

• **REPORT ON VOTING RIGHTS  
EXERCISED IN 2023**

February 2023

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**1. VOTING RIGHTS EXERCISED**  
**● BY OSTRUM ASSET**  
**MANAGEMENT**

# 1.1. GENERAL FRAMEWORK

As a management company acting on behalf of third parties, Ostrum Asset Management considers that its responsibility and duty of care to unitholders encompasses monitoring changes in the value of their investments and exercising the non-economic rights attached to the securities held in the portfolios it manages. Therefore, Ostrum Asset Management votes in the exclusive interest of unitholders.

## a. Voting Policy

Ostrum Asset Management set out a voting policy in 1998<sup>1</sup> stipulating its guiding principles when exercising voting rights at shareholder meetings. The principles set out in the voting policy establish the framework under which Ostrum Asset Management conducts an independent analysis of the proposals submitted and determine how it exercises voting rights in an informed manner in the exclusive interest of unitholders. We revise these principles on a yearly basis to take account of applicable corporate governance practices, as well as changes in regulation throughout the year.

Link to voting policy:

<https://www.ostrum.com/en/statutory-documents#commitments-with-regard-to-voting-policy->

## b. Ostrum Asset Management's organisation for exercising voting rights

The exercise of voting rights is structured on the basis of two separate activities:

- Analysis of resolutions: this is conducted with the support of Ostrum Asset Management's analysts-fund managers and a voting service provider in accordance with the principles set out in Ostrum Asset Management's voting policy, which is approved by its Executive Committee.
- The exercise of voting rights: votes are cast by Ostrum Asset Management's Middle Office department, which is also in charge of relations with service providers and custodians.

## c. Breakdown of votes at shareholder meetings

Ostrum Asset Management has a platform, accessible from its website, that presents in detail all votes cast by Ostrum Asset Management on the resolutions presented at the general meetings of companies held by the funds that cast votes.

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

<sup>1</sup> Ostrum Asset Management was created by the separation of Ostrum Asset Management's fixed-income and equity investment management operations into a separate subsidiary on 1 October 2018 (registered on the Paris Trade and Companies Register under number 329 450 738, previously Natixis Asset Management). Natixis Asset Management was created by the merger of two leading French asset managers in June 2007, Natexis Asset Management and IXIS Asset Management. Natexis Asset Management was the Banque Populaire Group's asset management firm and was set up in 1998. IXIS Asset Management was the Caisse d'Epargne Group's asset management company and was founded in 1984.

## 1.2. OUTCOME OF VOTES

### a) Voting scope in 2023

On 1 January 2023, Ostrum Asset Management took over all the quantitative management activities of the management company, Seeyond, and its structured management activity. The voting scope has therefore increased, from **101** GMs voted on in 2022 to **1,210** in 2023.

The voting scope in 2023 covered 1,200 securities held in 41 mandates and UCIs.

Over this voting scope, Ostrum Asset Management exercised its voting rights at 1,177 general meetings, i.e. a participation rate of 97%.

Participation rate at general meetings:

# 97%

Breakdown of votes by geographical area (number of shareholder meetings)		
Country	No.	%
Americas	626	53%
Europe	491	42%
Asia	56	5%
Oceania	4	0%
<b>TOTAL</b>	<b>1,177</b>	<b>100%</b>

## b) Overall statistics

Of the 1,177 general meetings at which confirmed votes were cast, Ostrum Asset Management voted on **18,037** resolutions.

