FOR PROFESSIONAL INVESTORS

STEWARDSHIP POLICY

2026

BNP PARIBAS ASSET MANAGEMENT

The sustainable investor for a changing world

IMPORTANT INFORMATION: Following the combination of BNP Paribas Asset Management (BNPP AM) and AXA Investment Managers (AXA IM), we are currently working to develop a new sustainability approach. ***This document applies to the eligible investment portfolios of whole scope of BNPP AM as of 1st of January 2026 (including previous AXA IM portfolios).***

For information on the application of this policy to a specific fund (including applicable methodology), please refer to the relevant product's legal documentation. These documents can be found on the relevant Funds pages available on our website.

INTRODUCTION

At BNP Paribas Asset Management (BNPP AM), we are committed to being a ‘future maker’, using our investments and stewardship to spur the transition to low-carbon, environmentally sustainable and inclusive economies. We aim to deliver both financial and sustainable returns; we believe that companies that adopt sustainable practices have a competitive advantage and are better positioned for long-term success.

We see stewardship as a core fiduciary duty and instrumental to delivering sustainable financial returns to clients. We consider stewardship to be the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries, including by protecting the common economic, social and environmental assets on which their interests depend.

As our clients have entrusted us with their assets, we are dedicated to putting their interests first. We aim to exercise our rights and responsibilities diligently to advance their long-term best interests. Our goal is to understand and address issuers’ impacts, risks and opportunities. This in turn enhances our investment processes and enables us to better manage long-term risks for our clients by encouraging and supporting sustainable management practices among issuers (corporate and non-corporate). Engagement also gives us a better understanding of companies’ management of sustainability risks, contributing to a more comprehensive assessment of the company’s risk profile and better-informed investment decision-making.

Alongside our responsible and sustainable investment practices, we use three tools to exercise our rights and responsibilities: 1) voting, 2) issuer engagement, and; 3) public policy advocacy to urge policymakers to deliver legislation, regulation and standards that promote sustainable and equitable development. We believe that issuers’ sustainability performance can affect their financial performance; proactive, thoughtful and constructive voting and engagement can reduce risk, unlock value and deliver positive impacts by encouraging the adoption of better corporate practices and transparency. We aim to engage constructively with issuers to drive change, but if this approach is not effective, we may use various escalation measures as explained in a later section.

Engagement is a key pillar of our sustainability strategy for both traditional and alternative investments, including Real Estate, Alternative Credit, Private Markets and Hedge Funds. Although our engagement process in traditional asset classes is framed by commonly accepted standards and regulations, alternative asset classes operate in fundamentally different ways, and market norms and benchmarks do not yet exist to guide and standardise engagement. However, we encourage and promote the development of best practices for those asset classes, aiming to uphold the same principles of transparency when possible.

Since becoming a founding signatory of the UN-backed Principles for Responsible Investment (PRI) in 2006, we have seen increasing demand for meaningful stewardship from both clients and policymakers, for effective responses to increasingly complex sets of systemic risks - including, but not limited to - climate change, nature loss and inequality. We believe collaboration with other long-term investors and stakeholders – particularly policymakers and standard setters – is essential to addressing these systemic risks and market failures.

Our approach to Stewardship is guided by the expectations set in the ICGN Global Stewardship Principles, the PRI and the UK Stewardship Code. The Shareholder Rights Directive (SRD2) also requires asset managers in the European Union to publicly disclose a shareholder engagement policy. This policy is also intended to comply with ESG-related regulations, in particular non-financial reporting requirements including the EU Sustainable Finance Disclosure Regulation (SFDR) which requires us to disclose our approaches to: i) integrating sustainability risks, and; ii) considering adverse sustainability impacts, with engagement key to addressing both, as well as the French Article 29 of the Energy & Climate Law and the UK Sustainability Disclosure Requirements (SDR). We also endorse the 2024 ICGN Global Stewardship Principles and we are a signatory to various other corporate governance and stewardship codes, including the EFAMA Code, the UK Stewardship Code, the Hong Kong Code, the Japan Code and Malaysia Code.

VOTING

BNP Paribas Asset Management (BNPP AM)'s approach to corporate governance derives from our strongly held belief that company management, directors and investors all have critical yet unique roles to play in sustaining the health of financial markets and ensuring the efficient allocation of capital. As an investor with a widely diversified portfolio and long-term horizons, we believe that sustainable corporate governance increases the resilience of our investments and creates the framework to ensure that a corporation is managed in the long-term interests of its stakeholders. Voting at General Meetings and promoting good corporate governance standards is a key component of our stewardship of companies in which we invest, and a right given to shareholders. As such, we intend to exercise our voting rights in a responsible manner in order to deliver the best outcomes to our clients. We consider this to be central to our fiduciary duty.

Corporate governance refers to the system by which a corporation is directed and controlled. It relates to the functioning of the managing board, supervision and control mechanisms, their inter-relationships and their relationships with stakeholders. Therefore, BNPP AM expects all corporations in which we invest to comply with high corporate governance standards as described in this policy.

This policy provides the foundation for BNPP AM’s proxy voting and company engagement, as well as for participation in related public policy discussions related to governance.

We are committed to ensuring that the principles described in this policy are consistently[1] exercised across portfolios and markets. However, in applying these principles, we are cognisant that companies are dynamic and a “one size fits all” approach is not always appropriate. We therefore take into account specific circumstances relating to individual companies such as geographic and regulatory differences, as well as size, and the ongoing engagement with the management and directors of the company concerned.

OUR CORPORATE GOVERNANCE PRINCIPLES

Our approach to voting is governed by a set of six principles focused on:

- Long-term sustainable value creation
- The protection of shareholder rights
- Independent, effective and accountable board structures
- The alignment of incentive structures with the long-term interests of stakeholders
- Respect for society and the environment
- The disclosure of accurate, adequate, and timely information.

These principles underpin our expectations on the companies we invest in and guide our responsible ownership activities.

[1] Subject to technical and legal constraints.

ENGAGEMENT

INTRODUCTION

We define engagement as the process of regular and constructive dialogue through which investors seek to influence - or identify the need to influence - issuers' governance and their sustainability practices and disclosure. We believe that meaningful engagement with issuers to promote strong governance and sustainability practices enables us to:

1) better understand their management of sustainability risks, thereby contributing to a more comprehensive assessment of the company's risk profile and effective investment decision making, and
2) protect and enhance long-term value for our clients. Engagement often also delivers better environmental and social outcomes.

OUR APPROACH TO ENGAGEMENT

Scope: Our engagement policy applies across all asset classes, although engagement and escalation mechanisms may vary by asset class. For traditional asset classes, our engagement governance structure means that we do not differentiate between equity or bond holdings when conducting engagement, i.e., we engage on behalf of both types of holdings.

The policy applies in principle to all portfolios under BNPP AM's management, subject to asset class specificities described in the policy, including dedicated fund and third-party mandates, unless the client has given different instructions for its mandate.

Topics: Given our global presence, the wide geographic scope of our clients' holdings, and the diversity of asset classes we hold, we endeavour to engage with issuers consistently across all regions but adapt our approach according to relevant regional and/or national contexts and culture, and to the type of asset class held. Our engagement priorities and strategies are guided by our Global Sustainability Strategy (GSS), outlining our three sustainability priorities firm-wide: the energy transition to deliver a low-carbon global economy, the protection of ecosystems and greater equality in our society, in addition to our Responsible Business Conduct policy, which covers a range of international human rights norms among other topics. Sound governance is critical to the long-term operating and financial performance of a company and is therefore a centrepiece of our engagement. We also address a wide range of environmental and social topics insofar as they are relevant to specific sectors and issuers.

These themes/topics we engage on include, but are not limited to:

- Corporate governance with a focus on board effectiveness, executive pay and shareholder rights
- Business ethics
- Climate change mitigation and adaptation in line with the goals of the Paris Agreement
- Biodiversity & natural capital
- Inequality
- Public health (including, for example, diet-related diseases, anti-microbial resistance, access to medicines)
- Responsible technology
- Human rights included in the International Bill of Human Rights and the ILO's labour standards
- Controversies and breaches of international norms such as the UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
- Contributions to various SDGs, through products and services, or operations
- Integrity and quality of Green, Social and Sustainability-linked bonds
- Responsible investment practices.

Definition of engagement priorities:

Our decision to engage with a company or a partner (for private assets) is based on two considerations, topical and practical:

TOPICAL	PRACTICAL
• Consistency with thematic priorities outlined in our Global Sustainability Strategy and Stewardship Policy • The need to clarify or assess the performance of an issuer or partner on an issue and/or in relation to our Responsible Business Conduct standards or sector-based policies • Feedback from clients on their sustainability priorities and/or specific fund engagements requirements • The urgency and severity of the issue and its importance for the company, or the industry in which it operates • The role the issuer plays in creating or exacerbating a systemic risk (e.g., for a climate change engagement, whether it is a major greenhouse gas (GHG) emitter) • The company's overall sustainability performance.	• The size of our holdings • Reasonable access to the issuer, directly or via our joint ventures (JVs) or Delegated managers • Our judgment of the likelihood of success, based on our engagement track record with the issuer, its degree of responsiveness to the issue or other factors. • Needs identified by our partners in collaborative investor initiatives coordinated by networks, such as Climate Action 100+, Nature Action 100, PRI Advance, etc.

This Stewardship Policy is complemented by sectoral policies which provide additional details on our engagement strategy for certain sectors and / or themes (e.g., climate risks policy, ecosystem protection & deforestation policy, etc.) as well as by our Voting Policy.

ENGAGEMENT IN TRADITIONAL ASSET CLASSES

Types of engagement

When defining engagement, we distinguish regular dialogue conducted with issuers around their sustainability practices (referred to as 'sustainability dialogues') from engagement with specific, identified objectives (referred to as 'engagement with objectives'):

1. Sustainability dialogues are key to establishing and developing a constructive relationship with the issuer, as well as gaining insights into its policies and practices. They are generally led by equity or fixed income analysts and portfolio managers to gain a better understanding of the sustainability related risk profile of a position held in portfolios. They may also feed into future engagement with objectives.

2. Engagement with objectives seeks to influence issuers' policies, practices or disclosure. We set clear targets for the objectives, and in most cases, a time frame over which we consider appropriate progress can be made, depending on the nature of the objectives. They are typically led by the Stewardship team, although often conducted in collaboration with equity or fixed income teams. We share these with the issuer at the outset of the engagement and systematically track and record our progress, as well as any potential refinement of our initial engagement objectives. Where there is little progress, we will escalate the engagement in an appropriate fashion (see escalation section below).

