

FOR PROFESSIONAL INVESTORS

GOVERNANCE AND VOTING POLICY



2025



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

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INTRODUCTION

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

At BNPP AM, we believe that promoting good corporate governance standards is an essential element of our ownership responsibilities. 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 interrelationships and their relations with stakeholders. Good corporate governance creates the framework that ensures that a corporation is managed in the long-term interest of its stakeholders. Therefore, BNPP AM expects all corporations in which we invest to comply with high corporate governance standards.

Voting at General Meetings (GMs) of listed public companies in which we invest is a key component of our stewardship practice and forms an integral part of BNPP AM's investment process. 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 shares held in Undertakings for the Collective Investment of Transferable Securities (UCITS), alternative investment funds (AIF), foreign investment funds and investment mandates. We are committed to ensuring that these policies are consistently¹ exercised across portfolios and markets. However, we take into account specific circumstances relating to individual companies such as geographic and regulatory differences, as well as size.² We also accommodate certain custom voting policies, provided for specific client mandates. In case of delegation of portfolio management to an 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.

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 of the companies we invest in and guide our responsible ownership activities.

We vote by proxy solely in our clients' best interests, and those of the ultimate beneficiaries of the funds for which we are responsible. In executing our proxy voting responsibilities, we seek to develop a generally constructive and positive approach with the boards of companies we invest in, clearly setting out our expectations as a diligent steward of assets. However, we will not hesitate to abstain on items, oppose management or support shareholder proposals when applying our voting guidelines.

Our policies and guidelines are reviewed annually in order to reflect the evolution of corporate governance codes, law, regulation and market practices, and are approved by our Stewardship Committee and then by BNPP AM's Board of Directors.

The first section of this document outlines our key governance and proxy voting principles. The second section describes our proxy voting process. The final section is a set of guidelines on key voting issues relating to approval of accounts and management reports, financial operations, appointment and remuneration of directors and executives, as well as the environmental and social issues we take into consideration when making our voting decision.

¹ Subject to technical and legal constraints.

² For example, certain principles designed for large companies, including those relating to transparency, may in some cases be too onerous for small companies to adopt.

PART I: VOTING PRINCIPLES

The following principles describe BNPP AM's expectations of the listed public companies in which we invest. We believe that corporate performance on Environmental, Social and Governance (ESG) issues impact the value of our clients' investments, in addition to driving systemic risks and opportunities. We are therefore committed to incorporating ESG standards into our investment processes and voting criteria, in the long-term interests of our clients. These principles 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:

- 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 all decisions concerning fundamental corporate changes;
- Capital increases should be carefully controlled to minimise dilution of existing shareholders;
- Anti-takeover devices should not be used;
- 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 sufficient counter-balancing structure of the Board and its committees with a strong presence of qualified, diverse, engaged and independent directors to allow for objective and effective oversight of management, with independent leadership. Formal evaluation of the Board, executive sessions and succession plans should be in place. Directors should be elected annually, by a majority vote of shareholders. Board composition should include the expertise necessary to understand 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 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, and should respect best market practices. 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 upon proactive and effective management of ESG risks and opportunities to ensure that growth is not at the expense of social and environmental health and stability. As a sustainable 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 governance, environmental and social 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 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.

PART II: VOTING APPROACH

1. CLIENT APPROACH

We advise our clients to delegate proxy voting authority to BNPP AM to safeguard their shareholder interests. BNPP AM shall 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 shall 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 markets norms and compliance with local law and regulation. 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 abstain on or 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 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 on French listed public companies.

These proxy voting providers are used to help us implement our policies. We do not delegate decision-making authority to them, as BNPP AM will take each voting decision at every shareholder's meeting internally with no outsourcing of the final decision in order to serve its clients' best interests.

Arrangements with proxy voting providers are reviewed annually.

2. THE STEWARDSHIP COMMITTEE

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 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.

3. VOTING SCOPE

Voting rights are exercised on equities for mutual funds, UCITS, AIF, foreign investment funds, mandates and for Employee Investment Funds for which voting rights are delegated to BNPP AM.

We do not vote on 100% of our holdings as it would imply:

- A significant increase of the costs of proxy voting for clients;³ and
- A need to outsource a greater value-added part of the voting activity, which would reduce the qualitative and committed aspects of our voting process.

