

# ENGAGEMENT REPORT 2023

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REPORT 2023

JUNE 2024

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## Citizen shareholders



The LBP AM Group has made the strategic choice of responsible investment, to offer a range of financial products that combine **meaning and performance**. Over and above our internal conviction, our clients, both individuals and institutions, want their investments to contribute to **a positive societal impact** and expect us, as a responsible manager, to conduct an active and constructive dialogue with the companies in our portfolios to support improvements in their environmental, social and governance practices.

The LBP AM Group is actively involved with the companies we support financially through our investment decisions. The aim is to encourage them to make continuous progress in managing sustainable development issues. This dialogue is a vehicle for improving the climate performance of our portfolios and a lever for implementing our ambition to make our portfolios carbon neutral. The procedures and main objectives of our engagement policy are set out in our public engagement and voting policies. They are also based on LBP AM Group's ESG thematic policies, which set out the technical expectations for these specific issues and sectors.

**2023 was a year of strong engagements** for LBP AM and its subsidiary Tocqueville Finance (i.e. the LBP AM Group), including:

- ▶ **1.** The strengthening of Group LBP AM's **development strategy** since July 2023 **through the acquisition of La Financière de l'Échiquier (LFDE)**, one of France's leading entrepreneurial asset management companies. The merger of Tocqueville Finance (TFSA, a wholly-owned LBP AM subsidiary since 2018) into LFDE will take effect on 1 April 2024. The new entity stands out for its benchmark expertise in sustainable finance, based on complementary tools and methodological approaches, and a shared vision of an active and committed shareholder base.
- ▶ **2.** The deployment of tailor-made **voting policies for institutional clients**, broadening LBP AM Group's expertise in the application of external voting policies.
- ▶ **3. Numerous exchanges with public authorities and regulators** on issues such as say-on-climate, the French SRI label, changes to the Sustainable Finance Disclosure Regulation (SFDR) and international regulatory issues such as the fight against corruption, plastic pollution and greenwashing.

In accordance with article D.533-16-1 of the French Monetary and Financial Code, we are publishing our engagement report for the financial year 2023, in order to **report to our clients and stakeholders on the dialogue and engagement actions carried out, as well as the application of our voting rights**. This report covers the voting and engagement actions carried out for LBP AM and its subsidiary TFSA in 2023<sup>1</sup>.

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<sup>1</sup> LFDE's voting and engagement activities are not included in this report. In this report, "LBP AM Group" refers to LBP AM and its subsidiary TFSA.



# ENGAGEMENT, A CORNERSTONE OF OUR APPROACH AS RESPONSIBLE INVESTORS

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# 1.

## A global engagement policy, based on the GREaT philosophy and thematic ESG policies

### 1.1. Our objectives, our convictions

The Group LBP AM is convinced that, alongside other stakeholders (employees themselves, trade unions, civil society, NGOs, etc.), **responsible investors have a role to play in helping companies to move towards sustainable practices.**

This is why our **engagement policy is one of the levers we use to implement our action as a responsible investor**, in addition to other levers such as ESG selection, exclusion and thematic investment.

**Our dialogue with companies has a dual objective:**



#### Through ESG dialogues

**Obtaining a better understanding of companies' policies and practices in order to strengthen the analyses carried out by our teams.** This dialogue with issuers aims to gather additional information or refine our understanding of published sustainability data.



