



Dorval Asset Management's Socially Responsible Investment policy (SRI) is an integral part of our fiduciary responsibility approach, as our role as a responsible investor holds us to the highest standards with our clients and partners, as well as with the companies that we invest in.

This approach is based on (i) our shareholder engagement policy, (ii) our exclusion policy, (iii) our controversy management policy and (iv) the embedding of Environmental, Social and Governance (ESG) criteria at the very heart of our full range of investment management processes.

**This document outlines Dorval Asset Management's shareholder engagement policy.**



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## I. Introduction

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**Dorval Asset Management** is a mutual fund manager governed by French law, with a particular focus on equity investment management, and as such it primarily manages listed equities. In its role as an asset manager, Dorval Asset Management therefore complies with articles L533-22 and R533-16 of the French Monetary and Financial Code and outlines the shareholder engagement policy that it seeks to apply, particularly with regard to the use of the voting rights conferred by the shares it holds in the mutual funds it manages.

**Dorval Asset Management** particularly focuses on voting on resolutions put forward at shareholder meetings organized by the companies its portfolios have invested in, with the aim of safeguarding fund unitholders' interests as well as upholding the concerns of all company stakeholders as part of its broader Responsible Investment policy.

## II. Goals of our shareholder engagement policy

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**Dorval Asset Management's** shareholder engagement policy reflects the actions we pledge to undertake with a view to promoting progress in companies' E, S and G practices. Our shareholder engagement policy therefore sets out the principles we endorse, while our voting policy<sup>1</sup> is exercised to monitor concrete implementation of these principles for the stocks in our portfolio – or the sincere intention to implement them.

We believe that compliance with these principles is a source of value creation over the long term, and a way to minimize risks – both for companies themselves and for their entire ecosystem i.e. clients, suppliers, staff, shareholders, public authorities, communities – in the true sense of the term sustainable development.

We combine an assessment of these non-financial opportunities and risks with financial analysis of the companies screened as part of our overall portfolio construction process.

**Dorval Asset Management's** shareholder engagement policy is based on two key aspects:

- Individual engagement;
- Collaborative engagement.

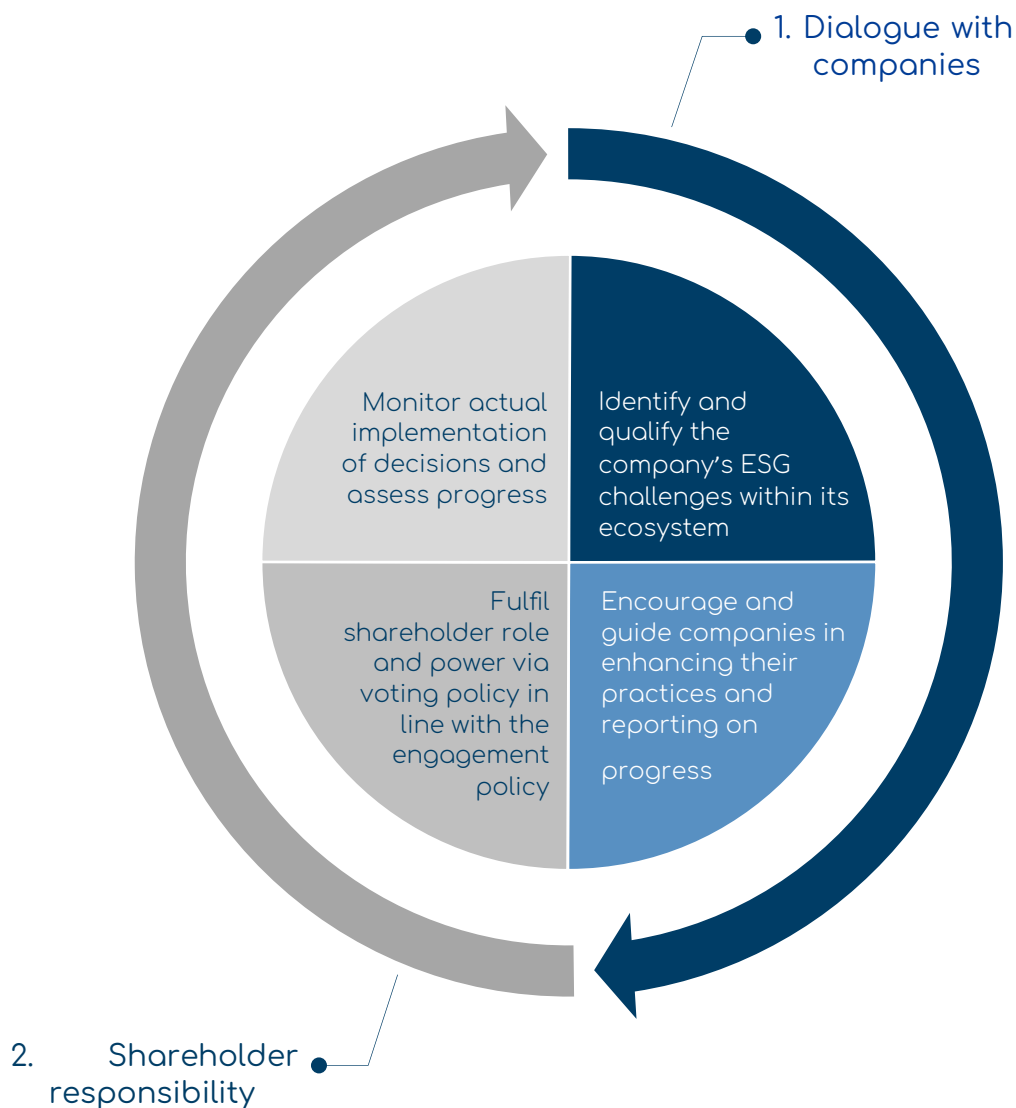
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<sup>1</sup> Aspects of our voting policy are included in this shareholder engagement policy (cf. points IV and V)

