Active Ownership Policy

SHAREHOLDER ENGAGEMENT

&

VOTING RIGHTS EXECUTION

Applicable to All Equity Funds under the management of ELEVA Capital

ELEVA European Selection Fund

ELEVA Absolute Return Europe Fund (long book only)

ELEVA Euroland Selection Fund

ELEVA Leaders Small and Mid-Cap Europe Fund

ELEVA Sustainable Impact Europe Fund

2021

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Introduction

*This document is the Active Ownership (Voting and Engagement) Policy, hereinafter referred to as "**The Policy**", of ELEVA Capital SAS. The Policy has been validated by the Management Board and comes into effect on the date of its publication.*

This Active Ownership Policy takes into account the requirements of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC with regard to the encouragement of long-term shareholder engagement ("**SRD II**"). The Directive institutes requirements for asset management companies to establish effective and sustainable shareholder engagement, namely when exercising shareholder rights attached to voting shares, in relation to the general meetings of companies which have their registered office in a European Member State.

Likewise, the Policy takes into consideration the provisions of articles of the French Decree N° 2019-1235 as of 27th November 2019 transposing the (EU) SDR II Directive and its requirements into the French financial market regulation (namely, Articles L522-22 and R533-16 of the French Financial and Monetary Code "*Code Monétaire et Financier")*.

The Policy under the described regulatory requirements is comprised of the two following distinct but interrelated elements:

- The Voting Policy; and
- The Engagement Policy.

The Policy and our Management Duties

As an asset management company, ELEVA Capital SAS defends its clients' interests through appropriate active management strategies operated by the company in accordance with the objectives outlined in the conditions of the General Management Agreement and the ELEVA UCITS Fund Prospectus. The implementation of the strategies involves a targeted dialogue (engagement) with investees as well as involvement in voting on the Shareholders' Meetings of the companies invested in. As part of the investment process, these engagement and voting practices seek to contribute to the achievement of the management company in meeting the investment objectives of the Funds managed.

Control of Policy Execution

As described in detail subsequently, the Policy is executed by the Investment (analysis of voting resolutions and dialogue with issuers) and Operations Team (execution of votes) of ELEVA Capital. The compliance with the principles and terms of this Policy is ensured via the responsibilities attributed within the respective teams mentioned, the establishment of internal procedures (as detailed after) as well as internal control and disclosure frameworks.

The Head of Compliance and Internal Control (RCCI) has open access to voting decisions and can verify that the application of the principles of this Policy have been carried out at any time.

Information on Active Ownership practices carried out by ELEVA Capital SAS is already largely available. For example *The Report in response to Article 173 of the French Law on Energy Transition* **("The Report"),** which also embodies the management company's voting and dialogue reports is produced annually and made available to the public. The Report is disclosed by the Management Company directly on our website: www.elevacapital.com

This Policy has been validated by the management of ELEVA Capital, after being examined by the RCCI.

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ELEVA ACTIVE OWNERSHIP STRATEGY

ELEVA Capital is an independent active asset management company. ELEVA Capital takes a view on investment management that favours an active, flexible and conviction based approach. Investment opportunities are selected by our management team in an active and dynamic manner by taking a comprehensive fundamental analysis of each investment case from the point of view of its integrated financial potential including its sustainability-related capacities. We look to avoid unjustified risks as well as to actively support high potential companies and accompany them in achieving their goals. As a sustainable investment approach, we thus practice ESG integration.

As part of our core investment objectives, we seek to leverage on sustainability risks and opportunities whilst generating outperformance within a defined investment horizon. We also aim to stimulate concrete changes in issuers' behaviour, which could bring about both an investment opportunity in terms of new innovative sustainability business solutions, and, along with it, a real change on the ground.

Consequently, ELEVA Capital's ESG investment philosophy is based on an approach of active dialogue with investees via shareholder voting or engagement mechanisms as part of our Active Ownership strategy. When in contact with an investee, the ELEVA investment team aim to better understand the different aspects of the company's business model, the quality of its management and its strategic vision. ELEVA's active ownership practices contribute to the investment management team's task in respecting our clients' interests by enabling our management team to:

- raise key questions about the practices of companies that may reveal potential important financial or sustainability-related risks;
- contribute to development of good practices by investees and to accompany these dynamics; and
- engage in long-term and sustainable financing practices in the context of growing considerations placed on the impacts of investment activities

ELEVA Capital considers the exercise of voting rights and of engagement activities as a fully-fledged mechanism for supporting companies in the management of their risks and opportunities. In doing so, it goes some way in fulfilling our management goals and the investment objectives of our clients.

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What is Active Ownership?

