

LBPAM GROUP VOTING POLICY

POLICY

2025

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VOTING POLICY GUIDELINES

1. Foreword

The holding of shares gives holders the right to participate in General Meetings (GM) organized by the companies issuing the shares. **The Group LBP AM [ie. LBP AM and its subsidiary La Financière de l'Echiquier (LFDE)] consider that voting at general meetings is an integral part of the management process, and exercise their voting rights in accordance with the principles set out in this voting policy.**

This voting policy applies to LBP AM and its subsidiary LFDE. The exercise of the LBP AM Group's voting rights is centralized at LBP AM, which is responsible for acting on behalf of its subsidiary LFDE. This policy is applied identically to all LBP AM and LFDE UCIs. The declarations of threshold ownership made by LBP AM to the AMF consolidate the positions of LBP AM and LFDE.

Pursuant to the legislative and regulatory provisions of Book V of the Monetary and Financial Code, **the Group LBP AM has formalized since 2008 a voting policy** which sets out the scope and procedure for voting at general meetings of shareholders, as well as the criteria according to which resolutions put to a vote by the shareholders are approved or rejected.

The Group LBP AM has defined voting principles applicable to all companies for which it exercises voting rights. It nonetheless **takes into consideration the characteristics of each company before voting**. Certain voting criteria have therefore been adapted for small and mid-cap companies or to local market practices.

The voting criteria take into account in particular the recommendations on corporate governance issued by the Association Française de la Gestion Financière (AFG) [French Association of Financial Management] and the corporate governance code drawn up jointly by the Association Française des Entreprises Privées (AFEP) [French Association of Private Companies] and the Mouvement des Entreprises de France (MEDEF) [Movement of French Enterprises].

The exercise of voting rights is fully in line with the **LBP AM Group's engagement policy** and can be a lever for expressing its shareholder expectations*. The exercise of voting rights enables us to engage in dialogue with the companies in which the LBP AM Group invests on behalf of the funds it manages, without however exercising any significant influence over the management of these companies. Considering that the exercise of voting rights is an essential component of its shareholder engagement strategy, the LBP AM Group has decided to exercise its voting rights at all general meetings of investee companies starting in 2025. Details of the voting perimeter are given in section III.c. of this policy.

*During the transition period due to the merger between TFSA and LFDE, LFDE's engagement policy (with the exception of voting principles) will continue to apply to funds managed by LFDE. LBP AM Group's engagement policy will be applied to funds managed by LBP AM and TFSA.

2. Governance Committee

The voting policy is updated at least annually and validated by the Governance Committee.

The Governance Committee is **composed of SRI analysts from LBP AM and LFDE, representatives from fund management teams of LBP AM and LFDE, and representatives from LBP AM's Research, Risk and Compliance Departments.**

After validation by the Governance Committee, the voting policy is presented for information to the LBP AM Group's Sustainable Finance Committee, as well as to the LBP AM and LFDE Supervisory Board.

3. Consideration of the principal adverse impacts of investment decisions on sustainability factors through the exercise of voting rights

As a responsible investor, **the LBP AM Group pays particular attention to identifying and keeping under control the main principal adverse impacts of its investments on sustainability factors.** The LBP AM Group's voting policy thus aspires to limit the negative impacts of the companies it invests in, in line with the funds' sustainability objectives.

The voting policy of the Group LBP AM relies on their SRI philosophy, known as the "GREaT philosophy", which is based on the following four areas of analysis:

- ▶ **Responsible governance:** encourage diffusion of best practices in terms of corporate governance and business ethics;
- ▶ **Sustainable management of human and natural resources:** manage human and natural resources sustainably; respect human rights; develop labor legislation; protect the environment;
- ▶ **Energy transition:** contribute to the energy transition towards new consumption patterns and sustainable production; support the shift from a fossil-fuel-based economic model to a sustainable, sober, and even carbon-free model;
- ▶ **Territorial development:** manage relationships with external stakeholders (communities, customers, suppliers, etc.) sustainably.

Against this backdrop, the voting policy of the Group LBP AM promotes the implementation of **best practices in terms of corporate governance and business ethics and encourages the consideration of environmental and social issues in companies.**

The exercise of voting rights is fully in line with the commitment and escalation strategy of the Group LBP AM and can constitute a lever for formalizing the expression of its shareholder expectations.

The Group LBP AM can therefore support resolutions not approved by the Board, whose implementation, it believes, is likely to contribute to an improvement in Environmental, Social or Governance (ESG) practices of the company, including by participating in their submission to the agenda. The Group LBP AM can also submit written or oral questions during the general meeting and submit subjects to the agenda.

The following table summarizes the various elements of LBP AM Group voting policy with regard to the principles of the GREaT philosophy.

The elements mentioned are described in greater detail further on in the document.

VOTING POLICY

PRINCIPLES
ESPOUSED BY THE
GREaT PHILOSOPHYENSHRINEMENT
IN THE VOTING POLICYCONSIDERATION
OF ENVIRONMENTAL
(GREENHOUSE
GAS EMISSIONS,
NEGATIVE IMPACTS
ON BIODIVERSITY)
AND SOCIAL ISSUES

- **Voting principles on environmental resolutions**, known as “say-on-climate” / “say-on-nature”, that encourage companies to put their environmental strategy to a shareholder vote
- **Environmental and social accountability principle** of board members
- **Support for shareholder resolutions** that have a positive environmental or social impact
- **Opposition to certain resolutions** put to shareholder vote in case of significant environmental and/or social controversies
- **Co-filing of shareholder resolutions** on environmental, social or governance issues
- **Attention paid to the inclusion of climate risks** in statutory auditors' valuation reports

GENDER BALANCE
AND DIVERSITY

- **Voting principle for diversity** in the composition of board of directors (experience, nationalities, gender balance, employee and civil society representation, ethnicity etc.) and management bodies
- **Opposition to the election of male candidates** when women account for less than 40% of the board

VALUE
SHARING

- **Attention to cash allocation choices**, in particular through the amounts dedicated for dividends and share buybacks
- **Opposition to shareholder remuneration through dividends** when there are concerns about the company's capacity to invest and grow over the long term

RESPONSIBLE
EXECUTIVE
REMUNERATION

- **Moderation**: ceiling set at 240 times the median salary in the country of the company's headquarters
- **Long-term orientation for LTIPs**; at least 3 years
- **Integration of CSR criteria** in variable compensation
- **Support publication of equity ratios**

EMPLOYEE
INVOLVEMENT
IN CORPORATE
GOVERNANCE
AND CAPITAL

- **Support for employee share ownership schemes**
- **Support for the election of employee representatives** to the board of directors and remuneration committees

VOTING POLICY PRINCIPLES

1. General voting principles

The Group LBP AM considers that transparent communication to shareholders is the foundation of good corporate governance. To encourage this practice, therefore the Group LBP AM votes against any resolution for which the information provided does not make it possible to get a fair and precise idea of the decision to be taken according to the principles of its voting policy.