### III. Dorval Asset Management's individual engagement built on dialogue with companies in its portfolios

In line with the management process for its Manageurs range – which contributed to its success – Dorval Asset Management makes corporate governance the cornerstone of its SRI policy<sup>2</sup>: the sustainability of a company's product and service range, the efficiency of its strategy and its execution all hinge on the quality of its governance, as does the firm's correct integration into its broader environment.

#### Dorval Asset Management's individual engagement policy



**Dorval Asset Management** therefore takes dialogue with the company's management bodies as the starting point for its individual engagement policy, as it acts on behalf of the funds it manages (shareholders in the company in question) and with a duty of care to unitholders in these funds.

In addition to **Dorval Asset Management's** regular dialogue with companies, it also fully plays its role as a shareholder to support (or oppose) resolutions that comply with (or run contrary

<sup>2</sup> The Governance aspect accounts for at least 50% of the ESG score, which is based on Dorval Asset Management's proprietary SRI methodology.

to) its shareholder engagement policy<sup>3</sup>. Dorval Asset Management is obviously more active in its involvement in companies where it holds more than 2% of capital.

Lastly, **Dorval Asset Management** monitors decisions taken/voted on with the aim of assessing the actual situation and measuring progress<sup>4</sup>.

#### IV. Dorval Asset Management is involved in collaborative engagement initiatives in cooperation with other shareholders

In addition to its individual engagement efforts, **Dorval Asset Management** also works in conjunction with major French and international financial market stakeholders as they act to promote sustainable finance alongside other shareholders in companies in our portfolios.



**Dorval Asset Management** became a signatory to the **Principles for Responsible Investment (PRI)** in 2019, an initiative supported by 2,400 financial industry stakeholders. This initiative attests to **Dorval Asset Management's** resolute commitment to responsible investment, and as a signatory to the PRI, the company must report on its practical integration of environmental, social and governance aspects into its investment management processes on a yearly basis.



**Dorval Asset Management** also became a signatory to the **Montréal Carbon Pledge and the CDP** the same year. The company's signature of the Montréal Carbon Pledge – a PRI initiative – involves pledging to disclose the carbon footprint for the portfolios it manages on a yearly basis.



The **CDP** (formerly Carbon Disclosure Project) runs the largest global disclosure system for companies and cities to manage their environmental impacts, taking a complementary approach. This international not-for-profit charity offers signatories a company scoring system based on their environmental impact.

Teams at **Dorval Asset Management** extended their collaborative engagement in 2020 as they took part in and supported financial market-wide initiatives covering Environmental, Social and Governance aspects.

- Overall Environmental, Social and Governance approach:



The French Asset Management Association's (*Association Française de la Gestion financière*, or **AFG**) plenary conferences on responsible investment: **Dorval Asset Management** is involved

<sup>3</sup> Cf. section IV Key principles of our shareholder engagement policy

<sup>4</sup> Cf. section VIII Communication and control

in work on setting out areas of non-financial risks that companies face as part of the energy and sustainable transition.

**French Forum for Responsible Investment (*Forum pour l'Investissement Responsable* or FIR);** the French Forum for Responsible Investment promotes SRI to support further inclusion of issues of social cohesion and sustainable development in investment. Along with other SIFs (Sustainable Investment Forums), the Forum for Responsible Investment is a founding member of the European Eurosif network, which represents the SRI community in the European Commission and the European Parliament. Key areas for deliberation involve transparency in the integration of ESG criteria for investors, improving non-financial corporate reporting, long-term investment, corporate governance, and shareholder rights.