Our voting scope therefore comprises companies for which aggregated positions meet one of the three following conditions:⁴

- Represents 90% of our aggregated stock positions
- Represents 0.1% or more of the company's market capitalisation
- Ad hoc demand or local market regulations and label requirements (e.g., the French SRI label)

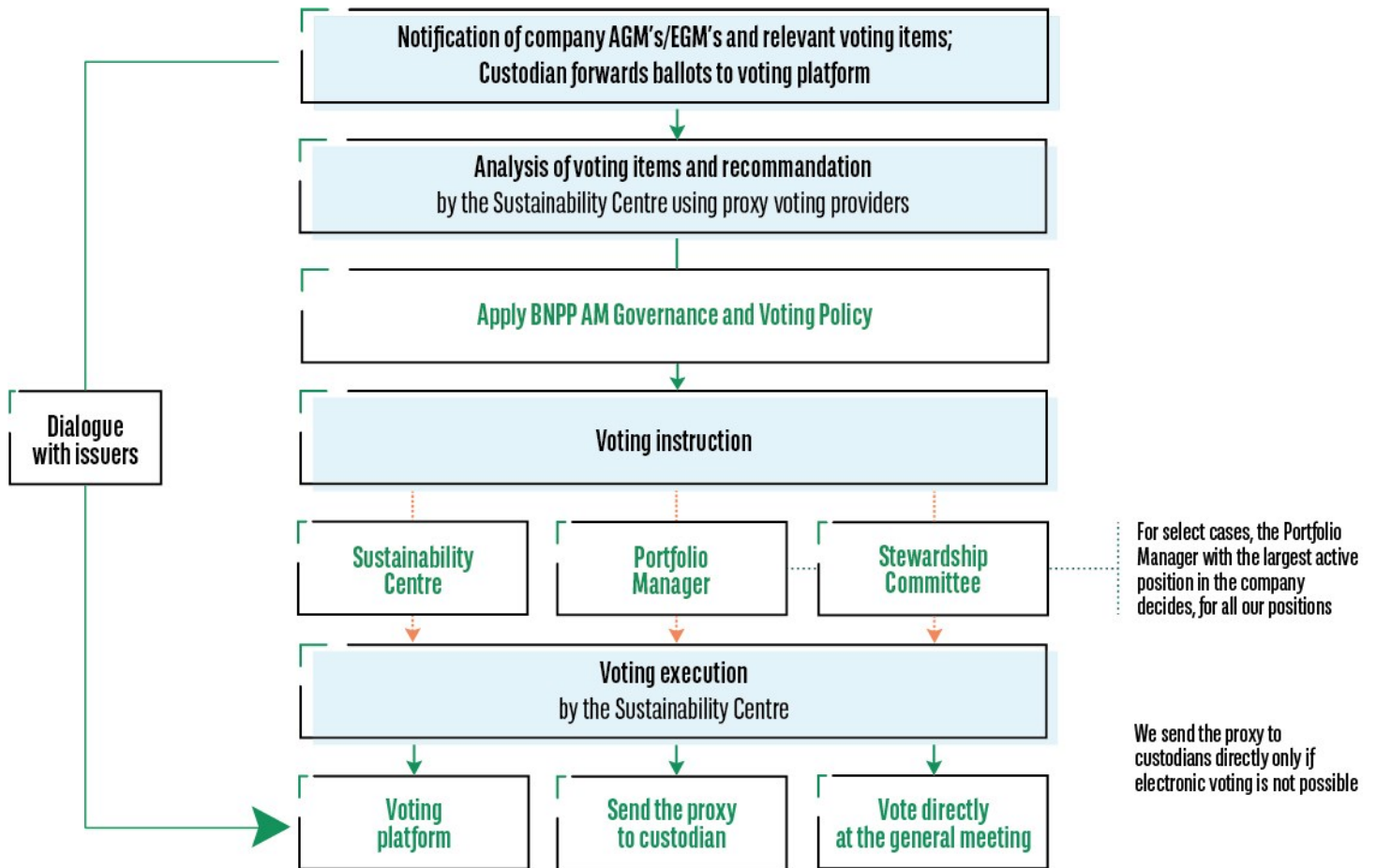
³ Custodian and proxy voting provider costs.

⁴ We will not vote in ballots 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 custodian does not offer the proxy voting services in the country, etc.).

These factors ensure that we concentrate our efforts on positions held in a wide proportion in our assets under management, and participate efficiently and effectively at shareholders' meetings of companies in which our collective investment schemes hold a significant proportion of the capital.

4. PROXY VOTING PROCESS

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:



PROCESS FOR SECURITIES LENDING:

As of today, we do not undertake any securities lending activity. Should this activity be requested by a client, BNPP AM would monitor the number of shares on loan and apply a systematic process of recalling shares for general meetings.

5. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

In applying our voting policy, we strive to implement the principles and goals outlined in our [Global Sustainability Strategy](#) (GSS) and this [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 / Financial Statements and Director & Auditor Reports**, to which we apply our environmental and social considerations, depending on the market⁵.

In addition, we apply environmental and social considerations to **Remuneration items** (reports and/or policies). 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 violations of our Responsible Conduct Policy (RBC) – including violations of the UN Global Compact principles and/or our Sector Policies, linked to human rights and/or social risks.

Similarly, where the company has a low score on BNPP AM's proprietary ESG rating system and/or has failed to improve its practices over time, we may oppose or abstain on an item on the agenda.

In some cases, our votes on these issues serve as an escalation mechanism when companies have not been responsive to our engagement.

