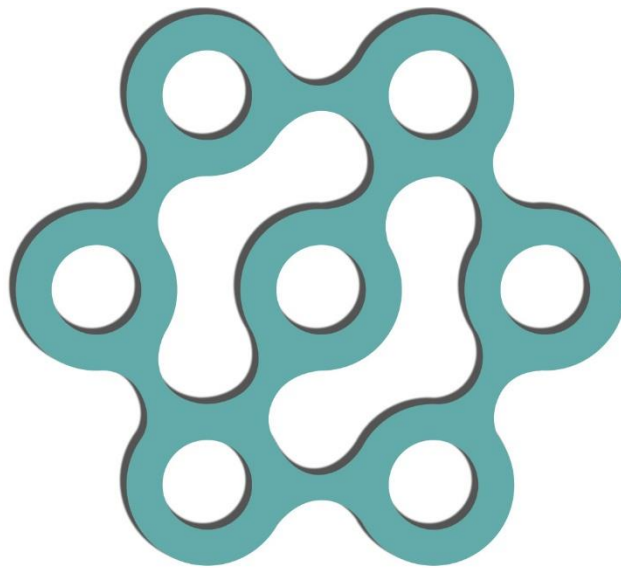


ELEVA Capital

Voting and Engagement Report

2021



Foreword

ELEVA Capital is an independent management company established in 2014. As a signatory of the Principles for Responsible Investment since our inception, we are convinced that the asset management industry has an essential role to play in protecting the environment and participating in the emergence of a fairer society.


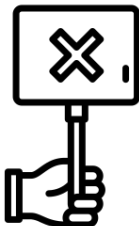


This report summarises our voting and engagement activities throughout 2021. Voting and engaging with companies are two essential pillars of our responsible investment approach. To learn more about our global **ESG approach**, please refer to our Transparency Code. Information about our voting and engagement principles are disclosed in our **Voting and Engagement Policy**. Both documents are available here: <https://www.elevacapital.com/en/our-responsible-approach>.

Our **Voting and Engagement** activities aim to help companies improve on their ESG (Environmental, Social and Governance) practices.

ELEVA Capital **systematically exercises its voting rights** at the shareholder meetings of every investee company. As “co-owners” of companies, we believe that **voting is a strong and efficient way to send signals to companies** on what is acceptable or not regarding their ESG practices.

Systematic engagement with investee companies is also an integral part of our responsible investment policy. As active shareholders, we are committed to **helping companies progress** on their sustainability journey. We believe that companies improving their ESG credentials will better **manage their risks**. We internally track the improvements made over time and firmly believe in **the value creation attached** to better ESG practices. As investors, we are keen to capture this upside.

2021 voting and engagement activities in a nutshell

Participation in 164 general meetings	10.7% opposition rate
	
Individual engagement with 146 companies	Share with them 426 areas of improvement
	

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1. Voting review

1.1 Voting policy perimeter

Voting allows us to exercise our responsibility as “co-owners” of companies, on behalf of our clients and to send signals on what is acceptable or not when it comes to governance issues, but also to environmental or social issues, such as climate change and working conditions are increasingly part of the topics discussed at annual general meetings (AGM). ELEVA Capital is therefore committed **to exercising its voting rights for all the equities held in its portfolios**. In order to ensure vote consistency, one single person votes for all the holdings of ELEVA Capital in a given company.

1.2 ELEVA Capital’s voting policy in brief

ELEVA Capital Voting and Engagement policy defines the guidelines followed by the equity investment team while they vote at annual meetings or when they engage on ESG topics with investee companies.

ELEVA Capital pays a lot of attention to good corporate governance practices and believes that voting at AGMs is the right way to bring about positive changes. In particular, we believe that Board composition is of paramount importance to ensure checks and balances. ELEVA Capital therefore encourages boards to have a significant proportion of independent directors. We encourage skillset, geographic, age and gender diversity on the board of directors. We believe that an efficient board strikes the right balance of different profiles, blending people knowledgeable on the key issues in a company’s sector and bringing a different and valuable perspective.