The Group LBP AM is opposed to resolutions that include several options: resolutions should ask only one question requiring a single answer. However, if within a multiple resolution the Group LBP AM was in favor of all the questions asked, then the final vote would be in favor.

2. Approval of the financial accounts and management, allocation of income

2.1. Approval of the financial accounts

Stakeholders can avail themselves of the annual accounts to keep track of the financial statements and to stay abreast of the strategic orientations of the companies. The Group LBP AM encourages companies to provide quality, exhaustive and transparent information in order to gain the confidence of investors.

The Group LBP AM votes in favour of resolutions in this area, unless:

- ▶ **A member of the executive team** sits on the audit committee,
- ▶ **The company's auditors have expressed concerns,**
or their report has not been made public.

2.2. Discharge (from liability)

All directors who act responsibly and diligently assume their responsibilities and should not need to be discharged from their duties.

Accordingly, the LBP AM Group is not in favor of the practice of discharge in countries where its approval is not legally required.

2.3. Allocation of income and distribution of the dividend

The allocation of income – and the remuneration of shareholders – must not be to the detriment of the company's financial strength, the investment needs for its long-term development and the remuneration of all stakeholders.

The Group LBP AM votes in favor of paying out a dividend in shares, provided that the discount is less than 10% and that shareholders can opt for a cash payment. The Group LBPAM is in favor of retaining long-term shareholders through the payment of a loyalty dividend.

3. Capital transactions

3.1. Capital increases

The highest level of transparency is expected on the conditions and reasons for resolutions submitted to increase the capital, in particular when they provide for the cancellation of the preemptive right. Precautions are necessary as shareholders are forced to undergo a dilution of their holding.

The Group LBP AM accepts capital increases under certain conditions:

- ▶ They do not run for too long (maximum 5 years);
- ▶ They are not carried out through the issue of preference shares;
- ▶ They may not take place during a public tender period;
- ▶ They comply with the ceilings indicated below:

- **With preemptive rights**

FOR an increase of up to **50% of the existing capital**.

- **Without preemptive rights**

FOR an increase of up to **10% of the capital**.

FOR an increase of up to **50% of the capital when the interest of existing shareholders is preserved** through compliance.

AGAINST private placements, a method of capital increase which seems particularly unfavorable to the interests of shareholders.

Against an authorized discount superior to **10 %**.

Exceptions:

- The Group LBPAM may support operations that are not in line with the above principles, when the company can justify particular situations and when their future implementation is specified and reasonable.
- The ceilings mentioned above may be raised in countries which apply different market standards or for small and mid-caps.
- Capital increases during a public tender period may in some cases be considered as a means of negotiating a valuation of the bid, in the interest of the shareholders. The Group LBP AM may approve this type of transaction only if the shareholders are aware of the terms thereof and of the intentions of the company that initiated it.

3.2. Share buybacks

Share buybacks can be used to improve liquidity in the market or to implement incentive plans without diluting existing shareholders. The Group LBP AM would like share buybacks to comply with certain conditions:

- ▶ The authorization must be limited to 10% of the capital, unless there is a reasoned exception;
- ▶ The company's holding of its own shares is limited to 10% of the capital;
- ▶ The authorization period is limited to 18 months, except in countries where a longer period is commonly accepted;
- ▶ Buy-back programs may not be used as an anti-takeover device.

Moreover, the purpose of the buyback should not be to cancel shares if the company's financial situation does not allow it (e.g. limited cash flow, significant debt), or if this transaction would impair its ability to create value in the long term.

3.3. Mergers and acquisitions

The Group LBP AM will vote on mergers and acquisitions on a case-by-case basis, depending on their strategic and financial interest and on the consequences of the transaction on environmental, social and governance stakes.

To strengthen the rights of the shareholders, the Group LBP AM would like acquisitions or disposals of assets of a significant and/or strategic nature to be put to a prior vote by the shareholders.

4. Election of members of the Board of Directors or of the Supervisory Board

4.1. Election of members the Board of Directors or Supervisory Board

The balance of powers is one of the fundamental principles of good governance.

The Group LBP AM encourages companies to put in place competent and independent checks and balances to ensure effective management control and to create the conditions for long-term performance.

Separation of powers

The LBP AM Group favors the separation of execution and control functions. This separation can be achieved by:

- ▶ **A dual structure**, company with a management Board of Directors and a Supervisory Board;

- ▶ **A monistic structure with separation of the functions of with separation of the functions of CEO and Chairman of the Board of Directors.** Nevertheless, where management and supervisory functions are combined, the Group LBP AM is particularly attentive to the guarantees provided to shareholders to prevent the solitary exercise of power and to ensure that the Board is an effective forum for debate and control: **a level of independence in line with our expectations (at least 33% or 50% depending on the company), committees in line with our expectations in terms of independence (at least 50% or 66% depending on the committee)**, appointment of a lead director or vice-chairman who is independent, organization of "executive sessions" (with no executives in attendance), etc. These principles can be adapted according to the size of the companies and their capital structure.

In banking, given the particularities of the sector, the Group LBP AM systematically votes against the election of a CEO.

When a company separates the functions of Chairman and CEO for the first time, it is recommended that the non-executive chairman should not be the former executive of the company, or only for a transition period limited to two years.