#### Through ESG engagement

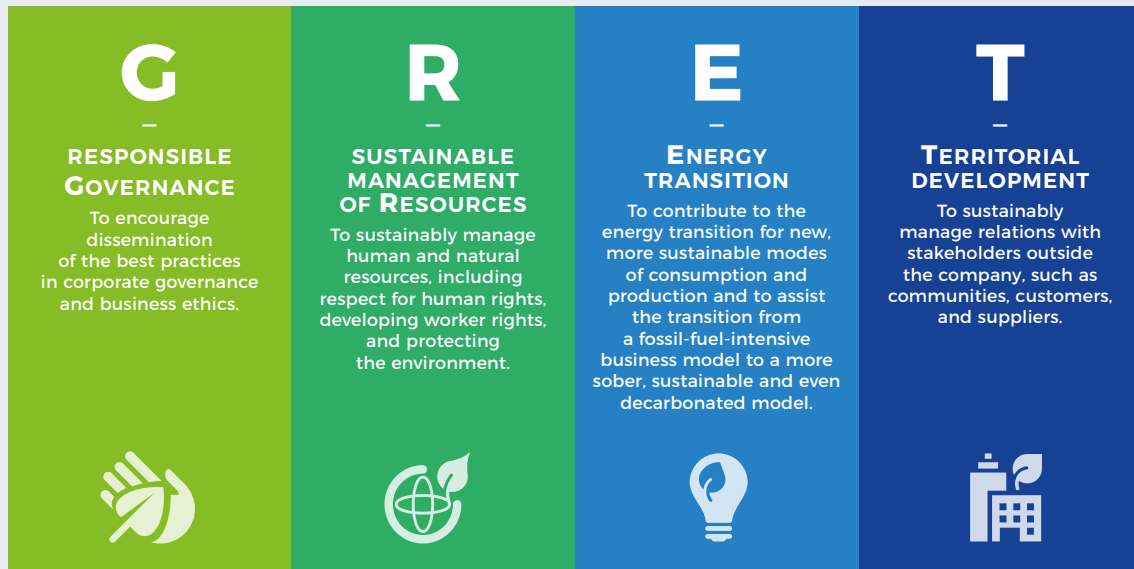
**Encouraging the integration of sustainable development issues into companies' strategies,** the formalisation of robust policies contributing to the prevention of ESG risks, and their implementation in companies' operational practices, as well as the strengthening of companies' transparency regarding ESG policies, objectives and result



## 1.2. An engagement policy linked to our thematic ESG policies

In line with the sustainability objectives of our funds, our engagement policy, like our other SRI levers, is based on **the four pillars of our proprietary analysis method, GREaT**, to establish the key themes for dialogue and engagement with the companies we invest in:

### THE 4 PILLARS OF THE GREAT METHODOLOGY



This policy also describes the **procedures for identifying the companies** to be engaged, as well as the usual procedures for maintaining this engagement and potential escalation in the absence of results.

The Group LBP AM's **engagement policy** is also based on our **thematic ESG and sector policies**, which describe in greater detail our objectives, principles, methods of action, priorities and expectations:



## FOCUS ON ESG THEMATIC POLICIES: 2023 DEVELOPMENTS

In 2023, the main evolvments focused on:

- ▶ The introduction of a **Human Rights policy** to reinforce the LBP AM Group's engagement to the protection of human rights, through the implementation of "due diligence" in line with the United Nations Guiding Principles on Business and Human Rights (UNGP).

Based on international principles and standards (UNGP, OECD Guidelines, International Bill of Human Rights and ILO Fundamental Conventions), it reflects the Group LBP AM's engagement to respect internationally recognised human rights in its investment activities.

This engagement is based on the implementation of "due diligence" in line with the UNGP, to prevent and mitigate the risks of negative impacts on human rights in connection with investment activities.

The LBP AM Group's human rights policy is made up of 5 pillars:

- **Identification of risks** by mapping human rights risks in order to assess and prioritise the most sensitive sectors, regions and issues.
- **Risk prevention and mitigation** through: SRI screening based on the GREaT\* proprietary rating system; a policy of normative exclusion of companies for which there is an unacceptable risk that they cause, contribute to or are linked to serious human rights violations, and for which exclusion is the most effective way of reducing this risk; a policy of engagement on human rights issues.
- **Monitoring changes in risks and measures** through: continuous monitoring of standards and enhanced due diligence, which feed into deliberative bodies that can downgrade SRI ratings; engagement actions; freezing or excluding the issuer.
- **Communication and transparency**, through the publication of policies and how they are implemented in Group LBP AM's "29-LEC" and "engagement" reports.
- **Stakeholder consultation** throughout the process.

The development of this Human Rights policy is overseen by the SRI Solutions team and validated by the Sustainable Finance Committee, and will be deployed by all collaborators, especially management and SRI Solution members. This policy is subject to rigorous monitoring via the GREaT Committee and the weekly ESG Committee.