On executive compensations, ELEVA Capital wants the compensation schemes to be transparent, simple and understandable. We expect these schemes to use KPIs aligned with companies’ strategy and to be challenging enough so they enable a good alignment of interests between top management and their shareholders.

ELEVA Capital is also attached to equal treatment of shareholders. Thus, we support the general principle of “one share, one vote” as we expect shareholders’ voting rights to mirror their economic interest in each company.

More details about our voting policy can be found in ELEVA Capital’s Voting and Engagement policy, available in full here : <https://www.elevacapital.com/en/our-responsible-approach>

1.3 Exercise of voting rights in 2021 at ELEVA Capital

In 2021, ELEVA Capital voted at **164** distinct general meetings, representing 99.4% of general meetings for which we owned voting rights.

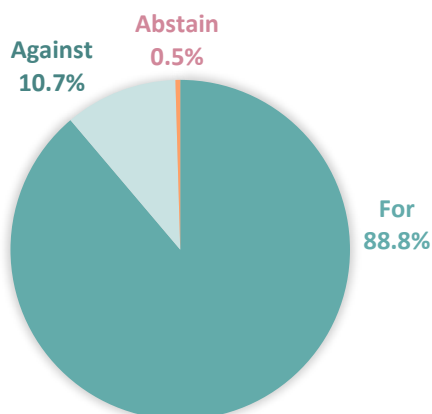
Our voting instructions on 1 meeting (0.6% of annual meetings) were not taken into account due to an exceptional administrative issue during the transfer of voting instructions.

At these 164 annual meetings, we voted on **2 554 resolutions** (132 were non-voting items) – an average of 16 resolutions per shareholder meeting.

ELEVA Capital voted “AGAINST” in 260 of the 2 422 voting resolutions, corresponding to a **10.7% opposition rate**.

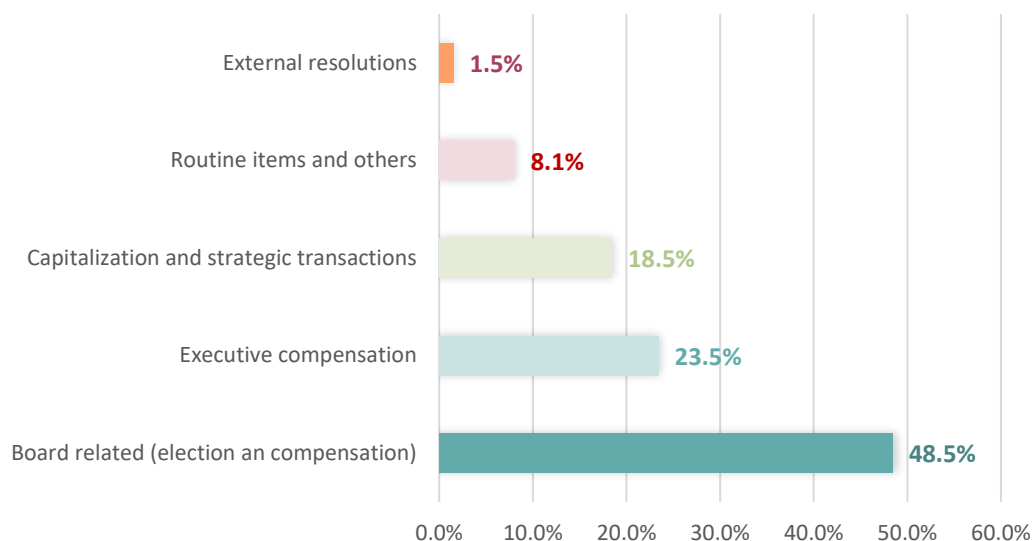


BREAKDOWN OF VOTING DECISION



The resolutions that drew the most opposition from ELEVA Capital were Board related (48.5% of total opposition votes) followed by those related to executive compensation (23.5% of total opposition votes).