We consider the definition of Active Ownership proposed by the United Nations Principles for Responsible Investment organisation (UN PRI)[1] and, based on that, define the Active Ownership practices as they are performed by ELEVA Capital as:

> *The use of the rights and position of ownership (actual or potential in case of target companies not yet or no longer invested in) to collaborate with investee companies for a sound and sustainable development of their activities by enhancing information sharing, accompanying them and influencing their practices or behaviour.* ***Active Ownership includes engagement and voting activities****.*

Shareholder engagement represents any structured, regular and informed interactions between the Management Company and current or potential investee companies on short or long term economic, environmental, social and governance-related (ESG) issues material to their business activities and / or to the global environment these activities are performed in. Shareholder engagement serves the global objective of Active Ownership, which is to enhance information sharing (ESG disclosure) as well as to identify and to accompany possible improvement in companies' business and ESG practices.

Shareholder Engagement campaigns or actions can be performed individually by the Management Company or in collaboration with one or more other investors – *Collaborative Engagement*.

With regards to *Active Voting,* we consider this practice to be an important part of the management process. It allows us to formally and publicly express approval or disapproval on material issues through the exercise of voting rights on management and/or shareholder resolutions. Active Voting consists of taking control in terms of the way votes are cast on topics raised by management and/or other shareholders. ELEVA Capital executes its voting rights by proxy, i.e. by voting on every item/resolution via a web platform developed and provided by ISS Governance[2].

Engagement and voting are interrelated and complementary of each other, where each of them can represent a logical continuation and / or an escalation tactics of the other. They

[1] The UN PRI definition of Active Ownership is available at https://www.unpri.org/listed-equity/introduction-to-active-ownership-in-listed-equity-/2719.article

[2] Another possible means of voting rights execution is to vote in person, during an Assembly General Meeting (AGM) of a company.

complete the general management practices of ELEVA Capital and contribute to the fine execution of our investment strategies.

How do We Do It?

The Objectives

The global objective of our Active Ownership strategy is to enhance the quality of investees' practices in terms of consideration and response to economic and ESG (including climate change-related issues) relevant to their businesses and their environment. To achieve this goal, ELEVA Capital engages a constructive dialogue with issuers based on pragmatic, consistent and dynamic Engagement and Voting approaches supportive of best practices.

The Scope of the Policy

Our Active Ownership policy covers the total assets under management (AUM) corresponding to the active ELEVA Capital Equity funds specified on the front page of this Policy. The provisions on this Policy apply to all companies, the shares of which are held in our portfolios, specifically at the time of the companies' general meetings (GMs) for the exercise of the voting rights. However, in some cases, the Policy may also apply to target companies (those not yet or any longer invested in), particularly an engagement action may be necessary before investing in a company in case of lack of information or its exposure to material ESG issues. Thus, we actively work not only with all investees within our portfolio, but also with some companies present in our larger investment universe. Consequently, the shares covered by this Policy potentially include all shares held in listed companies, provided that those companies are based in one of the Target Markets as defined in the General Management Agreement and the Prospectus of each Fund. Currently, the global Target Markets include predominantly European countries.

Integration in the Investment Time Horizon

As a result, the time horizon for active ownership actions, particularly the engagement practices, may vary according to an issue and a company and thus, may represent a shorter or equivalent period of time in comparison to the investment time horizon. In some cases, it may exceed the general expected investment time horizon going up to 24 months.

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The Process (Up to Decision Making)

Our active ownership practices represent a part of the global investment management process. The outcomes of engagement and voting actions are systematically considered in the analysis process and monitoring of the strategy, including financial and ESG performances as well as risks and opportunities of actual and target investees. The insights gained from engagements and voting activities are thus consistently shared with the investment team (portfolio managers and analysts) through our internal data sharing portal and are presented during weekly investment team meetings. Often, sector analysts are involved in collaboration with our ESG Team in the development of engagement programmes and the analysis of their outcomes. This process serves to inform the investment decision-making by making all relevant information available for use by our investment team.

As a result, in case of identification through our Active Ownership practices of material ESG information a final investment decision may be altered accordingly. This may trigger an immediate divestment decision or a decision to invest / hold but to apply an escalation strategy, which may represent a further engagement or voting action, reduction of exposure or other. The strategy is chosen on a case by case basis depending on the issue, company and its responsiveness to shareholders.

Internal Organisation & Responsibilities

The entire investment team, all analysts and portfolio managers, are involved in our active ownership (voting and engagement) practices as part of the implementation of ELEVA investment and ESG integration strategies. The members of the investment team are guided in this process by our dedicated ESG Team, who collects and compiles material information, produces relevant analyses subsequently developing engagement campaigns and consulting analysts on voting decisions. The initiatives are implemented by the relevant analyst and the portfolio managers in collaboration with the ESG Team . The outcomes of each active ownership initiative are discussed within the investment team and integrated in the global analysis of an investment case. The oversight function is executed by the Managing Director and Co-Portfolio Manager, who supervises the work of the team. The top management of ELEVA Capital, including the company's Founder, are involved in the definition of the Active Ownership Policy as part of the general investment and ESG integration strategies of the Management Firm.