Out of the **18,037** resolutions for vote:

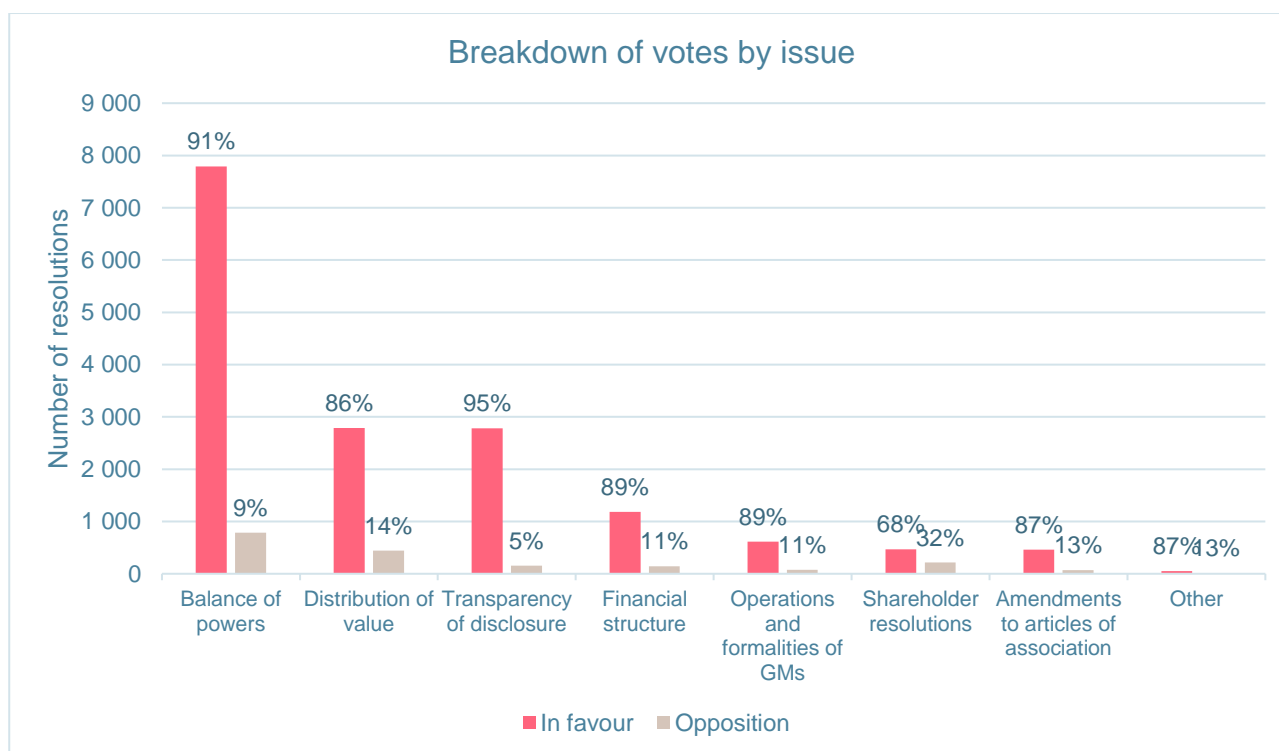


- Ostrum Asset Management voted in favour of 89%;
- Ostrum Asset Management voted against 8%;
- Ostrum Asset Management abstained on 3% of resolutions.

At 48% of General Meetings, Ostrum Asset Management voted against at least one resolution.

The opposition rate is substantially higher for the European continent. In fact, for reasons associated with our management strategy, around one hundred stocks are the subject of internal fundamental analysis, in which the managers analyse and validate the voting recommendations proposed by a voting service provider. For the remaining companies, voting is based on the recommendations of Ostrum Asset Management's voting services provider according to its policy, in line with Ostrum Asset Management's approach.

Breakdown of votes by geographical area (breakdown vote/continent)						
Country	For	% For	Against	% Against	Abstention	% Abstention
Europe	8,159	87%	978	10%	218	2%
Americas	7,461	92%	434	5%	234	3%
Asia	499	94%	31	6%	0	0%
Oceania	22	96%	1	4%	0	0%
<b>Total</b>	<b>1,571</b>		<b>366</b>		<b>8</b>	



Aside from shareholder resolutions, resolutions on the distribution of value met with the highest levels of opposition at 14%, in line with the requirements set out in Ostrum Asset Management's voting policy.