Categories of engagement

Engagement objectives will be tailored to each issuer's business model and circumstances, but also to the main motivations and events that trigger the need to engage. These are:

Systemic risk or Sustainability theme-related: We will generally engage proactively on key sustainability issues listed above, with a view to an issuer acknowledging the issue and improving its practices before risks materialise and opportunities are lost. For instance, we seek to engage companies that are key contributors to our financed emissions and lack credible transition plans.

Governance and proxy voting related: This engagement typically includes meetings with top leadership and/or the Board of equity issuers ahead of the AGM to gain clarity around governance issues, inform our votes and/or let companies know our voting intentions ahead of the upcoming AGM. Our preference is to engage directly with independent directors (chair of the board or a committee, lead independent director). If this is not possible, we hold meetings with the secretary of the board, Investor Relations, or the Sustainability function. When engaging with companies on corporate governance, we prioritize our largest holdings, or cases where we have identified a high-profile, complex or potentially contested resolution.

Engagement objectives will be linked to the focus areas detailed in our Governance & Voting policy, including (but not limited to) effective board composition, sound remuneration structure and shareholders' rights. We also proactively communicate our voting policy to our largest holdings to promote good corporate governance and to prepare for the next general meeting of the issuer.

Controversy-related: This engagement is conducted to address cases of severe controversies and violations of international norms and standards such as the OECD Guidelines for Multi-National Enterprises, UNGC (UN Global Compact) and UN Guiding Principles on Business and Human Rights (UNGPs) breach, negative news flow, low ESG quality or exclusion list updates. The objectives of this reactive engagement may include ensuring that the issuer has undertaken an adequate materiality assessment of the controversy related risk, its oversight of such risks and its remediation plan.

Sovereign engagement: We engage with issuers that we finance with sovereign debt on strategic and long-term sustainability issues, generally via meetings with treasuries, agencies, central banks and other government ministries. Governments have a key role to play in creating the policy environment for sustainable development. Sovereign engagement can create value for both sovereign and corporate investors by improving the financial ecosystems within which we operate and invest.

Labelled bond related engagement: We engage with green, social and sustainability-linked bond (GSSB) issuers before issuance to discuss their framework and its alignment with their overall sustainability strategies and ambitions. Post-issuance, we have ongoing dialogue, prioritizing issuers that did not fully meet our initial expectations, with the aim of helping them to improve their GSSB offering and ensuring that issuers publish impact reports and effectively allocate the proceeds to green and social projects. We also continuously review opportunities to influence the development of the GSSB market and framework, including through regular discussions with other market participants which are part of the bond market ecosystem, such as underwriting banks.

Portfolio-specific related engagement:

- **Listed Equity Impact portfolio engagement:** We engage with companies held in these portfolios to support them to reduce their negative externalities and to deliver positive impact (e.g., increase production of impactful products and services, accelerate a shift towards solutions that contribute to the fund's impact objectives). We also encourage them to improve their impact-related disclosure (including reporting and setting targets for their impact KPIs). We consider the Global Impact Investing Network's Guidance for Pursuing Impact in Listed Equities when implementing our engagement strategy.
- **Labelled Fund-engagement:** For funds with specific sustainability investment labels, including the French SRI Label, fund-level engagement may be conducted to contribute to the delivery of the fund's specific sustainability outcomes or to address specific events such as: (i) insufficient disclosure of certain sustainability performance indicators; (ii) insufficient progress achieved against the company's transition strategy, and; (iii) low ESG rating. Where the entity's rating does not improve over time, we may escalate by opposing key items at its general meetings. As last resort, for investment within French SRI Label rating upgrade strategy, issuer will not remain in the portfolio if no improvements are made by the end of a 3-year period[2].

[2] For the French SRI label, where we choose to use the rating improvement approach, the 30% of issuers in the relevant portfolios in the initial investment universe with the lowest ESG rating are subject to engagement, with a maximum duration of three years (including potential escalations). The issuer will not remain in the portfolio if no improvements are made by the end of this period.

Forms of engagement

We undertake two forms of engagement: bilateral interactions with issuers and collaborative engagements with issuers with other institutional investors. While most of our engagement is based solely on our own efforts, we also believe that collaboration with other investors and key stakeholders can help us achieve common aims, particularly with respect to mitigating systemic environmental and social risks. We have a long-standing commitment to work with other like-minded investors, and to participate in investor networks to learn from our peers and to raise standards. When this type of collaboration is likely to enhance our ability to engage with a company, to result in better outcomes and is permitted by law and regulation, we will work with other asset managers and asset owners, depending on the issue of concern and the alignment of views among the investor group. Importantly, we make our own individual investment and voting decisions in relation to the issuers we engage with collaboratively.

An overview of our bilateral and collaborative engagement is available in the Voting and Engagement section of our annual Sustainability Report.

We are an active member of several formal and informal groups and initiatives that facilitate communication between shareholders and companies on ESG matters. An overview of our memberships and pledges is available in the Voting and Engagement section of our annual Sustainability report and on our website.

Escalation

There are times when stronger measures are necessary to encourage a company to reform its practices, or even to come to the table to discuss our concerns. This can include escalation of the discussion through other means and/or to higher levels of the management hierarchy. These decisions are taken on a case-by-case basis, to ensure that our concerns have been properly heard and dealt with. They include:

- Voting against resolutions at the AGM, and informing companies of such votes in advance of the AGM and of the rationale behind them when possible *(requires an equity holding and we do not engage in relation to all companies' votes)*;
- Submitting private questions to companies' top management either individually or collectively *(noting that access to boards and top management teams varies* by *asset class and geography);*
- Collaborating with other investors (including through joint public statements in certain cases) *(applicable to all asset classes)*;
- Submitting public questions at general meetings (*requires an equity holding);*
- Filing/co-filing resolutions at the AGM *(requires an equity holding and will vary depending on each geography's shareholder proposal filing framework)*;
- Downgrading the company's ESG rating *(applicable to all asset classes)*;
- Rarely, but when deemed appropriate, making public statements, or;
- Full or partial divestment (applicable to all asset classes).

BNPP AM's Class Action Policy governs our participation in class actions. We will participate in passive class action litigation.[3]

Where possible, we seek to leverage the information gained during engagements related to green, social or sustainability linked bonds and may integrate potential environmental or social-related concerns raised during those ESG-related concerns raised by fixed income teams into our equity-linked voting decisions. We also seek to use other tools, including requesting higher premiums on the company's refinancing if material ESG-related concerns remained unresolved.

More generally, we aim to share with all investment teams any significant concerns raised during engagement that have led to escalation, so that they themselves, when appropriate, can raise concerns with the issuer and ensure uniformity of the message we communicate.

Where relevant, we aim to ensure our Public Policy engagement contributes to achieving engagement objectives

[3] For more information on our Class Action Policy, please read: Class actions policy - BNP Paribas Asset Management - Corporate EN

especially when they require changes to laws, regulatory frameworks, norms or standards.

Filing Shareholder Proposals

BNPP AM recognises that the ability to submit shareholder proposals to a vote at annual meetings is an important shareholder right and a key part of the corporate governance process. In Italy, the 'voto di lista' slate-voting mechanism of electing directors and statutory auditors allows shareholders to propose candidates for board election. Our strategy, when our holdings and the specific cases justify our participation in the filing, is to work with Assogestioni which proposes lists for most Italian companies comprising only independent directors.

Outside Italy, the decision to escalate an engagement and file a shareholder proposal is taken on a case-by-case basis, to ensure that our concerns are properly addressed. Factors that we will consider when determining whether to file a shareholder proposal or take more proactive steps include the practical and topical considerations specified above. While we will take into consideration our engagement experience with the company, we may consider submitting shareholder proposals where we have not had prior engagement but see that the company has not been responsive to engagement by other institutional investors.

All shareholder proposals will be submitted with a request for dialogue in the anticipation of possible withdrawal prior to publication of the company's proxy statement, if an agreement can be reached. We will always seek to obtain these withdrawal agreements in writing and will base our decision about whether to file the proposal the following year on compliance with our agreement. Where we are serving in a supporting role, as a 'co-filer' of a proposal, the lead filer will be responsible for negotiating withdrawal of the proposal with the company, although we generally seek to play an active role in these discussions.

If we cannot reach an agreement to withdraw our proposal, the proposal is put to a vote at the company's GM, at which a representative of the filers is required to present the proposal. If we are the lead filer, but unable to attend the meeting ourselves, we designate a trusted representative to present the proposal and to read a brief speech we have prepared. Our shareholder proposal filing strategy is approved by the Stewardship Committee once a year, as well as specific shareholder proposal decisions[4].

Tracking Engagement

Investor-issuer dialogue is the foundation of good stewardship – it allows us to build trusting relationships with issuers over time and permits candid solution-oriented discussions about topics that might not otherwise be addressed. Changing issuers' practices or disclosure rarely happens overnight; in most cases several interactions are needed before progress is made. We have therefore established a system through which anyone engaging with an issuer of equity or debt can log each interaction, record engagement objectives, notes and summaries, and track progress. This online platform also allows us to share this information with other teams and functions across the firm. We log all interactions, including those related to sustainability dialogues and engagement with objectives.

For engagement with objectives, we track three stages and three possible outcomes:

Stages

1. **Initiation**: Issuer is contacted (e.g. via a formal letter or email) and the main engagement objectives are communicated and identified. This enables us to follow up and potentially escalate engagement requests that are unanswered.

2. **Response:** Issuer responds to our engagement request and dialogue starts. We distinguish between two possible scenarios, depending on the company's response to our engagement objectives:
    - 2a: Our request(s) has/have been acknowledged but little progress is being made;
    - 2b: The issuer is actively working to address our request(s) though with no formal results yet.

We closely monitor whether companies are responsive to our key asks. If not, this may trigger a decision to escalate.

[4] During the Stewardship Committee meeting and by email exchanges with the co-Chairs of the Stewardship Committee during the year.

3. **Escalation:** When corporate issuers do not respond or do not make progress on our requests, we escalate the engagement in one of several ways (see "Escalation" section below).

Outcomes[5]

1. **Partial success:** Issuer has provided evidence that it has partially met an engagement objective and/or has partially addressed the issue;
2. **Success:** Issuer has implemented our request(s) for change in full;
3. **No success:** Issuer does not meet our engagement objective(s). Follow-up actions can include additional escalation techniques (see "Escalation" section below), evolution of the engagement method, evolution of the engagement objectives or ending the engagement.