Reasonable size of the board

In order to ensure good conditions for discussions, the Group LBP AM votes against resolutions proposing to reduce the size of the board to fewer than 5 seats or to increase it above 15 seats. Where the Board is already large (above 16 members), the Group LBP AM is likely to vote against new appointments if a commitment to reduce the size has not been undertaken.

Ethics

The Group LBP AM may oppose the election of candidates who have shown a lack of compliance with their duties on boards or committees on which they sit.

If a resolution is rejected, or if there is a significant challenge, the Group LBP AM expects an appropriate response from the board. If the opinion of the shareholders turned out to be disregarded, the Group LBP AM could vote against the re-election of certain board members.

Environmental and social responsibility of the members of the board

By 2030, the LBP AM Group has committed to align its asset allocation on a trajectory that will enable us to achieve Net Zero by 2050. It has also made commitments on biodiversity conservation. In line with these commitments, the LBP AM Group reserves the right to vote against a director if the company's environmental ambitions are not deemed to be sufficiently aligned with the objectives of the LBP AM Group's climate and biodiversity policies.

The LBP AM Group also reserves the right to reject the appointment of one or more Board members if their responsibility for ESG controversies is identified. In such cases, companies are informed of the reasons for opposition.

4.2. Composition of the board of directors or of the supervisory board

Quality of information available to shareholders

It is important that shareholders have information so as to be able to assess the candidacy of each member (experience, core activity, independence, reasons for candidacy).

Shareholders should be able to express their views on appointments and reappointments on an individual basis. However, the Group LBP AM will vote in favor of a collective application when each proposed candidate meets the criteria set out elsewhere in the policy.

Term of office of directors

The LBP AM Group prefers to be able to vote annually on a significant proportion of its directors. Nevertheless, the Group LBP AM is in favor of terms of office of **up to 4 years**, so that shareholders can express their views on the composition of the board regularly.

The Group LBP AM recommends the same practices as for large caps, but will vote against terms of office in small and medium-sized companies only when they exceed 5 years.

Availability of directors

The Group LBP AM wants to make sure that board members are sufficiently available to prepare the work and participate in the meetings of the board and its committees. They are therefore not in favour of appointing candidates with too many other concurrent terms of office in listed companies of different groups. The ceilings are as follows:

- ▶ **4 concurrent terms of office for “ordinary” functions;**
- ▶ **3 concurrent terms of office when the candidate chairs a board or an audit committee because of the significant involvement required by such functions;**
- ▶ **2 concurrent terms of office when the candidate has a management role in a listed company.**

Limiting the number of concurrent terms of office to a reasonable number also means that boards can be open to a greater diversity of profiles and individuals. The Group LBP AM moreover takes into account the attendance of board members when it is time for their re-appointment, and may object if their attendance rate at meetings during the previous term has been less than 75%. **If the Board has met 4 times or less, 100% attendance is expected.**

The Group LBP AM encourages boards to include, in their assessment of the availability of potential candidates, non-voting directorships and concurrent terms of office in unlisted companies.

Independence

The board, which is accountable to the shareholders, must therefore be an active, independent and competent body. The Group LBP AM therefore favors the appointment of independent members.

PROPORTION OF INDEPENDENT MEMBERS ON THE BOARD

The Group LBP AM wants at least 33% of the board members to be considered independent for controlled companies, and at least 50% for non-controlled companies. (A company is considered to be controlled when a shareholder or group of shareholders owns at least 50% of the capital or voting rights).

The independence rate is calculated in relation to the board members who are elected by the shareholders, without taking the representatives of the employee shareholders into account.

As an exception, the Group LBP AM would like at least 33% of the board members to be considered independent in the case of small and mid caps.

DIRECTOR INDEPENDENCE CRITERIA

To qualify as independent, a director or a member of the supervisory board must not be in a situation of potential conflict of interest. Thus, he or she should not:

- ▶ Be an employee or executive director of the company or of a company in its group, nor have been one in the last five years;
- ▶ Be an employee, corporate officer or representative of a significant shareholder of the company or of a company in its group;
- ▶ Have a personal connection (family, business relationship) with one of the founders, managers, former managers or significant shareholders of the company;
- ▶ Be an employee or corporate officer of a significant and usual commercial, banking or financial partner of the company or of a company in its group (e.g. customer, supplier, banker, creditor);
- ▶ Have been an auditor of the company during the previous five years;
- ▶ Be a member of the board of directors or of the supervisory board of the company for more than 12 years;
- ▶ Be appointed as a representative of the State.

A board member should not receive remuneration for services from the company or its subsidiaries in order to avoid conflicts of interest.

PARTICULAR FEATURE FOR THE LIST VOTING SYSTEM (SPECIFIC CASE IN ITALY)

The "voto di lista" system implies that at least two lists of candidates for the board are put to the vote, one presented by the majority shareholders and the other by the minority shareholders. In order to promote independence and insofar as all the nominated candidates meet the criteria set out elsewhere (ethics, availability, etc.), The Group LBP AM votes in favor of the list of the minority shareholders.

Competencies of the directors

The Board of Directors is able to serve the interests of the shareholders optimally when it includes directors with a variety of skills, knowledge and experience adapted to the needs of the business activities. Its members should have analytical and strategic skills as well as an understanding of the environment and markets in which the company operates.

- ▶ **The Group LBP AM encourages companies to publish a list of the individual competencies of their directors.**
- ▶ **The Group LBP AM recommends regular dedicated training** on topics relevant to the company and reporting on the content of the training.
- ▶ **The Group LBP AM encourages companies to publish the expected requirements of board's committees** and to be transparent about the selection process of future directors in this respect.
- ▶ The Group LBP AM believes that it is fundamental **in companies with high sustainability risks and/or high environmental pressures**, that the board be equipped with the right skills to understand and manage these risks. The Group LBP AM therefore encourages companies to publish the competencies of their directors in this area and to provide training on these essential issues.

Diversity Diversity on the Board of Directors and management bodies

The complementary nature of the skills and knowledge that directors have of sectors and markets is an essential prerequisite. The Group LBP AM encourages greater diversity in the composition of the boards (experience, nationalities, gender balance, ethnicity, representation of employees and civil society, etc.) to enrich the quality of the discussions and have different opinions expressed.

