



2026

# Voting Policy

in the context of the SRI  
shareholder engagement

  
**ircantec**

*La retraite complémentaire publique*

Signatory of:

 **PRI** PRINCIPLES FOR  
RESPONSIBLE  
INVESTMENT

# **Voting Policy**

in the context of the SRI  
shareholder engagement

# Contents

## I Shareholder engagement... 04

1	A part of Ircantec's SRI approach	04
2	Voting Policy objectives	05
3	Implementation of the Voting Policy	05
3.1	Voting Policy and Operational Voting Rules	05
3.2	Delegation to asset management companies	05

## II Voting Policy principles ..... 06

1	Corporate governance	06
1.1	Dissociation of supervisory and executive functions	06
1.2	Composition and structure of governance bodies	06
2	Compensation of executives and corporate officers	07
2.1	Employee participation in the capital	07
2.2	Executive compensation and participation in the capital	08
2.3	Compensation of the members of the board of directors or supervisory board	11
3	Shareholder rights	12
3.1	Exercise of shareholder rights at general meetings	12
3.2	Capital increases	12
3.3	Anti-takeover measures	12
4	Approval of accounts and management	13
4.1	Approval of accounts	13
4.2	Approval of regulated agreements	13
4.3	Auditors	13
5	Allocation of earnings and management of equity	15
5.1	Allocation of earnings	15
5.2	Share buybacks and capital reductions	15
5.3	Share splitting	16
6	Company climate strategy	17
6.1	Resolutions concerning climate strategy, climate goals or the Energy and Environmental Transition (EET)	17
6.2	Resolutions concerning the implementation of the climate strategy (ex-post vote)	17
7	External resolutions	18
8	Other topics	18

## III Voting Rules within the framework of Ircantec's shareholder engagement strategy ..... 19

1	Corporate governance	19
1.1	Election or reelection of a member of the Board of Directors or Supervisory Board (general criteria)	19
1.2	Election or reelection of a member of the Board of Directors or Supervisory Board (special cases)	19
2	Compensation of employees, executives and corporate officers	22
2.1	Employee participation in the capital	22

2.2	Executive compensation and participation in the capital	22
2.3	Compensation of the members of the board of directors or supervisory board	25
2.4	Compensation of regulated categories	26
2.5	Welcome bonus	26
3	Shareholder rights and amendments to the articles of association	26
3.1	Exercise of shareholder rights at general meetings	26
3.2	Capital increases	26
3.3	Anti-takeover measures	28
3.4	Amendments to the articles of association	28
4	Approval of accounts and management	29
4.1	Approval of accounts	29
4.2	Regulated agreements	30
4.3	Election of auditors	31
5	Allocation of earnings and management of equity	32
5.1	Allocation of earnings	32
5.2	Own share buyback operations	32
5.3	Capital reductions	32
5.4	Share splitting	33
6	Company climate strategy	33
6.1	Resolutions concerning climate strategy, climate goals or the Energy and Environmental Transition (EET)	33
6.2	Resolutions concerning the implementation of the climate strategy (ex-post vote)	33
6.3	Establishment of regular voting on the implementation of the climate strategy	33
6.4	Regular publication by the company of updates with respect to its climate strategy	33
7	External resolutions	34
7.1	External candidacies	34
7.2	Resolution improving shareholders' rights or the group's governance or corporate, societal or environmental responsibility	34
7.3	Shareholder resolutions concerning the company's climate strategy	34

## Appendix A: Definition of a board member free of conflicts of interest ..... 35

## Appendix B: Assessment of the energy transition..... 36

# I Shareholder engagement

## 1 A part of Ircantec's SRI approach

In line with its SRI Charter, in which Ircantec articulates its ambition to pursue an active policy of voting at General Meetings of Shareholders and of exercising its voting rights in order to help improve the governance of companies of which it is a shareholder, this document specifies Ircantec's Voting Policy.

This policy is aligned with the PRI<sup>(1)</sup>, which form an essential part of the Scheme's responsible investment approach. Principle no. 2 of the PRI states that: "We will be active owners and incorporate ESG issues into our ownership policies and practises."

This commitment also forms a part of the Scheme's general investment policy, whose primary goals are to act in the best long-term interest of its beneficiaries and to ensure the respect of certain values. Indeed, by exercising its voting rights, Ircantec intends to encourage companies to adopt better governance practices, which has the potential to improve their long-term financial results and bring them into closer alignment with the aspirations of society.

Ircantec's shareholder engagement can take many forms:

- The exercise of voting rights as part of the delegated management of Ircantec's portfolio,
- Shareholder dialog,
- Participation in investor alliances for collaborative engagement on topics aligned with the principles of Ircantec's SRI Charter and Voting Policy.

In its SRI Charter, Ircantec outlines the need for companies of which it is a shareholder to comply with core international standards, and in particular:

- The Universal Declaration of Human Rights,
- The fundamental Conventions of the International Labour Organization (ILO)<sup>(2)</sup>,
- The United Nations Framework Convention on Climate Change and the Paris Agreement,
- The Rio Declaration on Environment and Development,
- The main conventions on the preservation of natural resources, protection of biodiversity and management of waste,

- The United Nations Convention against Corruption.

The Charter also identifies topics that the Scheme considers to be priority areas for companies' extra-financial analysis, comprising:

- Directors' independence and qualifications,
- Transparency of executive compensation,
- The fight against corruption and money laundering, Corporate transparency,
- Financial and extra-financial performance, Gender balance,
- Non-discrimination policies, The exercise of freedom of association,
- The fight against tax evasion and tax optimization practices.

Another consideration is companies' ability to define and implement energy transition guidance that is compatible with the objective of limiting global warming to 1.5°C.

In line with its value of intergenerational solidarity, Ircantec signed the Paris Pledge, thereby confirming its support for the objectives of the Paris Agreement. Through this engagement and its climate policy, Ircantec affirms its commitment to limit temperature rise to 1.5°C, in order to reduce the risks of climate change.

Ircantec's Voting Policy is intended to reflect these priorities.

(1) PRI: Principles for Responsible Investment.

(2) And more specifically Convention 87 on freedom of association, Convention 98 on the right to organise and collective bargaining, Conventions 29 and 105 on forced labour, Convention 111 on employment discrimination, Convention 100 on equal remuneration, Conventions 138 and 182 on child labour, Convention 155 on occupational safety and health.

## 2 Voting Policy objectives

The principles formulated in Ircantec's Voting Policy are intended to guide voting on resolutions proposed to shareholders in general meetings, and to help define questions to be asked or resolutions to be submitted.

As an active shareholder, Ircantec aims to orient the strategy and governance of the companies it invests in:

- Towards long-term thinking, transparency and respect for all stakeholders,
- In a manner consistent with sustainable development principles.

By outlining its Voting Policy, Ircantec aims to:

- Align the principles defined in its SRI Charter with its position as a shareholder,
- Develop the PRI,
- Encourage the companies it invests in to adopt more progressive policies and management rules than those required by international law and the regulations of the countries in which they operate,

- Promote balance in their governing bodies, shareholder rights, and transparency in their financial and extra-financial reporting,
- Support reasonable levels of dividend distribution and executive compensation,
- Foster dialog between companies and their stakeholders,
- Encourage companies to apply the highest standards with respect to the energy and ecological transition.

Ircantec's Voting Policy is intended to represent the Scheme's values, remain stable over time and apply to all geographical areas. It draws inspiration from existing French and international guidelines. It takes the codes of professional organizations into account. It will be reexamined on a yearly basis by the Scheme's Board of Trustees.

## 3 Implementation of the Voting Policy

### 3.1 Voting Policy and Operational Voting Rules

Ircantec's Voting Policy formalizes its voting principles. So that these principles can be applied in a pragmatic manner, the Policy is supported by Operational Voting Rules that take into account regulatory changes, geographical and industry specificities, and feedback from previous general meeting campaigns (see Appendix). These Voting Rules are revised on a yearly basis. These two documents, the Voting Policy and the Operational Voting Rules, serve as a guide for asset management companies.

### 3.2 Delegation to asset management companies

Ircantec's equity investments are made by FCPs<sup>(1)</sup> whose management is delegated to asset management companies. This arrangement places the exercise of voting rights within the framework of the French Monetary and Financial Code<sup>(2)</sup>: the asset management company is obligated to exercise the voting rights attached to the shares held by the FCP that it manages, and to report on its practices with respect to these voting rights. Strictly speaking, therefore, Ircantec cannot legally require the asset management companies to adhere to its voting principles. However, the management mandates of the FCPs state that: "from the beginning of the mandate, the voting rights attached to the FCP's financial instruments must be exercised in the sole interest of Ircantec". If a matter that is the subject of a resolution is not covered by the Voting Policy or Operational Voting Rules, the asset management companies are invited to contact Ircantec.

(1) Fonds Commun de Placement - equivalent to a "mutual fund" under French law.

(2) Article L.533-22.

## II Voting Policy principles

### 1 Corporate governance

With respect to corporate governance, the general principle is to promote the separation of powers, the diversity of the board of directors, and the independence and availability of directors.

#### 1.1 Dissociation of supervisory and executive functions

French law, like that of many other countries, is not strict in terms of the structuring of supervisory and executive powers within a company. It is therefore possible in France for an entity to be governed by a board of directors, for example, or jointly run by a directorate and a supervisory board. Furthermore, companies with a board of directors can choose to separate the duties of the chairman from those of the chief executive officer, or to unify the two positions. Ircantec is in favor of separating the duties related to developing the corporate strategy and those related to its execution. The Scheme therefore advocates for preventing the position of chairman of the board of directors, and that of the chief executive officer, from being occupied by the same person.

Environmental performance will also be taken into account with respect to the reelection of the chairman of the board and of the chief executive officer. Ircantec requires companies to present a convincing energy and ecological transition strategy with respect to the climate and environmental challenges faced by the company and its sector. Among other things, the Scheme recommends the adoption of a strategy that makes it possible to limit global warming to 1.5°C with validation by a scientific body such as the Science Based Targets Initiative (SBTi), or alignment with an annual decarbonization trajectory for greenhouse gas emissions of 7% on average. Companies are also asked to validate their carbon emissions reduction targets through a scientific process and to publish yearly reports on their progress towards these targets.

#### 1.2 Composition and structure of governance bodies

The board of directors is a strategic body: the company's future is determined by the decisions it takes and its members are liable for these decisions. Ircantec is

therefore very attentive to a balanced composition, the expected characteristics of its members, and its operation. These recommendations apply equally to both the permanent representatives of legal persons and to natural persons.

- **A reasonable number of members**

An excessively high number of directors runs the risk of diluting their responsibilities and their commitment to their roles. Ircantec therefore prefers a limited number of directors.

- **Director attendance**

Ircantec expects that directors will regularly attend meetings of the board and various committees. Director attendance at board meetings and committee meetings should be taken into account for the distribution of attendance fees and in considering whether they should be reelected.

- **Independence**

The presence of a significant number of independent directors tends to improve the objectivity of assessments, and therefore the soundness of decisionmaking. Ircantec therefore prefers a significant number of independent members.

Ircantec defines an independent member as any person whose past or present relationships enable him or her to guard against any potential conflicts of interest.

- **Terms of office**

As each member of the board of directors is accountable to all shareholders, members' appointments should be regularly put to the vote at the general meeting.

The board of directors must ensure that its composition is regularly renewed so that the company's position can be examined objectively and to encourage new ideas to be brought forth. Ircantec believes that an excessively long period of involvement in corporate strategy reduces objectivity and critical thinking. For France, furthermore, Ircantec recommends a maximum term of office of 4 years.

### ● **Plurality of offices**

Holding multiple offices concurrently<sup>(3)</sup> may lead candidates to be lacking in availability for meetings of the board of directors.

