

2018 PROXY VOTING ANNUAL REPORT

SYCOMORE ASSET MANAGEMENT

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CONTENTS

1. SCOPE AND VOTING PRACTICES	3
2. 2018 VOTING STATISTICS	4
3. RESOLUTIONS FILED.....	8
4. SPECIFIC CASES	8
5. CONFLICTS OF INTEREST.....	8
6. VOTING RECORDS.....	9

This report covers the exercise of SYCOMORE ASSET MANAGEMENT’S voting rights at Extraordinary and Ordinary Shareholder Meetings between January 1st and December 31st 2018.

The report complies with articles 319-22 of the French Financial Market Authority’s General Regulations.

1. SCOPE AND VOTING PRACTICES

1.1. Scope

Sycomore AM exercises all voting rights attached to the securities owned in the UCITS and AIFs it manages, and for which it is responsible for proxy voting.

In 2018, we voted at 422 shareholder meetings, representing:

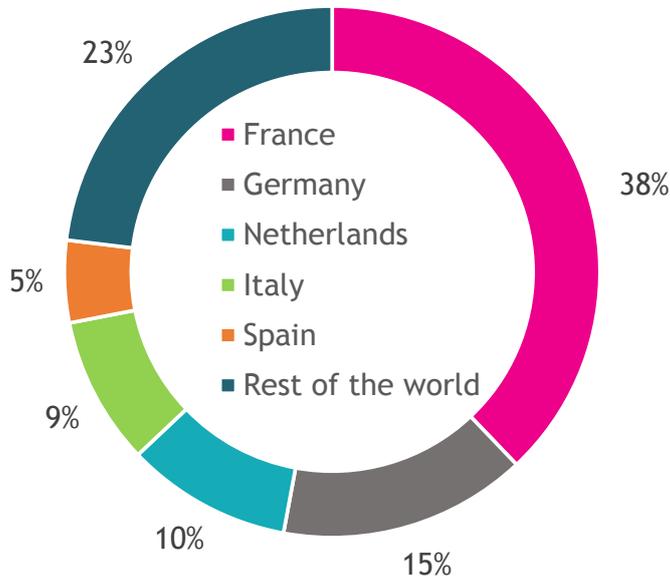
- 96% of shareholder meetings for which we owned voting rights;
- 98% of the volume of shares for which we owned voting rights.

In compliance with the principles laid out in our Voting Policy, we did not exercise our voting rights in the following circumstances:

- the shares to which voting rights were attached were sold prior to the meeting.
- the meeting required share blocking for the period ranging from the registration of stocks (record date) to the effective vote.
- an exceptional technical dysfunction during the transfer of voting instructions.

When we have to exercise voting rights in the context of a mandate or a dedicated fund, applying a voting policy that differs from our own, these votes do not appear in the report.

BREAKDOWN OF SHAREHOLDER MEETINGS BY COUNTRY



1.2. Voting practices

Resolutions are handled and analysed by our ESG research team with the assistance of ISS, an international proxy voting agency providing research in corporate governance and voting right exercise.

