

FOR PROFESSIONAL INVESTORS

STEWARDSHIP POLICY



2025



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

INTRODUCTION.....	3
OUR INVESTMENT BELIEFS	3
PART I: VOTING	4
PART II: ENGAGEMENT.....	5
II.1 ENGAGEMENT LINKED TO VOTING.....	6
II.2 THEMATIC ENGAGEMENT	6
II.3 ENGAGEMENT LINKED TO ISSUER PERFORMANCE.....	7
II.4 ESCALATION.....	8
PART III: PUBLIC POLICY ADVOCACY	9
III.1 ADVOCACY PRIORITIES.....	9
III.2 ADVOCACY PARTNERS AND GOVERNANCE	11
PART IV: MONITORING AND GOVERNANCE.....	12
IV.1 MONITORING OF STRATEGIES, FINANCIAL PERFORMANCE AND RISK.....	12
IV.2 MONITORING OF ESG PERFORMANCE AND RISK.....	12
IV.3 INSIDER STATUS	13
IV.4 CONFLICTS OF INTEREST.....	13
IV.5 GOVERNANCE AND REPORTING.....	14
APPENDIX 1: VOTING PRINCIPLES	15
APPENDIX 2: VOTING APPROACH	16
APPENDIX 3: VOTING GUIDELINES.....	20

INTRODUCTION

At BNP Paribas Asset Management (BNPP AM), we are committed to being a ‘future maker’, using our voting rights, investments and our influence with companies and policymakers to advocate for low-carbon, environmentally sustainable and inclusive economies.

We have a fiduciary duty to exercise our rights and responsibilities with great diligence and thought. Our clients have entrusted us with their assets, and we are dedicated to putting their interests first. We believe that environmental, social and governance (ESG) issues could impact the value and reputation of the entities in which we invest, in addition to driving systemic risks and opportunities that affect our clients’ long-term returns. According to us, careful monitoring of our investments and constructive engagement advances our clients’ long-term best interests, particularly by addressing systemic risks.

We use three principal tools – voting, engagement and public policy advocacy – to encourage issuers to improve their performance and accountability on sustainability topics, and to urge policymakers to deliver legislation, regulation and standards that promote sustainable, equitable development.

According to us, these activities help us to better manage ESG risks in the near and long-term, enhance our knowledge and understanding as an investor, and generate a positive outcome – all of which benefit our clients.

We have a long track record of addressing ESG issues and working to promote sustainable investing. For instance, in 2006, we became a founding signatory of the [UN-backed Principles for Responsible Investment \(PRI\)](#). The PRI’s six principles include a commitment to “be active owners and incorporate ESG issues into our ownership policies and practices” (Principle 2)¹. Since then, we have seen increasing demand for meaningful stewardship from both clients and policymakers, with the financial crisis and climate crisis driving the need for effective responses to increasingly complex sets of systemic risks. We also endorse the [ICGN Global Stewardship Principles](#) and the [EFAMA Stewardship Code](#). We are subject to the European Shareholder Rights Directive II and are a signatory to the UK Stewardship Code.

OUR BELIEFS

In our investment beliefs focused on sustainability, the full text can be found in our [Global Sustainability Strategy \(GSS\)](#), we view voting and engagement as **both an obligation and an opportunity**. Our voting and engagement approach encompasses the following principles:

- We cannot deliver our commitment to clients without undertaking effective voting, engagement and policy advocacy to encourage investee companies to improve
- Meaningful engagement with issuers enhances our investment processes so we can manage long-term risk for our clients by promoting strong ESG practices
- As we believe that ESG performance can affect financial performance, voting and engagement can reduce risk, unlock value and positively impact the world by encouraging the adoption of better corporate practices and transparency
- We exclude companies, sectors or activities that are in violation of international norms, or that cause unacceptable harm to society and/or the environment. We engage to drive change, but if our engagement is not effective, divestment can be a last resort
- Appropriate and comprehensive corporate disclosure is fundamental to sound investment decision-making
- Collaboration with other long-term investors and stakeholders can help to achieve our common environmental and social aims, particularly when engaging with companies and regulatory bodies
- We have a duty to advocate for policymakers to deliver legislation, regulation and standards that foster sustainable and equitable development, and that address systemic risks and market failures.

