
Group voting policy

La Banque Postale Asset Management

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ASSET
MANAGEMENT

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1

**VOTING POLICY
GUIDELINES**

1. Voting policy guidelines

- In accordance with the laws and regulations set out in Book V of the French Monetary and Financial Code, La Banque Postale Asset Management (LBP AM) and Tocqueville Finance SA (TFSA) have drawn up a voting policy that sets out the scope and procedure for voting at shareholders' general meetings as well as the criteria used to approve or reject proposed resolutions.
- The principles of this policy apply independently to each of the LBP AM group's two management companies. TFSA has delegated the implementation of the voting policy on behalf of its funds to LBP AM.
- LBP AM and TFSA's policy is applied identically to all the funds within their scopes.
- LBP AM and TFSA's voting policy is based on an "SRI philosophy", which is based on 4 areas of company analysis:
 - responsible governance,
 - sustainable resource management,
 - the economic and energy transition,
 - and local development.
- With this in mind, LBP AM/TFSA's voting policy promotes the implementation of best practices in corporate governance and business ethics and encourages companies to give due consideration to environmental and social challenges.
- Voting criteria also reflect the corporate governance recommendations issued by the French Financial Management Association (AFG) and the corporate governance drawn up jointly by the French Association of Private Companies (AFEP) and the French Employers' Association (MEDEF).

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VOTING POLICY PRINCIPLES

2. Voting policy principles

■ General principles

- LBP AM/TFSA considers transparent shareholder disclosures to be the hallmark of good corporate governance. To encourage this practice, LBP AM/TFSA votes against any resolution where the information provided does not provide a fair and accurate idea of the decision to be made, based on the principles of its voting policy
- LBP AM/TFSA is not in favour of resolutions that offer several options. Resolutions must ask only one question calling for a single reply. If, however, within a multiple resolution, LBP AM/TFSA is in favour of all the questions asked, it will vote in favour.
- LBP AM/TFSA has defined voting principles that apply to all companies for which it exercises its voting rights. However, LBP AM/TFSA takes into account the characteristics of each company before voting. Certain voting criteria have been adapted for small- and mid-cap companies.
- Including by co-filing them, LBP AM/TFSA may support resolutions not approved by the current board when such resolutions are in accordance with the principles that its SRI Philosophy espouses, e.g., an improvement in ESG (Environmental, Social and Governance) practices within the company.
- Voting is an opportunity for LBP AM/TFSA to engage in dialogue with the companies in which it has invested on behalf of the funds it manages, even where it does not exercise significant influence over the management of those companies. LBP AM/TFSA may therefore disclose its voting intentions prior to general meetings, and only once its initial voting intentions have been entered into in an IT system. Depending on the content of discussions with the company, the initial voting strategy may change. Such changes, as well as the reasons therefor, are listed in an in-house document.

2. Voting policy principles

■ A. Approval of annual statements and allocation of income

- The annual accounts allow stakeholders to keep up with the company's accounting trends and strategic orientations.
- LBP AM/TFSA encourages companies to provide quality, exhaustive and transparent information to win investors' confidence.

■ 1) Approval of accounts and distribution of dividends

- LBP AM/TFSA votes in favour of resolutions in this area, except if:
 - a member of the executive team sits on the audit committee,
 - the company's statutory auditors have issued reservations, or their report has not been made public.
- Income allocation must be explained by the company. No dividends may be paid out if that would undermine the company's financial solidity, its need to invest in its long-term development as well as the remuneration of other stakeholders.
- LBP AM/TFSA votes in favour of paying out the dividend in the form of shares as long as the discount is less than 10% and shareholders have the option of a cash payment.

2. Voting policy principles

■ 2) Discharge of responsibility (or quitus)

- LBP AM/TFSA generally approves requests for discharge of board members and company managers.
- LBP AM/TFSA may nonetheless oppose such requests when it wishes to express disagreement with the company's management or its governance practices.
- The existence of important controversies in the environment and social realms, for which the company has not provided a convincing answer, could also lead to a refusal of discharge. In this case, the reason for opposing the resolution is explained to the companies. LBP AM/TFSA can also reject any nomination of board members when their responsibility is identified in the controversies.

2. Voting policy principles

■ B. Capital structure

- The utmost transparency is expected on the terms and reasons for the resolutions submitted proposing to increase capital, in particular when they provide for the withdrawal of pre-emptive rights.

■ 1) Capital increases

- LBP AM/TFSA agrees to capital increases under certain conditions:
 - That authorisations do not cover too long a period (no more than five years);
 - That they are not done by issuing preference shares;
 - That they are not done when the company is under a takeover bid;
 - That they are capped at a total of 50% of existing shares and, moreover, comply with the following thresholds:

With pre-emptive rights	Without pre-emptive rights
VOTE FOR capital increases up to 50% of existing capital, this cap being raised in countries which apply different standards or for small and mid cap companies	<p>Precautions are necessary since shareholders are forced into a dilution of their equity stake.</p> <p>VOTE FOR capital increases up to 10% of the equity, this cap being raised for small and mid cap companies</p> <p>VOTE FOR capital increases up to 20% of existing capital when the interests of existing shareholders is safeguarded through a priority period of at least five days.</p> <p>VOTE AGAINST private placements, which seem clearly negative for existing shareholders</p>

2. Voting policy principles

■ Exceptions

- LBP AM/TFSA can support operations that do not meet the aforementioned principles when the company argues that special circumstances exist and when the future implementation of such operations is specified and reasonable.
- Capital increases during takeover bids may, in some cases, be considered a way to negotiate a higher price in shareholders' interests. LBP AM/TFSA may approve this type of operation only if shareholders are aware of the terms of the offer and of the intentions of the company that initiated it.