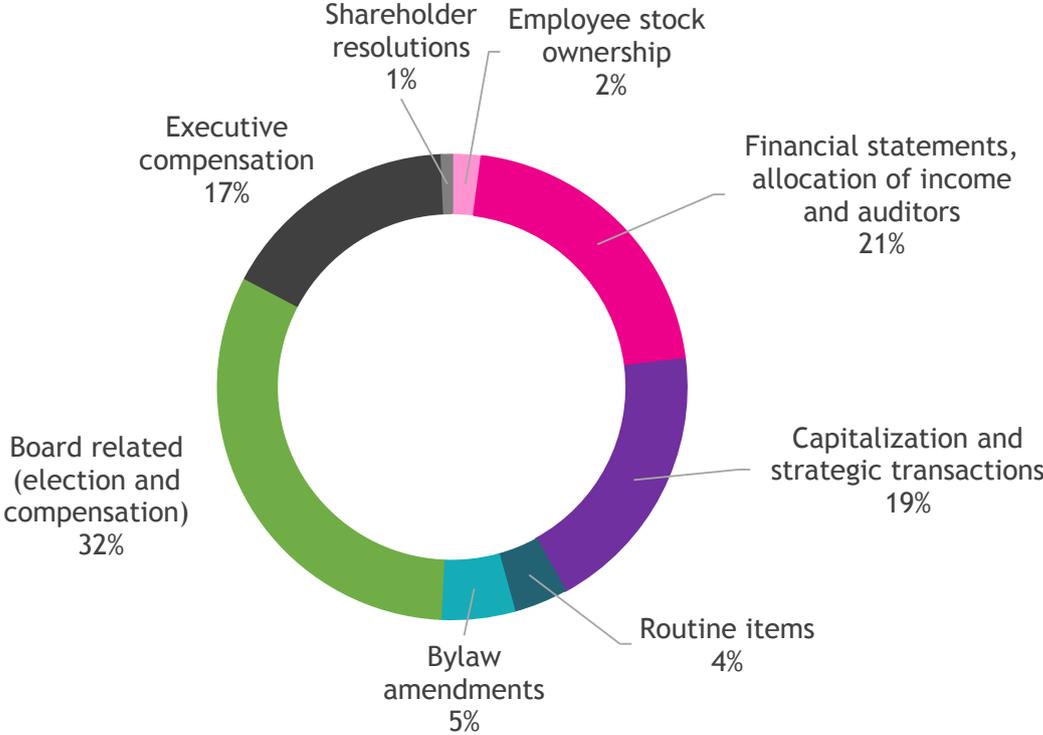
Sycomore AM exercises its voting rights in line with its own voting policy, which can be downloaded [here](#). Input from ISS is used for information purposes only.

Voting rights are exercised online, except in exceptional circumstances.

2. 2018 VOTING STATISTICS

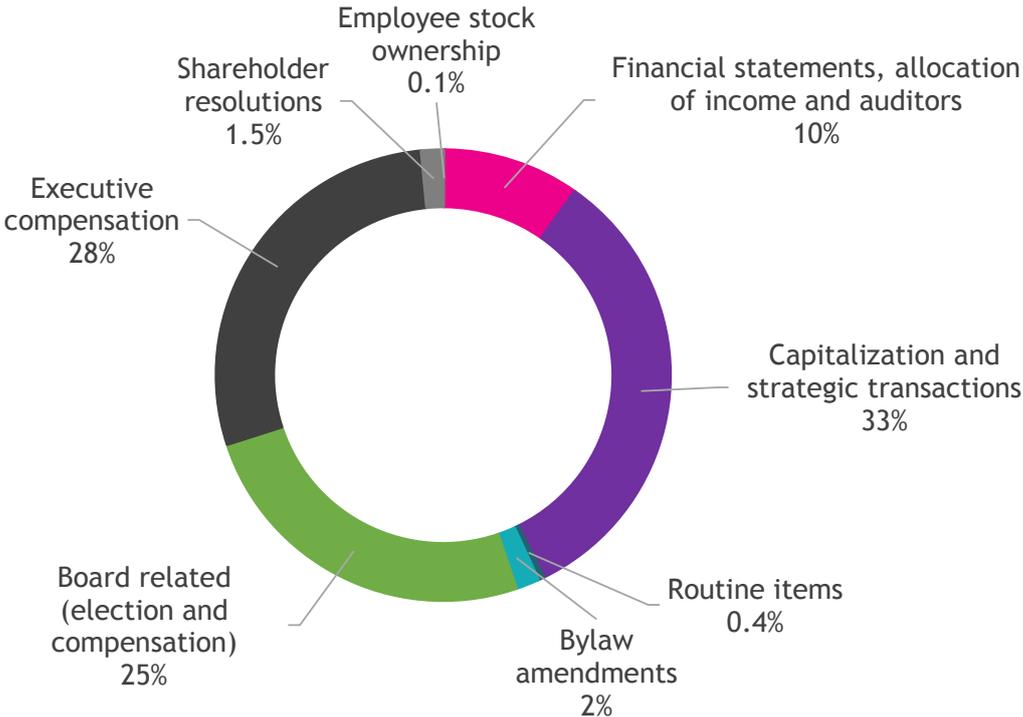
During these 422 shareholder meetings, 6,316 resolutions were submitted to shareholders' votes - an average of 15 resolutions per shareholder meeting.

