



EDMOND
DE ROTHSCHILD

2023 ENGAGEMENT AND VOTING POLICY REPORT

EDMOND DE ROTHSCHILD ASSET
MANAGEMENT (FRANCE)



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EDITORIAL

Responsible investment is part of the DNA of our management: independent, active, fundamental and conviction-based. This approach, which reflects the values of the Rothschild family, not only ensures better risk management but also creates long-term value, and is recognised through the trust our clients place in us.

The Responsible Investment approach of Edmond de Rothschild Asset Management (France) aims both to reduce risks and to identify opportunities linked to sustainable development issues. As an active, long-term asset management company, we aim not only to steer our investment choices towards the most responsible companies, but also to support them to develop their business models and practices towards a more sustainable world. In this sense, exclusions are a last resort for Edmond de Rothschild Asset Management (France). However, we exclude securities whose holding could be deemed contrary to regulations or practices that we feel are the least compatible with our approach as a responsible investor, particularly with regard to climate issues. Edmond de Rothschild Asset Management (France) has established a formal exclusion policy that includes controversial weapons, thermal coal and tobacco, several non-conventional fossil fuels, and breaches of any of the ten guiding principles of the UN Global Compact (UNGC). This policy covers all our portfolios, across the full asset class and regional spectrum.

In addition to our investments, our commitment is reflected in our contribution to initiatives aimed at promoting more responsible finance and innovation in sustainable investment. Climate change, green taxonomy, the role of intangible assets, animal welfare... We are committed to a wide range of issues, giving priority to initiatives that aim to make concrete progress.

As committed investors, we are active on the three ESG pillars (Environment, Social, Governance):

E

Our Group is committed to the environment and the fight against global warming. In 2017, we established a climate roadmap, aligned with the goal of limiting global warming to less than 2 degrees. This goal has been updated in 2020 to take into account the climate emergency and the responses provided by the various economic players and the regulatory authorities. In 2020, the launch of an investment strategy focused on the energy and environmental transition is a further testimony of our firm convictions regarding this vital issue. Our Climate roadmap, which now also covers biodiversity, was updated in 2024, notably to account for our NZAM initiative membership from May 2023.

S

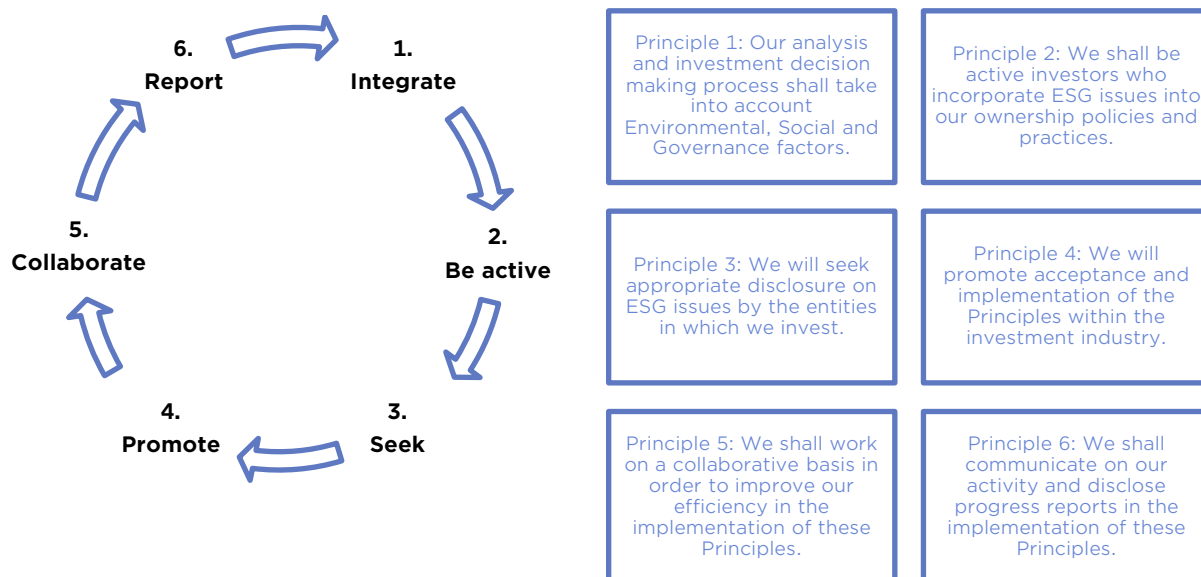
Beyond the financial performance, in the management of the portfolios, our teams seek to create added value and make positive changes to society and the world in which we live. Our impact strategy in Africa and South America as well as our strategy focused on human capital are good examples of the incorporation of social factors into in our management.

G

Active ownership brings with positive change. The objective is to support companies in their efforts towards greater transparency and improving their ESG practices over the long term. Our approach focuses primarily on individual dialogue with the European companies. It involves individual and collective dialogue, dialogue before the General Meetings, voting in General Meetings and, where applicable, participation in the proposal of resolutions.

As a signatory of the PRI¹ since 2010, Edmond de Rothschild Asset Management (France) applies the six main Principles for Responsible Investment on a daily basis.

We are committed to:



In accordance with PRI Principle 2, as an active investor, we have:

- ▶ Developed and disclosed an active ownership policy consistent with the Principles;
- ▶ Exercised our voting rights in accordance with our voting policy;
- ▶ Deployed the resources needed for quality shareholder stewardship;
- ▶ Participated in think-tanks and workshops on policy, regulation, and standard setting;
- ▶ Filed shareholder resolutions consistent with long-term ESG consideration;
- ▶ Engaged with companies on ESG issues;
- ▶ Participated in collaborative engagement initiatives.

Therefore, we wish to report more closely on the engagement actions we make. This publication is dedicated to our most recent engagement actions. Enjoy reading!

ENGAGEMENT FOSTERED THROUGH BEST PRACTICE

Edmond de Rothschild Asset Management (France) takes an active part in the initiatives and workshops led by many professional, local and/or international organisations (non-exhaustive overview).

¹ The Principles for Responsible Investment (PRI) were launched by the United Nations in 2006. This is a voluntary commitment addressed to the financial sector in order to encourage investors to integrate Environmental, Social and Governance (ESG) issues into their portfolios, but in a broad sense. The PRIs are a means to move towards a widespread incorporation of extra-financial aspects by all financial segments.

One of the first asset managers to sign the PRIs

Pioneer in the contribution to local and international industry initiatives

Pioneer in the "Best in universe"¹ approach

Partner in academic research since 2007

Gradual expansion of our Responsible Investment range

Launch of our 3rd multi-year Responsible Investment strategy (2021-2024)



Active participation



¹. Best in universe: In socially responsible investment, the best-in-universe approach is an ESG selection approach that consists of favouring companies with the highest ratings from an extra-financial point of view, regardless of their sector of activity. In this context, the sectors that are considered to be the most virtuous will be largely represented in the final selection (lelabelisr.fr). The SRI label is a tool used to select responsible and sustainable investments. Created and backed by the French Finance Ministry, the objective of the label is to improve the visibility of SRI (socially responsible investments) for retail investors in France and Europe.

OUR ENGAGEMENT PHILOSOPHY

Edmond de Rothschild Asset Management (France) considers dialogue to be one of the cornerstones of its approach to integrating environmental, social and governance issues into its management.

Our philosophy is based on:

- ▶ A constructive and long-term engagement approach,
- ▶ An independent approach in line with our values,
- ▶ An approach approved and embraced by all investment teams and Senior Management.

Our goal is to promote dialogue with companies primarily to improve transparency and corporate performance: by deepening our understanding of their challenges and performance, and encouraging them to apply best practices. We firmly believe that better management of ESG risks can reduce financial risks and improve companies' long-term performance.

Unlike activism, Edmond de Rothschild Asset Management (France) prefers to engage in constructive dialogue and apply a proactive voting policy. As a result, Edmond de Rothschild Asset Management (France) encourages individual dialogue on ESG issues at all levels of engaged companies, closely monitors ongoing shareholder coalitions and assesses the relevance for the asset management company to join collaborative engagement initiatives.

