

# NICHE ASSET MANAGEMENT LIMITED

## VOTING RIGHT POLICY

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## Summary

<b>1. ORGANIZATION</b> .....	3
1. General Policy.....	3
2. Specific Policy.....	4
3. Abstaining from Voting or Affirmatively Not Voting.....	4
4. Conflicts of Interest.....	5
5. Governance.....	5
<b>2. EXERCISING VOTING RIGHTS</b> .....	6

## 1. ORGANIZATION

Niche Asset Management Limited (“NAM”) is responsible for ensuring that it has adequate procedures for exercising its rights as the manager of the assets held by the Fund. This includes;

- identifying and responding to corporate events (e.g. rights issues in shares);
- deciding how and when voting rights should be exercised;
- ensuring that it is in accordance with the investment objectives and policy of the Fund;
- preventing or managing any conflicts of interest arising from the exercise of voting rights and acting in the exclusive interest of the Fund and its investors.

In exercising this duty NAM will vote in accordance with the policies and procedures described below. NAM may, from time to time, determine that it is in the best interest of the Fund (and therefore its underlying investors) to depart from specific policies described herein. The rationale for any such departure will be documented in writing by the Compliance Officer.

### 1. General Policy

NAM's general policy is to direct voting or proxy voting proposals, amendments, consents or resolutions relating to investments in the fund (collectively. "proxies") in a manner that serves the best interest of the fund and manages conflicts of interest appropriately, as determined by NAM at its discretion, taking into account relevant factors including:

- respect of minority interests
- long-term sustainability of investee companies
- management and long-term strategy oversight
- improving company communication and reactivity to investor questioning (communication towards investors when engagement has failed to do so)
- the potential impact of the voting of NAM can have on the resolution and produce any effect, as proxy voting can be time demanding and, in some cases, ineffective. In that case NAM will prefer to engage directly and, if unsuccessful, to sell the investee company.

While a number of Asset Managers delegate the voting process, NAM takes it directly. In particular, the voting will be expressed when the company want to contribute to improve the factors highlighted above. When either NAM is not able to move the needle (to have a whatsoever impact on the voting) or when there are no meaningful reasons to drive the company to improve on the above factors, NAM won't vote. However, NAM could decide to participate to proxy votes on sustainability matters in association with other investors or institutions in order to contribute to legitimate points.

## 2. Specific Policy

### a. Routine Matters

As mentioned earlier, NAM won't vote on routine matters.

### b. Non-Routine Matters

On a case-by-case basis, NAM will decide non-recurring or extraordinary matters, taking into account the policies and factors relevant to each proxy, as discussed below. These matters include, but are not limited to, the following proposals:

- To change the state of incorporation.
- To change pre-emptive rights or cumulative voting rights.
- Compensation plans.
- Investment restrictions for social policy goals.
- Predatory proposals.
- Classifying boards of directors.
- Poison pill proposals.
- Recapitalizations.
- Super-majority voting.
- Extensions of shareholders' rights.

### c. All other Matters

All other decisions regarding proxies will be determined on a case-by-case basis taking into account the general policies, as set forth above.

## 3. Abstaining from Voting or Affirmatively Not Voting

NAM will abstain from voting or affirmatively decide not to vote if NAM determines that abstaining or not voting is in the best interest of the Fund.

#### 4. Conflicts of Interest

At times, conflicts may arise between the interest of the Fund and the interest of NAM or its affiliates. If so, the Management Team will review the voting action, and if it determines that no true conflict is present, the voting rights will be exercised as is customary by NAM.

If it is determined that there is or there may be a conflict of interest when voting a proxy, the Management Team will address matters involving such conflicts of interest as follows:

- A. If a proposal is addressed by the specific policies herein, NAM will vote in accordance with such policies;
- B. If the Management Team believes it is in the best interest of the Fund to depart from the specific policies provided for herein, NAM will be subject to the requirements of (C) or (D) below, as applicable;
- C. If the voting proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination, the Management Team may vote as it determines to be in the best interest of the Fund without taking any action described in (D) below, provided that such vote would be against NAM's own interest in the matter (i.e., against the perceived or actual conflict). The rationale of such vote will be kept in writing; and
- D. If the voting proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination and the Management Team believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then the Management Team must take action in accordance with the Fund's partnership agreement (or other applicable governing documents) in voting, which may include, but is not limited to, seeking approval of the voting decision for such proxy proposal from the Fund's independent Fund representative, board of directors, investor advisory committee or similar committee comprised of persons not affiliated with the general partner or NAM.

#### 5. Governance

The persons in charge of assessing participation in shareholder meetings are the Portfolio Managers. They are responsible for developing recommendations on how to vote at shareholder meetings, identifying and raising relevant contentious shareholders' meeting agenda topics.