Although there is no fixed engagement timeline, as the response time or delivery of outcomes depends on various factors, we typically expect an engagement cycle to last between 24 to 36 months.

Engagement Reporting

Interactions with issuers or partners are recorded in internal engagement tracking tools, accessible to the Stewardship Team, analysts and investment teams. These tools enable us to track engagement activity and progress, and allow various teams across the business to use the insights generated. Those repositories also enable us to generate fund-specific reporting on engagement.

Engagement reports at fund level for funds integrating ESG criteria in a significant and engaging manner in traditional asset classes are available for clients. These reports include information on the number and types of engagement conducted, the level of progress when those are engagement with objectives[6]. They are available on demand for dedicated funds / mandates[7].

We publish an annual Sustainability Report which includes a section on Engagement and Voting that demonstrates the evolution and impact of our engagement during the year. While our belief is that long-term confidential and constructive discussions are often the most effective way to create change over time, we also report publicly on an annual basis, in an open and transparent manner, the names of all of the issuers we have engaged with and the underlying reasons.

ENGAGEMENT PROCESS IN ALTERNATIVES ASSET CLASS

The engagement process in other investment sectors follows the same philosophy already outlined but processes may vary according to the maturity level and specificities (including sometimes our 'indirect' positioning) of alternative asset classes. This can be in respect both of the engagement objectives and forms. These specificities are described below.

[5] In selective circumstances, engagement can be simply closed. Examples include corporate action leading to original objective being no longer relevant, holdings having been sold down for reasons not related to our engagement objectives.
[6] Unless local regulatory guidance prevents the publication of such report.
[7] Customised reports can also be provided if requested by clients (e.g. PLSA, ICSWG).

Real Estate Equity

Engagement objectives

Real Estate Equity engagement aims to proactively support tenants to embed sustainability considerations into their use of buildings or facilities, to contribute to achieving our ESG objectives. Our approach to engagement is framed to ensure it complies with local regulations, such as France's Dispositif Eco Efficacité Tertiaire (DEET).

Forms of engagement

We seek to engage directly with the tenants of our real estate equity assets, as well as through the building's property managers, to:

- Educate them on sustainability matters to influence their behaviour and improve their buy-in: we distribute guides to educate and increase their awareness of sustainability issues, and the specific sustainability features of our assets.
- Collect data on the asset and leverage that data to create targeted solutions: we encourage our tenants to share utility data with us so that we have a good understanding of the building's performance, to identify inefficiencies and monitor the impact of any improvements we deploy.
- Maintain a dialogue to understand their present and future needs: for major tenants, one-to-one dedicated meetings are organised between the Real Estate asset management team, tenants and property managers to discuss sustainability-related topics, and to identify synergies and areas for cooperation.

Enforcement

We integrate a sustainability clause (green lease) as standard (subject to negotiation) into new leases or at contract renewal to include expected cooperation on certain sustainability issues (e.g., sharing of utility data, cooperation in delivering environmental performance, etc.).

Natural Capital & Impact

Engagement objectives

The Impact Investing strategy targets the delivery of market-rate financial returns alongside the generation of positive, intentional, measurable and long-lasting impact returns.

We intend to align our prospective investments with applicable sustainability policies, ESG regulations, standards and norms such as the International Finance Corporation's Environmental and Social Performance Standards, the Environmental, Health and Safety Guidelines of the World Bank and the International Labour Organization. The nature of our typical investments means that engagement rather than divestment is the most viable option to achieve our objectives.

Forms of Engagement

Pre-investment engagement:

- We conduct an assessment against our framework to assess the entity's performance on a range of material ESG issues (including climate risks; biodiversity; pollution; health and safety; human rights; and governance concerns, amongst others) and to identify gaps, risks, and alignment with BNPP AM's policies and regulations.
- This leads to the definition of an Environmental and Social Action Plan (ESAP), which details the actions to be undertaken in relation to the identified areas for improvement, with responsibilities and timelines within which corrective action needs to be undertaken. The ESAP is embedded into legal documents.

Post-investment monitoring: We continue engaging with our holdings throughout our investment tenure on impact and ESG issues, directly and by participating in governance committees and reviewing ESAP execution. Where there are issues of concerns touching on impact or financial performance, the investment team decides an appropriate course of action relative to the investment type, which may include engagement. Issues that may cause us concern include:

- The assessed environmental and social impact is no longer in line with required or estimated environmental

and social impact;
- The investee is drifting from the original impact mission;
- There are ESG risk issues that are not being managed appropriately;
- We see significant risks to achieving either the impact or the financial return.

Alternative Credit

Engagement objectives

We aim to leverage our size as one of the largest European investors in Collateralized Loan Obligations ('CLOs') to promote responsible investment practices. We will typically spur CLO Managers to achieve higher ESG standards, both in their day-to-day corporate management as well as in their investment philosophy.

Forms of engagement

BNPP AM will only invest with CLO managers that respect minimum ESG guidelines (such as being a signatory to an international responsible investment organisation like UN PRI, or having a carbon footprint reduction plan, inclusion programme or exclusion policy).

Engagement with compliant CLO issuers mainly occurs pre-investment. Post-investment, we continue the dialogue in order to clarify our expectations and support issuers to achieve them.

Indirect Investments[8]

Engagement objectives

We aim to create sustainable value by encouraging and influencing the development of ESG best practices in private markets. For indirect investments, we focus our engagement activities on general partners (GPs), prioritized using a range of criteria including our level of exposure, the nature of our relationship with them, including governance rights, and their ESG performance against our priority engagement themes.

These include:

- Climate change, in line with the TCFD recommendations;
- Diversity and inclusion, aligned with private market organizations' objective to increase the proportion of women in investment teams, senior management and Boards;
- ESG data quality and availability, through the disclosure of comprehensive reporting in line with industry reporting frameworks;
- ESG best practices, including becoming a UN PRI Signatory, conducting ESG due diligence and engaging with portfolio companies on ESG.

Forms of engagement

Pre-investment due diligence:

- Via a three-fold ESG process built around compliance with BNPP AM's exclusion policies, minimum ESG criteria and an ESG score of the targets' capabilities used to identify key improvement areas.
- We also conduct ESG calls with the GPs to deep-dive into their overall sustainability strategy and the targeted fund's approach to ESG integration.

Post-investment/ holding phase[9]:

- Via an ESG questionnaire, sent on an annual basis to GPs to update the ESG scores, at firm level and fund level, and to collect ESG KPIs;
- Regular dialogues also take place with GPs to track the evolution of their ESG practices, provide constructive

8 Only applies to a limited scope of indirect investments

9 The post investment / holding phase engagement activities are conducted on most of the scope of indirect activities, but not all of it.

feedback and outline potential improvement areas. Also, if relevant, to monitor progress against previously defined objectives;
- Via participation in the GPs' governance bodies.

The post-investment / holding phase engagement is conducted for most but not all of indirect investment.

Specific engagement for Venture Capital BNP Paribas Solar Impulse Fund

Engagement objectives
The Solar Impulse venture strategy aims to invest in early- to late-stage companies whose technology or services will have a positive impact on the ecological transition. Additionally, we actively support portfolio companies to enhance their Impact and ESG practices. Our objective is to strengthen management and demonstration of their environmental impact, and their ESG risks and opportunities.

Engagement forms
Pre-investment engagement:
- We conduct analysis to assess the company's performance on a range of material ESG issues (including but not limited to its sustainability culture, management and governance, environmental and social performance, IT security & internal control, and external stakeholder management). To date, the company product/services undergo a third-party environmental assessment, with a label granted based on three main criteria: feasibility, positive environmental impact and profitability;
- This process results in identifying areas for improvement along with proposed timelines that we communicate to the company;
- Clauses related to ESG and environmental impact are typically incorporated into the shareholder agreement.

Post-investment monitoring: depending on whether we act as a passive or active investor, and whether we are represented on the board of directors, we make every effort to support portfolio companies to improve their environmental impact and ESG practices and to define relevant objectives and KPIs.

Unitranche Debt Activity

Engagement objectives
For part of our unitranche debt activity, we integrate ESG-linked interest margin ratchets into the financing structure of our deals with SMEs.

Engagement forms
Pre-investment engagement:
- We conduct analysis to assess the maturity of a company's overall ESG practices alongside a qualitative materiality analysis;
- This process identifies key areas where the borrower can improve its sustainability management and performance;
- ESG-linked interest margin ratchets are defined in close collaboration with the company, ensuring that they are tailored to relevant sustainability priorities with clear objectives.

Post-investment monitoring: After the investment has been made, the fund manager monitors the company's progress on achieving the pre-agreed Sustainability Performance Targets, which are revised as necessary.

PUBLIC POLICY ADVOCACY

BNPP AM has a long-term commitment to public policy advocacy to advance our sustainability goals, strengthen the resilience of the financial system and mitigate systemic risk. We view public policy advocacy as integral to the fulfilment of our fiduciary duties to our clients, and with our commitment to the Principles for Responsible Investment, which recommend participation *"in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).*"

We actively engage with policymakers, including regulators and standard setters, to advocate for measures that shape the markets in which we invest and the rules that guide and govern company behaviour in pursuit of more sustainable outcomes. We have constructively and effectively engaged with policymakers over many years (often at their request), with a particular focus on corporate disclosure, climate and wider environmental policies, and corporate governance.

Our sustainability advocacy is focused on advancing the objectives outlined in the Global Sustainability Strategy including energy transition, ecosystem protection and equality. These themes provide a high-level structure for our public policy efforts, but do not limit them. In addition, we are guided by the following, in support of the global growth of sustainable finance and to contribute to better outcomes for society and the environment:

- We defend key shareholder rights that impact our ability to act as responsible long-term stewards of capital;
- We promote strong corporate governance and disclosure, consistent with our commitments and policies;
- We support mandatory, meaningful sustainability disclosures, in all markets;
- We actively advocate for sustainable finance to become mainstream practice;
- We promote legal interpretations of fiduciary duty consistent with our investment beliefs;
- We support strong legal protection for the environment, consumers and workers, and will engage on policy development on these issues where we see a connection to our interests as investors;
- We advocate for real economy policy frameworks supportive of the transition to a more sustainable economy, providing the right level of clarity at sectoral or thematic levels.

