



EDMOND
DE ROTHSCHILD

2023 VOTING POLICY



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PREFACE

As a responsible investor, Edmond de Rothschild Asset Management (France) takes its shareholder duties seriously. Voting at shareholder meetings is a key moment for taking part in companies' decision-making. This is why Edmond de Rothschild Asset Management (France) has pledged to vote uniformly at shareholder meetings of all companies held in funds (external SICAV excluded) and where the participation of Edmond de Rothschild Asset Management (France) represents more than 0.01% of the company's capital, regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.

These principles befit the wealth-management focus with which Edmond de Rothschild Asset Management (France) manages its portfolios, its determination to safeguard fund-holder interests, and its constant quest for performance, with a view to long-term value creation.

Fund managers meet with company officers on a regular basis to discuss strategic, financial and extra-financial themes with them. These meetings are also an opportunity for fund managers to bring up shareholder meeting resolutions, in order to move the company towards better practices.

Edmond de Rothschild Asset Management (France)'s investment decisions are closely linked to the company's long-term prospects and require:

- ➔ the aim to deliver long-term value;
- ➔ deep understanding of economic and financial issues;
- ➔ concern for good governance;
- ➔ the development of a sound and stimulating work environment;
- ➔ efforts to reduce environmental footprint;
- ➔ equitable relations with stakeholders (e.g., clients, suppliers, civil partnership, etc.);
- ➔ the management of risks and opportunities related to sustainable development.

Analysis and voting of ESG (Environmental, Social and Governance) resolutions are guided by the adherence to these principles and the relevance of proposed solutions to each company's own situation. In involving itself in the social, societal or environmental resolutions proposed by company management or submitted by shareholders, Edmond de Rothschild Asset Management (France) seeks to act in the best interests of the clients who buy its mutual funds.

By way of illustration, Edmond de Rothschild Asset Management (France) is in favour of models for compensating managers that reflect their performances, as defined by an independent compensations committee whose reports are clear and detailed. With regard to environmental resolutions, Edmond de Rothschild Asset Management (France) is in favour of better recognition of the environmental responsibility of groups and believes that this requires greater transparency. Edmond de Rothschild Asset Management (France) will therefore support the resolutions in favour of reliable and detailed information.

Finally, note that Edmond de Rothschild Asset Management (France) adapts its criteria to each country's circumstances. With this in mind, the percentage of independent directors required shall be lower for controlled companies.

Edmond de Rothschild Asset Management (France) has set out below how it exercises the voting rights embedded in shares held in all its portfolios.

VOTING POLICY PRINCIPLES

To carry out its investment activity in a socially responsible manner, Edmond de Rothschild Asset Management (France) focuses on seven founding principles:

Respect for shareholder rights and equal treatment of shareholders, as expressed in the principle of “one share, one vote”.

Accounting integrity, as well as continuity and transparency in reporting, as guaranteed by the independence of the statutory auditors.

Separation of powers between company managers and members of the board of directors or supervisory board, in their role as supervising bodies.

Transparency in compensation, through an independent compensations committee and variable compensation linked to specific performance targets.

Allocation of earnings and use of shareholders’ funds in the interests of shareholders, particularly minority shareholders.

The company’s strategic development with justified and equitable equity transactions.

Enhanced management of environmental and social issues in conducting the company’s business and awareness of its responsibilities regarding ESG (Environmental, Social and Governance) risks.

EXERCISING VOTING RIGHTS

Edmond de Rothschild Asset Management (France) has set up an organisation that centralises and coordinates all information necessary for exercising the voting rights embedded in shares held by the portfolios that it manages.

Edmond de Rothschild Asset Management (France) has retained the services of two firms: ISS and Proxinvest (for French companies). They provide decision-making services to Edmond de Rothschild Asset Management (France)'s fund managers through reviews of draft resolutions submitted for shareholder approval. For each of these resolutions, and in accordance with the pre-set voting policy, a voting decision is automatically proposed within the platforms made available by the service providers. If Edmond de Rothschild Asset Management (France) decides to vote against its own voting policy, it must justify its stance.

ISS may under no circumstances replace Edmond de Rothschild Asset Management (France)'s fund managers, who alone shall decide how to vote, in the sole interests of unit holders in its portfolios.

The reason for this is that fund managers vote mainly on the basis of their geographical responsibilities or their special knowledge of the companies. Voting decisions made by fund managers for shareholder meetings and in accordance with Edmond de Rothschild Asset Management (France)'s voting policy apply uniformly to all positions held.

Managers' votes are electronically archived. All voting decisions relating to companies held in SRI-labelled funds¹ can also be consulted on the Edmond de Rothschild Asset Management France website.

Edmond de Rothschild Asset Management (France) has set up an in-house voting and engagement committee, which meets at least once a year, composed of a Management Board member, the Chief Investment Officer, the regional CIOs, the Chief Compliance and Internal Controls Officer, and a Responsible Investment (RI) team manager. The purpose of this committee, which meets at least twice a year, is to ensure adherence to the voting policy and to make changes in that policy, based on the resolutions that are

¹ The SRI label is a tool for choosing responsible and sustainable investments. Created and supported by the French Ministry of Finance, the label aims to make socially responsible investment (SRI) products more visible to savers in France and Europe.