Ircantec may therefore oppose the appointment of a director who holds too many offices concurrently. Ircantec is also opposed to cross-appointments within boards of directors, whether direct or indirect<sup>(4)</sup>.

### ● **Gender balance on boards of directors**

As part of its SRI Policy, Ircantec favors investments in companies that encourage gender parity. The Institution therefore encourages companies to foster a dynamic that will make it possible for them to form a board of directors with a significant proportion of women in the medium term. The Scheme prefers for boards of directors to be composed of at least 40% women.

In addition, Ircantec will generally oppose any appointment that decreases the proportion of women on the board.

### ● **Presence of specialized committees**

Ircantec encourages the presence of specialized committees, in particular in addition to an audit committee, a compensation committee and an appointments committee. The Scheme therefore encourages the creation of a committee on CSR matters to ensure that environmental and social concerns are taken into account at the company's highest decisionmaking level.

The company's executive directors must not be on these committees, as they cannot be both judge and jury. They must be composed of a majority of independent members, a minority of whom may be executive directors of other companies. Committees may not be chaired by the executive director of another company.

### ● **Presence of directors representing employees**

To ensure that a wider range of the company's legitimate stakeholders is represented on its board of directors, Ircantec is in favor of the appointment of directors representing employees.

Furthermore, the French employment protection law of June 14, 2013, reinforced by the French law of August 17, 2015 on social dialog and employment and Article 184 of the French law of May 22, 2019 (the "PACTE" law), provides for employee representation on the boards of directors of French companies. The number of directors representing employees must be at least two for companies with more than eight directors, or at least one for companies with up to eight directors. If two directors representing employees are appointed, the principle of parity must be respected.

In cases where the spirit of the law is clearly circumvented (in particular for certain French companies that consider themselves to be outside the scope of application of the law due to the parent company's status as a holding company), Ircantec will recommend voting against the reappointment of the members of the appointment committee.

### ● **Over-representation of a shareholder**

Nevertheless, in the event of a majority of directors who are not free from conflicts of interest, Ircantec will oppose any over-representation of shareholders when the shareholding company holds more seats on the board than its share of economic interest as a percentage of the capital. The aim of this measure is to prevent excessive influence or a takeover by shareholders who have not paid the price for the takeover.

## 2 Compensation of executives and corporate officers

### 2.1 Employee participation in the capital

Ircantec believes that employee share ownership is desirable and that companies should maximise the authorized employer contribution options available. Employees enjoy favorable tax arrangements and are, in parallel, subject to a retention obligation.

With respect to other forms of employee participation in the capital (such as free shares, in particular), the practice of including multiple decisions in the same resolution is not recommended. It is preferable to handle matters related to employees and executives in separate resolutions.

### 2.2 Executive compensation and participation in the capital

#### 2.2.1 Executive compensation policy

As a general principle, the compensation of executives and corporate officers should be:

- Transparent,
- Structured in a manner that encourages executives and corporate officers to pursue long-term financial and extra-financial goals.

(3) Appointments in listed groups and large organizations, or an executive director appointment in a listed company in parallel with other non-executive director appointments outside the main group.

(4) Such as through persons with family ties.

## Voting Policy in the context of the SRI shareholder engagement

Ircantec believes that a company's performance must be assessed in light of the consistency of its business plan with the goals of sustainable and responsible development.

Ircantec therefore aims to promote compensation systems that incentivize executives to improve the company's practices with respect to the social and environmental spheres of its operations, as well as in relation to the energy transition.

### **2.2.1.1 Transparency with respect to compensation elements**

A transparent compensation policy is an essential condition for a company to retain its shareholders' trust.

The compensation policy must be outlined in a clear and comprehensible way so that shareholders may easily understand the compensation package as a whole, assess the balance between its different components, and appreciate the relationship between the common interest and executive performance.

Ircantec therefore encourages companies to adopt transparent compensation policies. In keeping with the "say on pay"<sup>(5)</sup> provisions put in place in various countries, including France, starting with general meetings in 2014, the Institution wishes to receive comprehensive information concerning the compensation of executives and corporate officers, including amounts and calculation methods.

As such:

- The compensation policy, its principles, and the quantitative and qualitative criteria and targets must be clearly explained,
- The compensation elements must be based on transparent, precise and verifiable criteria; they must be aligned with marketplace and industry practices,
- The compensation paid to each executive or corporate officer must be the subject of a detailed, individual report, issued each year prior to the general meeting, that enumerates all fixed and variable elements, in cash or in kind, as well as any shares granted<sup>(6)</sup>.
- Changes to any compensation element will be justified by the board of directors. The post-employment benefits represented by complementary pension plans must be stated in the form of their book value for the financial year.

To motivate executives to integrate the notion of sustainable development into the company's strategy, Ircantec encourages the inclusion of environmental, social and governance criteria in the elements that make up annual variable compensation.

### **2.2.1.2 Determining compensation**

Ircantec wishes to contribute to defining rules concerning executive compensation that are in line with its goals and interests as a socially responsible long-term investor.

As such, executive compensation and changes thereto must be integrated into the company's long-term strategy and financial and extra-financial performance.

To ensure strong social cohesion within the company, Ircantec encourages boards of directors to be exemplary in determining the amount of compensation. As such, when yearly salary increases are limited for employees, or when the company implements a large-scale redundancy plan, executive compensation and changes thereto must remain consistent with these situations.

#### • **"Socially acceptable maximum"**

France has decided to impose a limit on the compensation of executives of public companies, as a gesture of restraint in exchange for a stable public shareholder base. Taking inspiration from this position, Ircantec wishes to contribute to limiting the compensation of executives of large publicly traded companies to a "socially acceptable maximum" level.

This level takes the form of the ratio between the minimum wage or median compensation of the company's employees (depending on the regulations in force within the country) and the executive's total yearly compensation.

For companies with a head office in a country that imposes a minimum wage, Ircantec considers that the executive's total annual compensation must not exceed 50 times this minimum wage.

For companies with a head office in a country where the local law does not impose a minimum wage, a "socially acceptable maximum" ratio must be defined as the difference between the compensation of the top executive and the median compensation within the group. For a large publicly traded company, Ircantec considers that a ratio exceeding 1 to 25, between the group's median compensation and the total compensation of the top executive<sup>(7)</sup>, is excessive.

Beyond the ratio constituting a "socially acceptable maximum", Ircantec will vote against the proposed remuneration policies.

#### • **Fixed compensation**

By definition, fixed wages must remain unchanged from one year to the next, except for the occasional revision to account for inflation. They also serve as the basis for the determination of other forms of compensation (yearly target bonus, yearly maximum bonus, value of long-term compensation plans on their allocation date).

(5) Executive compensation policy subject to approval by the shareholders (binding or advisory vote).

(6) Stock options, free shares, retirement scheme, severance packages, etc.

(7) Inclusive of all elements: wages, benefits, options, free shares, supplementary executive retirement plan.

## Voting Policy in the context of the SRI shareholder engagement

Ircantec considers that an executive's fixed wages must not, a priori, exceed the median in his comparison group.

If the board of directors decides to exceed this limit, it must provide shareholders with a precise, quantified justification of the criteria that led it to recommend this increase. The publication of compensation data can lead to a kind of bidding war in salary negotiations, in a manner that is disconnected from the company's reality and the executive's qualifications. Shareholders therefore have the responsibility of ensuring that the level of compensation is adequately justified.

### ● Variable compensation

Variable compensation includes yearly and multi-annual variable compensation, as well as any form of variable compensation related to performance. It must primarily be based on long-term performance.

To avoid encouraging excessive risk-taking or compensation, Ircantec prefers that the total variable compensation granted over the financial year, for both the short and long term, not exceed three times the fixed compensation amount. Concerning the qualitative or discretionary portion, it must not represent more than 20% of the target yearly variable compensation.

As a whole, yearly variable compensation should only exceed fixed compensation in the event of exceptional performance during a financial year. As such, the yearly target bonus should not exceed the fixed wages, and the maximum bonus should never exceed 150% of the fixed wages. Methods for calculating variable compensation<sup>(8)</sup> must be based on strict, verifiable criteria; it is requested that the calculation methods used be transparent and consistent.

Ircantec also encourages companies to factor extra-financial criteria into the calculation of variable compensation. This incentivizes executives to achieve the company's strategic goals with respect to sustainable development. It should be noted that one of the primary risks identified is the environmental footprint of companies operating in high-impact sectors<sup>(9)</sup>. For this reason, Ircantec recommends that they include a performance criterion based on carbon footprint.

Furthermore, various kinds of indemnities (severance pay, variable bonuses, etc.) will be assessed with respect to the company's social context.

Finally, Ircantec will oppose the motion when the amounts paid to shareholders significantly exceed those allocated to payroll and investment expenses, or when the share buyback authorization conditions are not deemed to be satisfactory.

(8) In particular, the rates of achievement of each criterion.

(9) Sectors with high climate impact are defined using the NACE classification which is recommended for the Paris Aligned Benchmark (PAB). The following sectors are concerned: Agriculture, Forestry and Fishing/Mining and Quarrying/Manufacturing/Electricity, Gas, Steam and Air Conditioning Supply/Water Supply, Sewerage, Waste Management and Remediation Activities/Construction/Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles/Transportation and Storage/Real Estate Activities.

## Voting Policy in the context of the SRI shareholder engagement

### 2.2.2 Post-employment benefits

#### 2.2.2.1 Notes

Ircantec recommends that the use of post-employment benefits be limited for executive directors, whose mandates are supposed to be dismissible *ad nutum*. These benefits should not be granted to a non-executive chairperson, and do not appear justified when an executive receives total compensation in excess of the "socially acceptable maximum".

#### 2.2.2.2 Severance packages

As executive directors are supposed to be dismissible immediately, Ircantec is not in favor of severance packages that can be considered "golden parachutes".

Ircantec may, however, support a severance package if the dismissal is forced (such as in the context of a merger concluded by the executive) and if the severance package<sup>(10)</sup> does not exceed one year of compensation<sup>(11)</sup>, except in the case of significant seniority, and if the executive does not already receive total compensation in excess of the "socially acceptable maximum".

Finally, Ircantec considers it unjustified to pay a severance package to an executive exercising his rights to retirement, who has experienced no harm.

#### 2.2.2.3 Non-competition clauses

Ircantec considers that non-competition clauses can help protect companies, but that they must not give rise to prohibitive compensation. The total amount paid as severance<sup>(12)</sup> must not, therefore, exceed the equivalent of one year of compensation<sup>(13)</sup>, except in the case of significant seniority. Furthermore, an opposing vote will be appropriate in cases where the executive benefiting from a non-competition clause exercises his right to retirement.

#### 2.2.2.4 Supplementary pension scheme: general information

Such schemes must strictly comply with the principles and rules laid down by marketplace codes:

- Transparency (included in compensation),
- Equity (the group of beneficiaries is not limited to corporate officers),
- Consistency (seniority in position, calculation method).

#### 2.2.2.5 Additional voluntary retirement plans for executives with defined benefits

Ircantec is not in favor of this kind of retirement plan, the cost of which is borne by the company and its shareholders. Given the level of compensation they receive, executive directors can save for retirement using their own funds.

#### 2.2.2.6 Additional voluntary retirement plans for executives with defined contributions

Plans with defined contributions are considered acceptable if the effort is divided in a balanced manner between the beneficiary and the company.

### 2.2.3 Executive compensation in the form of equity

It is not recommended that multiple decisions be included in a single resolution: it is preferable to handle matters related to employees and executives in separate resolutions.

#### 2.2.3.1 Granting of stock options to executives

For large publicly-traded companies, Ircantec will ensure that the granting of stock options is no longer authorized. Experience shows that this mechanism does not foster the desired alignment between executives' compensation and their interests as long-term, socially responsible investors.

#### 2.2.3.2 Granting of manager share purchase warrants or redeemable share purchase warrants<sup>(14)</sup>

The share purchase warrant mechanism is similar to that of options, and is not recommended by Ircantec, even if these warrants are the subject of a subscription.