### c) Analysis of Ostrum Asset Management's voting priorities at shareholder meetings

Ostrum Asset Management places particular emphasis on **the robustness of the governance bodies** within the portfolio companies.

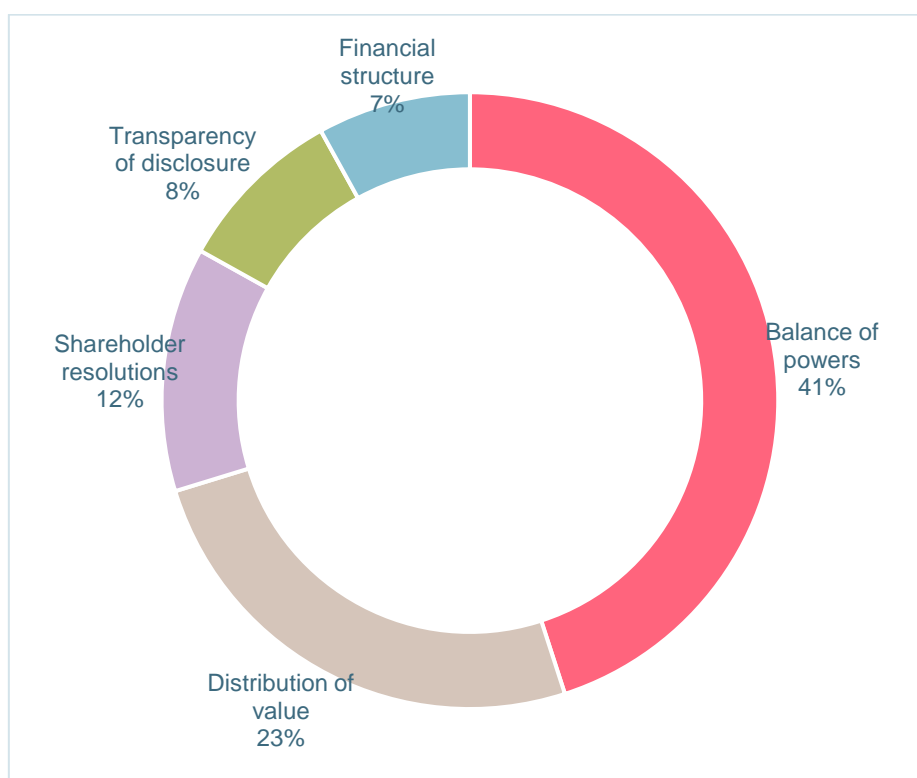
We addressed questions of governance by considering the quality of corporate incentive and remuneration programs proposed by boards of directors. Ostrum Asset Management paid much greater attention to the composition of these plans with a view to aligning managers' interests with those of other company stakeholders.

We actively analysed **data transparency, requirements in relation to objectives, integration of non-financial aspects and assessed whether amounts paid out were reasonable.**

Ostrum Asset Management has also incorporated its shareholder engagement activities in line with **its sector policies**, particularly in terms of climate strategy issues relating to the oil & gas and coal sectors.

### d) Analysis of factors justifying negative votes

The breakdown of opposition on all resolutions put to shareholder vote was as follows:



## Balance of powers

Resolutions on the balance of powers accounted for 41% of our overall against and abstention votes, with an average opposition rate of 9%.