¹ Possible actions to demonstrate compliance with Principle 2 include the following: Develop and disclose an active ownership policy consistent with the Principles; Exercise voting rights or monitor compliance with voting policy (if outsourced); Develop an engagement capability (either directly or through outsourcing); Participate in the development of policy, regulation and standard setting (such as promoting and protecting shareholder rights); File shareholder resolutions consistent with long-term ESG considerations; Engage with companies on ESG issues; Participate in collaborative engagement initiatives; Ask investment managers to undertake and report on ESG-related engagement.

PART I: VOTING

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 consistently² 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.³ 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 Governance and Voting Policy outlines our governance and proxy voting principles, our proxy voting process and guidelines on key voting issues (approval of accounts and management reports, financial operations, appointment and remuneration of directors and executives and other types of resolutions), as well as the environmental and social issues we take into consideration when making our voting decisions.

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. More detail is available in our Governance and Voting Policy, detailed in the Appendices of this document.

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.

For a more detailed understanding of how we cast our votes, see the appendices and our annual voting records.⁴

² Subject to technical and legal constraints.

³ 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.

⁴ BNPP AM's voting record can be found at <https://vds.issgovernance.com/vds#/MTc3MQ=/>.

PART II: ENGAGEMENT

We believe that meaningful engagement with issuers enhances the long-term value of companies, can deliver better environmental and social outcomes and reduce issuers' impacts on the environment and society. For us, promoting strong ESG practices and disclosure among the companies in our portfolios enables us to better manage long-term risk for our clients.

Scope: Engagement is undertaken on behalf of our **equity**, our **fixed income**, including sovereign and sub-sovereign issuers, and **private assets** investments.

Topics: Given our global presence and the wide geographic scope of our clients' holdings, we endeavour to engage with issuers consistently across all regions. 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 during and outside the voting season, in addition to other environmental and social issues insofar as they are relevant to specific sectors and issuers.

Approach: We have two key approaches to engagement: bilateral interactions with issuers, and collaborative engagements with other investors.

We maintain an active programme of **bilateral engagement** on a wide range of ESG issues. Successful engagements are often the result of having developed long-term relationships with issuers built on trust and mutual understanding. These engagements are designed to enhance the long-term value of our shareholdings and lead to better corporate ESG practices. There can be different reasons or outcomes for our interactions. During some we elicit information that helps to inform investment decisions and/or our internal ESG rating of the issuer while during others we express a point of view and/or advocate for specific changes to policy, practice or disclosure and/or provide feedback on specific annual meeting agenda proposals or their performance on sustainability issues. We engage with our top holdings each year and report annually on the number of companies engaged. An overview of our engagement is available in the Voting and Engagement section of our annual [Sustainability Report](#).

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, have a better outcome 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 companies we engage with collaboratively.

We are an active member of several international 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](#).

Our BNPP AM Class Action Policy governs our participation in class actions. We will participate in passive class action litigation.⁵

Our decision to engage with a company is based on topical and practical considerations:

<u>TOPICAL</u>	<u>PRACTICAL</u>
<ul style="list-style-type: none"> • The urgency and severity of the issue • The need to clarify or assess a company's performance in an area and/or in relation to our Responsible Business Conduct standards or sector-based policies • Consistency with our GSS and Stewardship Policy • The company's overall ESG performance • The role the issuer plays in creating or exacerbating a systemic risk (e.g., for a climate change engagement, whether the company is a major greenhouse gas (GHG) emitter) • The importance of the issue for the company and the industry in which the company operates 	<ul style="list-style-type: none"> • The size of our holdings • Reasonable access to the company, directly or via our joint ventures (JVs) or Delegated managers • Our judgment as to the likelihood of success • Needs identified by our partners in collaborative investor initiatives coordinated by networks, such as Climate Action 100+, Nature Action 100, PRI Advance • Our engagement track record with the company and its degree of responsiveness to the issue

⁵ For more information on our Class Action Policy, please read <https://www.bnpparibas-am.com/en/footer/class-actions-policy/>.