CASES IN WHICH VOTING RIGHTS ARE EXERCISED OR NOT

As a responsible investment firm, Edmond de Rothschild Asset Management (France) exercises its voting rights on stocks held in the funds (external SICAV excluded) that it manages where the participation represents more than 0.01% of the company's capital, regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and that custodian bank is in a position to take the votes into account.

Edmond de Rothschild Asset Management (France) has not set geographical limits for taking part in votes.

The reason for this is that even when it holds only a small portion of total shares, voting allows Edmond de Rothschild Asset Management (France) to express its point of view and to show companies its commitment to impeccable corporate governance and, where applicable, to better practices on environmental, social and stakeholder issues.

THE SPECIAL CASE OF LOCK-UPS

A number of issuers in countries such as Switzerland, Norway, Morocco and Luxembourg block transactions on shares when the shareholder wishes to vote. The duration of this lock-up varies widely and depends on the issuer, depository and sub-depository and can last up to 10 days. Edmond de Rothschild Asset Management (France) votes at least 75% of its total position at shareholder meetings affected by such lock-ups, thus leaving the fund manager some room for maneuver.

CONFLICTS OF INTEREST

Edmond de Rothschild Asset Management (France) ensures that it places the clients' interests above any other consideration. With this in mind, Edmond de Rothschild Asset Management (France) has made arrangements to detect and prevent any conflicts of interest that might arise with a mapping of potential cases and a system to resolve any conflicts. Moreover, the Compliance and Permanent Control department at Edmond de Rothschild (France) keeps a register of conflicts of interest for Edmond de Rothschild Asset Management (France).

To cite one example, a fund manager must never accept duties that could put him in a conflict-of-interest situation with regard to listed companies in which the portfolio holds shares. He/she must not make any commitments, even implicit, that would restrict his/her decision-making freedom. As a result, he/she may not be, either personally or as a representative of a legal entity, a corporate officer of a listed company in which the portfolio holds shares, nor take part in meetings of its board of directors or supervisory board. Under Edmond de Rothschild Asset Management (France)'s procedure, each employee is required to report the positions that he holds to the Group's Department of Compliance and Ongoing Controls.

In the event of conflict of interests of whatever nature, the employee concerned shall report to the Compliance and Internal Control team.

HOW VOTING RIGHTS ARE EXERCISED

Edmond de Rothschild Asset Management (France)'s currently exercises voting rights by mail. However, it may, if deemed necessary, decide to attend shareholder meetings in person. With this in mind, Edmond de Rothschild Asset Management (France) shall systematically vote against any resolution to eliminate the holding of live shareholder meetings.

Edmond de Rothschild Asset Management (France) does not vote by proxy and does not transfer its voting rights to the Chairman.

VOTING PRINCIPLES

I. APPROVAL OF ACCOUNTS AND DISCHARGE

A - APPROVAL OF COMPANY ACCOUNTS: APPROVAL OF CONSOLIDATED ACCOUNTS AND MANAGEMENT REPORT

Edmond de Rothschild Asset Management (France) generally votes for management proposals calling for the approval of financial accounts and management reports. However, Edmond de Rothschild Asset Management (France) assesses information qualitatively on a case-by-case basis.

Factors that can lead to a rejection of proposals in most cases involve:

- ➔ Failure to publish accounts or an annual report, or, more generally, failure to disclose information on a particular item;
- ➔ Reservations from the statutory auditors or their refusal to certify the accounts with special attention paid to accounting changes;
- ➔ Reservations regarding managers' actions, especially if they have been prosecuted in the past.

B - DISCHARGE TO DIRECTORS

Edmond de Rothschild Asset Management (France) assesses the proposed candidatures qualitatively and shall vote most of the time in favour of discharge, except in cases of litigation, proven scandals, or poor corporate governance during previous financial years.

In some countries, it is mandatory to separate the votes on the discharge and the accounts. Votes against this discharge will also be limited to cases of poor confidence.

C - APPROVAL OF EARNINGS ALLOCATION

Earnings allocation is analysed in regards to the company's financial situation and strategy. Edmond de Rothschild Asset Management (France) shall give priority to the company's long-term interests and the maintaining of a stable dividend payout over time. The proposed payout must be properly justified, particularly in relation to the level of equity, cash flow generation and the level of debt.

Edmond de Rothschild Asset Management (France) may reject a resolution on earnings allocation, if the payout is greater than 80%. This will be at the discretion of fund managers.

In the event of payment of the dividend in shares, Edmond de Rothschild Asset Management (France) may reject the resolution if it is not offered an option in cash.

II. STATUTORY AUDITORS AND FEES

A - APPOINTMENT OF STATUTORY AUDITORS

Edmond de Rothschild Asset Management (France) is concerned that quality supervision be exercised by the statutory auditors and will vote in favour of regular reappointment of account auditors.