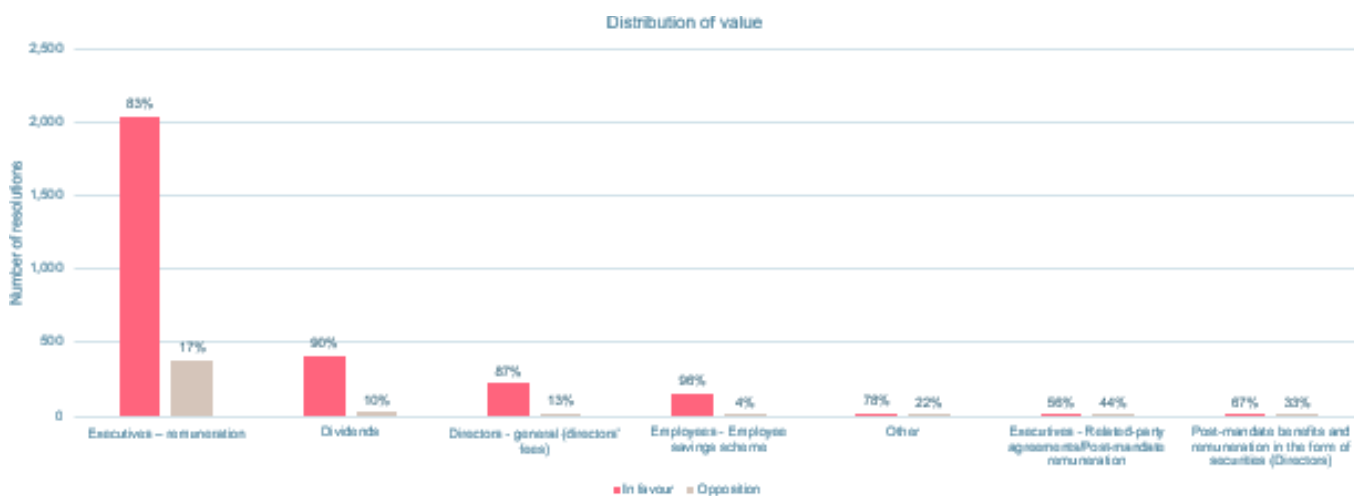
# 9%

*Rate of opposition to the election of directors*

Resolutions concerning the election of directors accounted for nearly all resolutions on this issue. Our proportion of against or abstention votes on this point increased to 23% (vs. 11% in 2020), a rise that follows a change in our voting policy on boards' skills, availability (stricter policy on number of corporate offices held), independence and diversity, with the requirement that women comprise at least 40% of the board.

## Distribution of value

Distribution of value accounted for 23% of our overall against and abstention votes, with an average opposition rate of 14%.



# 17%

*Opposition rate to Say on Pay*



Ostrum Asset Management applies its voting policy with a view to ensuring that executive remuneration is attractive, offers an incentive and promotes social cohesion in the company.

On remuneration issues, Ostrum Asset Management focused, in particular, on the approval of executive remuneration policies and reports. In accordance with our voting policy, Ostrum Asset Management voted against resolutions when transparency fell well short of market best practices and did not establish a clear connection between remuneration paid out and value creation, when remuneration policy and practices reflected an insufficient correlation with the company's actual performance and in the event of excessive

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**10%**

*Opposition rate to dividend distributions*

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remuneration gaps with peers and staff in the company.

Looking to long-term remuneration, **the main reason for our votes against and abstentions was an insufficient correlation with long-term value creation** e.g. payout of all or part of financial instruments with no related performance criteria. Another area of concern was the lack of clear and precise information on applicable performance conditions (if they exist).