- ▶ **Harmonization of the voting policies of LBP AM/TFSA and LFDE:** Since July 2023, the Group LBP AM's development strategy has been strengthened by the acquisition of La Financière de l'Échiquier (LFDE), one of France's leading entrepreneurial asset management companies. The harmonization voting policies work has resulted in a new 2024 voting policy for Group LBP AM. From 2024, the policy will apply to LBP AM and its subsidiaries Tocqueville Finance and La Financière de l'Echiquier (TFSA & LFDE). It is implemented by LBP AM, in conjunction with the expertise of TFSA and LFDE<sup>1</sup>. In line with our GREaT philosophy, the voting policy seeks to promote best practice in terms of corporate governance and business ethics, and to encourage companies to take account of environmental and social issues.

**Voting and engagement policies are updated every year**, following an activity review, in consultation with all those involved in their implementation and the stakeholders in these processes: managers, analysts, lawyers, sales and compliance functions.

### 1.3. A global policy for all our expertise

The Group LBP AM's **engagement policy** is applied across the LBP AM and TFSA management companies. **Therefore, all companies invested in Group LBP AM's portfolios are likely to be involved in ESG issues.** All engagement actions are carried out in the name of the Group LBP AM on behalf of its retail and professional clients.

<sup>1</sup> Until the merger of LFDE and TFSA, effective in April 2024. The voting policy will then be applied to LBP AM and its new subsidiary LFDE (the result of the merger between LFDE and TFSA). See preamble for more details.

In the case of **securities**, engagements are made in respect of **both holdings of shares and corporate bonds**, for all holdings.

The engagement policy may also cover **real and private assets**, tailored to take account of the specific characteristics of these asset classes. The private debt management teams (corporate, infrastructure and real estate) **talk to counterparties during the due diligence phase** to gather information and deepen their understanding of their ESG practices. In addition, as part of certain strategies, they may **negotiate the inclusion of impact indicators in loan contracts** to encourage borrowers to improve their practices in relation to the most material environmental and social issues. These engagements are then included in the financial documentation and oblige the counterparties to provide annual information.

The engagement policy is supplemented by procedures for exchanges with other types of stakeholders, such as regulators and public authorities.

## 2.

## A cross-functional *modus operandi*, fully integrated with the other stages of the management process

### 2.1. How we operate

We have regular discussions with the management of the companies in which Group LBP AM invests, as well as with the teams in charge of CSR.

These exchanges take place in two ways, sometimes combined:



**Bilateral dialogue and engagement with the management of invested companies:** the LBP AM Group may request meetings with companies to discuss specific issues, in application of our policies. Our teams may also be called upon spontaneously by companies to provide feedback on issues defined by them. We take advantage of these requests to present our expectations in terms of best practices.



**Collaborative engagement with other investors on a shared issue.** The Group LBP AM participates in collaborative initiatives when they fall within the scope of its ESG thematic policies. These initiatives can usefully complement the approach initiated at bilateral level, by pooling research elements, providing companies with coherent signals regarding the expectations of responsible investors, and exerting a more significant influence on companies. The Group LBP AM can play a supporting or steering role in these initiatives.



These exchanges can take place in the context of general meetings and controversy management:



### Exchanges in the context of controversies

**Exchanges in the context of controversies:** exchanges can take place at the initiative of companies wishing to have a better comprehension of their shareholders' opinion prior to their GM, or at the initiative of the Group LBP AM in order to encourage companies to align themselves with ESG best practices within the framework of the preparation of GM documentation. General meetings provide an opportunity for shareholders to express their SRI convictions to companies, for example about remuneration, the composition of the board or the involvement of employees in governance, through the formal exercise of voting rights but also through questions addressed to the company's management.



### Exchanges in the context of controversies

**Exchanges in the context of controversies:** The Group LBP AM may exchange views with companies when it identifies that they are the subject of a significant controversy, in order to investigate the quality of the policies and procedures implemented by the company on a particular issue and, where appropriate, formulate proposals aimed at putting an end to and preventing the recurrence of negative impacts of the company's practices, for society and for its own performance. This dialogue is aimed at changing the company's policy or practices on a specific subject where Group LBP AM identifies a body of evidence pointing to a particular negative impact, for example by suggesting the implementation of remedial measures and risk control on this issue.