#### 2.2.3.3 Granting of free shares or performance shares to executives

The granting of free shares or performance shares is an appropriate mechanism for involving executives in long-term performance.

However, the cost of such allocations must be monitored. For companies that authorize the granting of free shares to executive directors, Ircantec therefore prefers that these companies inform shareholders of the maximum portion of the free share program that can be allocated to each executive director, as well as the allocation conditions. These allocation conditions must be strict and transparent; they must take into account criteria measured over at least three years in order to avoid short-term strategies.

In large global listed companies, it should only be possible to allocate a small percentage of the capital to each executive on a yearly basis.

To promote social cohesion within the company, Ircantec prefers that the distribution of free shares be extended to all employees. Ircantec recommends that resolutions authorizing the granting of free shares or performance shares to employees be kept separate from those authorizing their granting to the executive committee in

(10) Including a non-competition payment.

(11) Fixed and variable compensation.

(12) Non-competition payment and clause.

(13) Fixed and variable compensation.

(14) BSA (bon de souscription d'action): share purchase warrant; BSAR (bon de souscription d'action remboursable): redeemable share purchase warrant.

order to maintain a separation between involving a large number of senior managers or employees in the capital and the question of executive compensation.

### 2.2.4 Welcome bonuses

Ircantec considers welcome bonuses to be unjustified. They may nevertheless be accepted in the event that they are intended to compensate for a loss of income caused by the newcomer's abandonment of his or her previous role, provided that they remain at a reasonable level.

## 2.3 Compensation of the members of the board of directors or supervisory board

### 2.3.1 Attendance fees

Ircantec is in favor of the allocation of attendance fees if the distribution methods and criteria are precise and comply with professional standards. In particular, attendance fees must:

- Be partially based on attendance of board of directors meetings,
- Have a value similar to those paid in other companies of the same size,
- Not be so high as to serve as an economic incentive for the director to keep his seat,
- Not be the subject of a significant increase without justification.

### 2.3.2 Compensation of a non-executive chairman of the board of directors

The compensation of the chairman of the board of directors may take the form of attendance fees or compensation for his specific missions. It must not exceed that of other non-executive chairmen.

Furthermore, the board chairman must ensure that the company properly integrates support for the energy and ecological transition.

### 3 Shareholders' rights

The general principle upheld by Ircantec is "one share, one vote". The principle of proportionality of voting rights is indissociable from the principle of equality of shareholders with respect to risk, information and dividends. It prevents one group of shareholders from being favored over other shareholders; it also eliminates obstacles to public bids if they are favorable to shareholders, independent of any impact on the management.

#### 3.1 Exercise of shareholder rights at general meetings

- **Discharge**

Director accountability is a major governance issue, and no decisions taken by the general meeting must render it impossible to invoke the directors' liability for any misconduct committed in the performance of their duties.

Ircantec therefore recommends that all shareholders' rights to recourse be maintained, and therefore opposes requests for discharge, except in countries where this is a legal obligation. The Scheme is also opposed to the inclusion of a director discharge clause in resolutions concerning the approval of the accounts.

- **One share, one vote**

Ircantec supports the general principle that one share is worth one vote, and therefore opposes the issue of shares without voting rights, shares with double voting rights and limitations to voting rights.

- **Resolutions concerning multiple decisions**

Ircantec recommends voting against resolutions concerning multiple decisions, in particular when the resolution concerns proposals to appoint members to the board of directors or presents a regulated agreement.

#### 3.2 Capital increases

Capital increases can have the effect of diluting shares, particularly for minority shareholders. This is especially true when shareholders are not invited to subscribe, and when new entrants to the capital are offered a preferential price with respect to the market rate.

Ircantec is therefore in favor of capital increases that maintain shareholders' preferential subscription rights; the Scheme is also in favor of enforcing limits depending on the nature of the increase.

However, if a share issue authorization is granted without a preferential subscription right, a strict maximum should be defined that limits the total capital increase authorizations requested to 10% of the capital.

Furthermore, any discounts on the issue price in transactions in which shareholders are deprived of their preferential subscription rights must be limited to 5% less than the market price.

#### 3.3 Anti-takeover measures

Although certain kinds of takeover bids or public share exchange offers<sup>(15)</sup> may constitute a direct threat to employment and to the company's continuity, measures intended to prevent significant changes to the shareholder base may also impact the company's valuation and cause harm to minority shareholders. Ircantec is therefore against certain anti-takeover measures that do not enable minority shareholders to freely exercise their choice.

Outside of public offering periods, Ircantec is against any anti-takeover measures.

During public offering periods, Ircantec will determine its position judiciously by taking into account both its interests as a responsible investor and the benchmarks on which its Voting Policy is based.

(15) OPA (offre publique d'achat): Takeover bid/OPE (offre publique d'échange): Public share exchange offer.

## 4 Approval of accounts and management

The general principle must be:

- Fair, accurate and sincere accounts,
- A stable, understandable strategy,
- Auditor independence.

### 4.1 Approval of accounts

Corporate reporting must be made available within a timeframe that enables all shareholders to analyze the resolutions<sup>(16)</sup>; the reporting must be sincere and consistent, and the strategy stable and understandable. Auditor remarks that are deemed to be significant, or controversial changes in accounting methodology, may lead to an opposing vote.

Generally speaking, a thorough analysis of the resolutions requires detailed information to be provided to shareholders far enough in advance. As such, several documents must be available and easily accessible, including:

- The annual accounts,
- The auditor's report,
- The board of directors' report to the general meeting of shareholders.

These reference documents must make it possible to assess the company's financial and extra-financial situation and to clarify investors' decisions.

When the agenda must include the approval of non-deductible expenses, these expenses must be specified and explained regardless of their amounts.

Furthermore, due to the nature of its affiliates, Ircantec is connected to the public service and its values. The Institution is therefore concerned about the expansion of tax evasion and tax optimization practices in large companies, which deprive States and communities of part of their income.

In keeping with French legislative changes and the efforts achieved on the European level, Ircantec prefers that companies improve their financial transparency by publishing separate financial reporting for each country they operate in. The Scheme may therefore vote against a resolution to approve a company's financial statements if the company does not publish financial reporting broken down by country of operation. Depending on Ircantec's priorities, the Scheme may focus its transparency requirements on specific activity sectors<sup>(17)</sup>.

Furthermore, an opposing vote may be appropriate in cases where the effective taxation rate is relatively low and the company is not able to provide financial reporting for all countries in which it operates, or for its subsidiaries.

Finally, a lack of energy transition guidelines, actions or reporting may give rise to an opposing vote.

### 4.2 Approval of regulated agreements<sup>(18)</sup>

For Ircantec, regulated agreements must ideally be the subject of distinct resolutions; those entered into with directors who are natural persons must be distinct from agreements entered into with legal persons or companies. They must be entered into in the interest of all shareholders, and must be detailed and strategically justified.

By voting on the special auditor's report, shareholders must be able to take a decision regarding all regulated agreements, including those that have already been approved and continue to take effect; in the event of significant opposition, directors must amend or terminate the agreement in question.

Through its votes cast, Ircantec may thereby express its disapproval of the continuation of regulated agreements that were previously approved but do not comply with the principles of its Voting Policy<sup>(19)</sup>.

### 4.3 Auditors

Auditors are responsible for overseeing the accounts and accounting processes; they play an essential role, and must be empowered to act independently. The rules for appointing auditors can be different from one country to the next, and it is sometimes required to appoint two statutory auditors in parallel (as is the case in France). In that scenario, it is important to ensure that the two auditing firms are independent from one another, that they are regularly rotated, and that the division of labor between the two statutory auditing firms is not disproportionate.

Finally, the auditors' compensation must be proportionate to the group's business volume, and the consultancy fees they receive for ancillary tasks must not exceed 50% of the total fees they receive for certification of the accounts over three years. In addition, the company will be required to disclose the nature of the consultancy tasks if the fees charged for such work exceeds 10% of total fees within one financial year.

As such, Ircantec believes that:

<sup>(16)</sup> A minimum of 21 days before the general meeting, in accordance with the European shareholder rights directive.

<sup>(17)</sup> For the moment, the Scheme's focus is on financial sector companies and companies that generate a large proportion of their income online, for which the question of financial transparency is particularly crucial.

<sup>(18)</sup> Regulated agreements consist of agreements entered into between related parties; interested parties, whether their interest is direct or indirect, are not authorized to take part in the vote.

<sup>(19)</sup> In this respect, Ircantec will be particularly attentive to regulated agreements pertaining to severance packages.

## Voting Policy in the context of the SRI shareholder engagement

- To maintain their objectivity, auditors must be appointed for a limited period,
- To maintain their independence, they may only serve in an advisory capacity for a limited amount,
- Alternate auditors must not be partners in the statutory auditor's firm.

Ircantec recommends that a sustainability auditor be appointed in the same spirit as that underlying the joint auditors' appointments, that the sustainability audit be carried out by a separate firm from the two auditors, that this firm have no capital or financial ties to the auditors and that it not belong to the same network. However, due to the relative newness of the sustainability auditor market, Ircantec prefers not to sanction any appointments

that run against the recommendation formulated above at this stage. The Scheme nevertheless reserves the right to revisit this recommendation at a later date. In the spirit of transparency with respect to auditors' fees, Ircantec recommends that issuers also be transparent with respect to the fees related to the sustainability audit. Issuers are also urged to clearly disclose the factual elements underlying the qualifications of the sustainability auditors selected.

In the case of the appointment or renewal of a sustainability auditor who already holds a financial auditor's mandate, the opposition criteria applied to the renewal of the financial auditor's mandate will be applied.

## 5 Allocation of earnings and management of equity

In connection with the pursuit of public interest, Ircantec wishes to promote, in the context of its equity investments, companies that factor the economic, social and environmental impacts of their short, medium and long-term activities into their strategies.

For Ircantec, a company's performance cannot therefore be assessed solely on the basis of its financial results; this assessment must also involve criteria that measure the alignment of the company's business plan with the principles of sustainable and responsible development, including energy transition considerations.

### 5.1 Allocation of earnings

#### • Dividend distribution

Ircantec aims to promote earnings allocation policies that attempt to ensure the necessary balance between investment capacity, employee compensation and shareholder returns.

As such, Ircantec promotes the notion of "responsible dividends".

The dividend distribution policy must be consistent with:

- The company's financial structure and results,
- The company's strategy and practices within the business sector,
- Responsible investing considerations.

In particular, it must take into account:

- Comparative changes in employee and shareholder compensation<sup>(20)</sup>,
- The impact of the earnings allocation policy on the company's investment capacity.

Ircantec encourages a dividend distribution policy that is:

- Aligned with the company's strategy and prospects, in particular with respect to its self-financing capacity,
- In keeping with distribution within the business sector,
- Matched with changes in the company's total payroll to ensure a fair balance between employees and shareholders in the long term,
- Aligned with the challenges of the energy transition and related investments.

In particular, companies in high-impact sectors are asked to develop carbon neutrality objectives before defining their distribution policies, in order to ensure that they have the necessary investment capacity for the energy transition.

#### • Special benefits

As a long-term responsible investor, Ircantec pays special attention to fostering shareholder loyalty. Proposals intended to incentivize and reward long-term shareholder behaviors will therefore be favorably received.

The practice of paying bonus dividends may therefore also be considered in order to incentivize and reward shareholders who have held their shares for several years. However, Ircantec also wishes to avoid incentivizing major shareholders to abuse this practice<sup>(21)</sup>. As such, the option of receiving the dividend in the form of shares can make it possible to strengthen the capital position and favor investment over distribution; in this scenario, the allocation rules must be particularly transparent, and the shareholder must also have the option to receive payment in cash.

