

SWEN Capital Partners Shareholder Engagement Policy

June 2024



CONTENTS

Foreword	3
I. Monitoring strategy, financial and non-financial performance, risks, capital structure, social and environmental impact, and corporate governance	4
A. Monitoring strategy	4
B. Monitoring capital structure	4
C. Monitoring financial performance and risks	4
D. Monitoring non-financial performance and risks	4
E. Monitoring social and environmental impact and corporate governance	5
II. Dialogue with portfolio companies	6
III. Exercising voting and other rights attaching to shares	8
A. Voting criteria	8
B. Principles of our voting policy	8
C. How voting rights are exercised	9
IV. Cooperating with other shareholders	10
V. Communicating with stakeholders	11
VI. Preventing and managing actual or potential conflicts of interest	12
VII. Reporting on the shareholder engagement policy	12

Foreword

SWEN Capital Partners is a French investment management company driven by its determination to create sustainable value by embedding environmental, social and governance (ESG) criteria across all its administrative and portfolio management practices.

Our people bring conviction and enthusiasm to our clients' challenges and needs. We listen and engage with our ecosystem to better offer solutions aligned with their financial and non-financial goals and to help meet the challenges facing our societies today, and tomorrow too.

This Shareholder engagement policy sets out our commitments as a shareholder and how we exercise the voting rights attached to our holdings. It explains the reasons for our shareholder engagement, what it seeks to achieve and how the policy is implemented.

SWEN Capital Partners is an investment management company authorised by the French financial markets authority (AMF) and governed by the AIFM¹ Directive. We manage alternative investment funds (AIF²) and institutional mandates and implement this shareholder engagement policy on their behalf.

Our sustainable finance strategy and policy are backed by a team of ESG experts. They define and implement our ESG vision and strategy, which are explained in the policies published in the Sustainable Finance section of our website: www.swen-cp.fr/en/sustainable-finance/esg-publications. Our team provides invaluable expertise to the investment teams across all our investment strategies.

This policy concerns the firm's direct investments. In its multi-strategy range, SWEN Capital Partners subscribes to investment funds that include ESG factors in their investment selection criteria. However, our influence on these funds is only indirect. Whenever possible, SWEN Capital Partners has a seat on the advisory committees of the funds it invests in and strives to promote responsible investment principles, for example by organising ESG briefings with fund managers. But partner asset managers make their investment and management decisions independently and publish their own shareholder engagement policies and reports. SWEN Capital Partners analyses these policies when making investment decisions.

¹ Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers

² Professional (FPS – professional specialised fund, FPCI – professional private equity fund) and non-professional (FCPR – venture capital fund; FIP – local investment fund; FCPI – innovation investment fund)

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

A. Monitoring strategy

SWEN Capital Partners takes a stake in the equity of French and international companies through a range of management mandates.

When investing directly in a company's equity – and where the transaction does not involve a post-execution syndication by a significant or majority financial shareholder – the growth strategy of the target companies under consideration is shared with other prospective shareholders and the companies' management teams to ensure all stakeholders have a clear understanding of strategy from the outset.

We frequently monitor implementation of the strategy approved during the investment process. Where possible, the teams request representation on the company's governance boards as the natural forum to discuss progress with strategy.

When making an indirect investment (via a fund or SPV³ managed by a third party), SWEN Capital Partners endeavours to maintain consistent and regular dialogue with its partners to keep track of progress.

B. Monitoring capital structure

At SWEN Capital Partners, we keep a close eye on key corporate events, both to protect shareholders' interests and ensure long-term oversight. These events may include disposals, transfers, bonus share awards and capital increases that could affect the capital structure of our holdings.

When we take an equity stake via a fund or SPV, the capital structure is monitored in agreement with our fund or SPV management partners. And when we invest alongside other partners in a syndicate, SWEN Capital Partners ensures that the partner fund or SPV manager is required – either under the regulations or their own management rules – to closely monitor their commitments and the capital structure of the portfolio company.

