

Engagement Policy (SRD II)

This Engagement Policy sets out how Active Niche Funds SA undertakes stewardship and shareholder engagement for its discretionary long-only equity investment strategies. This policy has been written in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (together, the “Shareholder Rights Directive II”).

Principles

Our commitments to companies go beyond the evaluation of ESG criteria which is integrated into our investment theses. We aim to actively engage with the companies in which we are invested, generally when we believe that there is (or could exist) a significant risk related to environmental, social and governance criteria. In addition, following a controversy, the manager or analyst may need to contact the company or visit the site. These controversies can arise during an environmental accident, an important event related to the safety of a product or the treatment of employees or even, concerning governance, risks related to accounting practices, the composition of the board of directors or executive compensation.

How do we get involved?

Engagement situations can be resolved quickly through email exchanges to clarify certain topics, but they can also last longer if a change in strategy is a necessary action in our opinion. When controversies arise, their importance is established and we also consider responses to mitigate current and future business risks. If necessary, external research can be consulted. Finally, we estimate the future financial impact on the company to decide on a strategy: increase, decrease or end our investment according to the market liquidity conditions so as not to harm fund holders.

Activity in 2020

In 2020, we did not identify any new significant risk related to environmental, social or governance criteria within the companies we are invested into.

Goals for 2021

In 2021, we will keep analyzing any ESG risk that might come up following our fundamental analyses or following a news release. If the ESG risk is considered significant, we will act accordingly to this engagement policy.

Proxy Voting

Active Niche Funds SA is a small scale specialized funds manager, providing traditional and alternative investment solutions to institutional investors, financial intermediaries and private clients.

At Active Niche Funds we believe that ESG factors can protect and enhance the value of our clients' investments by adding value to portfolios within the same risk/return profile. Sustainable investing is grounded in the broader use of material ESG information in the investment analysis process and the belief that such information will lead to better informed investment decisions.

We believe that engaging with investee companies enables us to identify longer-term issues that drive company value and contribute to the success of the investment over time. Our engagements often relate to the governance practices of companies, however there is also a focus on longer-term sustainability trends that have a material impact on company performance, such as climate change, environmental management and human capital performance. We aim to be engaged shareholders and encourage companies to have strong and effective governance and a high standard of corporate behavior.

By calling on an external service provider, Active Niche Funds intends to benefit from the expertise of a major player in the analysis of the results proposed during General Meetings.

It is our belief that voting rights have economic value and should be treated accordingly. Voting enables us to voice our opinion to a company on a broad range of topics and is a way of encouraging boards to listen to and address investor concerns. As a result we consider voting integral to both the investment process and our overall stewardship approach.

Active Niche Funds adopts and applies the principles of responsible investment. In this context, it ensures that these principles are also incorporated into the voting process.

Active Niche pays particular attention to proposals relating to “ESG” themes. And the resulting voting recommendations aim to develop companies' communication and transparency on their practices. Also, the voting recommendations pursue the objective of:

- clearer communication on company practices in terms of the environment (taking into account climate change, limiting greenhouse gases and toxic fumes, etc.).
- better transparency in terms of social practices to fight discrimination within the company, as well as the efforts of management teams to develop better representation of civil society in the company's workforce, the safeguard of the rights of the man and the compliance of the company's practices with the norms / standards / codes in place.
- a detailed reporting of the company's practices for sustainable development including the provisions in terms of recycling, subcontracting and sustainable use of raw materials, preservation of protected areas, renewable energies and taking into account of these criteria, in the evaluation of the performance and the remuneration of the management teams.

Pascal Rochat
Président

Philippe Rochat
Membre du Conseil d'administration