#### • Dividends in the event of a net loss

Ircantec accepts that a dividend not be paid in the event of a net loss; in addition, the Scheme is against the distribution of a dividend that is greater than the earnings.

### 5.2 Share buybacks and capital reductions

In certain circumstances, share buybacks can be viewed as a form of (indirect) returns to shareholders and executives via a mechanical increase to the share price and a promise of future returns via an increased dividend amount per share. As such, an opposing vote will be cast for such a resolution if the compensation paid to shareholders is deemed to be excessive in relation to the change in average salary or to the investments made by the company. The objective of this vote is to encourage executives to maintain and grow their economic assets and the jobs connected to these assets.

Ircantec is also opposed to capital operations in the form of a buyback during public offering periods (except in the case of resolutions that strictly limit operations during the offering period to those in fulfillment of a securities delivery commitment or of strategic operations entered into and announced prior to the launch of the public offering).

Furthermore, the liquidity of the security remains a crucial element. To ensure that their distribution policy remains consistent, companies should not consider reducing their capital if they are not able to offer a dividend to their shareholders, except in the case of a capital reduction to continue operations when the equity falls below half of the capital.

(20) French law limits the maximum holdings eligible for bonus dividends to 0.50% of the capital held by a shareholder.

(21) The change in dividend over the past three years should not significantly diverge from the change in average employee compensation.

### 5.3 Share splitting

Ircantec is in favor of share splitting operations, due to the potential benefits with respect to liquidity and to the increased accessibility of shares.



## 6 Company climate strategies

Issues relating to the environmental transition are increasingly prominent within companies, and many emitters have defined climate strategies or decarbonization plans. "Say on Climate" resolutions now appear on the agendas of general meetings in order to gather shareholders' opinions. Via such resolutions, shareholders are regularly asked to state their views on companies' climate strategies (ex-ante vote) and/or to approve the board's annual reports on the application of these strategies (ex-post vote).

In line with its new climate policy, Ircantec now includes all of its engagements in its voting policy to encourage companies to apply the highest standards with respect to the energy and ecological transition.

### 6.1 Resolutions concerning climate strategy, climate goals or the Energy and Environmental Transition (EET)

Ircantec is in favor of introducing a vote on the company's climate goals or climate strategy. In particular, the Institution expects from companies of which it is a shareholder:

- The adoption of a strategy that makes it possible to respect the 1.5°C global warming scenario with validation by a scientific body, such as Science Based Targets, or to align with an annual decarbonization trajectory of greenhouse gas emissions of 7% on average in accordance with the decarbonization trajectory of the IPCC's 1.5°C scenario<sup>(22)</sup>.
- The implementation of quantitative targets to reduce CO2 emissions for all scopes for companies in high-impact sectors.
- The definition of intermediate targets (short, medium and long term) to ensure a sufficient reduction in greenhouse gas emissions in order to comply with the 1.5°C global warming scenarios.
- For companies involved in the mining, production and use of coal, the implementation of a plan to exit coal before 2030, alongside a conversion plan for activities<sup>(23)</sup> and employees.
- A lack of involvement in controversial practices:

Companies that develop, finance or contribute (equipment) to new coal projects (mines/plants/infrastructure) or that acquire existing assets.

Companies that develop or finance new unconventional energy projects or that increase their unconventional energy capacity (shale oil and gas, extra-heavy oil, coal gas, oil sands, Arctic<sup>(24)</sup> and/or deep-water exploration).

Companies that operate unconventional oilfields, except for those that have adopted a plan to exit by 2030.

Companies that initiate or finance new conventional energy projects (exploration/production/transport) or contribute (equipment, services) to the development of new projects.

### 6.2 Resolutions concerning the implementation of the climate strategy (ex-post vote)

Ircantec is in favor of regular voting by the general meeting on the implementation of the company's climate strategy in order to monitor changes in carbon emissions and the actions implemented.

The Institution therefore expects companies to be transparent concerning their management of climate issues. In particular, it wishes to be informed of changes in carbon emissions over the last three financial years in order to ensure that they are sufficient to achieve the short-term targets defined in the company's climate strategy, and to achieve carbon neutrality in the long term. The inclusion of a measurement of greenhouse gas emissions expressed in absolute values will be requested (covering all scopes between 1 and 3).

The company will also be required to explain how it manages risks and opportunities related to climate change, its impacts, and the resilience of the company's strategy, in accordance with the recommendations of the Task Force on Climate-Related Disclosure (TCFD).

Finally, Ircantec will also ensure the establishment of regular voting on the implementation of the climate strategy and the regular publication of a climate strategy update in accordance with the recommendations of the TCFD.

(22) The Intergovernmental Panel on Climate Change is an intergovernmental organization tasked with assessing the reality, causes and consequences of the climate change that is currently underway.

(23) Closure of production sites rather than the sale of activities to other players, which would not be considered a robust exit plan.

(24) The AMAP's definition of the Arctic: "The terrestrial and marine areas north of the Arctic Circle (66°32'N), and north of 62°N in Asia and 60°N in North America, modified to include the marine areas north of the Aleutian chain, Hudson Bay, and parts of the North Atlantic Ocean including the Labrador Sea."

## 7 External resolutions

A shareholder or a group of shareholders may add an external resolution to the agenda of the general meeting, provided they have a certain level of participation in the capital and respect certain deadlines; in France, the employee representative committee also has this right of

initiative<sup>(25)</sup>. Ircantec also encourages asset management companies to make use of the rights associated with their shareholder status.

External resolutions will be analyzed by Ircantec in light of the principles defined in the Scheme's SRI Charter and Voting Policy.

---

## 8 Other topics

Challenges related to artificial intelligence are expected to grow in importance in the coming years. While this topic is still under development, Ircantec reaffirms its engagement in favor of responsible, ethical artificial intelligence that excludes any abusive practices with respect to the ESG criteria. These topics will be the subject of in-depth analysis as part of future development of the Scheme's voting policy.

---

(25) Articles L2323-67 par. 2 and R2323-14 of the French Labor Code.

# III Voting rules within the framework of Ircantec's shareholder engagement strategy

## 1 Corporate governance

### 1.1 Election or reelection of a member of the Board of Directors or Supervisory Board (general criteria)

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- The resolution concerns multiple candidates (election en bloc).
- The company's presentation of the candidate is insufficient (biography, age, external roles and mandates, number of shares held, the board's assessment of his independence).
- The candidate is manifestly in breach of his obligations towards all shareholders or the company, or has a major conflict of interest that is incompatible with board membership, or has committed reprehensible acts.
- The term of office proposed is greater than four years<sup>(1)</sup>.
- The candidate already holds three or more offices in listed companies or large structures.
- The candidate is an executive of another company and also holds more than one other office outside his group.
- The candidate is directly or indirectly involved in a cross-directorship.
- The candidate has been absent from at least 25% of board meetings without satisfactory justification.
- The candidate is proposed on the basis of the conclusion or renewal of a regulated agreement that concerns a consulting mission in which he is involved.
- The appointment would result in the board being composed of more than 16 members<sup>(2)</sup>.

**Exception:** an ABSTAINING vote will be supported if it will not be counted as an OPPOSING vote, and if it makes it possible to improve the board's gender balance.

- The appointment would lead to a decrease, following the general meeting, of the rate of women on the board of directors.

**Exception:** an ABSTAINING vote will be supported if it will not be counted as an OPPOSING vote, and if it makes it possible to improve the board's rate of independence.

- The appointment would lead to a gender balance on the board of less than 40% following the general meeting.

**Exception:** an ABSTAINING vote will be supported if it will not be counted as an OPPOSING vote, and if it makes it possible to improve the board's rate of independence.

### 1.2 Election or reelection of a member of the Board of Directors or Supervisory Board (special cases)

#### 1.2.1 Election or reelection of a Chairman of the Board

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- One of the general criteria defined above is not met.
- The candidate also holds a chief executive officer appointment.
- The chairman of the board is manifestly in breach of his duties<sup>(3)</sup> towards the shareholders or the company.
- The candidate already serves as the chairman of at least one board of directors or supervisory board.
- One or more serious, recurring breaches in the composition of several committees were observed.

#### 1.2.2. Election or reelection of the Chief Executive Officer

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

(1) Exception: local practices to be taken into account:

Italy: maximum of three years

Spain, Austria, Germany: maximum of five years

United Kingdom: annual appointment will not be required, as Ircantec does not require each director to be elected each year

(2) Employee directors will be taken into account, in particular.

(3) In particular, the notion of duties includes the formulation of a convincing energy and ecological transition strategy with respect to the climate and environmental challenges faced by the company and its sector.

## Voting Policy in the context of the SRI shareholder engagement

- a. One of the general criteria defined above is not met.
- b. The candidate also holds the office of Chairman.
- c. The executive holds or will hold a seat on the audit, compensation or appointment committee.
- d. During the previous mandate, the company's support for the energy and ecological transition (EET) was deemed lacking in consistency<sup>(4)</sup> in light of the company's activity sector.

### 1.2.3 Election or reelection of an executive director (other than the CEO)

#### ● For the proposal unless:

AGAINST if one of the following conditions is met:

- a. One of the general criteria defined above is not met.
- b. The board will not be composed one-third of independent members<sup>(5)</sup>.
- c. The board comprises a number of executive directors that is too high in relation to practices within the country<sup>(6)</sup>.
- d. The executive holds or will hold a seat on the audit, compensation or appointment committee.

### 1.2.4 Election or reelection of a non-executive board member not free of conflicts of interest

#### ● For the proposal unless:

AGAINST if one of the following conditions is met:

- a. One of the general criteria defined above is not met.
- b. The board will not be composed of a majority of independent members<sup>(7)</sup> <sup>(8)</sup>.

#### Exceptions:

- In controlled companies, the minimum rate of independents is only one-third of members.
  - Even if the board does not meet the required independence rate, the candidacy of an employee shareholder representative will be supported.
  - An ABSTAINING vote will be cast if the appointment makes it possible to meet the minimum rate of women required on the board.
- c. The candidate represents a significant shareholder and his election would result in this shareholder being overrepresented on the board (except in the case of a sufficiently independent board)<sup>(9)</sup>.

**Exception:** One representative for each of the three largest shareholders will be supported.

- d. The candidate has not made an effort, before the end of his first term of office, to hold a minimum of 5000€ of shares in the company and the equivalent of one year's worth of average attendance fees (or the company does not disclose the number of shares directly or indirectly held by the candidate).
- e. The candidate is a member of one of the committees, and his presence on the committee gives rise to the observation of a serious, recurring breach.
- f. The board is not made up of a majority of independent members and the candidate has been on the board for over 12 years (unless he is a founder or the representative of a major shareholder).

**Exception:** an ABSTAINING vote will be cast if it will not be counted as an OPPOSING vote and if it makes it possible to improve the gender balance on the Board.

### 1.2.5 Reelection of a Chairman of the audit committee

#### ● For the proposal unless:

AGAINST if the following condition is met:

The audit committee is clearly in breach of its duties toward shareholders or the company, and in particular:

- Non-compliance with the Law and recommendations of the French Financial Markets Authority (AMF) concerning the transparency of auditor fees.
- Failures in the internal control and risk management procedures.
- Failure to put to the vote the special report on regulated agreements.
- Omission of questionable regulated agreements (or regulated agreements corresponding to deferred compensation).

- a. Several serious, recurring breaches in the composition of the committee were observed.

### 1.2.6 Reelection of a Chairman of the appointments committee

#### ● For the proposal unless:

AGAINST if one of the following conditions is met:

- a. The person is an executive of a large company.
- b. Insufficient information regarding the succession policy or the lack of a plan concerning the succession of executives<sup>(10)</sup>.
- c. The composition of the board is imbalanced, and in particular:
- d. The rate of women on the board is less than 40%.