Our specific expectations and the list of voting items to which they apply are detailed in **section 5** of this policy ('Environmental and social proposals and considerations').

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 is 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

⁵ Different rules apply across countries and thus not all items are available at all general meetings. We target three item categories to ensure that we can apply our environmental and social considerations to at least one votable item.

- The head of Compliance and senior managers of other Control Functions involved
- The CEO

At each level, the “in the clients’ best interest” 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 website⁶.

We publish an annual report, providing an overview of proxy voting activities and engagement, and provide quarterly reports to clients, upon request.

Lastly, voting records of individual agenda items at company meetings are publicly available in a searchable database on our [website](#).

⁶ <https://www.bnpparibas-am.com/en/stewardship-future-maker-in-action/>

PART III: 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:

- 4.1. Reports and approval of accounts
- 4.2. Financial operations
- 4.3. Board elections
- 4.4. Remuneration
- 4.5. Environmental and social proposals and considerations
- 4.6. Shareholder proposals
- 4.7. 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 to ensure that companies deliver long-term performance, as well as issues that may trigger an 'against' or 'abstain' vote. These factors tend to have an impact on our voting decisions but do not automatically imply votes 'for', 'abstain' or 'against', as we consider the specific circumstances of each company and take into account compliance with local law and regulation.

Voting decisions are based on the following considerations:

- **For:** The proposed resolution aligns with good practice and stakeholders' long-term best interests
- **Abstain:** We may abstain for a number of reasons. In general, we intend our abstention to signal a half-way position between support and opposition
- **Against:** The proposal is not acceptable and is not in the stakeholders' long-term best interests.

The following guidelines describe the factors that we consider in casting our votes.

1. REPORTS AND ACCOUNTS

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Financial Statements / Director and Auditor Reports	<ul style="list-style-type: none"> Information provided by the Board presents a full and fair view of company affairs and financial situation, at least 28 days before the AGM. The accounts have been recommended by an independent⁷ audit committee. The company provides adequate disclosures on key financial and extra-financial risks. 	<ul style="list-style-type: none"> The accounts are not available at the cut-off date to cast our vote The auditors express reservations or refuse to certify the accounts after having discovered serious irregularities The Board has not set up an audit committee (to be reviewed on a case-by-case basis for smaller companies and market practice)⁸ The company is in breach of our environmental and social expectations. 	
Discharge of Board and Management	<ul style="list-style-type: none"> There is no contentious issue relating to the board or the management of the company. 	<ul style="list-style-type: none"> There are serious questions about actions of the Board or management for the year in question Legal action is being taken against the Board by other shareholders. 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. The company has not been responsive to repeated shareholder voting dissent on remuneration 	

⁷ The audit committee is composed of more than 50% independent members, does not include an executive director, and its members have financial competence.

⁸ Market capitalisation of less than EUR 1 billion.

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Allocation of Income	<ul style="list-style-type: none"> • A sustainable dividend is a dividend 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. • The company has provided sufficient information to indicate the level of dividend. • In case of payment of the dividend in shares, the shareholder can possibly be paid in cash. 	<ul style="list-style-type: none"> • The payout ratio is excessively higher than in the previous year and the company has failed to explain this (to be reviewed on a case-by-case basis for growth companies which usually need to conserve more cash than mature companies). • The mark-up of the preferred dividend is more than 10% of the regular dividend. • The company does not have a sustainable dividend in place⁹. 	
Appointment of Auditors (Financial or sustainability auditors) and Approval of Audit Fees	<ul style="list-style-type: none"> • The auditors have been recommended by an independent audit committee.¹⁰ • 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 audit fees, sustainability audits fees and advisory 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 a mandatory rotation of the auditors after no more than 15 years, with a clearwater period of at least five years before the auditor can be re-appointed. 	<ul style="list-style-type: none"> • Advisory or audit fees are not disclosed. • Audit fees are equal to non-audit fees, presenting a potential conflict of interest. • The company has not disclosed the tenure of the proposed auditors. 	<ul style="list-style-type: none"> • The Board does not have an audit committee. For smaller companies that lack an audit committee, if at least one executive sits on the board. • There are potential concerns regarding the independence of the auditors, such as: <ul style="list-style-type: none"> – Non-audit fees exceed audit fees – Appointments exceeding a 6-year mandate – Auditors' tenure exceeds 24 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.

⁹ Reviewed on a case-by-case basis: Payout ratio could be excessive if the company has a ratio above 100% for two consecutive years or the level could compromise the long-term strategy of the company

¹⁰ The audit committee is composed of more than 50% independent members, does not include an executive director, and its members have financial competence.