- ▶ **The Group LBP AM supports the feminization of governance bodies** and encourages gender balance on boards of directors and management bodies. The Group LBP AM vote against the election or re-election of a candidate **if he is a man and the representation of women on the board is below 40%, or vice versa.**
- ▶ **Furthermore, The Group LBP AM opposes the election or re-election of a candidate aged 70 or over**, if one third or more of the board members are over 70.
- ▶ **The Group LBP AM also encourages diversity in terms of background and ethnicity.** In markets that so permit, the Group LBP AM may consider voting against a director proposal if the resulting ethnic representation is deemed insufficient in that market.



Members representing employees

The Group LBP AM welcomes the presence of employee or employee shareholder representatives on the board. If more than one candidate is nominated for a single seat, The Group LBPAM favors the person who best represents the company's employees, as far as can be known from detailed information available. Otherwise, the Group LBP AM will vote for all candidates.

Censor members

Censor members sit on the Board in the same way as the ordinary members, but without being able to take part in the decision-making process. The Group LBP AM believes that the appointment of non-voting members may create confusion and disrupt the functioning of the Board. **They should therefore remain exceptional or temporary.**

4.3. Specialized committees

The Group LBP AM recommends that companies set up audit, remuneration and nomination committees, whose tasks should be defined in the internal rules of procedure.

These committees should be chaired by an independent member and be composed of at least 50% independent members (remuneration and nomination committees), and 66% (audit committee). The Group LBP AM votes against the appointment of a non-independent candidate if these levels of independence are not met, and are not in favor of executives sitting in these committees.

Furthermore, the Group LBP AM votes against the chairman of the remuneration committee if the remuneration policy for executives does not comply with the principles set by the Group LBP AM. The Group LBP AM also recommends that a director representing employees be appointed to the remuneration committee.

As Corporate Social Responsibility (CSR) issues are becoming strategic, the Group LBP AM is in favor of having them dealt with at the highest level by the boards through ad hoc expertise, specific meetings, or a dedicated CSR committee. If such a committee is not set up, the appointment of a CSR specialist from among the directors is recommended.

The Group LBP AM recommends that companies publish information to shed light on the role of the audit committee in preparing non-financial information.

The LBP AM Group recommends that committees comprise at least 3 members to ensure a minimum of debate.

4.4. Consideration of specific features

The Group LBP AM considers the specific features of companies (size, shareholder composition, family or non-family nature) when applying the voting principles on elections. For example, the appointment of a candidate may be supported if he or she has a particular legitimate reason for sitting on the board (e.g.: manager, member of the founding family, reference shareholder, etc.) within acceptable limits as regards the board's need for independence.

5. Remuneration of executive and non-executive directors

5.1. Remuneration of executive directors

The remuneration policy for executives must be transparent, balanced, linked to the creation of (financial and extra-financial) value over the long term and respectful of social cohesion.

The Group LBP AM examines the proposals made by the board of directors or supervisory board concerning the approval of remuneration reports and policies on a case-by-case basis. In general, the Group LBP AM votes against the proposals if the remuneration deviates from the principles defined below.

Transparency

The remuneration policy provides ex-ante transparency on the remuneration structure (fixed, short-term/long-term variable), the performance criteria chosen (which must be enforceable), their respective weights and scales and the identified peer group.

The remuneration report provides ex-post information on the link between performance, value creation for all stakeholders and the remuneration received. The level of achievement of the qualitative criteria attached to the variable remuneration should be sufficiently transparent so that a judgement can be made on the relevance of the criterion and the award.

Exceptional compensation items should be explained in detail as and where appropriate.

Small and mid-caps do not necessarily have the same means and resources as large caps to formalize their remuneration policy. For such companies, the Group LBP AM considers that it is nevertheless essential to know:

- ▶ **Ex ante, the ceiling for the annual bonus** as well as the criteria for variable remuneration, in the short and long term,
- ▶ **Ex post, the figures** on the various components of the remuneration.

Balance

The Group LBP AM recommends that the remuneration structure should be properly calibrated between the fixed and variable parts, and between the short and long term. LBP AM therefore recommend that:

- ▶ **The fixed component** should be in line with the practices of the country and sector of the company. Decisions to increase the fixed component should be justified and should take into account the mechanical upward impact on other remuneration elements.
- ▶ **Long-term remuneration** should be based on **at least 3 years of performance.**

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- ▶ **The variable component** should not represent too large a percentage of total remuneration, given the complexity of measuring performance in the broadest sense (choice of metrics, target setting, rigor of measurement, etc.).
- ▶ **The short-term bonus** should not account for a greater remuneration opportunity than that linked to the long-term variable elements.

Link with long-term financial and extra-financial value creation

Performance criteria should be linked to the company's long-term strategy, and the targets should reflect real progress in relation to the company's situation and peers. Scales should be sufficiently demanding so as to avoid any possibility of compensation in case of underperformance.

The Group LBP AM encourages companies to adopt various criteria: financial, operational and extra-financial.

The Group LBP AM recommends the use of extra-financial criteria to assess the performance of executives and to determine their variable remuneration, both in the short and long term. These criteria may be specific to each company, depending on its particular features and sector. For example, indicators linked to the energy transition are necessary in sectors with highly intensive greenhouse gas emissions. The Group LBP AM wants the extra-financial criteria used to be transparent and relevant to the ESG issues of emitters.

The Group LBP AM is not in favor of significant increase in management remuneration if a major restructuring is underway or was completed in the past year. Efforts must be shared by all stakeholders, and the Board must avoid sending contradictory messages that could harm the social climate and employee motivation.

Social cohesion

The remuneration structure must be able to attract competent managers, but also be respectful of social cohesion. To this end, the Group LBP AM encourage companies to publish a pay ratio, which compares the development of executive remuneration to that of employees. In countries where this ratio is mandatory, the Group LBP AM expects it to be calculated on a relevant scope that reflects the company's workforce.

The Group LBP AM pays particular attention to the total amount of compensation. They may object when this amount exceeds:

- ▶ **For large caps, 240 times the median salary** of the country where the company has its registered office. This cap is intended to prevent an executive from earning in one day what an employee earns in one year, given that there are approximately 240 working days per year.
- ▶ **For small and mid caps, 120 times the median salary** of the country where the company has its registered office. This cap is intended to prevent a manager from earning in one day what an employee earns in half a year.

