

## RESPONSIBLE INVESTMENT POLICY



### 1. OUR CONVICTIONS:

Amiral Gestion's conviction-based management approach means we invest in companies, rather than in the financial instruments issued by these companies. Our investment philosophy can be summed up as investing in our areas of expertise, with a long-term perspective, in companies undervalued by the market to deliver the best possible performance while seeking to control risks.

While Amiral Gestion manages no CIU with the SRI (Socially Responsible Investment) label, taking non-financial or ESG (Environmental, Social and Governance) criteria into account is a natural approach and a part of the fundamental analysis we implemented to our investment processes since 2003.

At Amiral Gestion, in addition to compliance with regulations, we are convinced that adopting a socially responsible approach in our investments will create more value for all the stakeholders (the company, its employees, its shareholders and civil society as a whole).

This document, "Responsible Investment Policy", describes how Amiral Gestion applies these convictions by incorporating and monitoring ESG issues in our asset investment and management processes.

### 2. OUR GENERAL APPROACH:

Our approach is based on monitoring the ESG performance of the companies we have invested in.

In line with its commitment since 2012 to recognise the importance of non-financial issues in financial management, in 2018 Amiral Gestion decided to sign the PRI (Principles for Responsible Investment). This commitment reflects our wish to gradually incorporate non-financial performance in our stock selection procedure.

Two sources are used to assess this corporate ESG performance:

#### 2.1 The external ESG rating of issuers:

We use external databases such as the Gaïa Rating<sup>1</sup> database.

There are several dimensions to Gaïa Rating's analysis of non-financial data:

- Three-dimensional: environmental, social and governance;
- Sectorial: for comparing companies in a single sector;
- Evolutive: for identifying the emerging ESG risks and opportunities likely to have repercussions on corporate performance.

This database (developed since 2009) forms a repository of non-financial data and an independent rating system suited to the mid-cap universe that remains our core business. In addition to the many securities analysed upon request, Gaïa Rating enables, in particular, a recurrent panel of 230 securities to be monitored. The securities selected belong to companies listed on the Paris Stock Exchange whose securities are sufficiently liquid and which are below at least two of the following three thresholds:

- 5 billion Euros in turnover;
- €5 billion capitalisation; and
- 5,000 employees.

Consequently, we have as much information as possible on this class of assets, with an overall rating and a rating by ESG section. This tool means we can not only know the company's commitment to

<sup>1</sup> Further information about our partner Gaïa Rating can be found on its website [www.gaia-rating.com](http://www.gaia-rating.com).

these criteria, its development over the recent years, and also the situation of comparable companies in order to judge this company's performance.

## 2.2 The internal ESG rating of issuers:

As well as the rating obtained through external databases, the company has implemented an internal rating system (or scoring, from 0 to 10); as of the publication of this policy, it is based on 6 criteria:

1. Social utility and nature of the activity: as soon as an ethical question involves an activity, there is a real risk that must be considered, potentially to a point that excludes investment. Furthermore, all companies should occasionally ask themselves about their objectives, beyond economic development; the existence of a clearly-defined goal within a company, apart from just its financial performance, generally guarantees a genuine and concrete awareness of the challenges of sustainable development.

2. The existence of issues specific to the company: these may take the form of risks to development of the activity, which we must assess and about which we must be vigilant and demand transparency, given our social responsibilities as an investor.

3. Governance and respect for the interests of minority shareholders: this entails assessing the company's respect for its shareholders, and ensuring that they are treated in an equitable manner. Does the company have a significant and active shareholder base? Assessing this criterion implies scrutiny of past decisions, but also the composition of the Board, and the existence and nature of regulated agreements.

4. The company's communication and transparency: we pay close attention to the regularity and quality of information communicated by the company.

5. Compensation and motivation of company directors: an assessment of this criterion involves identifying the levers used by management to facilitate a strategy and measures to further the company's long-term development. Are they sound, coherent with sustainable development of the company, and based on the right parameters? Are the directors shareholders, and do they have a long-term vision for the company? What are the criteria for the variable component of their remuneration, and do they depend on short- or long-term objectives?

6. Motivation of employees, and pride in working for the company: this question is often critical and may determine the company's capacity to attract talented people, and thus its development and long-term performance.

7. Respect for employees (motivation, professional training, career development, corporate culture etc): in an industry faced with all the competitive constraints, we must assess in both absolute and relative terms how the company treats its employees. What action does it take to maintain and develop the role, in favour of professional training and requalification? Are salaries and working conditions adequate? Do employees participate in the company's success? Are they shareholders etc.

8. Respect for clients: this implies verifying the quality and satisfaction of the company's clients, and understanding initiatives taken by the company to provide a high-quality service over the long run.

9. Respect for other parties concerned: the company's relations with - and responsibilities to - its partners such as suppliers, but also its responsibility to society (information, transparency) and in terms of paying taxes.

10. The company's environmental policy: again, depending on the nature of the activity, does the company have an ESG policy? What are the related risks and opportunities for the company in question? Is the company one of the « good boys » of its industry?

This information and rating are then included in our decision-making process. However, these criteria are not used as exclusionary elements; instead they are used as a tool for progress and risk management incorporated into the investment decisions. This is our other key ESG lever: dialogue with companies.

### 2.3 Dialogue with companies:

If a company has a poor rating or no rating, we embark on a transitional period with the company, at the end of which it must have attained an adequate level of information. If this approach is unsuccessful, we may then have to divest our funds from this company.

In addition, as part of our management on behalf of institutional investors, we regularly interview about fifty French SMEs about issues related to improving the performance and ESG transparency, which contribute to our considerations and data in this area.

Lastly, our shareholder dialogue is also expressed by our right to vote in general meetings to promote best practices in corporate social responsibility and governance. Our policy is can be accessed via the following link: <http://www.amiralgestion.com/wpcontent/uploads/2015/07/2016-Politique-de-vote-1.pdf>

## 3. SCOPE, RESPONSIBILITY AND INVESTOR INFORMATION

The present policy applies to all asset classes in which Amiral Gestion invests. However, due to the gradual integration and application of ESG criteria, they may vary from one asset class to the next depending on the type of investment and the group's asset investment strategy.

Concerning responsibility, the policy has been approved by the CEO and its deployment overseen by Benjamin Briard in his role as the Director of Development and Deputy CEO of Amiral Gestion.

Amiral Gestion attaches importance to clarity and transparency in its communications on responsible investment. Our management reports contain examples of investments that we have made over the preceding 12 months. We may, therefore, occasionally comment or raise specific points on ESG criteria at one or several companies in our funds, although this is not an obligation. Similarly, we can help our institutional clients to meet the requirements of decree 173 of the energy transition law

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