2. FINANCIAL OPERATIONS

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Authority to issue shares or securities giving access to capital	<ul style="list-style-type: none"> The authority respects the 'one share – one vote – one dividend' principle The authority is suitably justified and limited, in amount and duration (two years) The authority includes pre-emptive rights (or otherwise priority rights of at least five days), does not create significant imbalances between the different categories of shareholders, and avoids the dilution risk for current shareholders. 	<ul style="list-style-type: none"> The authorisation respects our limits, but all share issue authorities in aggregate exceed 50% of the issued share capital.¹¹ 	<ul style="list-style-type: none"> The authority with pre-emptive rights exceeds 50% of issued share capital (to be reviewed on a case-by-case basis¹²) The authority without pre-emptive rights and with priority rights or with a specific object¹² exceeds 20% of issued share capital The authority without pre-emptive rights and without priority rights exceeds 5% of issued share capital (to be reviewed on a case-by-case basis^{12,13}) The authority is likely to be used as an anti-take-over measure.
Share Repurchase Plan	<ul style="list-style-type: none"> Share repurchase represents best use of company resources and is limited both in volume and duration, the discount is limited and the authorisation does not exceed 18 months. 	<ul style="list-style-type: none"> The maximum upward and downward deviation exceeds 5% of the average market price over a representative period or 10% if the resolution refers to a day price. 	<ul style="list-style-type: none"> The share repurchase plan meets at least ONE of the following conditions: <ul style="list-style-type: none"> The authorization would be executable during a takeover period The buyback exceeds 10% of the issued capital¹³ Allows for the reissuance of repurchased shares, in excess of 5% of the issued capital Use of financial derivatives for share repurchases There is no limit on the possible discount.
Share issues reserved to employees	<ul style="list-style-type: none"> Employee savings aimed at involving employees in the results of their company and promoting collective savings and the development of company investments. The authority to issue shares does not create significant imbalances between categories of shareholders. 	<ul style="list-style-type: none"> Cumulative volume exceeds 10% of issued capital AND discount over 10% (to be reviewed on a case-by-case basis in the case of abuse usage of employees plan such as anti-takeover mechanisms). 	

¹¹ Exceptions from these guidelines may be granted if the board can give a compelling justification for an increase in excess of the guidelines (e.g., for the financial services industry in light of the regulatory capital ratio requirement).

¹² Share capital increases up to 20% to finance external growth operations or conversion of warrants/bonds are permissible.

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

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Debt restructuring	<ul style="list-style-type: none"> The level of dilution given the full conversion of securities is not excessive. 	<ul style="list-style-type: none"> Dilution risk is too high for the ownership interests of existing shareholders and to future earnings. The proposal would result in a change of control at the company. If bankruptcy or the threat of bankruptcy is the main factor driving the restructuring. 	
Mergers and Acquisitions	<ul style="list-style-type: none"> The merger or acquisition makes commercial and strategic sense for the company The proposal is beneficial to shareholders and the impact on voting rights is not disproportionate The combined company has a better governance structure The operation concerns a subsidiary and is considered an internal restructuring. 	<ul style="list-style-type: none"> Given the complex nature of most merger & acquisition proposals, such issues will be reviewed on a case-by-case basis from a transparency, corporate governance and financial point of view. The limits concerning capital increases¹⁴ will not apply on merger cases. Issues that will be taken into account, where sufficient information is available, include: <ul style="list-style-type: none"> The rationale driving the transaction 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 Proposed changes in corporate governance and their impact on shareholder rights Impact on community stakeholders and employees in both workforces 	
Corporate Restructuring	<ul style="list-style-type: none"> No conflicts of interest among the various parties A shareholder vote on a legitimate corporate restructuring The restructuring does not create significant imbalances between categories of shareholders Shareholder value is being preserved. 	<p>Votes concerning corporate restructuring are considered non-routine and evaluated on a case-by-case basis. Issues that will be taken into account include:</p> <p>Spin-offs</p> <ul style="list-style-type: none"> Potential tax and regulatory advantages Planned use of proceeds Market focus and managerial incentives <p>Asset sales</p> <ul style="list-style-type: none"> Impact on the balance sheet and working capital Value received for the asset and the potential elimination of diseconomies <p>Liquidations</p> <ul style="list-style-type: none"> Management's efforts to pursue other alternatives Appraisal value of the assets The compensation plan for executives managing the liquidation 	

¹⁴ See previous page.