We undertake three types of engagement:

<p style="text-align: center;">1. ENGAGEMENT LINKED TO VOTING</p> <p>Goal: To promote good governance practices among the companies we invest in through ongoing dialogue. Specific objectives vary by company, based on our analysis of their governance, including relevant environmental and social issues.</p>	<p style="text-align: center;">2. THEMATIC ENGAGEMENT</p> <p>Goal: To address systemic risks, particularly in relation to our 3Es: Energy Transition, Healthy Ecosystems, and Equality. Specific objectives vary by company, based on its score according to our proprietary ESG methodology and/or external benchmarks and/or initiatives, as well as its exposure to, or impact on, the theme.</p>	<p style="text-align: center;">3. ENGAGEMENT LINKED TO ISSUER PERFORMANCE</p> <p>Goal: With both corporate and sovereign issuers, to address specific issues related to their ESG performance. The objectives can be to clarify whether companies are in breach of our RBC policy, to address a poor ESG rating or to seek information or provide feedback on individual bond issuances (green, social, sustainability-linked etc)</p>
--	--	--

II.1 ENGAGEMENT LINKED TO VOTING

We prioritise top holdings, large active positions and holdings that represent a substantial percentage of issued shares in the companies in question. We begin engagements either on our own initiative or at the request of the issuer.

We conduct these dialogues systematically with companies held by our active portfolio managers and included in the main French equity index (CAC 40) or where we are one of the largest shareholders. In addition, we engage with companies whose AGMs offer votes on important governance, financial or environmental/social concerns.

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.

The goals of these engagements are to:

Outside the AGM season

- Continue a regular dialogue with companies covering various topics such as strategy, long-term performance, risk management, ESG issues or other emerging concerns; and
- Communicate our voting policy to promote good corporate governance and to prepare for the next general meeting of the issuer.

During the AGM season

- Obtain additional information on voting proposals, notably where they seem to depart from best governance practice;
- Express our concerns about specific resolutions that do not align with the standards set out in our voting policy or with our expectations on corporate governance and/or environmental and social issues.
- Depending on specific circumstances, the dialogue may lead to a modification or withdrawal of resolutions from the ballot before the AGM, or the provision of additional information that prompts a change of our vote.

BNPP AM's Stewardship Team undertakes an annual assessment of the effectiveness of their efforts. Finally, BNPP AM often takes part in collaborative initiatives and working groups in order to understand market developments on corporate governance, and to influence and promote its vision of good corporate governance.

II.2 THEMATIC ENGAGEMENT

The “3Es” – namely, Energy transition, healthy Ecosystems, and Equality – serve as the focus for our global sustainability engagement efforts as a future maker. We seek to establish in-depth dialogues with companies to encourage them to, for example:

- Align their strategies with the goals of the Paris Agreement
- Reduce their environmental impacts, e.g., improve their water efficiency, eliminate deforestation from their operations and supply chains, move away from the use of hazardous chemicals
- Provide greater opportunities for women at all levels of the organisation
- Adopt more equitable and transparent remuneration policies that ensure that wealth is distributed more fairly across the value chain, where value is created.

We select companies for engagement on the 3Es and other key themes based on their exposure to, or influence on, the theme.

For example, each year, we engage with companies in which we have significant holdings in our equity portfolios on board-level gender diversity, where the level of diversity falls below our expectations.

In relation to climate change, by the end of 2025, we aim to engage directly with companies yet to align to our Net Zero alignment framework⁶ if they are not the subject of direct or collective engagement and stewardship actions, so that at least 70% of our portfolios in scope's financed emissions in material sectors are either Achieving, Aligned or Aligning with Net Zero (NZ:AAA). We also engage with companies that already meet our NZ:AAA framework requirements when they are among the biggest GHG emitters in the world, through the collaborative initiative, Climate Action 100+.

To address nature loss, we select companies in our portfolios with the biggest impacts or dependencies on nature and/or we support initiatives like Nature Action 100 – a collaborative engagement we helped to create – and [CDP](#), to request full and consistent disclosure of climate, water and forest impact data.

II.3 ENGAGEMENT LINKED TO ISSUER PERFORMANCE

We select and conduct these engagements with issuers on several bases:

- Those that perform poorly on ESG according to our internal proprietary scoring methodology ('weakly rated entities').
- Those we identify as being at risk of breaching international standards like the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD MNEs Guidelines), often based on our monitoring of key events and controversies or our Sector Policies.
- Issuance of non-traditional corporate, sovereign, sub-sovereign or agency bonds.