■ 2) Share buybacks

- Share buybacks can serve the purpose of enhancing market liquidity or implementing profit-sharing plans without diluting current shareholders. LBP AM/TFSA recommends that share buybacks meet certain conditions:
 - That the authorisation is capped at 10% of equity capital, unless a good reason is given for not doing so.
 - That the company's treasury shares is capped at 10% of shares.
 - That the authorisation is limited to 18 months, except in countries where a longer duration is common practice.
 - That share buybacks are not be used as an anti-takeover defence.
- Buybacks should not be aimed at cancelling shares if the financial situation of the company does not allow it (e.g. weak free cash flow generation, significant level of debt), or if this operation may alter its ability to create value over time.

2. Voting policy principles

■ 3) Mergers and acquisitions

- LBP AM/TFSA will vote on a case-by-case basis on mergers and acquisitions, based on their strategic and financial value and their consequences for environmental, social and governance challenges.
- In order to protect shareholders' rights, LBP AM/TFSA proposes that major and/or strategic asset acquisitions or divestments receive prior shareholder approval.

2. Voting policy principles

■ C. Appointment and dismissal of corporate officers

- The balance of powers is one of the hallmarks of good governance.
- LBP AM/TFSA encourages companies to set up competent and independent balancing powers in order to ensure effective control of management and create the proper conditions for long-term performance.

■ 1) Separation of powers

- There are two main models of governance: a dual structure (with a supervisory board and management board), in which the roles of management and oversight are necessarily separated, and a united structure (with a board of directors), in which the roles of board chairman and chief executive officer may or may not be separated.
- LBP AM/TFSA does not prefer one model of governance over another. However, LBP AM/TFSA does monitor the balance of powers. In cases in which the management and oversight roles are united, LBP AM/TFSA is particularly alert to the guarantees given to shareholders for preventing a solitary exercise of power and to help ensure that the board is a venue for exchanging ideas and efficient monitoring: high level of independence in compliance with our principles (at least 33% or 50% depending on companies), independence of committees also in line with our principles (at least 50% or 66% depending on committees), designation of a lead independent director, organisation of “executive sessions” (meetings only for non-executives), etc.
- In the banking sector, given its special features, LBP AM/TFSA routinely votes against the election of a chairman/CEO.
- In the event of separation of roles, it is recommended that the non-executive chairman not be a former corporate officer, or only for a transition period limited to two years.

2. Voting policy principles

■ 2) Board of directors and supervisory board

- As the board is accountable to the shareholders, it must be active, independent and competent.

■ Reasonable size of the board

- To encourage a healthy environment for discussion, LBP AM/TFSA votes against resolutions proposing to reduce the size of the board to fewer than five seats or to expand it beyond 15 seats. When the board is already large (more than 16 members), LBP AM/TFSA is likely to vote against new appointments if no commitment has been made to reduce the board's size.

■ Election of board members

- Quality of information

- It is important for shareholders to possess the information necessary for assessing the candidature of each member (experience, main professional activity, independence, reasons for its candidature).
- Shareholders must be able to express their views on (re-)elections on an individual basis. However, LBP AM/TFSA will vote in favour of a collective request when it considers that each candidate submitted meets the criteria set elsewhere in its policy.

- Term of directorships

- LBP AM/TFSA is in favour of directorships of a maximum term of four years, to allow shareholders to express their views on the board's membership on a regular basis.
- For small and mid caps, as an exception, LBP AM/TFSA recommends the same practices as for large caps but will vote against directorships only when they exceed five years.

2. Voting policy principles

- **Availability**

- LBP AM/TFSA wants to ensure that board members have sufficient time to prepare for, and participate in, the meetings of the board and its committees.
- External directorships must be capped to a reasonable number so that each board member can be adequately involved and, more generally, to promote board membership through a greater diversity of profiles and persons.
- Here are the different caps:
 - 4 directorships for “ordinary” functions
 - 3 directorships when it includes the chairmanship of a board or an audit committee
 - 2 directorships when it includes an executive position.
- LBP AM/TFSA also takes into account board members’ attendance when they are running for re-election and may vote against if attendance at meetings was below 75% during the previous mandate.
- LBP AM/TFSA encourages boards to include in their evaluations the availability of potential candidates, the terms of non-voting members, and directorships at unlisted companies.

- **Ethics**

- LBP AM/TFSA may oppose the election of candidates who have fallen short with regard to their assignments on the board or committees they serve on.
- If a resolution is rejected or heavily contested, LBP AM/TFSA expects an appropriate response from the Board. If shareholders’ opinions appear to be disregarded, LBP AM/TFSA may vote against the reelection of certain Board members.