3. BOARD ELECTIONS

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Board elections	<ul style="list-style-type: none"> • The Board of Directors (or Supervisory Board) is more than 50% independent from management, represents the interests of majority and minority shareholders, and sufficiently diverse • Specialised committees comprise a majority of independent members with an independent Chair (The audit and the remuneration committees do not include an executive director) • An independent nomination committee proposes candidates. We are in favour of annual votes • The Board has fewer than 18 members • There is an open dialogue between the Board (independent members) and its investors • The Chair and CEO roles are split and the Chair is independent. • Non-executive directors have less than five total director mandates or less than three total director mandates for executive directors (including outside CEOs) • There is sufficient biographical information for shareholders to vote on an informed basis • Shareholders can vote separately on the election of individual directors. 	<ul style="list-style-type: none"> • The candidate is not independent¹⁵ and the Board comprises less than 50% independent directors excluding employee representatives (for non-controlled companies) or the Board comprises less than 33% independent directors incl. employee representatives (for controlled companies or in cases of a Board with 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%).¹⁶ • The candidate is both Chair and CEO of the company¹⁷. • Appointments exceed a four-year mandate. • The company has less than 40% of directors from the underrepresented gender (for mature markets), or less than 20% of directors (for the other markets)¹⁸. • The candidate is a member of the nomination committee and the Board has no apparent racially or ethnically diverse composition for markets where data is available and companies are authorized by local law • The candidate is a member of the governance/nomination committee (or Board Chair in the absence of votes) where there is a dual class share system with differential voting rights.¹⁹ • The director had a very low level of attendance without any satisfactory justification (below 75%). • 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.²⁰ • The election is for censor position (except for temporary election, less than one year). • The company is in breach of our environmental and social expectations, cf. Part II.5. • The company has not been responsive to repeated shareholder voting dissent on remuneration. 	

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 For example, in the US, the threshold level requirement is two-thirds and key committees are composed entirely of independent members.

¹⁷ We may abstain on the item related to the joint role where important checks and balances in the governance of the company are in place: presence of a strong lead independent director (with the ability to convene a board meeting and add items to the meeting agenda, who engages with shareholders, and/or can convene meetings without the presence of executives), independence of key functions including the recruitment of board members, succession planning, regulatory compliance, where there is a strong performance track record. We will generally support the combined role in case of important checks and balances described above if it is temporary (2 years maximum or commitment to separate the functions for the next CEO) or the CEO/Chair does not have a link with the dominant shareholder or in case of strong financial and sustainability performance. Decisions are taken on a case-by-case basis, in exceptional circumstances.

¹⁸ Exceptions can be applied if the percentage of the underrepresented gender is below the threshold (between 25-40% for mature markets or 10-20% for other markets), if the company has made important improvements, or in cases where the board is small (8 directors maximum), or where there company is a new IPO; if there is a commitment to reach our threshold within a reasonable time, or if the company has developed a strong diversity policy or strategy.

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

²⁰ For example, the Company did not respond to a majority shareholder vote last year, the director failed to gain majority support, the by-laws contain unfriendly restrictions on shareholders' rights, there has been a restatement of the financial accounts, or there have been substantial ESG controversies, violations of international norms, criminal violations or significant regulatory fines.

4. COMPENSATION PRACTICES

VOTING ISSUE	FOR	ABSTAIN	AGAINST
<p>Remuneration policy and report (say-on-pay)</p>	<ul style="list-style-type: none"> • The company must present a transparent, exhaustive and clear overview of its compensation practices • The company explains the philosophy of its remuneration policy, including the link with strategy and its human resources policy • The policy explains the amount, the split, and the evolution between the different remuneration components chosen • The remuneration schemes are in line with the long-term company performance (e.g. the remuneration committee has considered the impact of share repurchases undertaken during the previous year on relevant performance targets for incentive schemes) • The remuneration scheme has been recommended by a remuneration committee composed of more than 50% independent members and does not include an executive director • The company has a long-term remuneration policy in place, including environmental and social performance criteria that are transparent and challenging, linked to the sustainability strategy • The compensation policy includes stock ownership and clawback guidelines for executives. 		<ul style="list-style-type: none"> • The remuneration is unclear or lacks transparency in order for shareholders to have an appropriate opinion upon it • The policy allows the company to derogate from the approved remuneration policy and change weights, criteria or volume of remuneration • The remuneration scheme is disproportionate with regard to the evolution of its median employee's remuneration, NEOs, or its relevant peer group • The remuneration scheme is misaligned with regard to performance (based on share value and/or intrinsic value). The compensation scheme allows a pay-for-failure approach or is not long-term oriented • 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) • The company has not included any environmental or social performance criteria within either the short or long-term component of executive variable remuneration²¹. • The company has not included any climate-related criteria²², which are measurable and quantifiable, within either the short or long-term component of executive variable remuneration²³.

²¹ In the case of small and mid-caps, this requirement shall be reviewed on a case-by-case basis.

²² For 2025: Energy, utilities, industrials, materials and real estate sectors and/or for companies identified as world's largest GHG emitters. Applicable for 2026 for all sectors.

²³ In the case of small and mid-caps, this requirement shall be reviewed on a case-by-case basis.

