

# Avenue Europe Management, LLP

## Shareholder Rights

### Policy

Avenue Europe Management, LLP (the “Firm” or “Avenue”) complies with the requirements of the Shareholder Rights Directive (“SRD II”). It has developed an engagement policy, as seen in Annex A, and disclosed it publicly on the Firm’s website. Avenue will make annual disclosures on how the engagement policy has been implemented.

Avenue will provide additional disclosures to its client, Avenue Europe International Management, L.P, (the “Client”) as and when any such requests are made. Such additional disclosures include: information on the Firm’s engagement policy and key portfolio level information including risks, composition, turnover costs and conflicts.

Where the presence of such an investor cannot be readily ascertained by the Firm, it will provide the required information upon request.

### Procedure

#### **Engagement Policy Disclosure**

Avenue has developed a policy describing in detail the role of shareholder engagement in its investment strategy.

Avenue has publicly disclosed on its website its engagement policy which covers the following areas:

- The role of shareholder engagement in the Firm’s investment strategy;
- The Firm’s procedure for monitoring investee companies on relevant matters, including: (a) strategy; (b) financial and non-financial performance and risk; (c) capital structure; and (d) social and environmental impact and corporate governance;
- Procedure for conducting dialogue with investee companies;
- Procedure for exercising voting rights and other rights attached to shares;
- Guidelines for working with other shareholders;
- Guidelines for communicating with relevant stakeholders of the investee companies; and
- Procedure for managing actual and potential conflicts of interests in relation to the Firm’s engagement.

#### Annual Update and Disclosure

This policy and the related disclosure are reviewed on at least an annual basis and presented to the Management Body. As part of this review, Avenue will update its annual disclosure to include consideration of the following:

- A general description of voting behavior;
- An explanation of how it has cast significant votes, including how it has cast votes in the general meetings of companies in which it holds shares; and
- Reporting on the use of the services of proxy advisors.

The annual disclosure will be made on a calendar basis, effective June 2020 and / or at the one-year anniversary of the on-boarding of the relevant client to whom disclosure is owed.

### **Shareholder Engagement and Proxy Voting**

The Firm monitors and records the way in which it has engaged with investee companies, including with regard to, and in accordance with, proxy voting policy and procedure as outlined in Appendix A.

Avenue maintains a record of votes exercised and periodically, and on at least an annual basis:

- Review the Firm's voting record and confirm that a random sample of proxy questions were voted according to the approved policy; and
- Review any material conflicts that have been documented and determine independently whether the conflict was resolved in favour of the client's interests.

Avenue is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. The Firm will consider the significance of each vote on an ongoing basis and in accordance with its proxy voting policy (as outlined below).

### **SRD Institutional Investors**

Avenue currently has no institutional investors but will comply with the disclosure requirements of the SRD II with respect to separately managed accounts of SRD II institutional investors if any such investors are taken on as clients by making such information publicly available on its website or on a bilateral, client by client basis, as requested. Such disclosures will be provided and updated on at least an annual basis.

The Firm will also provide this information to institutional investors in funds managed by the Client upon request by those investors or by the Client.

## Appendix A

### Engagement Policy

Under obligations arising from the revised Shareholder Rights Directive (EU 2017/828) (“SRD II”), a firm which trades shares on regulated and comparable markets, is required to either develop and publicly disclose an engagement policy as prescribed in COBS 2.2B.6R or disclose a clear and reasoned explanation of why it has chosen not to do so.

Avenue Europe Management, LLP (“Avenue” or the “Firm”) has elected to disclose its engagement policy as set out below. Further, we are also required to further disclose on an annual basis how the engagement policy has been implemented in a way that meets the requirements in COBS 2.2B.7R. Avenue will make its annual disclosure, alongside this engagement policy, on its website.

<p><b>The role of shareholder engagement in Avenue’s Investment Strategy</b></p> <p><b>COBS 2.2B.6 R (1)</b></p>	<p>Investment decisions are taken following fundamental analysis of the underlying companies. This includes, inter alia, consideration of the company accounts, management team, shareholders and corporate governance arrangements. Once a new investment is made, it is monitored on an ongoing basis, including meetings with management where appropriate.</p> <p>Avenue evaluates whether to engage with investee companies, on behalf of the Firm’s sole client, Avenue Europe International Management, L.P. (“the Client”) which manages a number of funds focusing on European investment strategies., This is done on an investment-by-investment basis, if Avenue believes, in its reasonable business judgment, that shareholder engagement would be reasonably necessary in order to maximize returns for its underlying investors.</p>
<p><b>Approach to ongoing monitoring of investee companies</b></p> <p><b>COBS 2.2B.6 R (2)</b></p>	<p>Each investee company held in a fund managed by the Client is monitored by a portfolio manager with the assistance of one or more analysts. In addition, the Client has Investment Committees for its investment strategies that include members of senior management and members of the Compliance, Legal, Tax, Operations, Risk Management, Business Development and Accounting Departments. Investment Committees meet at least quarterly and generally include a review of portfolios, largest investments, upcoming material corporate actions and other material transactions, marketplace developments, legal/regulatory updates, and any other items that are relevant to the applicable fund’s portfolio of investee companies. Through these reviews the Firm is able to monitor investee companies on an ongoing basis in respect of their strategy and any upcoming changes thereto, financial and non-financial performance and risk, capital structure and social and environmental impact and corporate governance. Where any concerns are identified in respect of such matters these will be discussed at the relevant Committee meeting and, where appropriate, action taken to mitigate associated risks.</p>