2. Voting policy principles

Independence of boards of directors and supervisory boards

- LBP AM/TFSA promotes the appointment of independent members.
- **Independence criteria**

To qualify as independent, a director or member of the supervisory board must not be subject to a potential conflict of interest. Therefore, they must not:

- Be, or have been in the last five years, an employee or executive officer of the company or a company in its group;
- Be an employee or executive officer of a major shareholder of the company or of a company in its group;
- Have a personal relationship (family, business relationship) with any of the company's significant managers or shareholders;
- Be an employee or executive officer of a significant and habitual commercial, banking or financial partner of the company or of a company in its group (e.g. customer, supplier, banker, creditor);
- Have been the company's auditor over the course of the previous five years;
- Have been a member of the company's board of directors or supervisory board for more than twelve years;
- Be appointed as a government representative;
- Hold or have held a political position in the last five years.

Board members should not receive remuneration for services provided to the company or its subsidiaries, in order to avoid conflicts of interest.

2. Voting policy principles

– **Proportion of independent members**

- LBP AM/TFSA considers that at least 33% of board members should be independent for controlled companies, and at least 50% for non-controlled companies. (A company is considered to be controlled where a shareholder or group of shareholders hold(s) at least 50% of its share capital or voting rights).
- The proportion of independence is calculated on the basis of board members who are elected by shareholders.
- As an exception, LBP AM/TFSA recommends that 33% of board members be deemed independent for small and mid caps.

- **Special case of list voting (the special case of Italy)**

- The “voto di lista” involves at least two lists of candidates’ being put to a vote, one submitted by majority shareholders and the other by minorities. To foster independence and to the extent that all candidates meet the criteria set out elsewhere (ethics, time availability, etc.), LBP AM/TFSA votes in favour of the list submitted by the minority shareholders.

- **Cross shareholdings**

- LBP AM/TFSA is in favour of the absence of reciprocal board memberships of two companies (with some justified strategic exceptions), due to the obvious conflict of interests this would pose.

2. Voting policy principles

Diversity on boards of directors and supervisory boards

- To enhance the quality of discussions and allow the expression of different opinions, LBP AM/TFSA encourages diversity in board membership in terms of experience, nationalities, balance between men and women, employee representation, civil society representation, etc.). For example, LBP AM/TFSA therefore votes against the election or re-election of a candidate if the candidate is a man and the percentage of women on the board is less than 40%, or vice versa.
- Furthermore, LBP AM/TFSA opposes the election or re-election of a candidate aged 70 or more if one third or more of the board members is older than 70.

Employees' representatives

- LBP AM/TFSA is in favour of employee representatives or employee shareholders joining the board. If several candidates are put forward for a single position, LBP AM/TFSA favours the person who best represents the company's employees, where this can be demonstrated by detailed information. Otherwise, LBP AM/TFSA will vote in favour of all candidates.

Non-voting members (censors)

- Censors sit on the board in the same capacity as ordinary members but without taking part in decisions. In LBP AM/TFSA's view, the election of non-voting members could cause confusion and disrupt the board's operations. Their presence must therefore be on an exceptional or temporary basis and be explained precisely prior to the general shareholder meeting.

2. Voting policy principles

Special features

- LBP AM/TFSA takes into account a company's specific characteristics (size, composition of the shareholder base, whether or not it is a family company) when applying election voting principles. For example, the appointment of a candidate may be supported if the candidate has special legitimacy for sitting on (e.g. director, member of the founding family, reference shareholder, etc.) within acceptable limits relating to the need for the board to be independent.

3) Special committees

- LBP AM/TFSA recommends that companies set up audit, remuneration and appointment committees, with their assignments being defined in the in-house rules.
- These committees must be chaired by an independent member. At least 50% of the members of the remuneration and appointments committees and at least 66% of the members of the audit committee must be independent. LBP AM/TFSA votes against the appointment of a non-independent candidate if these levels of independence are not achieved. LBP AM/TFSA does not favour the presence of executives on these committees.
- LBP AM/TFSA also votes against the chairman of the remuneration committee if the executive remuneration policy does not comply with the principles set by LBP AM/TFSA.
- Since CSR (Corporate Social Responsibility) issues are becoming strategic in nature, LBP AM/TFSA is in favour of such issues being addressed at the highest level through the presence of specific experts, the holding of specific CSR meetings or the establishment of a dedicated CSR committee.

2. Voting policy principles

■ D. Remuneration of corporate bodies

The executive remuneration policy must be transparent, balanced, linked to the creation of long-term financial and non-financial value and respectful of social cohesion.

LBP AM/TFSA reviews the proposals put forward by the board of directors or supervisory board relating to the approval of the remuneration report on a case-by-case basis. In general, LBP AM/TFSA votes against any deviation from the principles set out below.

Transparency

- The remuneration policy provides ex ante transparency on the remuneration structure (fixed and short-term/long-term variable remuneration), the chosen performance criteria (which must be enforceable), their respective weightings and scales and the identified peer group. The remuneration report provides ex-post information on the link between the performance achieved, the value created for all stakeholders and the remuneration received.
- Should it occur, exceptional compensation must be precisely motivated by the board
- Small- and mid-cap companies do not necessarily have the same resources as large caps in formalising their remuneration policy. For such companies, LBP AM/TFSA considers that the following information should be provided:
 - Ex ante, the cap on annual bonuses and the short- and long-term variable remuneration criteria,
 - Ex post, the figures for the different remuneration components.