VOTING ISSUE		FOR	ABSTAIN	AGAINST
Remuneration of executive directors and senior executives	Short-Term remuneration (Fixed and bonus)	<ul style="list-style-type: none"> The company discloses the rules to establish the base salary and its evolution. It needs to be justified and reasonable The bonus is linked to transparent, pertinent and challenging criteria, relevant to the company business and strategy The company discloses performance criteria, their weights and performance targets in absolute terms. The bonus is limited to a certain percentage of the fixed remuneration. Any non-quantifiable part of the bonus is absent or limited. 		<ul style="list-style-type: none"> The company significantly increased the base salary or bonus cap of an executive without a satisfactory explanation, or the increase is not justified based on company performance, and is not aligned with the wider workforce pay evolution The bonus does not have a cap The bonus is not linked to transparent, pertinent or challenging criteria The nature and weightings for each performance criterion are not disclosed The actual level of fulfilment of each performance criterion is not disclosed.
	Long-Term incentive plan (Free shares, Stock-options)	<ul style="list-style-type: none"> The plan must be understandable for shareholders, with specific and quantitative pre-established criteria and targets for future plans, and a vesting and performance period of at least five years. The company discloses a cap, performance criteria, their weights and performance targets in absolute terms. 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. 	<p>The plan meets at least ONE of the following conditions:²⁴</p> <ul style="list-style-type: none"> Cumulative volume of proposed and outstanding stock option plans and free shares exceeds 10% of issued capital including 3% maximum for corporate officers²⁵ Volume of stock option plans per year exceeds 2.5% of issued capital²⁵ Free shares distribution per year exceeds 1% of issued capital²⁵ Significant increase without satisfactory explanations or not justified with regard to performance Grants of stock options and free shares are not linked integrally to the achievement of transparent, pertinent or challenging performance criteria²⁶ Possibility to re-test exercising conditions Existence of a discount for executives on stock-options Sum of vesting and holding periods or a performance period less than three years (for stock option and free shares) The actual level of fulfilment of each performance criteria is not disclosed. <p>NB. The proposed resolution is assessed in light of the existence and degree of independence of the remuneration committee.</p>	

²⁴ To be reviewed on a case-by-case basis for different geographic zones in which such conditions may not be a market practice.

²⁵ To be reviewed on a case-by-case basis depending on historic burn rate and on market practices.

²⁶ For example, if the company set objectives that are far below market announcements.

VOTING ISSUE		FOR	ABSTAIN	AGAINST
Remuneration of the executive directors and senior executives	Exceptional remuneration	<ul style="list-style-type: none"> The additional pension schemes respect the following principles: the beneficiary has a significant seniority within the group; is employed with the company at the time of retirement; his/her rights may only account for a reasonable limited percentage of the compensation; the period taken into account for the calculation covers several years; the group of potential beneficiaries must be broader than the sole executive No severance payment. Otherwise, the amount is reasonable, limited, and will only be given in case of a constraint departure No exceptional remuneration. Otherwise, it is not repeated, conditions and maximum level of award are well described and linked to performance criteria. 	<ul style="list-style-type: none"> The termination or change in control payments for executive directors or the Chair of the Board exceed two years of both annual fixed and variable compensation (stock options and other compensation excluded)²⁷ 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 post-mandate exercise of unvested stock-based plans or an indemnity compensating for his loss of the right to exercise the stock-based plans The severance payment is triggered by a resignation Exceptional remuneration is granted without any compelling explanation or not linked to performance conditions. 	
Remuneration of the non-executive directors		<ul style="list-style-type: none"> Linked to the attendance of directors to the board and committees, and to the importance of carried out missions, and in line with benchmarks (based on country practices) Full disclosure of all remuneration components for each director serving on the board The different elements constituting the pay need to be identified and their respective policies explained. The pay should be transparent enough for shareholders to allow them to distinguish the remuneration of executives from that of non-executive directors. 	<ul style="list-style-type: none"> Not linked to attendance The individual amounts are not communicated (to be reviewed on a case-by-case basis depending on market and company practices²⁸). 	<ul style="list-style-type: none"> Not linked to attendance and deemed excessive The global and/or individual amounts are not communicated (to be reviewed on a case-by-case basis depending on market and company practice²⁹).
Employee remuneration		For the other beneficiaries of the plan (excluding the top executives), the principles are less strict (especially regarding the performance criteria) and analysed in light of the global conditions of the plan.		

²⁷ Case-by-case basis based on market practice (e.g. one year in UK and Netherlands).

²⁸ We will abstain if the market practice is not to communicate such information, and vote against if it is market practice to provide this information.

²⁹ We will abstain if the market practice is not to communicate such information, and vote against if it is market practice to provide this information.