They may take the form of **direct dialogue** and/or **letters** formalizing feedback, questions, and recommendations from the Group LBP AM.

They can be coupled with **formal corporate governance mechanisms** associated with the rights of minority shareholders. These include, first and foremost, **voting at company general meetings**. This vote provides an opportunity to express an opinion on the issues submitted to shareholders for approval or consultation, which have historically focused on governance issues and are now increasingly being extended to environmental and social management issues.

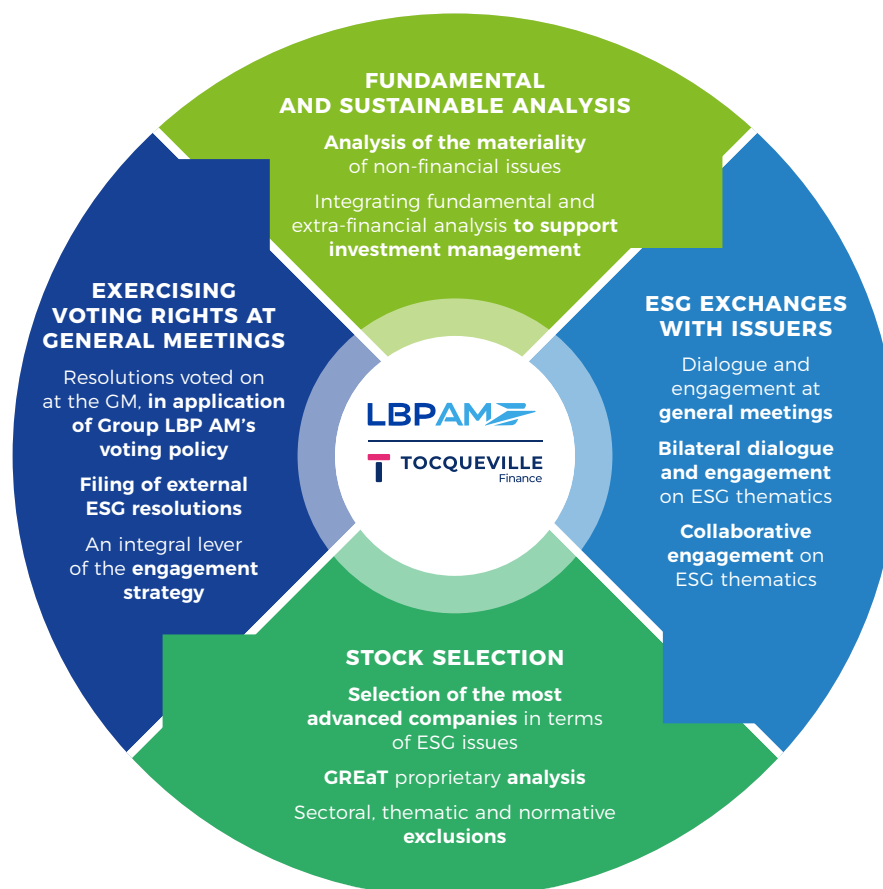
## 2.2. Cross-functionality, the basis for effective coordination of engagement and management practices

Engagement and dialogue initiatives are carried out by analysts in the Fundamental and Sustainable Analysis and SRI Solutions teams, as well as by portfolio managers. The Group LBP AM has made the strategic choice not to out-source its engagement process.