All Active Ownership activities are performed by the investment team of ELEVA Capital internally; we do not outsource any of these practices to services providers.

Follow-Up & Reporting

A formal register allowing for regular monitoring of undertaken actions and their outcomes has been maintained by our ESG team since 2019. Information such as the number of engagements, primary engagement topics as well as voting statistics, etc. is gathered and analysed internally. Relevant data is programmed for disclosure in ELEVA Capital annual ESG reporting[3] publicly available on the management company's website: https://www.elevacapital.com/en/regulatory-information.

[3] The ELEVA Capital report in response to the requirements of Article 173-VI of the French Law on Energy Transition for Green Growth can be made available by clicking on the link below.

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SHAREHOLDER ENGAGEMENT POLICY

As previously stated, an important part of our bottom-up fundamental investment and ESG approach represents a regular dialogue with the management teams of the companies invested in. Such dialogue can take a form of individual discussions between ELEVA Capital and a target company *(Individual Engagement)* or of group discussions conducted in cooperation with other shareholders *(Collective Engagement)*.

Reasons to Engage

Through a dialogue with the management teams of target companies, our investment team seek to gain better knowledge of companies' business and ESG strategies in order to be able to identify potential need for improvement in their ESG and economic practices and to share our understanding of best practices, and to encourage sustainable development of their business activities.

This allows us to:

- Identify and manage risks and opportunities related to activities of companies we invest in, in a timely manner and to optimise the risk/return profile of our portfolios accordingly;
- Add real value to the investment process by identifying companies with strong ESG potential, which in our opinion tend to outperform; and
- Enhance our understanding of long-term strategies of investees and better integrate this long-term perspective in investment management.

Engagement Cases Prioritisation

A particular attention in the engagement case identification process is paid to companies:

- Demonstrating low ESG performances and / or exposed to significant controversies;
- Showing insufficient financial and / or ESG transparency; and
- Operating in ESG-targeted sectors (for instance, facing strong divestment reaction or high pressure for innovative sustainable solutions development, etc.).

Some of the cases mentioned above are identified by our Team via the alerts received from our data providers enabling the identification of issuers exposed to severe controversies.

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Selection of engagement cases goes beyond companies exposed to severe controversies, which targets only the most severe cases; and also depends on ESG issues identified and on their potential to create impacts. The type and the significance of ESG issues for investees' activities and for the global socio-economic and natural environment are important criteria in engagement case targeting. One of the examples of such ESG issues is climate change.

Additional non-negligible factors considered by our investment team in the choice of an engagement case would be our current or future financial exposure to a company (this factor is rarely relevant due to our investment strategy); relevant investment time horizon versus an engagement action time horizon as well as responsiveness of an investee to dialogue, which will define our capacity to influence their practices and fulfil our engagement objectives.

The nature of an engagement case defined by all stated criteria will determine the objectives of an engagement campaign. Thus, objectives are always set on a case by case basis and can be reviewed following the evolution of the engagement action.

Process & Escalation Tactics

ELEVA Capital's investment approach is based on a comprehensive bottom-up fundamental analysis of target companies including their ESG performance and characteristics, thus it involves a permanent monitoring of the strategy, financial health as well as financial and ESG performances, risks, and opportunities related to companies invested in. This monitoring process relies on our investment team gathering all relevant financial and ESG information on companies and on a regular dialogue with investees on their strategies, risk, opportunities as well as expected sustainable good-practices. The results of this dialogue feed our investment decision-making.

Any engagement campaign undertaken by ELEVA Capital individually or in collaboration with other share- and/or stake-holders is performed internally by our ESG team and relevant members of the investment team (sector analysts working on companies targeted by engagement). The team working on an engagement action performs extensive due diligence on target companies in relation to a determined ESG issue and structures the action by: defining global timeline and formulating initial objectives. The progress of each engagement is systematically tracked and objectives can be revised when necessary in relation to investees' reaction and responses provided. The global number of engagement actions performed as well as the topics of engagement will then be disclosed annually in the ESG-dedicated reporting.

The whole engagement process is followed by the portfolio managers and supervised by ELEVA Capital top management. An engagement campaign can take the form of a single contact with an investee on a particular subject or of multiple contacts pursuing larger and more long-term objectives.

An engagement action is considered successful if the following criteria are met:

- A company is responsive to dialogue;
- An investee demonstrates willingness to improve on questioned ESG issues; and
- A company can show evidence of tangible improvements.

This is true for both individual and collaborative engagement initiatives.

In the event of an unsuccessful engagement campaign (i.e. a company's failure to respond adequately, an unsatisfactory response or a lack of improvement despite promises made), an escalation measure can be applied to reinforce the engagement initiative. In particular, a reduction of financial exposure to the respective company or via a progressive/immediate divestment performed by the management team. The investment team can also use our voting rights and express a negative vote on some of the resolutions presented by a company for its Annual General Meeting (AGM), namely the resolutions relating to the ESG issues identified during engagement or to company's Governance. In their turn, engagement initiatives can also be used by the Team as an escalation measure post-voting.