Our public policy advocacy includes a variety of approaches, such as:

- Meetings with policymakers;
- Publication of white papers;
- Public submissions to legislators, regulators and multilateral institutions, e.g., responding to public consultations;
- Participation in the development of policy proposals in public and private forums, such as technical advisory committees and investor associations;
- Endorsement of public statements and commitments developed by investor and other stakeholder initiatives.

ADVOCACY PRIORITIES

Sustainable finance

With respect to the financial industry, we actively advocate for sustainable finance to become mainstream practice. This will require financial firms to take into account their clients' preferences on sustainability and to align with international norms, including the goals of the Paris Agreement.

We believe that policymakers should propose and implement ambitious policy roadmaps on sustainable finance, at the global, regional and local levels. Those policies should support the development of taxonomies to help measure sustainable activities in a comparable manner, in order to finance the transition to more equitable and environmentally sound economies.

The EU has coined the term 'double materiality' to differentiate between the disclosures that relate to the environmental and social risks that issuers face (single materiality) and those disclosures that illustrate how issuers impact the environment and society (double materiality). Although we are neutral on the terminology, we are strong supporters of the concept of double materiality. As fiduciaries, we need comprehensive information and data about issuers' environmental and social impacts to be able to measure and reduce the drivers of a host of systemic risks, ranging from climate change to forced labour. This information will also help us to anticipate the so-called 'idiosyncratic risk' to issuers that may ultimately result from their own – and many other issuers' – impacts over time.

In particular in this perspective, we:

- Advocate for policies that promotes effective comparability, transparency and robustness in the ESG approaches developed by the financial sector.
- We support mandatory, meaningful and decision-useful sustainability disclosures across markets, and have been supportive of the efforts of the EFRAG and ISSB in setting-out standards in this perspective and promote inter-operability. We recognise the work of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce for Nature-related Financial Disclosures (TNFD) have been beneficial. We believe that certain information and metrics should be standardised, and their disclosure by corporates made compulsory in order to facilitate investors' decision-making.
- Advocate for clear and harmonized approach to product categorization depending on their sustainability features, to enable good understanding by end-clients in the retail market in particular, and effective implementation by financial market participants.
- Support policymakers in their efforts to ensure the transition is properly addressed across sustainable finance policy frameworks, with clear criteria to allow for an effective and consistent assessment of companies / assets and supporting frameworks in terms of product categorization and stewardship.
- Advocate for a regulatory framework which will ensure robust ESG data, facilitating its integration into investment decision-making, the assessment of the credibility of transition plans and strategies as well as the preparation of disclosures at product level. This requires ensuring the right standards and regulations are in place to promote robust and transparent processes and governance around ESG data production across the ESG data value chain, including at the level of ESG data vendors.

THEMATIC POLICY ENGAGEMENT

Shareholder rights

The effectiveness of our Stewardship Policy requires a regulatory environment which does not impede but rather enables shareholder engagement and voting to have an effective impact on companies' governance and sustainability strategies. Our Corporate Governance & Voting Policy details the key corporate governance principles that aim to promote long-term sustainable value creation.

In line with these principles, we actively pursue policy changes that:

- Address barriers to shareholder rights, e.g., encourage the adoption of policies in all markets that support the principle of "one share, one vote" and the protection of shareholder rights;
- Preserve or foster good governance practices, including accountable board and management structures;
- Promote investor stewardship transparency and effectiveness.

Energy transition

We are committed to aligning our portfolios with the goals of the Paris Agreement, in line with our commitment as a signatory to the Net Zero Asset Managers initiative (NZAM). We support a political environment that is committed to the low-carbon transition capping global average temperature rises at 1.5 degrees or well below 2 degrees Celsius above pre-industrial levels.

In line with these commitments, we actively pursue policy changes that:

- Help achieve the Paris Agreement's goals: In our Global Sustainability Strategy, we commit to using policy engagement to advocate for ambitious nationally determined contributions (NDC) that align with the Paris Agreement;
- Implement long-term emission reduction strategies: A long-term decarbonisation objective to achieve net zero

emissions by 2050 backed by a holistic decarbonisation strategy, in which all sectors and affected stakeholders play a fair role;
- Phase out fossil fuel subsidies as well as thermal coal power worldwide by set deadlines, to help accelerate private sector investment into the low carbon transition;
- Have a clear trajectory for the price of carbon in the future, through a carbon tax or carbon markets, with a high enough price to restrict GHG emissions to levels below the ceiling necessary to achieve a 1.5°C or well-below 2°C goal.

Healthy Ecosystems

Our approach to protecting and restoring nature includes setting high-level expectations for companies and a roadmap that makes addressing nature loss a central focus of our corporate engagements. In parallel, we advocate for public policies that drive environmental sustainability.

In 2009, the Stockholm Resilience Centre introduced the planetary boundaries concept, which focuses on the nine systems that regulate the stability of the earth[10]. The Planetary Boundaries are the safe limits for human activity in relation to the nine critical processes which together maintain a stable and resilient Earth. That is, the interactions of land, ocean, atmosphere provide the conditions upon which human societies depend. When we cross a planetary boundary, we enter an era of high uncertainty and increasing risk, for both societies and companies. Our policy advocacy goal is to support policy measures that enable us to operate within the nine planetary boundaries.

In line with the commitments made in the GSS, we actively pursue policy changes that:
- Support policy development to address deforestation and the sustainability of company practices in at-risk sectors, focusing on Latin-America and Asia;
- Encourage the development of national and regional water stewardship policies and plans;
- Support bans of single-use plastic, laws and policies that improve sustainability practices and a shift towards circular economies, and a global treaty on plastic pollution;
- Ensure proper management, and eventually elimination, of hazardous chemicals. We advocate for the widespread adoption of the objectives and targets of the Global Framework on Chemicals;
- Drive food system transformation to address the environmental and health impacts of the current system.

Equality

Our overarching policy advocacy goal with respect to the third ''E' in our GSS is to promote a more equitable and sustainable distribution of economic value to ensure the long-term stability and resilience of societies and ecosystems. Our roadmap to address inequality focuses on contributing to mitigating structural inequality through significant actions and initiatives. Part and parcel of this agenda is to support policy measures that give full effect to the Universal Declaration of Human Rights including all International Labour Organization Conventions.

In line with the commitments we make in our GSS, we actively pursue policy changes that will deliver greater equality, such as through the development of disclosure frameworks on social issues and related industry initiatives, and that:
- Promote greater diversity on corporate boards;
- Require mandatory reporting on CEO-employee pay ratio and gender pay gap;
- Enhance corporate tax transparency and require country-by-country mandatory tax reporting across sectors;
- Drive more transparent and responsible corporate lobbying practices;
- Improve supply chain transparency and labour conditions;
- Facilitate a 'Just Transition' at regional, national and international levels within 2050 net-zero strategies;
- Introduce a social taxonomy to mirror environmental taxonomy architecture for social matters.

[10] Steffen, W. et al. (2015), "Planetary boundaries, Guiding human development on a changing planet". More information available on the Stockholm Resilience Centre's webpage: www.stockholmresilience.org/research/planetary-boundaries/planetary-boundaries/about-the-research/the-nine-planetary-boundaries .

ADVOCACY PARTNERS AND GOVERNANCE

Our reputation and credibility depend, in part, on our ability to ensure consistency between the policy positions we are taking in different regions and the positions taken by the organisations and networks we belong to. This statement of our public policy positions is intended to avoid such conflicts.

As a firm, we aim to set an example by engaging in public policy as responsible fiduciaries, on behalf of our clients. It is therefore incumbent upon us to promote legal interpretations of fiduciary duty consistent with our investment beliefs. Further, consistent with the expectations we set for issuers, we pursue our public policy objectives in a transparent manner, with a sufficient degree of specificity to inform our clients and relevant stakeholders of the positions we are taking.

We conduct some public policy engagements individually, but prefer to engage in partnership with other investors, in formal or informal networks, wherever possible, and sometimes with other stakeholders to promote continued improvement of the functioning of financial markets. A list of the key organisations and networks that help us advance our policy objectives is included in our Sustainability Report and available here.

All of our public policy work is governed by this Stewardship Policy, and will be undertaken in compliance with BNP Paribas' Charter for Responsible Representation with respect to the Public Authorities.[11] The charter applies to all employees and all countries, and all activities carried out in all countries in which BNP Paribas operates. The charter contains several commitments to integrity, transparency and social responsibility. In addition, BNP Paribas employees and any external consultants who may be engaged must inform the institutions and organisations with which they are in contact who they are and who they represent.

The BNP Paribas Group has also undertaken to publish its main public positions on its website. BNP Paribas provides relevant employees with regular training in best practices in public representation activities. In France, for the avoidance of doubt, BNPP AM is not a "représentant d'intérêts" and complies with the corresponding restrictions.

[11] Please see https://group.bnpparibas/en/charter-responsible-representation-respect-public-authorities

GOVERNANCE, RESOURCES AND OVERSIGHT

1 GOVERNANCE

We expect the companies we invest in to uphold high governance standards, including on all sustainability matters, and we hold ourselves to the same standards. Our approach to voting and engagement is governed through a company-wide framework that ensures that our sustainability strategy and practices are embedded and implemented appropriately throughout our business, and that all new initiatives are well-conceived, properly structured, delivered effectively and serve the best interests of our clients. Our goal is to ensure that our stewardship activities are effective, consistent and supportive of our overall objectives as fiduciaries. Our approach is set out in our Global Sustainability Strategy (GSS).

Our Stewardship Policy is reviewed every year by the Stewardship Committee. It is co-chaired by our Equities Chief Investment Officer and Global Head of Sustainability, and our CEO sits on it. The Committee is tasked to review and monitor BNPP AM engagement and voting activities, and to approve the Stewardship Policy.

2 RESOURCES

Across BNPP AM we have many sustainability experts responsible for various activities. Their work includes research, due diligence, data/scoring, analytics, stock and credit analysis, as well as voting and engagement. Sustainability issues are also considered by investment teams, where relevant, as part of their day-to-day work.

The Stewardship team is responsible for ensuring that the Stewardship Policy and procedures are followed, and contributing to the integration of stewardship practices and insights within investments. Engagement is often conducted in collaboration with various teams across BNPP AM, providing both strategic and technical views of issuers' or partners' practices, adapting engagement to the type of asset class and enabling information gained during engagement to be shared with investment teams.

Teams often involved in engagement include the Stewardship team, part of the Sustainability Centre, sustainability analysts within specific investment platforms and investment teams, depending on the theme and the issuer. Joint engagement between the Sustainability Centre and investment teams occurs regularly, particularly during dialogue with top management or board members.