C. Monitoring financial performance and risks

Direct and indirect investments are monitored consistently, according to how much engagement we have with the investee companies.

Direct holdings are monitored regularly.

When we invest in a company's capital through a fund or SPV, we monitor performance in collaboration with the partners responsible for managing the fund or SPV. For a syndicated investment, we request a report at regular intervals from the partner in charge of managing the investment.

The main criteria we monitor are:

- the company's revenue
- profitability
- owners' equity
- cash/net cash
- debt

We tailor our risk measurement and monitoring indicators to each situation (exposure to exchange risk, how the business is financed, HR problems, etc.).

D. Monitoring non-financial performance and risks

SWEN Capital Partners has undertaken to monitor the ESG performance of its investments in line with its public undertakings (including signing up to initiatives like the Principles for Responsible Investment). In our Nature and Sustainable Finance policies, we also pledged to step up our ESG support for investee companies and partner fund managers. Each year, we monitor ESG performance (and impact, where relevant) across most of our institutional fund range (i.e. professional funds and mandates managed by SWEN Capital Partners), as well as the local and innovation investment funds (FIPs and FCPIs, respectively) that we manage, covering the share of assets not delegated to third-party managers.

³ Special purpose vehicle



In the first quarter of every calendar year, we send out specific ESG questionnaires to our fund managers, their underlying portfolio companies, and to our directly held investments. For impact funds, this survey includes an impact questionnaire.

Our ESG analysis is based on the responses to two questionnaires, one tailored to management companies and one to portfolio companies. They are completed online using a dedicated ESG data collection and management tool. We then draw on this data to develop a wide range of ESG performance indicators, which are presented in aggregated form in the annual ESG reports. Taking the same approach, we monitor impact indicators annually and report on them in the fund ESG & Impact reports.

ESG reports are prepared for all the funds in our institutional product range.⁴ At its clients' discretion, SWEN Capital Partners also produces ESG reports for its management mandates, dedicated funds or service contracts.

We also monitor ESG indicators (and impact indicators, where relevant) over time for each management company, fund or underlying investment, giving us an operational overview of responsible investment practices by management companies and best CSR practices in portfolio companies. Regular monitoring allows us to track progress on ESG (and impact) improvement priorities.

How sustainability risks are considered during the investment follow-up phase is explained in our Sustainable Finance Policy which can be consulted on our [website](#).⁵

We also track non-financial performance and risks during meetings between management company representatives or company directors and SWEN Capital Partners' teams.

E. Monitoring social and environmental impact, and corporate governance

SWEN Capital Partners launched its first impact fund in 2019 dedicated to renewable gas infrastructure. This was followed in 2020 by a new impact range focused on regenerating the oceans. These funds aim to deliver both financial returns and social and environmental impact. Results are measured using a rigorous and transparent methodology and reported regularly to investors.

The definition of impact investing used by SWEN Capital Partners is based on the work published by key market participants: the Forum for Responsible Investment, France Invest, and the financial market Impact group created by the Institut de la Finance Durable, and the Global Impact Investing Network (GIIN).

Our impact strategies follow a process of controlling and monitoring ESG and impact risks at all stages of the investment process and over the life of the fund, in line with best impact finance practices and the three core principles of impact investing: intentionality, additionality and impact measurement. Please see a detailed description of this process in the SWEN Capital Partners Impact Doctrine,⁶ available for download from the Sustainable Finance section of our website.

SWEN Capital Partners selects relevant, precise and measurable indicators over time for the annual impact measurement. We also define impact objectives for some of these indicators. In fact, part of the distribution of carried interest is contingent on the achievement of these objectives to ensure alignment between management companies' and investors' interests are aligned. Impact objectives also go through an approval process: they are presented to a special governance committee⁷ made up of investors in the fund. Progress towards achieving them is assessed and reported annually in a special report to the fund's investors.