Weakly rated entities

In line with our [ESG integration guidelines](#), we avoid investing in a weakly rated entity⁷ in active portfolios⁸ without documenting the risks and/or engaging or planning to actively engage with the issuer in the near future. Where the entity's score does not improve over time, and it is held through an equity investment, we may escalate by opposing key items at its general meetings, as described in Appendix 5. As a last resort, for our actively managed portfolios, we may divest from entities with the worst rating, which do not respond to engagement and show no sign of placing greater emphasis on sustainability in the future.

Issuers in (potential) breach of our RBC policy

In line with our [Responsible Business Conduct \(RBC\) policy](#), BNPP AM regularly reviews its investments, uses third-party research and its own independent research, to help it identify controversies that illustrate that the company's practices are inconsistent with the UN Global Compact Principles, UNGPs and OECD MNEs guidelines and/or identify mandatory requirements applicable to sensitive sectors. This assessment leads BNPP AM to place companies associated with serious and repeated breaches on an exclusion list, while companies at risk of breach are placed on a watchlist. Excluded companies are no longer eligible for investment in any of our portfolios in the scope of our RBC policy⁹. We select watchlist companies for engagement based on our holding size, the severity of the issue in question and/or where we have the greatest likelihood of effecting change. In relation to portfolios to which the RBC policy is not applied (e.g.: passive investment which replicate the composition of indices¹⁰), we also manage ESG risks through active voting.

Our RBC policy incorporates a range of international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption. For most of these issues, there is no internationally agreed standard of compliance, nor a consistent or complete dataset of violations. Given the nature of these issues, as well as limited data that tends to be based on controversies rather than day-to-day performance, determinations under our RBC policy are necessarily subjective, not entirely comprehensive and subject to change.

Issuers of green, social and sustainability-linked bonds

Governments play a pivotal role in achieving net zero and addressing environmental and social challenges, particularly by creating an enabling environment for the private sector. Through public expenditure, policy and regulation, policymakers can set norms and incentives to transition whole economies to net zero, prevent nature loss and restore ecosystems, and promote equality. We therefore regularly engage with sovereigns, sub-sovereigns and agencies on their bond issuances. We discuss the terms of the bonds, and the countries' policies and frameworks that govern their green, social and sustainability-linked bond issuances.

⁶ Further details on our Net Zero alignment framework and our Net zero commitments are available in our [Net zero roadmap](#).

⁷ We use decile 10 as a proxy for weakly rated entities (our ESG score range from zero to 99 with issuers ranked in deciles against peers, decile 10 being the lowest one).

⁸ Excluding funds and mandates that do not follow the Responsible Business Conduct Policy, and sovereign entities.

⁹ Please refer to our [RBC policy](#) document for further details on the scope of application.

¹⁰ Please refer to our [RBC policy](#) document for further details on the scope of application.

II.4 ESCALATION

Investor-issuer dialogue is the foundation of good stewardship – it allows for trusting relationships to be built over time, permitting candid solution-oriented discussions about issues that might not otherwise be addressed. However, 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.

II.4.1 ESCALATION STRATEGIES

Our approach to stewardship provides for a variety of escalation strategies, including:

- Voting against a company's board discharge or elections or financial accounts
- Submitting private questions to companies' top management either individually or collectively
- Submitting public questions at general meetings
- Filing/ co-filing shareholder proposals at general meetings
- Making public statements
- Rarely, but when deemed appropriate, announcing our voting intentions ahead of time; and
- Additional legal strategies.

These decisions are taken on a case-by-case basis, to ensure that our concerns have been properly heard and dealt with.

We also regularly exclude from our actively managed portfolios companies that fail to meet our Responsible Business Conduct standards, Sector- Based Policies or label requirements.

II.4.2 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. This is particularly the case in the United States - where shareholder proposals have played a leading role in improving corporate governance, and mitigating environmental and social risks - and in Italy through the 'voto di lista' system. In Italy, this slate voting mechanism to elect 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, which includes guidance from organisations that help coordinate shareholder proposal filings, such as IIGCC, Ceres, AIGCC and ICCR. 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 AGM, at which a representative of the filers will be required to present the proposal. If we are the lead filer, but unable to attend the meeting ourselves, we will 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 decisions¹¹.

¹¹ During the Stewardship Committee meeting and by email exchanges with the co-Chairs of the Stewardship Committee during the year.