2. Voting policy principles

Balance

- LBP AM/TFSA recommends that the remuneration structure be balanced between the fixed and variable components, and between the short and long term (at least 3 years).
- LBP AM/TFSA recommends paying a fixed component in line with the practices of the country and the company's sector. Decisions to increase the fixed component must be justified and take into account the automatic upward impact on other components of remuneration.
- The variable component should not represent an excessive percentage of total remuneration, given the complexity of measuring performance in broad terms (choice of metrics, setting of targets, rigour of measurement, etc.).
- Short-term bonus should not represent an opportunity to obtain remuneration in excess of the remuneration associated with long-term variable components.

Social cohesion

- The remuneration structure must be able to attract capable executives, but also be commensurate with social cohesion. For this purpose, LBP AM/TFSA encourages companies to publish a pay ratio which compares trends in manager and employee compensation.
- LBP AM/TFSA pays particular attention to the total amount of remuneration. LBP AM/TFSA may object when this amount exceeds:
 - For large cap companies: 240 times the median wage in the country in which the company is domiciled (i.e. preventing executives from earning a worker's annual salary in one day, given the fact that there are around 240 working days per year)
 - For small and mid cap companies: 50 times the median wage in the country in which the company is domiciled (i.e. preventing executives from earning a worker's annual salary in one week).

2. Voting policy principles

Link with the creation of long-term - financial and non-financial – value

- Performance criteria must be in line the long-term strategy of the business, and objectives should reflect actual progress by the business and in comparison to its peers. Pay scales must be sufficiently demanding to avoid any possibility of remuneration in the event of underperformance.
- LBP AM/TFSA encourages companies to adopt a variety of criteria: financial, operational and non-financial. Accordingly, LBP AM/TFSA recommends that non-financial criteria be used to assess executives' performance and determine their short- and long-term variable remuneration. These criteria may be specific to each company, depending on its specific characteristics and its business sector. For example, energy transition-related indicators are required in sectors that emit signification volumes of greenhouse gases. LBP AM/TFSA considers that the extra-financial criteria used should be transparent and relevant in view of the ESG challenges faced by issuers.
- LBP AM/TFSA could refuse an increase in manager compensation in the event of significant restructuring that is either ongoing or was completed during the previous year. Efforts must be shared by all stakeholders, and the board of directors or supervisory board must avoid sending contradictory signals that could harm the labour climate and undermine employee motivation.

2. Voting policy principles

Other commitments taken by companies for the benefit of executives

- **Severance payments**
 - No severance payment should be made to a company manager who leaves on his or her sole initiative.
 - LBP AM/TFSA recommends that the amount of severance payments reflect in particular the time served and the contribution made to the company during employment.
 - No severance payment should be paid if annual remuneration earned during the mandate exceeds the “socially acceptable cap” defined by LBP AM/TFSA (240 or 50 times the median wage). In this case, it is possible to consider that remuneration already includes the risk for the beneficiary of being removed at any time during his/her mandate.

- **Non-compete clause**
 - LBP AM/TFSA considers that non-compete clauses should be specific (period, functions and entities covered, etc.). The company must explain the benefit provided by this clause to its business activities.
 - The amount of the benefit should be coherent with the duration of application.
 - The Board must also make provision for no non-competition benefit to be paid once the officer claims his or her pension rights. In any event, no benefit can be paid over the age of 65.

- **Common rules for severance payments and non-compete clause**
 - In any cases, the compensation must not exceed twice the executive’s annual remuneration (fixed and variable).

2. Voting policy principles

Pension

- Additional retirement provisions are an understandable way to attract and retain managers when it is a common practice in the sector and as long as it is strictly framed. LBP AM/TFSA reviews this type of resolutions, particularly on the basis of the following criteria: manager seniority; presence at the company at the time of retirement; reasonable increase in potential benefits (limited percentage of fixed compensation); ceiling on payments made to beneficiaries; requirement that potential beneficiaries include a significantly broader group than just the managers; the setting of a multi-year reference period which is representative of the average compensation during their whole mandate.
- LBP AM/TFSA assesses the relevancy of the annual estimated benefit as compared to the average compensation (fixed and variable) paid over the last three years. LBP AM/TFSA does not determine a hard limit but takes Proxinvest's guidelines (or similar approach applicable for non-European countries) as a reference for internal discussion.

Remuneration of non-executive members

- The amount of directors' fees must be consistent with current practices in the country and sector. The level of fees must reflect the tasks undertaken by each member, as well as their meeting attendance record. Major changes must be explained.
- LBP AM/TFSA is in favour of including each board member's meeting attendance records in the annual report.
- LBP AM/TFSA considers that the compensation of non-executive members should not depend on the companies' performance because that could affect the independent judgement required of them.

2. Voting policy principles

■ E. Long-term remuneration plans (bonus shares, stock options)

- The companies submit separate capital increase resolutions when they involve plans for employees and/or corporate officers. LBP AM/TFSA analyses this type of resolutions with regard to the principles stated below

Common provisions

- All ongoing plans must not exceed the cap of 10% of share capital.
- LBP AM/TFSA considers that the resolution should clearly state who will benefit from the plans to be voted on, as well as the maximum proportion of the overall amount that may be allocated to executive officers. Ideally, LBP AM/TFSA is in favour of separating resolutions that relate to company officers from those that relate to employees.
- LBP AM/TFSA recommends that companies indicate the potential number of plan beneficiaries. LBP AM/TFSA's degree of attention to the quality of plan is reinforced when its eligibility is restricted; in other words, when the plan covers only a small percentage of staff, LBP AM/TFSA expects companies to observe best practices in terms of transparency and conditions of performance.
- LBP AM/TFSA wishes that, regardless of whether performance conditions are met, awards may be cancelled in the event of serious ethical failings or harm to the company's reputation.

