



Introduction

Graphene Investments ("the Company") aims to utilize shareholder consultation processes in the best interest of investors. As a result, subject to being able to obtain all necessary information in due time, it systematically exercises the voting rights attached to its funds' holdings, as well as those attached to shares held in any other fund or segregated account for which it has been entrusted with this responsibility. Any management mandate, by which Graphene Investments accepts to manage a portfolio on behalf of a third party, clearly states if the client intends to personally exercise the voting rights or delegates this responsibility to the Company. When the client wants the votes to be carried out by the Company according to specific voting principles, such principles are detailed in writing, and formally accepted by the Company as an attachment to the management mandate.

Investment analysis principles

Prior to its purchase, every holding undergoes a comprehensive selection process, during which multiple aspects that might influence its financial attractiveness and the risks involved are carefully reviewed. Through quantitative and/or judgmental criteria, this analysis focuses on success factors (quality of the growth strategy, products and teams, etc) and risk factors (financial strength, exposure to image risk, valuation, etc) as well as many other details. These include extra-financial aspects in the Environmental, Social and Governance (ESG) fields, which are taken into account in accordance with Graphene Investments' "ESG Policy".

This analysis is a key component in the Company's know-how, and the importance assigned to each factor may vary with the firm under consideration, the economic and political backdrop or the professional carrying out the analysis. A permanent follow-up is continued as long as the security is held, to update the analysis as and when relevant news is released.

On financial topics as well as extra-financial aspects, Graphene Investments strives to develop its own views and methods without any preconceived ideas. This work relies, as much as possible, on a combination of common sense and a deep understanding of the topic under review. It may occasionally focus on details (or lead to conclusions) that significantly differ from the formatted way of thinking that guides most players in the market. Research is mainly based on information released by companies, whether it is obtained directly (from legal reports, public presentations, etc) or indirectly (from databases). The result is further refined with the help of external studies and, whenever possible, one-to-one conversations with a member of the top management.

Only the conclusions of this analysis shape Graphene Investments' stance about each investment.

Engagement and voting principles

Graphene Investments considers that, as a portfolio management company, it is not its responsibility to substitute for lawmakers or personal morals, and use voting rights for the sole purpose of obliging a company to abide by certain behavioral or ethical principles, should these be shared, on a personal basis, by the Company' employees. As a result, as long as the applicable laws and regulations are strictly complied with, the Company evaluates corporations' strategic choices primarily based on their expected impact on the stock's performance. This analysis is carried out with a horizon similar to that of the investment strategy.

Graphene Investments also believes that, in a vast majority of circumstances, trust in the firm's management team and its strategy is a particularly important prerequisite for a stake to be purchased or kept in its portfolios. This explains why, in a majority of cases, the Company supports the resolutions submitted by the firm's Board of Directors, and does not consider the number of Against votes as a relevant metric of Investment Responsibility. Any disagreement on an important aspect of the strategy would rather result in an immediate resale of the whole stake. An Abstain vote is often used to indicate an agreement on the resolution's philosophy, but a disagreement on the way it is supposed to apply.

Graphene Investments however doesn't systematically support its holdings' management teams in every initiative. Its stance may differ when it comes to rejecting a project deemed to involve excessive risk, dismissing a member of the management whose contribution or reputation is not meeting expectations, or to push changes that are viewed as favorable, although not essential for the future of the firm. On topics related to business ethics, the Company unequivocally stands in favor of an impeccable conduct. On other fields, its objective is to promote the right balance between each corporation's objective and the constraints that are imposed on it. The following are a few examples:

- resolutions about Director appointments are often supported because Graphene Investments doesn't think it is able to assess, from outside and without any precise information, each individual's value-added. Exceptions may however occur, particularly for directors who repeatedly fail to attend board meetings, in the event of obvious cases of incompetence or unethical behaviors, or under special circumstances (takeover or activist pressures, etc). In addition, while supporting diversity within boards, the Company doesn't let sex or ethnic origins interfere in its vote, because these factors should not take precedence over competence or experience criteria.

- resolutions aimed at obliging a corporations to enhance its disclosures about various aspects of its activity are reviewed in light of already-existing information and potential confidentiality issues, but also the usefulness-to-cost ratio of such disclosures, and our opinion that resources should be allocated based on topics' strategic importance.

- resolutions aimed at changing the possibilities for shareholders to exercise their rights are evaluated with the objective to avoid both a denial of debate by a group of shareholders who together have a majority (eg resolutions allowing decisions by written consent) and abuses by minority shareholders (eg the required representation needed to request a General Meeting, for which the Company usually favors a minimum of 25%).

- topics relating to top executives' compensations .are reviewed in their specific backdrop, on the basis of such executives' contribution and value-added for the long-term and without any influence from their short-term results or the events that are beyond their control. The absolute



level of the compensation doesn't play any role as long as it is consistent with the executive's commitment and contribution.

The reservations that Graphene Investments may have about a corporation's orientation are notified to that firm's management team when an opportunity arises. The Company does not seek to actively engage with those executives unless the size of the stake makes it realistic to believe that this approach will have an influence.

To protect its assessment independence, the Company does not outsource its extra-financial analysis, nor the determination of its voting decisions. Any utilization of specialized advisory always remains secondary. To avoid any undesired use for ideological purposes that would misrepresent its exact stance or pursue other objectives than ethics and investors' long-term interest, Graphene Investments does not seek to develop a cooperation with other shareholders. Any exception to this rule would be viewed as a one-off, and subject to a full alignment of positions.

In the event of any potential or proven conflict of interests in the implementation of the Engagement Policy or the exercise of voting rights, the Company's procedure about the prevention and resolution of conflicts of interest would apply like for any other area.

Exercise of voting rights

Except when particular voting instructions were received as part of an investment mandate, Graphene Investments exercises voting rights in accordance with the above principles. However, when a holding has been fully sold between the "record date" and the General Shareholder Meeting's date, the Company issues an Abstain vote on all resolutions, to avoid influencing decisions that no longer concern it. Within this framework, the lead Portfolio Manager for each strategy is ultimately responsible for voting decisions and their documentation. His/her decisions are kept for five years and may be consulted upon request at the Company's headquarter.

Votes are exercised directly, with specific instructions for each resolution. Instructions are transmitted electronically or by mail, depending on solutions made available by the custodian.

Graphene Investments produces a yearly report about the exercise of voting rights. This document is available upon request to the Company. It contains a reminder of the Company's voting policy, various statistical metrics of how the votes were exercised during the year, disclosures about any role played by external voting advisers, as well as a specific comment on any decision deemed important, should this be due to the striking nature of the resolution or because of the percentage of voting rights held by the Company.