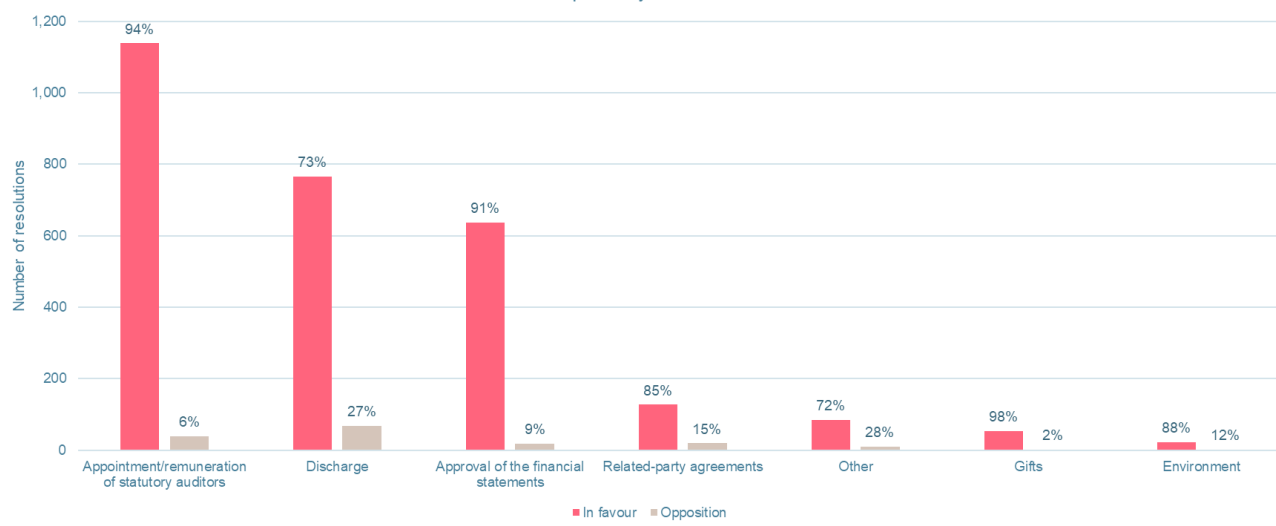
Regarding directors' remuneration, Ostrum Asset Management systematically opposed payment in the form of variable instruments indexed to the company's stock market performance. Aligning directors' interests with the company's stock market performance presents a potential risk of conflicts of interest in the exercise of their duties. With regard to their remuneration, Ostrum Asset Management's approach aimed to sanction excessive and unjustified increases in the overall budget.

Lastly, Ostrum Asset Management strongly encourages initiatives that enable employees to take a stake in their company and benefit from its results. We therefore supported all resolutions on employee savings schemes and opposed them only in the few cases that employee savings could be used by the company to control voting rights.

### Transparency of financial disclosure

Issues of transparency of disclosure accounted for **8%** of overall against votes and abstentions, with an average opposition rate of **5%**.

## Transparency of disclosure



Ostrum Asset Management paid particular attention to the appointment and remuneration of statutory auditors within this theme.

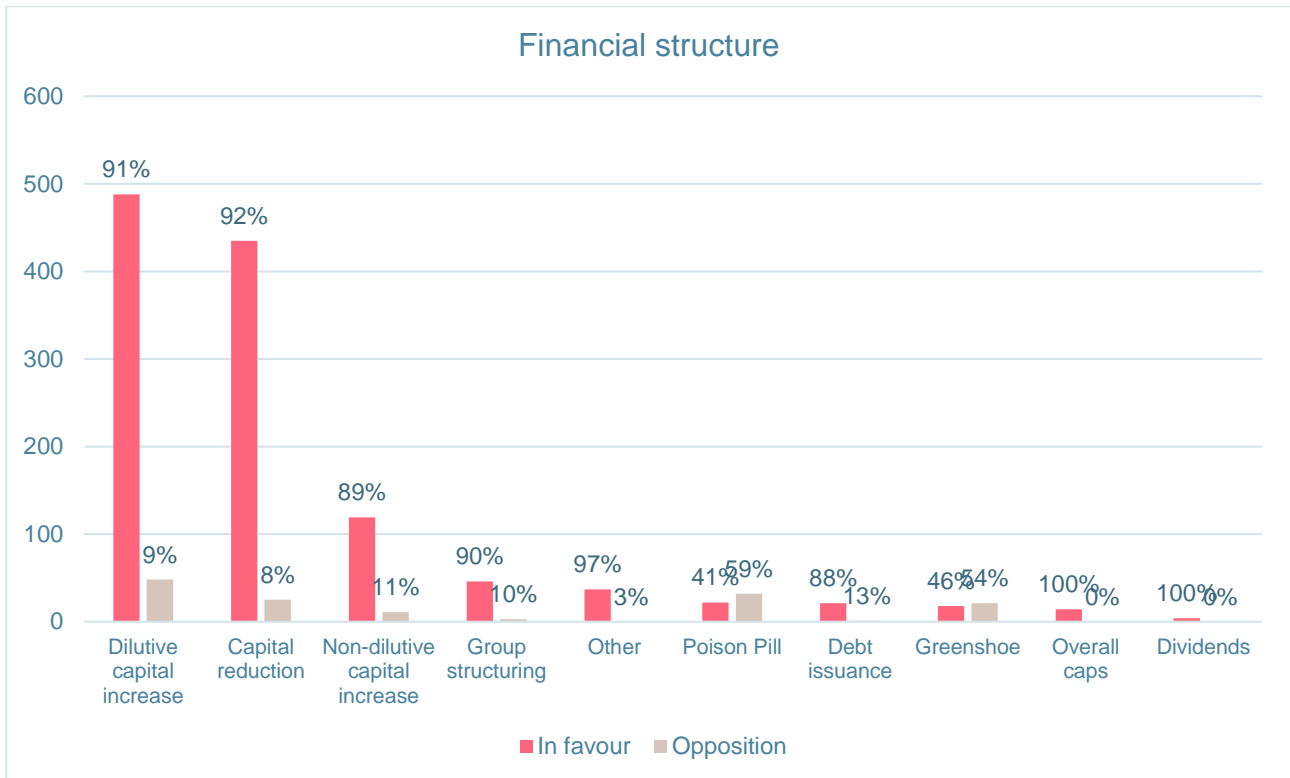
With regard to the appointment and remuneration of statutory auditors, negative votes were cast essentially in cases in which their independence was subject to question, i.e. when the fees received for non-audit services represented more than 100% of the fees received for audit assignments.