PART III: PUBLIC POLICY ADVOCACY

BNPP AM has a long-term commitment to public policy advocacy to advance our sustainability goals, strengthen the resiliency 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 public 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 policy and corporate governance.

Our sustainability advocacy is focused on advancing the objectives outlined in the GSS especially on the “3E’s”, as outlined above. These three 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 these issues where we see a connection to our interests as investors.

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

- 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
- Meetings with policymakers
- Publication of white papers and endorsement of public statements and commitments; and
- Endorsement of public statements and commitments developed by investor and other stakeholder initiatives.

III.1 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. One such example is the EU Commission's action plan on financing sustainable growth, including the development of a global framework for a taxonomy of sustainable activities, in order to finance the transition to more equitable and environmentally sound economies. On social issues, we support of the development of social taxonomies to complement the existing and emerging environmental taxonomies.

We support mandatory, meaningful sustainability disclosures across markets, that follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce for Nature-related Financial Disclosures (TNFD). We believe that certain information and metrics should be standardised and their disclosure by corporates made compulsory in order to facilitate investors' decision-making.

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.

With respect to corporate governance, we encourage the adoption of policies in all markets that support the principle of “one share, one vote” and the protection of shareholder rights.

THEMATIC ENGAGEMENT ON THE 3ES

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 (NZAMI). We support a political environment that is committed to the low-carbon transition capping global average temperature rises at 1.5 degrees Celsius above pre-industrial levels. Our [Net Zero roadmap](#) formally introduces our net zero commitment and covers three areas: Investments (portfolio alignment), stewardship, and our operations.

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 produce the GHG reductions necessary to stay below 1.5 degrees Celsius.

Healthy Ecosystems

Our [Biodiversity Roadmap](#) “*Sustainable by Nature*” and its [latest update](#), which includes a dedicated Stewardship section, outlines our high-level expectations of corporations and our plans to make nature loss a central focus of our corporate engagements. In parallel to corporate engagement, we advocate for 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 earth¹². The Planetary Boundaries are the safe limits for human pressure on 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. We support the call for 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’ 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.

¹² 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.

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 social taxonomies, disclosure frameworks 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.

III.2 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.¹³ 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 a number of 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.

¹³ Please see <https://group.bnpparibas/en/charter-responsible-representation-respect-public-authorities>

PART IV: MONITORING AND GOVERNANCE

IV.1 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, profitability, cash flows and balance sheet. This analysis is supported by visits, meetings and other interactions with the senior management of the entities in which we invest. In these efforts, our investment teams are supported by the Sustainability Centre, the Quantitative Research Group and our risk teams.

When monitoring investees, we also evaluate the company's strategy and capital structure. We aim to determine if a company's strategy, capital structure and capital allocation decisions:

- a) Are appropriate for the company's industry and circumstances
- b) Are transparent
- c) Respect all shareholders' rights and interests
- d) Balance responsible optimisation of returns on capital with broader stakeholder impacts
- e) Align with delivering a net-zero transition plan.

We will engage with companies to encourage behaviour consistent with adopting an appropriate capital structure. For example, a company's capital allocation decisions – ranging from the structure and size of its executive compensation arrangements to its investments in research and development and workforce training (as opposed to allocations to share buybacks or dividends) – have implications for the company's long-term value as well as for income and wealth inequality, a key macroeconomic risk. One example of our concern on these issues is our commitment to advocate for a Responsible Dividend, which is built into our voting policies and corporate dialogues.

IV.2 MONITORING OF ESG PERFORMANCE AND RISK

Since 2020, 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 team of ESG analysts and specialists carries out systematic ESG research on our investment universe. Our proprietary ESG scoring framework covers over 13 000 issuers, assessing companies against their industry and geographical peers. These scores and associated sector research are disseminated to all relevant portfolio management teams, in addition to lists of issuers that fail to meet our ESG standards and are therefore ineligible for our most of our open-ended funds.

The Sustainability Centre is able to highlight those ESG factors that are most material for each sector, and each entity operating in any particular sector. Our Quantitative Research Group has developed numerous models and tools to help identify attractive opportunities within large investment universes, based on a quantitative screening of financial and non-financial performance indicators. Our Risk teams monitor investment risks from the individual security, sector and asset class level to the overall portfolio level, and monitor whether the risks we take in our investments are consistent with our investment processes, and in compliance with client guidelines, and the regulatory and legal framework.

