



# LEMANIK ASSET MANAGEMENT S.A.

## ENGAGEMENT POLICY 2022

### **1. Lemanik Asset Management S.A. - Overview**

#### **i. Permitted business**

Lemanik Asset Management S.A. (hereinafter referred to as the “Company”) is licensed by the *Commission de Surveillance du Secteur Financier* (hereinafter referred to as the “CSSF”) as (i) a management company as per the provisions of Chapter 15 of the Law of December 17<sup>th</sup>, 2010 relating to undertakings for collective investment, as amended (hereinafter referred to as the “UCI Law”), and as (ii) an alternative investment fund manager as per the provisions of the Law of July 12<sup>th</sup>, 2013 on alternative investment fund managers, as amended (hereinafter referred to as the “AIFM Law”).

Accordingly, the Company is what is commonly known as a UCITS management company and as an AIFM.

In addition, the Company is licensed by the CSSF to provide investment services, namely the management of investment portfolios on a discretionary basis, pursuant to the provisions of Article 101 (3) (a) of the UCI Law and Article 5 (4) of the AIFM Law.

#### **ii. Business model**

The business model implemented by the Company is such that it is both a proprietary and a third-party investment fund manager, i.e. some of the investment funds for which it acts as UCITS management company/AIFM (hereinafter referred to as the “Funds”) have Lemanik Group affiliates as their initiators, while other Funds have third parties as their initiators.

Also, as any UCITS management company/AIFM, the Company is authorised to perform all the activities detailed in Annex II of the UCI Law and in Annex I of the AIFM Law, namely portfolio management, risk management, administration and marketing.

As far as portfolio management is concerned, the Company typically delegates such activities regarding the Funds to various third parties, including Lemanik Group affiliates; however, some of the Funds are managed by the Portfolio Management Department of the Company.

In addition, the Company provides investment services to various clients, both individuals and legal entities.

## **2. Purpose and scope of the Engagement Policy**

### **i. Purpose**

The purpose of this Engagement Policy (hereinafter referred to as the “Policy”) is to describe how the Company integrates shareholder engagement in its investment strategy regarding both the portfolio management of the Funds and the provision of investment services.

Specifically, this Policy describes how the Company intends to:

- monitor the companies in the shares of which it invests (hereinafter referred to as “investee companies”) on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
  - conduct dialogues with investee companies;
  - exercise voting rights attached to shares of investee companies;
  - cooperate with other shareholders of investee companies;
- and
- manage actual and potential conflicts of interests in relation to its shareholder engagement.

As stated above, under Section 1., the business model of the Company is such that it typically delegates portfolio management activities to third parties. Consequently, when delegating portfolio management, the Company ensures that such third parties also integrate shareholder engagement in their respective investment strategies.

### **ii. Scope**

This Policy applies exclusively to the Company’s shareholdings in investee companies (i) which have their registered office in a European Union Member State and (ii) the shares of which are admitted to trading on a regulated market situated or operating within a European Union Member State.

## **3. Materiality principle**

In recognition of the limited ability of the Company to exercise significant influence on investee companies in those circumstances where its shareholding is not material, it is the policy of the Company NOT to integrate shareholder engagement in its investment strategy (i) either if the aggregate shareholding of the Company amounts to less than 3% of all outstanding shares of any investee company (ii) or if the shareholding of one of the Funds in any investee company amounts to less than 8% of the said Fund’s total net assets.

Accordingly, this materiality principle applies to each and every feature of this Policy as discussed in Sections 4 to 8 hereunder.

#### **4. Monitoring of investee companies**

The Company is an active asset manager; accordingly, it strongly believes in the monitoring of investee companies.

Specifically, the Company only decides to invest in the shares of an investee company once it has gained an in-depth understanding of the said company's overall business strategy, risk exposure and share capital structure.

In addition, the Company is committed to incorporating environmental, social and governance (hereinafter referred to as "ESG") criteria into its investment strategy.

However, it is the view of the Company that integrating the environmental and social components of these criteria into its investment strategy would unduly restrict its potential investment universe.

Accordingly, the integration by the Company of ESG criteria into its investment strategy is limited to the governance components of the said criteria, as follows:

- **Audited annual accounts**  
Audited annual accounts of investee companies should be made public to shareholders in a timely manner, and in any event in line with the applicable disclosure requirements imposed under the rules and regulations of the countries where investee companies have their registered offices.  
These accounts should meet accepted accounting standards, such as those of the International Accounting Standards Board (IASB).
- **Board of Directors**  
*Board structure, Board independence and Board committees*  
Investee companies should be controlled by effective Boards of Directors, with executive and non-executive Directors.  
Also, the roles of Chairman and Chief Executive Officer should normally be separate.  
Finally, Boards of Directors should delegate key oversight functions, such as responsibility for appointments, audit and remuneration issues, to independent committees.  
*Directors' liabilities*  
The Boards of Directors of investee companies should not be discharged from responsibility in case of pending litigation, or if there is evidence of wrongdoing for which the Boards must be held accountable.
- **Remuneration**  
The remuneration policy of investee companies should be transparent and fully disclosed to shareholders in a separate remuneration report within the audited annual accounts.
- **Issue of capital**  
Any new share issue should first be offered to existing shareholders of investee companies on a pre-emptive basis.

Also, no increase in capital should take place if it were to result in investee companies adopting 'poison pill' takeover defence tactics or shareholder value being diluted in the long-term.

- **Share repurchase programmes**

Buy-backs should be in the best interests of all shareholders of investee companies.

## **5. Conducting dialogues with investee companies**

As an active manager, the Company seeks to engage directly with the management teams of investee companies.

Specifically, engagement includes an on-going communication between the Portfolio Management Department of the Company and the management teams of investee companies; such communication may range from obtaining regular updates regarding the financial situation of investee companies to discussing specific issues, such as for instance a change of the overall business strategy.

In some cases, the Portfolio Management Department of the Company may take a more focused approach, depending on the circumstances of investee companies; such approach may extend to meetings with the management teams of investee companies.

## **6. Exercising voting rights attached to shares of investee companies**

As an active manager, the Company recognizes that the exercise of voting rights is an important aspect of shareholder engagement, in particular if the shareholding is material with regard to the outstanding shares of an investee company.

The Portfolio Management Department of the Company is ultimately responsible for determining whether and how to exercise voting rights. More information in this respect can be found in the Company's Voting Rights Policy.

## **7. Cooperating with other shareholders of investee companies**

In some cases, the Company may cooperate with other investment fund managers if it considers it to be in the best interests of its clients; such cooperation may be in the form of joining other investment fund managers in meetings with the management teams of investee companies.

## **8. Managing conflicts of interests**

The Company is aware that potential conflicts of interests may arise when engaging with investee companies; accordingly it has designed and implemented measures in order to limit such potential conflicts of interests. More information in this respect can be found in the Company's Conflicts of Interests and Voting Rights Policies.