⁴ For funds established after July 2011

⁵ www.swen-cp.fr/en/blog/2024/01/01/sustainable-finance-policy

⁶ www.swen-cp.fr/en/blog/2024/01/01/impact-doctrine/

⁷ The "Impact Committee" or "Impact Governance Committee", depending on the fund

II. Dialogue with portfolio companies

The funds managed by SWEN Capital Partners are long-term funds, which promotes dialogue over time with portfolio companies.

SWEN Capital Partners invests in equity, debt and infrastructure assets through primary market transactions (fund selection), secondary market transactions (buying fund units or portfolios) and direct investments. We regularly engage with portfolio companies and management companies at all stages – before, during investment monitoring and on exit. Dialogue takes place with fund management companies, investee companies and assets, in which we have invested or are considering investing, and covers both financial and non-financial issues.

Partner management companies

For both direct and multi-strategy investments, we may work directly with the management companies in charge of structuring or monitoring the investments. Here, we strive to maintain ongoing dialogue with the management companies, either through regular updates or in advisory committee meetings.

At SWEN Capital Partners, we consistently prioritise dialogue and engagement to motivate management companies that are either lagging behind or in the early stages of adopting ESG criteria to step up their efforts. Engagement with all management companies, either prior to making the investment or in the course of monitoring, can take many different forms:

- **Responses to ESG questionnaires** as part of the annual ESG data collection campaign. Some responses may call for a deeper dive and more engagement with the responding entity.
- **ESG briefings** to present the results and performance findings from our studies over time, giving managers insight into where they stand

relative to their peers. The aim is to share best practices in our industry and to encourage asset management companies to accelerate and further develop their responsible investment approach.

- **ESG Best Practices Honours**, an annual event launched in 2014 bringing together private equity and infrastructure firms, institutional investors and international organisations with a stake in ESG, to discuss the sustainability needs and achievements of all private market players and encourage excellence in ESG practices. SWEN Capital Partners singles out the asset management companies with the best ESG practices from the pool of 200 managers monitored in its privately-held portfolios and its investment universe.
- **Sustainability-themed meetings with asset management companies.** For example, “climate briefing” clauses have been included in asset management company contractual documentation since 2019 to discuss how fund managers are factoring in transition and physical climate risks.



Direct investments

SWEN Capital Partners also invests directly as either a minority or majority shareholder and works diligently for deeper integration of ESG criteria. We are on hand to support co-investors and the managers of investee companies in achieving this.

Unless in exceptional cases, we have a seat on investee companies' governance bodies, giving us the opportunity to talk directly with senior management.

Our ESG team may also hold discussions with direct holdings on specific sustainability topics, such as:

- presenting the main conclusions of the ESG analyses carried out by SWEN Capital Partners during the due diligence process to help the investee company identify its material ESG issues and where it could improve;
- defining the most appropriate impact indicators and targets for the company in the case of the impact fund dedicated to regenerating ocean health;
- highlighting the sustainability regulatory developments likely to impact investee companies.

Since 2023, we have been preparing a strategy to support companies on sustainability issues, aimed first at our directly held investments. We began testing a range of support options in 2023 with a selection of volunteer portfolio companies, working with a specialist external firm. We continued to flesh out the approach in 2024 aiming to roll it out to all holdings identified as priority for shaping and implementing a CSR action plan.

Moreover, we engage with asset management companies and/or investee companies as part of our controversy monitoring system. Every time a controversy is flagged as material or serious, we have discussions with the asset management company that holds a majority stake or is the largest investor and/or with the managers of the company concerned by the controversy. This engagement provides additional information for inclusion in the quarterly ESG controversy reports for the funds and mandates that use this service. It also ensures that remedial action (to manage non-financial risks) has been or will be taken.

III. Exercising voting and other rights attached to shares

Not only is exercising voting rights an integral part of our engagement with portfolio companies, it also affords greater protection for the interests of shareholders in the funds and mandates managed by SWEN Capital Partners. Therefore, our voting policy defines the principles that will guide voting decisions, as well as the conditions in which we exercise our voting rights. SWEN Capital Partners' voting policy is an integral part of its shareholder engagement policy.

