



idico

Shareholder engagement
policy

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1. Purpose

This purpose of this policy is to present and define the principles established by idiCo as a shareholder in the portfolio companies of the vehicles it manages.

In accordance with the General Regulation of the French Financial Markets Authority (Autorité des Marchés Financiers - AMF), AMF Position-Recommendation DOC-2005-19, and the new obligations for asset management companies arising from the Shareholder Rights Directive, which came into force in the Member States in June 2019 with the publication of Decree 2019-1235 in the Official Journal on 28 November 2019, idiCo has defined a shareholder engagement policy, the details of which are set out below. idiCo also takes account of AMF Position-Recommendation 2020-03 and particularly Recommendation 10 on the consideration of extra-financial criteria in the shareholder engagement policy.

For the purposes of transparency and disclosure to investors and holders of AIF units, this document sets out idiCo's shareholder engagement policy for:

- Companies whose securities are traded on a market of a State that is a party to the European Economic Area agreement or on a recognised foreign market ("listed securities"),
- Unlisted companies.

Given the differences between these two categories of companies in terms of size, percentage of voting rights held and the involvement of portfolio management teams in governance bodies, the shareholder engagement policy differentiates idiCo's role in these two types of companies (listed and unlisted) when necessary.

2. General principles

idiCo considers the exercise of voting rights to be an integral part of the management of the portfolio companies of the investment vehicles it manages and intends to fulfil its role as a shareholder to the full.

idiCo's shareholder engagement policy is designed to encourage entrepreneurial projects, value creation and the development of profitable business activities, while promoting best environmental, social and governance practices and acting in the interests of the portfolio companies and the unitholders of the investment vehicles.

More specifically, the policy covers the following:

1. The monitoring of strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance;
2. Dialogue with the companies held;
3. The exercise of voting and other rights attached to shares;
4. Cooperation with other shareholders;
5. Communication with relevant stakeholders;
6. The prevention and management of actual or potential conflicts of interest.

3. idiCo's organisational structure

idiCo is a simplified joint stock company (*Société par Actions Simplifiée* - SAS). Its Chief Executive Officer has full authority to represent and bind the investment funds under

management. The CEO may delegate his or her authority.

Each of the management company's activities (Lower Mid Cap, Small Cap and Private Debt) has been housed in separate Business Units (hereinafter "BUs") in order to comply with the Chinese wall principle.

Each of the BU Heads has been granted permanent authority to represent the investment vehicles they manage, exercise voting rights and make any proposals or give or refuse any discharge or approval. The BU Heads may in turn sub-delegate this authority to Account Managers (Chief Investment Officers or Principals, Associates, etc.).

4. Dialogue with the portfolio companies and their shareholders - communication with stakeholders

4.1 Dialogue with portfolio companies and their shareholders

Through its investments, idiCo, as portfolio manager of its AIFs, is a key partner of the managers and shareholders of the portfolio companies.

idiCo is particularly focused on maintaining healthy and balanced partnership relationships and on helping to develop the portfolio companies by offering its expertise in development, growth and financial strategies. The managers of the portfolio companies are idiCo's main contacts throughout the business relationship.

By financing its portfolio companies, idiCo also aims to become part of the community of shareholders. The terms of the cooperation are mainly defined prior to the investment in a shareholders' agreement incorporating all of the portfolio company's shareholders, whether minority or majority. These agreements are a way for shareholders to set out their respective medium- and long-term objectives, communication arrangements and any matters on which they wish to be contacted in advance or consulted at a general meeting.

4.2 Communication with stakeholders

A stakeholder is a group of individuals that can influence or be influenced by the achievement of a company's goals. The stakeholders are in direct or indirect contact with the company. The main stakeholders are managers, employees and shareholders. Stakeholders may be external to the company, i.e. banks, customers, suppliers, competitors, public authorities, consumer associations, etc.

idiCo does not intend to actively communicate with the stakeholders of its portfolio companies. However, idiCo may at any time, with the agreement of the managers of the portfolio company, contact stakeholders for business purposes.

idiCo may also, with the agreement of the managers of the portfolio companies concerned, put portfolio companies in contact with one other.

5. Monitoring the strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance of portfolio companies (ESG)

idiCo regularly monitors the financial performance and strategic development of its portfolio companies by sitting on their corporate bodies and through the established reporting arrangements and informal relationships developed with the managers. Such monitoring also helps idiCo to enhance the value of each investment in its portfolio.