Analysts, risk and compliance are requested to give their opinion that is though not binding. Then the PMs take a decision by majority. In case the PMs opinion is equally split the vote is not cast.

## 2. EXERCISING VOTING RIGHTS

In 2023 NAM voted at the following meetings:

### *Orpea – shareholder meeting 16<sup>th</sup> June 2023*

**Rationale:** opposition to the Accelerated Safeguard Plan

**Background:** Orpea is one of the leading players in the clinical care services: nursing homes, assisted-living facilities, post-acute and rehabilitation hospitals, and psychiatric hospitals. The firm has over 70k employees, providing help to more than 260k patients and residents to its facilities each year.

Orpea was at the center of a scandal that undermined its foundations, leading to a clean-up of the company's management and a rewriting of its procedures, with zero tolerance for non-ethical practices.

After the scandal, NAM decided to invest in Orpea and to participate in its shareholder meeting with the aim of supporting the turnaround process of the firm. Following the appointment of Laurent Guillot as the new Chief Executive Officer, the company announced major changes in its Board of Directors that were proposed at the Annual General Meeting.

Subsequently, in order to tackle high financial debt, the group announced a financial restructuring plan that turned into a kind of spoliation to the detriment of shareholders. The plan was made possible by the France's new bankruptcy rules that removed the requirement to win shareholder approval.

The conversion into capital of all Orpea's unsecured financial debt, followed by two capital increases wiped out Orpea's historical shareholder, implying a reduction in the capital holding to 0% without actually allowing them to participate in the recapitalisation plan.

In March 2023 NAM joined an alternative plan launched by a group of minority shareholders, Concert'O, whose aim was to inject fresh cash and to reduce Orpea's net debt as the plan envisaged by the French government. The alternative plan envisaged for all stakeholders (shareholders, unsecured creditors and secured creditors) an opportunity to invest in Orpea with a more balanced distribution of value in relation to their respective shareholdings.

**Voting exercise** – The alternative plan proposed by minority shareholders was ignored by the Orpea BoD without leaving firm's historical shareholders to participate in the recapitalization plan. For this reason, NAM voted against the proposed restructuring and stealth nationalization of the firm during the shareholding meeting held in June 2023.

*Atos – shareholder meeting 28<sup>th</sup> June 2023*

**Rationale:** change of management

**Background:** Atos is one of the European leaders in IT infrastructure, digital and cybersecurity, whose revenues amount to EUR 11 billion, generated through over 110k consultants. This firm is the first supplier to the French government on IT and the second to the British government, a strategic company for the EU in many areas including quantum computing and cyber security.

NAM invested in the company believing that the restructuring plan, made necessary by the unsatisfactory performance of the infrastructure division, could be supported by the growth of the firm digital and cybersecurity business.

Following the initial investment, the history of Atos continued to be characterized by a series of continuous changes of the first management lines and strategy direction, contributing to undermining the trust in the group by customers and investors.

According to NAM the strategic mismanagement, which caused the economic and financial situation to progressively deteriorate, can largely be attributed to critical issues in terms of corporate governance.

Despite the corporate governance of Atos was apparently good (BoD level of independence, background and skill) it was not sufficient to limit the excess of power of Mr. Bertrand Meunier as Chairman of the Board of Directors and Chairman of the Nomination and Governance Committee.

According to NAM, Mr. Meunier bears a relevant share of liability in the continuous management re-shuffle and lack of strategic focus, and the consequent missteps in the turnaround process.

For this reason, NAM decided to support the request made by three minority shareholders (Sycomore Asset Management, ASDI SAS et NACTIS SAS Family Office) for a change in the Board of Directors, not only regarding the chairman, but also the directors Ms. Aminata Niane and Mr. Vernon Sankey, who have a very long presence in the BoD of Atos (at the time of the shareholders' meeting vote, Mr. Bertrand Meunier has been a BoD member for more than fifteen years, while the other two directors for more than 13 and 14 years respectively).

**Voting exercise** - At the shareholder meeting, within the different items on the agenda, it was decided to:

- a) Support the Board of Directors change proposed by the minority shareholders: the removal of Mr. Bertrand Meunier, Ms. Aminata Niane and Mr. Vernon Sankey from their term of office as directors (Resolutions "A", "B", "C"); the appointment of Mr. Léo Apotheker as director (Resolution "D")
- b) Vote against item 9, i.e. the total compensation and benefits of any kind paid during the financial year ending December 31, 2022 or awarded for the same financial year to Mr. Bertrand Meunier, Chairman of the Board. According to NAM, the gross annual fixed compensation of 0.4 mln euro was not justified due to significant responsibility in the continuation of the difficult phase in which Atos finds itself.