



Active Ownership

Engagement Policy

(Version 2 as of September 2021)

Document history

Version	Date	Description	Author	Next Regular Review
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2	01/09/2021	Reviewed version	BB/JK	September 2022

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1 Definitions

Abbreviation	Definition
AIF	Alternative Investment Fund(s) or sub-fund(s) thereof managed by AOCorp
AIFM	Alternative Investment Fund Manager, as defined in the AIFM Law
AIFM Law	Luxembourg Law of 12 July 2013 on alternative investment fund managers, as amended
AIFM Regulation	Commission Delegated Regulation (EU) n°231/2013 of 19 December 2012 and/or all other applicable laws, regulations, circulars and other binding rules and guidelines.
AOC	Active Ownership Group
AOCorp	Active Ownership Corporation S.à r.l.
AOF or Fund	Active Ownership Fund SICAV-FIS SCS
Board of Managers or BoM	The Board of Managers of AOCorp
Company	Active Ownership Corporation S.à r.l., a limited liability company (société à responsabilité limitée) organised under the laws of the Grand Duchy of Luxembourg, having its registered office at 17, rue de Flaxweiler, L-6776 Grevenmacher, Luxembourg, and registered with the Luxembourg Register of Companies (Registre de Commerce et des Sociétés) under
Conducting Officer or CO	A Conducting Officer of the AIFM
CSSF	The Luxembourg regulator of the financial sector (Commission de Surveillance du Secteur Financier)
CSSF 18/698	CSSF Circular 18/698 regarding the authorisation and organisation of investment fund managers
ESG	Environmental, Social, Governance
Law of 1 August 2019	Luxembourg Law of 1 August 2019 transposing Directive (EU) 2017/828 and amending the Luxembourg Law of 24 May 2011 on the exercise of certain shareholder rights
Manager	Member of the Board of Managers
Policy	Engagement Policy
SRD II	Directive (EU) No 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

2 Introduction

Active Ownership Corporation S.à r.l. (“**AOCorp**”) is an alternative investment fund manager (“**AIFM**”) authorised by the *Commission de Surveillance du Secteur Financier* (“**CSSF**”) in Luxembourg under Chapter 2 of the law of 12 July 2013 on alternative investment fund managers (“**AIFM Law**”), the Delegated Regulation 231/2013 and all other relevant and applicable Laws, Regulations and CSSF Circulars in their currently valid version.

AOCorp has its registered seat at 17, rue de Flaxweiler, L-6776 Grevenmacher and is governed by the Board of Managers (“**BoM**”). It is registered with the Luxembourg Register of Companies (“**R.C.S.**”) under number B 237.258.

AOCorp obtained its AIFM license on 13 August 2019, and is registered with CSSF register number A00002485.

AOCorp inter alia is appointed as AIFM of Active Ownership Fund SCS, SICAV-FIS (R.C.S. register number: B 200.454, CSSF register number: O00008641) (“**AOF**”) and Active Ownership Lux Feeder Fund SCS, an unregulated AIF (R.C.S. register number: B 242.471, CSSF register number: V4009) (“**LuxFeeder**”).

Pursuant to the AIFM Regulation and the relevant European regulations, an AIFM must have a strong internal governance framework that ensures the sound and prudent management of its activities and inherent risks. This means in particular that the internal governance must ensure sound and prudent management of the AIFM’s activities including their inherent risks. In order to achieve this objective an AIFM must set up an internal governance system that complies with the “three-lines-of-defense-model” concept.

In order to fulfil the above mentioned requirements AOCorp has established and implemented this Engagement Policy setting out the legal and regulatory requirements, as well as the related actions, which the AIFM complies with, in order to meet its obligations with regard to shareholder engagement and to adhere to the requirements set out in Art. 1^{sexies} of the Luxembourg Law of 1 August 2019 (“**Policy**”).

The Policy will be reviewed on a regular basis, at least once a year or event driven.

3 Investment approach and monitoring of portfolio companies

At AOC we are looking for fundamentally good, but undervalued businesses that we understand and where we can help to unlock value potential with our extensive industrial and financial expertise. Investment opportunities are analysed through an in-depth company due diligence process. This granular and meticulous work allows us to gain a deep understanding of the companies we invest in.

