strategy;
- pursuant to Article 37 of delegated regulation (EU) No. 231/2013, when and how any voting rights held in the Managed Vehicles are exercised in order that said rights benefit only the Managed Vehicle in question and its unitholders, shareholders or principals (the “**Clients**”).

## **II. Monitoring of strategy, financial and extra-financial performance, risk, capital structure, social and environmental impact and corporate governance**

Before making any investment, the managers and Investment Team (the “**Investment Team**”) check that the Investee Company in question does not belong to an excluded sector (coal, gambling, prostitution, etc.).

During a due diligence review, the Investment Team analyses economic and financial criteria as well as, using an ESG questionnaire, extra-financial performance.

It also carefully monitors and analyses all of the Investee Companies during the investment period, including their strategy, performance, results, financial and extra-financial risk, capital structure, social and environmental impact and corporate governance.

Extendam shares the convictions and goals of the Principles for Responsible Investment (PRI), of which it became a signatory in July 2019. The same year, it implemented its own Responsible Investor approach. Extendam believes that by incorporating Environmental, Social and Governance (ESG) stakes into their management, companies can increase their value and better manage their risks. As such, the Investee Companies are surveyed each year by means of a dedicated ESG questionnaire, which when completed provides the basis for the ESG analysis. The data provided by this questionnaire sets a framework for dialogue with the Investees as part of an ongoing ESG-improvement process. For each Investment, the indicators are monitored over time so that ESG practices can be assessed in a more concrete fashion.

## **III. Dialogue with the Investee Companies**

Extendam’s shareholder engagement policy strongly encourages regular discussions with the Investees, whether formal or informal, with a view to establishing dialogue and a constructive partnership. These discussions can take various forms, such as meetings with senior executives, their teams and the operators of the Investee Companies, conference calls, e-mails, etc.

As part of these discussions, the Investment Team provides the Investee Companies with the financial resources and expertise required to speed up the change process. Extendam aims to prepare the Investee Companies for the hospitality industry of the future and any related activities. The Investment Team also ensures that the Investee Company and its governance bodies strive to improve their ESG processes on an ongoing basis, as explained in section II.

Lastly, Extendam has a voting policy (described below) and is committed to acting as a responsible shareholder.

## **IV. Exercising voting rights and other rights attached to shares**

When exercising shareholder and voting rights in the Investee Companies held by the Managed Vehicles, Extendam:

- monitors the Investee Companies' operations;
- guarantees that voting rights are exercised in accordance with the objectives and investment policy of the Managed Vehicle in question;
- prevents or manages any conflicts of interest resulting from the exercise of voting rights.

## 1. Organisation

The Investment Team is responsible for examining and analysing the resolutions put forward by the directors of the Investee Company, whether listed or not.

It examines each resolution in light of Extendam's voting policy and its in-depth knowledge of the Investee Company concerned and its business activities. If it has any doubts about the Investee Company's compliance with the voting policy, it questions the Head of Compliance and Internal Control.

If an Investment Team intends voting in a way that is inconsistent with the voting policy, it must raise this as a point of order for discussion and approval at the weekly meeting.

The Investment Team is responsible for requesting the bearer participation certificate, which is sent to the custodian of the Managed Vehicle in question according to the regulations in force and the applicable deadlines.

The vote at the general meeting is performed by the manager or the duly empowered person in this respect who is responsible for monitoring the Investee Company in question.

## 2. Scope of voting rights

Extendam votes at the general meetings of the Investee Companies. It takes part in the general meetings of all unlisted Investee Companies held by the Managed Vehicles.

For Investee Companies whose securities are listed on a regulated market, Extendam applies the following principles for the exercise of voting rights:

### 2.1 Ownership and control criteria

Extendam reserves the right not to vote at general meetings of listed Investee Companies when:

- the assets under management collectively represent less than 5% of capital;
- and individually less than 2.5% of the fund's net asset value.

### 2.2 Geographic criteria

Extendam reserves the right not to vote at general meetings of listed foreign Investee Companies.

It prefers to defer exercising voting rights due to the constraints associated with certain foreign legislation and the practical difficulties of doing so (complexity of blocking the shares; voting documents in a foreign language; voting fees, etc.).

## 3. Voting rights policy

Extendam's voting rights policy is based primarily on the principles of corporate governance and the transparency of information issued by the Investee Company.

The votes cast at general meetings depend on the specific analysis of each of the resolutions proposed by the governance bodies, as regards the aforementioned principles and their potential impact on the development of the Investee Company and its business.