2. Voting policy principles

Awarding of free shares, stock options and share purchase subscription rights

- LBP AM/TFSA votes in favour of awarding shares and stock options to employees and managers if:
 - These awards depend on objective, demanding and relevant performance standards assessed over at least three years;
 - Initial conditions cannot be modified after the award, unless a detailed explanation is provided;
 - The award is not excessively focused on certain beneficiaries;
 - Unvested awards are cancelled in the event of departure from the company unless the departure is forced and as long as performance criteria are met (if so, a prorated reduction of the number of instruments is necessary);
 - The stock-options carry no discount.

In order to encourage a better integration of long-term issues into the strategy, LBP AM/TFSA welcomes awards for executives which are designed on a 5-year basis, including the vesting and the holding period.

The aforementioned criteria do not apply to awards for which all employees are eligible.

Employee shareholder plan

- LBP AM/TFSA supports the development of employee share ownership.
- LBP AM/TFSA recommends that companies not interfere in the governance of employee shareholding plans. Shareholder-employee representatives on the plans' supervisory boards should be able to decide themselves on their voting decisions in complete independence

2. Voting policy principles

■ F. Bylaw amendments

- LBP AM/TFSA is in favor of long-term shareholdings, as a source of stability and a factor promoting company development. LBP AM/TFSA therefore supports the development of additional shareholder rights acquired over the long term through the payment of a super-dividend via double voting rights. Both bearer and registered shareholders should be treated equally.
- LBP AM/TFSA is against tougher conditions on shareholder decision-making (e.g., the switch to a qualified majority to amend the articles of incorporation, approve a merger, dismiss a director, etc.).
- LBP AM/TFSA may oppose lowering the shareholding thresholds above which shareholders must inform the company if the company does not offer any transparency on the shareholders' notification.
- LBP AM/TFSA is against the removal of a company's headquarters to a country with less strict governance standards, or for tax-related reasons, unless the company has provide sufficient justification.
- LBP AM/TFSA rejects any modification of age limits for board members, when this modification seems to be tailor-made for one member. Such changes raise questions regarding the board functioning (succession planning, durability of the bylaws, etc.).

2. Voting policy principles

■ G. Related-party agreements

- **A related-party agreement binds the company with a stakeholder who has significant influence (director, member of the board of directors or supervisory board, a significant shareholder). Due to the conflict of interest that naturally exists, related-party agreements are subject to enhanced controls, in particular a vote by shareholders.**
- LBP AM/TFSA votes on a case-by-case basis with regard to the motives of the transactions, their content and the persons involved, as well as information provided by the board to explain the purpose of the agreement.
- LBP AM/TFSA votes against any resolution when the information provided on the transactions concerned is deemed insufficient.
- LBP AM/TFSA also votes against any resolution when one of the transactions concerned is contrary to the voting principles set out elsewhere (for example, on manager severance payments).
- LBP AM/TFSA recommends that the agreements should have a limited term and be reviewed periodically by the board and the shareholders. LBP AM/TFSA recommends that the most important agreements be the subject of separate resolutions, so that shareholders can vote on a case-by-case basis.
- LBP AM/TFSA only votes on new or renewed agreements. Agreements that were approved in the past should be voted on again where they have had an impact on the year to which the AGM relates. LBP AM/TFSA does not comment on agreements that have already been approved by shareholders where they have not had any impact but may make its concerns known to the companies as part of pre-AGM discussions.

2. Voting policy principles

■ H. Auditors

- **The auditors are responsible for verifying the accuracy and fairness of the annual financial statements, in the interests of the shareholders.**
- **LBP AM/TFSA encourages companies to prevent conflicts of interest when appointing statutory auditors by regularly rotating auditors and refraining from engaging them to carry out non-audit activities.**
- Resolutions in this area are generally accepted, unless there is a compelling reason for not doing so.
- Such is the case if it is revealed that the auditors have also provided services other than auditing the company in question, and if the fees that they have received for these services exceeded 25% of all fees received for each of the two most recent financial years. Where applicable, it is best if the company provides detailed information on the nature of the services.
- LBP AM/TFSA is in favour of rotating auditors on a regular basis. LBP AM/TFSA votes against their election if the same firm has certified the financial statements for more than 18 years (corresponding to three six-year terms for French firms).
- LBP AM/TFSA votes against the appointment or reappointment of deputy statutory auditors when they are associated with the lead statutory auditors