The managers and analysts of Edmond de Rothschild Asset Management (France) meet regularly with company representatives: CEOs, CFOs, investor relations managers, sustainable development managers as well as human resources or environmental managers. Managers discuss strategic, financial and non-financial issues with them.

Dialogue with companies consists of getting to know them better and refining the ESG ratings of companies held in the portfolios managed made by the Responsible Investing team, as well as promoting best practices with the companies met.

The aim of our dialogue/engagement approach with companies focuses on:

- ▶ Better Transparency of ESG policies, strategies and practices,
- ▶ Improved operational performance,
- ▶ Better Sustainability Strategy,
- ▶ Contributing to the development of the responsible investment market.

In order to:

- ▶ Refine our ESG valuations,
- ▶ Promote best practice,
- ▶ Encourage companies to improve their extra-financial communication,
- ▶ Help entrepreneurs in the transformation of their business model.

In addition, in 2017, Edmond de Rothschild Asset Management (France) added shareholder engagement to its 2°C roadmap, which was subsequently updated in 2020 and in early 2024. This 3rd version of our roadmap comes with a major change: the shift from a 2°C scenario to a more ambitious 1.5°C scenario. The latter pathway is consistent with our decision to join the Net Zero Asset Management (NZAM)² initiative in May 2023. It also reaffirms our ambition to achieve carbon neutrality for all our assets under management by 2050, in line with the efforts deployed internationally to limit global warming to 1.5°C by 2100. Furthermore, this new version now also takes into account issues of biodiversity conservation. All stakeholders agree on the fact that the issues of climate change and biodiversity are very closely related, both in terms of the risks they carry and the opportunities they offer.

² Launched in 2020, the initiative aims to support the asset management industry to commit to a goal of net zero emissions, to take action and deploy the ambitious investment strategies needed to achieve the net zero emission target.

Our individual and collective climate stewardship focuses primarily on sectors and sub-sectors that have been identified as high risk, as well as companies with high emissions in absolute and/or relative terms. To achieve this, we refer to the Climate Action 100+³ list (targeting nearly 170 companies globally), an investor-led initiative to ensure that the world's largest greenhouse gas emitters take the necessary measures to fight climate change.

The investment teams therefore primarily engage investee companies featuring on this list of issuers on climate change.

Regarding issues of biodiversity, we engage with companies on the Nature Action 100⁴, an initiative that Edmond de Rothschild Asset Management (France) joined as a founding member in September 2023. As an example, we have been taking part in joint engagement initiatives on biodiversity issues with Bayer and Danone, companies with high climate and biodiversity stakes.

Lastly, Edmond de Rothschild Asset Management (France)'s engagement approach is identical for equities and bonds, except for pre-AGM dialogue and the filing of resolutions.

³ Launched in December 2017 during the One Planet Summit, the Climate Action 100+ initiative has a five-year mission to encourage and influence the major greenhouse gas emitters in the global economy. The aim is to ensure that these companies make the transition to clean energy and comply with the Paris Agreement signed at COP21.

⁴ The initiative was initially launched in 2022 during a side-event of the Montreal COP 15. It became effective on September 26th 2023. The initiative is backed by the Ceres and IIGCC, with technical advice provided by the Finance for Biodiversity Foundation and Planet Tracker. It was designed to galvanise investors into action to encourage companies to raise their ambitions and take the necessary measures to safeguard nature and biodiversity. The initiative targets the companies that are most involved in the destruction of nature, or are most dependent on nature, with a priority focus on eight sectors, including the pharmaceutical industry, chemicals, household products, consumer good retail, the food industry (from meat and dairy farmers to processed foods), food and beverage retail, forestry and packaging (including forest management and paper pulp), metals and mining.

A STRUCTURED APPROACH

In 2020, Edmond de Rothschild Asset Management (France) formalised its shareholder stewardship with the creation of a bi-monthly Dialogue and Engagement Committee. We engage with investee companies across all asset classes, with priority given to European companies. Specific initiatives are conducted with small cap companies.

Non-European companies are essentially approached through collective engagement initiatives.

STEERING COMMITTEE

The Responsible Investment team and portfolio managers are responsible for engagement, but the process is structured around a committee that meets every two months and brings together members of management, of the equity, fixed income and asset allocation teams, the responsible investment teams, product specialists, marketing and risk departments. The purpose of this steering committee is to define, validate, monitor and report on our engagement activities.

IDENTIFICATION POLICY FOR ENGAGEMENT ACTIONS

Our engagement approach:

- ▶ Covers all asset classes,
- ▶ Gives priority to European companies,
- ▶ Includes specific actions for small caps,
- ▶ Includes specific actions as a creditor (green and social bonds⁴, non-listed issuers, etc.).

In general, we aim to act on strategic and financial themes impacting the three pillars of ESG. These themes are chosen in close collaboration with our management teams.

Our dialogue and engagement policy also includes dedicated climate and biodiversity dialogue relating to the application of our Climate and Biodiversity roadmap.

Specific actions are initiated for certain funds and in the event of significant exposure to an issuer.

We notably use our internal EdR BUILD analysis methodology to target companies or engagement themes. Note also that during the course of our regular shareholder dialogue, our discussions increasingly address climate strategies and related targets. In 2023, we notably engaged with companies operating within the energy, chemicals, utilities and agri-food industries on their climate strategies.

Furthermore, if a controversy occurs, we use different sources to analyse its veracity, and we can contact and dialogue with the issuer. Depending on the type of controversy, we monitor the company's responses, the measures taken and the results obtained.

Different engagement tools can then be used in a proactive or reactive manner:

- ▶ Specific engagement action in the event of a controversy.
- ▶ Specific dialogue consistent with our Coal exclusion policy. We are firm believers in the importance of encouraging companies to reduce their dependence on thermal coal. We are therefore attentive to their carbon trajectories and do not intend to exclude producers of

⁴ Green bond: a bond issued by a company, international organisation or local authority on the financial markets to finance a project or activity with environmental benefits.

Social bond: a bond that exclusively finances projects that have a positive social impact on one or more target populations.

thermal coal or carbon-intensive electricity that make credible and measurable commitments to reduce their exposure to coal, in order to comply with the Paris Agreement (validated by the Science Based Target Initiative or SBTi⁵). In 2024, for instance, we engaged with Enel to monitor how the company was deploying its coal exit and decarbonization strategy.

- ▶ A specific dialogue consistent with our non-conventional fossil fuel exclusion policy. As a long-term shareholder, we ensure that oil companies duly align their strategy with the Paris Agreement and avoid investing in future “stranded assets”, while steering clear of “carbon lock-in” situations. We therefore engaged with TotalEnergies, Shell and Repsol on their climate strategies and on their positioning regarding non-conventional strategies.
- ▶ Companies can be put on a watchlist. A regularly updated list of issuers is debated by our Dialogue and Engagement Committee and then sent to all fund managers. This watchlist includes companies with particularly low ESG ratings and/or exposed to high controversies. At the end of 2023, the list included companies such as Anhui Conch Cement, Bayer, Deutsche Bank, Grifols, Glencore, Pemex...

CLEAR ENGAGEMENT PROCESS

The objective of our dialogue/engagement approach with companies contains several levels with several time horizons:

- ▶ A greater transparency of ESG policies, strategies and practices (12/18 months),
- ▶ A better operating performance (2 years),
- ▶ An improved sustainability strategy (3 years and more),

Our engagement initiatives are thoroughly monitored. This begins by defining specific areas for improvement upstream and establishing a monitoring table that includes:

- ▶ Start date
- ▶ Targeted areas: E and/or S and/or G
- ▶ Contact names
- ▶ Questionnaire, interviews, visits, etc.
- ▶ Identification of areas for improvement
- ▶ Follow-up on reminders, responses and progress.

