

Engagement Policy

METROPOLE Gestion

2020

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1. Purpose of the engagement policy

The purpose of this engagement policy is to encourage companies to improve over time on the three major extra-financial themes: Environment / Social / Governance.

As a company committed to Responsible Value management and a pioneer of ESG since 2008, METROPOLE Gestion attaches great importance to the consideration of and compliance with ESG criteria by both issuers and companies.

METROPOLE Gestion has therefore adopted an engagement approach in relation to the investors it represents.

This engagement, formalized in this policy, is carried out:

- By exercising the voting rights attached to securities held in the portfolio as part of a voting policy: http://doc.metropolegestion.fr/pdf/Voting_Policy.pdf
- By thematic or collective direct dialogue with issuers as a means of identifying ESG risks and changing the strategy of the companies analysed.

2. Issues for investors

We believe that engagement in companies favours the creation of long-term value, which benefits not only shareholders but to all stakeholders (customers, suppliers, etc.).

In fact, value creation is all the more important when it is innovative, offers those providing capital a fair return and has a social utility.

Investors are therefore encouraged to look for companies whose business models encourage sustainable growth and equitable value-sharing.

3. Our engagement

METROPOLE Gestion works with the companies in which it invests when it identifies ESG risks or opportunities for improvement.

In concrete terms, this engagement can take three forms: individual engagement, thematic engagement and / or collective engagement.

Individual engagement covers the actions carried out directly by METROPOLE Gestion through dialogue with companies and exercising voting rights on ESG resolutions.

Thematic engagement is the result of reflection, carried out and reviewed each year internally, on very specific topics.

Collective engagement is realized collectively through groups or associations of investors in order to increase influence on companies. METROPOLE Gestion reserves the right to participate in collective actions concerning ESG matters whenever it deems it necessary in the interests of investors and stakeholders. As a signatory of the Carbon Disclosure Project, METROPOLE

Gestion has joined the "Non-Disclosure Campaign", a collective engagement campaign that targets companies that do not respond to the CDP's requests for information. This commitment aims at improving information transparency relating to climate change provided by companies. In addition, in 2020, METROPOLE Gestion joined the "CDP SBT campaign", a campaign asking companies to commit to fight climate change by setting science-based targets through the Science Based Targets initiative's (SBTi).

4. Implementation

METROPOLE Gestion implements its engagement by exercising voting rights on ESG matters in accordance with its voting policy.

METROPOLE Gestion has set up an organization that coordinates all the information needed to exercise the voting rights attached to the securities held by the portfolios for which it exercises voting rights.

As a matter of principle, METROPOLE Gestion favourably addresses any resolutions relating to ESG issues that are put to the vote.

Whenever it deems it necessary, METROPOLE Gestion reserves the right to ask questions of companies, reject resolutions or support external resolutions.

We also conduct engagement actions prior to shareholder meetings in order to address or even influence the content of resolutions to be put on the agenda to ensure it is in line with the interests of minority shareholders and is in accordance with our governance principles.

During its weekly management committee meetings, METROPOLE Gestion discusses issues relating to exercising voting rights and considers ESG topics.

METROPOLE Gestion implements its engagement through dialogue with companies during interviews with CSR and company managers.

As part of its management process, METROPOLE Gestion conducts more than 450 company visits a year. Companies held in portfolios are seen on average 3 times a year. ESG discussions are held at least once a year.

Dialogue provides a good understanding of ESG issues at the company level, and the opportunity to look in greater detail at the identified risks, pinpoint unidentified risks during the rating process and develop the company's strategy.

As part of this dialogue, METROPOLE Gestion encourages companies to be transparent about ESG issues, for example by publishing their ESG strategy, policies and results.

Moreover, in the event of significant controversy, proven ESG risk, absence or insufficient significant improvement within the company being examined, the fund management team may decide to reduce or liquidate its position as specified in our Controversy prevention and verification policy:

http://doc.metropolegestion.fr/pdf/Policy_of_controversies_prevention_and_verification.pdf

5. Resources deployed

As regards exercising voting rights, since 2005 METROPOLE Gestion has subscribed to the voting rights service offered by ISS.

The scope of this service includes companies whose securities are listed on the main global stock exchanges. METROPOLE Gestion therefore benefits from 100% coverage rate through this service.

This service provides decision-making support by studying draft resolutions submitted to shareholders and makes it possible to clearly identify and monitor ESG related resolutions.

To support the dialogue with companies, METROPOLE Gestion has set up analysis and monitoring tools that are operated by the management team.

Following each company visit, a company factsheet is completed covering financial, extra-financial and balance sheet analysis. About 1200 factsheets are held in a library kept up to date by the fund management team. These factsheets identify ESG topics, ensure they are taken into account, monitor controversies and see how the measures taken by the companies evolve over time.

As part of our ESG research on companies, we use the Eikon database (Refinitiv, formerly Thomson Reuters), one of the largest non-financial databases (5,000 companies worldwide), which maintains stable data over time and combines official data from the companies (annual reports and sustainable development reports) with data on controversies emanating from press agencies.

METROPOLE Gestion implements its engagement with 100% of companies held in the METROPOLE Sélection, METROPOLE Euro SRI and METROPOLE Avenir Europe sub-funds of the SICAV METROPOLE Funds.