Nevertheless, idiCo adapts its involvement in the portfolio companies' internal policies to reflect the commitments made in each fund's legal documentation, with the reminder that idiCo is in no way involved in the management of the portfolio companies.

idiCo has made a commitment to its investors that it will endeavour to include ESG criteria in its investment policy for certain funds. As such, idiCo identifies possible areas for improvement for each portfolio company and encourages the managers to include them as far as possible in their development strategies.

For some funds, idiCo has agreed to recommend and support the consideration and development of ESG criteria within portfolio companies. Thus, idiCo will recommend an improvement plan based on the portfolio company, its business sector, geographic location, procurement system, wage policy and so on. idiCo considers these ESG improvements when exercising its voting rights on the corporate bodies of the portfolio companies.

With certain exceptions, idiCo sends portfolio companies an annual questionnaire on the implementation of ESG principles. Their responses are analysed to assess the risk that each portfolio company represents and to identify the main areas of risk for the company in the medium and long term, i.e. the cost of non-compliance with ESG criteria. The ESG questionnaire is also used to assess non-financial performance and measure progress.

At the time of writing of this policy, investment vehicles falling within the scope of position-recommendation DOC 2020-03 are identified as managed venture capital funds:

- For venture capital funds that do not communicate either centrally or in a limited manner on the ESG objectives of their investment strategy recommendation, No. 10 (see Appendix 1) is not applicable;
- For venture capital funds that provide limited communication on the ESG objectives of their investment strategies:
 - o This policy must state the non-financial objectives of shareholder engagement and the accompanying guidelines: non-financial objectives are tailored to the individual portfolio company based on its business sector, consideration of ESG factors at the time of investment and any potential improvements identified. Therefore, it is not possible to define all objectives. However, idiCo monitors the existence of an

- environmental and social policy within the portfolio company and in particular compliance with gender equality rules.
- o Information is reported informally in ongoing exchanges between portfolio companies and formally in reports, the format of which is tailored to each portfolio company, with no single mandatory format. Portfolio companies also declare information in the annual ESG questionnaire.
- None of the funds managed by idiCo that fall within the scope of position-recommendation DOC 2020-03 communicates centrally on the consideration of non-financial criteria, so the position-recommendation does not apply.

6. Representation on the administrative or supervisory boards

The investment funds managed by idiCo generally hold one or more posts (or corporate offices) on the corporate bodies of their portfolio companies. If a position or corporate office is assigned, idiCo will be represented by an employee or a third party and/or the post may be directly assigned to an employee or a third party.

When these offices are held, corporate officers must obtain necessary and sufficient information to make informed decisions.

In principle, idiCo does not hold corporate offices in listed companies. However, for firms that become listed companies after the initial investment, the decision to keep representatives of idiCo on corporate bodies is made on a case-by-case basis.

In performing their duties, employees undertake to comply with the Management Company's Directors' Charter and, in particular, to:

- ✓ act professionally and independently, avoiding any type of conflict of interests and any form of direct or indirect pressure from the company's other shareholders, managers or corporate officers,
- ✓ actively uphold the interests of the company and the effective operation of the corporate bodies that they sit on,
- ✓ avoid the misuse of information and insider trading,
- ✓ exercise their voting rights.

idiCo's policy is to attend¹ all meetings of corporate bodies to which it is invited unless prevented from attending or physically unable to do so. Where this is not possible, idiCo will endeavour to arrange for another member of the corporate body to represent it or to cast a postal vote.

The decision to approve or reject a proposed resolution will be determined by the corporate interests of the investment vehicles concerned.

7. Shareholders' meetings

¹ Physically or remotely

Once idiCo has made an equity investment in a portfolio company, it is entitled to vote at general meetings (ordinary, extraordinary, etc.) on behalf of the investment vehicles under management. Apart from shareholder loans granted to idiCo to participate in the corporate bodies of portfolio companies under management, idiCo does not have recourse to securities refinancing transactions and exercises its voting rights in complete transparency.

7.1 Terms and conditions of the voting policy

Whether the company is listed or unlisted, idiCo's policy is to attend, physically or remotely, all shareholders' meetings of portfolio companies in the investment vehicles under management and to exercise the associated voting rights.