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SEVERANCE PAY

A corporate officer leaving the company on his or her own initiative may not be entitled to severance pay.

The Group LBP AM would like the amount of severance pay to take into account the length of time the executives have been with the company and the contribution they made during their tenure.

No indemnity should be provided if the executive's remuneration during his or her term of office exceeds the socially acceptable ceiling set by the Group LBP AM (240 or 120 times the national median wage). In such a case, the remuneration can already be considered to include the risk of interruption of the appointment at any time.

The Group LBP AM would like to see the unvested payments cancelled if the executive leaves the company, unless the departure is forced and subject to compliance with the performance conditions (in such a situation, a prorated reduction in the number of instruments is necessary).

NON-COMPETITION INDEMNITIES

The Group LBP AM would like the non-competition clause to be precise (duration of application, tasks and entities concerned, etc.). The company should explain the value of this clause for its business activity.

The amount of the potential indemnity should be consistent with its period of application.

The payment of a non-competition indemnity is excluded when the executive is entitled to retirement or is over 65 years old.

COMMON RULES FOR SEVERANCE PAY AND NON-COMPETITION PAYMENTS

The indemnities should in no case exceed twice the annual (fixed and variable) **remuneration.**

SUPPLEMENTARY PENSION

The implementation of a supplementary pension seems understandable in order to attract and retain executives when it corresponds to a common practice in a sector, provided that it is strictly regulated.

The Group LBP AM analyses this type of agreement in particular according to the following criteria: seniority of the executive, presence in the company at the time of retirement, reasonable progression of potential rights, capping of the annuity paid to the beneficiaries, the need for a group significantly larger than the executives to be potential beneficiaries, setting of a multi-year reference period representative of the average remuneration received by the beneficiaries throughout their tenure.

The Group LBP AM assesses the relevance of the estimated annual annuity by comparing it with the average (fixed and variable) remuneration of the last three years. The Group LBP AM has not defined a strict limit, but refers to the recommendations of Proxinvest (or equivalent approach for non-European countries) for internal discussion.

5.2. Remuneration of non-executive directors

The remuneration of board members for their activities should be consistent with current practices in the country and in the sector. It should consider the tasks performed by each member, as well as their attendance at meetings. Important developments should be explained.

The Group LBP AM would like the meeting attendance rate of each board member to be indicated in the annual report.

The Group LBP AM considers that the remuneration of non-executive members should not depend on the performance of the companies, because this could affect the independence of judgement expected from them.

6. Long-term remuneration plans (free shares, stock options)

Companies submit separate resolutions from traditional capital increases when it comes to plans for employees and/or corporate officers. **The Group LBP AM analyses such resolutions with regard to the principles indicated below.**

6.1. Common provisions

The total number of plans in progress must not exceed the ceiling of 10% of the capital.

The Group LBP AM would like the resolution to indicate clearly who will be the beneficiaries of the plans put to the vote, as well as the maximum portion of the package that can be allocated to executives. Ideally, the Group LBP AM is in favor of separating the resolutions concerning corporate officers from those concerning employees.

The Group LBP AM recommends that companies indicate the potential number of beneficiaries of the plan. The Group LBP AM pays closer attention to the quality of the plan when its eligibility is restricted; in other words, when the plan concerns only a small percentage of the workforce, **the Group LBP AM expects companies to comply with best practices in terms of transparency and performance conditions.**

The Group LBP AM expects that, compliance with performance conditions notwithstanding, awards can be cancelled in case of serious ethical breaches or damage to the company's reputation.

6.2. Allocation of free shares, stock options or stock purchase options

The Group LBP AM votes in favor of granting shares or stock options to employees and managers if:

- ▶ **Such grants are dependent on objective,** demanding and relevant performance criteria assessed over at least 3 years;
- ▶ **The initial conditions cannot be changed after the fact** unless a detailed explanation is provided;
- ▶ **The grant is not excessively concentrated for certain beneficiaries;**
- ▶ **The discount is zero in the case of options.**

In order to encourage a better consideration of long-term issues, the Group LBP AM welcomes plans for executives that are designed for at least 5 years, including both the performance evaluation period and the vesting period.

The above criteria are not applied in the case of allocations that benefit all employees.

6.3. Employee share ownership plan

The Group LBP AM supports the development of employee share ownership.

The Group LBP AM recommends that companies do not intervene in the governance of (Fonds Commun de Placement d'Entreprise (FCPEs) [Company Mutual Funds]. Employee share-holder representatives on the supervisory board of FCPEs should be able to decide autonomously on their voting decisions for the general meeting of shareholders.

7. Amendments to the articles of association

The Group LBP AM expects that one vote will be granted per share held, so that the voting rights of shareholders are directly proportional to their financial stake. It should be possible to ensure identical treatment for holders of bearer and registered shares.

The Group LBP AM is opposed to the tightening of the conditions for decision-making by the general meeting of shareholders (e.g. change to a qualified majority to amend the articles of association, approve a merger or remove a director from office, etc.).

The Group LBP AM may object to the reduction of the thresholds of capital ownership above which shareholders must inform the company, if the latter does not offer transparency on these exceeded thresholds.

The Group LBP AM opposes the relocation of a company's registered office to a country with less stringent governance and tax requirements, without valid justification provided by the company.

The Group LBP AM opposes changing the age limits for board membership, when such change is visibly tailor-made for one person, thereby giving rise to questions about the functioning of the board (management of succession, durability of statutory principles, etc.).

The Group LBP AM is not in favor of general meetings only in virtual form. The Group encourages “hybrid” meetings (virtual and in person) that preserve shareholders rights during the general meeting (ask questions, etc.).

8. Related-party agreements

A related-party agreement links the company with a stakeholder with significant influence (executive, member of the board of directors or of the supervisory board, significant shareholder). **Because of the conflict of interest that exists by nature, related-party agreements are subject to reinforced control**, in particular putting the agreement to a vote by the shareholders.