	<p>Records reflecting the ongoing investment analysis of investee companies are maintained to enable historic fact-checking and to guide and enhance the investment process with new companies.</p>
<p><b>Approach to conducting dialogue with investee companies</b></p> <p><b>COBS 2.2B.6 R (3)</b></p>	<p>Dialogue between the Firm and investee companies is generally conducted by senior members of the Firm’s investment teams. In addition, from time to time, funds managed by the Client may become the sole investor or a significant stakeholder in a portfolio company and, as such, sit on a portfolio company board and work with appointed company management teams. All such communications are conducted in accordance with the Firm’s code of ethics and other controls and procedures regarding communications with investee company insiders to ensure the proper management of any material non-public information that may be disclosed.</p>
<p><b>Procedure for exercising voting rights and other rights attached to shares</b></p> <p><b>COBS 2.2B.6 R (4)</b></p>	<p>The Firm’s objective is to ensure that its proxy voting and corporate action activities on behalf of its funds are conducted in a manner consistent, under all circumstances, with the best interests of the funds.</p> <p>The Client’s Operations managers have the responsibility of voting proxies on behalf of the funds in accordance with the Firm’s proxy voting guidelines, at the direction of senior members of the Firm’s investment teams.</p> <p>Notwithstanding the foregoing, the Firm may vote a proxy contrary to its proxy voting guidelines if the Firm in connection with the portfolio manager or analyst who is in charge of monitoring the investee company determines that such action is in the best interest of the fund. In the event that the Firm votes contrary to the proxy voting guidelines, the Firm will document the basis for the contrary voting decision.</p> <p>In addition, the Firm may choose not to vote proxies in certain situations, such as (i) where a fund has informed the Client, or the Client has informed the Firm, that it wishes to retain the right to vote the proxy, (ii) where the Firm deems the cost of voting would exceed any anticipated benefit to the Client, (iii) where the proxy is received for a fund that has been terminated, or (iv) where a proxy is received by the Firm for a security it no longer manages on behalf of the Client. The Firm, with the assistance of the portfolio manager or analyst who is in charge of monitoring the investee company, will document the basis for the Firm’s decision not to vote.</p>
<p><b>Approach to cooperating with other shares holders</b></p> <p><b>COBS 2.2B.6 R (5)</b></p>	<p>To the extent funds managed by the Client engage with other shareholders of a portfolio company, such dialogue is generally conducted by senior members of the Firm’s investment teams and carried out in accordance with the Firm’s code of ethics and other controls and procedures regarding communications with investee company insiders to ensure the proper management of any material non-public information that may be disclosed.</p>

<p><b>Approach to communicating with other non-equity stakeholders</b></p> <p><b>COBS 2.2B.6 R (6)</b></p>	<p>Insofar as the Firm engages in communications with other non-equity stakeholders, such communications are conducted by senior members of the Firm's investment teams and carried out in accordance with the Firm's code of ethics and other controls and procedures regarding communications with investee company insiders to ensure the proper management of any material non-public information that may be disclosed.</p>
<p><b>Procedure for managing actual and potential conflicts of interests in relation to the firm's engagement.</b></p> <p><b>COBS 2.2B.6 R (7)</b></p>	<p>The Firm maintains a register of potential and actual conflicts of interest which is supplemented by a register of the outside business interests of staff members.</p> <p>The Firm and the Client have a Conflicts Committee which is composed of members representing senior management of the Firm and the Client, including a Senior Principal, the Chief Financial Officer and the Chief Compliance Officer. The Conflicts Committee meets as necessary to review and address actual and potential conflicts of interest. Possible conflicts may arise in many different aspects, including, but not limited to, launching of new strategies, investing in different parts of a portfolio company's capital structure, managing information barriers, and allocating investment opportunities across different funds.</p> <p>Where there is a perceived conflict in relation to the Firm's engagements, this would be reported to the Chief Compliance Officer of the Firm, who would determine what steps needed to be taken to manage the conflict of interest effectively.</p>