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 may therefore provide our managers with a relative advantage, according to us. The process of integrating and embedding ESG factors is guided by formal [ESG Integration Guidelines](#).

Our ESG Integration Guidelines set out principles for investing in entities with a low ESG score, as we believe that issuers showing poor management of ESG risks and opportunities may represent increased financial risks for the portfolio. As a result, while portfolio managers may choose to invest in low-rated ESG companies, we will avoid investing in a weakly rated entity (in active portfolios) without actively engaging (or planning to actively engage in the near future) on the key issues identified.

BNPP AM believes that effective engagement can reduce risk, unlock value and positively impact the world around us by promoting better corporate sustainability practices and greater transparency. Our sector-specific ESG research covers a broad range of potentially material risks, including systemic risks to the environment and society, from climate change and biodiversity loss to incidences of bribery and corruption and consumer privacy breaches. In the event of a controversy that could undermine the ESG credentials and track record of a company, we would assess whether the company's rating should be lowered. We will try to engage with the company before making a final decision. If the controversy is particularly serious, the company could be excluded altogether from the investment universe for our actively managed portfolios.

The Stewardship team coordinates with the ESG analysts and investment teams in the context of due-diligence and research-focused engagements

with entities. Although issuer-selection criteria will vary by engagement, in general we will seek to engage with those companies where we see the greatest likelihood of a positive outcome, with a focus on the larger holdings within each region.

We take a holistic approach to engagements addressing issues that may be financially material as well as those that may have the greatest impacts on society or the environment. This is consistent with our obligations under the UN Guiding Principles on Business and Human Rights, the OECD's Guidelines for Multinational Enterprises,¹⁴ and the set of international treaties and laws that underpin the UN Global Compact Principles. It is also consistent with our obligations, as fiduciaries, to do what we can to mitigate systemic risks that impact our clients and future investment opportunities, such as climate change, biodiversity loss and inequality. These systemic risks are often the focus of our long-term thematic engagements.

IV.3 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.

IV.4 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.bnpparibas-am.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.

¹⁴ OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, available at <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>

IV.5 GOVERNANCE AND REPORTING

We expect high standards of governance from the companies in which we invest, 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 service 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 GSS. Our GSS and Stewardship Policy are reviewed and approved at least every three years by our Sustainability Committee, which is part of our Investment Committee, chaired by our CEO. Our Stewardship Policy is reviewed and approved every year by the Stewardship Committee. These documents outline our overall approach to sustainability and our key engagement priorities.

All stewardship activities related to engagement, monitoring and voting are carried out by BNPP AM staff. BNPP AM discharges its stewardship responsibilities with no outsourcing to third-party engagement services, in order to serve its clients' best 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.

The Stewardship team is responsible for ensuring that the Stewardship Policy and procedures are followed. The Stewardship team and ESG analysts (members of the Sustainability Centre) and investment teams are involved in engagement activity, depending on the theme and the issuers in question. Joint engagement between the Sustainability Centre and investment teams occurs regularly, particularly during dialogue with top management or board members of the issuers.

All exchanges are recorded in an internal engagement tracking tool system that is available within the firm, including to analysts and investment teams.

We also commit to report on an annual basis, and in an open and transparent manner, the results of, and underlying reasons behind, our engagements and significant voting decisions, including an annual record of all of our proxy votes. Since 2019, we have published an annual Sustainability Report which details our voting and engagement activities for the year. Lastly, voting records of individual agenda items at company meetings are publicly available in a searchable database on our website.

APPENDIX 1: 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.

APPENDIX 2: 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;¹⁵ 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:¹⁶

- 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)