(4) See Appendix B: "Assessment of the energy transition"

(5) See Appendix A: "Definition of a board member free of conflicts of interest"

(6) For example, more than two executive directors in France

(7) The calculation of the rate of independence will not take into account directors representing employees.

(8) For calculating the rate of independence, a candidate representing a third-party minority shareholder holding more than 10% of the capital and voting rights will not be considered independent.

(9) Excluding directors representing the French State not appointed by the general meeting of shareholders.

(10) Especially if the executive chairman is over 65 years old.

## Voting Policy in the context of the SRI shareholder engagement

- e. The functions of a chairman and of the chief executive officer are united when he chairs the committee.
- f. A lack of rigor in the procedure to assess board members' independence.
- g. Several serious, recurring breaches in the composition of the committee were observed.

### 1.2.7 Reelection of a Chairman of the compensation committee

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. The person is an executive of a large company.
- b. The compensation committee is clearly in breach of its duties toward shareholders or the company, and in particular:
  - Insufficient information regarding the compensation policy.
  - Failure to put to the vote the compensation of executive directors.
  - Failure to react to a significant opposition<sup>(11)</sup> to compensation elements expressed by the general meeting.
- c. Several serious, recurring breaches in the composition of the committee were observed.

### 1.2.8 Reelection of a chairman of the CSR committee

- **For the proposal unless:**

AGAINST if the following condition is met:

Absence of a convincing energy and ecological transition strategy with respect to the climate and environmental challenges faced by the company and its sector.

### 1.2.9 Election of a member of the compensation committee or appointments committee

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. The candidate is an executive director of the company.
- b. The person is an executive of a large listed company, and the compensation committee is composed by over one-third of executives of large listed companies.
- c. One of the general criteria defined in 1.1 is not met.

### 1.2.10 Election of a director representing employee shareholders

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. The appointment process for the candidate or candidates to represent employee shareholders is not democratic.
- b. Starting with the second seat reserved for employee shareholders, the appointment will be supported if at least one-third of the board members are free of conflicts of interest.

In the event of an election with multiple candidates competing to represent employee shareholders, Ircantec will consider the following criteria in making its choice:

- The candidate's motivation<sup>(12)</sup>.
- The candidate's legitimacy with respect to the employee shareholders<sup>(13)</sup>.
- The stocks or company mutual fund shares held by the candidate.
- The candidate's independence with respect to the management.
- Rotation of the employee shareholder representative on the board.
- In some cases, Ircantec may support several candidates who meet these criteria.

### 1.2.11 Election of a director to represent employees

Ircantec is in favor of the presence of one or two employee representatives on the board of directors to ensure the representation of one of the company's essential stakeholders. These positions are directly or indirectly elected by employees, and are therefore not the subject of a resolution submitted to the general meeting of shareholders. Employee representatives on the board will not be taken into account in calculating a board's rate of independence.

### 1.2.12 Election via a list system<sup>(14)</sup>: case of a single list

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. Lack of independence of the list proposed.
- b. The rate of women on the board is less than 40%.

### 1.2.13 Election via a list system: case of competing lists

A vote in favor of the list that will best improve the board's independence. If none of the lists improves the board's composition, Ircantec will vote against the lists.

### 1.2.14 Election or reelection of a censor

- **Against the proposal**

Ircantec is not in favor of the presence of a board member without voting rights<sup>(15)</sup>.

(11) Any resolution approved by 80% or less of the votes cast is deemed to have received significant opposition.

(12) Expressed through interviews, letters, messages or statements

(13) The results of preliminary elections, representative from a major category

(14) This method of election is used in Italy, Finland and Sweden.

(15) A censor appointed by the board could be considered to be a consultant to the board of directors or supervisory board, and may be accepted, but will not then be appointed by the general meeting.

## 2 Compensation of employees, executives and corporate officers

### 2.1 Employee participation in the capital

#### 2.1.1 Capital increases reserved for employees

- **For the proposal**

Ircantec encourages the diversification of employees' company savings portfolios. Employee voting rights must ideally be exercised by employee shareholders or employee shareholder representatives without interference by management representatives.

#### 2.1.2 Allocation of free shares to employees

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. The proposed allocation of free shares (or performance shares) exceeds 0.5% of the capital.

**Exceptions:**

- Where the company discloses the expected future number of beneficiaries and the free share plan has a broad base of eligibility (over 50% of employees are beneficiaries), authorization will be granted for up to 1% of the capital.
  - If the company commits to not issuing more than 10% of the capital in the form of options, entitlements to free shares or performance shares, redeemable share purchase warrants or employee shares over a rolling period of ten years.
  - Where the company discloses the expected future number of beneficiaries and the average individual value per year is less than €15,000.
  - Where the performance criteria are particularly strict.
- b. The potential dilution indicated by the total number of options and free share or performance share rights in circulation exceeds 10% of the capital.
  - c. The proposal is combined, within the same resolution, with a proposal for allocation to executives that does not comply with the rules defined below.

#### 2.1.3 Allocation of free shares to all employees

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

The proposed allocation of free shares exceeds 2% of the capital.

### 2.2 Executive compensation and participation in the capital

#### 2.2.1 Votes on the compensation of an executive

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. Failure to satisfy the requirements concerning disclosure of compensation or insufficient information provided to enable shareholders to correctly analyze the compensation policy and the compensation allocated.

In particular, Ircantec recommends that the following information be published:

- A description and justification of all compensation elements,
  - Disclosure of the target yearly variable compensation,
  - Disclosure of the maximum yearly variable compensation,
  - Disclosure of the long-term performance criteria and their rate of achievement,
  - The qualitative and quantitative criteria related to variable compensation, and their weighting; the rate of achievement of each criterion related to the bonus,
  - The variable portion owed during the financial year,
  - The valuation of the share allocation plans,
  - The performance conditions of the long-term plans,
  - The rate of achievement of each of the performance conditions related to the long-term plans,
  - The individual cost of any supplementary retirement plan,
  - Transparency concerning fees,
  - The total individual amount paid, owed or provisioned for the executive officer during the financial year.
- b. The compensation structure or the philosophy behind the compensation policy is not aligned with Ircantec's Voting Policy.

In particular, Ircantec recommends that:

- Fixed compensation be lower than the median in a comparison group.
- Fixed compensation not be increased without appropriate justification.
- Increases to fixed compensation be limited to inflation.

## Voting Policy in the context of the SRI shareholder engagement

- Fixed compensation be reviewed on a regular basis after a relatively long period, such as three years.
  - Target yearly variable compensation must not exceed 100% of fixed compensation. However, when predefined targets have been exceeded by a wide margin, a maximum of 150% of fixed compensation may be supported.
  - The qualitative or discretionary portion of the yearly variable compensation must not exceed 20% of total variable compensation.
  - Long-term variable compensation be greater than yearly variable compensation.
  - Total variable compensation granted during the financial year (short and long term) not exceed 300% of fixed compensation.
  - For companies with a head office in a country where local law imposes a minimum wage, the ratio between the executive's total yearly compensation and the minimum wage must not exceed 50(16).
  - For companies with a head office in a country where local law does not impose a minimum wage, the ratio between the top executive's total yearly compensation and the median yearly compensation of the group's employees must not exceed 25.
  - The executive is not granted stock options (except in the case of young innovative companies).
  - The executive officer does not receive a supplementary pension plan.
  - The executive officer is not eligible for a potential severance package worth more than one year of total compensation.
- c.** The compensation policy is insufficiently linked to long-term performance.
- In particular, Ircantec recommends that:
- Variable compensation include at least one verifiable ESG (Environment – Social – Governance) criterion and that support for the Energy and Ecological Transition (EET) be sufficiently constant in light of the business sector. The Scheme also prefers that the carbon footprint be included as a criterion for high-impact sectors<sup>(17)</sup>.
- Contracts comprising variable compensation contain a clause providing for restitution in the event of an accounting error or penalty (fines, etc.), also known as a “clawback” in Anglo-Saxon countries.
  - Yearly variable compensation owed for the financial year be justified by the performance observed during the financial year.
  - All allocations of shares to the executive be conditional on performance criteria.
  - The measurement of the performance criteria of long-term variable compensation plans<sup>(18)</sup> take five years of data into account, or at least a minimum of three years.
  - The criteria for the calculation of long-term compensation be different from those used to calculate annual variable compensation.
  - The performance criteria for long-term compensation instruments be primarily based on internal performance conditions, ideally in comparison to the same measurements within a relevant reference group.
- d.** Various types of indemnities (severance pay, variable bonuses, etc.) were or must be paid while the company is experiencing a challenging internal situation (such as a drastic reduction in staff, site closures, dismantling of subsidiaries).
- e.** The company has practiced excessive tax optimization.
- f.** Changes to the compensation policy are unsatisfactory.
- In particular, Ircantec recommends that:
- Companies improve their practices from one year to the next.
  - Boards improve their practices following significant opposition<sup>(19)</sup> by minority shareholders with respect to a compensation matter.
- g.** Amounts paid to shareholders significantly exceed those allocated to payroll and investment expenses, or when the share buyback authorization conditions are not deemed to be satisfactory. In particular, Ircantec recommends that:
- The rate of change in the amounts paid to shareholders<sup>(20)</sup> not be more than 50% greater than the rate of change in the average salary over the last 3 years.

(16) As a general rule, failure to comply with the “socially acceptable maximum” compensation level defined by Ircantec in its Voting Policy should be sufficient grounds for an opposing vote.

(17) Sectors with high climate impact are defined using the NACE classification which is recommended for the Paris Aligned Benchmark (PAB). The following sectors are concerned: Agriculture, Forestry and Fishing / Mining and Quarrying / Manufacturing / Electricity, Gas, Steam and Air Conditioning Supply / Water Supply, Sewerage, Waste Management and Remediation Activities / Construction / Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles / Transportation and Storage/Real Estate Activities.

(18) Multiannual variable performance shares

(19) Any resolution approved by 80% or less of the votes cast is deemed to have received significant opposition.

(20) Amounts paid to shareholders correspond to the amount of dividends paid and the reduction to the capital through the cancelation of treasury shares. Amounts connected to the cancelation of treasury shares are generally detailed in the statement of changes in equity, or can be calculated on the basis of the cash flow statement by deducting the cost of sales of treasury shares from the cost of purchases of treasury shares.

## Voting Policy in the context of the SRI shareholder engagement

- The rate of change in the amounts paid to shareholders not be more than 50% greater than the investment expenses over the last 3 years.
- The total share buybacks not concern more than 10% of the market capitalization.
- The share buyback authorization be limited to a maximum duration of 18 months.
- The share cancellation authorization be limited to a maximum duration of 24 months.
- The yearly average share buybacks by the company not be more than 1% of its market capitalization over the last 3 years.

### 2.2.2 Post-employment benefits

#### 2.2.2.1 General criteria

- **Against the proposal if one of the following conditions is met:**

- a. The interested party's total compensation<sup>(21)</sup> exceeds the "socially acceptable maximum" level defined by Ircantec<sup>(22)</sup>.
- b. The benefit is allocated to a board chairman who does not occupy the position of chief executive officer.

#### 2.2.2.2 Severance packages

- **For the proposal unless:**

AGAINST if one of the following conditions is met:

- a. One of the general conditions defined above is not met.
- b. The severance package<sup>(23)</sup> could exceed the equivalent of one year of total compensation.

Exception: a severance package equal to a maximum of 19 months of compensation may be accepted if the beneficiary has belonged to the group for at least 30 years.

#### 2.2.2.3 Non-competition clauses

- **For the proposal except:**

AGAINST if the following condition is met:

- a. One of the general conditions defined above is not met.
- b. The executive director benefiting from the non-competition clause is exercising his right to retirement.
- c. The executive director benefits from a non-competition clause whose amount is greater than one year of compensation.

Exception: a payment<sup>(24)</sup> equal to 19 months of compensation may be accepted if the beneficiary has belonged to the group for at least 30 years.

