Engagement and voting **policy**

Article L. 533-22 of the French Monetary and Financial Code, requires that asset managers publish an engagement policy reflecting how they integrate their shareholder engagement in their investment strategy. Tikehau Capital has laid down below the principles of its engagement policy regarding equity investments.

In accordance with Article 319-21 of the General Rules of the French Financial Markets Authority, Tikehau Capital also sets out below how it exercises the voting rights a shares held in all its portfolios (fund of funds excluded). This policy is applied by all Tikehau Capital companies (Tikehau Capital, Tikehau Investment Management, Sofidy and ACE Management). The terms "Tikehau Capital" and the "Group" in this document refers to all these companies.

This policy has been approved by Tikehau Capital ESG Committee on December, 2nd 2019.

Tikehau Capital aim is to provide investment solutions that foster lasting growth for our investor clients, the companies we invest in and our own Group. Active ownership enhances value and increases communication, learning and internal relationships for investors and companies.

1. ESG INTEGRATION & ENGAGEMENT WITH COMPANIES

Tikehau Capital investment policy is characterised by a systematic integration of environmental, social and governance (ESG) criteria as well as economic, financial and operational factors that form part of the fundamental analysis conducted by investment teams.

The Group Responsible Investment Charter makes governance one of the cornerstones of ESG analysis within the Group. It states "model governance is based on transparent rules organising power and checks and balances. This type of governance enables the Company to ensure the interests of all the stakeholders (employees, executives, financiers, shareholders, the public etc.), to anticipate trends and to improve risk management."

Where relevant, Tikehau Capital investment analysts and ESG team engage in dialogue with portfolio companies with a view to create long-term value.

The annual general meeting (AGM) is the place for exercising voting rights and therefore a core component of corporate governance. This is why Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds (fund of funds excluded) regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.

2. GENERAL VOTING PRINCIPLES

2.1. Fair treatment of all shareholders and long term view

Tikehau Capital's preference is to have a capital structure with a single class of shares, in accordance with the principle of one share, one vote. However, with a view to the long term or provided duly justified reasons can be given, we are not opposed to awarding dividend premiums or multiple voting rights to long-term shareholders as well as separate share classes providing special rights.

In general, the Group does not support the introduction of anti-takeover mechanisms. Tikehau Capital encourages stakeholder consultation during structuring operations.

The Group supports plans, which aim to increase the loyalty of the company's long-term shareholders and develop employee share ownership.

Transactions with related parties (regulated agreements) should be disclosed in order to ensure that the company is managed with due regard to the interests of all shareholders. Where regulated agreements are subject to a vote, the Group will be attentive to the company's interest and to respect for minority shareholders' rights.

2.2. Efficient governance of companies

Tikehau Capital has no preference for a one-tier structure (board of directors) or two-tier structure (executive board and supervisory board).

The Group favors the separation of executory and supervisory powers. Where the positions of chairman and chief executive officer are held by the same person, it is necessary to have explanations of the reasons behind and it is important that the board checks for the presence of sufficiently independent members and ensures proper oversight of executive powers.

Tikehau Capital considers that a group of 5 to 15 members ensures a proper representation of skills and experience and optimize its efficiency and effectiveness.

The Group believes that the competence and the expertise of candidates for the Board and current Board members are crucial and should be scrutinized. Tikehau Capital also takes into account: the balance of the board in terms of nationality/age/gender/ experience, directors' availability and rate of attendance, proportion of independent board members and attendance of directors to other committees (such as audit committee, remuneration committee, etc.).

Tikehau Capital considers that directors must be able to meet alone regularly (at least once a year) in closed-door sessions without management.

2.3. Integrity of information

Accurate and transparent financial information is a pre-requisite. Financial information should be independently audited to the highest standards.

ESG criteria allow an assessment of a company's intrinsic value and long-term economic performance. The information provided should address ESG topics and Tikehau Capital supports the production of certified annual reports covering non-financial information.

2.4. Pragmatic approach

Tikehau Capital adapts its criteria to each local context and company size. For example, the minimum percentage of independent directors required may depend from local rules. Beyond regulation, the cultural or economic environment in which a company operates can be decisive for some choices.

3. GUIDELINES ON OTHER VOTING ISSUES

The policy applies primarily to the exercise of ownership in companies that have issued shares admitted for trading. As for other investments, the policy will be followed to the greatest extent possible.