All stewardship activities related to engagement, monitoring and voting are carried out by BNPP AM staff. BNPP AM discharges its stewardship responsibilities directly. We do not outsource them to third-party services providers as we believe this approach best serves our clients' interests. In some cases, we may use third-party consulting services to inform and support our stewardship work. However, all final decisions and responsibility fall to BNPP AM staff.

3 MONITORING OF STRATEGIES, FINANCIAL PERFORMANCE AND RISK

Our investment teams continually monitor the financial performance and risks of the entities in which they invest as well as their strategies. A wide variety of data sources and research providers are used to build up a comprehensive view of the current and expected evolution of each entity's revenues, sustainability credentials and impact on financial and risk profile, profitability, cash flows and balance sheet. This analysis can be supported by visits, meetings and other interactions with the senior management of the entities in which we invest. They are supported in this work by the Sustainability Centre, the Quantitative Research Group and our risk teams.

4 MONITORING OF ESG PERFORMANCE AND RISK

BNPP AM has ensured that its eligible investment strategies across asset classes adopt an investment approach that formally integrates ESG risks and opportunities. Our Sustainability Centre oversees the development and implementation of our Global Sustainability Strategy. Our ESG integration process is designed to identify and assess areas of risk or opportunity that may not be understood by all market participants and which may therefore provide our managers with a relative advantage.

5 INSIDER STATUS

In some circumstances, companies or their advisers may seek our involvement in corporate transactions, which may lead us to receive sensitive information. We may also receive material non-public information (MNPI) in the course of an engagement. We do not pursue insider status or MNPI. If BNPP AM were nevertheless to become an insider, or to receive MNPI, we would follow our relevant internal processes, including flagging the event to our internal compliance team and abstaining from any activity that could constitute a breach of the applicable law or regulation or our code of ethics.

6 CONFLICTS OF INTEREST

As an asset manager owned by a large financial institution, BNPP AM can sometimes be faced with potential conflicts between its clients' interests on the one hand and those of BNPP AM on the other, given specific circumstances, including the following:

- Employees being linked personally or professionally with a company whose securities are submitted to vote;
- Business relations existing between the company whose shares are being voted on and BNPP AM and/or other entities of BNP Paribas Group; or;
- Exercise of voting rights concerning shares of BNP Paribas Group or of significant participations or holdings of one or several entities of BNPP AM and/or BNP Paribas Group. BNPP AM has adopted investor protection rules regarding the prevention and management of any incurred or potential conflicts of interest by implementing a Conflicts of Interest Policy and an associated Conflicts of Interest Inventory.

This policy and inventory are regularly updated in order to ensure its accuracy and comprehensiveness. A summary of the Conflicts of Interest Policy can be found on our website at https://www.bnpparibasam.com/en/mifid-directive/.

BNPP AM has implemented several principles, mechanisms and decision processes to ensure that conflicts of interest do not influence our votes and engagement, such as:

- Voting rights and engagement activities are exercised in the best interests of clients to protect and enhance the long-term value of their shareholdings
- The Governance and Voting Policy, which determines the decision-making process for the exercise of voting rights is approved by the Board of Directors, which includes independent directors
- Derogation from any principles disclosed in the Governance and Voting Policy must be validated prior to voting by the Stewardship Committee which comprises representatives from diverse BNPP AM teams (Investment management, Sustainability Centre, Compliance, etc.)
- Employees must comply with BNPP AM's Code of Ethics and declare any outside business activity
- 'Information barriers' between BNPP AM's entities and other companies of the BNPP Group ensure that BNPP AM employees remain independent and neutral in exercising their responsibilities
- Controls (by sampling) are performed, at least annually, to ensure that internal policies are duly implemented Records of all potential conflicts of interest related to voting and their resolution are kept in the Stewardship Committee minutes.

Material conflicts of interest identified trigger an escalation process involving the Head of Compliance and the relevant senior manager on a case-by-case basis. At each level, the 'clients' best interests' principle is paramount in the decision outcome. When a conflict of interest is identified, it is duly disclosed to the concerned clients where applicable laws so require.

APPENDIX I: VOTING PRINCIPLES

The following principles describe BNPP AM's expectations of the listed companies in which we invest. They act as a guiding framework by which BNPP AM executes its ownership responsibilities.

1. FOCUS ON LONG-TERM SUSTAINABLE VALUE CREATION

The Board of Directors plays a critical oversight role to ensure that companies deliver long-term sustainable value, in balance with the interests of society and the environment. Corporate governance practices ensure the board's attention remains focused on this goal, with a clear strategy that takes into account all key stakeholders. Boards should maintain an open dialogue with investors and be prepared to discuss their long-term plans for sustainable value creation.

2. PROTECT SHAREHOLDER RIGHTS

Shareholders play a key role in the system of corporate accountability and value creation. Our rights as shareholders allow us to take action to defend the interests of our clients when companies fall short of our expectations. It is therefore critical that shareholder rights be preserved and, where necessary, strengthened. In that respect, companies should ensure that the rights of all investors are protected and should treat investors equitably, notably by respecting the principle of one share - one vote - one dividend. All shareholders should be given the opportunity to vote on decisions concerning fundamental corporate changes and capital increases should be carefully controlled to minimise the dilution of existing shareholders. Anti-takeover devices should not be used and shareholders should have opportunities to address material concerns, including through direct access to proxy votes to nominate directors and through the submission of shareholder proposals.

3. ENSURE INDEPENDENT, EFFECTIVE AND ACCOUNTABLE BOARD STRUCTURE

There should be a sufficiently counter-balancing structure of the Board and its committees, featuring a strong presence of qualified, engaged, diverse and independent directors to enable objective and effective oversight of the management, supported by independent leadership. Formal evaluation of the Board, executive sessions and succession plans should be in place. Board composition should include a range of directors who, individually and collectively, have the skills, knowledge, expertise necessary to understand the company's strategy and address emerging risks facing the company and its key stakeholders.

4. ALIGN INCENTIVE STRUCTURES WITH LONG-TERM INTERESTS OF STAKEHOLDERS

Executive compensation plans should be aligned with the long-term performance of the company, and should discourage irresponsible risk-taking, strengthen employee loyalty, take into consideration their impact on inequality and aim to foster inclusive growth. They should include robust financial and non-financial targets, including those relating to the key sustainability risks and opportunities presented by the company's business model. Compensation programmes should not restrict the company's ability to attract and retain talented executives, but should respect best market practices and not be disproportionate with regards to performance and peer group. They should be disclosed to shareholders clearly and thoroughly, and be subject to shareholder approval.

5. ENSURE RESPECT FOR SOCIETY AND THE ENVIRONMENT

Long-term sustainable returns depend on proactive and effective management of Environmental, Social, and Governance (ESG) risks and opportunities to ensure that growth is not at the expense of social and environmental health and stability. As a long-term investor, we expect companies to understand the risks they face and create, as well as the opportunities that better ESG performance might bring to their businesses, and to act responsibly towards all stakeholders. All companies should strive to meet high corporate ESG standards to protect stakeholders' long-term interests.

6. DISCLOSE ACCURATE, ADEQUATE AND TIMELY INFORMATION

Companies should ensure that timely and accurate disclosure is made on financial and operating results, ownership issues, lobbying activities and performance on key ESG issues, including full disclosure of greenhouse gas emissions (GHG) and commitments to combatting climate change. Corporate reporting should aim to provide investors with an accurate and holistic view of foreseeable risks to the company, as well as the company's contribution to the health and stability of key social and environmental systems. Annual audits of the financial statements carried out on behalf of shareholders by independent external auditors should be required for all companies.

APPENDIX II: VOTING GUIDELINES

These guidelines detail how BNPP AM will vote on the most common proxy voting items. They address key voting issues, which fall into seven groups:

1. Reports and approval of accounts
2. Financial operations
3. Board elections
4. Remuneration
5. Environmental and social proposals
6. Shareholder proposals
7. Other relevant issues (e.g., related-party transactions).

For each issue, these guidelines highlight criteria that reflect or tend towards best practices and that we actively support, as well as potential issues of concerns that may trigger an opposition, depending on the specific circumstances of each company.

1. REPORTS AND ACCOUNTS

In a well-functioning market, which enables investors to perform their fiduciary role vis-a-vis clients' assets, it is critical that investment decisions which impact the allocation of capital be based on full and accurate information.

Voting issues	Key principles	Potential concerns
Financial Statements / Director and Auditor Reports	• Information provided by the Board presents a full and fair view of company affairs and financial situation, is easily accessible, and disclosed sufficiently in advance of the general meeting[12]. • The accounts have been reviewed by a majority independent audit committee. The committee should be chaired by an independent director, with no executive and comprised financial experts. • Independent external assurance is carried out annually and the company provides adequate disclosures on key financial and extra-financial risks.	• The accounts are not available in a timely manner. • There are serious concerns about the integrity of the information provided (e.g. the auditors express reservations or refuse to certify the accounts after having discovered serious irregularities…).
Allocation of Income	• The company has provided sufficient information to indicate the level of dividend. • The payout ratio is sustainable with a reasonable pay-out ratio that does not undermine the company's capacity to invest for the future and does not affect the remuneration of other stakeholders. • Where the dividend is paid in shares, the shareholder has the option to be paid in cash.	• The company does not disclose its income allocation proposal. • The payout ratio is considered excessive.
Discharge of Board and Management	• There is no contentious issue relating to the board or the management of the company.	• There are serious questions about actions of the Board or management for the year in question. • Legal action is being taken against the Board • The auditors had serious reservations about the financial statements or refused to certify the accounts. • The company is in breach of our environmental and social expectations detailed in part III.
Appointment of Auditors and Audit Fees	• The Board and its Audit Committee have implemented a rigorous auditor selection process, based on objective criteria. The selection process and its outcome are disclosed transparently to provide investors with sufficient confidence in the quality of the assurance process. • The audit committee has disclosed its policy for the provision of non-audit services by the auditors (e.g., excluded services and pre-approval works). • There is full disclosure of fees paid to the auditors, with a breakdown between audit, sustainability audit and non-audit fees. • The auditors do not provide advisory services. Otherwise, the remuneration for advisory services does not cast doubt on the auditor's independence. • There is periodic rotation of the auditors, to enhance the integrity and reliability of the external audit process.	The amount of non-audit fees paid to the auditor are excessive and no reasonable explanation is provided. Auditors' tenure exceeds 24 years. Auditors' length of term exceeds 6 years. There is reason to believe that the independent auditor gave an opinion that is neither accurate nor indicative of the company's financial position. Removal or resignation of the former auditor is not explained.