**Our ESG and fundamental analyses, our shareholder messages, our voting practices at general meetings and our stock selection are closely interlinked.**

This is due in particular to an organisation of management processes and teams designed to encourage cross-functional perspectives and the linking of levers, via:

- ▶ **The integration of financial and sustainability perspectives** within the fundamental and sustainability analysis team
- ▶ **The possibility of modifying the SRI ratings of a security** to incorporate more recent or more complete information obtained during this dialogue, in accordance with a strictly defined procedure and reasons
- ▶ **The integrated management of strategic, financial and SRI dialogue** by Group LBP AM's portfolio managers.
- ▶ **Organised and systematic solicitation of the management opinion** for Group LBP AM's most significant votes and engagements
- ▶ **The participation of portfolio managers and fundamental analysts** in updating Group LBP AM's engagement and voting policies, approved by the Governance Committee
- ▶ **Creation of cross-functional committees** to monitor and apply the engagement policy

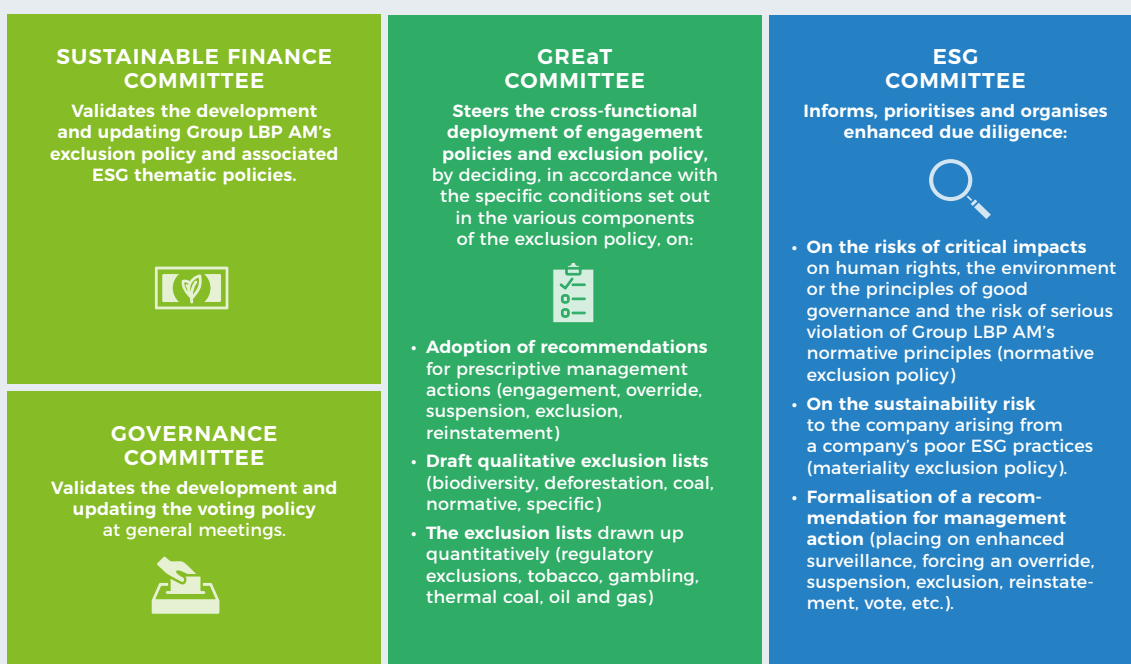


Engagement campaigns are monitored during the weekly ESG management committees and, where appropriate, the GREaT committees.

The GREaT Committee is responsible for monitoring and steering the cross-functional deployment of the Group LBP AM's engagement and exclusion policies. It ensures:

- ▶ **Regular updates** on cross-functional engagement campaigns, deliberates on the selection of escalation methods for the most significant engagements for the Group LBP AM, monitors companies involved in watchlists (normative and SRI materiality controversies), and deliberates on participation in new engagement initiatives.
- ▶ **The deliberations required to implement** the exclusion policy. The normative and materiality watchlists are communicated to the Committee. The draft exclusion lists drawn up in a qualitative manner (biodiversity policy, normative and specific exclusion policy) are presented to the Committee for deliberation.

