Voting Policy

September 2019
Ossiam is a French UCITS management company, manages investment funds, including ETFs, based on systematic investment processes. Given the type of management exercised, Ossiam decided not to exercise the voting rights granted to it by the holding of the securities in the managed funds. However, as of August 2016, as part of a socially responsible approach, Ossiam decided to exercise its rights and put in place a voting policy. In accordance with the provisions of article 314-100 of Règlement Général of the Autorité des Marchés Financiers, Ossiam presents in this document the policy for the use of the voting rights attached to the securities of the UCITS funds it manages.

Scope and Voting

Ossiam votes for all UCITS funds managed by Ossiam. For mandates, it will do so on specific request from the client.
Ossiam has not set up any geographical restriction or minimum shareholding threshold to exercise its voting rights.
Some issuers require that shareholders who wish to vote must deposit their shares beforehand. The shares remain inaccessible for lengths of time that vary widely depending on the country and the issuer. Ossiam does not vote at meeting implying share blocking requirements. This is also the case when issuers require too many administrative procedures to vote such as power of attorney.
Ossiam does not participate in any securities lending program.
Ossiam has no dedicated team and has decided to use the expertise of proxy voting provider ISS by following the recommendations of the Sustainability proxy voting guidelines of ISS.
Voting is mostly realized by proxy through ISS ProxyExchange platform. Attendance at a general meeting to directly exercise voting rights may prove useful or necessary in certain circumstances.

Voting Policy

A. SHAREHOLDERS RIGHTS

A corporate governance regime must protect the rights of shareholders, facilitate their exercise and ensure fair treatment for all shareholders, including minority and foreign shareholders.

1. Board meeting

The general meeting is the place where voting rights are exercised and thus a central element of corporate governance. We are therefore unfavorable to anything that could limit, hinder its operation or reduce the perimeter of its competence. Resolutions should not mix in a blocked vote items that could be presented separately.
2. Shareholders voting rights

Ossiam is in favor of a fair expression of shareholders through their voting rights. Ossiam is nevertheless aware of the importance for companies of retaining and stabilizing their shareholders with a view to long-term development, thus we are not dogmatically opposed to the allocation of double votes to long-term shareholders as long as they are effectively accessible to all and do not involve disproportionate control to the detriment of minority shareholders. These resolutions will be analyzed on a case-by-case basis, in particular on the basis of the shareholder base and the level of control of existing shareholders. The submission to the general meeting of such an amendment seems essential to us as well as a detailed reasoning on the part of the Board.

3. Quality and integrity of the financial information

Sincere, complete and transparent financial reporting is an essential element of shareholder rights. Quality information on the governance of the company and its evolutions is also necessary. These elements are prerequisites for a thoughtful exercise of voting rights. Insufficient information may lead to a negative vote.

Approval of the financial statements

We pay attention to the transparency and quality of the information provided and in particular to the presence of a majority-independent audit committee.

Discharge of directors

The refusal to renew a director’s mandate is possible in certain cases of serious breaches of corporate governance standards, of overall performance (economic, financial, social and environmental) deemed to be very flawed and affecting the valuation of the company or qualifications issued by the auditors on the Financial statements.

Auditors: Selection and fees

We will ensure that our votes help to avoid situations of conflict of interest and ensure the quality and independence of the audit, certain situations may lead to a negative.

Dividends

The voting decision will depend on the financial situation of the company over time.

Governance information quality

In many countries, the "comply or explain" principle applies and is an essential element of governance. Companies that refer to a governance code but depart from certain recommendations must explain the reasons for this choice.

B. BOARD OF DIRECTORS

Four fundamental principles apply when determining votes on director nominees:
Accountability: Boards should be sufficiently accountable to shareholders, including through transparency of the company’s governance practices and regular board elections, by the provision of sufficient information for shareholders to be able to assess directors and board composition, and through the ability of shareholders to remove directors.

Responsiveness: Directors should respond to investor input, such as those expressed through significant opposition to management proposals, significant support for shareholder proposals (whether binding or non-binding), and tender offers where a majority of shares are tendered.

Composition: Companies should seek directors who can add value to the board through specific skills or expertise and who can devote sufficient time and commitment to serve effectively. While directors should not be constrained by arbitrary limits such as age or term limits, directors who are unable to attend board and committee meetings and/or who are overextended (i.e. serving on too many boards) raise concern regarding the director’s ability to effectively serve in shareholders’ best interests.

Independence: Boards should be sufficiently independent from management (and significant shareholders) so as to ensure that they are able and motivated to effectively supervise management’s performance for the benefit of all shareholders, including in setting and monitoring the execution of corporate strategy, with appropriate use of shareholder capital, and in setting and monitoring executive compensation programs that support that strategy. Generally, Ossiam will vote against the election or reelection of any non-independent directors (excluding the CEO).

C. COMPENSATION

Aligning the interests of managers with those of shareholders is a key element of corporate governance. The remuneration policy within the company must contribute to this balance. The remuneration policy of the company for its corporate officers and senior executives must be transparent and subject in all cases to quantified performance criteria and targets. The non-existence or non-publication of these criteria will result in a negative vote. We consider it essential that the elements of this policy effectively contribute to a strong upward and downward correlation between the interests of managers and shareholders while avoiding conflicts of interest.

D. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (ESG)

Ossiam is a signatory of United Nations Principle for Responsible Investments since March 30th 2016.

Issues on social responsibility and sustainable development are increasingly at the center of discussions and can affect the performance and reputation of companies. Therefore, it is essential that the Board take into account the impacts linked to their social and environmental responsibility in terms of risks but also opportunities for growth and work to set up appropriate practices.
E. DETAIL OF VOTING POLICY

A more detailed version of the entire voting policy is available:

- For US equities:

- For other equities:

Conflict of Interests

Through its activities, employees of the company may find themselves in a situation of conflict of interest. These are situations where different stakeholders may have an opposite interest in the same transaction or trade.

Ossiam relies on an organization and the setting of rules for its managers and employees in order to limit as much as possible and manage, if necessary, the risks of conflicts of interest. See procedure "Prévention et gestion des conflits d'intérêts".

Control

An annual report on voting right is published on the website of the management company: www.ossiam.com

The correct application of the voting policy is monitored by the Compliance Department as part of the annual control plan.
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