



## **Voting Right Policy**

### **Threestones Capital Management S.A.**

**Protocol:**

Version	Date	Comment	Changed by	COMEX	Approved by
V.01	25.08.2023		Marion Meloni	16.10.23	Presented at COMEX on 04.12.2023  Approved by the BoD on 19.12.2023

## Table of Contents

1	Introduction .....	2
2	Scope and Purpose of the Policy .....	2
3	Regulatory Framework .....	2
4	Fundamental Principles .....	3
5	Principles and Overview on exercising Voting Rights .....	4
5.1.	Voting Strategy of the Company .....	4
5.2.	Voting Process of the Company .....	5
6	Conflicts of Interests.....	6
7	Ongoing monitoring and distribution .....	6
8	Review of the policy .....	6

## 1 Introduction

Threestones Capital Management S.A (hereafter the “Company” or “Threestones”) is a public limited company (société anonyme) incorporated and governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 50-52 route d’Esch, L-1118 Luxembourg and registered with the Registre de Commerce et des Sociétés de Luxembourg under number B.146773.

The Company is currently licensed by the *Commission de Surveillance du Secteur Financier* (“CSSF”) as an Alternative Investment Fund Management Company under the regime set out in Article 5 of the Law of 12 July 2013 relating to AIFMs.

Threestones has decided to implement a policy regarding the exercise of the voting rights attached to the securities belonging to the AIF (“Funds”) portfolios managed by the Company.

This Policy only applies to all the funds managed by the Company. It is designed to communicate with clients the methods and rationale whereby the Company exercises voting rights.

## 2 Scope and Purpose of the Policy

The purpose of this Voting Rights Policy is to lay down the principles guiding Threestones Capital Management S.A in exercising the voting rights attached to securities held in the Fund’s portfolios under its management.

The Company is required under the laws, rules, and regulations of the Grand-Duchy of Luxembourg to design and implement voting rights strategies which are aimed at ensuring that the exercise of voting rights attached to the investments is conducted in accordance with the investment objectives and restrictions of the said AIFs, while preventing or managing any conflict of interests arising from such exercise.

This policy sets out the legal and regulatory requirements, as well as the related actions which Threestones must comply with to meet its obligations in the exercise of voting rights. In accordance with CSSF Circular 18/698 as amended, and pursuant to Article 23 of CSSF Regulation 10-4, the Company shall develop an adequate and effective strategy for determining when and how voting rights attached to instruments held in dedicated Funds are to be exercised, to the exclusive benefit of the Funds concerned and their investors.

## 3 Regulatory Framework

This Policy is designed with a view to comply with the requirements set out in:

- Law of 12 July 2013 on AIFMs transposing the AIFMD.

- CSSF Regulation N°10-04 of 20 December 2010, transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company.
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
- CSSF Circular 18/698 of 23 August 2018 regarding authorization and organization of Luxembourg investment fund managers incorporated under Luxembourg law and on specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent; and
- The Article 37 “Strategies for the exercise of voting rights” of the EU Commission Delegated Regulation of 19 December 2012 supplementing the AIFMD.

#### **4 Fundamental Principles**

As a matter of principle, Threestones shall always vote in a manner which is in line with the Funds’ investment strategy, policy, and objectives, and in the exclusive interest of their investors. For this purpose, the Company shall develop adequate and effective strategies for determining when and how voting rights attached to the financial instruments held in the managed portfolios are exercised to the exclusive benefit of the Funds concerned and their investors.

The strategy of Threestones consists of:

- Ensuring the monitoring of relevant corporate events.
- Guarantying that voting rights are exercised in accordance with the objectives and investment policy of the managed Funds.
- Preventing or managing any conflict of interest (“COI”) arising from the exercise of voting rights.

The Company shall only exercise the voting rights associated with an investment if it is deemed to be in the best interest of the clients, i.e. the Funds and their investors.

## 5 Principles and Overview on exercising Voting Rights

### 5.1. Voting Strategy of the Company

Exercising the Funds voting rights at shareholders' meetings is a key component of active ownership and an important way for the Company to share its strategy via the Funds to the investments' teams.

The Company will cause the Funds to systematically exercise voting rights in respect of the investments in accordance with the provisions of this policy (or, as the case may be, in accordance with the provisions of the relevant shareholders' agreements).

The exercise of the voting right in a portfolio company is performed in function of the level of materiality of the decisions for the Company. For the following non exhaustive list of decisions, the Company causes the Funds to exercise, when relevant, its voting rights after a discussion amongst the Senior Managers of the Company and/or Board of Directors, where the Portfolio Manager will present the case:

- Reinvestment.
- Capital increase.
- Pre-emption right.
- Mergers and acquisitions.
- Takeovers.
- Reorganizations.
- Disposals of sub-areas; and
- Liquidation of the invested company.