It's important to note that (i) financial management of holdings, and (ii) exercise of the voting rights attached to these holdings have been delegated to third-party management companies for some of the AIFs managed by SWEN Capital Partners. In this scenario, voting rights are exercised in accordance with that manager's own voting policy.

For the mandates and AIFs we manage directly, voting rights are exercised in accordance with this policy.

A. Voting criteria

We exercise the voting rights attached to issuer shares based on the following criteria:

- **Securities listed on a regulated market:** SWEN Capital Partners exercises its vote when:
 - it holds more than 1% of the shares or voting rights; and
 - the company's headquarters are located in France or in the European Union.
- **Unlisted securities:** SWEN Capital Partners exercises the voting rights attached to its investments with no minimum holding threshold or geographical limitation.

B. Principles of our voting policy

At SWEN Capital Partners we are guided solely by the interests of the shareholders in the AIF, to the exclusion of all other considerations. To implement our voting policy, we monitor and analyse each resolution submitted at general shareholders' meetings, in accordance with the basic principles of good governance below.

One share, one vote

Monitoring respect for shareholders' statutory rights.

SWEN Capital Partners will vote for any resolution that gives shareholders more control.

Separation of powers and board independence

Monitoring the quality and powers of the members of the board of directors or the supervisory board.

Transparency and fairness of compensation

Ensuring that executive compensation and profit-sharing by executives and employees in general are appropriate and proportionate.

Good stewardship of equity capital

Monitoring appropriation of earnings and use of own funds.

Integrity of financial statements and limiting conflicts of interest

Monitoring the quality of disclosures, related-party agreements and the renewal of the Statutory Auditor's term of office.

Balance and respect for pre-emptive rights

Monitoring strategic developments and capital transactions, such as share buybacks or issuance of new shares, as well as all proposals submitted to shareholders (directors' fees, amendments to articles of association, etc.).

Insofar as possible SWEN Capital Partners votes according to the following principles for each type of resolution proposed, absent other specific considerations related to portfolio company governance, and protecting shareholders' interests:

TYPE OF RESOLUTIONS	VOTING PRINCIPLE
RESOLUTIONS INTENDED TO AMEND THE ARTICLES OF ASSOCIATIONS Business expansion, restructuring, change to the company name and/or country of registration	SWEN Capital Partners pays particular attention to the principle of good governance and compliance with shareholder disclosure obligations.
APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF INCOME Approval of the financial statements and discharge of directors, statutory auditors' report, and revenue and dividend distribution	SWEN Capital Partners verifies the integrity of the financial statements and the quality of the information provided to shareholders, in terms of transparency, clarity, availability, and relevance of accounting changes. SWEN Capital Partners ensures that the statutory auditors' comments and warnings are taken into account. SWEN Capital Partners takes account of how the company addresses the environmental, social and governance priorities related to its activities to assess the quality of the management team. Dividend distributions must be appropriate for the company's earnings, strategy and long-term objectives. Specific circumstances aside, SWEN Capital Partners is not in favour of paying dividends in the form of new shares.
APPOINTMENT AND REMOVAL OF CORPORATE OFFICERS Election/renewal of a director (or member of the Supervisory Board)	SWEN Capital Partners will take decisions, considering: - the quality of the information provided by the issuers, which will inform our opinion on the competence and experience of the nominee; - the number of independent directors (according to the recommendations of the French asset managers association (AFG), shared by our Company, independent directors should make up at least one-third of the board); - the rules on concurrent board positions. SWEN Capital Partners refers to market standards and the company's individual situation when considering directors' compensation.
RELATED-PARTY AGREEMENTS	Votes on regulated agreements are analysed to check: - documentation is transparent; - the agreement is in the interests of all shareholders; - best practice is followed (i.e. one resolution per related-party agreement).
RESOLUTIONS CONCERNING CAPITAL STRUCTURE Requests for a capital increase or reduction, share buyback programmes, cancellation of shares, different share classes, and stock option plans	SWEN Capital Partners carefully examines: - the potential for capital and dividend dilution; the company's growth rate and equity funding needs; - withdrawal of pre-emptive rights analysed in light of the authorisation amount, whether or not there is a priority subscription period and the issue price; - issuance of securities by subsidiaries giving access to the issuer's capital. SWEN Capital Partners is in favour of developing employee shareholding plans.
APPOINTING THE STATUTORY AUDITOR Appointing or renewing the term of office of the statutory auditor	SWEN Capital Partners pays close attention to the statutory auditor's independence

C. How voting rights are exercised

SWEN Capital Partners' investment teams review and analyse the resolutions tabled by the management of companies in the portfolios of the AIFs we manage.