BREAKDOWN OF VOTES AGAINST BY THEME



Regarding the specific resolutions on environmental and social topics, ELEVA Capital supported 5 resolutions in total :

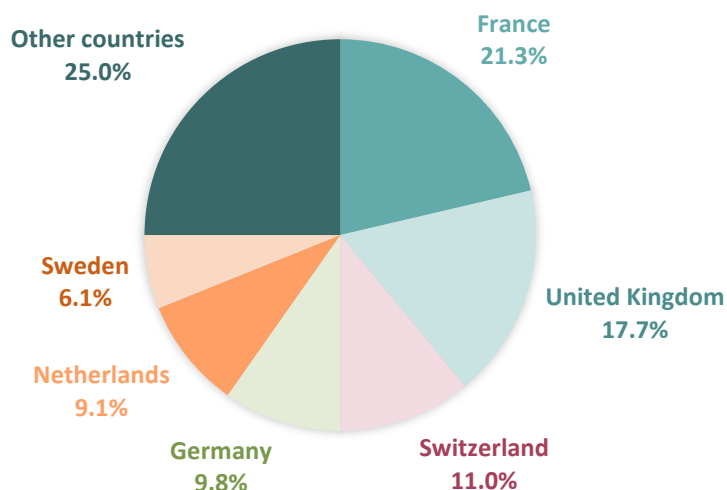
- 2 resolutions requesting country-by-country tax transparency,
- 3 Say-on-climate resolutions.

For each SRI-labelled fund, ELEVA Capital publishes the full inventory of votes on the dedicated webpage of each fund.



The geographical distribution of our votes in 2021 is as follows :

BREAKDOWN OF SHAREHOLDER MEETINGS BY COUNTRY



1.4 Exercise of voting rights in 2021 at funds' level

ELEVA Capital commits to exercise its voting rights for all the companies it holds in its portfolios at the time of the AGM. The table below shows voting information for each of our equity funds :

	% of voted AGMs	Number of voted AGMs	Number of voted resolutions	% of votes "against" (or "abstain")
ELEVA Euroland Selection	100%	52	799	7.6%
ELEVA European Selection	98.4%	62	989	6.3%
ELEVA Leaders Small & Mid Cap Europe	100%	73	1107	15.2%
ELEVA Absolute Return Europe (long book)	98.5%	64	1067	7.0%
ELEVA Sustainable Impact Europe	97.9%	47	848	12.3%

Two meetings were not voted because of exceptional administrative dysfunction during the transfer of voting instructions or due to positions changing after we had initially elected.



More information on voting statistics can be found in the annual ESG report of each fund, available in the funds' dedicated webpage.

1.5 Dialogue with companies in the context of annual general meetings

Annual general meetings usually give an opportunity to have a constructive dialogue on governance topics and resolutions presented at the AGM.

These discussions can take place before the AGM, on ELEVA Capital's team request or on companies' own initiative to exchange on the resolutions that will be submitted to vote. This dialogue may also occur after the AGM, usually at the initiative of ELEVA Capital, to explain why we did not support certain resolutions. This aims to help company shape their resolution in a better way or improve some practices for the next AGM.

Case studies

JD Sports Fashion : Pre AGM dialogue on the CEO compensation scheme

JD Sports Fashion is a retailer of sports and leisure wear. Prior to the 2021 AGM, we met with JD Sports regarding the CEO compensation scheme. The company faced important opposition rates on the remuneration report in 2019 and 2020 and on the new remuneration policy in 2020. We proposed several solutions to simplify and improve the transparency of the remuneration policy. Among others, these propositions include the implementation of new KPI for the long-term incentive scheme and the ex-post disclosure of awarded amounts for each KPI. Another key issue was the recurring nature of bonuses supposed to be exceptional, granted to the CEO.

Capgemini : Post AGM dialogue on Board composition

Capgemini is one of the leading IT services and engineering company in the world. We get in touch with the company following the 2021 AGM to share our view on the Board of Directors. Despite some changes going in the right direction, we believe that geographic diversity could be further improved.



2. Engagement review

2.1 Engagement policy perimeter

Engaging with companies on ESG issues is also an integral part of our responsible investment policy. As active shareholders, we are committed to helping companies improve on their sustainability journey. We can influence companies to adopt better ESG practices, or at least to relinquish poor practices. We believe that companies improving their ESG credentials will better manage their risks. As a result, **we systematically engage on ESG topics with investee companies**, following each ESG analysis and/or on an ad hoc basis. We then track the progress they have made over time. Engagement is usually conducted on a one-to-one basis but can also take the form of collective engagement, by joining forces with other asset management firms.