BREAKDOWN OF RESOLUTIONS BY THEME



Sycomore AM cast at least one vote against management in 340 of the 422 (81%) shareholder meetings covered in this report. Overall, Sycomore AM voted against 1,442 resolutions out of 6316, corresponding to a 23% opposition rate.

BREAKDOWN OF VOTES AGAINST MANAGEMENT BY THEME



The resolutions that drew the most opposition from Sycomore AM concerned **remuneration issues** (39% opposition rate) and **authorisations for capital transactions** (39% opposition rate too).

Concerning **executive compensation**, the main grounds were: i) a lack of transparency, notably on the type of criteria, their weighting and the ex-post achievement of targets; ii) excessively short-term plans and; iii) lack of moderation (pay rises that are not justified or amounts that exceed the social acceptability threshold as defined by Sycomore AM). In France, since the Sapin II law came into effect, shareholders’ votes are mandatory and binding (rather than merely consultative) on the principles of the remuneration policy (votes known as “ex-ante”) and on their implementation (votes known as “ex-post” on amounts effectively allocated or paid during the past financial year). In this context, in 2018 - first year of the binding “ex-post” vote - we noted the acceleration of an encouraging trend: companies and their shareholders are engaging better and sooner ahead of the meeting. These discussions enable different parties to address the main grounds for disagreement before the vote, which has led to a drop in the percentage of

votes “against” management on remuneration topics.

While remuneration reports transparency tends to improve, we have paid particular attention to the amount of detail provided and to the relevance of qualitative and extra-financial criteria - considering that the latter often tend to be less challenging than financial criteria. Issues around the moderation and societal acceptability of remunerations have been a main focus in our own engagement with companies; we are encouraging them to develop a clear positioning in this area and to publish indicators (in particular the CEO Pay Ratio) which can help assess the degree of fairness within the organization.

As far as **capitalization and strategic transactions** are concerned, in line with the principles laid out in its voting policy, Sycomore AM has opposed so called “routine” routine requests for share issuances without pre-emptive rights and reserved for specific beneficiaries (private placement, compensation for contributions in kind or public exchange offer), unless the company provided specific justification. Operations of this kind go against the principle of shareholder equality as they do not allow all investors to take part; we therefore consider it is down to the shareholders to assess, on a case-by-case basis, the strategic benefits of these actions. As a result, if the proposed operation cannot be described in the resolution at the time of the ordinary general meeting, we recommend that an extraordinary general meeting is held, to allow shareholders to approve the operation. Authorizations that can be used during a takeover period also feature among our main grounds for opposition. Indeed, in the event of a public offer, we believe it is down to shareholders to make their decision on a case-by-case basis. We are therefore not in favour of anti-takeover mechanisms, including authorizations impacting the share capital that can be used during a takeover period.

The main reasons for opposing the **election of directors** (23% opposition rate) include insufficient levels of independence at Board or Committee level and lack of gender diversity. We encourage companies to align their practices with the most ambitious legislations in Europe which recommend a minimum threshold of 40% for the underrepresented gender. For companies that do not meet this threshold, we generally decide against the election of new directors of the underrepresented gender or against the reelection of members of the nomination committee, and particularly its Chairman. While this 40% threshold is now a legal obligation in France, this voting rule does generate a considerable number of votes “against” the election of directors in shareholder meetings outside of France.