As a voting proxy on behalf of a client's portfolio or funds, the Firm has a responsibility to act in its client's best economic interests which includes taking into account the following non-exhaustive circumstances:

TYPE OF RESOLUTIONS	PRINCIPLES
Compensation policy	
Say on pay.	The introduction of "say on pay" in France has led Tikehau Capital to place even more emphasis on transparency and the quality of the criteria and targets on which directors' pay is based. The Group attaches importance to the clarity of remuneration plans, the transparency of and reasons for past awards, the relevance of performance targets and criteria, and respect for the main rules of governance as set out in national and regional governance codes. The Group favors a deferred payment of part of executives' compensation in accordance to priority given to medium/long term performance.
Financial transactions	
Capital increases with preferential subscription rights.	Tikehau Capital will not vote in favor of capital increases with preferential subscription rights if they account for more than 50% of the capital except duly justified cases (e.g. justified by the company strategy).
Capital increases without preferential subscription rights.	Authorizations for routine capital increase without preferential subscription rights should preferably not represent more than 10% of capital, except where local practices recommend a higher threshold and except duly justified cases (e.g. justified by the company strategy).
Share buybacks.	Case-by-case analysis. In particular, vote against if it could affect the company's ability to invest or if the share buyback can be an anti-takeover measure.
Merger, acquisitions, demerger and other restructuring projects.	Enough information should be provided to make an informed decision. Case-by-case basis analysis in order to assess potential creation of shareholder value as well as other impacts (social, environmental, etc.).
Other	
Approval of accounts.	Approval of financial accounts when the auditors' report is included in the management report and no reservations have been issued.
Changes to articles of association.	Proposals that would bring about an amendment to articles of association are analyzed on a case-by-case basis.
Appointment, rotation and remuneration of auditors.	The auditing company used must be changed at least once every ten years. The Group would also like auditors to be primarily remunerated for auditing rather than for non-auditing services.
Shareholders' resolutions.	Resolutions put on the agenda by external shareholders (including resolutions on ESG topics) are analyzed on a case-by-case basis and approved if the resolution helps to improve the company's practices or can enhance shareholder value.

Proposals not covered by chapters 2. and 3. of this policy shall be voted on a case-by-case basis.

4. VOTING SCOPE AND PROCESS

4.1. Voting scope

Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.

Voting rights attached to debt securities will be exercised on a case-by-case basis according to the interest of security holders.

Where lock-up periods are required and have an adverse effect on fund managers wishing to trade shares during the lock-up period, voting rights may not be exercised in their entirety to preserve flexibility for the manager to trade share during the lock-up period.

4.2. Voting process

Tikehau Capital buy side analysts and fund managers analyze resolutions. Proxy advisor's research may be used to assess problematic resolutions. However, the team reserves the rights not to follows proxy advisors' recommendations.

As the Group promotes investments in the medium and long-term by focusing on sustainable investments in companies regularly monitored, analysts and fund managers are interested in following the consistency of the management and check if it matches their analyses and expectations.

In most cases, voting rights will be exercised by correspondence or proxy. In certain instances, the participation of portfolio managers to the shareholders' meetings may be motivated by a desire to meet with the management of the company concerned.

The following points outline the key steps of the voting process from the notification of voting agendas in the context of Annual General Meetings (AGM) or Extraordinary General Meetings (EGM) to actual voting execution:

FOR PUBLIC COMPANIES HELD THROUGH CAPITAL MARKETS ACTIVITIES	FOR PRIVATE COMPANIES AND PUBLIC COMPANIES HELD THROUGH OTHER FUNDS
1. Notification of company AGM/EGM and relevant voting items. **2.** Custodian forwards ballots to voting platform. **3.** Proxy advisor makes recommendations in accordance with Tikehau Capital voting policy. **4.** Portfolio managers finalize voting instructions in the voting platform and execute votes.	**1.** Notification of company AGM/EGM and relevant voting items. **2.** Team in charge executes vote online or directly at AGM/EGM or sends its voting instructions.

5. CONFLICTS OF INTEREST

Tikehau Capital is particularly vigilant about the risks of conflicts of interest arising from its activities. The organization set up by the Group helps the prevention of conflicts of interest, including the establishment of Chinese walls between the different investment teams and maintaining restricted lists.

Furthermore, the Group has a code of ethics governing personal account dealings by its employees. They must report the positions that they hold to the Group's Department of Compliance and a register of conflicts of interest is kept. Tikehau Capital has also introduced a procedure to prevent, identify and manage potential conflicts of interest.