Individual Dialogue with Investees

ELEVA Capital identifies two main types of individual dialogue initiatives with companies invested in:

- General follow-up of companies' development through regular meetings;
- Formal engagement campaigns targeting a particular company or a group of companies on a specific ESG issue.

Our Analysts, including the ESG team, meet the management of companies invested in at least twice a year via special on site visits, management meetings, dedicated roadshows, etc. The objective of these meetings is to question investees on the means and procedures they put in place to develop their strategy and ESG positioning. During these meetings, our investment team seek to better understand the different aspects of a company's business model, namely the quality of its management team and its strategic vision.

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This type of regular dialogue with target companies represents an integral part of our investment approach focusing on a comprehensive knowledge of investees by our Team. In many cases, this dialogue takes the form of individual discussions (one-to-one) with company management or meetings in small groups (one-to-few) in the presence of a number of other investors. Otherwise, our analysts attend presentations given by the top management of a company or their representative. Meeting records are produced by all analysts and registered on our internal data sharing platform. The results of meetings are then presented during internal investment team meetings.

In addition, following each ESG analysis, analysts and portfolio managers share with the assessed companies 2-3 areas of progress they have identified on ESG topics. This enables us to help our investee companies to improve on material ESG topics and to track companies that are on an improving path.

A need for a formal engagement campaign arises when the investment team identifies companies exposed to concrete and severe ESG risks or demonstrating insufficient transparency on material issues. Sometimes, formal dialogue is also possible with companies developing innovative sustainability solutions or facing attractive ESG opportunities; here, dialogue is meant to provide information on these developments and to identify related best practices.

In this case, the formal shareholder engagement process is implemented in three steps:

- Identification and thorough analysis of ESG issues by the investment team
- Meetings with a targeted company for discussion with the objective to identify possible solutions, to set a plan to manage identified issues and to follow up on the outcomes
- Analysis and validation of the results of the engagement campaign. A specific register is kept to ensure the monitoring of engagement results as well as consequent actions and decisions taken by ELEVA investment team.

As it was previously stated, the objectives of formal engagement actions are defined on a case by case basis depending on company, ESG topic, etc. The global engagement goals are to help identify good practices and induce improvement in corporate ESG practices or to encourage increased ESG transparency and gain better understanding of ESG strategy. Thus, the outcomes to expect vary from improvement in disclosure to real internal transformation with integration of sustainability into business strategy. The engagement campaign can be considered formally terminated, when it satisfies the criteria of a *successful engagement* stated before.

In the event of a company's failure to respond to the ELEVA investment team, of an unsatisfactory response or of an absence of improvements (despite promises made), escalation tactics are applied by the investment team (as described previously). An engagement campaign can be unsuccessful if its final result is negative; in this case a specific formal decision on investment in a company is taken by the investment team.

The methods of a formal engagement action include organisation of dedicated meetings or calls with company management, addressing letters and emails to companies, participation in relevant external meetings and roadshows, etc. as well as approaching companies as part of a group, collaborative engagement action.

Cooperation among Shareholders

As a matter of principle, ELEVA Capital can participate in collaborative engagement initiatives performed by a group of shareholders (and stakeholders) in relation to one or a selection of investees on one or several specifically identified ESG issues. In such cases, ELEVA Capital can act as a leader of an engagement action (by being at the origin of the initiative) or as a member (by joining a launched campaign). Such cooperation, linking with fellow concerned stakeholders, increases the possibility of having a constructive dialogue with target companies, allowing for thorough discussions of identified ESG issues and efficient identification of best practices to follow.

The choice to pursue a collaborative action depends on a variety of factors such as the significance of identified ESG issues, our financial exposure to ESG issues via companies invested in and the degree of responsiveness of target companies to individual engagement actions. Active cooperation among shareholders on one particular topic may, in some cases, lead to a greater ability for investors to be heard by investees and to influence their ESG practices.

The process and methods of collaborative engagement are identical to those of individual engagement. However, as collaborative engagement actions depend on the coordination within a group of investors, they sometimes may request more time to deliver results, which in turn could be more significant.

Collaborative engagement can be used as an escalation post-voting tactics.

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ACTIVE VOTING POLICY

In this section of the global Active Ownership Policy, ELEVA Capital describes the conditions and procedures involved in the execution of voting rights of shares held within the funds it manages. This Active Voting Policy lays the ground for an efficient and proper execution of our rights as shareholders and as the management company, acting in the interests of our clients in respect with the conditions of the General Management Agreement and the ELEVA UCITS Fund Prospectus as applicable to each of the ELEVA UCITS Sub-Funds listed on the front page of this document.