2. Voting policy principles

■ I. Climate resolutions

- **An increasing number of companies are adopting energy transition and ecological strategies with associated objectives. These plans can be submitted to a consultative vote via the so-called resolution "say-on-climate".**
- LBP AM/TFSA is favourable to the introduction of regular vote on companies' environmental strategies and the associated objectives, as well as on a report detailing the implementation of these strategies. LBP AM/TFSA particularly encourages listed companies with high greenhouse gas emitting activity to submit these resolutions to a shareholder vote.
- LBP AM/TFSA analyses "say-on-climate" resolutions on a case-by-case basis. This analysis takes into account the characteristics of the plan submitted, the level of ambition of the plan and its transparency, particularly in light of best practices in the sector or companies facing similar challenges.
- LBP AM/TFSA encourages companies to develop and submit to the vote a detailed and precise strategy based, as far as possible, on market frameworks (climate or sectoral scenarios, third-party methodologies for evaluating strategies), in order to contribute to the global objective of carbon neutrality by 2050. LBP AM/TFSA expects this strategy to be accompanied by short-, medium- and long-term targets to reduce scope 1 and 2 greenhouse gas emissions and the most significant scope 3 categories. LBP AM/TFSA encourages companies to adopt trajectories that are compatible with the 1.5° scenario of the Paris Agreements, over a significant part of their activities. This strategy must follow the Avoid- Reduce-Compensate sequence and be articulated and consistent with the Group's overall strategy. LBP AM/TFSA recommends the inclusion of objectives linked to the company's climate strategy in the remuneration of senior executives. LBP AM/TFSA reserves the right to vote against resolutions that do not provide these elements.

2. Voting policy principles

■ J. External resolutions relating to environmental or social issues

- Regarding resolutions proposed by shareholders that are of a social or environmental nature, LBP AM/TFSA votes on a case-by-case basis on the basis of its “SRI Philosophy” and in taking into account:
 - the importance and relevance of the challenges involved with regard to the sector the company operates in;
 - the impact of the proposal on the company’s financial situation and its ability to create value over the long-term;
 - measures already taken by the company to address the issue raised.
- With regard to resolutions relating to the climate, LBP AM/TFSA applies the principles set out in section I. and reserves the right to participate itself in submitting the resolution.

■ K. Donations

- LBP AM/TFSA votes in favour of charitable donations (associations or foundations). In order to avoid the risk of conflicts of interest, LBP AM/TFSA objects to authorisations to make political, religious or ideological donations.

3

ORGANISING THE EXERCICE OF VOTING RIGHTS

3. Organising the exercise of voting rights

- **This policy applies to LBP AM and its subsidiary, Tocqueville Finance. It is applied by LBP AM.**

- **Portfolios for which LBP AM/TFSA exercises its voting rights**
 - **Funds**
 - LBP AM/TFSA exercises its voting rights in respect of funds (mutual funds and SICAVs) for which it has identified an interest in implementing a voting policy.
 - By way of exception, where financial management is delegated, LBP AM/TFSA - or Tocqueville Finance - may delegate the exercise of voting rights to its delegatee. This is the case for Kames Capital, which votes based on Kames Capital's voting principles.
 - At the beginning of 2022, the number of open-ended funds in respect of which LBP AM/TFSA votes was 88. A list of these funds is appended to this document.

 - **Mandates and dedicated funds**
 - At the specific request of its clients, LBP AM/TFSA may exercise voting rights on behalf of mandates or dedicated funds. LBP AM/TFSA's voting principles are then applied, unless otherwise contractually agreed.
 - At the start of 2022, LBP AM/TFSA exercises voting rights in 19 investment mandates.

3. Organising the exercise of voting rights

■ Team responsible for exercising voting rights

- Votes are coordinated by LBP AM's "SRI Solutions" team, which reports to the chief investment officer.
- The SRI team relies on the equity management teams of LBP AM and Tocqueville Finance, and on the Fundamental and Sustainable Analysis team to analyse high-priority resolutions as well as for the AGMs of certain companies.
- Where necessary, the SRI team may seek the opinions of LBP AM/TFSA's Compliance and Internal Control Department (DCCI) and Legal Department.
- LBP AM/TFSA also calls on two governance consulting firms specialising in analysing resolutions: Institutional Shareholder Services (ISS) and Proxinvest. For French companies, LBP AM/TFSA also consults the recommendations of the Association Française de la Gestion financière (AFG) before voting.

■ How voting rights are exercised

- LBPAM exercises its voting rights through various channels:
 - By mail with the custodians,
 - The platform of the specialised external service provider, ISS, which ensures that votes are transmitted to the AGM via local sub-custodians (generally for foreign companies),
 - Attending the general meeting, insofar as LBP AM/TFSA considers this to be preferable.
- At present, shareholders do not receive confirmation that their voting instructions have been properly taken into account at AGMs. LBP AM/TFSA supports any approach that would improve the efficiency and transparency of the voting process.

4

METHOD FOR DETERMINING FOR WHICH COMPANIES LBP AM/TFSA EXERCISES ITS VOTING RIGHTS

4. Method for determining for which companies LBP AM / TFSA exercises its voting rights

- In accordance with Article L533-22 of the French Monetary and Financial Code, LBP AM/TFSA exercises voting rights solely in the interests of the funds' unitholders/shareholders.
- In order to determine the interest of fund-holder in voting on resolutions submitted to companies' AGMs, LBP AM/TFSA takes the following criteria into account:
 - **La Banque Postale AM and Tocqueville Finance's weight in decision-making:** This criterion is used to determine the percentage threshold in the issuer's equity.
 - **Coverage of assets under management:** This criterion must guarantee that the aforementioned thresholds make it possible to choose enough companies to broadly cover the assets held in the portfolios.
 - **The cost associated with exercising voting rights,** which can influence the thresholds of either the minimum equity holding of an issuer, or the shareholding by funds.
- "External" cost: this is the cost associated with the use of tools and research, and with payments to a service provider to exercise voting rights, etc.
- "Internal" cost: LBP AM/TFSA must have the resources and structure to be able to initiate the process of exercising voting rights (analysis of resolutions, communication with issuers, etc.). Therefore, if the scope is too broad and the resources in place are insufficient, voting rights cannot be exercised in a satisfactory manner.