If progress is not fast enough, there are several escalation measures:

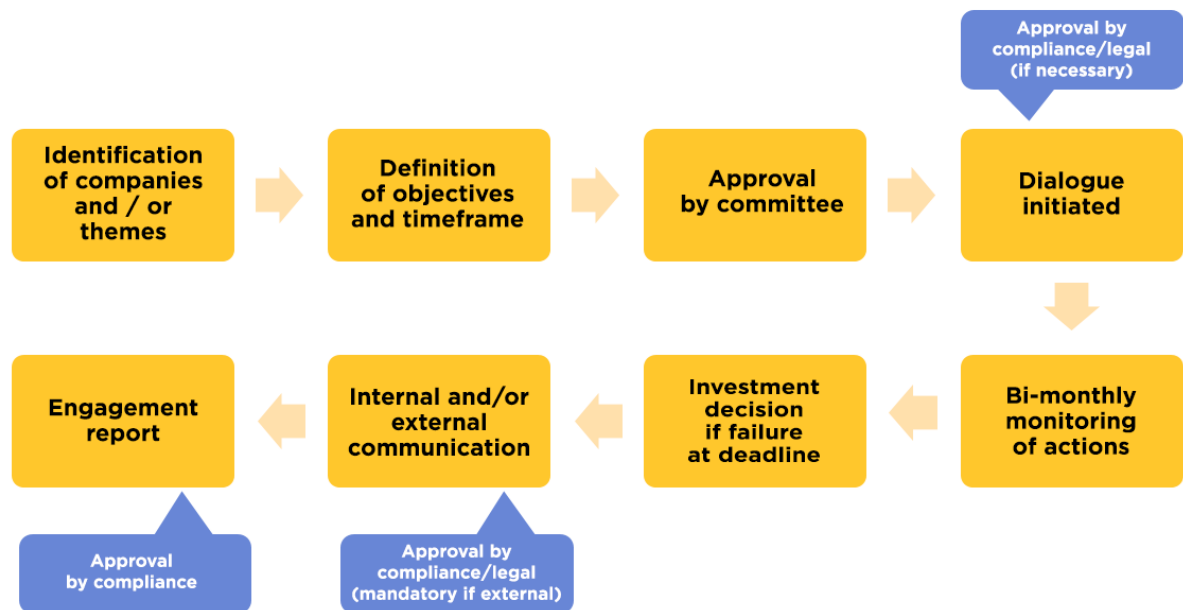
- ▶ Sending a private letter. As an example, we wrote to M. Bazin and the members of the Board at Saint Gobain reminding them of the importance, in our view, of separating the roles of Chairman and CEO.
- ▶ Sending a public letter to the Chairman or members of the Board of Directors/Supervisory Board or to the executive officers.
- ▶ In Shareholder Meetings: for example, in May 2023, Edmond de Rothschild Asset Management (France) co-submitted a resolution with 17 other investors asking TotalEnergies to align its greenhouse gas emission reduction targets with the Paris climate agreement for 2030. The vote obtained 30.44% of the votes cast at the Shareholders' Meeting of 26 May 2023.

⁵ The SBTi (Science-based Targets Initiative) is an initiative led by the CDP (Carbon Disclosure Project), the UNGCC and WRI (World Resources Institute) designed to help companies lower their greenhouse gas emissions using climate science data.

- Putting the company on a watchlist.
- Exclusion of a security.

ENGAGEMENT PROCESS

Overview of the different stages



The progress made is monitored and measured during the bi-monthly Dialogue and Engagement Committee. We measure the progress against specific indicators (KPIs) that have been set for each approach and for specific time horizons.

REGULAR DIALOGUE

As a responsible investor, Edmond de Rothschild Asset Management (France) has always been committed to honoring its responsibility as a shareholder. The best way to do this remains today participation in decision-making and the life of the companies, on the one hand by voting at General Meetings of shareholders and on the other hand by promoting open dialogue with issuers on topics relating to corporate governance, in order to improve the voting policy and compare the principles that guided its drafting to the application of concrete cases. Edmond de Rothschild Asset Management (France) is also working to extend this voting policy to new areas of social responsibility, for example by detailing its expectations when voting on so-called "say on climate" resolutions⁶.

While the impact of Edmond de Rothschild AM (France)'s engagement with issuers is not quantifiable at this stage, the regular frequency of exchanges is intended to raise awareness among the managers of these companies and contribute to the improvement of their practices.

IN-DEPTH DIALOGUE WITH COMPANIES

Edmond de Rothschild Asset Management (France) is characterised by its conviction-based management style, built on frequent meetings with the managers of listed companies.

Knowledge of a company's strategic, financial and non-financial issues is the foundation for decisions taken when voting at General Meetings.

For many years now, Edmond de Rothschild Asset Management (France) has developed a positive selection approach that aims to identify and invest in companies that are the farthest ahead and the most dynamic in the management of their environmental, social and governance challenges and relations with stakeholders.

The RI (Responsible Investment) team analyses the stocks in the universe based on predefined ESG (Environmental, Social, and Governance) criteria in order to establish an extra-financial rating for the company. This rating requires an in-depth fundamental analysis and meetings with the companies' management. The meetings on extra-financial themes allow for dialogue with people who are often specialists in some of these subjects, such as the directors of sustainability research, heads of human resources, lawyers or environmental heads.

During 2023, while the management teams of Edmond de Rothschild Asset Management (France) participated in numerous financial meetings, the Responsible investment team **held 178 company meetings on extra-financial issues**.

DIALOGUE AHEAD GENERAL MEETINGS

Edmond de Rothschild Asset Management (France) has a long tradition of dialogue with companies through voting at General Meetings.

Our voting policy incorporates voting principles relating to governance as well as social and environmental aspects in line with our ESG analysis approach. In addition, Edmond de Rothschild Asset Management (France) acts upstream of the General Meetings by targeting the most objectionable resolutions or depending on its exposure to the companies met with. Interviews generally cover the renewal of directors' terms of office, the components of the remuneration policy for key executives, authorizations for financial transactions (capital increases, buybacks of securities, etc.) and increasingly often issuers' climate policies and related targets.

⁶ A "say on climate" is a resolution added to the agenda of shareholders' meetings, either by the company itself or by its shareholders, putting a listed company's climate policy to the vote every year.

COLLABORATIVE DIALOGUE

Edmond de Rothschild AM (France) participates in a number of collective initiatives that it considers most relevant in light of its holdings and ESG interests.

This commitment can be made via:

- ▶ Investor coalitions by submitting resolutions at Shareholder Meetings,
- ▶ Actions initiated within the framework of market organisations (PIR, FIR, etc.),
- ▶ Various sector-based initiatives that Edmond de Rothschild Asset Management (France) is a member of (FAIRR, Access to Medicine, Nursing Home Statement, etc.).

COMMUNICATION WITH STAKEHOLDERS

Edmond de Rothschild Asset Management (France) may communicate with stakeholders in the following cases:

- ▶ Investment decision support
- ▶ The engagement approach

In this way, the management company's managers and analysts can communicate with suppliers, clients or NGOs in order to obtain more complete information about the company and a different point of view. The managers also regularly organise discussions with independent experts in order to delve deeper into certain subjects, themes or the functioning of certain companies. Contact with these stakeholders or experts is generally made through external bodies and takes place transparently without disclosure of confidential data.

REVIEW OF THE VOTING POLICY

This policy applies to all portfolios managed by Edmond de Rothschild Asset Management (France) and is implemented in institutional mandates, unless the client specifically opts out.

A. VOTING SCOPE

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 in an uniform manner at shareholder meetings of all companies held in funds (external SICAV excluded), 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. We remind readers that until end 2023, our minimum ownership threshold for voting at AGMs was 0.01% of the company's capital.

B. ORGANISATION OF THE VOTING PROCESS

The most common channel used by Edmond de Rothschild Asset Management (France) to exercise its voting rights is proxy voting. This is conducted via the ISS proxy voting platform for all in-scope companies. Edmond de Rothschild Asset Management (France) has retained the services of two firms: ISS and Proxinvest/Glass Lewis (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 decide how to vote, in the sole interests of unit holders in its portfolios.

