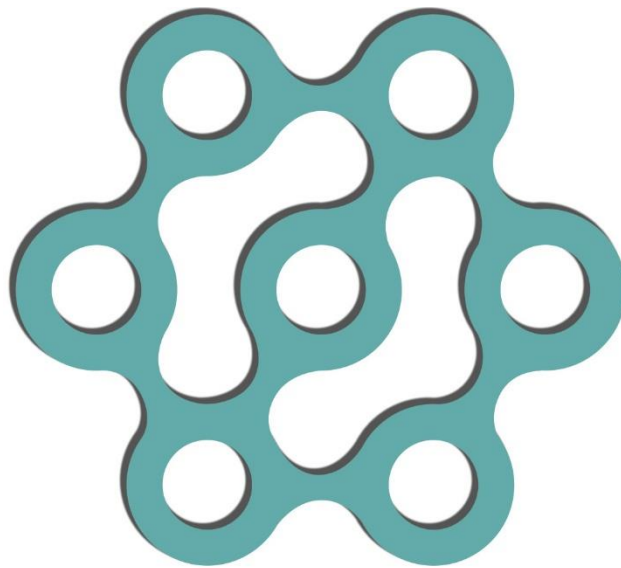


**ELEVA Capital**  
**Voting and Engagement Report**  
**2022**



# 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 2022. 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.

## 2022 voting and engagement activities in a nutshell

<p>Participation in 137 general meetings</p> 	<p>16.5% opposition rate</p> 
<p>Individual engagement with 84 companies</p> 	<p>248 areas of improvement shared with companies</p> 

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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 as these topics are increasingly 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>

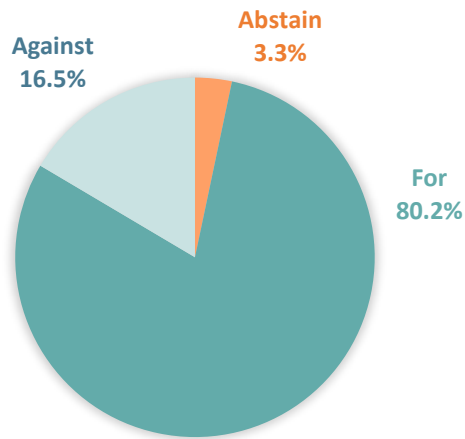
### 1.3 Exercise of voting rights in 2022 at ELEVA Capital

In 2022, ELEVA Capital voted at **137** distinct general meetings, representing 100% of general meetings for which we owned voting rights.

At these 137 annual meetings, we voted on **2 481 resolutions** (of which 152 were non-voting items) – an average of 18 resolutions per shareholder meeting.

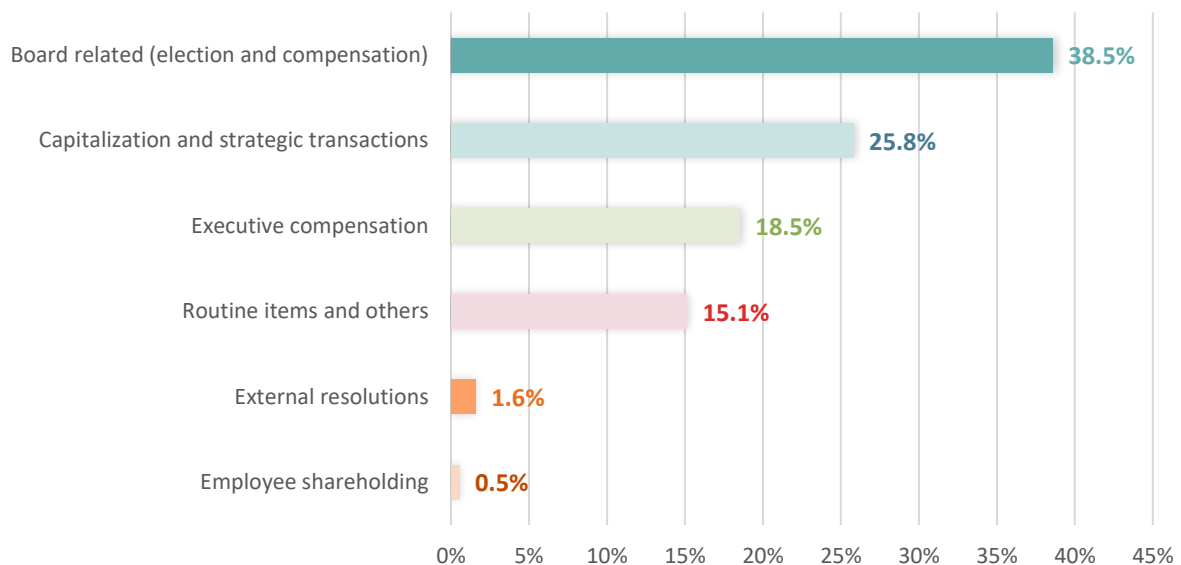
ELEVA Capital voted “AGAINST” to 384 of the 2 329 voting resolutions, i.e. a **16.5% opposition rate**.