#### 2.2.2.4 Additional voluntary retirement plans with defined benefits

- **Against the proposal**

Ircantec is opposed to additional voluntary retirement plans for executive directors.

#### 2.2.2.5 Additional voluntary retirement plans with defined contributions

- **For the proposal except:**

AGAINST if the contribution effort is not shared in a balanced manner between the beneficiary and the company.

#### 2.2.2.6 Retention of options or performance shares in the event of departure

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. Non-compliance with the following rules on lapsing or prorating:

- I. In the event of **voluntary departure** (resignation), any compensation instruments allocated but not yet vested must **lapse**. Any prorating or full retention of rights will be subject to a negative recommendation.

- II. In the event of **voluntary departure** from the company **with appointment/retention to non-executive functions** in a subsidiary or holding company, any remuneration instruments allocated but not yet vested must **lapse**. Any prorating or full retention of rights will be subject to a negative recommendation.

- III. In the event of **forced departure** (redundancy, non-renewal of term of office), the **prorating** of any remuneration instruments allocated but not yet acquired will be tolerated. A negative recommendation will be issued if all rights are maintained.

- IV. In the event of **retirement**, the **prorating** of any compensation instruments allocated but not yet vested will be tolerated. A negative recommendation will be issued if all rights are maintained.

- V. In the event of a **change of function with the loss of an executive position**, the **prorating** of any remuneration instruments allocated but not yet vested will be tolerated. A negative recommendation will be issued if all rights are maintained.

- b. Removal or acceleration of performance conditions allowing vesting or early exercise.

(21) Wages, benefits, options and performance shares, annual cost under a retirement plan

(22) As indicated in the Voting Policy, Ircantec recommends a "socially acceptable maximum" compensation level for executives. In countries where the law imposes a minimum wage: This level corresponds to 50 times the minimum wage; in other countries, the "socially acceptable maximum" ratio between the top executive's compensation and the median compensation within the group is 25.

(23) Including a non-competition payment.

(24) Including severance package

### 2.2.3 Shareholder compensation

#### 2.2.3.1 Resolutions to allocate options to executives

- **Against the proposal**

Exception: Certain authorizations may be supported in small and medium-sized companies if allocations to executives are moderate, transparent and subject to quality performance conditions.

#### 2.2.3.2 Resolutions authorizing the issue of Manager share purchase warrants or redeemable share purchase warrants

- **Against the proposal**

#### 2.2.3.3 Resolutions authorizing the allocation of free shares or performance shares to executives

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The resolution or the board's report to the general meeting does not guarantee that the issue will be conditional on mandatory performance conditions for executive directors and members of the executive committee.
- b. The performance criteria are not factual, verifiable and quantifiable, and are not deemed relevant.
- c. The performance criteria comprise a qualitative portion that is not verifiable by shareholders.
- d. The performance criteria employed by the company encourage a short-term approach<sup>(25)</sup>.
- e. The potential dilution implied by the total number of options and free share or performance share rights in circulation exceeds 10% of the capital.
- f. The maximum percentage that can be allocated to each executive director is not disclosed.
- g. More than 0.03% of the capital could be allocated to an executive director of an MSCI Europe company<sup>(26)</sup>.
- h. In the event of allocation, the variable portion of compensation<sup>(27)</sup> would exceed 300% of fixed compensation.

## 2.3 Compensation of the members of the board of directors or supervisory board

### 2.3.1 Attendance fees

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. Compensation in the form of attendance fees is not partially indexed on attendance.

- b. The average individual compensation proposed or the total cost of oversight by the board is over 30% more than the amounts observed in companies with similar capitalizations.
- c. The average individual attendance fee is over €100,000 and could create a real economic dependency for certain directors.
- d. The average unitary fee proposed represents a significant increase (over 5%) with no justification given.

### 2.3.2 Compensation of a non-executive Chairman

- **For the proposal except:**

AGAINST if the following conditions are met:

- a. Compensation exceeds the median compensation in its index<sup>(28)</sup>.
- b. Compensation exceeds a theoretical amount observed in other companies, estimated on the basis of market capitalization.
- c. Compensation includes a variable portion based on financial performance.

Note: a case-by-case analysis must also take into account the quality of the group's governance as implemented by the chairman.

- d. The company's strategy does not include satisfactory support for the Energy and Ecological Transition.

(25) A measurement of performance over five years is recommended. Failure to comply with a three-year minimum will lead to rejection of the proposal.

(26) Unless particularly strict performance criteria are applied

(27) Variable compensation, including the updated yearly value of the number of shares and options proposed

(28) For example: CAC 40 or SBF 80

## Voting Policy in the context of the SRI shareholder engagement

### 2.4 Compensation of regulated categories

- **For the proposal except:**

The compensation structure or the philosophy behind the compensation policy is not aligned with Ircantec's Voting Policy.

In particular, Ircantec recommends that:

- a. For companies with a head office in a country where the local law imposes a minimum wage, the ratio between the average compensation of regulated persons and the minimum wage must not exceed 50.

- b. For companies with a head office in a country where local law does not impose a minimum wage, the ratio between the average compensation of regulated persons and the minimum wage must not exceed 25.

### 2.5 Welcome bonus

- **An opposing vote will be recommended if one of the following conditions is met:**

- a. The welcome bonus does not correspond to an indemnity intended to compensate for compensation given up by the newcomer in abandoning his previous role.
- b. The welcome bonus exceeds the equivalent of 6 months of the newcomer's salary in his previous role.

## 3 Shareholder rights and amendments to the articles of association

### 3.1 Exercise of shareholder rights at general meetings

#### 3.1.1 Granting of discharge

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. There are concerns regarding the governance, behavior or decisions of certain directors.
- b. The request for discharge is not mandatory.

Note 1: in France, requests for discharge are not required by law. Ircantec does not support the practice of voting en bloc for both discharge and approval of the accounts. Generally speaking, Ircantec recommends that asset management companies conserve all of their rights of recourse.

Note 2: in countries whose legislation provides for a single vote that includes both discharge and approval of the accounts, and where discharge does not prevent shareholders from conserving all of their rights of recourse, an OPPOSING vote will be recommended only if one of the conditions listed in article 4.1.1 of the Voting Rules ("Approval of Accounts") is met.

The countries concerned by this exception are: Germany, Austria, Switzerland and the Netherlands.

#### 3.1.2 Notice period for calling a general meeting

- **AGAINST the proposal**

Ircantec is opposed to shortening the notice period for calling a general meeting.

#### 3.1.3 Virtual general meetings

- **AGAINST the proposal**

Ircantec is opposed to holding virtual general meetings<sup>(29)</sup>

### 3.2 Capital increases

#### 3.2.1 Capital increase authorizations with retention of preferential subscription rights

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The proposal, including the remaining authorizations, exceeds 50% of the capital and is not justified by a specific plan<sup>(30)</sup>.
- b. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.

Exception:

For financial flexibility purposes, a maximum of 10% of the capital with retention of preferential subscription rights may be supported even if the company has not attempted to suspend the authorization during a public offering period.

#### 3.2.2 Capital increase authorizations with removal of the preferential subscription right but with a guaranteed priority period

- **For the proposal except:**

AGAINST if one of the following conditions is met:

(29) Unless arrangements are made to make a physical location available for shareholders (hybrid general meetings) and to guarantee equal rights regardless of shareholders' manner of attendance, or in the event of a major crisis that requires general meetings to be held in this manner.

(30) Such as the financing of a major acquisition, financial restructuring

## Voting Policy in the context of the SRI shareholder engagement

- a. The proposal, including the remaining authorizations, exceeds one-third of the capital and is not justified by a specific plan<sup>(31)</sup>.
  - b. The possible discount could exceed 10% of the average price over the last three days.
  - c. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.
- b. The limit for all authorizations without preferential subscription rights exceeds 10% of the capital.
  - c. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.

### 3.2.3 Capital increase authorizations with removal of the preferential subscription right and without a guaranteed priority period<sup>(32)</sup>

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The proposal, including the remaining authorizations, exceeds 10% of the capital and is not justified by a specific plan. The overall limit for all capital increase authorizations without preferential subscription rights must not exceed 10% of the capital (except for proposals with a guaranteed priority period). In the case of multiple resolutions leading to this threshold being exceeded, requests for issue in cash and via public offering will be preferred, as long as such issue does not exceed 10% of the capital if the priority period is not guaranteed.
- b. The possible discount could exceed 10% of the average price over the last three days.

Exception: for biotechnology companies and technology companies experiencing strong growth that generate little or no income, a discount of 20% of the average weighted price over the last three days may be tolerated.

- c. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.

### 3.2.4 Authorizations of capital increases in compensation for a public exchange offer

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The requested budget, including the remaining authorizations, exceeds 10% of the capital<sup>(33)</sup>.

### 3.2.5 Authorizations of capital increases in compensation for contributions in kind

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The requested budget exceeds 10% of the capital<sup>(34)</sup>.
- b. The limit for all authorizations without preferential subscription rights exceeds 10% of the capital.
- c. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.

### 3.2.6 Greenshoe option

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. Issue without preferential subscription rights or without a guaranteed priority period.
- b. The authorization could be used as a protective mechanism for the management during a public offering period: the articles of association do not provide for the principle of neutrality during public offering periods, or the resolution does not expressly provide for the suspension of the capital increase authorization during public offering periods.

### 3.2.7 Specific strategic operations (reserved issue, contributions, mergers, bids, demergers)

- **For the proposal except:**

AGAINST if the findings of the following analysis are negative:

- a. Long-term strategic interest of the operation.
- b. Financial conditions (retained value of assets and liabilities created or transferred in light of the market conditions).
- c. Impact on governance, shareholder democracy, shareholder rights, float, and environmental and social issues.

(31) Such as the financing of a major acquisition, financial restructuring

(32) This type of resolution also generally applies to capital increases without preferential subscription rights through private placement or reserved for a limited group of qualified investors.

(33) For the case of specific projects with predetermined conditions, refer to paragraph 3.2.7

(34) Idem

## Voting Policy in the context of the SRI shareholder engagement

### 3.3 Anti-takeover measures

#### ● Against the proposal if one of the following conditions is met:

- a. Authorization to issue "bons Breton" [share warrants similar to a 'poison pill'].
- b. Authorization to maintain the share buyback or sale authorization during a public offering period.
- c. Authorization to maintain capital increase authorizations during a public offering period.

Note: During a public offering period, a special general meeting may be called to approve special resolutions. A case-by-case analysis will be carried out based on the information available according to the rules defined in 3.2.7.

### 3.4 Amendments to the articles of association

#### 3.4.1 Introduction of double voting rights

##### ● Against the proposal

#### 3.4.2 Introduction of a limitation on voting rights

##### ● Against the proposal

#### 3.4.3 Removal of double voting rights

##### ● For the proposal unless the case-by-case analysis determines otherwise

#### 3.4.4 Removal or lifting of the limitation on voting rights

##### ● For the proposal

#### 3.4.5 Improvements to shareholder rights or governance

##### ● For the proposal

#### 3.4.6 Conversion to a société en commandite par action (private company limited by shares)

##### ● Against the proposal

#### 3.4.7 Amendments to the articles of association affecting the board of directors or supervisory board

##### ● For the proposal except <sup>(35)</sup>:

AGAINST if one of the following conditions is met:

- a. Conversion from a dual structure with a supervisory board and a directorate to a structure with only a board of directors.
- b. Retention or appointment of a number of members deemed excessive, namely more than 16 members.
- c. Retention or creation of reserved or protected positions on the board<sup>(36)</sup>.
- d. Removal or limitation of the obligation for board members to hold a minimum level of investments in the equity.

- e. Retention or creation of one or more censor positions elected by the general meeting or not able to be challenged by a single member of the board.
- f. A statutory age limit that does not provide a sufficiently strict framework for succession planning<sup>(37)</sup>.