- Governance themes:



**ICGN (International Corporate Governance Network):** the ICGN seeks to promote effective standards of corporate governance and investor stewardship.

- Environmental themes:



**TCFD (Task Force on Climate-related Financial Disclosures):** the TCFD develops climate-related financial risk disclosures for use by companies in providing information to investors, insurers etc.



**IIGCC (Institutional Investors Group on Climate change):** the IIGCC works to advance the agenda on the incorporation of climate change challenges into corporate strategy, the identification of climate change-related challenges and developing a communications guide on reporting to meet TCFD criteria.



**Climate Action100:** this is an initiative for signatory investors to set out their pledges on climate change to fully comply with the PRI, TCFD and IIGCC and engage with the 100 systemically important greenhouse gas emitters to support their improvement on governance on climate change, reduce their greenhouse gas emissions and enhance their climate-related financial reporting.

## V. Key principles of our shareholder engagement policy

Dorval Asset Management's shareholder engagement policy is guided by our efforts to safeguard minority shareholders' long-term interests, including holders of the units in the mutual funds we manage. This stewardship strategy to preserve long-term interests is not only based on considerations of an investor concerned with financial profitability on its own account, but also as a stakeholder in financing and developing responsible companies.

In this respect, efforts to preserve long-term interests naturally take on board other stakeholders' concerns i.e. clients, suppliers, staff, public authorities, etc. and logically cover the main Environmental, Social and Governance themes.

## 1. Governance:

In accordance with our proprietary SRI methodology as embodied in our voting policy, Dorval Asset Management's shareholder engagement policy draws on the main international standards reflected in our partner ISS' research, as well as on a more specific approach for certain resolutions.

### a. Voting principles derived from international standards:

- Advocate for an appropriate governance structure, particularly on committees reporting to the board.
- Confirm the board of directors'/supervisory board's ability to take on and ensure its role, displaying:
  - Skills;
  - Independence;
  - Diversity, including of gender;
  - Representation for shareholders and staff;
  - Appointment process, compensation principles and length of terms of office.
- Provide informed analysis on the make-up of the management team on the basis of the following criteria:
  - Experience and skills;
  - Seniority, gender diversity and diversity of profiles;
  - Representation in key roles;
  - Compensation principles, including transparency and alignment of interests.
- Promote a clear process for appointments, compensation and length of terms of office for statutory auditors.
- Require the transparency necessary to assess the relevance of regulated agreements and the validity of stock transactions.
- Promote transparency on the incorporation of environmental, social and governance aspects.

### b. Specific principles in Dorval Asset Management's voting policy:

- Independence of the board of directors: **Dorval Asset Management** requires 50% of the board to be independent and will systematically oppose the renewal of the term of office or the appointment of any new director (bar CEO) failing to meet with independence criteria as outlined in the definition of independence from ISS;
- Diversity of the board of directors: **Dorval Asset Management** requires that the least represented gender account for at least 33% of the board and will systematically oppose the renewal of the term of office or the appointment of any new director (bar CEO) failing to meet with this representation criterion and may even oppose the appointment of the chair of the appointment committee;
- Attendance of board of directors: **Dorval Asset Management** requires an attendance rate of 75% and will systematically oppose the renewal of the term of office of any director failing to comply with this criterion;
- Independence of key board committees: **Dorval Asset Management** requires that 66% of the appointment committee, compensation committee and audit committee be independent and will systematically oppose the renewal of the term of office or the appointment of any new director (bar CEO) failing to meet these independence criteria;



- Audit committee's skills: **Dorval Asset Management** requires at least one member of the audit committee to be considered as a financial expert<sup>5</sup> and will systematically oppose the appointment of an audit committee chair where necessary. If a resolution is not put forward to renew the term of office of the audit committee chair, **Dorval Asset Management** oppose the appointment of all non-independent members comprising the audit committee;
- Appointment and compensation for statutory auditors: **Dorval Asset Management** requires that the term for statutory auditors be limited to 10 years and will systematically oppose renewal of this term where necessary. **Dorval Asset Management** also supports the separation of services involving accounts certification and consulting, and requires that the portion of fees not related to accounts certification equate to at most 30% of total fees for the firm certifying the accounts. It will systematically oppose any resolutions on statutory auditors' compensation exceeding this threshold.

Sound company management that creates value over the long term must take on board environmental and social risks and challenges. With this in mind, **Dorval Asset Management** encourages companies to provide clear and regular reporting on these aspects, and will systematically support resolutions to report the incorporation of environmental, social and governance matters in a company's strategy and financial communications.