C. 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 compensation 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.

D. SPECIAL CASE OF BLOCKED SECURITIES

A certain number of issuers proceed to a blocking of the securities when the holder wishes to vote. This blocking period is very variable and depends on the country, the issuer, the custodian and the sub-custodian, and can last up to ten days. While the end of the lock-up period generally corresponds to the day following the General Meeting, the beginning of the lock-up period varies considerably.

EXERCISE OF VOTING RIGHTS IN 2023

In accordance with the provisions of Directive EU 2017/828 of 17 May 2017, the “Shareholders’ Rights Directive” or SRD2, Edmond de Rothschild Asset Management (France) reports on the implementation of the shareholder engagement policy and, in particular, the conditions under which it exercised voting rights in 2023 in respect of the financial instruments held by the portfolios it manages.

A. OVERALL ANALYSIS OF VOTES

The statistics are based on data provided by ISS.

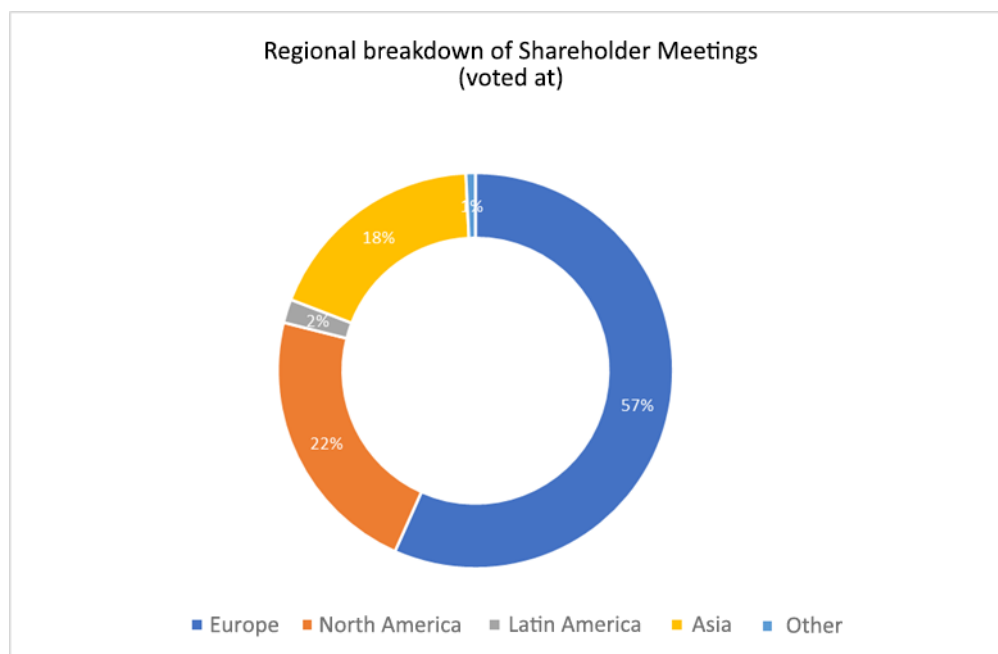
ACTUAL VOTE AT GENERAL MEETINGS

In 2023, the voting perimeter was as follows:

	France	Europe (excl. France)	Foreign	Total
Initial scope of General Meetings	88	216	229	533
Number of General Meetings voted in	85	207	225	517
Participation rate	97%	96%	98%	97%

GEOGRAPHICAL BREAKDOWN

Geographical region	Number of General Meetings voted in	Initial scope of General Meetings	Participation rate
Europe	293	304	96%
North America	115	116	99%
Latin America	10	11	91%
Asia	95	98	97%
Other	4	4	100%
Total	517	533	97%



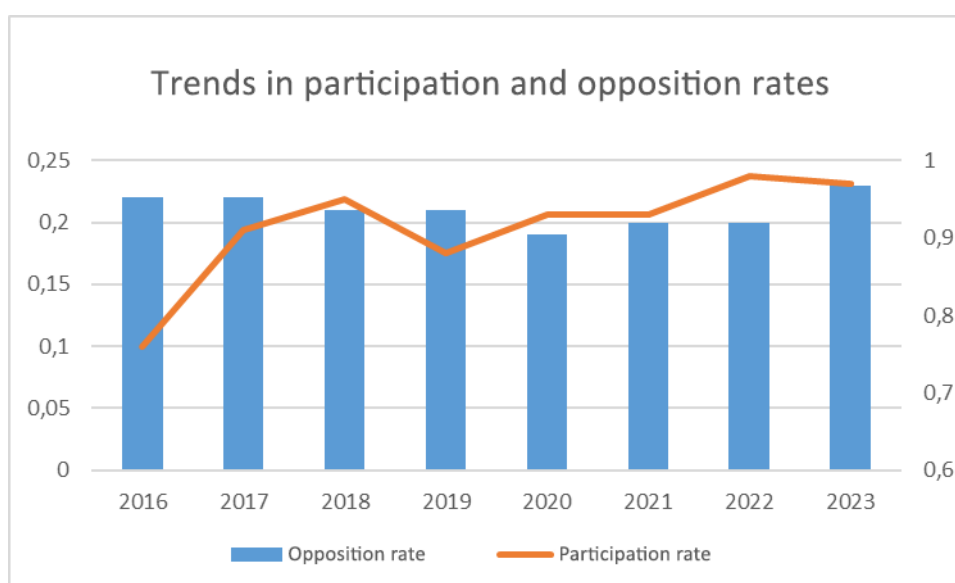
ACTUAL VOTE AT GENERAL MEETINGS

The Shareholder Meetings voted on 6,959 resolutions.

Number of resolutions voted on	"Yes" votes	"No" votes	"Abstain" votes	"One Year" votes
6959	5140	1625	125	69

The total number of "yes" votes represented 74.6% of the votes, i.e. 5140 resolutions out of 6959.

The total number of dissenting votes represented 23.5% of votes cast, i.e. 1,625 resolutions out of a total of 6,959. Abstentions accounted for 1.8% of total votes.



BREAKDOWN BY RESOLUTION CATEGORY

Types of resolution	Yes	No	Abstain	Total	Total (%)
Appointment/Attendance fees of the Members of the Board of Directors or Supervisory Board	2046	489	104	2639	38%
Formalities and other reasons	1610	240	20	1870	27%
Remuneration of Executives and Employees (excluding employee share ownership)	679	430	-	1109	16%
Anti-takeover bids and financial transactions/mergers	596	350	-	946	14%
External resolutions (proposed by shareholders)	125	88	1	214	3%
Employee share ownership	84	28	-	112	2%
Total votes*	5140	1625	125	6890*	100%

* 69 "One Year" votes not taken into account.

ESG pillar	Yes	No	Abstain	Total	Total (%)
G	5076	1593	125	6794	98.61%
S	37	12	-	49	0.71%
E, S	12	9	-	21	0.30%
E	14	6	-	20	0.29%
S, G	1	5	-	6	0.09%
Total votes	5140	1625	125	6890*	100%

* 69 "One Year" votes not taken into account.

ANALYSIS OF OPPOSITION VOTES

The types of resolutions to which Edmond de Rothschild Asset Management (France) objected are shown in the table below.

Types of resolution	No	Breakdown of opposition votes
Appointment/Attendance fees of the Members of the Board of Directors or Supervisory Board	489	30%
Remuneration of Executives and Employees (excluding employee share ownership)	430	26%
Anti-takeover bids and financial transactions/mergers	350	22%
Formalities and other reasons	240	15%
External resolutions (proposed by shareholders)	88	5%
Employee share ownership	28	2%
Total opposition votes	1625	100%

30% of votes “against” concerned the “Appointment/ Attendance fees of the Members of the Board of Directors or Supervisory Board” category. Edmond de Rothschild Asset Management (France) has a strict voting policy on this subject, as the choice of members for supervisory boards or boards of directors is essential to ensure quality governance. Refusal to appoint or reappoint directors may be due to:

- ▶ The lack of independence of the boards resulting from their appointment,
- ▶ Availability deemed insufficient for filling this role, due to an excessive number of offices,
- ▶ Non-compliance with gender diversity.