This Voting Policy fully reflects our global investment and sustainability approach and coordinates ELEVA Capital's voting strategy with engagement practices and fundamental active management investment philosophy. This Voting Policy directly applies to all companies, the shares of which are held within at least one of our funds at the time of each respective companies' annual or special general meetings (GMs). However, the discussions led with companies during these periods may continue after or start prior to our investment in a company, and as part of our overall investment practice.

Thus, this Voting Policy is not intended to describe all of situations that may arise.

Reasons to Interact by the Means of Vote

Being active in the execution of our voting rights allows us to:

- Express our viewpoint and contribute to the discussions relevant for investee Governance and strategy-related topics;
- Defend our principles of sound corporate governance in line with our Voting Policy
- Influence development of corporate practice on relevant ESG risks and opportunities and Encourage their alignment with identified best practices

The execution of our voting rights is an integral part of the global investment approach developed and implemented by our Investment Team.

Internal Organisation for Voting Rights Execution

ELEVA Capital recognizes that the effective exercise of voting rights can be a key element in the relationship between a listed company and its shareholders. The analysis of resolutions and execution of votes are carried out internally by the management team with the support

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of Institutional Shareholder Services (ISS), one of the most experienced corporate governance consulting firms in the industry. The use of ISS proxy mechanisms allow us to be able to exercise our voting rights over all companies held in the portfolios. Thus, ELEVA Capital benefits from quality recommendations on corporate governance issues, including ESG risk issues, while maintaining control over our voting choices.

Our Investment Team guided by our the ESG Team uses research and recommendations issued by ISS as a starting information point to conduct our own analysis leading to a final voting decision. Subsequently, the team review ISS recommendations internally versus a company's management position, completes the ISS research with its own internal analysis and form its final voting decision in accordance with the principles of its Voting Policy approach (as expressed hereafter). Each analyst or portfolio manager within the Investment Team is responsible for making voting decisions on companies within his/her scope. In case equities from an issuer are held both in the Eleva Sustainable Impact Fund and another fund, the ESG Team takes the lead on the vote for this issuer. The ESG team can be consulted on any resolution to help the other analysts and portfolio managers make their voting choices.

The ELEVA Capital Voting Policy aims to promote sustainable development of companies invested in based on the application of fundamental principles of proper governance and sound business conduct.

Fundamental Voting Principles

The direction of votes in AGMs is determined on a case-by-case basis after a thorough assessment of the situation of each company and of the proposed resolutions according to the fundamental principles defined by ELEVA Capital:

- **Shareholders' Rights Deference**

Equal and Fair Treatment: We support the general "O*ne Share – One Vote*" principle and welcome the compliance of investees with this disposition. Thus, any measures by an issuer aiming to constrain the rights of some shareholders would be highly questioned by ELEVA Capital. This includes issuance of shares without or with special voting rights (preferred shares and other special share categories). The creation of specific voting rights (loyalty dividends) for long-term shareholders (>5 years), including family shareholders would be debated to minimise the risks of protectionist tactics.

In addition, all shareholders, with no exceptions, must have the same level of access to information, of the same quality and level of detail. Each resolution should be accompanied by a thorough description of related issues so that all shareholders are able to make a fully informed voting decision.

(Minority) Shareholders' Protection: ELEVA Capital almost always takes a role of a minority shareholder, thus the best execution of our shareholder rights and obligations vis-à-vis companies we invest in as well as a full participation in discussions on the investee-related matters represent one of our priorities as an active and responsible asset manager.

We aspire to assure that the voice of minority shareholders like ourselves is heard and considered in corporate strategic decisions with no restriction. We are convinced that a diversity of opinions benefits investees by reinforcing debates, challenging companies' positions and generating thought generating more efficient strategic solutions. As a result, (in relation to the previous principle) we consider that minority shareholders must be provided with all relevant information necessary to execute their voting rights properly and in a timely manner. Moreover, ELEVA Capital welcomes all initiatives by investees designed to implicate minority shareholders in discussions, pre- and post-voting consultations on specific voting topics. Such inclusion initiatives as well as general responsiveness to minority shareholders' queries are highly supported and contribute to the positive appreciation of a company by our investment team.

On the contrary, in search of ensuring protection on the rights of (minority) shareholders, ELEVA Capital is very attentive to proposed resolutions on the financial operations resulting in issuers' capital increase or reduction. We expect that any such capital-related operation will be justified, balanced and compliant to the "Equal treatment" principle presented above.

With the objective of efficiently limiting the risk of excessive dilution of existing shareholders, we analyse and closely monitor the purpose, and terms and conditions of capital increases requested for approval via relevant voting resolutions. The due justification and shareholders' information (as expected from issuers) should contain extensive arguments on such elements as:

- The reasons for making use of a capital increase mechanism (including risks of its use in the face of a potential takeover);
- The definition of the maximum amount of the capital increase set by an issuer as well as the rational to demonstrate its adequacy;
- The definition of the time period, for which the demanded authorisation of capital increase would be valid if it was approved by shareholders;

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- Any other relevant information demonstrating that positions of existing shareholders would not be significantly weakened / damaged.

