



CONTROVERSY MANAGEMENT POLICY

Mise à jour le 16 février 2021 par Félicien Nguyen
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Context:

As a responsible, independent and transparent asset management company, INOCAP Gestion seeks to ensure the satisfaction of its clients, through the financial performance of its products but also through extra-financial commitments. INOCAP Gestion is convinced that a good understanding of ESG issues by companies and their management enriches the dialogue and creates the conditions for a collective sustainable success.

INOCAP Gestion has confidence in the progress and agility of the companies it supports through its funds. We are convinced that companies that implement effective sustainable development policies develop a strong competitive advantage and are more likely to succeed in the future. We also believe that sustainable development can generate real positive economic, environmental and social impacts. This is why we integrate the sustainability dimension (ESG) into our investment processes and our own internal operations.

Our management style is based on conviction, whether it be on the analysis of financial or extra-financial criteria. It is therefore the detailed knowledge of companies and the numerous discussions we have with their teams or with stakeholders in the field, which allow us to give meaning to extra-financial information and guarantee the coherence of our approach to our investors.

SUMMARY

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I. The definition of controversies is as follow:

ESG controversies faced by companies include, for example: industrial accidents, pollution, corruption convictions, money laundering or anti-competitive practices, customer information claims, product safety incidents.

II. Sources :

Our sources are the MSCI ESG Research database, broker research, the press, search engines, but also the websites of some NGOs specialized in corporate monitoring, while keeping a critical view on their work (see details below).

III. Update and follow-up :

The monitoring is done on a daily basis (on an event basis) during the review of controversies by broker research, the press, search engines, but also the sites of certain NGOs specialized in the monitoring of companies on a monthly basis on the fund portfolio (extraction of the MSCI database) for controversies considered very severe by the platform. Finally, an annual extraction of the MSCI ESG data sheets from the MSCI ESG Research database is carried out to identify any controversies affecting the stocks held in the portfolios.

IV. Governance and steering :

Controversies are integrated into INOCAP Gestion's ESG approach through the various management committees (collective management committee, value committee, Grand Angle committee, sustainable approach committee) and during the life of a position in the funds (pre-investment, during investment and post-investment).

The Controversy Management Committee is an internal mechanism at the heart of our responsible investor approach. Its objective is to address and analyze severe and very severe controversies (according to MSCI ESG criteria or from other channels).

The committee is responsible for making decisions and also for demonstrating to the various stakeholders of INOCAP Gestion (clients, employees, etc.) that we act conscientiously on all these issues.

When a severe or very severe controversy appears on the MSCI ESG Scorecard for a stock, the ESG analyst contacts the issuer concerned to obtain additional explanations and information.

For controversies highlighted by Broker research and other information channels, the ESG analyst consults the content of the controversy, tries to obtain additional information on the controversy in question and discusses with the manager in charge of the stock whether the case is severe or not.

If after analysis, the controversy appears to be severe or very severe, then we mobilize a controversy management committee.

This committee, which is made up of a representative of control, a representative of management, a representative of communication and the ESG analyst, is a forum for exchange. Its debates and conclusions are shared through reports. The principle is that one participant is equal to one vote in order to force a clear majority decision. It allows us to progress collectively towards a better management of our risks and to preserve INOCAP Gestion's commitment as a proactive asset management company on sustainability issues.

On complex technical aspects, the committee reserves the right to consult external experts to obtain information on issues that will be discussed during the committee meeting. Depending on the cases discussed, the manager concerned by the issuer linked to a controversy will be present to explain and discuss the extra-financial aspects of the case.

The Controversy Management Committee meets at least once a year to review the list of excluded stocks and activities within INOCAP Gestion's universes and portfolios, as well as on a case-by-case basis according to the

needs raised. The Controversy Management Committee may be held at the request of any stakeholder of the company whose request has been deemed legitimate by the committee. The traditional cases in which the Controversy Management Committee is convened are: definition of exclusion lists, client inquiries, the emergence of a serious controversy within a company held in a portfolio, or new cases of investment in controversial companies (e.g., guilty of violating one or more of the ten principles of the United Nations Global Compact).

If the decision of the Controversy Management Committee is unfavorable to the maintenance of a position in a portfolio, the manager has a maximum of six months to exit the position, in the best interest of our shareholders (if a position must be maintained longer for reasons of liquidity, for example, a note will explain the decision).