5. ENVIRONMENTAL AND SOCIAL PROPOSALS AND CONSIDERATIONS

This section summarises how environmental and social considerations are integrated into our voting decisions

GENERAL ENVIRONMENTAL EXPECTATIONS³⁰

VOTING ISSUE	ABSTAIN / AGAINST		
	General expectations	Climate	Biodiversity
Say-on-Climate management proposal ³¹		<ul style="list-style-type: none"> The company does not properly report on its greenhouse gas emissions (scope 1, 2, and where appropriate³², scope 3) The company is a BNPPAM priority company in relation to its climate lobbying activities and does not align with our expectations in terms of climate lobbying reporting 	
Discharge of Board and Management	<ul style="list-style-type: none"> The company is implicated in serious violations of our Responsible Conduct Policy (RBC) – including violations of the UN Global Compact principles and/or our Sector Policies, linked to environmental and/or climate risks The company has a low ESG score performance on BNPP AM's proprietary ESG rating system and/or has failed to improve its practices over time. 	<ul style="list-style-type: none"> The company is a BNPP AM priority company in relation to its climate impacts and fails to communicate or constructively engage on its climate strategy The company is among the world's largest corporate GHG emitters³³ and has not yet set an ambition to achieve net-zero GHG emissions by 2050 or sooner, underpinned by credible decarbonisation strategies and intermediary targets, in line with global efforts to limit warming to 1.5 degrees Celsius. The company is a priority company in relation to our NZ:AAA methodology which assesses the Net Zero alignment status of issuers (Achieving, Aligned, Aligning, or Not Aligned) and is categorised as "Not Aligned." 	<ul style="list-style-type: none"> The company fails to assess and report on its key impacts and dependencies on nature, while having critical impacts on forests and water security³⁴.
Board Re-elections			
Financial Statements			
Remuneration	<ul style="list-style-type: none"> The company has not included any environmental or social criteria within either the short or long-term component of executive variable remuneration³⁵ The company has not included any climate-related criteria³⁶, which are measurable and quantifiable, within either the short or long-term component of executive variable remuneration. 		

³⁰ As different rules apply across countries, we select different categories of strategic voting items in order to make sure that at least one of them is sanctioned.

³¹ For companies that fall within the scope of our climate expectations: in the case of a Say-on-Climate vote, we will assess on a case-by-case basis the possibility of voting against or abstaining on more than one item.

³² We expect scope 3 disclosure in the following sectors: Energy, Utilities, Industrials, Materials, Real Estate, Consumer Goods, and Consumer Discretionary.

³³ Based on our own research and analysis and the [Net Zero Company Benchmark](#) of Climate Action 100+

³⁴ We assess disclosure using the CDP global disclosure platform for companies invited to complete the Forests and Water security questionnaires.

³⁵ In the case of small and mid-caps, such requirement shall be reviewed on a case-by-case basis.

³⁶ For 2025 for climate priority sector: Energy, Utilities, Industrials, Real Estate and Materials sectors and/or for companies identified as world's largest GHG emitters. Applicable for 2026 for all sectors. In the case of small and mid-caps, such requirement shall be reviewed on a case-by-case basis.

SAY-ON-CLIMATE PROPOSALS

VOTING ISSUE	FOR	ABSTAIN / AGAINST
Say-on-Climate (either on Strategy/Plan or Progress Report)	<ul style="list-style-type: none"> 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 its 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. 	<ul style="list-style-type: none"> 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 in terms of climate strategy, considering all recent published information, independent external sources, as well as BNPP AM's proprietary NZ:AAA assessment methodology.

NON-FINANCIAL INFORMATION STATEMENTS

VOTING ISSUE	FOR	ABSTAIN / AGAINST
Non-Financial Information Statement	<ul style="list-style-type: none"> Sustainability reports are prepared with the same rigor and ethical approach as financial statements. The company discloses how the materiality assessment was carried out and the elements that led to judge certain elements as non-material. The Non-Financial Information Statement has been approved by the Board of directors and reviewed by the Audit committee The Non-Financial Information Statement has been verified by an independent auditor The independent auditor's opinion is unqualified based on a reasonable assurance The company provides adequate disclosures on key extra-financial risks. (Using international disclosure framework such as TCFD, TNFD, CDP...) 	<ul style="list-style-type: none"> 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 on sustainability report. The company is in breach of our environmental and social expectations described above.

GENERAL SOCIAL EXPECTATIONS³⁷

VOTING ISSUE	ABSTAIN / AGAINST	
	General expectations	Diversity
Discharge of Board and Management	<ul style="list-style-type: none"> The company is implicated in serious violations of our Responsible Conduct Policy (RBC) – including violations of the UN Global Compact principles and/or our Sector Policies, linked to human rights and/or social risks The company has a low ESG performance according to BNPP AM's proprietary ESG rating system and/or has failed to improve its practices over time, linked to human rights and/or social risks The company is a BNPPAM priority company and does not align with our expectations in terms of social or human rights expectations. 	
Board (Re)elections		<ul style="list-style-type: none"> The company has less than 40% of directors from the underrepresented gender for mature markets, or fewer than 20% of directors for other markets³⁸. The candidate is a member of the nomination committee and the board has no apparent racially or ethnically diverse composition for markets where data is available and companies are authorized by local law.
Financial Statements		
Remuneration	The company has not included any environmental or social performance criteria within either the short or long-term component of executive variable remuneration ³⁹ .	