## DECISION-MAKING BODIES AND DUE DILIGENCE



To promote the cross-functional nature of the engagements made by the various teams, Group LBP AM is in the process of deploying a **cross-functional platform – called Phoenix – to facilitate the monitoring of engagements** and contribute to the:

- ▶ **Implementation** of the principles of this policy
- ▶ **Coordination and traceability** of the preparation and monitoring of engagements
- ▶ **Production reports** (engagement report for our mandate, responses to calls for tenders, shareholder reports and market surveys)



### 2.3. **Voting process**

**Voting is coordinated by LBP AM's SRI Solutions team**, which reports to the Investment Management Department.

Solution ISR uses the **analyses of voting consultancies Institutional Shareholder Services (ISS) and Proxinvest** to identify high-stakes resolutions. ISS also provides personalised voting recommendations based on Group LBP AM's voting policy. The Group LBP AM retains autonomy in relation to the voting recommendations of the advisory agencies. For French companies, LBP AM also consults the **recommendations of the Association Française de la Gestion Financière (AFG)** before voting.

**An enhanced qualitative analysis** is carried out with the managers and analysts for certain types of resolutions and for the AGMs of companies considered to be priorities.

**Several functions, such as Compliance and Internal Control**, are also involved in implementing the policy's conflict of interest management system.

#### MANAGING CONFLICTS OF INTEREST

As part of its voting policy, Group LBP AM has put in place the following system to manage conflicts of interest:

- ▶ **Compliance with the principles defined in the voting policy:** systematic prior notification of the DCCI in the event that Group LBP AM decides not to vote in accordance with its policy. The DCCI verifies that voting choices that deviate from the voting policy are properly justified and may refer the matter to the Management Board, whose instructions will be applied.
- ▶ **Confidentiality and traceability of voting intentions:** intentions are archived in an IS tool before being communicated to an issuer, they cannot be communicated to anyone other than the issuer, and any changes to intentions must be justified and recorded.
- ▶ **Internal audit** every two years, following the GM season.
- ▶ **Capital abstentions:** abstention from all participation in the AEGON General Meeting and abstention from voting on resolutions concerning the election of corporate officers sitting on the boards of directors/supervisory boards or on the general management of AEGON, CDC, CNP, LA POSTE, LBP and LBP AM.

The rest of the report aims to give an account of the **exercise of voting rights and to present the dialogue and engagement actions** carried out in 2023 as part of the Group LBP AM's ESG thematic policies.

# EXERCISING OUR VOTING RIGHTS AT THE 2023 GENERAL MEETINGS

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# 1.

## 2023 scope of exercise of voting rights

In 2023, Group LBP AM exercised voting rights at general meetings on behalf of funds managed directly by Tocqueville Finance, whether open-ended funds or dedicated funds where the client has entrusted the exercise of voting rights to the management company.

At the specific request of its clients, Group LBP AM may exercise voting rights on behalf of mandates and dedicated funds. Group LBP AM will then apply its voting policy, unless otherwise stipulated. In 2023, Group LBP AM applied **external voting policies** for 2 of its institutional clients. The votes exercised under these client policies are not included in the voting balance sheet in this report.

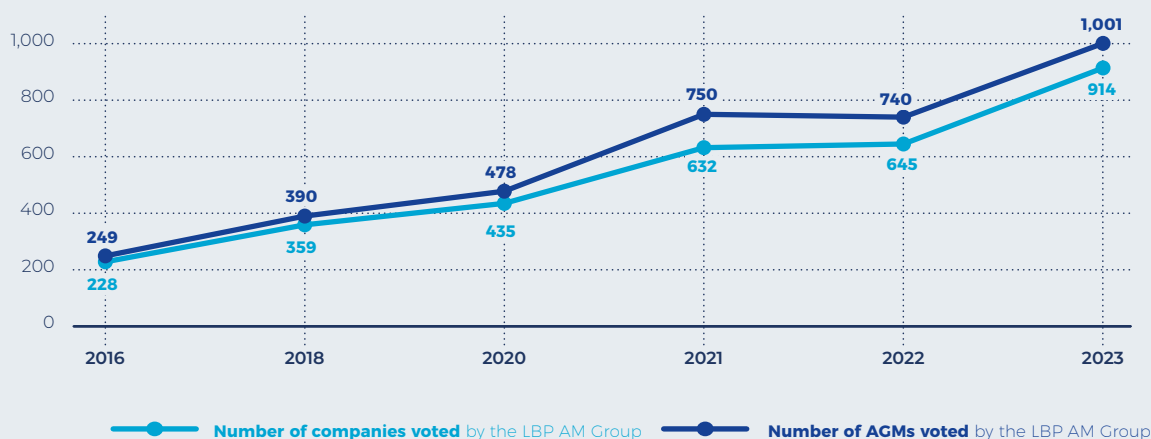
In its **2023 voting policy**, Group LBP AM is committed to exercising voting rights for companies in all regions:

- ▶ Based on the absolute amount invested in the companies, so that at least **98% of the total amount of shares outstanding is voted**<sup>1</sup>.
- ▶ As well as for companies in which all of Group LBP AM's UCIs hold at least **0.2% of the capital**.