Generally, idiCo arranges to be represented at meetings by the person responsible for the investment or by any person holding a proxy. Otherwise, in cases where it is not possible for one of its representatives to attend physically or when the resolutions presented to the meeting only involve matters of minor importance for the investment, idiCo exercises its voting rights by post or arranges to be represented by a third party.

If neither of these recommendations can be followed, a proxy may be given to the Chairman of the portfolio company or to an informed third party chosen by idiCo. In that case, depending on the nature of the resolution, the proxy may be discretionary or non-discretionary.

In any event, idiCo recommends:

- ✓ performing its role as a shareholder according to the interests of the unitholders or shareholders of the investment vehicles managed,
- ✓ avoiding abstaining on resolutions,
- ✓ not casting a blank vote. However, idiCo may abstain from exercising its voting rights in accordance with the principles of this policy.

By derogation from the above, idiCo has decided to exercise its voting rights in companies listed on a market in a State that is a party to the European Economic Area agreement or a recognised foreign market when the voting rights or capital held by one or more investment vehicles under management that are joint shareholders of that company reaches or exceeds the threshold of 5%.

This is the lowest statutory threshold that must be reported to the AMF if crossed (except in the specific case of a public offer).

7.2 Voting policy principles

The Person responsible for the investment examines and analyses the resolutions submitted by the portfolio companies for the shareholders' meetings and decides, in conjunction with the Head(s) of his/her BU and if necessary the General Secretariat or even a member of idiCo's executive team, on the votes to be exercised.

Depending on the various types of resolutions submitted to the general meetings, idiCo will focus on maintaining the following principles:

7.2.1 Decisions resulting in an amendment to articles of association

idiCo's decision to abstain on or vote for or against the resolution in question will depend on the effect of the proposed amendment to the articles of association on the interests of the unitholders of shareholders of the investment vehicles under management.

Any changes to improve governance principles and shareholder information are favourably viewed.

7.2.2 Approval of the financial statements and appropriation of income

How idiCo decides to vote will depend on the quality of the documents submitted to the shareholders and the statutory auditors' stance. idiCo believes that truthful, complete, transparent and high-quality financial information is an essential element of shareholder rights and a prerequisite for the thoughtful exercise of voting rights.

When deciding how to vote on the appropriation of income, idiCo will consider the financial situation of the portfolio company and the rules for the division of assets in accordance with Articles D214-32-7-13 to 15 of the French Monetary and Financial Code (*Code monétaire et financier*).

7.2.3 Appointment and removal of directors and executive remuneration

idiCo generally votes in favour of the appointment of directors, except where the director that the shareholders are being asked to vote on has a criminal record that could harm idiCo's investment and image, and where the proposed appointments are against the portfolio company's interests.

In terms of executive remuneration, idiCo will favour resolutions that take on board the fit between the proposed level of remuneration and the overall performance of the investment, industry practices and the alignment of the interests of the portfolio company's managers and those of the investors in the investment funds managed by the Management Company.

7.2.4 Regulated agreements

Approval of regulated agreements will depend on the accuracy and justification of the economic terms of the agreement. Agreements must be made in the corporate interest of the portfolio companies. Any unquantified and unjustified regulated agreement containing incorrect information and that does not allow for an informed assessment of the resolution will be rejected.

7.2.5 Share issue and redemption programmes

idiCo's voting decision is made after examining the terms and objectives of the planned transaction, taking into account the financial situation of the portfolio company and the rules for the division of assets in accordance with Articles D214-32-7-13 to 15 of the French Monetary and Financial Code.

7.2.6 Appointment of statutory auditors

In general, idiCo votes in favour of the appointment of statutory auditors, except when there are questions about their independence or a lack of information on fees.

8. Tracking the votes exercised

The exercise of voting rights in the portfolio companies is tracked by calendar year in a table for each BU, which adds information for the voting rights that it has to exercise. The file is sent annually in January of the following year to Compliance for the drafting of annual reports on the exercise of voting rights. The following information must be included at a minimum:

- type of event
- date of general meeting
- attendance at the meeting
- portfolio company delegation
- number of resolutions
- number of resolutions voted for
- number of resolutions voted against
- number of abstentions on tabled resolutions
- exceptions to the shareholder engagement policy
- conflicts of interest identified
- link to documents (resolutions, minutes, proxy authorisations, etc.)
- Comments

Each BU can add its own information.

