

Procedure Goal

This policy presents ARMEN’s shareholder commitment system as well as its voting rights policy. The shareholder commitment policy describes “the manner in which the company incorporates its role as shareholder into its investment strategy.”

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Introduction

The "Shareholder Rights" Directive implemented into French law aims to encourage long-term investment in companies and the transparency of investments made by institutional investors ARMEN must describe and render its long-term engagement publicly accessible to issuers of shares in which it is investing its capital and mandates.

1. Scope of application

The shareholder engagement policy describes the manner in which the company integrates its role as shareholder within its investment strategy. Therefore, it applies to equity investments.

The portfolio management companies subject to the shareholder engagement policy are those that manage AIFs fully subject to the AIFM Directive (French Monetary and Financial Code Art. L533-22 §I) or to discretionary investment management. ARMEN is therefore concerned.

2. Objective of the policy

The shareholder engagement policy describes how to ensure the following:

- Monitoring of the strategy, financial and non-financial performance, risks, capital structure, as well as the company's environmental, social, and corporate governance;
- Dialogue with the companies held;
- The exercise of voting rights and other shareholders' rights;
- Cooperation with other shareholders;
- Communication with relevant stakeholders;
- Prevention and management of conflicts of interest, both real and potential, related to their commitment.

One or more of the items listed above may be excluded from the shareholder engagement policy if the reasons they have been discarded are provided.

3. Policy provisions

3.1. Monitoring strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance

ARMEN is a French Portfolio Management Company which invests in European alternative investment companies and supports their growth through GP stakes transactions.

ARMEN is committed to exercising its responsibility as a shareholder in the best interests of LPs by investing for the long-term horizon and analysing companies in detail, with an objective of creating value.

Before investing, the investment teams systematically evaluate the financial performances of the target companies. This stage involves carrying out due diligence (financial, legal, strategic, compliance, etc.) and in-depth contacts with the management of target companies.

ARMEN also focuses on the social, environmental, and corporate governance (ESG) risks and the potential adverse impacts of the companies. Beyond a policy of exclusion, before investing, the management company assesses the sustainability risks opportunities and principal adverse impacts of the opportunity. This assessment is supplemented by a full ESG due diligence performed by an external provider.

Then, regular monitoring of the financial and non-financial performances of each portfolio company is carried out during the investment period. This step involves regular meetings with the management of the portfolio companies, attendance at board meetings and the study and analysis of documents such as reports, accounts, budgets and audit financial statement of the portfolio companies.

In addition, an annual portfolio review is carried out to identify sustainability risks and opportunities, , and areas of improvement for each participation. On this basis, action plans will be developed with the management of the companies.

3.2. Dialogue with portfolio companies

The dialogue with the portfolio companies is carried out through periodic contact with the management, the controlling bodies of the companies, and other shareholders present at the round table, if applicable. ARMEN's managers keep as closely informed as possible of communications from portfolio companies, participating regularly at general shareholder meetings, meetings, and also participate in numerous telephone conference calls to have information that is as up-to-date as possible.

ARMEN will usually invest in equity or quasi-equity as a minority shareholder and will usually have a place on boards.

In addition, ARMEN strives to initiate and maintain an ESG approach with the management of the portfolio companies in order to bring value and help them improve their extra-financial performance.

Depending on the situation and the fund's investment policy, ESG objectives may be formalised during the signing of the contract with the companies.

3.3. The exercise of voting rights and other shareholder rights

▪ General principles applicable to analysing resolutions

The Portfolio Management Company abides by the following principles:

1. To act in the exclusive interest of shareholders in respect of the respective fund regulation and the rules for handling conflicts of interest;
2. To ensure transparency in the information given to shareholders;
3. To ensure respect of the general shareholder meeting's powers.

In observance of these principles, ARMEN examines the resolutions submitted to a vote on a case-by-case basis, in particular:

1. Decisions that regard amending the by-laws (extraordinary shareholder meetings);
2. Programmes for the issuance and redemption of capital securities;
3. Approval of accounts and allocation of the result;
4. Appointing and dismissing corporate bodies;
5. Regulated agreements;
6. The designation of statutory auditors.

Implementation of the procedure for exercising shareholder voting rights by ARMEN is based on the monitoring and analysis of resolutions proposed at General Shareholder Meetings, in application of the basic principles of good governance, mentioned here below:

- Monitoring the respect of statutory shareholder rights;
- Monitoring the quality and powers of management board or supervisory board members (application of the principles of separation of powers and independence of the board);
- Analysing the compensation of directors and, generally speaking, verifying the appropriateness and proportionality of the company management's and employees' share of the capital (application of the principles of transparency and equity of compensation);
- Monitoring the allocation of the result and the use of company funds (application of the principle of "reasonable management" of company funds, including cash compensation to the directors);
- Approval of accounts, management, regulated agreements, and renewal of the auditors (application of the principles of integrity of accounts, quality of communication, and limiting conflicts of interest when renewing the mandates of auditors);
- Analysis of development strategies and capital transactions (which must be justified, balanced, and respectful of the shareholder's preferential subscription right), including share buyback programs or the issuance of new shares, as well as all other various offers that could be presented to shareholders (director's fees, other amendments to the by-laws, etc.).