SWEN Capital Partners may be represented on the governance bodies of some portfolio companies. Decisions submitted as resolutions to the shareholders' meetings usually discussed with management ahead of time.



IV. Cooperating with other shareholders

Because SWEN Capital Partners invests alongside other shareholders as part of its investment strategies, we coordinate and cooperate with co-investors and/or existing shareholders over the long term.

Where possible, dialogue and cooperation with other shareholders of both investments and investment vehicles take place within the governance system (board of directors, supervisory board, advisory committee or strategy committee). Our aim is to work in partnership with other shareholders to drive forward the investee company's development plan and provide guidance with the right advice and insights to achieve their objectives.

As an engaged investor and to make sure we consistently act in accordance with our core values, in our negotiations with other shareholders we are especially vigilant on the points below.

- Investee company governance: SWEN Capital Partners endeavours to contribute to investee companies' strategic decision-making process on issues including strategy and annual budget, growth and development, securities issuance, sale/transfer of securities by shareholders, disposal of assets by senior management, merger/demerger, amendment of articles of association, composition of management boards, and executive compensation.
- Voting rights at AGMs.

- Veto rights and preferential rights attached to securities, especially if raising new capital or for new shareholders.
- Periodic disclosures by investee companies: in the interests of transparency and to ensure monitoring of investee companies, SWEN Capital Partners requests periodic financial and non-financial reports.
- ESG clauses: for example clauses on implementing CSR policies, profit-sharing by managers/employees, measures designed to ensure fairness, to promote the ecological and energy transition and the creation of a special ESG committee in investee companies. For SWEN Capital Partner's impact fund, clauses designed to ensure the impact objectives are met.
- Founders' non-compete, non-layoff, and intellectual property protection clauses by investee companies.
- Clauses covering the integrity and ethical standards of investee company directors.

For our indirect investments (in funds or through SPVs), SWEN Capital Partners ensures it has a seat on the strategy committees or, if relevant, the fund advisory committee. We may also issue side letters⁸ setting out the following requirements:

- Integration and monitoring of ESG: Inclusion of ESG clauses in side letters to drive a dynamic, pragmatic and progressive approach by all parties.
- Periodic financial and non-financial disclosures.
- Corrective actions to be implemented following non-financial audits performed as part of the investment process.

⁸ Side letters are short agreements establishing requests or obligations that were not included in the legal documentation

V. Communicating with stakeholders

SWEN Capital Partners sends investors an annual ESG or impact report for each investment vehicle so they stay up to date on the policies and practices of the funds and investee companies in their portfolio.

We also assist clients in ensuring compliance with regulatory requirements and staying on track to meet their evolving needs and responsible finance goals. We regularly contribute to the regulatory and non-regulatory reports prepared by our institutional clients, providing them with quantitative and qualitative assessments of their investments. These analyses may include calculating their investments' carbon footprint, their exposure to activities involved in the energy and ecological transition, or the percentage of sustainable or Taxonomy-aligned investments in their portfolio. In our Sustainable Finance policy, we promised to do more and committed to creating a support system that helps bolster clients' engagement practices, focusing on the key areas for their positioning.

Briefing them on the main findings of our due diligence process is another way to boost investee companies' sustainability efforts by giving them a detailed picture of their ESG practices with suggestions for improvement. Beyond this initial assessment, we also undertake to support our holdings to roll out their CSR strategy in line with their maturity level, and to provide them with tools and metrics, such as the NEC⁹ or any other relevant indicator, to help them deliver on their goals.