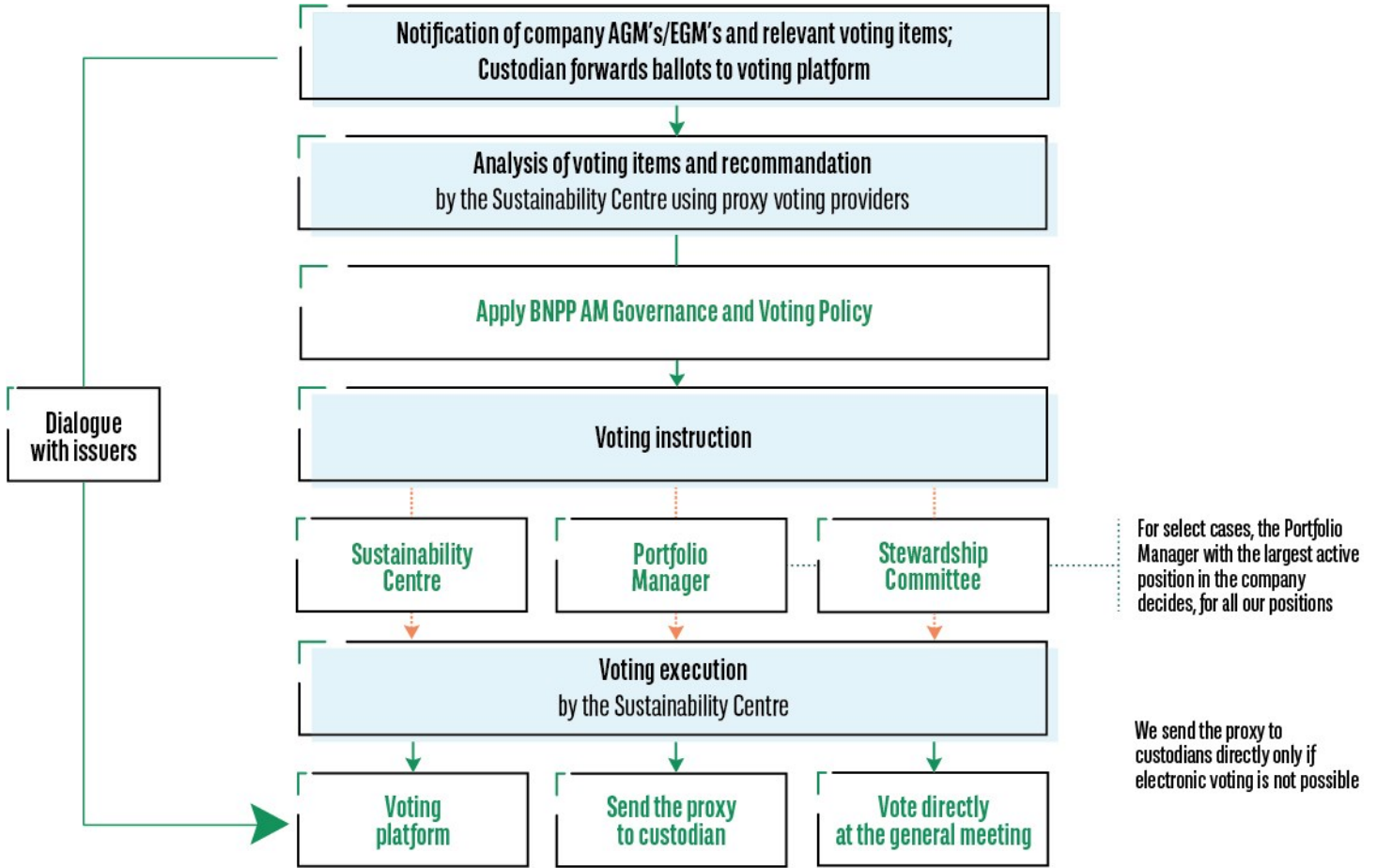
These factors ensure that we concentrate our efforts on positions held in a wide proportion in our assets under management, and participate efficiently and effectively at shareholders' meetings of companies in which our collective investment schemes hold a significant proportion of the capital.

¹⁵ Custodian and proxy voting provider costs.

¹⁶ 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.).

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 market¹⁷.

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

¹⁷ 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 website¹⁸.

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](#).

¹⁸ <https://www.bnpparibas-am.com/en/stewardship-future-maker-in-action/>

APPENDIX 3: 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 independent¹⁹ 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)²⁰ 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 	

¹⁹ The audit committee is composed of more than 50% independent members, does not include an executive director, and its members have financial competence.

²⁰ 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 place²¹. 	
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.²² • 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.

²¹ 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

²² 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.²³ 	<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 basis²³) The authority without pre-emptive rights and with priority rights or with a specific object²⁴ 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^{23, 24}) 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 capital²⁵ 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). 	

²³ 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).

²⁴ Share capital increases up to 20% to finance external growth operations or conversion of warrants/bonds are permissible.