However, Edmond de Rothschild Asset Management (France) shall vote against a proposed appointment of statutory auditors if:

- ➔ The name of the statutory auditors is not disclosed;
- ➔ There is a clear, material conflict of interest;
- ➔ Independence criteria have not been met, particularly if the proposed candidate has more than 12 years of seniority in the position;
- ➔ There are clear accounting irregularities or debatable audit procedures.

In France, which requires two main auditors and two alternate auditors, the main statutory auditor must not work at the same firm as the co-statutory auditor. However, alternate auditors may come from the same firm as the main statutory auditors.

B - STATUTORY AUDITOR FEES

Resolutions on fees shall be rejected if advisory fees are equal to or higher than 20% of total fees received.

In the event that fees are included in the resolution on reappointing statutory auditors, Edmond de Rothschild Asset Management (France) shall vote against the renewal of the Statutory Auditors, if the advisory fees are more than 20% of the total fees on average over the previous three years.

Exceptionally, additional fees may represent up to one third of the remuneration of the statutory auditors over a year, subject to justification.

III. APPROVAL OF REGULATED AGREEMENTS

Regulated agreements are contracts signed directly or indirectly between the company and the Managing Director, Associate Managing Director, Director, or a Reference Shareholder owning more than 10% of voting rights. Edmond de Rothschild Asset Management (France) does not take a favorable view of such agreements, which may compromise the independence of corporate officers. Edmond de Rothschild Asset Management (France) shall review them on a case-by-case basis, while analyzing in particular the content of the transactions and their consistency with shareholders' interests.

A - APPROVAL OF REGULATED AGREEMENTS MENTIONED IN THE SPECIAL REPORT / APPROVAL OF AN AGREEMENT NOT AUTHORISED IN ADVANCE BY THE BOARD OF DIRECTORS

Edmond de Rothschild Asset Management (France) shall analyse the report on regulated agreements and shall vote in accordance with shareholders' interests. The agreements must be detailed and strategically justified; they must be equitable for all shareholders.

B - APPROVAL OF NON-TAX-DEDUCTIBLE EXPENSES

Edmond de Rothschild Asset Management (France) shall vote on a case-by-case basis based on its qualitative review. However, if expenses that are not tax-deductible are greater than 1% of earnings, it shall vote against such resolutions.

If several third-party agreements are put to a vote in a single resolution, the vote shall be negative for the entire resolution as soon as at least one agreement is not in conformity with shareholders' interests. Generally speaking, Edmond de Rothschild Asset Management (France) shall oppose related agreements consisting in pooling several projects within a single resolution.

In France, the absence of a special report by the statutory auditors, as soon as the AGM has voted on it, should be a warning signal.

IV. ELECTION OF CORPORATE OFFICERS

A - INDEPENDENCE

The board of directors or Supervisory Board, depending on the companies' legal structure, plays a key role in monitoring executive action. To be able to assume this role effectively, this board must have as many independent directors as possible.

Edmond de Rothschild Asset Management (France) shall vote for resolutions on the appointment or reappointment of a candidate if the board of directors including candidates subject to vote complies with its independence criteria, i.e.:

- ➔ At least 50% of independent directors if the company is not controlled,
- ➔ At least 33% of independent directors if the company is controlled. A given company is considered to be controlled if one or more associated shareholders own more than 50% of the company's voting rights.

In order not to penalize companies that are required to include employees or representatives of employee shareholders at their Boards, the latter are not taken into account when calculating the independence ratio. In any case, director independence shall be assessed on the basis of Edmond de Rothschild Asset Management (France)'s own criteria and not merely the rankings provided by the companies. These criteria are given below.

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)'S DEFINITION OF A NON-INDEPENDENT DIRECTOR:

A director may not be considered independent:

- ➔ If the board of directors presents him as non-independent;
- ➔ If he manages or is employed by the company, or if he is a personnel representative;
- ➔ If he is paid as much as a top manager, when including all components of his compensation package;
- ➔ If he directly or indirectly represents at least 5% of capital;
- ➔ If he represents the State;
- ➔ If he represents a company stakeholder (e.g., supplier, client, banker, creditor, etc.);
- ➔ If he is a family member of a company manager, an employee or a founder/co-founder;
- ➔ If he has managed the group within the last five years;
- ➔ If he has sat on the board of directors for 12 or more years.

The appointment or reappointment of an executive officer will be an exception, Edmond de Rothschild Asset Management (France) may vote in favor of his appointment, even if the Board does not fulfill the conditions of independence.

In some countries where it is difficult to obtain information or where local practice is still far from the 50% threshold of independent directors, Edmond de Rothschild Asset Management (France) will still require a minimum of two independent directors on the board of directors.