#### 3.4.8 Creation of preferential shares (amendment to the articles of association or issue)

##### ● Against the proposal except:

FOR if the following conditions are met:

- a. Respect of the principle of proportionality between capital investments and control of voting rights: "One share, one vote".
- b. Absence of substantial violation of the principle of equality between shareholders<sup>(38)</sup>.
- c. Absence of repercussions on opening up the capital and the advisability of takeover bids by third parties.
- d. Issue with balanced, strategically justified conditions.

#### 3.4.9 Obligation to declare the passing of statutory thresholds

##### ● For the proposal except:

AGAINST if one of the following conditions is met:

- a. The resolution does not provide for the publication of the passing of thresholds on the company's website.
- b. The time limit for declaring the passing of the statutory thresholds imposed on shareholders is less than 15 days.
- c. The threshold proposed is less than 1% of the capital or voting rights.

#### 3.4.10 Statutory minimum number of shares to be held by directors

##### ● For the proposal except:

AGAINST if one of the following conditions is met:

- a. Abolition of directors' obligation to hold shares.
- b. Reduction of the number of shares to be held to the equivalent of less than one year of attendance fees.

#### 3.4.11 Inclusion of good governance rules in the articles of association

##### ● For the proposal

This type of resolution may concern, for example, the inclusion in the articles of association of a minimum number of independent members on the board, the definition of independence, the creation of specialized committees, the separation of duties, information on compensation, the principle of neutrality of management bodies during a public offering period, etc.

(35) Non-exhaustive list: Each proposal will be analyzed in light of the spirit of the principles defined in Chapter 1 - Corporate Governance.

(36) Except for the case of an employee shareholder representative, conditional on ratification by a majority of votes at the general meeting.

(37) Particularly if the increase in the limit seems tailor-made for an executive chairman who is already over 65 years old.

(38) Compensation, disclosure, seats on the board, etc.

### 3.4.12 Statutory amendment: transfer of the registered office or transfer to another trading market

- **For the proposal except:**

AGAINST if the following condition is met:

The transfer would restrict shareholder rights or pose a risk to the company's governance.

### 3.4.13 Statutory amendment concerning the terms of election of the employee representative to the board

- **For the proposal**

### 3.4.14 Minor statutory amendments or compliance-related amendments

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The amendment concerns a clause for which a lack of compliance with the principles of corporate government defined herein has been observed.
- b. It is proposed at the general meeting to adopt a new version of the articles of association as a whole, and this new version retains a major point of non-compliance.

---

## 4 Approval of accounts and management

### 4.1 Approval of accounts

#### 4.1.1 Approval of corporate accounts

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The meeting package for the general meeting is not available on the website within the legally required time (at least 21 days before the meeting).
- b. The information published in the general meeting package is insufficient in relation to the Marketplace's best practices.
- c. A clear breach of information integrity, respect for shareholders or the company's RSE Charter has been observed.
- d. Significant remarks by the auditors concerning the corporate accounts, management report or internal control and governance report.
- e. A significant point of non-compliance with the reference corporate governance code has not been declared, or the company has not provided a satisfactory explanation of a divergence it acknowledges.
- f. There are serious deficiencies with respect to financial, extra-financial, governance or risk disclosures.
- g. Inclusion of a grant of discharge within the same resolution.
- h. The company belongs to:
  - the financial sector,
  - the extractive sector (oil, mining, gas, etc.),
  - or generates a large proportion of its income via the Internet

and its accounts do not present separate reporting for each country in which the company or its subsidiaries operate, including entities classified as operational that are to be sold or are being liquidated.

- i. The company belongs to:

- the financial sector,
- the extractive sector (oil, mining, gas, etc.),
- or generates a large proportion of its income via the Internet

and operates, in a significant proportion, in one of the jurisdictions found on the list of non-cooperative countries and territories with respect to taxation as defined by the French Ministry of Economy, or in one that has not specified a timeframe or formulated their commitment to the automated exchange of information as part of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

- j. The company has not adequately incorporated support for the energy and ecological transition in either its communication (transparency) or operations<sup>(39)</sup>.

---

(39) See Appendix B: "Assessment of the energy transition"

## Voting Policy in the context of the SRI shareholder engagement

### 4.1.2 Approval of consolidated accounts<sup>(40)</sup>

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. Failure to provide the consolidated accounts and auditors' report on the consolidated accounts within the legally required time (at least 21 days before the general meeting).
- b. Remarks by the auditors on the consolidated accounts that are deemed to be significant and call into question the sincerity of the financial statements.
- c. The results are not aligned with the clearly irresponsible prospects repeated by the company, or arise from questionable management decisions.
- d. There are serious discrepancies with respect to management.
- e. Inclusion of a grant of discharge that is not formally mandatory within the same resolution.
- f. It is established that the company has practiced excessive tax optimization<sup>(41)</sup>. An alert is triggered when an issuer's taxation rate is less than 20% over at least three of the last six years.
- g. The company has not adequately incorporated support for the energy and ecological transition in either its communication (transparency) or operations<sup>(42)</sup>.

### 4.1.3 Approval of non-deductible expenses

- **For the proposal except:**

AGAINST if the following condition is met:

Significant expenditure (over €100,000) is not detailed or is poorly justified.

### 4.1.4 Approval of donations to political parties

- **Against the proposal**

## 4.2 Regulated agreements

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The special auditors' report is incomplete or missing information on a specific agreement:
  - An agreement entered into with interested persons by the company or one of its subsidiaries, either directly or indirectly (via an intermediary), is not included in the special report.

- The interest of the agreement has not been demonstrated by the company.
  - The essential terms of the agreement are not disclosed, thereby not enabling shareholders to assess the interest of entering into and maintaining the agreement<sup>(43)</sup>.
  - Agreements remaining in effect, whether or not they were entered into during the financial year, are not mentioned in either the special auditors' report on regulated agreements or in the compensation report put to the vote at the general meeting.
- b. A new agreement or an agreement that remains in effect does not appear to be aligned with all shareholders' interests. These interests will be evaluated on the basis of the following criteria:
    - A new agreement or an agreement that remains in effect appears to have little or no strategic justification.
    - A new agreement or an agreement that remains in effect does not appear to have been entered into under fair financial conditions.
    - A new agreement or an agreement that remains in effect has a negative impact on the company's governance (economic, legal, strategic dependence).
    - A new agreement or an agreement that remains in effect could hinder the launch or success of a takeover bid on the company.
  - c. A new agreement corresponds to a regulated commitment (severance package, non-competition payment, retirement plan) whose terms do not comply with Ircantec's SRI Charter and Policy<sup>(44)</sup>.
  - d. The management report contains an agreement entered into with a subsidiary that does not appear to be aligned with the interests of all shareholders.
  - e. The establishment or renewal of an agreement concerning a consulting mission grants director status to one of the collaborators involved in the mission.

<sup>(40)</sup> In the absence of a resolution concerning the allocation of the results, analysis of the dividend must be deferred to the approval of the consolidated accounts.

<sup>(41)</sup> An opposing vote will be supported if the company has an effective taxation rate of less than 20% - except in a loss year - and is not able to present separate financial reporting for each country in which it or its subsidiaries operate. An opposing vote will also be required if this rate is less than 15%, regardless of the country-by-country financial reporting conditions.

Exception for companies eligible for a specific tax regime that exempts them from corporate income tax, such as Real estate investment trusts (REITs) for property management, or others.

<sup>(42)</sup> See Appendix B: "Assessment of the energy transition"

<sup>(43)</sup> See articles R225-31 and R225-58 of the French Commercial Code.

<sup>(44)</sup> Opposition to regulated commitments that continue to take effect could also be expressed on the resolution to approve the advisory vote, if one is proposed.

## 4.3 Election of auditors

### 4.3.1 Nomination of a statutory auditor

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- The auditor or his firm is presumed to have been involved in clear violations of the shareholders' interests or has displayed a lack of due diligence (for example, one of the special auditors' reports was late, insufficiently detailed or incomplete).
- Election en bloc of several statutory auditors within a single resolution.
- The auditor's independence is compromised by recent significant ties with a board member, executive or reference shareholder.

### 4.3.2 Renewal of a statutory auditor

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- The auditor or his firm is presumed to have been involved in clear violations of the shareholders' interests or has displayed a lack of due diligence (for example, one of the special auditors' reports was late, insufficiently detailed or incomplete).
- The firm or a representative in its network has certified the company's accounts for at least 20 years (24 years in countries that require two auditors)<sup>(45)</sup>.
- The auditors' fees are not disclosed.
- The company does not provide detailed information regarding the consulting missions, although the fees for those missions exceed 10% of the total fees for the financial year.
- The fees for incidental auditing and consulting missions (due diligence, etc.) total more than 50%<sup>(46)</sup> of the fees charged for the account certification missions during the last financial year, or on average over the last three years, unless specific justification is provided.
- The fees paid by the group represent more than 10% of the auditing firm's total revenue.

### 4.3.3 Election of alternate auditors

- **For the proposal except:**

AGAINST if the following condition is met:

The alternate auditor proposed is a partner of, or has ties to, one of the statutory auditors.

### 4.3.4 Election of sustainability auditors

- **For the proposal**

Note: In the case of the appointment/renewal of a sustainability auditor who already holds a financial auditor's mandate, the opposition criteria used when renewing the financial auditor's mandate will be applied, namely:

- The auditor or his firm is presumed to have been involved in clear violations of the shareholders' interests or has displayed a lack of due diligence (for example, one of the special auditors' reports was late, insufficiently detailed or incomplete).
- The firm or a representative from its network has certified the company's accounts for at least 20 years (24 years in countries that require two auditors).
- The auditors' fees are not disclosed.
- The company does not provide detailed information regarding the consulting missions, although the fees for those missions exceed 10% of the total fees for the financial year.
- The fees for incidental auditing and consulting missions (due diligence, etc.) total more than 50%<sup>(47)</sup> of the fees charged for the account certification missions during the last financial year, or on average over the last three years, unless specific justification is provided.
- The fees paid by the group represent more than 10% of the auditing firm's total revenue.

(45) For American companies, the limit is 24 years, and the following criterion is required: the "lead engagement partner" must be rotated every 5 consecutive years.

(46) 25% for French companies, for whom these practices are not widespread.

(47) 25% for French companies, for whom these practices are not widespread.

## 5 Allocation of earnings and management of equity

### 5.1 Allocation of earnings

#### 5.1.1 Dividends

- **For the proposal except:**

AGAINST if the analysis based on the following point produces a negative result:

Excessive dividend check:

- Distribution exceeding 50% of net earnings.
- The company distributes a dividend during a year with negative earnings in the consolidated statements; Ircantec is generally in favor of no dividend being paid during loss years.
- Debt check: the ratio of net debt to equity is greater than 1.5.
- Social cohesion check: the change in dividend over the past three years diverges significantly from changes in average employee compensation<sup>(48)</sup>. In addition, Ircantec will oppose a dividend increase when the change in average employee compensation is negative. Note: This analysis must take into account any changes in the group's perimeter.
- Reasonable taxation rate check: it must be verified that the company has not practiced excessive tax optimization.
- Energy and ecological transition check: for high-impact companies<sup>(49)</sup>, a carbon neutrality target must have been set.
- The dividend proposed must be covered by Free Cash Flow. Free Cash Flow is the available cash flow generated by the operations once the cash flows dedicated to investment have been deducted.

#### 5.1.2 Option to receive payment of the dividend in the form of shares or amendment to the articles of association to permit this

- **For the proposal**

#### 5.1.3 Bonus dividend

- **For the proposal** up to the legal limit of a 10% bonus on a maximum fraction of 0.50% of the capital<sup>(50)</sup>.