Edmond de Rothschild Asset Management (France) may also individually sanction the reappointment of a director if it is considered that he or she has not properly fulfilled his or her role on a committee (audit, remuneration or appointments).

26% of against votes concerned resolutions relating to executive remuneration. Edmond de Rothschild Asset Management (France) initially assesses remuneration based on a qualitative analysis, primarily to ensure that it is aligned with performance levels and check the quality of disclosures, which must be exhaustive and transparent. In most cases, the vote AGAINST a resolution relating to remuneration was justified by the lack of mention of a performance criterion on all variable remuneration (short-term bonus and long-term variable bonuses), by remuneration plans deemed too short-term (less than 3 years) or by unjustified severance payments. Edmond de Rothschild Asset Management (France) may also have voted against the

"Say on Pay"⁷ vote if a negative vote on remuneration by minority shareholders had not been taken into account the previous year.

"Capital transactions", which include requests for capital increases, accounted for 22% of negative votes. All capital transactions proposed to shareholders must be strategically justified and financially balanced. Respecting shareholders' preferential subscription rights is an important criterion when carrying out capital increases. As Edmond de Rothschild Asset Management (France) has set maximum limits for dilution depending on the type of capital increase (with or without preferential subscription rights or pre-emption periods), decisions to vote AGAINST are generally linked to excessive dilution of capital increases or excessively high issue price discounts. Mergers are voted on a case-by-case basis, depending on the rationale for the transaction and the potential value creation for shareholders. Moreover, proposed capital transactions should not be able to be used as anti-takeover measures.

A. RESOLUTIONS SUBMITTED BY SHAREHOLDERS (NOT APPROVED BY THE BOARD)

FOCUS SAY ON CLIMATE

Among the 12 "Say on climate" resolutions we voted on, 4 were submitted by shareholders and 8 by management. We SUPPORTED 6 resolutions submitted by management and AGAINST 2 resolutions on the grounds that the climate strategy was not in line with our policy (absence of a quantitative target for reducing CO2 emissions or a target of carbon neutrality by 2050 with intermediate milestones), and SUPPORTED all the resolutions filed by shareholders.

In 2023, Edmond de Rothschild Asset Management (France) voted in 214 external resolutions submitted by shareholders, representing 3% of the resolutions voted, including:

- ▶ 125 "Yes" votes,
- ▶ 88 "No" votes,
- ▶ 1 "Abstention" vote.

As with resolutions submitted by company management, Edmond de Rothschild Asset Management (France) votes on resolutions submitted by external shareholders in accordance with its voting policy and fundamental principles.

Almost 40% of external resolutions (excluding votes on lists of directors in Italy) concern US companies.

Examples of shareholder resolutions supported by Edmond de Rothschild Asset Management (France):

- ▶ SHELL and TotalEnergies: We voted in favour of the shareholder resolutions, which we co-submitted, calling on the Group to adopt a climate strategy in line with the Paris Agreement.
- ▶ The Mosaic company: We supported the shareholder resolution calling on the group to report on its efforts to lower carbon emissions, consistent with the Paris Agreement.
- ▶ Bank of America: we supported the shareholder resolution requesting the disclosure of a report on the transition and describing the efforts made by the bank to align its funding activities with emission reduction targets.

⁷ "This expression means that listed companies must allow their shareholders to have their say on executive remuneration systems". Source: Novethic.

- ▶ For several US companies, we supported resolution requesting that the audit committee be chaired by an independent member, in keeping with the main European standards.
- ▶ Fedex (United States): We supported resolutions calling for the publication of a paid sick leave policy and a report on a Fair Transition.
- ▶ Wells Fargo (USA): we supported the resolution calling for a report on the diversity of the Board of Directors.

We voted in favour of the resolutions tabled in the United States calling for a reduction in the threshold required for shareholders to call an extraordinary meeting. For IBM, for example, the request was to reduce share ownership from 25% to 10%.

We attempted to submit a resolution to the Stellantis AGM, requesting the group to reinstate the one share one vote principle. This project raised 1.3% of the company's capital, which was insufficient given the regulatory framework in the Netherlands, where the required threshold is 3%.

B. EXCEPTIONS TO THE VOTING POLICY

The number of votes diverging from the voting policy defined by Edmond de Rothschild Asset Management (France) represented 0.45% in 2023, corresponding to 31 resolutions. Divergence is therefore very limited. In cases of divergence, managers must justify the reasons for their votes.

The main case of deviation concerns resolutions relating to the appointment and reappointment of directors. This divergence exists in both directions (voting FOR when the voting policy recommends voting AGAINST or vice versa).

The managers assess these resolutions in the light of the company's voting policy, but also in the light of the company's specific characteristics, its size, its sector of activity and the country to which it belongs.

The second reason for departing from the voting policy concerned resolutions relating to remuneration.

C. CONFLICTS OF INTEREST

Edmond de Rothschild Asset Management (France) has set up a system to detect and prevent any conflicts of interest that may arise. Edmond de Rothschild Asset Management (France) has set up a map of potential conflicts of interest and the system in place to resolve them. In addition, a register of conflicts of interest is kept by the Internal Control and Compliance department at Edmond de Rothschild Asset Management (France).

Edmond de Rothschild Asset Management (France) is geographically isolated from other activities of the Edmond de Rothschild Group that could create a conflict of interest.

In addition, strict rules are implemented to ensure the manager's objectivity and the priority given to the investor's interest, for example:

- ▶ Edmond de Rothschild Asset Management (France) does not carry out proprietary trading; trading activity is centralised at the Edmond de Rothschild (France) trading desk exclusively on behalf of clients;
- ▶ The manager's remuneration is not linked to commissions generated by trading activities;
- ▶ The manager may not hold a position on the Board of Directors of a listed company held within the portfolio he/she manages.

During 2023, Edmond de Rothschild Asset Management (France) did not have to manage any conflict of interest situation that was not resolved satisfactorily.

B. CHANGES IN VOTING POLICY

Edmond de Rothschild Asset Management (France) has an internal Voting and Engagement Committee that meets at least once a year, composed of at least one member of the Executive Board, the Chief Investment Officer, the heads of management for the various regions, the Head of Internal Control and Compliance, a member of the Operations Department and members of the RI team. The purpose of this committee is to ensure compliance with the voting policy and its changes, according to the new resolutions encountered.

The Committee introduced several changes to the voting policy for 2024. We shall focus on the 3 key points.

- Election of Directors
Addition of a new paragraph on any previous cases of misconduct or negligence among candidates:
“Edmond de Rothschild will vote against the election or renewal of a director if: The candidate has clearly failed in his or her duties with regards to shareholders or the company, or is exposed to a major conflict of interest that would be incompatible with the mandate of a Board Member, or has committed acts considered to be reprehensible”.
- Remuneration report: environmental criteria to be applied systematically.
“Edmond de Rothschild shall not support this report:
 - Any failure to refer to performance-related criteria in the company’s incentive compensation policy (short-term bonus and long-term incentive pay).
 - Principally in the case of European companies, the criteria fail to include at least one extra-financial, transparent and quantifiable criterion.
 - For all companies operating within a high emission industry, if no climate or environment-related criterion is mentioned. ”
- Allocation of free shares or performance-related shares to directors: “Stock options or performance stocks maintained after leaving the company”
Edmond de Rothschild Asset Management (France) will vote “against” in the following cases:
 - Rights are maintained fully or on a pro rata basis in the event of a voluntary departure (resignation, appointment/transfer to non-executive role in a subsidiary or a holding, for example) Edmond de Rothschild Asset Management (France) considers that in such a case, any compensation instrument that has been allocated but not yet acquired should become null and void.
 - Rights to be maintained fully in the event of a non-voluntary departure (redundancy, mandate not renewed). In such cases, the pro rata payment of a compensation instrument that has been allocated but not yet acquired will be tolerated.

