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Shareholder Engagement Policy

Law No. 2019-486 of 22 May 2019 on the growth and transformation of companies ("Loi PACTE") amended Article L. 533-22 of the French Monetary and Financial Code (the "CMF") in order to transpose Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 as regards the encouragement of long-term shareholder engagement.

As such, asset management companies are now required to:

- Develop and publish a shareholder engagement policy describing how they integrate their shareholder role into their investment strategy; and
- Publish an annual report on the implementation of this policy. Thus, portfolio management companies are required to report on their voting practices.

Hi inov (the "Management Company" or "Hi inov"), as a portfolio management company authorized by the *Autorité des marchés financiers* (the "AMF"), is subject to this provision and those of Book III of the AMF's General Regulations (the "RGAMF") in relation to the exercise of voting rights attached to the securities held by the AIFs it manages.

Accordingly, the Management Company has drawn up this shareholder engagement policy, which defines in particular the manner in which it intends to exercise these voting rights.

1) Monitoring of strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance

Hi inov is an early-stage innovation capital company, specialising in B2B digital, which invests in start-ups providing digital transformation solutions to SMEs and large companies (business SaaS, PaaS, applied artificial intelligence, machine learning, big data, cloud infrastructure and devops, B2B services market place).

As a shareholder, Hi inov is particularly attentive to the activity and strategies implemented by the companies in which it invests.

In this respect, for each investment made and as far as possible, Hi inov systematically negotiates representation in the companies' governance bodies. Hi inov is therefore positioned to monitor the strategy and performance of the companies it invests in. As a consequence, Hi inov attends an average of six boards per year per portfolio company. Furthermore, as a member of the governance body and as a shareholder, Hi inov can give its opinion on issues related to the capital structure of the invested companies, as well as their strategy. Indeed, the shareholders' agreements negotiated when investing generally provide for a certain number of decisions to be validated by the governance body, independently or not of the decisions submitted to the shareholders' meeting. These may include issues relating to: budget validation, validation of certain expenses, payment of dividends, amendment of the articles of association, or validation of operations that may or may not have an impact on the capital structure of the holding (capital increase, sale of shares or assets, approval of new investors, creation of new classes of shares, creation of subsidiaries, etc.).

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Hi inov monitors the financial performance of the companies through a monthly evaluation of the portfolio companies. Each month, a team meeting is held to review the results of each of the portfolio companies in comparison with previous month results and budget set. In addition, at the end of each half-year, the Management Company evaluates the holdings in the managed portfolios using a risk-based approach coupled with a financial evaluation. These valuations are also audited by the Management Company's auditors as part of the certification or attestation of the funds' net assets.

With regard to the monitoring of the extra-financial performance of its holdings, Hi inov is committed to monitoring the ESG performance of its holdings. This monitoring is carried out at all stages of the investment.

Indeed, Hi inov aims to invest in companies whose core business is improving energy efficiency, i.e., increasing productivity and economic output while using fewer resources.

Hi inov invests in companies that it believes can make a positive impact through the choices they make about their organization and day-to-day operations. To help new companies understand this, Hi inov has developed a framework that assesses a company's ESG awareness and the steps it needs to take to improve its environmental, social, governance and third-party interactions. Hi inov's investment team assesses each company at the time of investment, helps the company identify key indicators to implement and monitor, and then records its progress on an annual basis.

Hi inov's ESG framework focuses on the three main stages of the investment life cycle:

- Pre-investment phase : energy audit and ESG questionnaire
- Ownership phase: annual ESG questionnaire and monitoring of progress on the different indicators at least annually at a strategy committee
- Exit phase: ESG audit if and only if relevant

These elements are more fully detailed in Hi inov's Responsible investment policy available on our website.

2) Dialogues with investee companies;

Hi inov, as minority stakeholder, invests mainly in unlisted equity securities. It therefore interacts with portfolio companies throughout the investment process during the monitoring phase or when the investment is sold.

As an active and committed investor, Hi inov seeks to establish a permanent dialogue with the managers of the companies it invests in, whether within the framework of the governance bodies, during ad hoc discussions or by offering them the services of operating partners to support them in their commercial, marketing or technical development. In this respect, Hi inov has, with a few exceptions, a seat on the board of the companies in its portfolio, which facilitates direct, privileged dialogue with the management of the companies it owns.

Investing mainly in early stage (series A and B), Hi inov is committed to supporting the companies in which it invests. The fact that it intervenes at the beginning of a company's life cycle allows for a dialogue and privileged support of the companies in the portfolio. Hi inov can thus work towards greater integration of ESG criteria in the implementation of the strategy of the companies in the portfolio by providing them with real support.