The **“Financial statements, allocation of income and auditors”** category includes all resolutions relating to the approval of accounts, the allocation of income (dividend policy), the approval of related party agreements (excluding those concerning remuneration aspects) and the election of statutory auditors. The main reason for Sycomore AM’s

opposition in this category is the length of the auditors' tenure: in line with the European Audit Reform and in order to encourage audit firm rotation, we are not in favour of renewing an auditor if its tenure is longer than 10 years - or 24 years in the case of a co-auditor - and that no tender was arranged during this time. We have therefore voted against 34% of such proposals. As far as related party agreements are concerned (25% opposition rate excluding remuneration issues), the main reasons for opposing the resolutions were a lack of transparency or the absence of evidence justifying how the agreement would benefit all stakeholders involved.

Sycomore AM supports all **shareholder resolutions** that are aligned with its voting policy and that meet its engagement principles. Those resolutions are analyzed case-by-case to ensure that they are relevant and sufficiently founded and detailed to have a real impact. In 2018, the 44 resolutions involved still mostly concerned governance issues (84%), with those focusing on social or environmental considerations still very much in a minority (16%).

- We voted in favour of 44% of **shareholder resolutions governance**. In particular, we supported proposals that improved shareholder equality of treatment (compliance with the one share, one vote principle) and shareholder democracy (simplified procedure for the suggestion of a director from shareholders, for example). We did not vote in favour of resolutions that were overly prescriptive (as shareholders should not substitute directors or executives) or aimed at allowing a specific shareholder to appoint representatives or to make changes to the board's composition, unless the benefit of such a change for all stakeholders can be proven.
- We supported 75% of **shareholder resolutions on social and environmental issues**. In particular, we voted in favour of all resolutions requesting more transparency on ESG considerations (gender pay gap, lobbying activities, and protection of personal data) or calling for greenhouse gas emission reduction targets. However, we voted against resolutions that did not appear relevant considering the firm's current practices or its exposure to the risk concerned.

Consistent with our commitment to promote stakeholder participation in governance and employee shareholding, we voted in favour of 98% of resolutions aimed at authorizing capital increases for **employee share ownership** plans, regardless of the percentage of capital already owned by employees. Only two authorisations were rejected as the level of dilution allowed by the authorization would exceed our recommendation (10% of capital, applicable to all dilutive transactions).

Bylaws amendments are analysed on a case-by-case basis, in accordance with the principles laid out in our Voting Policy. Votes "against" concerned non-voting members sitting on the Board or the introduction of age limits in the bylaws - two practices Sycomore AM does not support.

3. RESOLUTION FILED

In 2018, no resolutions were filed by Sycomore AM.

4. SPECIFIC CASES

Our objective is to promote the corporate governance principles laid out in our Voting Policy in the sole interest of unit holders in our funds.

To this end, and as detailed in its Voting Policy, Sycomore AM reserves the right to support resolutions that would not comply with some of its recommendations on an exceptional basis, when justified by a company's specific situation and in the interest of unit holders.

In 2018, these specific cases accounted for 0.9% of our voting decisions. These mostly concerned authorizations for financial operations reserved to a category of investors or authorized during a public takeover bid, when the strategic purpose of the deal and/or the company's control structure justified it.

In other cases, a company's existing practices or commitments made during the engagement process can also motivate exceptions.

5. CONFLICTS OF INTEREST

We have identified two potential risks that could lead to a conflict of interests:

- A member of one of the company's governance bodies is also an important client for Sycomore AM or one of its affiliates;
- A member of one of the company's governance bodies is also a partner or corporate officer at Sycomore AM.

To prevent these risks:

- The implementation of Sycomore AM's voting policy is carried out by the investment team, independently from the firm's client relationships;
- None of Sycomore's partners or corporate officers holds a mandate within the governance bodies of an issuer held in the funds managed by the firm.

Sycomore AM encountered no conflicts of interest during the past financial year (2018).

6. VOTING RECORDS

In order to offer full transparency to our stakeholders, from January 2018, details on Sycomore AM's voting records will be provided on-line the day after each Shareholders' Meeting using this [link](#).

Sycomore AM provides clients with details on the votes cast during the financial year (2018) upon simple request, insofar as they can prove their ownership of units in Sycomore AM's funds. Clients will only have access to voting information pertaining to the funds they own. The request may be sent by post or e-mail:

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