Edmond de Rothschild Asset Management (France) shall also vote against the appointment or reappointment of directors:

- ➔ If executive directors or former executives of the company or acquired company who are members of the audit committee and/or compensations committee are nominated for election or re-election, these two committees must only include independent administrators in order to ensure proper control of the group;
- ➔ To the chairmanship of a committee if they are not independent. Committees should be chaired by independent members
- ➔ If directors are nominated for reappointment as a block, except in countries where this is standard practice, such as Italy. For votes on the “voto di lista”, voting shall be on a case-by-case basis, normally in favour of the list proposed by the minority shareholders.

Special case: within controlled companies, if the Board of Directors or Supervisory Board fails to meet the level of independence required by the voting policy, a representative of the reference shareholder shall however be accepted.

Special cases for companies belonging to a sector with a high environmental impact:

Edmond de Rothschild Asset Management (France) is not in favour of excluding sectors (other than those mentioned in our exclusion policy), but expects companies to set targets in line with their impact. Thus, a negative vote will be recommended for the re-election of the Chairman of a board that does not have a quantifiable greenhouse gas emissions reduction target.

B - TERM LENGTHS

In order for shareholders to regularly review the board of directors, Edmond de Rothschild Asset Management (France) recommends that directors be subject to regular re-election, with a preference for terms that do not exceed four years.

As current practice in India is for longer terms (5 years), terms not exceeding this current practice shall be approved. However, Edmond de Rothschild Asset Management (France) will vote against the election of directors who do not have a fixed defined term and who would in fact have a permanent seat.

C- MULTIPLE APPOINTMENTS

Corporate officers must take their duties seriously. Such duties entail a heavy workload, especially when the officers also serve as chairman of the board or as a committee chairman. That's why Edmond de Rothschild Asset Management (France) believes that an excessive number of offices is not compatible with proper safeguarding of shareholders' interests.

In the event of reappointment, director attendance at the various committee meetings is also a factor to be considered, with a 75% attendance rate considered the minimum acceptable.

Edmond de Rothschild Asset Management (France) shall vote against resolutions on the appointment or reappointment of a candidate if:

- ➔ a candidate's total number of appointments is larger than five for non-executive directors, three for a chairman and two for executive directors, including those subject to a vote; A director who also has the role of Chairman of the Audit Committee or Lead director will be counted as having 2 terms, taking into account the workload required for these roles.
- ➔ the attendance rate at board meetings was below 75% at previous years' meetings (unless an acceptable reason is provided).

D - SEPARATION OF MANAGEMENT AND SUPERVISORY FUNCTIONS

To ensure that the Board defends shareholders' interests' and that it is able to monitor and evaluate the chief executive officer and top managers effectively, Edmond de Rothschild Asset Management (France) considers that the board Chairman must be independent. Edmond de Rothschild Asset Management prefers that the roles of board Chairman and Chief Executive Officer be separated.

Edmond de Rothschild Asset Management (France) shall vote against the appointment of a board Chairman who is also Chief Executive Officer, unless the rest of the board is more than 50% independent. Edmond de Rothschild Asset Management (France) shall be attentive to measures taken by the company to ensure good quality supervision.

When several appointments are grouped together in a single resolution, the candidature of a chairman/chief executive officer could lead to the rejection of the entire list, unless most of the board is independent.

E - BOARD DIVERSITY

Edmond de Rothschild Asset Management (France) shall endeavour to vote in favour of diversity in profiles for the board of directors, in terms of both candidate nationality and experience in various geographical regions or industries. Such diversity seems particularly suited to companies with a heavy international footprint. Expertise and skills shall be assessed within the limit of available information.

Where director names are not disclosed, such resolutions shall be systematically rejected. Similarly, Edmond de Rothschild Asset Management (France) would vote against a director who is under legal sanctions.

Edmond de Rothschild Asset Management (France) does not set an age limit for directors, with the exception of the Chief Executive Officer, who may not be more than 75 years old, given his operational functions, and the Chairman, who may not be more than 85 years old.

In terms of gender diversity among the board members, Edmond de Rothschild Asset Management (France) will vote against the appointment of a director if it lowers the ratio of women to men below 30%. In countries with laws or practices that are more stringent, Edmond de Rothschild Asset Management (France) will align with them. Edmond de Rothschild Asset Management (France) complies with local recommendations, whether it be the minimum level of representation for women or minorities on boards of directors as in the United States. In the countries concerned, if this policy is not implemented, Edmond de Rothschild Asset Management (France) will vote against the re-election of the Chairman of the nomination committee. At the very least, Edmond de Rothschild Asset Management France would like all companies to show good will in appointing directors, and will sanction the reappointment of the Chairman of the Appointments Committee or the Chairman of the Board of Directors (if there is no such committee) if there are less than 25% women on the board.

F - NON-VOTING BOARD MEMBERS

Edmond de Rothschild Asset Management (France) believes that having too many directors can dilute their responsibility. Similarly, the presence of Board members who do not have voting rights but who take part in discussions, as is becoming increasingly common in France with the practice of censeurs, may lead to a lack of balance in Board discussions. However, it can be very useful to occasionally call in outside experts or consultants.

Edmond de Rothschild Asset Management (France) will systematically be against the presence of directors who do not have voting rights.