## 2. Social:

Issues related to the S, or Social, aspect cover all business sectors, but **Dorval Asset Management** strives to single out the most complex challenges for each business sector:

- Safety at work for the chemicals, construction, and heavy industry sectors, etc.;
- The development of human capital for the financial, pharmaceuticals and biotechnology sectors, etc.
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## 3. Environment:

**Dorval Asset Management's** engagement policy on the E, or Environmental, aspect is tailored to each business sector depending on their more specific key issues. The examples below illustrate our approach:

- Climate change-related issues (carbon emissions, products' carbon footprint, etc.) are more broadly discussed during dialogue with companies in the energy, automotive, and air transport sectors;
- These sectors are also more closely monitored than others for issues relating to the conservation of natural resources, along with the food, hotels, and textiles industries, etc. ;
- In addition to the environmental risks that companies face and the way they manage them, **Dorval Asset Management** also plays close attention to solutions (products and services) that companies promote via its engagement policy. This consistently applies to the sectors mentioned above, but also to the technology, equipment and utilities sectors for example.

In the event that a company in which we are invested refuses to engage in dialogue, an escalation process may be initiated, which could lead to divestment. For example, the management teams may decide to oppose the company's resolutions or reduce the size of their investments in the company.

## VI. Organizing the exercise of voting rights

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Portfolio management teams analyze and scrutinize resolutions put forward by management at the listed companies that our company's mutual funds have invested in, with input from our voting support service provider ISS. **Dorval Asset Management** is therefore in a position to manage all voting processes in keeping with the principles outlined by the company with a view to safeguarding the best interests of both unitholders and stakeholders.

<sup>5</sup> A financial expert is a person with experience as a financial director or who holds a diploma in accounting, or has worked in an audit firm

**Dorval Asset Management** has also taken a specific and detailed approach for stocks that comprise the largest positions in our portfolios and/or where portfolio managers and/or analysts wish to take a more extensive engagement approach. The list of companies in this universe includes stocks where we have a total investment<sup>6</sup> of at least 2%. Our voting decisions on these stocks comply with the principles set out in our voting policy, while we also take on board input from dialogue with these companies during our engagement process.

**Dorval Asset Management** may therefore take a flexible approach in applying these voting principles, although it will consistently follow the spirit of its voting policy.

Portfolio management teams conduct votes as part of their relationship with the voting service provider and the custodian. The custodian provides daily reporting of positions held in the fund's scope to the voting service provider selected by **Dorval Asset Management**.

The portfolio management team (or our voting service provider) analyzes resolutions for the stocks where **Dorval Asset Management** holds a total position of at least 2%, then **Dorval Asset Management** sets out its votes for each account on the voting platform in line with the principles set out above, thereby fulfilling its exercise of voting rights by proxy.

Bar certain specific situations:

- When a form must be filled in (the service provider informs **Dorval Asset Management**, but this is not a frequent situation), the service provider uses notices sent directly to the sub-custodians via SWIFT technology.
- When registered securities are held, the voting instruction is sent directly to the custodian.

## VII. Scope covered by the engagement policy

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Shareholder engagement and collaborative engagement cover all Dorval Asset Management's open-ended mutual funds. Dialogue with companies is specific to investment management processes that involve stock-picking (i.e. European equities management<sup>7</sup>), as opposed to a management approach via baskets of stocks (i.e. international management<sup>8</sup>).

## VIII. Preventing conflicts of interest

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Dorval Asset Management's employees may face situations of conflict of interest as a result of the company's business operations i.e. where different parties involved in the same operation or transaction may have opposing interests.

Dorval Asset Management has implemented a specific set-up and set out rules for its executives and employees with a view to restricting the risks of conflicts of interest and ensuring that they are managed appropriately where necessary<sup>9</sup>.

## IX. Communication and control

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Dorval Asset Management produces an annual report on its voting policy, which is available in the Statutory Information section of our website. This report is designed to set out an

<sup>6</sup> Consolidated capital position held by all open-ended funds managed by Dorval Asset Management  
<sup>7</sup> i.e. *Dorval Convictions* and *Dorval Managers* ranges, as well as the *Dorval European Climate Initiative* fund

<sup>8</sup> i.e. *Dorval Global* range

<sup>9</sup> Dorval Asset Management has set out an ad hoc procedure Policy on managing conflicts of interest

overview of our votes. Dorval Asset Management also publishes the full range of data on its votes on a devoted platform, available on the ESG page of our website.

Application of the voting policy is also monitored by the Head of Compliance and Internal Control and her department during the yearly control program.

Website: [www.dorval-am.com](http://www.dorval-am.com)