

2022 Annual Report on the Implementation of the Shareholder Engagement Policy

I. Introduction:

Under Articles L 533-22 & R 533-16 of the French Monetary and Financial Code, Portfolio Management Companies are now required to report on their shareholder engagement practices.

In order to meet its obligations, Palatine Asset Management formalised its criteria for exercising voting rights in a Voting Policy, which came into effect in March 2005, which was enriched in February 2020 to evolve into a Shareholder Engagement Policy.

However, this report on the exercise of the votes cast during 2021 is still presented under the conditions set out in Articles 319-21 to 319-25 & 321-132 to 321-134 of the AMF General Regulation.

In accordance with these provisions, Palatine Asset Management exercises, in the exclusive interest of the UCIs it manages, the voting rights attached to the securities held by these UCIs.

II. Voting policy:

Since 1 January 2015, Palatine Asset Management has used the services of *ISS Institutional Shareholder Services Europe SA* to expand its voting scope. The investment universe of managed portfolios is almost entirely concentrated in the European Union with a very strong predominance in the euro area, the more international share being very modest.

As a result, voting rights were exercised for the French companies making up the CAC40 index, for the companies making up the assets of SRI labelled UCIs, for French companies with a consolidated holding threshold of more than 0.50% of the market capitalization of each company and finally for foreign companies held with a market capitalization of more than €100M.

The votes were not exercised for companies held below the thresholds set and in countries with POA (Power Of Attorney) where the voting procedure requires additional financial costs.

The managers participate in the votes following the recommendations made by the ISS proxy advisor, particularly with regard to SRI or Sustainable Development.

III. 2022 votes:

During **2022**, Palatine Asset Management exercised its voting rights at **131** general meetings which concerned the whole of Europe outside countries at POA (power of attorney).

The overall participation rate was 94%, thus the main principles of the voting policy were respected.

1 - Number of companies in which Palatine Asset Management exercised its voting rights:

Countries	No. of companies in which PAM held voting rights	No. of AGM in which PAM held voting rights	No. of AGM in which PAM exercised its voting rights	%
France	90	100	100	100%

Europe excluding France	34	40	31	78%
Total Europe	124	140	131	94%

2 - Number of companies in which Palatine Asset Management has not exercised its voting rights:

no French companies for which we have not exercised our rights.

7 companies from European countries in POA (Netherlands, Switzerland, Denmark).

3 - Distribution of votes:

PALATINE Asset Management voted in all cases by correspondence

Total number of votes for all UCITS concerned	Total number of resolutions	Number of resolutions voted 'for'	Number of resolutions voted 'Abstention'	Number of resolutions voted 'against'	Percentage of negative votes
Voted France	4,448	3,660		788	17.72%
Voted Europe excluding France	791	738	2	51	6.45%
Total	5,239	4,398	2	839	16.01%

Zoom of votes for SRI UCIs	Total number of resolutions	Number of resolutions voted 'for'	Number of resolutions voted 'Abstention'	Number of resolutions voted 'against'	Percentage of negative votes
Voted France	4,406	3,635	-	771	17.50%
Voted Europe excluding France	791	738	2	51	6.45%
Total	5,197	4,373	2	822	15.82%

3.1- Analysis of opposition votes according to AFG table 2022

Themes	Number of resolutions voted against	% of negative votes	Reasons for voting
Appointment/Attendance fees of members of the Board or Supervisory Board	160	19.02%	At least one third of the directors or members of the supervisory board must be independent and the holding of multiple directorships must not be excessive. the remuneration of the Directors must be in line with the standards
Anti takeover mechanism (Issue of reserved subscription warrants, share buyback program, etc.) and Transactions Financials/mergers (Capital increase with or without psr, delegation of merger transaction, etc.)	247	29.37%	Not favourable to such arrangements, in the interests of minority shareholders The aggregate of the authorisations proposed to this general meeting, may exceed the Cumulative percentage of 15% recommended by AFG recommendations.
Executive and employee compensation (excluding employee share ownership) (Say on pay, AGM/stock option, severance pay, capital increase reserved for employees, etc.)	345	41.02%	The interests of executives must be in line with those of shareholders. The remuneration policy must respect a fair balance that is consistent with employees' motivation needs. Severance payments must be proportional to the length of service, and the compensation must not exceed twice the annual compensation (fixed, variable).
Employee shareholding	2	0.2%	free share allocations must be linked to conditions for the attainment of Performance over a period of at least 3 years. It is preferable to separate resolutions concerning grants intended for Corporate officers of those intended for employees.
Formalities and other reasons	72	8.56%	
External resolutions	11	1.31%	External resolutions (not approved by the Board)
Total	841	100%	

4 - Details of the reasons for not voting on certain values:

In 2022, Palatine Asset Management was able to effectively exercise its voting rights in accordance with its voting policy at meetings held by French companies.

5 - Clarifications on derogations from voting policy:

PALATINE Asset Management did not deviate from its voting policy principles in 2022.

6 - Details concerning the exercise of voting rights during temporary disposals:

PALATINE Asset Management did not engage in any temporary sale of securities in 2022 and therefore was not affected by the legal consequences of this mechanism.

7 - Details concerning the analysis of the resolutions voted in 2022:

PALATINE Asset Management participated in the votes following ISS recommendations for all French and foreign companies, as well as for SRI and sustainable development.

IV. Conflicts of interest

During the 2022 financial year, Palatine Asset Management did not deal with any conflict of interest situation in connection with the performance of its obligations.