OUR ENGAGEMENT ACTIONS IN 2023

OUR INDIVIDUAL ACTIONS

OVERVIEW OF OUR INDIVIDUAL ACTIONS CONTINUED OR COMPLETED IN 2023

Company	Initiation date	Objective	KPI	Deadline	Articles of association end 2023
BAYER	April 2022	<ul style="list-style-type: none"> ➤ Focus on the challenges of fossil sourcing, climate (scopes 1, 2, 3) and biodiversity ➤ Governance: at the heart of a potential ESG recovery 	<ul style="list-style-type: none"> ➤ Improvement in ESG rating 	3 years and over	In progress
CINT	March 2022	<ul style="list-style-type: none"> ➤ Seek better ESG transparency ➤ Improve governance ➤ Help Cint become a 'star pupil' on ESG matters within the IT sector 	<ul style="list-style-type: none"> ➤ Improvement in ESG rating 	18/24 months	In progress
ESSILOR LUXOTTICA	November 2021	<ul style="list-style-type: none"> ➤ Seek better social and environmental transparency ➤ Make this world leader a candidate for ESG funds 	<ul style="list-style-type: none"> ➤ Improvement in E and S grades 	2/3 years	In progress
VOLTALIA	November 2021	<ul style="list-style-type: none"> ➤ Help Voltalia become a leading player in its sector (energy, renewable energy producer and service provider) 	<ul style="list-style-type: none"> ➤ Improve the governance rating 	2/3 years	In progress

During 2023, we did not close any of the engagement actions that had been running over the past few years. However, in February 2024, we closed the engagement initiative launched in November 2021 with Voltalia. Our governance improvement target has been partially reached. Achievements include the appointment of an independent chair for the Audit and Remuneration and Appointments Committees; greater transparency on the fixed and long-term incentive compensation paid in 2023. However, weaknesses persist in the company's governance, which is not up to current industry standards: poor transparency, non-alignment with shareholders' interests, allocation of shares to the non-executive Chairwoman, corporate actions authorised during a public takeover...



OVERVIEW OF OUR INDIVIDUAL ACTIONS INITIATED IN 2023

Company	Initiation date	Objectives	KPI	Deadline
RADNET	February 2023	<ul style="list-style-type: none"> ➤ Improve governance ➤ Seek better social and environmental transparency 	<ul style="list-style-type: none"> ➤ Improvement in ESG rating 	18/24 months
VUSION (formerly SES Imagotag)	September 2023	<ul style="list-style-type: none"> ➤ Improve governance 	<ul style="list-style-type: none"> ➤ Improve the governance rating 	2/3 years

OVERVIEW OF OUR INDIVIDUAL ACTIONS DEDICATED TO CLIMATE / BIODIVERSITY

Company	Initiation date	Objective: Support climate strategies	KPI	Deadline	Status
AIR LIQUIDE	April 2022	<ul style="list-style-type: none"> ➤ Support the Group's climate strategy (SBTI committed) and hydrogen potential 	Direct decarbonisation (scope 1,2) in absolute and relative terms	3 years and over	In progress
TOTAL ENERGIES	2020	<ul style="list-style-type: none"> ➤ Seek better climate performance ➤ Help TotalEnergies become the climate leader within the sector ➤ Reduce the risk of Stranded Assets 	Strategy in line with the Paris Agreement	3 years and over	In progress

ENGAGEMENT ACTION INITIATED IN 2023


	Objectives of the engagement action <ul style="list-style-type: none">Improve governance and transparency on E and S matters								
	KPI <ul style="list-style-type: none">ESG rating								
	Initiation date <ul style="list-style-type: none">February 2023								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							

Radnet is America's leading diagnostic imaging services company. The group operates directly or indirectly via joint ventures with hospitals. It operates two main activities: Imaging centre (99.7% of sales in 2022) and artificial intelligence (clinical applications to improve the interpretation of medical images and patient outcomes).

Our engagement focuses on:

- ▶ Greater ESG transparency, and in particular regarding the Environmental pillar
- ▶ Setting up a non-financial reporting system
- ▶ Governance issues:
 - Board independence and age
 - Statutory auditor independence
 - Increasing transparency on executive remuneration

Two meetings were held with management in February and October 2023. Little progress has been made since: disclosure weaknesses persist, recruitment difficulties have improved, but more than ever, highlight the key issue of human capital management within the group. The only positive aspect is the discussion under way on widening the Board and including new members at the next AGM. We shall keep a close eye on these changes during 2024.

	Objectives of the engagement action <ul style="list-style-type: none">• Improve governance								
	KPI <ul style="list-style-type: none">• Governance rating								
	Initiation date <ul style="list-style-type: none">• June 2023								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							



Vusion, formerly SES Imagotag, is the world's leading digital solutions provider for physical retailers. Vusion's mission is to foster the digital transformation of physical retail. In July 2023, the group came under fire after Gotham City Research criticised the company's accounting practices and several governance issues.

Our engagement focuses on:

- Improving the balance of power
 - Independence of the Board and its Audit Committee,
 - Improving the attendance rate and lowering the average age of the Board,
 - Increasing transparency on executive remuneration.

Attention should clearly be paid to the structure and modus operandi of the Board: very low independence rate, mixed attendance rate, combined roles, weaker transparency on remuneration... After many votes "against" during the 2023 AGM, we wrote to the Board explaining our approach to shareholder stewardship and calling for improvements on the following aspects: We took part in a group meeting and a one to one with management to clarify our definition of director independence. We also insisted on the fact that the Audit Committee should include a majority of independent members, if not 100%, particularly in light of the recent claims of accounting irregularities put forward by Gotham City Research. The group announced some progress had been made, notably regarding the remuneration of its Directors, but we are still awaiting improvements.

ENGAGEMENT ACTIONS TO BE PURSUED IN 2023

	Objectives of the engagement action <ul style="list-style-type: none">• Seek better climate performance• To help Air Liquide become the sector's Climate Leader, both internally and for its customers.								
	KPI <ul style="list-style-type: none">• Direct decarbonisation (scopes 1, 2) in absolute and relative terms								
	Initiation date <ul style="list-style-type: none">• April 2022								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
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Founded in 1902 and present in 80 countries, Air Liquide is one of the two world leaders in the production of industrial gases. Its business model is defensive and highly-visible, with strong positions in growing and resilient segments such as Healthcare (13% of sales), Large Industries (35% of sales), Industrial Merchant (38% of sales) and Electronics (9% of sales).⁸

Air Liquide is a key player in the energy transition towards a low-carbon economy, with a mix of environmental solutions for customers: desulphurisation today, CCS (CO₂ capture and storage) and green hydrogen tomorrow.

However, it is still one of the biggest direct emitters of greenhouse gases (scopes 1, 2)⁹ in absolute terms within the CAC 40 (39.3 MT in 2022 vs 36,3 MT in 2021 and 32.5 MT in 2020), with a disappointing internal decarbonisation momentum over the last fifteen years.

Our engagement focuses on:

- ▶ Monitoring SBTi commitments.
- ▶ Monitoring the decarbonisation of direct emissions (scopes 1 and 2) over the period 2021-2025.
- ▶ Monitoring changes in the electricity mix.
- ▶ Ramping up of environmental solutions (desulphurisation, CCS, green hydrogen, etc.) in both R&D and sales over 2021-2025.
- ▶ Pledge to achieve carbon neutrality by 2050.

⁸ 2022 Universal Registration Document

⁹ Scope 1 covers direct emissions, while Scope 2 covers indirect emissions linked to the consumption of electricity, heat or steam.