4. Method for determining for which companies LBP AM / TFSA exercises its voting rights

- Based on these criteria, LBP AM/TFSA therefore exercises its voting rights for companies, regardless of their region, if any of the following conditions is met:
 - Based on the absolute amount invested in the companies, such that **votes are cast in respect of at least 95% of total equity holdings**,
 - As well as for companies where all the LBP AM/TFSA and Tocqueville Finance funds hold **at least 0.25% of the share capital [1]**.

- These criteria can be used to produce a list of companies considered significant and highly representative of the equity investments of LBP AM/TFSA and Tocqueville Finance.
 - Based on the 107 funds holdings at the beginning of 2022, these companies represented **40% of companies whose shares are held in the portfolios**.

[1] For practical reasons, and to take account of movements in funds, holdings are calculated at the beginning of each month.

4. Method for determining for which companies LBP AM / TFSA exercises its voting rights

- LBP AM/TFSA has defined a specific mechanism to limit lending of securities during the AGM period.
 - Shares may be temporarily acquired and divested in some funds. Such transactions are meant to help achieve the investment objective and to optimise cash management.
 - As the voting right is transferred to the borrower of the shares, such share-lending operations may be at odds with voting activities.
 - To avoid having to recover lent out shares, LBPAM has set up a special mechanism to limit share lending during the period in which general shareholder meetings are held. If the shares have nonetheless be divested temporarily, LBPAM in all cases recovers the shares in SRI funds. However, for other funds, LBPAM assesses whether it is necessary in the fund-holders' interests to recover shares, based on the following factors, with actual recovery depending on operational constraints:
 - LBPAM's knowledge that the beneficiary of the lent out shares will vote in a manner that is contrary to the voting policy, and hence, contrary to our fund-holders' interests;
 - resolutions submitted to the general shareholder meeting are of particular importance with regard to defending our fund-holders' interests and with regard to the values that LBPAM stands up for.

5

CONFLICTS OF INTEREST

5. Conflicts of interest

- Potential conflicts of interests in exercising voting rights are due to pressures that LBPAM may come under to refrain from voting in accordance with fund-holders' interests, as defined in the voting policy

- LBPAM has identified two potential situations that could generate possible pressures:
 - Companies with which LBPAM, its shareholders, its employees, etc. maintain special ties, such as commercial ties and ties of influence ("sensitive" companies);
 - Companies for which LBPAM exercises its voting rights (whether or not they have sensitive ties with LBPAM) that ask how we plan to vote prior to the general shareholder meeting.

- To prevent such potential conflicts of interest from arising, LBP AM/TFSA has set up in place the following mechanism under the more general framework of its policy of managing conflicts of interest:
 - Compliance with the guidelines and principles laid out in this voting rights policy guarantees that LBPAM's decisions are made autonomously. In the event that LBPAM decides not to vote in accordance with its policy, its Chief Compliance Officer is kept informed of the waiver in all cases. It advises the Management Board, which has the last word.
 - Voting intentions are not sent to issuers or their agents before they have been traced and crystallized in an IT tool. No voting intention is sent to any person other than the issuer or its agent.

5. Conflicts of interest

- Given the relation with AEGON [1], CAISSE DES DEPOTS, CNP ASSURANCES [1], MALAKOFF- HUMANIS and OSTRUM ASSET MANAGEMENT, LBP AM/TFSA has decided not to:
 - participate at the general meetings of AEGON and CNP ASSURANCES,
 - vote on resolutions concerning the acceptance of appointments of officers of AEGON, CAISSE DES DEPOTS, CNP ASSURANCES, MALAKOFF-HUMANIS and OSTRUM ASSET MANAGEMENT and to the management bodies of companies other than AEGON, CAISSE DES DEPOTS, CNP ASSURANCES, MALAKOFF-HUMANIS and OSTRUM.

- LBP AM/TFSA also abstains from voting on the potential appointments of officers of LA POSTE, LA BANQUE POSTALE and LBP AM/TFSA to the governing bodies of listed companies.

- With a view to detecting potential conflicts of interest, two procedures are implemented:
 - Escalation of issues encountered and any exceptions to the voting policy to the DCCI.
 - Annual ex post controls.

- Whenever a potential conflict of interests is reported to the chief compliance officer, the CCO must report it to the Management Board. Together they will take appropriate measures for managing and containing the conflict of interests risk at the stage when it is still potential.

[1] Equity investments in such companies are prohibited.



