Proxy policy

Document owner	IM team & compliance	**Version**	1.1
Approval & Review	Asteria Executive committee		
Date	8.12.2020	**Author**	N. Guerdat
Team	Investment	**Revised**	Compliance

Contents

Purpose

Asteria is a responsible investor, which implies defining voting guidelines for the exercise of the right to vote. The voting positions are defined in the long-term interest of shareholders, businesses and civil society.

Being an active shareholder can help protect the financial value of the funds invested by encouraging the deployment of good governance structures, and by promoting better environmental and social standards within companies.

Guiding principles

Proxy voting and the analysis of ESG issues in general are important elements of the portfolio management services we provide to the investors.

Our guiding principles in performing proxy voting are to make decisions that

(i) favor proposals that in the Company's view tend to maximize Fund's shareholder value,

(ii) (ii) are not influenced by conflicts of interest and

(iii) (iii) factor the cost to the Funds (e.g., ballot charges or share blocking). These principals reflect the Company's belief that sound ESG management will create a framework within which a company can be managed in the interests of its stakeholders.

Asteria
Investment Managers

Moreover, Asteria ensures that the exercise of voting rights is in accordance with the investment objectives of the Funds and follow an ESG policy ("Policy").

The Company seeks to fulfil its proxy voting obligations through the implementation of this policy. In this connection and for Asteria Funds SICAV, Asteria has retained a third-party voting service ("Proxy Service") (currently GlassLewis) to assist in the implementation of certain proxy voting related functions.

Among its responsibilities, the Proxy Service, through it voting platform, informs on the occurrence of general assembly, prepares a written analysis and recommendation of each proxy vote based on the Policy and execute the votes accordingly. The portfolio position are communicated by the custodian.

ESG Policy

The hereafter factors may notably be taken into consideration when exercising the voting rights by Asteria.

a. ELECTION OF DIRECTORS

BOARD OF DIRECTORS

Boards are established in order to represent shareholders and protect their interests. The ESG Policy seeks boards that have a record for protecting shareholders and delivering value over the medium- and long-term.

BOARD COMPOSITION

The ESG Policy examines a variety of elements to the board when voting on director elections. In terms of the directors, the policy looks at each individual on the board and explores their relationship with the company, the company's executives and with other board members.

The following conflicts of interests may hinder a director's performance and may result in a vote against:

(i) A director who presently sits on an excessive number of public company boards (see the relevant market guidelines for confirmation of the excessive amount).

(ii) Director, or a director whose immediate family member, or the firm at which the director is employed, provides material professional services to the company at any time during the past three years.

(iii) Director, or a director whose immediate family member, engages in airplane, real estate or other similar deals, including perquisite type grants from the company.

(iv) Director with an interlocking directorship.

(v) All board members who served at a time when a poison pill with a term of longer than one year was adopted without shareholder approval within the prior twelve months.

(vi) A director who has received two against recommendations from Glass Lewis for identical reasons within the prior year at different companies.

BOARD INDPENDENCE

A board composed of at least two-thirds independent is most effective in protecting shareholders' interests. Generally, the ESG Policy will vote against responsible directors if the board is less than two-thirds independent, however, this is also dependent on the market best practice standards.

BOARD COMMITTEE COMPOSITION

It is best practice to have independent directors serving on the audit, compensation, nominating and governance committees. As such, the ESG Policy will support boards with this structure and encourage change when this is not the case. However, board committee independence thresholds may vary depending on the market.

BOARD DIVERSITY, TENURE AND REFRESHMENT

The ESG Policy acknowledges the importance of ensuring that the board is comprised of directors who have a diversity of skills, backgrounds, thoughts, and experiences. As such, having diverse boards benefits companies greatly by encompassing an array of different perspectives and insights.

DIRECTOR OVERBOARDING

For U.S. companies, the Policy will closely review director board commitments and will vote against directors serving on more than five total boards, for directors who are not also executives; and against directors serving more than two total boards, for a director who serves as an executive of a public company.