Similarly, when it comes to share buy-backs (capital decrease operations), the ELEVA Capital investment team will closely study the adequacy of the repurchase volume and conditions of the buy-back proposed by an issuers, as well as the proposed duration of shareholders' approval period to execute the plan. The Team will make sure that the terms of the buy-back plan are duly structured, clearly expressed and sufficiently disclosed. Unless extreme circumstances appear, a buy-back scheme shall not be used in the period of a take-over with the primary objective to tackle the latter. In addition, the use of a share repurchase plan in a situation of social crises (massive employment cuts and dismissing practices, massive poor working conditions and scarce remuneration for large employee groups, etc. depending on a situation) would be negatively valued by our Team. Moreover, dividend distribution in such extreme situations would also be scrutinised.

Poison Pills and M&A: As a rule, ELEVA Capital will not vote in favour of the creation of pre-emptive precautionary defence mechanisms aiming to prevent or impede future take-over operations consequently leading to an important change in shareholder structure. An exception would represent take-over operations that could inadequately affect the existence and sound development of a company's business.

Regarding merger and acquisition transactions, these operations will be analysed in detail by our Team on a case by case basis. ELEVA Capital will examine the relevance of such transactions for the long-term development of investees' businesses and will verify that these operations do not present material risks for the shareholders' rights (as relates to potential impacts of a transaction of the value of shares).

- **Integrity of Information on Company's Performance and its Reward**

Sound Financial and ESG Communication: Companies must provide all relevant or material information related to their businesses, financial health and ESG obligations in due time before their general meetings allowing for an adequate period for shareholders to consult such relevant communication. The information provided must be complete, reliable and perspicuous. AGM related information must represent an organised communication process, which implies that relevant information is published regularly and coherently, insuring continuity in a company's financial and ESG discourse.

Companies' communication must be compliant with current applicable regulatory requirements but may not be limited to them, particularly with regard to ESG information

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disclosure. The information disclosed must also be properly audited within the limits of current applicable legal requirements, i.e. the absence of statutory auditors' reports or an expression of justified reserve from the auditors in relation to disclosed elements would be viewed as a serious deficiency. To preserve the impartiality and relevance of audit opinions issued, we pay particular attention to voting resolutions relating to the appointment and renewal of statutory auditors, particularly in relation to services provided by auditors, their remuneration and duration of their collaboration with a company.

Any deviation from the above stated principles would raise concerns and may affect ELEVA Capital voting decisions. The information disclosed must provide all shareholders, equally (including minority shareholders), with a solid basis to make fully-informed investment and voting decisions.

Adequacy in Dividend Payment: Dividend distribution policies as part of the global financing strategy must be adapted to a company's general and specific investment needs (including exceptional circumstances), its development strategy and to long-term potential growth. Decisions on dividend payments should always be in line with company's performance, its debt capacity and, thus, should favour a company's sustainability over stakeholders' immediate interests. The dividend distribution policy must be specifically addressed and fully communicated to shareholders.

Pay Equity and Transparency: The structure of financial incentives for company executives should motivate their work in line with a company's development strategy and long-term interests. As such, remuneration represents a strategic tool for a company's sustainable growth. Thus, we expect remuneration strategies of companies to be equitable in relation to their long-term development objectives and to the general interests of their stakeholders (including shareholders, employees, etc.). As a result, ELEVA Capital highly supports the *Say-on-Pay*[5] principle and commits to providing, without fail, our position on investees' remuneration practices in the form of exercising our voting rights.

As a rule, support will be granted to well-balanced compensation strategies sufficiently encouraging long-term strategic orientation in the face of immediate corporate needs and by efficiently facilitating development of relevant sustainability (ESG) initiatives by companies. The total amount of a company's top management remuneration should be reasonable and defined respecting the *Pay Equity* principle (balanced in line with company's performance, actual socio-economic health, and internal employee remuneration practices as well as with relevant market remuneration tendencies). Application of *malus* or *clawback* mechanisms for

[5] « Say on Pay », which are advisory or binding resolutions on the remuneration policy for company executives for the current financial year (known as ex-ante) and the past one (known as ex-post).

the variable part of executives' remuneration, which would lead to corrections in pay levels in case of significant management deficiencies, would also be positively viewed by our team. Any other payment (in addition to the general structure of fixed and variable pay) must be adequately justified.

Solid remuneration practices may represent a result of work of an independent remuneration committee, responsible for setting up a coherent and equitable remuneration policy framework for a company. The remuneration policy should ensure an appropriate balance between the fixed and variable components of total compensation in respect of the principles stated above. It should also comprehensively describe the extent to which the above stated principles, as well as shareholders' votes and expressed opinions on a company's remuneration practices, were taken into account when designing, validating or revising their remuneration policy framework. Complete information should also be provided on the principles and methods used to calculate executive compensation, on the use of pay ratios in pay definition (highest pay/median pay ratio) as well as on the criteria determining performance of Executive board members.

