



**Shelter Investment Management Policy**

# **Engagement and Voting Rights Policy**

### Process Document Description

<i>Objective/Description</i>	This Policy embeds engagement and voting rights and obligations as imposed and in accordance with applicable Luxembourg and EU rules.
<i>Entity</i>	ShelteR Investment Management
<i>Portfolios</i>	All
<i>Instrument Type</i>	All

### Update Document Management – Version History

<i>Version</i>	<i>Date</i>	<i>Status</i>	<i>Author</i>	<i>Modification Type</i>
1.0	01/09/2020	Validated	Olivier Lechanteur	Creation of document
2.0	06/09/2021	Validated	Sandra Van Vaerenbergh	Yearly update
3.0	01/12/2022	Under review	Sandra Van Vaerenbergh	Yearly update
4.0	20/12/2023	Under review	Sandra Van Vaerenbergh	Yearly update

### Validation of this document

<i>Date</i>	<i>Approver</i>	<i>Function/Unit</i>	<i>Status</i>
01/09/2020	Benedict Peeters	Board member	Validated
26/11/2021	Board		Validated
29/12/2022	Board		Validated
21/12/2023	Board		Validated

## Table of Contents

1	Purpose.....	4
2	Scope .....	5
3	Pre-investment .....	5
4	Post-investment .....	6
4.1	Monitoring.....	6
4.2	Dialogues .....	6
4.3	Voting .....	6
5	Transparency / Reporting .....	8
6	Appendix.....	10
6.1	Contacts.....	10
6.1.1	Shelter IM .....	10

## 1 Purpose

This Engagement & Voting Rights Policy (the “**Policy**”) outlines the general principles how engagement activities are integrated in the investment strategy for funds where ShelteR Investment S.A. (“**SIM**”) acts as UCITS management company (“**UCITS Management Company**”) or alternative investment fund manager (“**AIFM**”).

This Policy embeds engagement and voting rights and obligations as imposed and in accordance with applicable rules, notably:

- Luxembourg law of 17 December 2010 transposing Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS) (“**UCITS Directive**”);
- CSSF Regulation 10-04 transposing in Luxembourg Directive 2010/43/EU as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (“**CSSF Regulation 10-04**”);
- Luxembourg law of 12 July 2013 implementing Directive 2011/61/EU on alternative investment fund managers (“**AIFMD**”);
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (“**AIFMR**”);
- Luxembourg law of 10 July 2019 transposing Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (“**SRD II**”);
- CSSF Circular 18/698 on the authorization and organization of investment fund managers incorporated under Luxembourg law (“**CSSF Circular 18/698**”).

Effective and sustainable shareholder engagement is one of the cornerstones of the good corporate governance model. SIM believes that engaging with target issuers and portfolio companies and in particular underlying fund managers on environmental, social and governance (ESG) topics, and in the case of underlying fund managers on their approach to engagement and voting, is often a key factor for properly identifying investment opportunities, managing investment risks, monitoring assets in portfolio, ensuring long-term sustainability and more generally fostering trust in the financial market.

Furthermore, integrating and disclosing non-financial considerations can improve the matching between investment products and investors’ preferences and characteristics. Moreover, reputational benefits from increased disclosure and integration of ESG topics in funds’ processes might attract new investors. ESG measures contribute to the capital shift towards sustainable investments that is expected by and would benefit to the society as a whole.

## 2 Scope

Without prejudice to section 4(iii) below regarding voting rights, this Policy shall apply to all funds where SIM acts as UCITS Management Company or AIFM unless the management body of such fund, or the delegated portfolio manager appointed by SIM for this fund (if any, the “**Portfolio Manager**”), or the investment advisor appointed by SIM for this fund (if any, the “**Investment Adviser**”) has provided SIM with a fund specific engagement policy. In such case, provided that such policy is approved by SIM, such policy shall be published on SIMs website and shall prevail over this Policy until it is terminated. This Policy does also apply to all funds where SIM acts as delegated portfolio manager to the extent in has expressed to the UCITS Management Company its intention, and the latter has accepted, the application of this Policy.