Hi inov ensures the effectiveness of its support through its ESG questionnaire, the results of which enable it to monitor the ESG progress of investee companies. If the results are below expectations, Hi inov engages in a dialog with management and co-investors on the projects and action plans to be implemented to improve these results.

3) Exercise of voting rights and other rights attached to shares

In order to act in the best interest of its investors, Hi inov intends to exercise the voting rights attached to the securities held in the portfolio companies.

In this respect, Hi inov systematically exercises the rights attached to its portfolio companies without any holding threshold or geographical limit.

When exercising voting rights, Hi inov endeavors to comply with its system for preventing and managing conflicts of interest.



Principles of Hi inov's voting policy:

Always acting in the exclusive interest of the investors, Hi inov votes according to the following principles for each type of proposed resolution:

- Resolution leading to a modification of the articles of association (extension of the activities of the participation, restructuring, change of name, moving of the registered office):

While amendments to the articles of association are analyzed on a case-by-case basis, Hi inov is particularly attentive to decisions that could lead to a change in the mode of governance, the limitation of voting rights, etc.

- Approval of accounts and allocation of results (approval of accounts and discharge of directors, auditors report, distribution of income and dividends)

In particular, Hi inov ensures that the principles of integrity of the accounts and transparency are respected, as the information transmitted to the partners must be accessible, sincere and consistent. In this respect, Hi inov is attentive to any remarks and warnings that may be made by the auditors and to their consideration by the companies concerned.

Dividend distributions must be in line with the company's results and long-term objectives.

- Appointment and dismissal of corporate bodies:

Changes and dismissals relating to corporate bodies proposed by the investee company will be analyzed on a case-by-case basis, paying attention to the quality of information provided by the companies in order to form an opinion, to the number of independent directors, and to the rules on accumulation of mandates.

- Regulated agreements

Regulated agreements must be concluded in the interest of all the associates, which means that they must be clearly detailed and justified. Hi inov may vote in favour of resolutions concerning regulated agreements provided that the auditors have not expressed any reservations.

- Appointment of auditors

The appointment of permanent and alternate auditors is analyzed on a case-by-case basis. In addition, Hi inov systematically requests that the companies in which it invests appoint an auditor, even if they are below the thresholds making the appointment of an auditor mandatory.

- Capital transactions

Particular attention is paid to capital transactions, strategic transactions and equity management. Each capital transaction proposed to the partners (capital increase/decrease, contribution, merger, reserve issue, share buyback, creation of new classes of shares, etc.) must be systematically justified and financially balanced and will be studied on a case-by-case basis.



Exercise of voting rights

Hi inov exercises its voting rights by correspondence or by participating physically in shareholders' meetings. In addition, Hi inov may give a proxy to the Chairman or to another shareholder of the investee company.



4) Cooperation with other shareholders and communication with relevant stakeholders

As part of its investment strategy, Hi inov mainly takes minority stakes in portfolio companies.

Thus, the collaboration and cooperation with other shareholders is mainly within the framework of the governance bodies of the portfolio companies (board of directors, strategic committee, etc.).

As an active and committed investor, Hi inov is attentive to the decisions that may be taken, particularly in terms of governance (composition of the management bodies, remuneration, composition of the shareholder base, adoption of the budget, strategy, etc.), transparency (obtaining the information necessary to monitor its holdings), ESG criteria (implementation of measures aimed at energy sobriety, parity, employee access to the company's results, creation of CSR policies, etc.).

In addition, Hi inov maintains a permanent dialogue with its investors. A meeting is organized every quarter with the investors to keep them informed of portfolio developments.

Lastly, Hi inov is also active in market associations and is a member of various organizations (France Invest, France Digitale, Sista, and since 2022 a signatory of the PRI).

5) Management of actual and potential conflicts of interests in relation to Hi inov engagement.

In order to protect the interests of its investors at all times, Hi inov has formalised

- A policy for the prevention and management of conflicts of interest based in particular on a risk map of conflicts of interest.
- A code of ethics developed by the industry associations (France Invest and AFG), which sets out the rules for personal transactions, declaration of gifts and benefits received, etc., in order to identify, prevent and deal with any conflict-of-interest situation in the best interests of investors.

6) Reporting on engagement policy

The commitments made by Hi inov in the context of this shareholder engagement policy will be the subject of an annual report, made available on its website.