2.2 Presentation of the engagement policy

ESG analysis, which is systematically conducted internally for all the equity funds' holdings, is the starting point for a focused and relevant individual engagement. This first step enables us to identify a company's strengths and weaknesses on ESG topics. Following each analysis, we share with investee companies two to three areas of improvement on which we encourage them to progress. These are concrete actions, focusing on material issues for the company, which we can monitor over time.

Collective engagement is another way of dialogue with investee companies, and may mainly take two different forms :

- It can be an escalation measure, when, for a given company, we do not see enough progress on ESG topics that are critical to us. Partnering with other shareholders often gives more weight in discussion.
- It can also be initiatives, often launched by NGOs or coalitions, targeting several companies in the same sector or sharing common characteristics (e.g. biggest GHG emitters, companies not disclosing information to the CDP...).

Through our individual and collaborative engagement approach, we seek to :

- Encourage companies to be more transparent
- Influence the behaviour of companies towards best practices in terms of governance, compliance with international standards, and social and environmental responsibility, particularly in the fight against climate change and biodiversity loss.

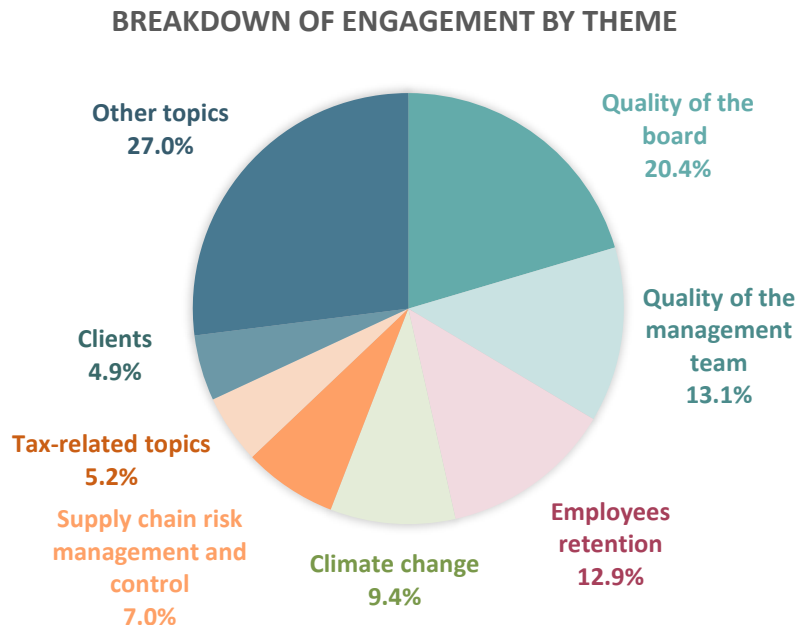
More details about our engagement policy can be found in ELEVA Capital's Voting and Engagement policy, available in full here : <https://www.elevacapital.com/en/our-responsible-approach>



2.3 Application of the engagement policy at ELEVA Capital

In 2021, ELEVA Capital implemented a new engagement policy, summarised in the previous paragraph.

Over the course of the year, we engaged with a total of **146 companies** and shared with them **426 areas of improvement**. The main topics of engagement are shown in the below pie chart.



Over time, we monitor how companies are progressing towards the achievement of these suggested areas of improvement and assess their degree of achievement. Updating the ESG analysis, which takes place about every two years when we are still shareholders of a company, helps to verify whether the engagement has borne fruit.

We track which topics have been “achieved”, “partially achieved” or “not achieved”. This sets the basis for re-engaging with the company. The re-engagement could be a reiteration of formerly discussed issues or, if topics were “achieved” or not relevant anymore, can be replaced by new engagement topics.

2.4 Application of the engagement policy at funds’ level

As we commit to engage with all companies held in our equity funds, we present in the table below the figures regarding our engagement activity for our holdings by fund as of 31/12/2021.