There is therefore no standard way of voting with respect the following types of resolution:

- a) Decisions involving a change to the articles of association;
- b) Approval of the financial statements and income appropriation;
- c) Appointment and removal of corporate bodies;
- d) Related-party agreements;

- e) Share issue and redemption programmes;
- f) Appointment of Statutory Auditors;
- g) Any other resolution specified by Extendam.

Extendam has nonetheless established a certain number of directives to be applied in the following specific cases:

### 3.1 Decisions involving a change to the articles of association

Extendam, which is committed to the “one share = one vote” principle, recommends voting against resolutions that aim to introduce:

- voting restrictions
- bonus dividend shares
- shares with dual voting rights.

Extendam recommends:

- voting against or abstaining to vote for any resolution aimed at modifying the Investee’s corporate form (e.g., changing it into a private company limited by shares [*société en commandite par actions* —SCA]);
- voting against any resolution aimed at introducing an anti-takeover measure (the “poison pill” tactic).

### 3.2 Approval of the financial statements and income appropriation

If the Statutory Auditors have refused to certify the financial statements or have issued a reserve in their report on said financial statements, Extendam recommends voting against or abstaining from voting for the resolutions involving the approval of the financial statements and the appropriation of the income.

### 3.3 Appointment and removal of corporate bodies

Extendam recommends voting in favour of resolutions on executive compensation provided the following conditions are met:

- transparency about the amounts and the methods for calculating direct, indirect or deferred compensation;
- consistency with the practices of the sector and the country concerned;
- changes relating to the company’s value;
- compliance with the law and industry association recommendations.

### 3.4 Related-party agreements

Resolutions regarding related-party agreements are examined on a case-by-case basis.

### 3.5 Share issue and redemption programmes

Extendam recommends:

- voting against resolutions proposing the approval of all and any capital increase(s), with or without preferential subscription rights, if such approval is valid for more than three years;
- voting against resolutions proposing the authorisation of a capital increase with cancellation of preferential rights if said capital increase represents more than 100% of the current capital;
- voting against resolutions aimed at introducing a stock option plan for executives with a below-market-rate subscription price;
- voting against resolutions aimed at introducing a free share allocation plan if such allocations exceed 5% of the capital during the period for which the authorisation is requested.

### 3.6 Appointment of Statutory Auditors

Resolutions regarding the appointment of Statutory Auditors are examined on a case-by-case basis.

Lastly, in general, Extendam recommends voting against or abstaining from voting for grouped resolutions that include an important and unacceptable proposal.

#### 4. Exercise of voting rights

Extendam exercises voting rights either (i) in person at general meetings (ii) by correspondence or (iii) by proxy, depending on circumstances specific to each general meeting.

#### V. Cooperation with other shareholders

Extendam holds ongoing dialogue with its co-investors with the aim of acting in the best interests of the Investee Companies held in the Managed Vehicles. This cooperation is ensured through various channels of communication (meetings, video conferences, etc.) as well as through the decisions made by the various bodies in place at the Investee Companies.

#### VI. Communication with relevant stakeholders

As part of the implementation of this stakeholder engagement policy and in accordance with its Investees' growth, improvement, renovation and territorial impact objectives, Extendam may communicate with other relevant stakeholders with a view to improving transparency and ESG practices.

#### VII. Preventing and managing real or potential conflicts of interest

Extendam is an independent investment firm whose capital is held by its directors and employees. It is therefore independent of any other finance institution that could potentially be the source of conflicts of interest.

It is extremely vigilant about any risk of conflicts of interest that its business activities may cause. As such, it fulfils the following regulatory obligations:

- Establishing a conflict of interest management policy;
- Detecting conflict of interest situations;
- Keeping a register of any conflicts of interest that occur;
- Informing clients of any unresolved conflicts of interest.

All of Extendam's employees have signed the firm's Code of Ethics and its conflict of interest prevention and management policy. They have also committed to complying with the Code of Ethics for collective investment schemes published by industry bodies France Invest and AFG and approved by the AMF. They have a duty to act loyally and fairly in the interests of Clients whilst respecting the integrity, transparency and safety of the markets.

Potential conflicts of interest have been mapped and all of the firm's business activities are reviewed on an annual basis to detect any situations presenting a risk of conflict of interest. The Head of Compliance and Internal Control ensures compliance with this approach by recording any conflicts of interest that occur and implementing operational measures for the supervision of risky situations.

If a conflict of interest nonetheless arises, the situation in question must be described in detail and submitted to the Head of Compliance and Internal Control, who takes the necessary measures to manage or end the situation, in agreement with Extendam's directors.

#### VIII. Communication and control

The shareholder engagement policy is available on Extendam's website: <https://extendam.com/fr/informations-reglementaires>

Pursuant to Article L. 533-22 of the French monetary and financial code, Extendam shall publish an annual report on the implementation of this policy.