As a matter of rule, all elements of variable remuneration (including their alignment with the above stated global principles) should be clearly presented in the remuneration policy: relevance of the selected performance criteria should be justified; processes applied to control performance criteria should be clearly outlined; possibilities to apply potential corrections in case of deficiencies (*Malus/Clawback*) should also be specified. In referring to particularly long-term oriented share-based remuneration, the policy should clearly define vesting periods, volumes and price as well as share retention rules (if applicable). Attribution of variable payment in all its forms should be clearly stated and demanding sufficient performance conditions. Any further type of potential payment (severance, *Golden Hello*, etc.) must be subject to defined and transparent guidelines to limit risks of possible guaranteed or discretionary pay practices.

As for remuneration of non-executive corporate officers (Supervisory Board Directors), it must be reasonable and not include any variable portion to preserve impartiality and independence of their judgement whilst guaranteeing a balanced and solid structure of strategic decision-making.

- **Sound Functioning of Corporate Governance**

Supervisory Board Structure and Efficient Administration: The integrity and effectiveness of judgement, which lay the basis for an efficient contribution from the Supervisory board (the Board) members towards strategic decision-making, take their origin in the impartiality,

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devotion, and skill of the board' Directors. Thus, the sustainable development of businesses rely considerably on the Supervisory board's composition and its sound functioning, counterbalancing and clarifying the Management board's decisions in respect to the long-term interests of all company stakeholders.

At ELEVA Capital, we consider that a Supervisory board should be of appropriate and adequate size and should include various profiles, including employees' representatives, with skilled and diverse Directors, facilitating discussion and enhancing the quality of meetings. The global composition of the Supervisory board should bring a sufficient level of independence and background of diversity and skill, which ensure efficient execution of decision-making and control functions by the Board. Consequently, ELEVA Capital is in favour of supervisory boards consisting of members with various professional and cultural backgrounds, experience, relevant skillset, age, gender, etc. Our Team is also attentive to the Board of Directors' independence status, which is understood as the absence of any conflict of interests in relation to the presence of a Director at the Board. The level of the Board's independence beyond fifty percent (of total number of Directors) is positively valued by our Team, in particular for widely held companies; this is also applicable in the analysis of the composition of any of the Board's sub-Committees (Nomination, Compensation, etc. committee).

Each new appointment or re-election of the Board's Directors is thoughtfully analysed by our Team, with attention paid to candidates' profiles and qualities as well as their previous levels of meeting attendance (if relevant), diligence and contribution to the work of the Board. Consequently, in the case where candidates hold multiple mandates (executive and/or Board director mandates) in a number of listed companies, their ability to contribute to the development of a company under analysis would also be highly scrutinised. To be able to form an opinion on the relevance of each nomination or re-election in accordance with the expressed criteria, shareholders must be comprehensively informed on proposed candidates. The terms of a proposed mandate should be clearly stated, including the duration of total tenure for each of the candidates. Each appointment or re-election should aim to maintain a balance between independent non-executive members, shareholders and employees representatives as well as executive directors on the Board.

<u>Effective power balance</u>: To preserve the balance of powers that guarantees respect of all relevant stakeholders', we favour the separation of Chairman and Chief Executive Officer roles within companies. In cases when such a separation is not effective, the presence of a Lead Independent Director among board members is expected. In addition, we expect executive directors not to be involved as members of the Compensation and the Nominations committees.

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When it comes to the Executive Board composition (in opposition to the Supervisory board), we are particularly attentive to managers background, skills and track-record. Our Team highly values diversity with executive managers' profiles, their complementarity as well as their ability to work as a team. We also appreciate responsiveness of companies' management to shareholders' queries (including ours) and their readiness to enter into an active dialogue with relevant stakeholders with the objective to improve their Governance practices.

Sustainable Corporate Management: Consideration by Supervisory and Management boards of relevant internal and external sustainability (ESG) factors, as well as adoption of a sound and efficient business conduct, should represent an integral part of the development strategy of every company. An active supervision of all relevant topics including ESG via the presence of ESG experts on the Supervisory Board of a company and regular inclusion of discussions on ESG matters in the Board's agenda is highly supported as well as the creation of a specialised ESG committee within the Management Board. ELEVA Capital would also systematically support resolutions (proposed by the management or by shareholders) on ESG topics aiming to improve companies' internal and external sustainability footprint and Governance practices to enhance their global ESG credentials.

Our Team supports compliance of companies with local Codes and Guidelines setting governance and business conduct standards; but would also encourage adherence to the commonly recognised universal best practices.