[12] For the annual general meeting at least 28 days before the event.

2. FINANCIAL OPERATIONS

Major changes to the core businesses of a corporation and other corporate changes which may in substance or effect, dilute the equity or erode the economic interests or share ownership rights of existing shareholders, including mergers, acquisitions, disposals, and issuance of equity should not be made without prior shareholder approval.

Voting issues	Key principles	Potential concerns
Authority to issue shares or securities giving access to capital	The authority respects the 'one share – one vote – one dividend' principle. The authority is suitably limited to avoid the dilution risk for current shareholders.	• Requests for the creation or continuation of dual-class capital structures or the creation of new or additional super voting shares. • General authority with pre-emptive rights exceeds 50% of issued share capital[13]. • General authority without pre-emptive rights and without priority rights exceeds 10% of issued share capital. • The authority is likely to be used as an anti-take-over measure.
Share Repurchase Plan	Share repurchase represents the best use of company resources and is limited both in volume and duration, the discount is limited and the authorisation does not exceed 5 years.	• The repurchase limit exceeds 10% of issued share capital[14]. • The holding limit exceeds 10% of a company's issued share capital in treasury ("on the shelf"). • The duration exceeds 5 years.
Debt restructuring	The level of dilution given the full conversion of securities is not excessive.	• Dilution risk is too high for the ownership interests of existing shareholders and to future earnings. • Bankruptcy or the threat of bankruptcy is the main factor driving the restructuring.
Merger and acquisitions	Given the complex nature of most merger & acquisition proposals, these activities will be reviewed on a case-by-case basis with the relevant fund managers, from a transparency, corporate governance and financial point of view. The limits concerning capital increases will not apply in merger cases. Issues that will be taken into account, where sufficient information is available, include: • The rationale driving the transaction, commercial and strategic sense • The impact of the merger on shareholder value • The offer price i.e., cost vs. premium • Financial viability of the combined companies as a single entity and the associated integration risks • An analysis of the arm's length nature of the transaction, potential conflicts of interest and an assessment of the deal maker's 'good faith' • The presence or lack of a fairness opinion • The proposed changes in corporate governance and their impact on shareholder rights • The impact on community stakeholders and employees in both workforces	
Corporate Restructuring	Votes concerning corporate restructuring are considered non-routine and evaluated on a case-by-case basis. Issues that will be taken into account include the shareholder value impact, the absence of conflicts of interests among the various parties, the absence of significant imbalances between categories of shareholders **Spin-offs** • Potential tax and regulatory advantages • Planned use of proceeds • Market focus and managerial incentives **Asset sales** • Impact on the balance sheet and working capital • Value received for the asset and the potential elimination of diseconomies **Liquidations** • Management's efforts to pursue other alternatives • Appraisal value of the assets • The compensation plan for executives managing the liquidation	

[13] We apply a limit of 66% for the UK
[14] Including shares held by subsidiaries. We apply a limit of 15% for the UK due to the local code

3. BOARD ELECTIONS

We consider the Board to be the cornerstone of good corporate governance as it is the decision-making body charged with overseeing a company's affairs on behalf of its owners. As such, we push companies we invest in to constitute boards whose approach enables the creation of long-term sustainable value, taking into account the management and supervision of strategic, operational and material financial and non-financial factors and the interests of key stakeholders.

<table>
<tr><th>Key principles</th><th>Potential concerns</th></tr>
<tr><td>
• The Board of Directors is structured so as to appropriately represent the interests of minority shareholders.
• The Chair and CEO roles are split and the Chair is independent.
• Directors stand for election by shareholders on a regular basis, ideally annually, to ensure accountability.
• There is sufficient diversity of skills, knowledge, experience, gender and nationality among the directors to engender debate and innovation.
• The Board size is sufficient to facilitate engaged debate between directors.
• There is an open and transparent dialogue between the Board, the management team, and its investors.
• Directors have sufficient time to devote to their role. They are expected to attend and actively contribute to all board and committee (if any) meetings held.
• The Board has established specialised committees that are unconflicted and sufficiently independent to provide advice to the Board on specific issues that might require specific expertise, including:
o A Nomination committee that evaluates the composition and functioning of the Board, oversees succession planning of the CEO and the Board, and make recommendation on directors' (re)appointment.
o A Remuneration Committee that determines the company's remuneration philosophy and design remuneration policies aligning the interest of management with those of long-term shareholders.
o An Audit Committee that oversees the company's process for internal controls and financial reporting, and provide assurances to shareholders on the integrity, objectivity and independence of the external audit process.
• There is robust disclosure on the desired ESG skills, and how nominees contribute to the overall Board's expertise and effective oversight of sustainability matters.
</td><td>
• There is insufficient biographical information on proposed directors.
• Directors' appointments exceed a four-year mandate.
• For non-controlled companies, the candidate is not independent[15] and the Board comprises less than 50% independent directors excluding employee representatives. For controlled companies or in cases where a Board has at least 50% of compulsory employee representatives, a different independence threshold can be applied depending on local code and market practice (with a minimum of 33%).
• Key committees are not majority independent.
• The candidate is both Chair and CEO of the company, and robust counterpower mechanisms have not been implemented[16].
• For mature markets, fewer than 40% of directors are of the underrepresented gender; for other markets, this proportion is lower than 20%[17].
• The Board has no apparent racially or ethnically diverse composition[18].
• There is a dual-class share system with differential voting rights.[19]
• The candidate is a member of the Remuneration Committee and the board has not been responsive to repeated shareholder voting dissent on remuneration.
• The director's attendance was very low without a satisfactory justification.
• The number of directorships held by the nominee is excessive.
• The director failed to meet her/his fiduciary duties, or has exhibited behaviour that raises doubts about her/his ability to serve the best interests of stakeholders.
• The election is for a non-voting position (except for a temporary election of less than one year).
• The company is in breach of our environmental and social expectations, detailed in Part III.
• Shareholders cannot vote separately on the election of individual directors.
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[15] Factors that may compromise independence include: The Director represents a significant shareholder or is related by close family ties to a corporate officer, is an employee or officer of the corporation, is an employee or director of its parent or a company that was acquired within the previous five years, is a chief executive officer of another company (Company B) if one of the following requirements is met: The concerned company (Company A) is directly or indirectly controlled by Company B; an employee or executive of Company A is a director of Company B (within the past 5 years); is a customer, supplier, investment banker or commercial banker of material importance to the corporation or its group, or depends for a significant part of its business on the corporation or its group accounts, has been an auditor of the corporation within the previous five years; has served as a director of the corporation for 12 years or more (or less, depending on local code).

[16] Decision are taken on a case-by-case basis. Robust counterpower mechanisms require presence of a strong lead independent director with wide responsibilities (i.e., the ability to call extraordinary board meeting, to add items to meeting's agenda, to engage with shareholders and convene meeting without the presence of executives) and a majority independent Board and key committees.

[17] Mature markets: Europe, North America, Australia, New Zealand and South Africa. Exceptions can be applied if the percentage of underrepresented gender is below the treshold (betwwen 25-40% for mature markets or 10-20% for other marktets) on a case-by-case basis.

[18] For North America and UK/Ireland.

[19] Exception possible if the sunset clause comes into force within 5 years of the IPO.

4. REMUNERATION

Boards, through the Remuneration Committee, are responsible for adopting remuneration policies and practices that promote the success of companies in creating value for the longer term, aligning the interest of management with those of long-term shareholders. Remuneration policies and practices should be demonstrably aligned with corporate objectives and business strategy and reviewed regularly.

Voting issues	Key principles	Potential concerns
Remuneration policy and report	• The company presents a transparent, exhaustive and clear overview of its compensation practices. The company explains the philosophy of its executive remuneration policy, and how it is framed within its broader strategy, values and human resources policy. • The policy includes, on an individual basis, the amount, breakdown, and evolution between the different elements of remuneration. It includes the rules to set the base salary. • When setting executive pay, the Remuneration Committee and Board consider pay and employment conditions for the general workforce. Any increases to the CEO's remuneration quantum are well explained and reasonable. • The balance between fixed and variable pay components is appropriately geared towards the company's long-term performance. • The company has a long-term remuneration policy in place, including environmental and social performance criteria that are transparent, measurable and challenging, and linked to the sustainability strategy. • The policy includes stock ownership and clawback guidelines for executives.	• The policy lacks transparency. • The board can substantially derogate from the approved remuneration policy. • The remuneration scheme is disproportionate with regard to the evolution of its median employee's remuneration, named executive officers, or its relevant peer group. • The remuneration or any significant increase to remuneration quantum is not justified and/or is misaligned with regard to performance or with the evolution of the wider workforce remuneration • The policy allows a pay-for-failure approach or is not long-term oriented. • The company has not included any environmental or social quantifiable and challenging performance criteria within the variable remuneration[20]. For companies identified as large GHG emitters, there are no climate-related criteria[21]. • If one or few significant elements of the remuneration are not in line with our guidelines below (to be reviewed on a case-by-case basis depending on the company's policy and in light of the company's trend regarding transparency and practices)
Annual Variable Pay	• The bonus is linked to transparent, relevant and challenging criteria aligned to the company's business and strategy. For relative criteria, robust performance against the peer group is expected. • The company discloses performance criteria, their weights and targets. • The bonus is limited to a certain percentage of the fixed remuneration. • Any non-quantifiable element of the bonus is absent or limited.	• The bonus does not have a cap. • The bonus is not linked to transparent, quantifiable, relevant or challenging criteria. For relative criteria, payment can be made for below median performance. • The nature and weightings for each performance criterion are not disclosed. • The actual level of fulfilment of each performance criterion is not disclosed.

[20] In the case of small and mid-caps, this requirement shall be reviewed on a case-by-case basis.
[21] For Energy, utilities, industrials, materials and real estate sectors and/or for companies identified as world's largest GHG emitters.