V. DIRECTORS' FEES

While it is necessary to compensate directors for their skills and time, Edmond de Rothschild Asset Management (France) believes that compensations for non-executive directors should not be as high as managers', as this would undermine their independence.

The remuneration of non-executive directors must be granted on a fixed basis or linked to the presence and must not depend on criteria related to the results of the company.

Resolutions on setting annual directors' fees shall be rejected if less than one third of the board of directors is independent.

VI. EQUITY TRANSACTIONS

All equity transactions proposed to shareholders must be strategically justified and financially balanced.

Maintaining pre-emptive subscription rights (DPS) for shareholders is an important criterion in capital increases.

Each merger, asset transfer or demerger shall be assessed on how well it conforms to the long-term interests of all shareholders, how consistent it is with the company's strategic objectives and on its financial terms, which must not undermine either the stock's liquidity, or its valuation, or the principle of "one share, one vote".

Edmond de Rothschild Asset Management (France) does not take a favourable view of blanket authorisations for capital increases unlinked to a specific project. Similarly, Edmond de Rothschild Asset Management (France) shall oppose practices consisting in capital increases via subsidiaries or in consideration of public takeover bids, as such resolutions could be tantamount to company management's blocking any acquisition of a stake by an external party.

Lastly, Edmond de Rothschild Asset Management (France) is systematically against share buybacks by the company during takeover periods, as such resolutions are also contrary to shareholders' interests. Edmond de Rothschild Asset Management (France) also requests that no equity transactions take place during a public takeover, in compliance with the principle of neutrality.

A - CAPITAL INCREASE VIA ISSUE OF SHARES OR CONVERTIBLE BONDS OR COMBINED SECURITIES

Edmond de Rothschild Asset Management (France) shall not vote in favour of capital increases in the following cases:

- ➔ If there are pre-emptive subscription rights but the issue amounts to more than 50% of the share capital (or less is local practice is stricter);
- ➔ If there are no pre-emptive subscription rights, but there is a mandatory priority period available to former shareholders and the subscription accounts for more than 20% of the share capital;
- ➔ If there are no pre-emptive subscription rights and the subscription, including the greenshoe option, amounts to more than 10% of the share capital;
- ➔ If the issue or subscription price is less than 95% of the market price.

These rules aim to prevent a significant dilution that would be contrary to shareholders' interests.

B - CAPITAL INCREASE VIA INCORPORATION OF RESERVES, PREMIUMS OR EARNINGS

As no dilution results from such mechanisms, Edmond de Rothschild Asset Management (France) shall vote for such resolutions in all circumstances.

C - ISSUE BY SUBSIDIARIES OF SECURITIES GIVING ACCESS TO THE COMPANY'S EQUITY WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Such resolutions shall be rejected in all circumstances.

D - CAPITAL INCREASE IN CONSIDERATION OF TAKEOVER BIDS VIA THE ISSUE OF SHARES

Such resolutions shall be generally accepted, except where the issues do not include pre-emptive subscription rights and account for more than 10% of existing shares. Edmond de Rothschild Asset Management (France) takes this stance in order to prevent excessive dilution, which would harm shareholders' interests.

E - CAPITAL INCREASES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS THROUGH THIRD-PARTY (NON-SUBSIDIARY) ISSUES OR DURING TAKEOVER PERIODS ON COMPANY-ISSUED STOCK

Edmond de Rothschild Asset Management (France) shall reject these resolutions in all circumstances.

F - EXCEPTIONAL, NON-RESERVED CAPITAL INCREASES WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Assessment on a case-by-case basis, but systematically rejected if the capital increase amounts to more than 10% of the existing share capital.

G - MERGERS, ASSET TRANSFERS, DEMERGERS, RESTRUCTURINGS, ETC.

Such resolutions shall be reviewed by the fund manager on the basis of his knowledge of the group's strategy.

H - CAPITAL INCREASE IN CONSIDERATION OF IN-KIND ASSET TRANSFERS

Edmond de Rothschild Asset Management (France) requires the amount is not greater than 10% of existing capital.

I - SHARE BUYBACKS

Such resolutions shall be systematically rejected during takeover periods, as they are considered as an anti-OPA pill, as they deprive the buyer from some of the cash on the target company's balance sheet.

Outside of these periods, Edmond de Rothschild Asset Management (France) shall generally vote in favour of such resolutions, as long as the volume of shares to be bought back does not exceed 25% of the share capital.

J - CAPITAL REDUCTION

Capital reductions are generally in shareholders' interests as they enhance earnings per share; however, the risk of such transactions is that they will dry up the free float in the shares. Edmond de Rothschild Asset Management (France) shall systematically reject such resolutions if the free float after the operation would be less than 25% of total share capital.

K - SPLITS AND REVERSE SPLITS

Vote in favor in all circumstances, as such operations have no effect on shareholder value.