²⁵ 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 increases²⁶ 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 	

²⁶ 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 independent²⁷ 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%).²⁸ • The candidate is both Chair and CEO of the company²⁹. • Appointments exceed a four-year mandate. • The company has: <ul style="list-style-type: none"> - less than 40% of directors from the underrepresented gender (for mature markets), or - less than 20% of directors from the underrepresented gender (for the other markets)³⁰. • 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.³¹ • 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.³² • 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. Appendix 2.5. • The company has not been responsive to repeated shareholder voting dissent on remuneration. 	

²⁷ 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).

²⁸ For example, in the US, the threshold level requirement is two-thirds and key committees are composed entirely of independent members.

²⁹ 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.

³⁰ Exceptions can be applied if the percentage of the underrepresented gender is below the threshold (between 25-40% 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.

³¹ Exception possible if the sunset clause comes into force within 5 years of the IPO.

³² 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
Remuneration policy and report (say-on-pay)	<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 remuneration³³. • The company has not included any climate-related criteria³⁴, which are measurable and quantifiable, within either the short or long-term component of executive variable remuneration³⁵.

³³ In the case of small and mid-caps, this requirement shall be reviewed on a case-by-case basis.

³⁴ 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.

³⁵ 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:³⁶</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 officers³⁷ Volume of stock option plans per year exceeds 2.5% of issued capital³⁸ Free shares distribution per year exceeds 1% of issued capital³⁸ 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 criteria³⁸ 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>	

³⁶ To be reviewed on a case-by-case basis for different geographic zones in which such conditions may not be a market practice.

³⁷ To be reviewed on a case-by-case basis depending on historic burn rate and on market practices.

³⁸ 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)³⁹ 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 practices⁴⁰). 	<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 practice⁴¹).
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.		

³⁹ Case-by-case basis based on market practice (e.g. one year in UK and Netherlands).

⁴⁰ 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.

⁴¹ 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 EXPECTATIONS⁴²

VOTING ISSUE	ABSTAIN / AGAINST		
	General expectations	Climate	Biodiversity
Say-on-Climate management proposal ⁴³		<ul style="list-style-type: none"> The company does not properly report on its greenhouse gas emissions (scope 1, 2, and where appropriate⁴⁴, 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 emitters⁴⁵ 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 security⁴⁶.
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 remuneration⁴⁷ The company has not included any climate-related criteria⁴⁸, which are measurable and quantifiable, within either the short or long-term component of executive variable remuneration. 		

⁴² 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.

⁴³ 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.

⁴⁴ We expect scope 3 disclosure in the following sectors: Energy, Utilities, Industrials, Materials, Real Estate, Consumer Goods, and Consumer Discretionary.

⁴⁵ Based on our own research and analysis and the [Net Zero Company Benchmark](#) of Climate Action 100+.

⁴⁶ We assess disclosure using the CDP global disclosure platform for companies invited to complete the Forests and Water security questionnaires.

⁴⁷ In the case of small and mid-caps, such requirement shall be reviewed on a case-by-case basis.

⁴⁸ 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 internal 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 EXPECTATIONS⁴⁹

VOTING ISSUE	ABSTAIN / AGAINST	
	General expectations	Gender Diversity (Gender, racial and ethnic)
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 markets)⁵⁰. 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 ⁵¹ .	

⁴⁹ 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.

⁵⁰ 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.

⁵¹ 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 ⁵²	<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.

⁵² 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 Governance⁵³</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.

⁵³ 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.

Disclaimer

BNP PARIBAS ASSET MANAGEMENT Europe, “the investment management company”, is a simplified joint stock company with its registered office at 1 boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832, registered with the “Autorité des marchés financiers” under number GP 96002.

This material is issued and has been prepared by the investment management company.

This material is produced for information purposes only and does not constitute:

1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. investment advice.

Opinions included in this material constitute the judgement of the investment management company at the time specified and may be subject to change without notice. The investment management company is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor's investment portfolio.

Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to the financial instruments may have a significant effect on the results portrayed in this material.

All information referred to in the present document is available on www.bnpparibas-am.com.

“The sustainable investor for a changing world” reflects the objective of BNP PARIBAS ASSET MANAGEMENT France to integrate sustainable development into its activities, without all funds of BNP PARIBAS ASSET MANAGEMENT France belonging to articles 8 or 9 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). For more information, please see www.bnpparibas-am.com/en/sustainability.