Mechanics of Voting Rights Execution

ELEVA Capital considers the exercise of our voting rights as one of the central means of supporting companies in the management of their ESG risks and opportunities. We exercise our voting rights almost[6] systematically at the General Meetings of the companies invested in. Generally, our shareholder rights are exercised by means of proxy votes via the services provided by ISS. Our participation in the voting process is not subject to a minimum capital holding of companies in the ELEVA funds. As stated earlier, all our analysts and portfolio managers participate in the analysis of resolutions in collaboration with our ESG Team. The voting decision is then made based on all relevant information in respect of the voting principles stated in this document. According to the decision made votes are then cast.

[6] Generally, we execute our voting right in more than 95% of cases in number of total General Meetings and we constantly work on improvement of this rate. Due to technical reasons and missing documentation, in some rare cases the execution of the voting rights may not be effective.

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Starting from the beginning, the total process of the voting rights exercise includes several steps.

Firstly, as described previously, we use the services of a specialised provider – ISS Governance to exercise the voting procedure. ISS Governance provides a fully secure electronic platform, where ELEVA Capital Team can find all necessary information and tools to be able to exercise our voting rights. Our Operations Team have direct access to the platform and is in charge of the execution of voting decisions. They follow information on upcoming annual general meetings (AGMs) and provide analysts with details on voting conditions, deadlines, specific requirements (if any) as well as ISS Governance recommendations on every AGM. They notify the Team several days before an AGM that they are expected to express their voting decisions.

If needed, analysts and portfolio managers can ask the ESG Team some advice on specific resolutions. They then formulate their final voting decisions by resolution / by company and communicate those to the Operations team, who cast votes accordingly.

ELEVA Capital developed approaches to pursue dialogue with investees in cases when their Governance practices and the related voting results are not in line with our expectations. Such dialogue may take the form of:

- A formal engagement action following unsatisfactory voting results (as an escalation strategy); or
- Constructive discussions with issuers on Governance issues prior to vote; or
- A collaborative shareholder consultation initiated by investees themselves prior to voting period.

The objective of such dialogue in any form is to notify a company's management of our actual or potential voting decision and, in case of issue, to encourage investees to take corrective measures and engage improvements.

This voting procedure covers all the companies actively held in the ELEVA Capital funds (as stated in the front page on this Policy) without exception. Our Operations team diligently monitors the technical conditions of the voting process with the objective to achieve the execution of 100% of our voting rights, including holdings that are subject to our lending practices.

Securities Lending Policy

ELEVA Capital shall systematically recall all securities, which are subject to our lending practices. Generally, we recall securities at least one week prior to record date (RD) ensuring we can exercise our voting rights in good conditions and in appropriate terms. We then release the recalled shares for lending one day after RD. This procedure is fully-automated.

Our aim is to have 100% of all positions in depot for voting (best efforts), thus we recall all securities for voting on all ballot items.

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INVOLVEMENT WITH RELEVANT STAKEHOLDERS

ELEVA Capital plays an active role on global market discussions relating to sustainability topics, including shareholder engagement and the development of voting practices as well as the importance of ESG information and its integration in investment decision-making.

ELEVA Capital is a signatory of the United Nations Principles for Responsible Investment (UN PRI) since May 12, 2015. Every year, we report on the advancements of our ESG practices via the UN PRI reporting mechanism and, since 2019, have participated in the discussions and initiatives on the UN PRI sustainability marketplace - "*UN PRI Collaboration Platform*". In addition, ELEVA Capital regularly responds to official consultations on Sustainable Finance projects initiated by the European regulator; we believe open discussions and the exchange of opinions is fundamental for the global advancement on this subject.

Moreover, our ESG team participates in the work of the ESG Committee of the French Association for Financial Management (AFG).

On the other hand, ELEVA Capital always seeks to encourage constructive dialogue with investees. As a result, our Analysts and ESG Team are actively present in discussions with companies invested in, on the subject of their sustainable (ESG) practices and possible improvements. In some cases, our ESG Team provide companies with an extensive and detailed analysis of relevant best practices.

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POTENTIAL CONFLICTS OF INTERESTS

The implementation of ELEVA Capital's Active Ownership Policy implies direct contact with investees, which may lead to an exercise of effective influence on their practices and, potentially on their performance. Thus, we are completely aware of the risk that some situations may lead to a potential conflict of interest for ELEVA Capital, our Funds (as listed on the front page), or other stakeholders, including our clients. As a matter of fact, any direct or indirect, existent or potential connection with investees would be identified within our internal Conflicts of Interests Map, and the related risks would be managed according to our general Conflicts of Interests Policy, which is disclosed on our website: www.elevacapital.com

With the objective to avoid any risk of conflict of interests, ELEVA Capital shall exercise its voting rights and conduct shareholder engagement campaigns only in the interest of its clients and in compliance with the terms of the General Management Agreement as applicable to each of the ELEVA Capital Funds.

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