Long-term Incentive Plan	• The plan is understandable to shareholders, with specific and quantitative pre-established criteria and targets for future plans, and is sufficiently long-term oriented (e.g. vesting and performance period of 5 years…). • The company discloses a cap, performance criteria, their weights and performance targets. • For relative criteria, robust performance against the peer group is expected. • The authorities for executive directors are separated from those for employees. Otherwise, the stock options and the free shares allotted to executive directors are limited explicitly. • The volume of the granted additional compensation is reasonable and in line with market practices • The company has the possibility to recover partially or entirely a past plan following special circumstances such as a restatement of the accounts (Clawback policy). • The company has included ESG performance criteria that are transparent, measurable, challenging and material.	• The plan's volume is excessively dilutive for shareholders. • Grants of stock options and free shares are not integrally linked to the achievement of transparent, pertinent and challenging performance criteria[22] • For stock options, it is possible to re-test exercising conditions. • Stock options are granted with a discount to the average market price. • The vesting period is less than three years. • The actual level of fulfilment of each performance criterion is not disclosed. • For relative criteria, payment can be made below for median performance.
Other remuneration	• The amount of any severance payment is reasonable, limited and will only be granted in case of forced departure. • The termination payments are conditional on seniority criteria or have explicit performance requirements. • The policy does not allow exceptional remuneration to be awarded as a matter of course. If it is awarded, it is not repeated, the conditions and maximum level are well described and linked to long term performance criteria.	• The termination or change in control payments made to executive directors are in line with best practice in the company's relevant market, and should not exceed two years for both annual fixed and variable compensation.[23] • The termination payments are not conditional on seniority criteria or with explicit performance requirements • The combination of a severance payment (or a non-compete clause) with an additional pension scheme • The full post-mandate exercise of unvested stock-based plans. • The severance payment or post-mandate exercise is triggered by a voluntary departure. • Exceptional remuneration is granted without any compelling explanation or not linked to performance conditions.
Non-executive pay	• Pay is linked to the attendance of directors at board and committee meetings, to the importance of their roles, and is in line with market practices. • There is full disclosure of all remuneration components for each director serving on the board.	• Pay is not linked to attendance or is considered excessive. • The global and/or individual amounts are not communicated. • Non-executive directors are granted performance-based pay.

[22] For example, if the company set objectives that are far below market announcements.
[23] Case-by-case basis based on market practice (e.g. one year in UK and Netherlands).

5. ENVIRONMENTAL AND SOCIAL PROPOSALS

SAY-ON-CLIMATE PROPOSALS

While acknowledging strategy as being of the prerogative of management, we welcome the movement by some investee companies to submit an advisory vote on their transition plans, as a space for shareholder dialogue and increased engagement. We welcome regular votes or other means of shareholder communication on the progress against these announced strategies, and their regular revision in line with science and investor expectations.

Key principles	Potential concerns
• The company discloses all GHG emissions linked to its activities, including the most relevant categories of Scope 3 emissions. • The company has adopted a credible ambition to achieve carbon neutrality by 2050, which covers all operations and refers to a 1.5-degree Celsius scenario. • The company has set absolute GHG emissions targets, covering Scopes 1 and 2 as well as the most relevant categories of scope 3 emissions. • These targets are set for short, medium and long-term horizons. • The company discloses and quantifies the principal actions it will undertake to deliver the GHG emissions targets including setting out capital expenditure plans and investment in climate solutions where relevant. • The company has a robust approach to the governance of climate-related risks, including Board oversight and executive remuneration aligned with climate change objectives. • The company integrates the notion of just transition into its climate strategy, including by considering the implications on its workforce. • The company ensures alignment of its lobbying activities with the goals of its climate strategy. • In cases where significant dissent is recorded on a Say-on-Climate resolution, we expect the Board to disclose how it intends to consider and address shareholders' concerns.	• The company fails to disclose all relevant GHG emissions linked to its activities (Scopes 1 2, and 3). • The company fails to set an ambition to achieve net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degree Celsius. • The company fails to set short and medium-term targets to achieve net-zero GHG emissions by 2050 or sooner that address, by priority, the most relevant scopes of emission. • The company fails to report on its climate governance, strategy, risk management, metrics or targets in line with the Task Force on Climate-Related Financial Disclosures (TCFD) standards. • If not decisive, additional factors may be considered in relation to how the company performs compared to its peers on its climate strategy, considering all recent published information, independent external sources, as well as BNPP AM's proprietary assessment methodology.

NON-FINANCIAL INFORMATION STATEMENTS

Robust disclosure is essential for investors to effectively gauge companies' business practices and strategic planning related to E&S risks and opportunities. Thus, we support the adoption of international frameworks that allow companies to report on sustainability information. This allows us to evaluate how the company's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.

Key principles	Potential concerns
• Sustainability reports are prepared with the same rigour and ethical approach as financial statements. • The company discloses how the double materiality assessment was carried out and the elements that led it to judge issues or impacts to be non-material. • The Non-Financial Information Statement has been approved by the Board of directors and reviewed by the Audit committee. • Boards and Audit Committees have an appropriate level of understanding of the sustainability assurance processes. • The Non-Financial Information Statement has been verified by an independent auditor. • The independent auditor's opinion is unqualified based on a reasonable assurance. Any key sustainability assurance matters are transparently explained, and remedial measures (if necessary) are implemented. • The company provides adequate disclosures on key extra-financial risks (using international disclosure framework such as TCFD, TNFD, CDP…)	• The Non-Financial Information Statement has not been verified by an independent auditor. • The auditor has expressed a qualified opinion. • The company does not disclose the scope and type of the assurance of the sustainability report. • The company is in breach of our environmental and social expectations described in Part III.

6. SHAREHOLDER PROPOSALS

Shareholder proposals are considered on a case-by-case basis in light of the justification by the proponent, company practices, disclosures and commitments, and board support or justification of opposition.

Voting issues	Key principles	Potential concerns
Environmental and Social	• The proposal is in line with our voting guidelines, our Global Sustainability Strategy (GSS) and/or Responsible Business Conduct (RBC) policy. • The proposal introduces or facilitates legal proceedings to compensate shareholders for damage suffered due to the actions of the company. • The proposal helps to improve the company's social and environmental performance, contributing to the protection of stakeholders' long-term interests. • The proposal aligns with our climate change expectations (e.g. GHG emissions disclosure, Net Zero alignment, Paris-aligned climate lobbying reporting, as listed in Part III). • The proposal is designed to address a company's contribution to systemic risk (e.g., climate change, nature loss, inequality) or reduce its negative externalities, through the production of a report or a requested change in policy or practice.	• The proposal's intent is in line with stakeholders' long-term interests but its application is not. • The proposal has already been substantially implemented by the company. • The proposal is not in line with our guidelines or with stakeholders' long-term interests. • The proposal is not appropriate for the general meeting, appears to be based on inaccurate information or would be impractical, excessively costly or risky to implement. • The proposal appears designed to reverse or slow a company's progress on social or environmental matters, taking into account the body of the proposal as well as the apparent motivation of the proponent. Such proposals are commonly referred to as 'anti-ESG' proposals.
Corporate Governance	• The proposal is in line with our Governance and Voting Principles and/or our Global Sustainability Strategy (GSS) or Responsible Business Conduct (RBC) policy. • The proposal aims to improve the governance of the company. • The proposal aims to facilitate Proxy Access. • The proposal seeks greater disclosure of political contributions and lobbying, including governance, policy positions, and full disclosure of recipients. • The proposal seeks to improve transparency of corporate tax policy and practices, including proposals seeking reports prepared using the Global Reporting Initiative's Tax Standard.	• The proposal is not in line with our Governance and Voting Principles and/or our Global Sustainability Strategy (GSS) or Responsible Business Conduct (RBC) policy. • The proposal is not in line with stakeholders' long-term interests.

7. OTHER RELEVANT ISSUES

Voting issues	Key principles	Potential concerns
Changes to Company Statutes	• The proposed amendment to the company's by-laws improves the company's governance. • The proposed amendment respects the 'one share – one vote – one dividend' principle. • The proposed amendment introduces in-person AGMs or hybrid format options for investors.	• The proposed amendments carry adverse impacts on shareholder rights (to be considered on a case-by-case basis in light of information provided by the company). • Multiple Voting Shares or non-Voting Depository Receipts are introduced. • An ownership ceiling or voting right ceiling, Priority shares or Golden shares are introduced. • Statutory disclosure thresholds are below 5% of the issued capital. • The proposed amendment reduces the delay of declaration of thresholds rule. • Virtual AGMs are allowed as a general principle.
Related-party Transactions and other Resolutions	• There is full disclosure of information relevant to the resolution which is presented in a fair and balanced way. • The transaction is in line with all shareholders' interests.	• Insufficient disclosure of relevant information. • The related-party transactions include elements which may be contrary to our remuneration policy (see above). • The related-party transactions benefit a specific shareholder at the expense of others. • Bundled resolutions that include a proposal detrimental to shareholders' interests. • Blind resolutions.

8. ENVIRONMENTAL AND SOCIAL PROPOSALS AND CONSIDERATIONS

In applying our voting policy, we strive to implement the principles and goals outlined in our Stewardship Policy.

Beyond voting on resolutions related to environmental and social issues (such as shareholder proposals, say-on-climate and non-financial reporting that are detailed in our guidelines), we apply environmental and social considerations to voting on other items that we consider strategically important to the company or relevant to managing key impacts on society or the environment.

This is the case for items such as the Discharge of Board and Management / Board Re-elections / Non-Financial Statements and Director & Auditor Reports, to which we apply our environmental and social considerations, depending on the market In addition, we require companies in all sectors to link executive variable compensation plans to relevant environmental and social performance criteria.

We may oppose or abstain on items where the company is at serious risk of violating our exclusion policies – including violating the UN Global Compact principles (UNGCPs), the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs) and/or our Sector Policies, linked to environmental, human rights and/or social risks.

More specifically, in cases where a company's current strategy seems inconsistent with our environmental and social expectations, we may vote against the re-election of the entire Board, or the discharge of the Board, including in the following cases:

- **Failure to comply with our RBC Policies**: companies excluded under our Sector Policies and/or International Standards (e.g., UNGCPs, OECD MNE Guidelines, UNGPs, etc.), but which we can still vote on through passive holdings or mandates.
- **Climate strategy**-related concerns, including companies that are among the world's largest emitters but have not set a net zero ambition or lack a credible transition strategy.

We may also vote against the re-election the relevant committee members, or the Chair of the Board, in cases of poor management or oversight of ESG risks, including in the following situations:

- **Insufficient transparency** of material environmental or social issues, including lack of disclosure on GHG emissions, or non-disclosure to CDP Water and Forests questionnaires.
- Concerns with respect to the company's **climate lobbying** activities. In particular, a dissenting vote may be cast at companies particularly exposed to climate issues that fail to appropriately report on their climate lobbying activities (both direct and indirect), or when they are inconsistent with the goals of the Paris Agreement.