On the basis of positions held in **78 relevant UCIs**, the companies for which Group LBP AM voted at least one GM in 2023 represented:

- ▶ **Approximately 97% of mutual fund equity** assets under management;
- ▶ **57.3% of companies in funds** (ratio of the number of companies in which the LBP Group exercised its voting rights to the total number of companies in which it held voting rights). These ratios vary according to geographical region. In particular, they are higher for investments in French companies: Group LBP AM voted at 79% of French GM;
- ▶ **53% of AGMs in which Group LBP AM held voting rights**;

### CHANGES IN GROUP LBP AM'S SHAREHOLDING AT GENERAL MEETINGS



The Group LBP AM considers that this level is both significant in terms of the representativeness of assets under management and relevant in terms of its capacity for analysis and dialogue. However, considering that the exercise of voting rights is an essential lever in its engagement strategy, **Group LBP AM has decided to increase its level of participation in GMs each year: Group LBP AM has set itself an ambitious target of 100% of GMs voted by 2025.**

<sup>1</sup> For practical reasons, and to take account of movements in UCIs, holdings are calculated at the beginning of each month.



## 2. Voting overview of the 2023 GM

The following report summarizes the exercise of voting rights held by Group LBP AM (i.e. LBP AM and its subsidiary TFSA) at general meetings held between 1<sup>st</sup> January and 31 December 2023.

Details of the votes cast at the AGM for each open fund are made available continuously online, 7 days after each AGM, on the [Proxy Voting Dashboard](#).

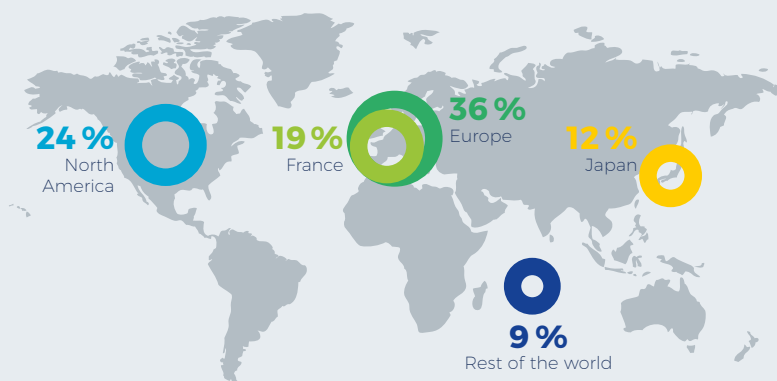
In 2023, the Group LBP AM exercised its voting rights at **1,001 general meetings of 914 companies** in **33 countries**.

Group LBP AM voted on **15,519 resolutions**, of which **15,020 were submitted by company management** and **499 by shareholders**.

Our voting policy means that we do not support resolutions proposed by companies that we feel are not in line with best governance practices. In 2023, **Group LBP AM cast at least one dissenting vote at 86% of the GMs on which we expressed our voting rights**.

Our annual rate of voting against resolutions has thus averaged between 28% and 30% in recent years. In 2023, the Group LBP AM cast **4,617 votes in disagreement<sup>1</sup> with the company – i.e. 29.8% of the total votes cast**. This rate is relatively high compared with other asset management companies in France (the average rate of disagreement is just under 20%<sup>2</sup>, according to the surveys carried out each year by the Association Française de la Gestion among its members), reflecting the stringency of our voting policy.

