



Shareholder Engagement Policy

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Preamble

Parquest is a management company approved by the AMF since 26/09/2002 under the approval number GP02021.

Parquest invests via AIFs within the meaning of Directive No. 2011/61/EU above the thresholds or having opted for the application of the AIFM Directive.

Regulatory references

Sources	Articles
Code monétaire et financier	Articles L 533-22, R533-16

1° Monitoring of strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance

During its investment process, the management company conducts an in-depth analysis of each of the investment opportunities enabling a detailed knowledge of its characteristics:

- the strategy of the target company,
- the current and target capital structure, if applicable,
- economic and financial performance,
- non-financial performance such as taking into account social, environmental and governance impacts,
- the risk profile of the investment, which itself takes into account the industrial risks of that asset on its market and the market risk itself,
- the exercise of voting rights and other rights attached to shares.

This analysis, beginning with a dialogue with the target company, is formalised in an investment note proposed to the Investment Committee for decision.

This investment process is also an opportunity to engage in an exchange with the various stakeholders of the project.

Finally, any situation that would be identified as a potential conflict of interest is dealt with within the framework of the management company's conflict of interest management policy.

The shareholder engagement policy aims to implement the principles set out above.

Parquest assists portfolio companies in the choice of their strategic orientations, the business plan, external growth, partnerships or business disposals.

Regarding the social, environmental and corporate governance impact, Parquest Capital:

- systematically takes ESG criteria into account in direct and indirect investment decisions and conducts the necessary due diligence,
- takes into account environmental, social and governance criteria,
- excludes certain sectors or activities with high reputational or ESG risks and conducts specific analyses on other sectors considered sensitive.

Parquest has set up information sharing between several people to ensure business continuity (back up system).

Follow-up results in:

- The definition upstream of the investment, by or with the target entities, of relevant information elements and measurable objectives of extra-financial impact,

- The integration, as far as possible, of information and objectives in the contractual documentation of investments.

Parquest has implemented regular right of information clauses with the portfolio companies:

- Monthly financial and business including the main financial indicators (turnover, EBITDA, cash ...) as well as some predefined KPIs (workforce, sales volume...),
- Quarterly via meetings of the Advisory Board and,
- Annual for the extra-financial data, which include ESG monitoring (environment, social and governance) and societal impact if material.

These data are used to carry out a quarterly evaluation of the portfolio companies taking into account quantitative and qualitative criteria.

Every quarter, Parquest issues a reporting to its investors including a detailed review for each portfolio company.

Parquest has several objectives regarding social and environmental impact and corporate governance:

- Encourage the positive evolution through dialogue and the exercise of voting rights at general meetings of companies,
- Raise awareness, train and communicate with its employees, its network of advisors and its investors on the importance of taking into account extra-financial criteria,
- Meet the expectations of investors wishing to reconcile financial performance and societal impacts.

2° Dialogue with portfolio companies

The monitoring of the portfolio companies is carried out in a permanent process based on the information communicated by the companies, the exercise of the corporate mandates, meetings and discussions with the directors of the companies on a regular basis.

Parquest defines with the management of the portfolio companies the level of active contribution made, but in no case does the monitoring of the companies lead to interference in the management of the company. No management decision can be made on behalf of the company's management team.

Parquest attaches increased importance to the quality of management teams and business before investing. Its investment team meets regularly with the management of the companies.

Several forms of dialogue can be exercised during exchanges with companies.

Shareholder engagement can take the form of business meetings, conference calls or electronic exchanges with portfolio companies.

This commitment is reflected in particular by:

- A dialogue around the environmental impact of the companies, one of the criteria for selecting investment projects.
- Attendance to supervisory boards.

3° The exercise of voting rights and other rights attached to shares

Parquest Voting Principles

For each portfolio company, Parquest ensures the representation of the shareholder fund at meetings in order to exercise all the rights and prerogatives attached to the securities or transferable securities it holds and to exercise control.

It exercises the rights attached to the securities held by the AIFs it manages in the exclusive interest of the subscribers of those AIFs and integrates environmental, social and good governance dimensions into its voting policy. These criteria are treated with a long-term perspective and according to a principle of equity.

Save in exceptional circumstances, Parquest participates in all the votes for which the management company is convened, either face-to-face, by electronic vote or by giving power to another shareholder or the Chairman.

Parquest Capital's voting policy is reviewed annually and aims to promote the long-term valuation of investments whilst encouraging transparency, consistency, integrity, fairness and sustainable development.

This review is carried out both in terms of compliance and completeness of the elements provided by the portfolio company and the proper exercise of voting rights by the management company.

This follow-up makes it possible to ensure:

- That all portfolio companies close their annual accounts under satisfactory conditions,
- That the management company, through the investment team, has effectively exercised its voting rights in the interest of the subscribers of each fund,
- The proper processing of information from the boards of the portfolio companies.

Parquest Capital's voting rules

The directors in charge of the portfolio company instruct and analyze the resolutions submitted to the shareholders or representatives of the body.

Parquest exercises the voting rights at shareholders meetings or representatives of the body of the portfolio companies, in compliance with the regulations in force and preserving the interest of subscribers.

Parquest will study on a case-by-case basis the resolutions submitted to the general meetings and representatives of the body, in particular:

- Decisions leading to an amendment of the by-laws,
- Approval of the accounts and allocation of profit,
- The appointment and dismissal of corporate bodies,
- The so-called regulated agreements,
- Programs for the issuance and redemption of equity securities,
- The appointment of statutory auditors,
- Any other type of specific resolution.

Parquest exercises the votes by participating in general meetings, voting by proxy or by mail.