APPENDIX

List of open-ended funds for which LBP AM/TFSA exercises voting rights

ACTYS 1	LBP AM/TFSA ISR ABSOLUTE RETURN CREDIT	LBP AM/TFSA ISR PRO ALTO
ACTYS 3	LBP AM/TFSA ISR ABSOLUTE RETURN TAUX	LBP AM/TFSA ISR STRATEGIE PEA 1
ASSUREURS - CAISSE DES DEPOTS RELANCE DURABLE FRANCE - LBP AM/TFSA COMPARTIMENT TOCQUEVILLE FINANCE	LBP AM/TFSA ISR ACTIONS 80	LBP AM/TFSA ISR STRATEGIE PEA 2
FEDERIS ISR ACTIONS US	LBP AM/TFSA ISR ACTIONS AMERIQUE	LBP AM/TFSA ISR TAUX
FEDERIS ISR EURO	LBP AM/TFSA ISR ACTIONS ASIE	LBP AM/TFSA ISR TOTAL RETURN CREDIT
FEDERIS ISR FRANCE	LBP AM/TFSA ISR ACTIONS CROISSANCE CHINE	LBP AM/TFSA RESPONSABLE ACTIONS EURO
FEDERIS PRO ACTIONS ISR EURO	LBP AM/TFSA ISR ACTIONS DIVERSIFIE	LBP AM/TFSA SRI HUMAN RIGHTS
IMMO DIVERSIFICATION ISR	LBP AM/TFSA ISR ACTIONS EMERGENTS	LBP AM/TFSA VOIE LACTEE
LBP ETHICEURO 100 AVRIL 2023	LBP AM/TFSA ISR ACTIONS ENVIRONNEMENT	TOCQUEVILLE CROISSANCE EURO ISR
LBP ETHICEURO 100 AVRIL 2024	LBP AM/TFSA ISR ACTIONS EURO	TOCQUEVILLE DIVIDENDE ISR
LBP ETHICEURO 100 JANVIER 2023	LBP AM/TFSA ISR ACTIONS EURO FOCUS EMERGENT	TOCQUEVILLE FINANCE ISR
LBP ETHICEURO 100 JANVIER 2024	LBP AM/TFSA ISR ACTIONS EURO LARGE CAP	TOCQUEVILLE FRANCE ISR
LBP ETHICEURO 100 JUILLET 2023	LBP AM/TFSA ISR ACTIONS EURO MIN VOL	TOCQUEVILLE GLOBAL TECH ISR
LBP ETHICEURO 100 NOVEMBRE 2023	LBP AM/TFSA ISR ACTIONS EUROPE	TOCQUEVILLE MEGATRENDS ISR
LBP ETHICEURO 90	LBP AM/TFSA ISR ACTIONS EUROPE 50	TOCQUEVILLE MID CAP EURO ISR
LBP ETHICEURO 90 AVRIL 2023	LBP AM/TFSA ISR ACTIONS EUROPE MONDE	TOCQUEVILLE OLYMPE PATRIMOINE
LBP ETHICEURO 90 AVRIL 2024	LBP AM/TFSA ISR ACTIONS EX-EURO	TOCQUEVILLE PME
LBP ETHICEURO 90 JANVIER 2023	LBP AM/TFSA ISR ACTIONS FOCUS EURO	TOCQUEVILLE SILVER AGE ISR
LBP ETHICEURO 90 JUILLET 2023	LBP AM/TFSA ISR ACTIONS FOCUS FRANCE	TOCQUEVILLE SMALL CAP EURO ISR
LBP ETHICEURO 90 JUILLET 2024	LBP AM/TFSA ISR ACTIONS FRANCE	TOCQUEVILLE TECHNOLOGY ISR
LBP ETHICEURO 90 NOVEMBRE 2023	LBP AM/TFSA ISR ACTIONS JAPON	TOCQUEVILLE VALUE EUROPE ISR
LBP EUROCAP 90 AOUT 2022	LBP AM/TFSA ISR ACTIONS MONDE	TOCQUEVILLE VIE GENERATION
LBP EUROCAP PEA 90 MAI 2022	LBP AM/TFSA ISR ACTIONS SMALL CAP EURO	TONI ACTIONS 65
LBP EUROCAP PEA 90 MARS 2022	LBP AM/TFSA ISR ACTIONS USA 500	TONI ACTIONS ISR 100
LBP AM/TFSA 3 MOIS	LBP AM/TFSA ISR ACTIONS VALUE EURO	UNIFED EPARGNE HORIZONS
LBP AM/TFSA 80 PEA HORIZON DECEMBRE 2025	LBP AM/TFSA ISR AVENIR EURO	VIVACCIO ISR ACTIONS
LBP AM/TFSA ACTIONS DIVIDENDES EURO	LBP AM/TFSA ISR CONVERTIBLES EUROPE	
LBP AM/TFSA ACTIONS ISR EUROMONDE	LBP AM/TFSA ISR CONVERTIBLES OPPORTUNITES	
LBP AM/TFSA DIVERSIFIE FOCUS OBLIG 3-5	LBP AM/TFSA ISR DETTES FINANCIERES FLEXIBLE	
LBP AM/TFSA INFLATION FLEXIBLE	LBP AM/TFSA ISR GLOBAL CLIMATE CHANGE	
LBP AM/TFSA ISR ABSOLUTE RETURN CONVERTIBLES	LBP AM/TFSA ISR GREEN BONDS FLEXIBLE	