V. Key steps :

1) INOCAP Gestion's collective management teams study controversies on an ongoing basis when analyzing companies.

2) The management team is aware of the most severe controversies and is responsible for identifying them as soon as they are identified. This is done through media monitoring, or through alerts communicated by external analyses, or through a monthly extraction of the MSCI database on the portfolio allowing us to identify if there has been a new controversy identified as very severe by MSCI ESG Rating or not. Finally, we extract for each company in the portfolio, when possible, the MSCI ESG sheet where the controversies are indicated and explained.

Controversies are studied prior to an initial investment and also during the life of the investment (follow-up or cases of occurrence). In the event of severe or very severe past controversies on a stock likely to be included in the portfolio, the Controversy Management Committee is mobilized and must conclude whether or not to invest after evaluating the members.

The severe and very severe controversies identified are treated according to their impact and on the basis of four criteria: severity of the impact, scale of the impact, frequency and the company's reaction. These controversies, considered significant, may call into question the exit or entry of the position in a portfolio.

Thus, for the UCIs (QUADRIGE FRANCE Smallcaps, QUADRIGE RENDEMENT France Midcaps, QUADRIGE EUROPE Midcaps, QUADRIGE MULTICAPS Europe), a controversy will be monitored in committee and will give rise to an evaluation of the status of the controversy ranging from 1 to 5. This rating may concern a controversy related to all the pillars.

3) INOCAP Gestion seeks by the best means to establish a dialogue with the company concerned, so that the latter may have a right of reply on a significant controversy. The company can deny and the analysis takes place on the public elements available, the company can reject the controversy by explaining why it is not a major and serious issue by providing supporting elements. Finally, the company can also confirm the controversy and, if necessary, announce the commitments and decisions taken to deal with the controversy and its consequences. In this way, the assessment can be held more quickly and with a prospective dimension.

In the context of SRI-labeled funds: if the controversy deemed severe or very severe occurs when the issuer is already present in a portfolio, the committee meets as soon as possible to analyze whether the security should remain in or be removed from the portfolio (a six-month period that may exceptionally be extended in the event of a liquidity problem - see transparency code).

4) Each severe and very severe controversy case will have to go before the controversy committee, which will make a decision on the status of the controversy.

Status 1: Controversy rejected by management with justification-> Maintain or invest in value

Status 2 : Controversy proven without so much severity or action by the company -> Maintain or invest in the value - Penalty of 0.25 points per controversy in the controversy area.

Status 3 : Controversy proven and serious -> No investment or divestment of the value

We only penalise companies in the portfolio and not those in the investment universe. As soon as a company is no longer in the portfolio, the penalty is cancelled.

In order to preserve the independence of the Committee's study with regard to the controversy ratings given by MSCI ESG Research, the Committee analyses the validity of the controversy ratings provided with the manager in charge of monitoring the stock. The latter may compare the agency's rating with its own internal research. The committee's decisions will be taken in the interest of our investors and in line with the commitments made by INOCAP Gestion.

Another issue is the appearance of a scandal in a portfolio company or in a stock likely to be included in it, which must be dealt with. However, depending on the coverage of MSCI ESG Research, INOCAP Gestion has two options:

1/The company is covered by MSCI, so we will first have to meet upstream while the scandal is being transcribed into a controversy in MSCI to decide whether or not to invest and then remobilize a controversy management committee and decide whether or not to invest in the stock.

2/The company is not covered by MSCI, then the ESG analyst will gather as much information as possible and share it with each of the stakeholders present at the controversy management committee to finally decide whether or not to invest in the stock.

VI. Appendices

Non-exhaustive examples of NGOs or information sites alerting on controversies:

<https://www.novethic.fr/actualite/gouvernance-dentreprise/entreprises-controversees.html>

<https://eco-act.com/fr/>

<https://www.wwf.fr/>

<https://uicn.fr/>

<https://www.rainforest-alliance.org/lang/fr>

<https://www.amisdela terre.org/>

<https://www.fne.asso.fr/>

<https://www.asso-sherpa.org/accueil>

<https://www.fondation-nature-homme.org/>

<https://www.halteobsolencescence.org/>

<https://www.greenpeace.fr/>

<https://www.generations-futures.fr/>

<https://transparency-france.org/>



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