Our meeting with management in May 2022 was very positive, with the company stating that its climate objectives had been validated by SBTi. The meeting in June was just as constructive! Note that 50% of the group's €16 billion capex over 2021-2025 were dedicated to the energy transition. The group also benefits from the substantial subsidies supporting hydrogen projects. However, Scope 1 and 2 emissions may increase in absolute terms until the end of 2024, and the downturn from 2025 onwards looks a bit like a plateau. In addition, a third of the absolute reduction between now and 2035 will come from carbon capture and storage (CCS) offsets. We shall remain watchful on the reported emissions (still rising) and the pro-forma recalculated emissions (stable over 2020-2022).

	Objectives of the engagement action <ul style="list-style-type: none">• Seek better ESG performance								
	KPI <ul style="list-style-type: none">• Improvement in ESG rating								
	Initiation date <ul style="list-style-type: none">• April 2022								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							

Founded in 1863, Bayer is best known for having invented aspirin in 1897. Today, it has 2 main businesses: healthcare (55% of sales) and agriculture (45% of sales, in particular through the acquisition of Monsanto in 2017).

The agricultural business has strong climate (scopes 1, 2 and 3) and biodiversity issues, while the healthcare business has slightly fewer ESG issues.

The merger with Monsanto (2017) severely damaged the Group's financial and sustainability profile, with significant controversies and disputes (public health and the environment).



Our engagement focuses on:

- ▶ Monitoring social and environmental controversies and disputes.
- ▶ Strategic developments such as fossil fuel sourcing and the sustainability of the agricultural business case.
- ▶ Identifying and supporting a positive shift in the 3 E, S and G pillars.
- ▶ Governance, at the heart of potential ESG recovery.

Since launching our engagement initiative, we had held many meetings with the group's management, notably in June 2022, June 2023 and November 2023. These discussions enabled us to understand that ESG issues are now being taken into account at the highest level, but uncertainties remain on how these will be solved. In this first half of 2024, it must be noted that unfortunately, the ESG "recovery" has not materialised.

The new CEO, Bill Anderson, took office in June 2023. With a degree in chemical engineering and a career in pharmaceuticals at Roche Holdings, he has reassured employees within the Health division. The Crop Science division are comforted by the fact that he is from Texas, US. And his external background can be viewed as an asset in a period of crisis. Our meeting was scheduled on March 5th during his first Capital Market Day. Unfortunately, the CMD proved disappointing, both on the financial and sustainability agenda.

Finally, the scope of our engagement initiative with Bayer expanded in January 2024 to include issues of biodiversity, after Edmond de Rothschild Asset Management (France) became a full-blown stakeholder in the collective dialogue initiated by Nature Action 100.

<div><p>Accelerating insights.</p></div>	<div>Objectives of the engagement action<ul style="list-style-type: none">• Seek better ESG transparency</div>								
<div></div>	<div>KPI<ul style="list-style-type: none">• Improvement in ESG rating</div>								
	<div>Initiation date<ul style="list-style-type: none">• March 2022</div>								
	<div>Deadline<table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table></div>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							

Founded in 1998, Cint is a leader in survey networking platforms. The Swedish company has 150 million panelists and more than 3,000 B2B companies.


Listed on the stock exchange since February 2021, the group has been driven by strong organic and external growth.

However, we regret its lack of ESG transparency. Particularly with regard to social issues, the challenges of attracting and retaining tech talent and the lack of information on human resources management are causing us some concern. On the environmental pillar, greenhouse gas emissions and energy consumption have neither been measured, nor received targets. In terms of governance, the challenges of stability following the integration of Lucid (12/2021) and the restructuring of the Executive Committee (05/2022) are significant.

Our engagement focuses on:

- ▶ Greater ESG transparency, and in particular regarding the Environmental pillar
- ▶ Setting up a non-financial reporting system
- ▶ Governance issues:
 - Stability of the management team following the integration of Lucid. This issue had been identified, but was highlighted by the sudden departure of several members of the Comex in May 2022 (2/7 members).
 - Increasing transparency on executive remuneration.

During our initial contacts, Cint undertook to improve the group's transparency on social issues, particularly in the new Cint-Lucid perimeter, and showed a great willingness to address the environmental challenges of their activities, which are currently being overlooked.. Since, governance issues have overshadowed all others! Our fears regarding the instability of the management team were confirmed when the CEO Tom Buehlman announced his departure on January 10th 2023 (effective April 1st). This announcement was then followed by a profit warning on February 2nd 2023. Giles Palmer, his successor, was the founder and former CEO of Brandwatch (for over 15 years) before the sale to Cision in 2021. A new CFO was appointed in January 2024; the former had been appointed in 2022. The executive committee and 50% of the Board have therefore been renewed over the past 2 years

	Objectives of the engagement action <ul style="list-style-type: none">• Seek better social and environmental transparency• Make this world leader a candidate for ESG funds								
	KPI <ul style="list-style-type: none">• Improvement in E and S grades								
	Initiation date <ul style="list-style-type: none">• September 2021								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
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Transparency	Operational performance	Strategic evolution							
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EssilorLuxottica is a global market leader in the optical sector, active in the manufacturing of lenses (Essilor) and frames (Ray-Ban, Chanel, Prada) which operates an extensive network of stores.

The current scope is the result of the merger of Essilor and Luxottica announced in 2017 and completed in 2019, as well as the acquisition of the GrandVision chain of shops, completed in mid-2021, which makes sense with multiple synergies to harness in the short and medium term. The main shareholder is Delfin, the holding company of the Del Vecchio family.

Following the merger, the new group's regression in terms of ESG reporting and communication on environmental and social indicators compelled us. This is why, in November 2021, we initiated

an engagement action aimed at improving the group's social and environmental transparency so that it can return to the best standards in this area.

Our engagement focuses on:

- ▶ The need to publish a consolidated ESG report with greater transparency on social and environmental policies;
- ▶ Communication of social indicators such as absenteeism, staff turnover and diversity;
- ▶ The introduction of social objectives in this group of 140,000 people;
- ▶ Monitoring employee satisfaction through internal surveys during the integration phases (particularly of GrandVision);
- ▶ The need for environmental targets to be validated by a body such as the Science Based Target Initiative and the need to set targets for Scope 3;
- ▶ The renewal of the statutory auditors, who have been in place for over 14 years.

An interview took place in November 2021 and a letter was sent to the management team in January 2022. We paid close attention to the publication of the Group's non-financial data for 2022 and continued our discussions with the Group during 2023.

The few efforts made by the company regarding the disclosure of social data seem insufficient (notably on the pay gap and employee turnover). The group has disclosed no information on the outcome of the employee satisfaction survey. Similarly, on environmental aspects, the group's reporting (which is now consolidated) remains below standard.

We believe that our engagement should continue and be strengthened.

	Objectives of the engagement action <ul style="list-style-type: none">• Seek better climate performance• Help TotalEnergies become the climate leader within the sector• Reducing the risk of Stranded Assets								
	KPI <ul style="list-style-type: none">• Strategy in line with the Paris Agreement								
	Initiation date <ul style="list-style-type: none">• 2020								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							

TotalEnergies is a global multi-energy company producing and supplying energy: oil and biofuels, natural gas and green gas, renewables and electricity.

For many years, we have been in regular dialogue with TotalEnergies, particularly regarding its climate challenges and strategy. Note that the Group's strategy is focused on gas, but it remains too linked to fossil fuels until 2050, and that the planned reduction in emissions by 2030 is not in line with the Paris Agreement.

Our engagement focuses on:



- ▶ Seek better climate performance
- ▶ Help TotalEnergies become the climate leader within the sector
- ▶ Reduce the risk of Stranded Assets

We have held a constructive dialogue with TotalEnergies since 2020. On 5 May 2020, TotalEnergies made further announcements on its strategy to reduce its carbon emissions. However, given the absence of interim targets for absolute reductions in greenhouse gas emissions, and the lack of information on future capital expenditure programmes aimed at aligning the production mix with the 2°C objective, we did not feel that these commitments would guarantee the proper implementation of its objectives. We therefore took part, alongside other shareholders, in tabling a resolution at the Annual General Meeting on 29 May 2020 calling for the company's strategy to include information on the effective reduction of greenhouse gas emissions, to be aligned with the objective of the Paris climate agreement. By voting in favour of this resolution, 17% of shareholders supported this request and continue to call for greater transparency and consistency in the company's environmental strategy.