BOARD SIZE

Although there is not a universally acceptable optimum board size, boards should have a minimum of five directors to ensure enough diversity in decision making and to enable the establishment of key committees with independent directors. Further, boards should not be composed of more than 20 directors.

CLASSIFIED BOARDS

The ESG Policy favors the repeal of staggered boards in favor of the annual election of directors. Staggered boards are generally less accountable to shareholders than annually elected directors to the board.

CONTROLLED COMPANIES

The ESG Policy allows certain exceptions to the independence standards at controlled companies. The board's main function is to protect shareholder interests, however, when an individual, entity, or group own more than 50% of the voting shares, the interests of majority shareholders are the interests of that entity or individual.

SIGNIFICANT SHAREHOLDERS

Significant shareholders are either an individual or an entity which holds between 20-50% of a company's voting power, and the ESG Policy provides that shareholders should be allowed proportional representation on the board and in committees (excluding the audit committee) based on their percentage of ownership.

DIRECTOR PERFORMANCE AND OVERSIGHT

Board members performance and their actions in regard to performance of the board is an essential element to understanding the board's commitment to the company and to shareholders. The ESG Policy will look at the performance of individuals as directors and executives of the company and of other companies where they have served.

REVIEW OF RISK MANAGEMENT CONTROLS

The Policy evaluates the risk management function of a public company on a case-by-case basis.

SLATE ELECTIONS

In some countries, in particular Italy, companies elect their board members as a slate, whereby shareholders are unable to vote on the election of an individual director, but rather are limited to voting for or against the board as a whole. The Policy will generally support the slate if no major governance or board-related concerns have been raised in the analysis, and the slate appears to support and protect the best interests of all shareholders.

BOARD RESPONSIVENESS

Any time 20% or more of shareholders vote contrary to the recommendation of management on compensation or director elections proposals, the board should, depending on the issue, demonstrate some level of responsiveness to address the concerns of shareholders.

SEPARATION OF THE ROLES OF CEO AND CHAIR

The separation of the positions of CEO and chair creates a better and more independent governance structure than a combined CEO/chair position.

GOVERNANCE FOLLOWING AN IPO OR SPIN-OFF

Companies that have recently completed an initial public offering ("IPO"), or spin-off should be given adequate time to fully adjust and comply with marketplace listing requirements and meet basic corporate governance standards

b. FINANCIAL REPORTING

ACCOUNTS AND REPORTS

Excluding situations where there are concerns surrounding the integrity of the statements/reports, the Policy will generally vote for Accounts and Reports proposals.

Where the required documents have not been published at the time that the vote is cast, the Policy will abstain from voting on this proposal.

INCOME ALLOCATION (DISTRIBUTION OF DIVIDENDS)

The Policy will generally vote for proposals concerning companies' distribution of dividends.

APPOINTMENT OF AUDITORS AND AUTHORITY TO SET FEES

The role of the auditor is crucial in protecting shareholder value. Like directors, auditors should be free from conflicts of interest and should assiduously avoid situations that require them to make choices between their own interests and the interests of the shareholders.

c. COMPENSATION

COMPENSATION REPORTS AND COMPENSATION POLICIES

Depending on the market, compensation report and policy vote proposals may be either advisory or binding, e.g. in the UK a non-binding compensation report based upon the most recent fiscal year is voted upon annually, and a forward-looking compensation policy will be subject to a binding vote every three years.

LONG-TERM INCENTIVE PLANS

The Policy recognizes the value of equity-based incentive programs. When used appropriately, they provide a means of linking an employee's pay to a company's performance, thereby aligning their interests with those of shareholders

PERFORMANCE-BASED EQUITY COMPENSATION

The Policy supports performance-based equity compensation plans for senior executives; where it is warranted by both their performance, and that of the company.

DIRECTOR COMPENSATION

The Policy supports non-employee directors receiving an appropriate form, and level, of compensation for the time and effort they spend serving on the board and its committees; and director fees being at a level that allows a company to retain and attract qualified individuals.