It is our strategy to acquire significant minority stakes in publicly listed companies, and to run a concentrated portfolio consisting of 5-20 core investments, each normally making up between 5% and 25% of an AIF’s invested capital. Based on this strategy, we intend to exert, directly or indirectly, significant influence on a portfolio company and its management.

We constantly engage with our portfolio companies and continuously monitor our engagement results and performance. As such, dialogue with portfolio companies before and during the period of our engagement forms the integral part of our investment process.

We usually strive to be directly represented on the board of our core portfolio companies, or have an appointed representative on the board, to have a direct line of communication with management and enabling us to pursue and implement our engagement strategy with the respective company.

Our portfolio managers arrange to regularly meet with the management and/or boards of our portfolio companies. The areas of discussion typically include, amongst others: company strategy and its execution, operational, financial and non-financial performance and risks, environmental, social and corporate governance (“ESG”) issues and commitments, compliance as well as performance and capital structure.

Our analysts regularly, at least on a quarterly basis, perform fundamental research and conduct quantitative and qualitative assessments of the portfolio companies including monitoring of company news-flows, reviewing periodic company reports, holding meetings with industry analysts and using external databases.

Overall, our active investment approach and our board engagements enable us to engage with company boards and management in a direct way not available to passive or minority investors. Whilst there is not a predetermined agenda for our active engagements, and each case is unique, our approach typically focuses on improving corporate governance and improving value creation. Our work on the board of companies includes being an active and engaged owner. This can include supporting management with the execution of value creation plans, optimizing the board and senior management, and alignment of management incentives.

4 Exercise of voting rights and other rights attached to shares

The exercise of shareholders’ rights forms an essential part of the proper management of our AIFs. By exercising voting rights we inter alia can influence the development of our portfolio companies and positively steer their increase in value sustainably.

When attending shareholder meetings we act in the best interest of the investors, while staying independent from third party interests, avoiding conflicts of interest and respecting the integrity of the market. In general our portfolio managers attend shareholder meetings physically in person and voting rights are exercised directly without the use of proxies. How voting rights will be exercised will be assessed on a case-by-case basis after having conferred with the analyst in charge of the respective portfolio company, in line with the investment objectives and policy of the AIFs and depending on the strategy pursued for the respective portfolio company. In any case we want our companies to grow sustainably and to adhere to good corporate governance standards.

If shareholder meetings are not attended physically in person, which may be the case for portfolio companies in which only a minor stake is held, we either exercise voting rights by proxy voting or abstain from a vote, after having conferred with an analyst in charge of the respective portfolio company.

Improving governance is at the core of our investment approach and has been part of our strategy since inception. We always exercise our voting rights in support of our improvement initiatives. We typically enhance governance by strengthening board and management representation by the following dimensions:

- Internationalization in order to reflect the company's footprint
- Diversity in age, gender, nationality, background and thought
- Experience relevant to the direct business line
- Management incentivisation and accountability

5 Co-operation with other shareholders

We prefer to engage bilaterally with our AIF's portfolio companies; however, we may collaborate, where appropriate, with other shareholders where such actions are deemed to be in the best interest of the AIF's investors and when not in violation of anti-trust or any other laws or AOCorp policies, and where there are no conflicts of interest that could result in legal, regulatory or reputational risks to our AIF's, AOCorp or AOC.

6 Communication with relevant stakeholders

Our portfolio management and analysts regularly visit relevant conferences and symposiums on topics related to the business activities of our (potential) core portfolio companies.

In order to obtain further information and views on a portfolio company our portfolio management and our analysts may communicate with a portfolio company's relevant stakeholders where such actions are deemed to be in the best interest of the AIF's investors and when not in violation of anti-trust or any other laws or AOCorp policies, and where there are no conflicts of interest that could result in legal, regulatory or reputational risks to our AIF's, AOCorp or AOC.

7 Management of potential and actual conflicts of interest

Our Conflicts of Interest Policy is publicly available on our website. This Policy is regularly reviewed to ensure it remains up-to-date, relevant and effective for our investment strategy.

8 Securities Lending

As a general rule our securities are not available for securities lending. We retain the economic and legal ownership of our shares at any time making it therefore impossible to lend our securities to third parties.