



ENGAGEMENT POLICY

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1. PREAMBLES

DIVERSIFIED ASSET MANAGEMENT S.A. (hereinafter referred to as “DAM”) is a wealth manager with its registered office in Luxembourg, and which is supervised by the *Commission de Surveillance du Secteur Financier* (hereinafter referred to as the “CSSF”).

DAM conducts its business activities in accordance with Articles 24-1, 24-2, 24-4, 24-5 and 28-6 of the Law of April 5th, 1993 on the financial sector, as amended (hereinafter referred to as the “Law of 1993”).

As per Section A of Annex II of the Law of 1993, DAM is licensed, in its capacity as a professional of the financial sector, specifically an investment firm, to provide the following investment services and activities:

1. reception and transmission of orders in relation to one or more financial instruments;
 2. execution of orders on behalf of clients;
 3. portfolio management;
- and
4. investment advice.

In addition, as per Section C of Annex II of the Law of 1993, DAM is licensed to offer the following ancillary services:

1. safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;
 2. granting credits or loans to an investor to allow the latter to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
 3. foreign exchange services where these are connected to the provision of investment services;
- and
4. investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

Also, DAM is authorised to carry out family office activities, in accordance with the Law of December 21st, 2012 relating to the Family Office activity, as amended.

Finally, it is to be noted that, in accordance with the categorisation of investment firms introduced as of June 26th, 2021, that is further to the entry into force of the Investment Firms Regulation¹, DAM is a so-called Class 2 IFR investment firm.

This Engagement Policy (hereinafter referred at as the “Policy”) was drafted, and approved, by the Executive Committee of DAM.

It was subsequently approved by the Board of Directors of DAM.

2. VERSION HISTORY

Version number	Date of approval by the Board of Directors	Member of the Executive Committee responsible for the version	Description
1.0	18.2.2022	Salvo ANDRONICO	First issue

¹ Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27th, 2019 on the prudential requirements of investment firms.

DATE OF APPROVAL BY THE BOARD OF DIRECTORS - V 1.0 18.2.2022

Name: Salvo ANDRONICO	Name: Olivier CONRARD
Title: Managing Director	Title: Managing Director and Chief Compliance Officer
Signature:	Signature:

3. PURPOSE AND SCOPE

3.1 Purpose

The purpose of this Policy is to describe how DAM, when offering discretionary portfolio management services to its clients, integrates shareholder engagement in the respective investment strategies of client portfolios, in accordance with the provisions of the Law of August 1st, 2019, amending the Law of May 24th, 2011 on the exercise of certain rights of shareholders at general meetings of listed companies².

Specifically, this Policy describes how DAM intends to:

- monitor the companies (hereinafter referred to individually as a “Target Company”, and collectively as “Target Companies”) in the shares of which it invests on behalf its clients in respect of various subject matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
- conduct dialogues with the Target Companies;
- exercise voting rights attached to the shares of the Target Companies;
- cooperate with other shareholders of the Target Companies;
- manage actual and potential conflicts of interests in relation to its shareholder engagement.

3.2 Scope

This Policy applies exclusively to the shares of those Target Companies (i) which have their registered offices in European Union (hereinafter referred to as the “EU”) Member States and (ii) the shares of which are admitted to trading on a regulated market situated or operating within EU Member States.

² The Law of August 1st, 2019 transposed into Luxembourg law the provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of May 17th, 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (also known as the 2nd Shareholder Rights Directive II, i.e. ‘SRD II’).

4. MATERIALITY PRINCIPLE

In recognition of the limited ability of DAM to exercise significant influence on Target Companies in those circumstances where shareholdings of client portfolios are not material, it is the policy of DAM NOT to integrate shareholder engagement in the respective investment strategies of client portfolios if the aggregate shareholdings of the said portfolios in individual Target Companies amount to less than 3% of the latter's outstanding shares (as calculated on the basis of the full market capitalisation methodology, as opposed to the free-float methodology).

Accordingly, this materiality principle applies to each and every feature of this Policy as discussed in Sections 5. to 9. hereunder.

5. MONITORING OF TARGET COMPANIES

DAM, as an institutional investor, is what is commonly known as an active investor; accordingly, it strongly believes in the monitoring of Target Companies.