With respect to regulated agreements, negative votes were cast primarily in cases where insufficiently transparent information prevented determining whether these contracts were proper (settlements, provision of services, additional remuneration for corporate officers).

With regard to the granting of discharges, the level of opposition is primarily due to Ostrum Asset Management's refusal to vote in favour of such resolutions in countries where such a vote undermines shareholders' ability to subsequently initiate legal proceedings. This practice continues to be applied in several European countries despite the objection of investors.

## Financial structure

Resolutions on financial structure accounted for 7% of total against votes and abstentions, with an average opposition rate of 11%.

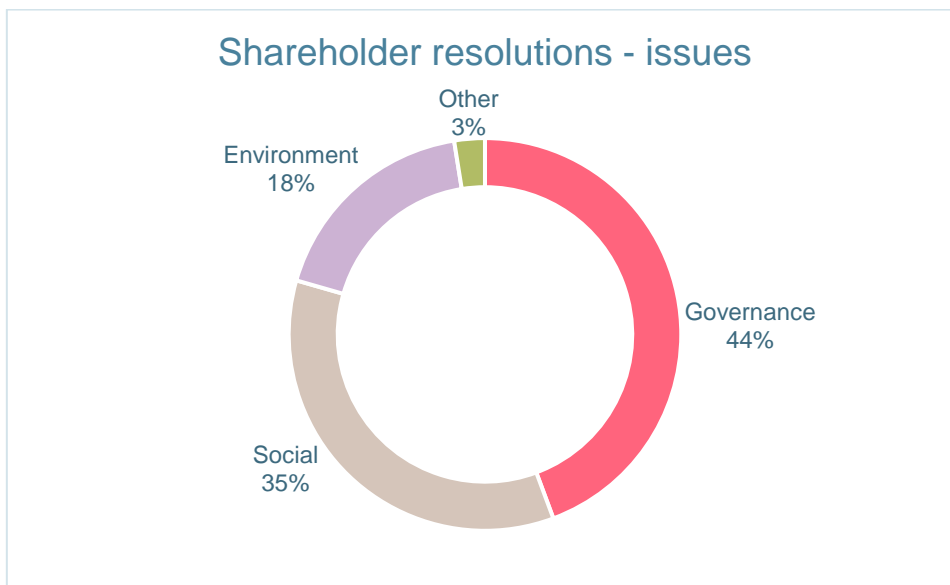


We voted against a significant number of financial authorisations (59%) that can be used as anti-takeover protection measures, known as poison pills. Resolutions on these issues are very specific to the European markets. Although Ostrum Asset Management has opted for a rather pragmatic approach on this issue, the opposition rate shows that the governance structure often does not provide sufficient guarantees to ensure that these arrangements will be used in the company's long-term interest.