VII. COMPENSATION AND DIRECTOR/EMPLOYEE SHAREHOLDINGS

Edmond de Rothschild Asset Management (France) is in favour of voting on the compensation of company directors, which is becoming the norm in the leading Western countries. This vote, also known as “Say-on-Pay” can be of a binding or advisory nature, depending on the country concerned. In all cases, “Say-on-Pay” is a desirable development as it enables shareholders to keep an eye on potential abuses.

A - APPROVAL OF THE COMPENSATION REPORT (SAY-ON-PAY)

Edmond de Rothschild Asset Management (France) will assess compensations based on qualitative analysis, focusing on the following key points:

- ➔ Alignment of compensation to company performance,
- ➔ Independence of the compensation committee,
- ➔ Quality of information, which must be comprehensive and transparent,
- ➔ Suitable compensation for non-executive directors, who must have only a fixed remuneration (not indexed on attendance).

Edmond de Rothschild Asset Management (France) shall vote against this report:

- ➔ If there is no mention of performance criteria relating to overall bonus compensation (short-term and long-term bonuses),
- ➔ For European companies mainly, if the criteria do not include any transparent and quantifiable extra-financial criteria. For companies operating in a high emitting sector, a criterion related to climate or carbon emissions should be included.
- ➔ If there is no specific mention of a minimum amount of shares to be owned and held by executives,
- ➔ If a dissenting vote on remuneration was not taken into account during the 12 months following the vote.

Edmond de Rothschild Asset Management (France) is in favour of including extra-financial criteria in formulas for calculating manager compensation. Edmond de Rothschild Asset Management (France) shall vote in favour of such proposals. Particular attention is given to the evolution of the internal equity ratio² and the scope to which it relates.

If an agreement concerns severance pay for executives, Edmond de Rothschild Asset Management (France) will apply its rule setting the maximum indemnity at two years of total salary.

A negative vote on the remuneration report at the General Meeting calls for appropriate consideration by the Compensation Committee. Edmond de Rothschild Asset Management (France) considers a threshold of 20% of negative votes from minority holders as a sufficient signal for change requirements from board side. Edmond de Rothschild Asset Management (France) will therefore oppose the renewal of the members of this committee if the compensation report has not evolved or if the proposed changes are deemed insufficient.

² That is, the ratio between the compensation of the highest paid executive and the average compensation of employees

B - « RETRAITES CHAPEAUX » RETIREMENT PLANS

A French specificity, « retraites chapeau » are supplementary executive retirement plans, whereby the employer commits to paying its executives an additional pension in the form of annuities, the amount of which is determined contractually. The annual provision required by the company for the payment of these retirement liabilities must be estimated and taken into account, as this amount is generally owed by the company years after the executive has effectively left the entity. Following the Macron law of 2015, the voting policy was revised regarding this subject.

Edmond de Rothschild Asset Management (France) requires the following criteria be complied with for resolutions concerning additional complementary pensions:

- ➔ Annual complementary pensions rights must not exceed 2% of the reference remuneration,
- ➔ The cost of pensions payments must be fully transparent,
- ➔ This payment must be subject to performance conditions.

C - GOLDEN PARACHUTES

Edmond de Rothschild Asset Management (France) is in favour of caps placed on golden parachutes in order to forestall any abuses. Edmond de Rothschild Asset Management (France) shall vote against any resolution offering an all-inclusive indemnity of more than two years of salary (all included). The golden parachute will also include non-competition clause for the calculation.

However, Edmond de Rothschild Asset Management (France) shall comply with local standards if these are stricter, as is the case in Great Britain, the Netherlands, or Switzerland.

Edmond de Rothschild Asset Management (France) shall also vote against the resolution if these indemnities are not based on criteria of performance and length of tenure, which would be conditional to the payment of the golden parachutes.

D - EXECUTIVE STOCK OPTION PLANS

Executive shareholding is viewed positively as long as the stock option plan meets criteria based on performance, size, dilution, price, and exercising period and is controlled by a competent compensations committee. Edmond de Rothschild Asset Management (France) shall vote against the proposal to award stock options to executives if:

- ➔ The issuance is not subject to performance criteria,
- ➔ The request exceeds 2% of the capital,
- ➔ Total profit-sharing (to employees and executives) voted for a given year is higher than 7% of the capital,
- ➔ Once issued, the total potential dilution suggests that a number of options and performance share plans in circulation held by executives/employees is higher than 10%,
- ➔ A discount from the market price is authorized,
- ➔ An executive manager is member of the compensations committee or in the event that there is no compensations committee (unless the entire Board of Directors fulfills this role).
- ➔ The vesting period is under 3 years or not expressly mentioned. The length of the vesting period provides a distinction between short-term bonus and long-term variable compensation.

Edmond de Rothschild Asset Management (France) shall also take into account the concentration of such plans, insofar as this information is available. A stock option plan, only involving a handful of senior management executives could be refused.