RETIREMENT BENEFITS FOR DIRECTORS

The Policy will typically vote against the granting of retirement benefits to non-executive directors. Such extended payments can impair the objectivity and independence of these board members.

LIMITS ON EXECUTIVE COMPENSATION

As a general rule, shareholders should not seek to micromanage executive compensation programs. Such matters should be left to the board's compensation committee

d. GOVERNANCE STRUCTURE

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Policy will evaluate proposed amendments to a company's articles of association on a case-by-case basis.

ANTI-TAKEOVER MEASURES

• Multi-class Share Structure

The Policy views multi-class share structures as not in the best interests of shareholders and instead is in favor of one vote per share.

• Cumulative Voting

When voting on cumulative voting proposals, the Policy will factor in the independence of the board and the company's governance structure.

• Fair Price Provision

Fair price provisions, which are rare, require that certain minimum price and procedural requirements to be observed by any party that acquires more than a specified percentage of a corporation's common stock.

• Supermajority Vote Requirements

The Policy favors a simple majority voting structure except where a supermajority voting requirement is explicitly intended to protect the rights of minority shareholders in a controlled company. In the case of non-controlled companies, supermajority vote requirements act as impediments to shareholder action on ballot items that are critical to their interests.

• Poison Pills (Shareholder Rights Plan)

The Policy will generally oppose companies' adoption of poison pills, as they can reduce management accountability by substantially limiting opportunities for corporate takeovers

INCREASE IN AUTHORIZED SHARES

Adequate capital stock is important to a company's operation. When analyzing a request for additional shares, the Policy will typically review four common reasons why a company may need additional capital stock:

- Stock Split
- Shareholder Defenses
- Financing for Acquisitions
- Financing for Operations

ISSUANCE OF SHARES

The issuance of additional shares generally dilutes existing shareholders in most circumstances. Generally, the Policy will support proposals to authorize the board to issue shares (with pre-emptive rights) when the requested increase is equal to or less than the current issued share capital.

REPURCHASE OF SHARES

The Policy typically supports proposals to repurchase shares when the plan includes the following provisions:

(i) A maximum number of shares which may be purchased (typically not more than 10-15% of the issued share capital); and

(ii) A maximum price which may be paid for each share (as a percentage of the market price).

REINCORPORATION

A company is in the best position to determine the appropriate jurisdiction of incorporation. The Policy will factor in several elements when a management proposal to reincorporate the company is put to vote.

• Tax Havens

The Policy will vote against reincorporation proposals when companies have proposed to redomicile in known tax havens.

ADVANCE NOTICE REQUIREMENTS

The Policy will vote against provisions that would require advance notice of shareholder proposals or of director nominees.

TRANSACTION OF OTHER BUISNESS

In general, the Policy will vote against proposals that put the transaction of other business items proposal up for vote at an annual or special meeting, as granting unfettered discretion is unwise.

ANTI-GREENMAIL PROPOSALS

The Policy will support proposals to adopt a provision preventing the payment of greenmail, which would serve to prevent companies from buying back company stock at significant premiums from a certain shareholder.

VIRTUAL-ONLY SHAREHOLDER MEETINGS

A growing number of companies have elected to hold shareholder meetings by virtual means only. The Policy supports companies allowing a virtual option alongside an in-person meeting, so long as the shareholder interests are not compromised.

e. MERGER, ACQUISITIONS AND CONTESTED MEETINGS

For merger and acquisition proposals, the Policy undertakes a thorough examination of all elements of the transactions and determine the transaction's likelihood of maximizing shareholder return

f. SHAREHOLDER PROPOSALS

The Policy has a strong emphasis on enhancing the environmental, social and governance performance of companies. Accordingly, the Policy will be broadly supportive of environmental and social shareholder proposals aimed at enhancing a company's policies and performance with respect to such issues.

Reporting

- The Proxy Service will maintain a register of the votes exercised
- Asteria will make public disclosures of its voting decisions
- This Policy is made available to Clients via the website www.asteria-im.com.