

Engagement policy

Why engage?

Banque Transatlantique Luxembourg believes in the importance of sustainability objectives and is **committed to sustainable and responsible investment**. It adheres to the action plan defined by the European Commission as an extension of the 2015 Paris Agreement (COP21). This plan entails the implementation of a process “taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects”.

To that end, Banque Transatlantique Luxembourg has adopted an **investment policy that includes an approach for analysing impacts on sustainability**. It attaches increasing importance to any event or situation of an environmental, social or governance (ESG) nature that, if it were to occur, could have a real or potential impact on the value of the investment. Over and above short-term financial parameters, it is important that we also take into account extra-financial criteria that may affect the valuation.

The Crédit Mutuel Alliance Fédérale group, which has opted for the status of a mission-led company around a “raison d’être” that advocates “listening and acting together”, offers an initial general framework for responsible investment in terms of its values of social and environmental commitment, with which Banque Transatlantique Luxembourg is fully aligned.

Banque Transatlantique Luxembourg believes it can also inspire accountability among economic players by raising awareness of environmental and social issues and by implementing good governance practices. **A responsible investment policy is a means by which to encourage companies to communicate** on their strategic plans and ESG performance as well as to act in the event of any controversies.

Banque Transatlantique Luxembourg also shares the conviction that the integration of sustainability objectives helps in preserving capital, protecting the interests of its clients, and generating collective wealth.

How does this engagement take shape in concrete terms?

To fulfil its ambitions in this context, Banque Transatlantique Luxembourg attaches increasing importance to the **process of analysing and monitoring companies** based on environmental, social and governance assessment criteria. The Banque Transatlantique Luxembourg offering is gradually evolving around several pillars:

- Firstly, Banque Transatlantique Luxembourg applies **the sector exclusion policy implemented by Crédit Mutuel Alliance Fédérale**. Certain investments in activities that have been specifically defined by the Group are prohibited (anti-personnel mines, for example). The list is constantly changing and Banque Transatlantique Luxembourg’s investment policy is adjusted accordingly.

- Then, to measure each company's degree of involvement, Banque Transatlantique Luxembourg obtains **information from financial data providers which it supplements with research from the analyst teams of the various companies with which it works** and which are constantly increasing their understanding of and expertise in ESG criteria. Based on this information, we can estimate the degree of progress made by companies in relation to their sustainability policy. It also allows Banque Transatlantique Luxembourg to invest in ESG themes, with a particular focus on environmental themes.
- Lastly, for a proportion of its investments, Banque Transatlantique Luxembourg draws on **the research and expertise of Dubly Transatlantique Gestion (DTG)**. As a Banque Transatlantique management company, DTG analyses the quality of European and US listed companies based on both financial and extra-financial criteria and, in this context, integrates an ESG approach. As part of this process, DTG prioritises visits, meetings and discussions with companies and their management teams. In this way, it can respond to financial and extra-financial issues, in particular following a controversy or in relation to a new strategic plan. DTG also analyses ESG investment funds.

The bank uses different channels for **dialogue with its investee companies**: participation in roadshows, conference calls during earnings publications, companies' financial communications, and more frequently broker research.

In relation to **the exercise of voting rights**, the positions held in the portfolios represent a small share of the companies' capitalisation. It was decided in principle not to exercise our voting rights but to reserve the right to exercise them if necessary to protect the interests of shareholders. The key principle of our voting policy is to serve the long-term interests of investors based on their investment strategies. Banque Transatlantique Luxembourg does not use service providers to exercise voting rights.

Similarly, **cooperation with other shareholders** is limited by the size of the positions held and Banque Transatlantique Luxembourg does not exercise significant influence among the shareholders. Nevertheless, a collaborative approach is not ruled out if necessary to protect the interests of shareholders.

As indicated above, the Bank applies a robust company analysis and monitoring process for obtaining information on its investee companies, without relying primarily on **communications with key players in those companies**. However, if additional information is required as part of our analysis and monitoring process, our management team communicates with relevant players in the companies concerned.

Banque Transatlantique Luxembourg implements a rigorous and systematic framework **for preventing, detecting and managing conflicts of interest**. All our staff are familiar with our code of ethics and must comply strictly with the rules set out within that code. Banque Transatlantique Luxembourg ensures that managers act first and foremost in the interest of its clients, over and above their own interests.