To encourage buy-in and bring the entire ecosystem on board, SWEN Capital Partners launched the ESG Best Practices Honours¹⁰ conference to spread the word and promote ESG and CSR best practices in the companies and infrastructure funds in our portfolio. The initiative awards approaches and innovations by responsible investors in the more than 200 management companies monitored in our privately-held portfolios and our investment universe. Each year, we form a jury to select the best and most innovative practices in the sector in an event that brings ESG leaders together to debate the main environmental, social and governance challenges and shape the ESG agenda.

SWEN Capital Partners helped launch and finance 1000 Ocean startups (1000os), a coalition formed to accelerate innovation for ocean impact. 1000os assembles the global ecosystem of incubators, accelerators, competitions, matching platforms and venture capital funds that support startups for ocean impact. Its aim is to scale up at least 1000 transformative startups by the end of the UN Ocean Decade of Ocean Science to restore ocean health and achieve Sustainable Development Goal 14. The members of the coalition are working to create synergies between participants and tell the success stories to inspire investment in the ocean impact innovation ecosystem.

In the gas sector, SWEN Capital Partners has a range of impact funds aimed at finding decarbonising solutions. Part of our engagement in this sector is through seats on governance bodies. SWEN Capital Partners is a member of:

- the executive committee and board of directors of the European Biogas Association;
- the steering committee of the Association Technique Energie Environnement (ATEE);
- the Association Française du Gaz and France Gaz Renouvelables;
- Cosortio Italiano Biogas;
- the World Energy Council initiative; and
- the European Clean Hydrogen Alliance.

Within the area of our core expertise, we take part in financial sector initiatives, coordinate and contribute to conferences, and organise themed workshops. We play a very active role in French and international professional organisations to root ESG challenges even deeper in the industry – in private equity, private debt and infrastructure. To translate these goals into action, we play a role in the governance of several specialist responsible investment organisations and working groups. Our constant attention to ESG is also evident in our frequent contributions to conferences, interviews and publications. For more information on the initiatives SWEN CP is involved in, see the report on implementing the shareholder engagement policy.

⁹ Net Environmental Contribution, www.nec-initiative.com/fr

¹⁰ www.esgbestpracticeshonours.com

VI. Preventing and managing actual or potential conflicts of interest

At SWEN Capital Partners we are always guided by the interests of the shareholders in our funds and mandates and the imperatives of ethical business conduct. We have developed:

- **A procedure for preventing and managing conflicts of interest**, based on identifying and mapping our risk exposure and keeping a log of any detected conflicts of interest. Our Conflict of Interest policy can be downloaded from our [website](#).
- **A Code of Professional Ethics applicable to all staff**, which defines the rules to be followed on personal account dealing, declaring external positions and/or corporate offices, gifts and hospitality, and confidentiality obligations.

VII. Reporting on our shareholder engagement policy

SWEN Capital Partners reports on its commitments in this policy in an annual report published on the website: www.swen-cp.fr/en/regulatory-information.

The report only concerns the firm's direct investments. It does not cover votes cast in:

- Multi-strategy investment. We consider ESG criteria in our decisions to subscribe to investment funds and strive to act as a responsible investor. However, our influence on these funds is only indirect. Partner asset managers make their investment and management decisions independently (including voting decisions) and publish their own reports.
- Similarly, this report does not include managed AIFs for which we have delegated responsibility for financial management of investments and the exercise of voting rights to third-party asset management companies. These managers exercise voting rights in accordance with their own policies and publish their own reports.



Public limited company with a share capital of €16,143,920 | Nanterre RCS 803 812 593
Management company approved by the French financial markets authority, the Autorité des Marchés
Financiers under number GP-14000047
Head Office: 127-129, quai du Président Roosevelt, 92130 Issy-les-Moulineaux
Mailing address: 14, rue Roquépine, 75008 Paris | +33 (0)1 40 88 17 17 | contact@swen-cp.fr

www.swen-cp.fr