E - THE ALLOCATION OF FREE OR PERFORMANCE SHARES TO EXECUTIVES

The allocation of free shares – considered to be particularly dilutive – is subject to relatively strict criteria. Edmond de Rothschild (France) shall vote against proposals to award free shares to executives if:

- ➔ The issue is not subject to performance criteria,
- ➔ The total amount issued in free shares exceeds 1% of the capital,
- ➔ Total profit-sharing instruments (awarded to employees and executives) voted for a given year exceeds 7% of the capital,
- ➔ Once issued, the total potential dilution suggests that a number of options and performance share plans in circulation held by executives/employees is higher than 10%,
- ➔ An executive manager is member of the compensations committee or in the event that there is no compensations committee (unless the entire Board of Directors fulfills this role)
- ➔ The vesting period is under 3 years, or not expressly mentioned.

F - ALLOCATION OF FREE SHARES TO EMPLOYEES

The allocation of free shares to salaried employees, considered to be particularly dilutive yet providing an instrument for profit-sharing, is not subject to performance criteria. Edmond de Rothschild Asset Management (France) shall vote against the proposal to award stock options to employees if:

- ➔ The total amount issued in free shares exceeds 1% of the capital,
- ➔ Total profit-sharing instruments (awarded to employees and executives) voted for a given year exceeds 7% of the capital,
- ➔ Once issued, the total potential dilution suggests that a number of options and performance share plans in circulation held by executives/employees is higher than 10%,
- ➔ The free share plan is too concentrated on a certain number of high level executives.

G - CAPITAL INCREASE THROUGH EMPLOYEE STOCK ISSUES

Employee stock issues must not dilute shareholders excessively. Edmond de Rothschild Asset Management (France) shall therefore be against capital increases if:

- ➔ The proposal involves more than 3% of the capital,
- ➔ Total profit-sharing instruments (awarded to employees and executives) voted for a given year exceeds 7% of the capital,
- ➔ The issue price is more than 30% below market price
- ➔ The employees' capital shares are superior to 10%, including new issues.

VIII. CHANGES TO BY-LAWS

Normal changes to by-laws shall be assessed on a case-by-case basis by Edmond de Rothschild Asset Management (France). Similarly, whether or not an exceptional dividend should be paid out of shareholders' funds shall be reviewed for each company submitting it for a vote, on the basis of that company's financial situation and strategy.

Edmond de Rothschild Asset Management (France) defends the principles of shareholder equality and "one share, one vote". Resolutions on enhanced dividends (i.e., subject to holding company-registered shares for at least two years) or double voting rights shall therefore be systematically rejected.

However, paying out dividends in the form of shares shall be reviewed on a case-by-case basis, unless there is a cash-payment option.

The “supermajority vote” is a change in by-laws to set higher thresholds than a simple majority. Some resolutions have been presented along these lines in the US. Edmond de Rothschild Asset Management (France) considers that such changes are in violation of shareholder democracy and it shall vote against such resolutions.

However, shareholder democracy must not hinder management action, and nor is Edmond de Rothschild Asset Management (France) in favour of excessively low thresholds for calling extraordinary shareholder meetings.

French law provides that 5% of shareholders may call an extraordinary shareholder meeting.

In the United States, this threshold is determined by statute in a few states. Edmond de Rothschild Asset Management (France) has aligned its threshold with the percentage in use in the U.S. and has set them explicitly by law, i.e., 10%. Edmond de Rothschild Asset Management (France) shall therefore vote against any resolution setting a minimum shareholding above 10% to call an extraordinary shareholder meeting.

In the United Kingdom and the United States, some companies propose to set up “virtual” general meetings that do not require the physical presence of participants. This practice can lead to the deterioration of discussions between investors and the management of companies. For this reason, Edmond de Rothschild Asset Management (France) will vote against the proposals of “100% virtual” general meetings but will vote in favour of the proposals of “hybrid” general meetings, namely “virtual” and “physical”, thus leaving the choice to the investor.

Edmond de Rothschild Asset Management (France) recommends that companies set-up succession plans, especially family companies whose founder is still CEO. The preparation of this succession is the responsibility of the Board of Directors and must allow the continuity of operations. It is not favorable to set an age limit for all directors although the average age of board members must be monitored. However, Edmond de Rothschild Asset Management (France) will vote against a change in by-laws that would establish the retirement age limit for the CEO beyond 75 years-old, and 85 years old for the Chair of the Board.

Edmond de Rothschild Asset Management (France) reserves the right to vote against the renewal of the Governance Committee members if governance is considered too unfavorable vis-à-vis minority shareholders, particularly in relation to filing resolutions.

A - THRESHOLDS STATED IN THE BY-LAWS FOR REPORTING SHAREHOLDINGS

Companies may submit for shareholder approval changes in by-laws pertaining to the thresholds at which shareholdings must be reported. Edmond de Rothschild Asset Management (France) shall oppose any excessively low threshold that sets unjustifiable restrictions on shareholders.

Edmond de Rothschild Asset Management (France) shall vote against any proposal to lower this threshold below 1% of share capital.

B - FORMALITIES

Edmond de Rothschild Asset Management (France) shall vote for such resolutions after careful review ensures that no specific formality is unfavourable to shareholders, with the reason for rejection then being explained.