Resolutions relating to greenshoe options during capital increases were voted against, depending on the type of capital increase involved i.e. dilution, removal of preferential subscription rights, anti-takeover measures, etc.

## Shareholder resolutions

Shareholder resolutions accounted for 12% of our total votes against and abstentions. Of the 715 proposed resolutions, Ostrum Asset Management voted in favour of 482 (67%). They cover the following topics:



## Climate resolutions (*Say on Climate and shareholder resolutions*)

The climate resolutions were the subject of in-depth consistency analysis, in particular in respect of the following:

- the presence of short-, medium- and long-term objectives, applicable to appropriate scopes;
- a clear strategy for achieving these goals with, where possible, a quantified action plan (CapEx);
- transparent information provided in order to understand the company's challenges faced and progress made;
- a governance structure designed to achieve these climate goals: expertise of the board of directors, dialogue with the company's stakeholders, accountability and incentives for managers.

### a) Say on Climate

This year, the number of Say on Climate resolutions fell from 2022, with 23 proposals globally (including 15 in Ostrum AM's voting scope), compared to 40 last year. It is worth noting that no Say on Climate resolutions were proposed by North American companies, against a backdrop of such companies rejecting certain climate-related topics, and more broadly ESG issues. The rate of support for this type of resolution remained stable at 89%. Ostrum supported 73% of these resolutions.

**27%**

*Opposition rate to Say on Climate*

Brief review of the 4 *Say on Climate* resolutions to which Ostrum AM objected:

Say on Climate		
General Meeting	Sector	Comment
Covivio	Real estate	No targets set beyond 2030.
Klépierre	Real estate	The lack of absolute emission reduction targets, the lack of detail on how to achieve the 2030 targets, and the lack of commitment after 2030 were missing from this resolution.
TotalEnergie	Energy	TotalEnergie's climate plan does not comply with some of the key aspects of our Oil & Gas policy and we cannot therefore vote "in favour" of the resolution or even abstain.
Vallourec	Energy	The company is not committed to neutrality by 2050, and the short-term objectives set have, in reality, already been achieved and the long-term objectives rely far too much on carbon capture technology.

## Focus on some examples of Say on Climate resolutions being supported or rejected:



### Klepierre (Against)

Real estate is one of the largest GHG emitting sectors in France, with construction of new buildings accounting for around 70% of the building's carbon footprint over a 50-year lifespan. In 2017, Klépierre set a goal of achieving a net zero carbon footprint for its entire European portfolio by 2030. Its climate strategy, aligned with limiting global warming to 1.5°C, has been defined as follows:

- Reduce market-based Scope 1 and Scope 2 GHG emissions by 80% per square metre by 2030 compared to the 2017 baseline year.
- Reduce Scope 3 greenhouse gas emissions by 41% per square metre for downstream leased assets and 40% per square metre for visitor transport by 2030 compared to the 2017 baseline year.

The targets for these companies were approved by SBTi in 2020. Between 2018 and 2022, the company managed to reduce the average energy intensity of its portfolio by 42%, and the carbon intensity by 82%. In 2023, the Klépierre Group renewed its CSR ambitions with the goal of building the most sustainable trading platform by 2030.

However, Ostrum Asset Management did not support the company in its climate transition plan because, while the "low carbon" strategy, well below 1.5°C, was approved by the highest level of SBTi, the lack of absolute emission reduction targets, the lack of detail on how to achieve the 2030 targets, and the lack of commitment after 2030 are missing from the resolution submitted to the shareholders.