In some cases, our votes against the Board may also serve as an escalation mechanism when companies have not been responsive to our engagements on material environmental and social issues.

APPENDIX III: VOTING APPROACH

1. VOTING APPROACH

We advise our clients to delegate proxy voting authority to BNPP AM to safeguard their shareholder interests. BNPP AM will vote in proxy of its clients solely in the interest of its clients and the ultimate beneficiaries of the funds for which they are responsible. We will not subordinate the interests of our clients to unrelated objectives.

For clients that have delegated proxy voting authority to us, we will make every reasonable effort to ensure that proxies are received and voted in accordance with these proxy voting guidelines.. All BNPP AM clients are informed that this policy and proxy voting procedures are in place.

Although we seek to apply these policies consistently, we will always take into account company-specific circumstances. For that reason, these policies are presented in the form of general principles, which are designed to identify the kinds of practices we would like to see and those that present concerns.

In executing its proxy voting responsibilities, BNPP AM seeks to develop a generally constructive and positive approach with the Boards of companies it invests in, clearly setting out its expectations as a diligent steward of assets. But BNPP AM will not hesitate to oppose management proposals that run counter to these policies, nor to support shareholder proposals consistent with our policies, designed to advance the long-term interests of our clients.

We use the services of several proxy voting providers: ISS, which provides voting research and a voting platform for all companies; Glass Lewis for voting research, and; Proxinvest, which provides research for companies listed in France. These proxy voting providers are used to help us implement our policies and to augment our knowledge of companies and resolutions at forthcoming general meetings. We do not outsource voting activity, as BNPP AM will take each voting decision at every shareholder meeting according to its own voting policy in order to serve its clients' best interests. Arrangements with proxy voting providers are reviewed annually.

2. GOVERNANCE AND OVERSIGHT

BNPP AM has appointed a Stewardship Committee that is empowered to establish voting guidelines and is responsible for ensuring that those guidelines and procedures are followed. This committee comprises members of the Management, Stewardship, Sustainability and Compliance teams. As proxy voting is considered an integral part of the investment process, the ultimate responsibility for proxy voting lies with the Chief Executive Officer (CEO) of BNPP AM. This policy is reviewed annually in order to reflect the evolution of corporate governance codes and market practices and is reviewed by our Stewardship Committee and. It is ultimately validated by our Board of Directors, and implemented by the Stewardship team.

3. VOTING SCOPE

This policy applies to BNP Paribas Asset Management Holding, as the parent entity of BNP Paribas Asset Management Europe, the asset management business line of the BNP Paribas Group and, as such, as the ultimate owner of the corporate governance and Sustainability related policies of BNPP AM.

Our voting policy applies to BNPP AM and to all portfolios that have delegated proxy voting authority to BNPP AM, including the voting rights associated with equity shares held in mutual funds, Collective Investment of Transferable Securities (UCITS), alternative investment funds (AIF), foreign investment funds and investment mandates.[24][25]

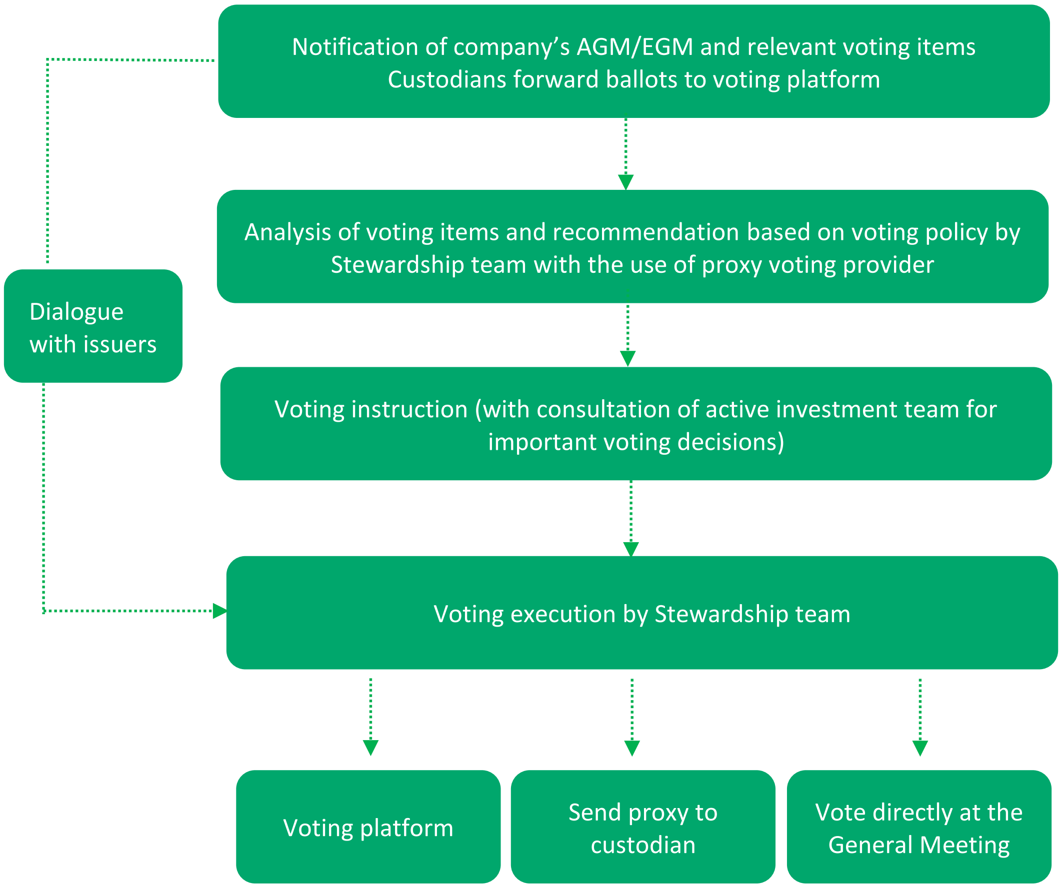
As far as possible, we do not apply any specific restrictions on voting regarding the type of resolution nor the issuer in question, but the objective is to vote at all possible general meetings[26].

We also accommodate certain custom voting policies, provided for specific client mandates. In case of delegation of portfolio management to external investment managers, when possible and relevant BNPP AM will keep the exercise of voting rights. Where proxy voting is delegated to external investment managers, they are required to have a proxy voting policy, to exercise voting rights in line with market practices and to report regularly on the results achieved.

4. PROXY VOTING PROCESS

[24] Unless instructed, agreed or otherwise constrained by our clients' agreement or local regulation and practices.
[25] Although voting may occur in alternative asset classes, this policy would not be applicable considering the specificities of such asset class and only to listed market.
[26] Multi-asset funds are voted whenever the equity component of the fund exceeds 10%. We might not vote when local markets impose meaningful costs for casting the vote (e.g. if a Power of Attorney is needed per AGM or per funds, if our custodians does not offer the proxy voting services in the country…).

The following points outline the key steps of the proxy voting process from the notification of voting agendas in the context of Annual or Extraordinary General Meetings (AGM-EGM) to actual voting execution:



Voting analysis is done by the stewardship team, which may be supplemented by an enhanced analysis, in particular in case of:

- Complexity or significance of the issue (items that address critical governance topics, such as executive remuneration, board composition, or major strategic transactions), or resolutions that tackle specific sustainability issues;
- Potential controversy: Issues involving contentious practices or heightened public interest;
- Engagement outcomes: Resolutions tied to ongoing or recent dialogues with the company, where our interactions may influence the voting outcome;
- Materiality: The relative size of our shareholding and the importance of the issuer within our investment portfolios.

5. PROCESS FOR SECURITIES LENDING

Stock lending aids market liquidity and allows clients to maximize revenues from their holdings and is a technique used by BNPP AM. However, the attendant transfer of voting rights along with the lent shares means that additional scrutiny is required to ensure that lent shares are not put to purposes that are detrimental to the long-term interests of the shareowner. Shares will not be lent where the objective of such activities is to vote at general meetings.

BNPP AM as lending agent intends to recall all shares, ahead of the record date (where the record date is not backdated) in advance of general meetings to exercise our full voting right for open-ended funds and mandates. Ongoing securities transactions are monitored by the securities lending team.

6. CONFLICTS OF INTEREST

As an asset manager owned by a large financial institution, BNPP AM Holding can sometimes face potential conflicts between its clients' interests and those of BNPP AM in specific circumstances, including the following:

- Employees being linked personally or professionally with a company whose securities are submitted to vote;
- Business relations existing between the company whose shares are being voted on and BNP Paribas Group; or
- Exercise of voting rights concerning shares of BNP Paribas Group or of significant participations or holdings of the Group.

BNPP AM has implemented several principles, mechanisms and decision processes to ensure that conflicts of interest do not influence our votes, such as:

- BNPP AM's Voting Policy stresses that voting rights are exercised in the best interests of clients to protect and enhance the long-term value of their shareholdings;
- These Governance and Voting Principles, which determine the decision-making process for the exercise of voting rights are approved by the Board of Directors, which includes independent directors;
- Employees must comply with BNPP AM's Code of Ethics and declare any outside business activity. All employees receive annual training on these policies and must complete annual certifications of compliance;
- 'Information barriers' between BNPP AM's entities and other BNP Paribas Group companies ensure that BNPP AM employees remain independent and neutral in the exercise of their responsibilities.

Records of all potential conflicts of interest and their resolution are kept in the Stewardship Committee's minutes.

Any material conflicts of interest that are identified trigger an escalation process involving top management, including the following:

- The relevant CIO;
- The head of Compliance and senior managers of other Control Functions involved;
- The CEO.

At each level, the "'best interest of clients' principle is paramount in the decision outcome. When a conflict of interest is identified, it is duly disclosed to the concerned clients where applicable laws so require.

7. TRANSPARENCY & REPORTING

BNPP AM is committed to transparency in its proxy voting approach and execution. A copy of this policy can be accessed on our website[27]. We publish an annual report, providing an overview of proxy voting activities and engagement and we provide quarterly reports to clients. Lastly, voting records of individual agenda items at company meetings and per funds are publicly available in a searchable database.

All the policies and approaches mentioned in this document are publicly available on our website: Sustainability documents - BNP Paribas Asset Management - Corporate EN

[27] https://www.bnpparibas-am.com/en/sustainability/sustainability-documents/

Disclaimer

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