

# ENGAGEMENT POLICY

July 2024

History

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Table of contents

1.	Introduction .....	4
2.	Purpose and Scope of the Policy .....	4
3.	Materiality Principle .....	5
4.	Monitoring of Target Companies .....	5
5.	Conducting Dialogues with Target Companies.....	5
6.	Exercising Voting Rights Attached to Shares of Target Companies.....	6
7.	Cooperating with Other Shareholders of Target Companies.....	6
8.	Managing Conflicts of Interests.....	6
9.	Disclosure to Funds' Investors.....	6
10.	Policy Ownership .....	6

## 1. Introduction

Nevastar Finance (Luxembourg) S.A. (hereinafter referred to as the “Company”) is an investment fund manager incorporated under the laws of the Grand-Duchy of Luxembourg and authorised by the *Commission de Surveillance du Secteur Financier* (hereinafter referred to as the “CSSF”) to act as:

- a management company, in accordance with Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment, under registration number S00000803; and
- an alternative investment fund manager, in accordance with the Law of 12 July 2013 relating to alternative investment fund managers, under registration number A00001338.

As an investment fund manager, and in accordance with the provisions of the Law of 1 August 2019, amending the Law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings of listed companies, the Company is required to establish an engagement policy outlining how shareholder engagement is embedded in the investment strategies of the investment funds under its management (hereinafter referred to as the “Funds”).

With reference to the foregoing, it is to be noted that the Company acts as the portfolio manager of the Funds.

However, in case of delegation of the portfolio management activities the Company will ensure that the delegated portfolio manager also integrate shareholder engagement in its investment strategy, if and when applicable.

## 2. Purpose and Scope of the Policy

### 2.1. Purpose

The purpose of this Engagement Policy (hereinafter referred to as the “Policy”) is to describe how the Company integrates shareholder engagement in its Funds’ respective investment strategies.

Specifically, this Policy describes how the Company, acting on behalf of the Funds, intends to:

- monitor the companies in the shares of which it invests (hereinafter referred to individually as a “Target Company”, and collectively as “Target Companies”) on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
- conduct dialogues with Target Companies;
- exercise voting rights attached to the shares of Target Companies;
- cooperate with other shareholders of Target Companies;

and

- manage actual and potential conflicts of interests in relation to its shareholder engagement.

### 2.2. Scope

This Policy applies exclusively to the Funds’ shareholdings in Target companies (i) which have their registered offices in European Union Member States and (ii) the shares of which are admitted to trading on a regulated market situated or operating within European Union Member States.

### 3. Materiality Principle

In recognition of the limited ability of the Company to exercise significant influence on Target Companies in those circumstances where the Fund's shareholdings are not material, it is the policy of the Company NOT to integrate shareholder engagement in its Funds' investment strategies if the aggregate shareholding of the said Funds into Target Companies amounts to less than 5% of the latter's outstanding shares (as calculated on the basis of the full market capitalisation methodology, as opposed to the free-float methodology).

Accordingly, this materiality principle applies to each and every feature of this Policy as discussed in Sections 4. to 7. hereunder.

### 4. Monitoring of Target Companies

The Company is what is commonly known as an active asset manager; accordingly, it strongly believes in the monitoring of Target Companies.

Specifically, the Company only decides to invest in the shares of a Target Company once it has gained an in-depth understanding of the said Company's overall business strategy, risk exposure and share capital structure.

In addition, the Company is committed to incorporating environmental, social and governance (hereinafter referred to as "ESG") criteria into its investment strategy.

Full details of how the Company actually integrates ESG criteria in its Funds' respective investment strategies may be found in the Company's Sustainability Policy, as posted on its Website (<https://www.nevostar.lu/sustainabilitypolicy>).

### 5. Conducting Dialogues with Target Companies

As an active manager, the Company seeks to engage directly with the management teams of Target Companies.

Specifically, engagement includes an on-going communication between the Company's Conducting Officers in charge of Portfolio Management and the management teams of Target Companies; such communication may range from obtaining regular updates regarding the financial situation of Target Companies to discussing specific issues, such as for instance a change of the overall business strategy. In some cases, the Conducting Officers in charge of Portfolio Management may take a more focused approach, depending on the circumstances of Target Companies; such approach may extend to meetings with the management teams of Target Companies.

## 6. Exercising Voting Rights Attached to Shares of Target Companies

As an active manager, the Company recognizes that the exercise of voting rights is an important aspect of shareholder engagement, in particular if the Funds' shareholding is material with regard to the outstanding shares of Target Companies.

The Company's Conducting Officers in charge of Portfolio Management are ultimately responsible for determining whether and how to exercise voting rights.

More information in this respect may be found in the Company's Voting Rights Policy, as posted on its Website (<https://www.nevastar.lu/votingrightspolicy>).

## 7. Cooperating with Other Shareholders of Target Companies

In some cases, the Company may cooperate with other investment fund managers, also shareholders of Target Companies, if it considers it to be in the best interests of the investors in its Funds. Such cooperation may be in the form of joining other investment fund managers in meetings with the management teams of Target Companies.

## 8. Managing Conflicts of Interests

The Company is aware that potential conflicts of interests may arise when engaging with Target Companies.

Accordingly, it has designed and implemented measures in order to limit such potential conflicts of interests; such measures are governed by the provisions contained in the Conflicts of Interests Policy implemented by the Company.

More information in this respect may also be found in the Company's Voting Rights Policy, as posted on its Website (<https://www.nevastar.lu/votingrightspolicy>).

## 9. Disclosure to Funds' Investors

The Company will make arrangements for this Policy to be posted on its Website (<https://www.nevastar.lu/engagementpolicy>), so as to facilitate its access to Funds' investors.

In addition, the Company will, on an annual basis, issue a report detailing how this Policy has been implemented, including a general description of how it exercised voting rights attached to shares of Target Companies.

## 10. Policy Ownership

This Policy will be approved by both the Management Committee and the Board of Directors of the Company.

This Policy will be reviewed at least once per year and updated/modified anytime necessary by the Policy Owners. Any material change will be approved by the Management Committee and the Board of Directors of the Company.