- ▶ **The Group LBP AM votes on a case-by-case basis**, taking into account the persons concerned, the content and the reason for the transactions, as well as the elements provided by the board to explain the value of the agreement.
- ▶ **The Group LBP AM votes against any resolution** when insufficient information is provided on the agreements in question.
- ▶ **The Group LBP AM also votes against any resolution when one of the agreements in question goes against the voting principles defined elsewhere** (for example, on executive severance pay).
- ▶ **The Group LBP AM would like agreements to be of limited duration** and to be reviewed periodically by the board and by the shareholders. The Group LBP AM recommends that the most important agreements be the subject of separate resolutions so that shareholders can decide on a case-by-case basis.
- ▶ **The Group LBP AM votes on only new or renewed agreements.** Old agreements already approved in the past should be voted on again when they have had an impact on the year covered by the general meeting of shareholders.
- ▶ **The Group LBP AM does not vote on agreements already approved by the shareholders**, when they have not had an impact, but they can express their reservations to the companies in the dialogue prior to the general meeting of shareholders.

9. Statutory and sustainability auditors

Statutory and sustainability auditors are responsible for verifying the **regularity and fairness of the annual accounts and sustainability reports** in the interest of the shareholders.

The Group LBP AM encourages companies to prevent any conflict of interest in the selection of statutory and sustainability auditors by organizing a regular rotation and by refraining from assigning them tasks not related to the audit.

Resolutions in this area are generally accepted, barring justified exceptions:

- ▶ **The Group LBP AM is in favor of a regular rotation of auditors.** They are against appointing them if the same firm has been certifying the accounts for more than 18 years (corresponding to three six-year terms for French companies).
- ▶ **The Group LBP AM votes against** if the statutory auditors have also performed non-audit services for the company in question, and **if the fees they have received for these services exceed 25% of the fees received for each of the last two financial years or above 50% on the last exercise.** If that is the case, the company should provide detailed information on the nature of the services.
- ▶ **For companies with significant exposure to climate risks** (companies identified by Climate Action 100+), **the LBP AM Group reserves the right to vote against** the renewal of the auditor's mandate if the assessment of climate risks and the company's decarbonization trajectory in a 1.5°C scenario in its financial statements is not deemed sufficiently detailed.

10. Environmental resolutions

An increasing number of companies are defining **energy and ecological transition strategies** with objectives to reduce their impact on the climate and biodiversity. These plans can be put to a consultative vote by shareholders via so-called “say-on-climate” / “say-on-nature” resolutions.

The Group LBP AM supports the introduction of a regular vote on the holistic environmental strategy of companies and the related objects, as well as a report detailing the implementation of this strategy. The Group LBP AM encourages listed companies with a high greenhouse gas emitting activity and a strong impact on biodiversity to put these resolutions to a vote by the shareholders.

These resolutions are analyzed on a case-by-case basis by the Group LBP AM. Such an analysis considers the characteristics of the plan put to the vote, the level of ambition of the plan and the transparency of the latter, particularly with regards to best practices in the sector or companies with similar issues.

The Group LBP AM encourages companies to develop and put to the vote a detailed and precise strategy, based as much as possible on market benchmarks (climate or sector scenarios, third-party strategy evaluation methodology). This strategy should apply the Avoid - Reduce - Compensate sequence and be articulated in terms of and consistent with the Group's global strategy, in particular with the latter's investment policy. The Group LBP AM recommends the inclusion of objectives linked to the company's environmental strategy in the remuneration of executives.

On the climate front

The Group LBP AM expects this strategy to be accompanied by **short, medium and long-term objectives** for absolute reductions in greenhouse gas emissions in scopes 1, 2 and the most significant categories in scope 3. To contribute to the global objective of **carbon neutrality by 2050 in line with the objectives of the Paris Agreement** the Group LBP AM encourages companies to adopt trajectories compatible with the **1.5° scenario of the Paris agreement** on a significant scope of their activities, until they reach carbon neutrality by 2050.

The Group LBP AM encourages companies to:

- ▶ **Base their strategy on climate or sectoral scenarios,**
- ▶ **Validate their reduction targets using third-party assessment methodologies** such as the Science Based Target Initiative.

On the biodiversity front

The Group LBP AM encourages companies to:

- ▶ **Identify risks and dependencies relating to biodiversity** and ecosystem services;
- ▶ **Implement an efficient risk management policy** and establish ambitions to protect-restore-limit the impact of their activities on nature;
- ▶ **Follow the Science Based Targets for Nature approach** in order to contribute to the attainment of the objectives of the Convention on Biological Diversity;
- ▶ **Implement circularity and single-use plastic reduction plans** when relevant to their business.

The Group LBP AM reserves the right to vote against environmental resolutions that do not provide these elements and to support shareholder resolutions that follow the foregoing principles.



11. Environmental, social or governance shareholder resolutions

The Group LBP AM votes on a case-by-case basis on ESG shareholder proposals, based on its “GREaT Philosophy” and taking into account:

- ▶ **The importance and relevance of the issues raised** in relation to the sector in which the company operates;
- ▶ **The impact of the proposal** on the company's financial situation and its ability to create value in the long term;
- ▶ **The measures already put in place** by the company to address the issue raised.

The Group LBP AM is generally in favor of resolutions filed by shareholders when they promote greater transparency on ESG issues (including on the management of lobbying, fiscal matters etc.). These resolutions will be analyzed on a case by case basis.

The Group LBP AM reserves the right to participate in filling resolutions on ESG issues. The Group LBP AM considers that the rejection of the Board of Directors to include on the agenda ESG resolutions submitted by shareholders who meet the local regulatory conditions of ownership and timing constitute an obstacle to the exercise of shareholder democracy. In view of their case-by-case assessment of the content of the resolution, The Group LBP AM reserves the right not to vote in favor of reappointing on the board a director who has refused to register a resolution that the Group LBP AM believes would have contributed to the implementation of its voting policy.

11.1. Environment

The LBP AM Group applies the principles set out in point **10)** to resolutions concerning the climate and biodiversity.