9. Conflicts of interest

idiCo has a procedure for identifying and managing conflicts of interest related to its business and makes sure that no voting decision can place it in a conflict of interest.

idiCo exercises its voting rights solely in the interests of the shareholders or unitholders of the funds under management.

idiCo employees must make efforts to detect any situation that may pose a potential conflict of interest and notify a member of idiCo's executive team so that they can take all appropriate measures in a timely manner to protect the interests of investors in the investment vehicles managed by the Management Company and, whenever necessary, refer the matter to idiCo's Compliance and Internal Control Manager/GRF.

10. Information for third parties - Annual report

10.1 Publication of the shareholder engagement policy

idiCo's shareholder engagement policy is made available to the AMF in accordance with the procedures set out in the AIF's prospectus or rules and Articles R.533-16 and R.533-16-0 of the French Monetary and Financial Code. It is posted free of charge on the idiCo website and is available to unitholders or shareholders of the investment vehicles on request.

10.2 Distribution of the annual report

idiCo reports on how it exercised its voting rights in two separate reports – one for listed companies and the other for unlisted companies – in accordance with Article R.533-16 of the French Monetary and Financial Code. The reports are made available to the AMF and can be viewed on idiCo's website or at its registered office in accordance with the

procedures described in the rules or prospectuses of the fund's under management.

The annual reports on the implementation of the shareholder engagement policy include:

1. A general description of the way in which voting rights were exercised;
 2. An explanation of the choices made on the most important votes;
 3. Information on the possible use of proxy advisory services;
 4. How votes were cast at general meetings. This information may exclude votes that are unimportant due to subject matter or the size of the shareholding in the company;
- ☐ *One or more of these items of information may be left out of the annual report if the reasons for doing so are included in the report.*

For instance, in the case of unlisted companies, idiCo has chosen not to include points 2 and 4 in the report for unlisted companies due to idiCo's strong involvement in the governance of its portfolio companies (including representation on the management or supervisory bodies) and therefore the advance knowledge of the most important votes for the portfolio company and for idiCo. idiCo may decide to put any subject on the table for discussion and voting at shareholders' meetings and resolutions are also submitted to it in advance.

In accordance with the France Invest/AFG Code of Ethics applicable to all management companies, idiCo reports on the exercise of its voting rights in the investment vehicle's annual report.

10.3 Specific reports for institutional investors

In accordance with Article L533-22 of the French Monetary and Financial Code, a specific report must be provided to institutional investors of the funds under management, which are also subject to a shareholder engagement policy.

idiCo must disclose to institutional investors each year upon request how it has met the long-term investment objectives set out in the fund documents. The report must include the following sections:

- The most significant medium- and long-term risks associated with the investments made;
- The composition, turnover and turnover costs of the portfolio under management;
- The use of proxy advisors, if any, under the shareholder engagement policy;
- The management company's usual practices with regard to securities lending and, where applicable, how such practices are applied as part of the shareholder engagement policy, particularly at the portfolio companies' general meetings;
- An evaluation of the medium- and long-term performance of the portfolio companies, including non-financial performance, and, where applicable, the methods used to measure this performance;
- The occurrence of any conflicts of interest when applying the shareholder engagement policy and, where applicable, the way in which they were handled. The report may be enclosed with each AIF's annual report upon request.

11. Updating the shareholder engagement policy

The Compliance and Internal Control Manager/GRF, in collaboration with the General Secretary, is responsible for updating this policy. As such, he or she:

- ✓ Ensures that the shareholder engagement policy is updated in line with regulatory developments and the company's governance guidelines,
- ✓ Determines, along with the Heads of the BUs, the conditions for the exercise of voting rights, including percentage holdings, costs, notification, location, etc.,
- ✓ Ensures that members of the management team exercise voting rights.

12. Controls

The Compliance and Internal Control Manager verifies that:

- ✓ a shareholder engagement policy exists and has been published;
- ✓ the content of the policy is valid and sufficient;
- ✓ voting rights are exercised in accordance with the policy;
- ✓ the periodic information to unitholders is compliant, i.e. the relevant report exists and has been published;
- ✓ the content of management reports is reliable and sufficient.