## 3 Pre-investment

In the pre-investment stage, SIM, the Portfolio Manager and/or the Investment Adviser will typically conduct thorough due diligence work to identify and evaluate investment opportunities and associated risks:

- In the context of **illiquid investments**, SIM’s pre-acquisition due diligence work usually includes engaging directly with the management of the target company and analyzing the ESG status (including environmental and social topics). Depending on the type of transaction, due diligence work may be lighter or sounder but will always include an analysis on different ESG topics and a review of the engagement and voting policy, especially for private equity fund managers.
- In the context of **liquid investments**, SIM is particularly active in the selection of third party fund managers that at the time of this policy represents almost 75% of its UCITS business. This includes the UCITS FoFs that SIM manages on its own platform Shelter UCITS and/or the funds managed via delegation on third party platforms. The selection of such third party underlying managers for own UCITS FoF’s and third party UCITS FoF’s includes important criteria such as the voting rights and engagement strategy of these third party managers.
  - The Engagement & Voting Policy requires SIM to gradually move - over the period up to and including 2030 - to a full exclusion of third party fund managers for its own UCITS business in case such managers do not have a sound engagement policy that reflects at least one or more of the following areas in terms of engagement :
    - human rights and labour rights,
    - gender diversity,
    - decarbonisation or 1.5°C alignment,
    - natural resource use/impact, especially water and biodiversity,
    - pollution/waste, especially single-use plastics.The procedures of such third party fund managers have to clearly describe escalation processes when objectives are not met, how engagement is organized in practice and how engagement efforts are monitored.
  - This Engagement & Voting Policy requires SIM to gradually move over the period up to 2030 to an exclusion of third party fund managers for its own UCITS business in case such managers do not have a sound voting rights policy that is formalized and published and where voting intentions on important and/or contentious ESG resolutions are properly pre-declared and aligned with SIM’s views.
- In the context of **liquid investments** in its UCITS funds with direct exposure to equities, the same context applies but limited to UCITS that qualify as art 8 or art 9 UCITS as per SFDR. This means

SIM will assess that such companies comply with principles and thresholds in relation to

- human rights and labour rights,
- gender diversity,
- decarbonisation or 1.5°C alignment,
- natural resource use/impact, especially water and biodiversity,
- pollution/waste, especially single-use plastics

## 4 Post-investment

### 4.1 Monitoring

Following the investment, the Portfolio Managers of SIM and/or the Investment Adviser will typically monitor the continued compliance of the investments with the ESG requirements and in the case of underlying funds managers, also with the engagement and voting rights requirements.

- Monitoring activities in the illiquid space may include engagement with the management for the actions to be taken or supporting the establishment of remedial measures.
- Monitoring of fund managers underlying UCITS funds includes an annual review by SIM of their engagement and voting policy and compliance with the SIM requirements. It also includes controls on the actual achievement of gradual exclusion toward the end of 2030 of third party fund managers that do not comply with SIMs requirements.
- Monitoring of direct equity positions include for art 8 or art 9 funds a follow up via databases of their compliance with the ESG requirements and potential engagement or use of voting rights

### 4.2 Dialogues

SIM acknowledges the importance of constructive dialogue with management teams in order to promote good corporate governance practices, determine long-term alignment of interests, properly assess the strategy of the management team (including on ESG topics as the case may be), as well as to improve disclosure mechanisms. For that purpose, SIM may focus on speaking at annual general meetings, liaising with the management teams directly or relying on management's reporting.

### 4.3 Voting

Voting as shareholder or noteholder with respect to portfolio companies is one aspect of an engagement policy. In accordance with section 5.5.10 of CSSF Circular 18/698, article 23 of CSSF Regulation 10-04 and article 37 of AIFMR, SIM has developed an adequate and effective strategy for determining when and how voting rights attached to instruments held in managed portfolios are to be exercised, so that these rights benefit exclusively the fund concerned and its investors. This strategy is set out below:

- (i) As set out in section 5.5.10 of CSSF Circular 18/698, each fund, which has not expressly authorized SIM to exercise voting rights attached to instruments held in its portfolio, shall develop its own strategy for exercising voting rights.
- (ii) In principle, the UCITS Management Company agreements and the AIFM agreements to which SIM is a party do not expressly authorize SIM to exercise voting rights attached to

instruments held in portfolio. As a consequence, for these funds, it is the responsibility of the board of directors or general partners of these funds to determine when and how voting rights shall be exercised, in the best interests of investors.