In 2021, we voted AGAINST the Group's Say on climate resolution, which despite its transparency, which we welcome, did not show sufficient ambition in reducing its global emissions.

In 2022, we continued this engagement with other investors and secured the inclusion of a resolution on the agenda of the TotalEnergies AGM, again calling for the inclusion in the company's strategy of information relating to the effective reduction of greenhouse gas emissions, in order to align its activities with the objective of the Paris Climate Agreement. This resolution was not included in the agenda, so the Group's shareholders could not vote on it. We voted against the "say on climate" proposal by TotalEnergies, finding it too unambitious.

In 2023, we continued to engage with TotalEnergies. We co-submitted an advisory resolution with 17 other investors, calling on the company to align its greenhouse gas emissions targets with the Paris Climate Agreement for 2030. This resolution attracted more than 30% of shareholder votes at the AGM, sending a strong signal to the Group's management.

	Objectives of the engagement action <ul style="list-style-type: none">• Improve governance, which is the Group's weakest pillar• Make Voltaia the leader in its sector								
	KPI <ul style="list-style-type: none">• Improved Governance rating								
	Initiation date <ul style="list-style-type: none">• September 2021								
	Deadline <table><tr><th colspan="3">Objective</th></tr><tr><td>Transparency</td><td>Operational performance</td><td>Strategic evolution</td></tr><tr><td>18/24 months</td><td>2/3 years</td><td>3 years and over</td></tr></table>	Objective			Transparency	Operational performance	Strategic evolution	18/24 months	2/3 years
Objective									
Transparency	Operational performance	Strategic evolution							
18/24 months	2/3 years	3 years and over							

Founded in 2005, Voltalia is a renewable energy producer. An integrated player operating across the value chain, both energy production and provision of services (development, construction and maintenance). The Group is highly exposed to Latin America, where 2/3 of its installed capacity is located. The Mulliez family holds nearly 70% of the capital and 78% of the voting rights through Voltalia Investissement¹⁰ and has a major influence on the group's governance. This is reflected in a number of governance shortcomings.

We therefore initiated an engagement action in September 2021 to encourage Voltalia to improve its governance, which is the Group's worst performing ESG pillar. A first meeting with the management took place in November 2021 and a letter was sent to the Board of Directors in December 2021.

Our engagement focuses on:

- ▶ The search for better opening of the Board of Directors;
- ▶ Better alignment of Management's interests with those of all the Group's shareholders;
- ▶ Greater transparency on remuneration components.

Throughout 2022, we continued to meet with various Group representatives and to call for improvements on the above points. In May 2023, the Group was able to confirm the end of the related-party agreement with one of its directors, thereby improving the level of independence. As per our request, the various committees and importantly, the Audit Committee, now have independent Chairs.

The group is also showing more transparency on the amount of the fixed and long-term incentive pay allocated for 2023. We reiterated our requests on other matters during 2023 and chose to close the engagement action in February 2024.

OUR COLLABORATIVE ACTIONS

Our participation in a number of collective initiatives can be accomplished through multiple means. These include our ability to join investor coalitions as part of draft resolutions at General Meetings; the signing of investor addressing States, governments or companies on environmental, social and governance issues; our active participation in working groups of market organisations (AFG, FIR, PRI etc.); and our involvement in sector initiatives.

¹⁰ 2022 Universal Registration Document

Over the past few years, we have joined a number of collaborative initiatives. Current initiatives are summarised in the table below:

Initiative	Joining date	Format	Objectives
FAIRR	October 2020	Coalition of investors led by the Collier Foundation	<ul style="list-style-type: none"> ➤ Strengthen our expertise on the subject ➤ Improve the corporate profile ➤ Meeting with Darling
Access To Medicine Foundation	May 2021	Foundation	<ul style="list-style-type: none"> ➤ Strengthen our expertise on the subject ➤ Improve the corporate profile
Investor statement of Expectations for the Nursing Home sector	March 2021	Coordinated by UNI Global Union	<ul style="list-style-type: none"> ➤ Demand from investors for the implementation of sufficient standards in terms of health and safety, social protection, wage levels, quality of care, etc. ➤ Strengthen our expertise on the subject ➤ Improve the corporate profile
Finance for Biodiversity Pledge	May 2021	Coalition of investors	<ul style="list-style-type: none"> ➤ Invite world leaders to protect and restore biodiversity through their financial activities and investments in the run-up to the Conference of the Parties (COP 15) ➤ Strengthen our expertise on the subject ➤ Help define standards for measuring biodiversity
IIGCC	April 2023	Coalition of investors	<ul style="list-style-type: none"> ➤ Strengthening the contribution of investors to achieving a low-carbon future. ➤ Helping the investment sector to better integrate climate-related risks and opportunities into their investment processes
Nature Action 100	September 2023	Coalition of investors	<ul style="list-style-type: none"> ➤ Galvanise investors into encouraging companies to be more ambitious and take measures to safeguard nature and preserve biodiversity. ➤ Strengthen our expertise on the subject ➤ Targeted engagement ➤ Compliance with our NZAM pledges
Good Work Investor Coalition (Share Action)	February 2024	Coalition of investors	<ul style="list-style-type: none"> ➤ Target: a dozen retail companies in the UK ➤ Ensure employees and sub-contractors are paid "decent" wages in order to be granted the Living Wage Employer accreditation. ➤ Guarantee fundamental employment rights (minimum wage, paid leave, sick leave, guaranteed working hours, detailed contracts...)

Our level of involvement in these collaborative engagements varies: we engage as signatories, by taking an active part in working groups, or by filing resolutions at Annual General Meetings.

We co-submitted two climate resolutions in 2023 at the Shell and TotalEnergies shareholders' meetings, calling on both oil companies to deploy a strategy aligned with the Paris Agreement. These resolutions receive increasing shareholder support: the resolution at TotalEnergies was supported by 30.44% of votes.

We also co-filed a resolution for a client at Carrefour's AGM requesting that the group quantifies the levers for reducing its greenhouse gas emissions, and co-filed an item for the agenda calling for more information on scope 3 emissions.

We attempted to co-file a resolution at the Stellantis shareholders meeting asking for the group to reinstate the one share one voice principle. This project raised 1.3% of the company's capital, which was insufficient given the regulatory framework in the Netherlands, where the required threshold is 3%.

In keeping with our collective engagement, we also co-signed a declaration by the French Forum for Responsible Investment inviting companies in the most polluting sectors to propose a "Say on climate" resolution.

OUR PROJECTS FOR 2024

In 2024, the actions initiated in recent months will be continued. The year will also be marked by more intense engagement with companies on climate change.

In 2017, Edmond de Rothschild Asset Management (France) developed its climate roadmap, which was updated in 2020 and in 2024. Its objective is the gradual decarbonisation¹¹ of portfolios until 2050 (Paris Agreement)¹². In particular, the roadmap identifies the sectors most exposed to climate risk.

As part of our engagement actions and in a pragmatic manner, we target the companies with the highest emissions that do not have climate pledges - such as those validated by the Science-Based Targets Initiative.

We shall therefore continue to engage with oil companies to ensure their strategy is aligned with the Paris Agreement. We shall co-file a resolution supporting this principle at the Shell 2024 shareholders' meeting and will continue our dialogue with TotalEnergies.

We have joined the global Nature Action 100+ initiative and are actively engaging with Bayer and Danone.

¹¹ Decarbonation (or decarbonisation) refers to all the measures taken to reduce the carbon dioxide (CO₂) emissions of a company, a sector of activity or a country.

¹² The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris on 12 December 2015 and entered into force on 4 November 2016. Its aim is to limit global warming to well below 2, preferably 1.5 degrees Celsius, above pre-industrial levels.

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