Specifically, DAM only decides to invest in the shares of a Target Company once it has gained an in-depth understanding of the said Target Company's overall business strategy, risk exposure and share capital structure.

In addition, DAM is committed to incorporating environmental, social and governance (hereinafter referred to as "ESG") criteria into its investment strategy.

Full details of how DAM actually integrates ESG criteria in its model portfolios' respective investment strategies may be found in its Sustainability Risks Policy, as posted on its Website (<https://dam-lux.com>).

6. CONDUCTING DIALOGUES WITH TARGET COMPANIES

As an active investor, DAM seeks to engage directly with the management teams of Target Companies.

Specifically, engagement includes an on-going communication between DAM's Portfolio Management Department and the management teams of Target Companies.

Such communication may range from obtaining regular updates regarding the financial situations of Target Companies to discussing specific issues, such as for instance a change of their overall business strategy.

In some cases, the Portfolio Management Department of DAM may take a more focused approach, depending on the individual circumstances of Target Companies; such approach may extend to conducting physical meetings with the management teams of Target Companies.

7. EXERCISING VOTING RIGHTS ATTACHED TO SHARES OF TARGET COMPANIES

As an active investor, DAM recognizes that the exercise of voting rights is an important aspect of shareholder engagement, in particular if the shareholdings of clients' portfolios are material with regard to the outstanding shares of Target Companies.

Within DAM, it is the Portfolio Management Department which is ultimately responsible for determining whether and how to exercise voting rights.

If, and when, exercising voting rights, DAM's Portfolio Management Department will endeavour, on a best-efforts basis, to apply the following core voting principles:

- It is normally the policy of DAM to vote (typically in the course of annual general meetings of shareholders) in respect of the shares of Target Companies held in clients' portfolios, this in a prudent and diligent manner, based exclusively on its reasonable judgement of what will best serve the financial interests of its clients, as the latter are the ultimate beneficial owners of such shares.
- For standard agenda items of shareholder meetings of Target Companies. -i.e. those agenda items which in normal circumstances have no long-term material impact on the investments made by DAM in respect of clients' portfolios-, DAM typically votes in accordance with the proposals of the Target Companies' management teams.
- For other matters on the agendas of shareholder meetings of Target Companies which may ultimately have an impact on the interests of clients, some in-depth analysis of these agenda items is done beforehand by the Portfolio Management Department of DAM.
 1. These other, non-standard, items are, among others, related to: (i) mergers and acquisitions, (ii) takeovers, (iii) reorganisations, and (iv) changes in the structure of the share capital and voting rights.
 2. The analysis must be conducted by the Portfolio Management Department of DAM based on available information, such as press releases by Target Companies, annual reports of Target Companies, analysts' recommendations in respect of Target Companies, etc.

Despite the foregoing, it is the policy of DAM NOT to vote at shareholders meetings of Target Companies where voting may be detrimental to the interests of its clients, such as administrative costs associated with voting or blocking requirements which lock-up the shares held in clients' portfolios (e.g. those deriving from a securities lending program) and which might in turn limit liquidity or access to market opportunities.

8. COOPERATING WITH OTHER SHAREHOLDERS OF TARGET COMPANIES

In some cases, DAM may cooperate with other institutional investors, which are also shareholders of Target Companies, if it considers it to be in the best interests of its clients.

Such cooperation may be in the form of joining other institutional investors in meetings with the management teams of Target Companies.

9. MANAGING CONFLICTS OF INTERESTS

DAM is aware that potential conflicts of interests may arise when engaging with Target Companies.



Accordingly, it has designed and implemented measures in order to limit the occurrence of such potential conflicts of interests; such measures are governed by the provisions contained, *inter alia*, in the Conflicts of Interests Policy implemented by DAM.

10. DISCLOSURE TO CLIENTS

DAM will make arrangements for this Policy to be published on its Website -i.e. <https://dam-lux.com>, under 'Legal and Regulatory Information'- so as to facilitate its access to clients.

In addition, DAM will, on an annual basis, issue a report detailing how this Policy was implemented in the course of the previous calendar year, including, if relevant, a general description of how it exercised voting rights attached to shares of Target Companies.

This yearly report, titled the Engagement Report, will also be published on the Website of DAM (<https://dam-lux.com>, under 'Legal and Regulatory Information').