For any other decisions, the Company will cause the Funds to vote rights at shareholders' meetings of the investments in a prudent and diligent manner, based exclusively on its reasonable judgement of what will best serve the interests of the AIFs/their Investors, as the latter are the beneficial owners of the investments.

For most proxy proposals, particularly those involving corporate governance, the evaluation will result in the same position being taken across all the Funds and the Funds voting as a block. In some cases, however, a Fund may vote differently, depending upon the nature and objective of this compartment, the composition of its portfolio, and other factors.

The Senior Managers of the Company shall consider certain factors in each voting decision. A Fund may refrain from voting for some or all its shares if doing so is in the Fund's and its shareholders' best interests. These circumstances may arise, for example, if the expected cost of voting exceeds the expected benefits of voting, if exercising the vote would result in the imposition of trading or other restrictions, or if a Fund or all Funds in aggregate were to own more than a maximum percentage of a company's or fund's stock (as determined by their governing documents).

The Board of Directors of the Company may review these procedures and guidelines and modify them from time to time.

## 5.2. Voting Process of the Company

When the exercise of the voting rights has not been duly and accurately delegated to the Company, the Funds shall remain responsible and shall implement their own strategy for the exercise of the voting rights relating to the financial instruments held in their portfolio. In that case, the Company shall systematically refrain from exercising the voting rights linked to shares which are also held by the Funds.

The following guidelines shall be applied by the Company, but they may be adapted to the specificities of the Funds:

- As a matter of principle, and especially for equity-related investments, the voting rights shall be exercised only for material positions (i.e. investments representing more than 1% of the shares listed on a regulated market or of the share capital of a company), and no recall from a securities lending program, if applicable, ought to be required.
- For standard items of a shareholders' meeting agenda (i.e. those which in normal circumstances have no long-term material impact on the investments), the Company shall vote in accordance with the proposals of its Investment Committee and Board of Directors, in compliance with the investment strategy of the Funds.
- For other matters which may have an impact on the investors' interests, some in-depth analysis of the items on the meeting agenda shall be done. These items are, among others: (i) mergers and acquisitions, (ii) takeovers, (iii) reorganisations and (iv) changes in the structure of capital and voting rights. The analysis shall be conducted based on available information, such as press releases, annual reports of the company and/or analysts' recommendations.

Finally, the Company shall draft a report at least annually, including all the proxies received and the decisions which were taken for each proxy, communications received, decision's support documentation, etc. This report shall be transmitted to the Board of Directors of the Company and of the Funds.

In case voting rights would be used, the Board of Directors of the Company would delegate the voting right by virtue of a power of attorney to either a legal external advisor which exercises voting rights on their behalf for all annual general meetings and extraordinary general meetings (if any), for each of the Funds covered by the power of attorney which has a holding entitled for a voting process. However, the Board retains the right to either instruct the proxy holders on how to vote or to vote themselves.

The Company will maintain copies of proxies voted it includes for example copies of general meeting invitations, number of shares voted, communications received, and internal documents created that were material to the voting decision.

## **6 Conflicts of Interests**

Threestones shall exercise voting rights for and on behalf of its investors with the sole view of preserving the interest of its investors.

Conflicts of Interests may arise when the Company, or one of its employees, has an interest in a company that is distinct from the interests of the clients and/or investors in the Funds.

To prevent, detect and avoid the occurrence of conflicts of interests, Threestones shall duly apply the principles held in its Conflicts of Interests Policy, if any, and which shall be compliant with the legal and regulatory framework applicable to the Company. Any employee of the company is expected to try and detect any situation potentially giving rise to a Conflict of Interest and is firmly invited to report any such conflicting situation to the Senior Management as well as the Compliance Officer of the Company.

All situations representing Conflict of Interest in respect of voting rights shall be handled in accordance with this policy, the Conflicts of Interests Policy, if any and any other internal policy or instruction related to the handling of such conflicts, including restrictions set out in the Personal Transactions and Market Abuse policy.

Any employee of Threestones Capital Management is expected to declare any personal director position and is subject to resignation from any director position that would trigger a Conflict of Interest.

For the avoidance of Conflicts of Interests, the interests of the investors are aligned, and the voting rights are exercised in a coordinated manner with the Funds. Any exception shall be justified only by the interests of the Funds and their investors.

## **7 Ongoing monitoring and distribution**

The proxy voting process shall be periodically reviewed by the Senior Management and the Compliance Officer of the Company to ascertain that voting rights are exercised in the best interests of the clients, i.e. the Funds and the investors.

The Company shall make available appropriate information on this policy and on any material changes to it to the Funds and their investors, free of charge and on their request. Details of steps taken based on this Policy shall be freely available to investors at their request or on the website of the Company.

## **8 Review of the policy**

The present policy is subject to a periodic review, at least annually, by the senior management of the company. Any substantial change to the guidelines within the policy will be duly reviewed and approved by the Board.

Where no update is required, the policy will be applied consistently over time.