C - ANTI-TAKEOVER DEFENCES

Edmond de Rothschild Asset Management (France) does not believe it to be in minority shareholders’ interests for a company to protect itself from takeover bids through heavily dilutive mechanisms. Edmond de Rothschild Asset Management (France) shall therefore vote against any type of anti-takeover defence.

IX. OPTIMUM MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND STAKEHOLDER ISSUES

These themes are often mentioned in the report on sustainable development or the annual report, but are seldom taken up in management resolutions at shareholder meetings. However, they may be subject to shareholder resolutions.

Edmond de Rothschild Asset Management (France) analyses such resolutions with regard to principles set by its team of fund managers-analysts experts in Socially Responsible Investment (SRI).

A - SOCIAL RESOLUTIONS

The following principles shall guide voting on all socially relevant resolutions:

- ➔ Compliance with human rights and international labour standards;
- ➔ Equal job opportunities;
- ➔ The fight against discrimination in any form (e.g., racial, gender, handicaps),
- ➔ Healthcare and safety programmes,
- ➔ Encouraging social progress in emerging economies where the company does business directly or indirectly

Edmond de Rothschild Asset Management (France) shall therefore vote in favour of:

1. GREATER DIVERSITY AND TRANSPARENCY ON THE BOARDS OF DIRECTORS

If shareholder proposals request the company to take steps to appoint women or minorities, the vote will be favorable.

If shareholders submit a resolution requesting disclosure of information to assess diversity on the Board of Directors, the vote will be favorable.

Similarly, if a resolution calls for the adoption of a nomination charter for the Board of Directors or for amending the clauses of the existing nomination charter to include provisions on diversity, the vote will be favorable.

2. ENHANCED DISCLOSURES ON MEASURES TO PROMOTE EQUAL OPPORTUNITY

Edmond de Rothschild Asset Management (France) encourages companies to implement a policy of non-discrimination and diversity in all its forms, particularly with regard to the balanced representation of women and men in management bodies.

Resolutions requesting management to provide more information on diversity measures and equal opportunity programs, or to implement laws and regulations, to disclose anti-discrimination actions and access programs will be systematically supported.

Resolutions calling for non-discrimination in compensation, wages and other benefits will receive a favorable vote.

Shareholder proposals calling for equal employment opportunity and anti-discrimination measures will be supported.

Edmond de Rothschild Asset Management (France) will also support proposals to remove the "glass ceiling" (difficulty for women and minorities to reach a certain hierarchical level).

B - ENVIRONMENTAL RESOLUTIONS

With regard to environmental resolutions, Edmond de Rothschild Asset Management (France) is in favour of a better recognition of the environmental responsibility of groups and believes that

this requires greater transparency. Edmond de Rothschild Asset Management (France) will therefore support the resolutions in favour of reliable and detailed information.

Edmond de Rothschild Asset Management (France) is in favour of regular shareholder consultations via resolutions on the group's climate strategy and the communication of actions carried out within the framework of clear and comprehensible reporting.

Edmond de Rothschild Asset Management (France) is in favour of defining net zero objectives in line with the Paris Agreement, validated by the SBTi ³ and preferably with intermediate objectives for the relevant scopes.

Edmond de Rothschild Asset Management (France) will support the shareholders' motions aiming at:

- ➔ Disclosure of more information about the company's environmental practices and/or responsibilities and risks, such as water consumption, air emissions and waste generation.

Edmond de Rothschild Asset Management (France) will support resolutions that are in line with its exclusion policies.

C - STAKEHOLDER RESOLUTIONS

Edmond de Rothschild Asset Management (France) is in favour of setting codes of conduct and standards applicable to suppliers. With this in mind, Edmond de Rothschild Asset Management (France) shall support resolutions calling for:

- ➔ The application of standards and processes ensuring respect for human rights and codes of conduct to comply with ILO and SA8000 standards
- ➔ The publication of a code of conduct for suppliers or compliance with standards and laws protecting wages, benefits, working conditions, freedom of association, and other employee rights;

Concerning the control of donations to charities, Edmond de Rothschild Asset Management (France) will vote in favour of these resolutions provided that donations do not exceed 1% of net income and that the company is transparent about the beneficiary associations.

With regard to the practice of lobbying, Edmond de Rothschild Asset Management (France) will vote in favour of shareholder proposals requesting the company to examine and disclose the manner in which it engages in lobbying and the associated financial and human resources.

Regarding donations to political parties, Edmond de Rothschild Asset Management (France) will vote :

- ➔ For shareholder proposals calling for more transparency on corporate donations to political parties (US case),
- ➔ On a case-by-case basis on anti-social shareholder proposals requesting a review of company donations to charities or the disclosure of information on such donations.

• ³ The Science Based Target Initiative defines and promotes best practices in emissions reductions and net-zero targets in line with climate science.

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ⁱ The SRI label is a tool for choosing responsible and sustainable investments. Created and supported by the French Ministry of Finance, the label aims to make socially responsible investment (SRI) products more visible to savers in France and Europe.