(iii) If a fund is set up in the form of a common fund, or when the management body of fund having the form of a corporate or partnership, has specifically vested SIM with the right to exercise voting rights relating to instruments held in its portfolio, then SIM shall endeavor to apply the following principles (unless otherwise disclosed in a separate fund-specific voting rights policy) in case it has invested more than 1 % in the specific fund :

- SIM (or its delegates) monitors all relevant corporate actions in relation to the fund's voting rights and ensures that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant fund. Furthermore, SIM will apply the following general principles when practicing voting rights:
- Capital Measures: SIM in general only approves changes in the investments' capital structure, if they are not detrimental to the funds' shareholders.
- Governing Bodies: In the following cases, SIM typically considers to vote for a change in the governing bodies: weak or sharp decline of performance, significant doubts about the competences of the governing bodies, legal/compliance failure or other severe misconduct.
- Mergers and Acquisitions: SIM will look at mergers and acquisitions on a case-by-case basis. SIM would only vote for a merger or a takeover if SIM (or its delegates) considers the process to be in line with the interests of the investors.
- Reporting: If it considers the financial statements to be materially in breach of standard accounting rules, SIM would normally vote against the acceptance of the annual financial statements.
- Conflicts of Interest: SIM will prevent or manage any conflicts of interest arising from the exercise of voting rights according to its Conflict of Interest Policy.

- Process: When exercised directly by SIM, voting rights decisions are taken by the Investment Management team.

(iv) Cooperation with other shareholders

Greater involvement of shareholders in corporate governance is one of the levers that can help improve the financial and non-financial performance of funds, including as regards ESG topics.

Where appropriate, and always keeping in mind the best interest of investors, SIM may cooperate with other shareholders in an equity position or in a position in an underlying fund in order to, inter alia, enhance good corporate governance practices including emphasizing the relevance of implementation ESG topics, as well as to strengthen risk management performance or to promote disclosure standards. Cooperation with other shareholders will take place if it is in best interest of investors, and only when such cooperation does not result in violation of any applicable laws or SIM's internal policies in place.

Cooperation would, in principle, be conducted via formal or informal meetings with other shareholders or investors.

(v) Communication with other relevant stakeholders

SIM believes that, to the extent permitted by law and if relevant in a given context, engaging with other stakeholders involved in the fund's activity usually benefits all shareholders' long-term interests. Taking this into account, SIM, the Portfolio Manager and/or the Investment Adviser may communicate with other stakeholders, such as employees, NGOs, public authorities and institutions.

Communication with other relevant stakeholders will take place if it is in best interest of investors, and only when such cooperation does not result in violation of any applicable laws or SIM's internal policies in place.

## 5 Transparency / Reporting

In accordance with SRD II rules, SIM shall, on an annual basis, publicly disclose how the engagement policy has been implemented, including if applicable a general description of voting behavior, an explanation of the most significant votes and the use of the services of proxy advisors. It shall publicly disclose how it has cast votes in the general meetings of companies in which it holds shares. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. This obligation shall not apply with respect to funds for which SIM publicly discloses a clear and reasoned explanation why it has chosen not to comply with one or more of those requirements.



In order to comply with the above obligations, SIM will review the disclosures prepared by the Portfolio Manager or Investment Adviser (as applicable) for the relevant fund and, unless SIM materially disagrees with its content, SIM will publish them on its website as required by SRD II rules.

This Policy is reviewed and updated at least on annual basis or regularly whenever required due to changes of general principals set out in this Policy or in case of regulatory changes.

This Policy as well as the report on implementation of this Policy will be published on SIM's official website.

		Date: 20/12/2023 Version N°: V4.0 Status: Validated
---	--	---

## 6 Appendix

### 6.1 Contacts

#### 6.1.1 Shelter IM

Function	Name	Mail	Tel
Risk Management Function	Sandra Van Vaerenbergh	<a href="mailto:sv@shelter-im.com">sv@shelter-im.com</a>	T: +352 206 03 000 80