For resolutions dealing in particular with climate and biodiversity, **the Group LBP AM applies the principles set out in point 10.**

11.2. Shareholder resolutions - Human rights

The LBP AM Group is in favor of resolutions providing greater transparency on the remuneration and treatment of employees, subcontractors, and suppliers:

- ▶ **Publication of reports on pay gaps** (gender or ethnic diversity).
- ▶ **Publication of workplace harassment management policies.**

The LBP AM Group is in favor of resolutions bringing greater transparency to the management of the negative impacts of activities on local communities:

- ▶ **Publication of reports on the risks of civil and human rights violations** throughout the company's value chain.
- ▶ **Publication of reports on environmental risks and the health of local communities** throughout the company's value chain.

11.3. Shareholder resolutions – Governance

The LBP AM Group is in favor of resolutions whose approval enables it to obtain **greater transparency** on:

▶ **Lobbying policies and practices**

While lobbying can be a positive force for democracy, it can also be used to influence laws and regulations to the detriment of the public interest.

We expect companies to commit, through the publication of an advocacy policy and appropriate reporting, to:

- **Develop advocacy actions that are fully consistent** with the company's environmental and social objectives and interests,
- **Not advocate**, either directly or indirectly – for example through industry associations – **against legislation** that promotes transparency or regulation of their environmental or social practices and products.

▶ **Corporate tax practices**

A responsible tax strategy involves more than simply complying with the law and avoiding tax evasion. Tax responsibility reflects a company's commitment to paying taxes in the jurisdictions where it actually produces economic value.

The LBP AM Group supports the publication of reports on fiscal responsibility.

12. Others

12.1. Donations

The Group LBP AM votes in favor of charitable donations (to associations or foundations). To avoid the risk of conflicts of interest, the Group LBP AM is opposed to authorizations to make donations of a political, religious or ideological nature.

12.2. Change of legal structure

The legal structure of a company can have a considerable influence on the rights of minority shareholders. In this case, **the LBP AM Group is opposed in principle to the change to a Société en Commandite par Actions (SCA) structure in which the minority shareholder delegates almost all his powers to a general partner.**

12.3. “Raison d’être”

The LBP AM Group welcomes and analyzes in detail the resolutions concerning the definition of a raison d’être, a corporate mission and B-Corp certification.

ORGANIZATION OF THE EXERCISE OF VOTING RIGHTS

1. Team in charge of the exercise of voting rights

This policy is applied for LBP AM and for its subsidiary La Financière de l'Echiquier (LFDE). It is implemented by LBP AM.

Voting is coordinated by LBP AM's "SRI Solutions" team which reports to the Asset Management Department.

SRI Solutions relies on **the equity management and SRI teams of LFDE and LBP AM**, as well as **the Fundamental and Sustainable Analysis team for the analysis** for the analysis of certain types of ESG resolutions, as well as for the AGMs of companies considered to be priorities and under surveillance.

These lists are made up of companies with significant stakes for LBP AM. The (non-exhaustive) criteria considered to determine these lists include the percentage of capital ownership and the absolute amount invested. They are reviewed at least annually.

If necessary, the SRI team can seek advice from **the Department of Compliance and Internal Control and the Legal Department of LBP AM**.

Solution ISR uses analyses from voting consultancies **Institutional Shareholder Services (ISS)** and **Proxinvest** to identify high-stakes resolutions. ISS also provides customized voting recommendations based on the LBP AM Group's voting policy. The LBP AM Group retains autonomy regarding the voting recommendations of the consulting agencies.

For French companies, LBP AM also consults the recommendations of the **Association Française de la Gestion Financière (AFG)** [French Association of Financial Management] before voting.

2. Operating procedures for exercising voting rights

The Group LBP AM exercises its voting rights through various channels:

- ▶ **Through ISS's ProxyExchange voting platform**, which transmits votes to the Annual General Meeting via local custodians and sub-custodians (for foreign companies);
- ▶ **By correspondence to custodians;**
- ▶ **By participating directly in the general meeting of shareholders**, if the Group LBP AM should consider it to be preferable.

The efficiency with which voting rights are exercised depends to a large extent on the chain of intermediaries through which they pass, particularly in a cross-border context. Due to the complexity of the intermediary chain, information is not always transmitted from the company to its shareholders, and shareholders' votes are not always correctly transmitted to the company. In rare cases, therefore, voting instructions may be disregarded for technical reasons beyond the control of the LBP AM Group. Voting rights are exercised on a best-effort basis. The LBP AM Group declines all responsibility when voting instructions are rejected for such reasons.

It is in this context that the 2017 Shareholders' Rights II Directive sought to improve the transmission of information throughout the intermediary chain in order to facilitate the exercise of shareholders' rights. The LBP AM Group supports any approach that would further improve the efficiency and transparency of the voting process.

3. Scope of exercise of voting rights

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3.1. Portfolios concerned by the exercise of voting rights

UCIs

The Group LBP AM exercises their voting rights in UCIs for which an interest in the implementation of this policy has been identified.

If financial management is outsourced, the Group LBP AM may by exception delegate the exercise of voting rights to their subcontractor. This is the case of Aegon AM and Ostrum when they implement their own voting principles.

Mandates and dedicated funds

The Group LBP AM may also exercise voting rights on behalf of mandates or dedicated funds. The Group LBP AM voting principles are then applied, unless otherwise stipulated in the contract. When the LBP AM Group's voting policy is applied to dedicated funds and mandates, LBP AM may depart from the application of its policy in order to follow the instructions of the holder, the representative of the group of holders or the principal, if they so request. LBP AM thus exercises its voting rights in the interest of the unit holder, the unit holder group or the principal.

3.2. Companies for which the Group LBP AM exercises its voting rights

Pursuant to Article L533-22 and R533-16 of the Monetary and Financial Code, the Group LBP AM exercises its voting rights in the exclusive interest of the holders/shareholders of the UCIs.

Considering that the exercise of voting rights is an essential lever in its shareholder engagement strategy, the LBP AM Group has decided to increase its level of participation in AGMs each year, with the aim of fully exercising its voting rights starting in 2025.

However, the LBP AM Group reserves the right to refrain from exercising part or all of the voting rights for:

- ▶ General Meetings requiring the blocking of the relevant securities during the period between the registration of the securities and the vote;
- ▶ General Meetings for which the implementation of the exercise of voting rights would incur a significant financial cost.