▪ **Organising the exercise of voting rights**

Persons entitled to vote are members of the Investment Team of the funds involved, who are in charge of reviewing and analysing resolutions presented by directors of the companies in which the Portfolio Management Company's funds are invested. The members of the Investment Team is in charge of organising and reporting on the exercise of voting rights.

▪ **Conditions for the exercise of voting rights**

Shareholders may attend Board Meetings by any means, giving priority to voting in person. Members of the investment team may however vote by post or by proxy, either by post or by where internet voting is available, in accordance with the legal and regulatory provisions in force.

- **Minimum holdings:**

Voting rights shall be exercised without a minimum holding threshold..

Depending on the circumstances, the management team may decide to exercise its voting rights for companies that do not meet the two criteria specified (nationality and percentage of stock held) if it deems this appropriate. The resolutions are analysed by the manager who is specially appointed to

monitor the company involved and by the Head of Compliance and Internal Control. They identify any issues unfavourable to the interests of the company or the minority shareholders.

The principles articulated below concern all securities for ARMEN is called to vote. These principles might be inapplicable, depending on the nationality of the companies, as foreign laws may attribute different prerogatives to shareholder meetings.

3.4. Cooperation with other shareholders

ARMEN interacts with shareholders who sometimes join a greater initiative that seeks to deal with systemic problems such as climate change, or more specific concerns regarding any given business that are shared by a group of investors.

ARMEN participates through a clearinghouse for PRI (Principles for Responsible Investment) in the most important collective initiatives in relation to its holdings and ESG holdings. Other formal commitments signed by ARMEN call it to educate its partners about responsible investing and to demonstrate the advantages of ethical practices for businesses and the investment sector.

3.5. Communication with relevant stakeholders

ARMEN interacts with various stakeholders (shareholders and in particular co-investors, directors, and management staff, bankers, attorneys, consultants, and sometimes even certain clients or suppliers). Co-investors, together with the directors and main managers, are certainly those representing the first circle of stakeholders in our activity, with value added sometimes brought by the managers and each of the financial investors individually. This dialogue sometimes is part of a larger initiative that seeks to deal with systemic problems such as climate change, or more specific matters to any given business that are shared by a group of investors.

3.6. Prevention and management of conflicts of interest

In application of the policy for managing and preventing conflicts of interest defined by the Portfolio Management Company, the member of the Investment Team must, in exercising votes:

- Conduct themselves loyally and act in the best interests of the shareholders;
- Exercise their activity with the skill, care, and diligence required in the best interests of the unitholders/shareholders, transparency, and security;
- Comply with all applicable regulations in exercising their activities in a way that best advances investor interests and the market's integrity;
- Because of the nature of their job profiles, ensure that the information shared with them is used for the sole benefit of their clients.

The members of the investment team must alert the Head of Compliance and Internal Control immediately of any situation where a conflict of interest might affect the free exercise of voting rights.

The Portfolio Management Company shall then assess the usefulness of voting after gathering the prior opinion of the Head of Compliance and Internal Control.

4. Reporting on the exercise of voting rights and the shareholder commitment policy

In accordance with its obligations, ARMEN shall document the manner in which it has exercised its voting rights and shareholder commitment policy in a report attached to the annual management report.

ARMEN thus drafts a report every year in which it shall document the application of its voting policy and shareholder commitment policy. Its first publication must be made no later than three months from publication of this decree.

This report is to be drafted by one of the investment team members. It is to be shared with unitholders/shareholders within six months following the Portfolio Management Company's closing of accounts (simultaneously with the annual report). This communication is not obligatory if the information has already been posted on the Portfolio Management Company's website.

The report shall feature, in particular:

- A general description of the manner in which voting rights have been exercised;
- The number of companies in which ARMEN has exercised its voting rights in relation to the total number of companies in which it holds voting rights;
- Cases for which the Portfolio Management Company does not believe it can comply with the principles of this procedure, as well as cases of conflicts of interest it has had to resolve when voting;
- The method by which it has exercised its voting rights, the vote outcome, or its abstention from voting for each resolution;
- And if applicable, decisions made regarding resolutions of associated companies in which a UCI is a shareholder and resolutions proposed by minority shareholders without the Council's approval;
- An explanation of the choices made regarding the most important votes;
- Information on any reliance on services provided by proxy advisors when investing in listed financial instruments;
- The orientation of the votes during general shareholder meetings; this information might exclude non-significant votes by reason of their subject matter or extent of the holding in the company.

In addition, and in accordance with the provisions of the France Invest code of ethics, ARMEN documents its practices regarding voting rights in the annual reports of the funds that it manages, whether or not the securities are listed for trading on a market. For the securities that are traded on a market, this report might reference or reproduce the Portfolio Management Company's management report.

5. Policy distribution and review

By simple request, ARMEN shall make this policy and the annual reports on its application available to its LPs. A reference to the existence of this policy is also available on ARMEN's website.

ARMEN does not plan for an annual review of this policy. Instead, it will be updated on an as-needed basis.