## BREAKDOWN OF VOTING DECISIONS



The resolutions that drew the most opposition from ELEVA Capital were Board related (38.5% of total opposition votes) followed by those related to capitalization and strategic transactions (25.8% of total opposition votes).

## BREAKDOWN OF VOTES AGAINST BY THEME



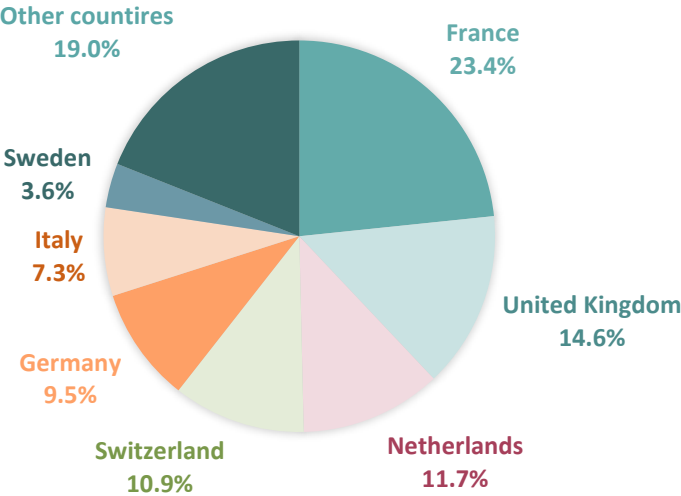
Regarding the specific resolutions on environmental and social topics, ELEVA Capital supported 11 resolutions in total :

- 7 resolutions requesting country-by-country tax transparency,
- 4 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 2022 is as follows :

**BREAKDOWN OF SHAREHOLDER MEETINGS BY COUNTRY**



**1.4 Exercise of voting rights in 2022 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%	38	630	12.4%
ELEVA European Selection	100%	51	875	13.1%
ELEVA Leaders Small & Mid Cap Europe	100%	61	1 030	22.4%
ELEVA Absolute Return Europe (long book)	100%	48	786	13.1%
ELEVA Sustainable Impact Europe	100%	49	963	20.2%

Some companies are held by several funds. 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 companies shape their resolutions in a better way or improve their practices for the next AGM.

### Case studies

#### **Arkema** : Pre AGM dialogue on Board composition

Arkema is one of the world's leaders in the development, manufacturing and marketing of chemical products. We met with Arkema ahead of the group's annual meeting to discuss governance topics. Among others, we asked them to improve the geographic diversity of their board of directors and to consider separating the roles of chairman and CEO in the context of Thierry Le Hénaff's succession plan.

#### **Bawag** : Pre AGM engagement regarding Management team's remuneration

Bawag Group is an Austrian banking group. ELEVA Capital has been engaging with Bawag's Board members on the topic of management remuneration for several years. Compared to its European peers, Bawag's management remuneration levels are very high in absolute terms, in particular when compared to those of much bigger banks. In addition, the remuneration scheme is complex (a dozen of criteria) and very focused on non-financial criteria (up to 2/3 weighting) leaving too much room for Board discretion. Some changes have been done to the remuneration scheme but given the high proportion of shareholders discontent in the past (68% of Against votes on the advisory vote on the 2021 remuneration report), we were expecting a broader reshuffling of the scheme. We have suggested some changes including the replacement of some qualitative KPIs by quantitative ones and more transparency on targets and thresholds to assess if the targets are challenging enough.

## 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 :

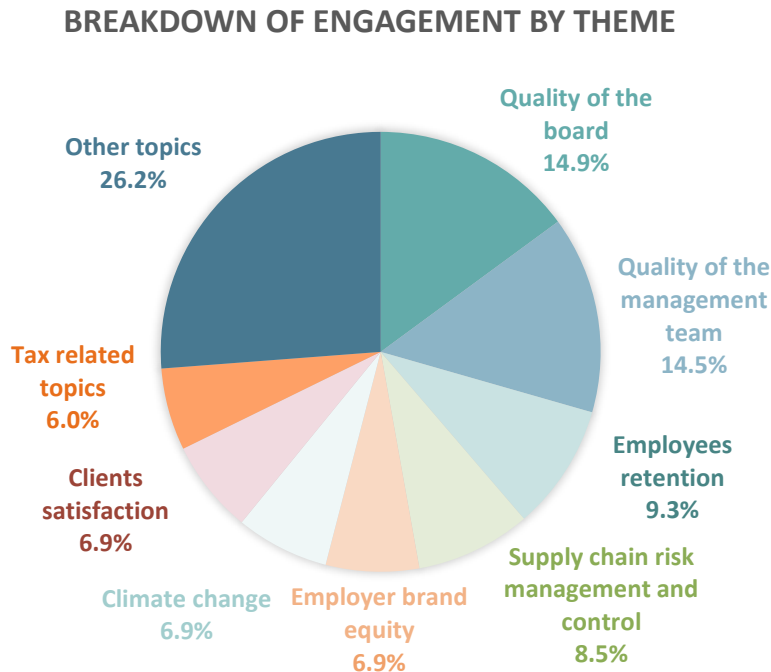
- Encourage companies to be more transparent
- Influence the behaviour of companies towards best practices in terms of governance, compliance with international standards, and social and environmental responsibility, particularly in the fight against climate change and biodiversity loss.