³⁷ As different rules apply across countries, we target three categories of resolutions to make sure that at least one of them is subject to our sanction vote.

³⁸ For markets where data is available, and companies are authorized by local law. Exceptions can be applied if the percentage of the underrepresented gender is below the threshold (between 25-40% for mature markets or 10-20% for other markets), if the company has made important improvements within the past year, in cases where the board is small (8 directors maximum), where the company is a new IPO, if there is a commitment to reach our threshold within a reasonable time, or if the company has developed a strong diversity policy or strategy.

³⁹ In the case of small and mid-caps, such requirement shall be reviewed on a case-by-case basis.

6. SHAREHOLDER PROPOSALS

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Environmental and Social ⁴⁰	<ul style="list-style-type: none"> Proposals in line with our voting guidelines and/or our Global Sustainability Strategy (GSS) or Responsible Business Conduct (RBC) policy. Proposals that introduce or facilitate legal proceedings to compensate shareholders for damage suffered at the hands of the company. Proposals that help to improve the company's social and environmental performance, contributing to the protection of stakeholders' long-term interests. Proposals that align with our climate change expectations (e.g. GHG emissions disclosure, Net Zero alignment, Paris-aligned climate lobbying reporting, as listed in section 4.5). We will generally support shareholder proposals designed to address a company's contribution to systemic risk (e.g., climate change, nature loss, inequality) or reduce negative externalities, through the production of a report or a requested change in policy or practice. 	<ul style="list-style-type: none"> Proposals whose intent is in line with stakeholders' long-term interests but not in its application and/or if it has already been substantially implemented by the company. 	<ul style="list-style-type: none"> Proposals not in line with our guidelines or with stakeholders' long-term interests. Proposals not appropriate for the general meeting, appear to be based on inaccurate information or would be impractical, excessively costly or risky to implement. Proposals that appear 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.

⁴⁰ Shareholder proposals are considered on a case-by-case basis in light of the justification by the authors, and board support or justification of opposition.

VOTING ISSUE	FOR	ABSTAIN	AGAINST
<p>Corporate Governance⁴¹</p>	<ul style="list-style-type: none"> • Proposal is in line with our Governance and Voting Principles and/or our Global Sustainability Strategy (GSS) or Responsible Business Conduct (RBC) policy • Proposals that aim to improve the governance of a company, such as: <ul style="list-style-type: none"> - Split of the roles of CEO/Chair - Establish an independent Chair - Improve board diversity - Provide for employee representation on the board - Reduce supermajority vote requirement - Declassify the board - Establish one share, one vote • Proposals that aim to facilitate Proxy Access • Proposals that seek greater disclosure of political contributions and lobbying, including governance, policy positions, and full disclosure of recipients • Proposals that seek to improve transparency of corporate tax policy and practices, including proposals seeking reports prepared using the Global Reporting Initiative’s Tax Standard. 	<ul style="list-style-type: none"> • Proposals whose intent is in line with stakeholders’ long-term interests but not in its application and/or if it has already been substantially implemented by the company • Proposals that seek to improve Board accountability and oversight in line with our Governance and Voting Principles, but are overly restrictive in their application • Proposals seeking the right to act by written consent, given the lack of transparency in the written consent process • Cumulative votes (eliminate cumulative voting/restore or provide for cumulative voting) (we favour a majority vote standard) • Proposals that aim to facilitate proxy access but with potential threshold to propose nominees that are not linked to a percentage of capital held or less than 0.5% of capital. 	<ul style="list-style-type: none"> • Proposals not in line with our guidelines or with stakeholders’ long-term interests. • Proposals not appropriate for the general meeting, appear to be based on inaccurate information or would be impractical or excessively costly or risky to implement.

⁴¹ Shareholder proposals are considered on a case-by-case basis in light of the justification by its authors and board support or justification of opposition.

7. OTHER VOTING ISSUES

VOTING ISSUE	FOR	ABSTAIN	AGAINST
Changes to Company Statutes	<ul style="list-style-type: none"> By-laws that respect the 'one share – one vote – one dividend' principle. 	<ul style="list-style-type: none"> Resolutions that 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 Ownership ceiling or voting right ceiling, Priority shares, Golden share Statutory disclosure thresholds below 5% of the issued capital Reduce the delay of declaration for the crossing of thresholds. 	
Related-party Transactions and other Resolutions	<ul style="list-style-type: none"> There is full disclosure of information relevant to the resolution and such information is presented in a fair and balanced way. 	<ul style="list-style-type: none"> Insufficient disclosure of relevant information The related-party transactions include elements which may be contrary to our remuneration policy (see above). 	<ul style="list-style-type: none"> Resolutions bundled together that include a substantial and unacceptable proposal Blind resolutions The related-party transactions include elements which may be contrary to our remuneration policy (see above).

Any Other Voting Items: Any item that is not covered by these guidelines will be voted on a case-by-case basis taking into account the BNPP AM key proxy voting principles.

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