Companies held in the funds that have not been engaged at the end of 2021 have been engaged in early 2022.

	% of companies engaged in the fund as of 31/12/2021	Number of areas of improvement shared	Main engagement themes
ELEVA Euroland Selection	95.1%	112	<ul style="list-style-type: none"> - Quality of the board (20.5%) - Quality of the management team (15.2%) - Climate change (8.9%)
ELEVA European Selection	97.8%	130	<ul style="list-style-type: none"> - Quality of the board (21.5%) - Employees retention (10.0%) - Quality of the management team (10.0%)
ELEVA Leaders Small & Mid Cap Europe	100%	159	<ul style="list-style-type: none"> - Quality of the board (19.5%) - Employees retention (15.1%) - Climate change (10.7%)
ELEVA Absolute Return Europe (long book)	98.2%	157	<ul style="list-style-type: none"> - Quality of the board (20.4%) - Quality of the management team (12.1%) - Employees retention (9.6%)
ELEVA Sustainable Impact Europe	100.0%	119	<ul style="list-style-type: none"> - Quality of the board (26.9%) - Quality of the management team (12.6%) - Employees retention (11.8%)

2.5 Examples of engagement

Individual engagement

Carbios : Individual engagement to support their CSR journey

Carbios is the first and only company in the world to have developed an enzymatic process that infinitely recycles plastics and textiles. As a very small company, with no dedicated team in charge of CSR at the time of our engagement, we had a dedicated meeting on ESG topics. Beyond the very positive impact of their products, we shared with them our views on the importance of adopting better practices on their own operations. We encourage them to set environmental targets on their own operations, to implement talent attraction and retention initiatives, to improve disclosure on management remuneration and to apply the AFEP Medef Code definition of independence for Board members.



Collective engagement

Teleperformance : Collective engagement to boost our approach

Teleperformance is the world leader in customer relationship management services. ELEVA Capital started to engage the company in 2020 on two key issues: employees working conditions and CEO remuneration that lacked transparency. Given the size of its workforce (420k people) and its large geographic footprint (88 countries) with a strong presence in emerging countries, we flagged that employees working conditions and HR management in some countries had to be improved.

Given the low responsiveness of the company we decided to join forces with other asset managers. Covid-19 raised new human capital management issue and we believed we had to intensify our discussions with the company. Targeted issues were : risk mapping, social dialogue, efficiency of the whistleblowing system and granularity of reporting on social issue. Since then, some steps have been taken by the management in the right direction. We keep on engaging with the company.

Controversy engagement

Stora Enso : Engagement following a controversy in Brazil for alleged forest clearing

Stora Enso is a Finnish producer of paper and packaging and a major forest owner. We engaged with Stora Enso regarding the ongoing controversy on land dispute with local farmers in Brazil. This is a recurring challenge for forestry players operating in some South-American countries, given the relative immaturity of land laws. However, these disputes usually drive both media and NGO's attention. The main takeaway from the discussion was that Stora Enso take this issue very seriously and usually propose several remedies. Stora Enso is very much committed to operate in harmony with local communities. While being diligent in enforcing their permits, the company also try to offer solutions for landless people. The call was also reassuring on the fact that these controversies and the remedies are not jeopardising either the company's operations in the region or the economics of their projects.

Disclaimer

This report has been prepared for information purpose only and should not be considered as a marketing material nor an investment advice for ELEVA CAPITAL products.

The sources used to carry out this report are considered reliable, however ELEVA Capital declines all responsibility for any omission, error or inaccuracy. ELEVA Capital accepts no responsibility for any direct or indirect losses caused by the use of the information provided in this document.

The information presented in this document is simplified, for more information please refer to the KIID and the prospectus of the relevant UCITS available on our website (www.elevacapital.com).

The Fund's management company is ELEVA Capital S.A.S., a French société par actions simplifiée, registered with the Paris Trade and Companies Register under number 829 373 075 having its registered office at 32 rue de Monceau 75008 Paris, France Eleva is a French portfolio management company, duly authorised under number GP 17000015 and regulated by the French “Autorité des Marchés Financiers”.





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