### Schneider Electric (In favour)

Schneider Electric SE submitted its climate transition action plan for an advisory vote by shareholders. The company is committed, by 2030, to achieving the following targets approved by the SBTi, by reference to the 2021 baseline year:

- Reduce absolute Scope 1 and 2 GHG emissions by 76%.
- Reduce absolute Scope 3 emissions by 25%.
- Increase its annual renewable energy supplies from 82% to 100%.

Over the long term, by 2050, the company is committed to achieving the following targets approved by the SBTi, by reference to the 2021 baseline year:

- Achieve carbon neutrality across its entire value chain by 2050.
- Reduction absolute Scope 1.2 and 3 GHG emissions by 90%.

In addition, the company has stated that, by 2040, it plans to achieve carbon neutrality across its entire value chain (Scopes 1, 2 and 3).

Although there is room for improvement, Ostrum Asset Management supported Schneider's climate transition plan because an action plan has been defined for all 3 scopes, for both the medium term (2030) and long term (2050).

However, Schneider does not provide details on Scope 3 Capex. The company has also chosen to no longer refer to external ESG rating indices in setting the CEO's remuneration targets.



## **TotalEnergies (Against)**

The objectives targeted by the company:

- Near-stable emissions between now and 2030 as the reduction in oil operations will be offset by the growth in gas operations.
- Implying an overly optimistic trajectory for the 2040-2050 decade in order to achieve the 2050 targets.
- Revision of TotalEnergies' climate strategy to be more transparent, but it does not really propose a faster reduction in emissions than set out in previous Says On Climate

In addition, the group's governance remains weak, with the same person acting as CEO/Chairman of the Board of Directors/Chairman of the Strategy & CSR Committee.

Concessions have been made on the transparency of information with the integration of new indicators and targets, meaning that we voted against the resolution despite real progress being made, but the targets remain too far from the minimum trajectories.

## b) Climate-related shareholder resolutions

The number of external climate resolutions (proposed by shareholders), on the other hand, remained strong globally with around 90 resolutions proposed, including 57 within Ostrum Asset Management's voting scope, up from 2022 (74 resolutions). Over the past 2 years, however, the rate of support for these resolutions has tended to fall. From 35% support in 2021, this rate fell to 28% and then 17% in 2022 and 2023, respectively. Ostrum Asset Management, which is very committed to this topic, supported 93% of the resolutions.

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# 93%

*Rate of support for climate-related  
shareholder resolutions*

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There are various reasons for this fall:

1. the large number of resolutions and the repeated submission of the same resolutions from year to year by the same groups tends to dilute their scope for shareholders;
2. as shareholder resolutions are more frequent in the US, for legal reasons, the low level of priority given to – or even hostility towards – ESG issues has led to a fall in the rate of support for these resolutions.

While support is falling in the US, the rate of support has tended to increase in Europe. Support increased from 5% to 25% between 2022 and 2023.

Finally, faced with the very high approval rate of Say on Climate resolutions proposed by boards of directors (an approval rate of between 85% and 90% on average), only 17% of shareholder climate resolutions were approved in 2023.

## e) Conflicts of interest

Ostrum Asset Management, which is part of the BPCE Group, exercises voting rights in the sole interest of unitholders and does not participate in shareholders' meetings held by entities of the BPCE Group or its subsidiaries/holdings whose securities are publicly traded. In addition, Ostrum Asset Management does not take part in shareholders' meetings of companies with which it has a business relationship. Some other stocks may also be excluded after analysis by the Compliance department.



## ADDITIONAL NOTES

### **Ostrum Asset Management**

A French public limited company (*société anonyme*) with share capital of €50,938,997  
Asset Management Company - Approval No. GP-18000014  
Paris Trade and Companies Registry No. 525 192 753  
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Ostrum Asset Management

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