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

Over the course of the year, we engaged with a total of 84 **companies** and shared with them **248 areas of improvement**. The main topics of engagement are shown in the below pie chart.

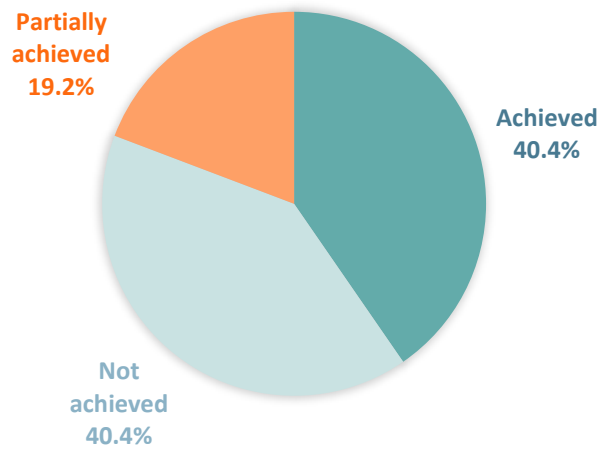


We monitor companies' progress to assess the degree of achievement over time. Updating the ESG analysis, which takes place about every two years when we are still shareholders of a company, helps to verify whether the engagement has borne fruit.

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 topics or, if past topics were "achieved" or have become less relevant, they can be replaced by new engagement topics.

In 2022, for the first time, we updated the ESG analysis of companies scored for the first time with ELEVA Capital's proprietary methodology 2 years earlier and still held in the portfolios. In this context, we assessed the achievement of engagement topics sent in 2020 for 19 companies, representing a total of 52 engagement areas. Results are presented in the following chart.

## QUALIFICATION BREAKDOWN



Obviously, we cannot claim the full merit of a successful engagement, as many other shareholders may have conducted similar engagement and contributed to this achievement.

### 2.4 Application of the engagement policy at funds' level

As we commit to engage with all companies held in our equity funds, the table below shows the figures regarding our engagement activity broken down by fund, as of 31/12/2022.

Investee companies that have not been engaged at the end of 2022 have been engaged in 2023.

	% of companies engaged in the fund as of 31/12/2022	Number of areas of improvement shared in 2022	Main engagement themes
ELEVA Euroland Selection	92%	56	<ul style="list-style-type: none"> <li>- Taxes and Business ethics (16.1%)</li> <li>- Quality of the board (16.1%)</li> <li>- Quality of the management team (12.5%)</li> </ul>
ELEVA European Selection	97%	77	<ul style="list-style-type: none"> <li>- Quality of the board (15.6%)</li> <li>- Employees retention (10.4%)</li> <li>- Taxes and Business ethics (10.4%)</li> </ul>
ELEVA Leaders Small & Mid Cap Europe	98%	83	<ul style="list-style-type: none"> <li>- Quality of the management team (18.1%)</li> <li>- Quality of the board (13.3%)</li> <li>- Employees retention (10.8%)</li> </ul>
ELEVA Absolute Return Europe (long book)	98%	86	<ul style="list-style-type: none"> <li>- Quality of the board (15.1%)</li> <li>- Employees retention (10.5%)</li> <li>- Taxes and Business ethics (9.3%)</li> </ul>
ELEVA Sustainable Impact Europe	100%	64	<ul style="list-style-type: none"> <li>- Quality of the board (25.0%)</li> <li>- Quality of the management team (15.6%)</li> <li>- Employees retention (9.4%)</li> </ul>

## 2.5 Examples of engagement

### *Individual engagement*

#### **Alstom** : Individual engagement to support their CSR journey

Alstom is one of the world leading manufacturers of infrastructures for rail transport sector. After a first ESG analysis conducted internally in 2020, we got in touch with the company to share with them potential sources of improvement on their CSR journey. Beyond the positive impact of Alstom's products, we shared with them our views on the importance of increasing the proportion of international and independent profiles at the board of directors. We also invited the company to start considering a separation of the CEO and chairman roles. Finally, we suggested Alstom to publish the results of internal employee surveys, to understand how the integration of Bombardier teams is progressing.

## *Controversy engagement*

### **L'Oréal** : Engagement related to the product safety of hair relaxers

L'Oréal is the world's largest beauty products company.

We engaged with the company following a litigation regarding the potential presence of dangerous chemicals in the composition of hair relaxers sold by L'Oréal in the United States.

We questioned the management to have a clearer view from the company's perspective. L'Oréal is confident about the quality and the safety of its products in general, and the incriminated ones in particular. The group operates under the European Cosmetics Regulation (n°1223/2009) and applies the restrictions of the European regulations on the use of controversial substances everywhere in the world where its products are marketed.

For the moment, an external third party has analysed the hair product use and the incidence of uterine cancer, without formally demonstrating a causal link.

Future developments regarding this controversy will be closely followed.

## 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](http://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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