SECURITIES LENDING POLICY

The background of the page features a hand holding a tablet. The tablet screen displays a complex financial chart with a grid. The chart includes a candlestick pattern with teal and red bars, and a line graph with several data points connected by lines. Several callout boxes with the words 'BUY' and 'SELL' are overlaid on the chart. The overall color scheme is dark blue and purple, with a grid pattern.

SECURITIES LENDING POLICY

In order to guarantee compliance with their responsible investment practices, LBP AM has set up **a specific mechanism to limit securities lending transactions during the period of the general meeting of shareholders.**

Temporary sales of securities may be carried out for certain UCIs. The purpose of these transactions is to ensure the management objective and to optimize cash management.

As the voting right is transferred to the borrower of the securities, these loan transactions may conflict with the voting activity.

In order to avoid having to repatriate the securities lent, LBP AM has put in place a specific mechanism to limit lending transactions during the period of the general meeting of shareholders.

If securities have nonetheless been temporarily sold before a general meeting of shareholders, LBP AM systematically repatriates the securities.

A control over the repatriation activity is carried out annually and presented to the Governance Committee.

MANAGEMENT OF CONFLICTS OF INTEREST

MANAGEMENT OF CONFLICTS OF INTEREST

In line with the AMF's General Regulations (RGAMF), the LBP AM Group has implemented **a conflict of interest management policy to ensure the independent exercise of voting rights.**

A conflict of interest is a situation in which the Group LBP AM risks damaging the interests of one or more of their clients in the exercise of their activities in order to favor the interests of **1) one of their employees** or **2) one of their managers**, or **3) a company** to which they are (in) directly linked by a control relationship or **4) one of another client.**

The potential conflict of interest arising out of the exercise of voting rights stems from pressure exerted on the Group LBP AM not to vote in the interest of the principals or holders, as defined in the voting policy.

The Group LBP AM has identified two potential situations that could generate pressure:

- ▶ **Companies with which the Group LBP AM, their shareholders or employees have special ties** such as commercial, capital or influence ties,
- ▶ **Companies for which the Group LBP AM votes** (whether or not they have sensitive links with the Group LBP AM) which ask about our voting intentions prior to general meetings of shareholders, particularly in the context of dialogues with issuers.

In order to prevent such potential conflicts of interest, the Group LBP AM has put in place the following system:

- ▶ **Compliance with the guidelines and principles defined** in this policy when exercising votes guarantees the autonomy of the Group LBP AM's decision-making. If the Group LBP AM would not vote in accordance with their policy, Departments of Compliance and Internal Control of LBP AM and LFDE are systematically kept informed of any deviations. The SRI Team archives justifications of any deviation.
- ▶ **Voting intentions are not communicated to issuers** or their agents until they have been traced and thus acquired concrete form in an IT tool. Depending on the content of exchanges with companies, the initial voting intentions may be modified. Such changes, as well as the reasons for them, are recorded in an internal document. No voting intention is communicated to any person other than the issuer or its agent.

The compliance function ensures the implementation of a permanent second-level control carried out a posteriori, on a biannual basis. The second-level controls related to the shareholder engagement system (including the operational voting process) are carried out according to a risk-based approach. The control points selected based on this principle are listed in the risk mapping of non-compliance risks developed by the compliance function. The methodology for developing the risk mapping of non-compliance and deploying the associated control plan has been formalized through two methodological notes established by the compliance function. Additionally, the periodic control function, outsourced to La Banque Postale, includes in its audit programs a review of the SRI management process, which includes, based on a risk-based approach, a control of the shareholder engagement system (including the operational voting process).

This system for managing conflicts of interest when exercising voting rights is part of the more general framework of the conflicts of interest management policies of LBP AM and LA FINANCIERE DE L'ECHIQUIER. LBP AM's conflict of interest management policies are available here:

Politique de gestion des conflits d'intérêts LBP AM

Politique de gestion des conflits d'intérêts LFDE

In view of the capital relations maintained with the entities AEGON, LA BANQUE POSTALE, LA POSTE, LA CAISSE DES DEPOTS and LA FINANCIERE DE L'ECHIQUIER, the Group LBP AM has decided to abstain:

- ▶ **From all participation in the general meeting of shareholders of AEGON.**
- ▶ **From voting on resolutions** concerning the acceptance of appointments of corporate officers sitting on the boards of directors/supervisory boards or in the general management of AEGON, CAISSE DES DEPOTS, CNP ASSURANCES, LA POSTE, LA BANQUE POSTALE, LA FINANCIERE DE L'ECHIQUIER and LBP AM.

The list of companies with which LBP AM has capital ties and the corporate officers affiliated with them is updated and validated annually by the governance committee.

TRANSPARENCY ON VOTING RIGHTS EXERCISED

TRANSPARENCY ON VOTING RIGHTS EXERCISED

In the interests of transparency for all our stakeholders, **details of the votes cast for each open-ended fund for which the Group LBP AM votes are made available online seven days after each general meeting of shareholders** at the following link:

<https://vds.issgovernance.com/vds/#/NDY5MA==>

The LBP AM Group reserves the right to pre-declare some of its votes, after analyzing the appropriateness of this decision on a case-by-case basis. The LBP AM Group publishes an annual **shareholder engagement report** on the application of this voting policy. This report is available on the websites of:

- ▶ **LBP AM** in the “News” – “Publications & Reports” category;
- ▶ **TFSA** in the “All our news” – “Publications” category;
- ▶ **LFDE** in the “Responsible Investment” category – “Further information”, “Vote and engagement”.

Furthermore, the details of the votes are made available to the clients of LBP AM and Tocqueville Finance upon request, provided the client can prove that he or she holds units in an the Group LBPAM UCI that falls within the scope of the exercise of voting rights. Only the votes cast on resolutions relating to this UCI will be communicated to the client.

The request can be made by post/email to the following address:

- ▶ **LBP AM, 36 Quai Henri IV, 75004 PARIS**
- ▶ solutionsisr@labanquepostale-am.fr
- ▶ **On the LBP AM website**, using the form in the **“Contact Us”** section



<https://www.lbpam.com>

LBP AM

Société Anonyme à directoire et conseil de surveillance with authorised capital of 12,138,931.20 euros
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