#### 5.1.4 Dividends in kind

- **On a case-by-case basis**

### 5.2 Own share buyback operations

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. The resolution authorizes a capital operation via buybacks during a public offering period (except for resolutions that strictly limit operations during an offering period to the fulfillment of a securities delivery commitment, or strategic operations initiated and announced before the public offering was launched).
- b. The total share buyback authorizations concern more than 10% of the market capitalization.
- c. The share buyback authorization concerns a period greater than 18 months.
- d. The yearly average share buyback by the company is more than 1% of its market capitalization over the last 3 years.
- e. The rate of change of the amounts paid to shareholders<sup>(51)</sup> is more than 50% greater than the rate of change of the average salary over the last 3 years.
- f. The rate of change of the amounts paid to shareholders is more than 50% greater than the rate of change of investment expenses over the last 3 years.

### 5.3 Capital reductions

- **For the proposal except:**

AGAINST if one of the following conditions is met:

- a. One of the criteria defined above (5.2. Own shares buyback operations) is met.
- b. The share cancellation authorization concerns a period greater than 24 months.
- c. Risk of reducing the security's liquidity if the free float is less than or equal to 40% of the total number of securities in circulation.
- d. The capital reduction considered negatively impacts the long-term strategic potential and earning capacity and is therefore incompatible with shareholders' long-term interest.
- e. The proposal is deemed to be inconsistent with respect to the dividend nonpayment proposed as part of the earnings allocation.

(48) A "significant divergence" constitutes a rate of change that diverges by more than 50%. It should be noted that this divergence will be calculated outside of a significant change in perimeter (sale/acquisition).

(49) Sectors with high climate impact are defined using the NACE classification which is recommended for the Paris Aligned Benchmark (PAB). The following sectors are concerned: Agriculture, Forestry and Fishing / Mining and Quarrying / Manufacturing / Electricity, Gas, Steam and Air Conditioning Supply / Water Supply, Sewerage, Waste Management and Remediation Activities / Construction / Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles / Transportation and Storage/Real Estate Activities.

(50) However, this excludes the creation of shares with a bonus dividend and no voting rights.

(51) Amounts paid to shareholders correspond to the amount of dividends paid and the reduction to the capital through the cancellation of treasury shares. Amounts connected to the cancellation of treasury shares are generally detailed in the statement of changes in equity, or can be calculated on the basis of the cash flow statement by deducting the cost of sales of treasury shares from the cost of purchases of treasury shares.

- f. The authorization provides for an NCIB<sup>(52)</sup> without the contribution of securities by the main shareholder, thereby significantly strengthening its control.
- g. The company presents a liquidity risk: it is a small- to mid-cap company with a very limited free float (less than 20% of the capital).

## 5.4 Share splitting

- For the proposal

## 6 Company climate strategies

### 6.1 Resolutions concerning climate strategy, climate goals or the Energy and Environmental Transition (EET)

- For the proposal, except:

AGAINST if one of the following conditions is not met:

- a. The adoption of a strategy to achieve a 1.5°C global warming scenario with validation by a scientific body such as the Science Based Targets initiative, or to align with an annual decarbonization trajectory of greenhouse gas emissions of 7% on average (in terms of intensity)<sup>(53)</sup>.
- b. The implementation of quantitative targets to reduce CO<sub>2</sub> emissions for all of the company's scopes in high impact sectors.
- c. The definition of intermediate targets (short, medium and long term) to ensure a sufficient reduction in greenhouse gas emissions in order to comply with the 1.5°C global warming scenarios.
- d. For companies involved in the mining, production and use of coal, the implementation of a plan to exit coal before 2030, alongside conversion plans for activities and employees.
- e. The company's strategy excludes the controversial practices listed in Appendix B.

### 6.2 Resolutions concerning the implementation of the climate strategy (ex-post vote)

- For the proposal, except:

AGAINST if one of the following conditions is not met:

- a. Changes in carbon emissions over the last three financial years appear to be sufficient to achieve the short-term targets defined in the company's climate strategy and to achieve carbon neutrality in the long term, with a trajectory in alignment with a 1.5°C scenario or an average reduction in carbon intensity of 7% per year.

- b. The inclusion of a measurement of greenhouse gas emissions expressed in absolute values and covering all scopes between 1 and 3.
- c. Information on the risks and opportunities related to climate change, the identification and impacts of these risks and opportunities, and the resilience of the company's strategy, in accordance with the recommendations of the TCFD.
- d. A satisfactory and rational link between executive variable compensation and changes in the group's carbon footprint.
- e. For companies involved in the mining, production and use of coal, the implementation of a plan to exit coal before 2030, alongside conversion plans for activities and employees.
- f. The absence of the controversial practices listed in Appendix B.

### 6.3 Establishment of regular voting on the implementation of the climate strategy<sup>(54)</sup>

- For the proposal

### 6.4 Regular publication by the company of updates with respect to its climate strategy<sup>(55)</sup>

- For the proposal

(52) OPRA (offre publique de rachat d'actions): NCIB (Normal-Course Issuer Bid)

(53) The resolution will be supported if significant progress has been achieved, in particular through the achievement of one or several targets described in this rule.

(54) Via this resolution, the company proposes that regular voting be established on the progress achieved in relation to the targets set and the measures implemented in application of the company's climate strategy.

(55) If the initial objectives of the climate strategy are not aligned with a 1.5°C scenario, the company can propose that its strategy be regularly updated to strengthen its climate commitments and move towards best practices.

## 7 External resolutions

External resolutions will be analyzed in light of the principles defined in Ircantec's policy. The Institution encourages asset management companies to make use of the rights attached to the status of shareholder.

### 7.1 External candidacies

- **For the proposal except:**

AGAINST if the following conditions are met:

- a. The originator has not clearly formulated his resolution and explained its motivation (convincing strategic plan in the case of a hostile candidacy).
- b. The resolution's impact on the company's governance is negative or contrary to the principles defined in this document.
- c. A significant shareholder supporting one or more resolutions for the appointment of directors has not made a commitment to retain its holdings over the duration of the mandate(s) proposed.
- d. The external candidate is in clear breach of his duties toward shareholders or the company.

### 7.2 Resolution improving shareholders' rights or the group's governance or corporate, societal or environmental responsibility

- **For the proposal**

### 7.3 Shareholder resolutions concerning the company's climate strategy

- **For the following proposals:**

- a. The adoption of a strategy to achieve a 1.5°C global warming scenario with validation by a scientific body such as the Science Based Targets initiative, or to align with an annual decarbonization trajectory of greenhouse gas emissions of 7% on average (in terms of intensity)<sup>(56)</sup>.
- b. A request to implement quantitative targets to reduce CO2 emissions for all of the company's scopes in high impact sectors.
- c. The definition of intermediate targets (short, medium and long term) to ensure a sufficient reduction in greenhouse gas emissions in order to comply with the 1.5°C global warming scenarios.
- d. A request to measure greenhouse gas emissions in absolute values over all scopes between 1 and 3.
- e. A request for information on the risks and opportunities related to climate change, the identification and impacts of these risks and opportunities, and the resilience of the company's strategy, in accordance with the recommendations of the TCFD.
- f. Any request contributing to the implementation of the best practices mentioned in Appendix B.
- g. Any request contributing to the cessation of the controversial practices mentioned in Appendix B.

---

(56) The resolution will be supported if significant progress has been achieved, in particular through the achievement of one or several targets described in this rule.

# Appendix A: Definition of a board member free of conflicts of interest

Ircantec's definition of a **director not free of conflicts of interest** is primarily based on the notion of potential for conflicts of interest.

In particular, it applies to:

- Executives and former executives (including the executives of acquired entities or subsidiaries).
- Shareholders holding at least 3% of the capital or voting rights and their representatives<sup>(1)</sup> (this includes any person with ties to the shareholder or any person appointed by the shareholder).
- Family members and relatives of executives and major shareholders.
- Representatives and former representatives, in the last 3 years, of the group's clients, suppliers, service providers (lawyers, consultants etc.), creditors, partners or any other contractors.
- Directors or former directors, in the last 3 years, of the company or its subsidiaries who receive or received significant yearly specific compensation of at least €100,000 for services provided to the companies in the group, its controlling shareholder or its executives.
- Persons belonging to a group directed by one of the company's executives (direct or indirect cross-appointments).

- Persons who were a major shareholder or stakeholder, in the last 3 years, of a major strategic operation (transfer of assets, merger).
- Bankers (investment bankers, executives of major financial institutions and former bank executives in the last 3 years, or those still receiving benefits from the establishment at which they were executives).<sup>(2)</sup>
- Persons holding a political office (conflict of interest between the public interest and private interests)<sup>(3)</sup>.
- Directors whose terms of office or presence within the company or group exceeds 11 years.
- Directors appointed in any other manner than through a formal election by the shareholders (statutory or legal positions).
- Persons with ties to a competitor.

Note: Employee representatives cannot be considered board members without a special interest because they represent the interests of employees. With respect to the representation of this specific stakeholder, board members representing employees will be excluded from the calculation of the rate of independence in evaluating candidates appointed by shareholders.

(1) In order to take into account the special characteristics of small and medium-sized companies, defined as any company not listed in the SBF120, MCSI Europe and FTSE Eurofirst 300, investors holding less than 10% of the capital of these companies will be considered free from conflicts of interest if the company's capital is already controlled.

(2) Unless the company specifies that there has been no business relationship between the company and the bank in the last three years or if the services provided (nature, amount) are not considered significant.

(3) In companies with capital ties to the State, any person with direct ties to the State or to a public service function (such as a public servant or the director of a public corporation) will be considered a member not free of conflicts of interest.

## Appendix B: Assessment of the energy transition

The analysis of the EET contribution will be positively or negatively impacted by taking the following elements into account:

- The adoption of a strategy to achieve a 1.5°C global warming scenario with validation by a scientific body such as the Science Based Targets initiative, or to align with an annual decarbonization trajectory of greenhouse gas emissions of 7% on average (in terms of intensity).
- A request to implement quantitative targets to reduce CO2 emissions for all of the company's scopes in high impact sectors.
- The definition of intermediate targets (short, medium and long term) to ensure a sufficient reduction in greenhouse gas emissions in order to comply with the 1.5°C global warming scenarios.
- The measurement of greenhouse gas emissions in absolute values over all scopes between 1 and 3.
- Enrolment in a scientific procedure such as the SBTi for the validation of its carbon emissions reduction targets.
- For companies involved in the mining, production and use of coal, the implementation of a plan to exit coal before 2030, alongside conversion plans for activities and employees.
- Controversial practices<sup>(1)</sup>:
  - Companies that develop, finance<sup>(2)</sup> or contribute (equipment) to new coal projects (mines/plants/infrastructure) or that acquire existing assets.
  - Companies that develop or finance new unconventional energy projects or that increase their unconventional energy capacity (shale oil and gas, extra-heavy oil, coal gas, oil sands, Arctic<sup>(3)</sup> and/or deep-water exploration).
  - Companies that operate unconventional oilfields, except for those that have adopted a plan to exit by 2030.
  - Companies that initiate or finance new conventional energy projects (exploration/production/transport) or contribute (equipment, services) to the development of new projects.

(1) Following the implementation of Ircantec's new climate policy, certain controversial practices found in these Rules may no longer be represented in the Scheme's portfolio.

(2) Financing includes all activities involving investment in stocks or bonds, loans, structuring of stock and bond issues, or insurance cover.

(3) The AMAP's definition of the Arctic: "The terrestrial and marine areas north of the Arctic Circle (66°32'N), and north of 62°N in Asia and 60°N in North America, modified to include the marine areas north of the Aleutian chain, Hudson Bay, and parts of the North Atlantic Ocean including the Labrador Sea."



**ircantec.retraites.fr**



A supplementary pension institution for fixed-term contractual employees in the French public sector and of local authorities

131-133, avenue de Choisy 75013 PARIS

February 2026

Production: Communication, sponsorship and partnership department - Social policies