The persons authorised to exercise the voting rights for Parquest are the directors of the management company or any person authorised by them.

Before each vote, the team in charge analyzes the resolutions and motivates its choice of vote based on the AFG's recommendations and the voting policy.

Parquest Capital's voting policy aims to:

- Promote the long-term valuation of investments,
- Encourage:
 - Transparency
 - Consistency
 - Integrity
 - Fairness

When the management company decides to invest in the capital of a company, it generally adheres to the business plan of the company's management. There is therefore no justification for generally being in opposition to the resolutions that management asks to approve at the general meeting, in particular in financial matters or employee share ownership.

The resolutions that management asks to approve are studied on a case-by-case basis, in particular when they relate to:

- A statutory amendment
- Approval of the annual accounts
- Allocation of profit
- Executive compensation
- Dismissal / appointment of a director
- The dismissal / appointment of an auditor
- Signing a regulated agreement
- Capital transactions

The management company reserves the right to vote against or abstain:

- If the management company considers that a resolution is likely to have a strongly negative impact on the value of the company and therefore of the AIF it manages,
- If the management company has any doubt about the veracity of the information communicated in particular accounting and financial,
- If the proposed resolution generates an unidentified or insufficiently managed conflict of interest situation,
- Whether the proposed resolution has impacts on transparency and access to information.

In the event of the legal complexity of these resolutions, Parquest may also seek legal counsel to verify the consistency of the proposed resolutions in order to best preserve the rights of the fund.

4° Cooperation with other shareholders

Parquest cooperates with the other shareholders with regard to the means implemented in the shareholders' agreements.

Shareholders' agreements define the composition of the Supervisory Boards or equivalent and the types of decisions that are mandatory for them:

- One or more members of the management team represent the shareholder on the Supervisory Board, including a Partner, and if necessary, a second representative of Parquest Capital.
- Parquest may also propose third parties (chosen for their professional experience and knowledge of the business or sector) who may be appointed members of the Supervisory Board.
- The frequency of supervisory boards or equivalent of companies is generally quarterly.
- Key decisions for the company (including investment or external growth decisions) as well as budgets are subject to approval by the Supervisory Board.

A list of mandates is updated semi-annually.

5° Communication with relevant third parties

Parquest may communicate with stakeholders in the following cases:

1. Investment decision support,
2. The engagement approach.

As part of ESG analysis and shareholder engagement, Parquest may interact with several parties, including:

- The regulatory authority (AMF)
- Investors
- The media
- Professional associations (France Invest, Invest Europe, AFG...)

- ESG data providers

6° The prevention and management of real or potential conflicts of interest in relation to their engagement

For Parquest, potential conflicts of interest can be of three kinds:

- Conflict of interest involving several funds managed by Parquest Capital,
- Conflict of interest involving the management company and the funds managed,
- Conflict of interest involving Parquest employees.

These conflicts of interest may concern:

- Financial management: equity of subscribers, operations between portfolios, between funds,
- Direct, indirect remuneration paid or received: transparency of information to holders, choice of intermediaries, benefits, etc.,
- The organization of Parquest Capital: segregation of duties, remuneration of employees,
- Principal transactions by Parquest Capital, its managers and employees,
- The primacy of the investor's interest,
- The external activities of Parquest Capital's employees.

At Parquest, the prevention of conflicts of interest is based on the principles of France Invest's Code of Ethics. The latter is given to each employee when he is hired and at each update. Besides, the Head of Compliance raises awareness on the issue to all employees on a regular basis.

Parquest Capital's employees, as well as any other person involved, will take all useful and necessary measures to identify situations of conflict of interest likely to harm investors and to ensure their resolution in full transparency.

For each investment or divestment presented to the Investment Committee, the members of Parquest involved in the transaction will declare:

- Having no direct or indirect personal interest in the company to be acquired (or in the acquiring company) that could alter the exercise of independent judgment,
- Not having functions external to Parquest placing them in conflict of interest with the funds concerned,
- Act independently, without any conflict of interest.

In order to best mitigate any risk related to conflicts of interest, Parquest takes care to place the interests of the investor above all other considerations.

In this context, Parquest has set up a control mechanism that detects and prevents any conflict of interest that may occur, consisting of:

- A procedure for the prevention and management of conflicts of interest,
- A Code of Ethics,
- A table of potential conflicts of interest, a risk mitigation matrix, an established mechanism for their resolution (updated annually and as soon as a new potential situation arises),
- A register of conflicts of interest maintained by the Head of Compliance.

All management company staff are required to report to the Head of Compliance any potential links and/or conflict of interest they may have with a portfolio company.

Employees are particularly attentive and aware of the risks related to conflicts of interest.

Situations of proven conflicts of interest are mentioned in the funds' annual reports and recorded in the dedicated register maintained by the Head of Compliance.

7° Annual report

In accordance with the provisions of Article R533-16 of the Monetary and Financial Code, Parquest Capital SAS reports annually on the implementation of its shareholder engagement policy.

This report includes:

1. A general description of how the voting rights were exercised,
2. An explanation of the choices made on the most important votes,
3. Information on the possible use of services rendered by proxy advisors,
4. The orientation of the votes cast during meetings and boards, this information may exclude votes that are insignificant due to their purpose or the size of the shareholding in the company,

The above-mentioned article also provides that "one or more of this information may not be included in the the annual report if the reasons for which they were disregarded are included. ».

8° Communication and review of the policy

Parquest maintains this policy up to date and available to its investors as well as any report that may be issued regarding its application.

This policy is also available on Parquest Capital's website: <http://www.parquest.fr/>