### GENERAL MEETINGS VOTED BY THE GROUP LBP AM IN 2023 BREAKDOWN BY GEOGRAPHICAL AREA




#### KEY FIGURES

**33**  
COUNTRIES 

  
**1,001**  
GENERAL  
MEETINGS

**15,519**  
VOTED  
RESOLUTIONS 

**29.8%**  
RATE OF DIS-  
AGREEMENT  
AND D'ABS-  
TENTION 

**97%**  
OF  
EQUITY  
ASSETS 

<sup>1</sup> A vote in disagreement with the company corresponds to: 1) A vote AGAINST a resolution proposed by the company, or 2) a vote FOR a shareholder resolution that is not approved by the company.

<sup>2</sup> <https://www.afg.asso.fr/wp-content/uploads/2023/03/afgecorech-vote-230329webok-2.pdf>

### 3.

## Main reasons for disagreement with company management

RESOLUTION CATEGORY	Resolutions voted	Votes in agreement with the management	Votes in disagreement with management	% of votes in disagreement with management in 2023	% by 2022
Approval of the financial statements, management report and dividend	2,033	1,987	46	2.3%	2.1%
Auditors	890	605	285	32.0%	27.1%
Other	956	653	303	31.7%	29.2%
Regulated party transactins	282	210	72	25.5%	34.4%
Elections to the Board of Directors or Supervisory Board	6,181	4,240	1,941	31.4%	35.8%
Amendment to the Articles of Association	487	402	85	17.5%	18.4%
Capital transactions (excluding long-term incentive plans)	1,887	1,270	617	32.7%	37.0%
Long-term profit-sharing plans (free shares, stock options, employee share ownership)	626	362	264	42.2%	42.9%
Remuneration of officers and directors	2,177	1,173	1,004	46.1%	47.4%
Grand total	15,519	10,902	4,617	29.8%	31.6%

The resolutions most contested by the Group LBP AM are those relating to:

- ▶ **Remuneration:** 46.1% of shareholders voted against resolutions concerning the remuneration of executives and directors, and 42.2% against long-term remuneration plans. The main reasons for opposing the resolutions were a lack of moderation (amount in excess of the threshold defined by the Group LBP AM), an insufficient level of transparency, a lack of stringent performance criteria, and long-term remuneration plans deemed to be too short-term (performance periods of less than 3 years).
- ▶ **Authorisations for capital transactions:** 37% of votes disagreed with the company. The Group LBP AM objected to the non-specific authorisations for capital increases reserved for a category of investors, considered to be bad practice as they do not allow all shareholders to participate in the operation. Authorisations that can be used during a takeover bid are also an important reason for contestation, as the Group LBP AM is opposed to the existence of “anti-takeover” mechanisms.

## 4. External resolutions

The so-called “external” resolutions are resolutions that have not been submitted by the companies themselves. They may be tabled by shareholders, or even by employee representatives in the case of French companies. The tabling of such resolutions is an important “lever of engagement” for advancing the debate and company practices. However, these resolutions do not always meet with the approval of companies, which sometimes regard them as hostile or activist. The Group LBP AM can support resolutions that have not been approved by the Board, but whose implementation it believes would promote the adoption of more advanced practices in terms of climate, biodiversity and respect for human rights, including by participating in their inclusion on the agenda of the General Meeting.

### KEY FIGURES

**499**

EXTERNAL  
RESOLUTIONS  
PRESENTED  
AT 175 AGMs

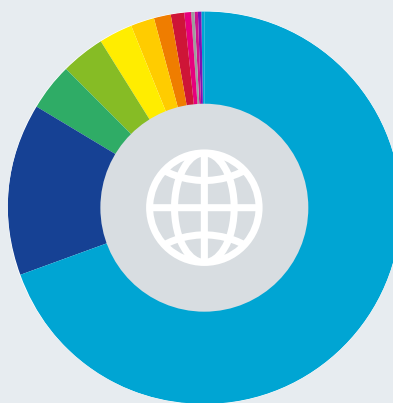


**76 %**

SUPPORT RATE  
OF EXTERNAL  
ESG RESOLUTIONS



### EXTERNAL RESOLUTIONS VOTED BY GROUP LBP AM IN 2023 BREAKDOWN BY COUNTRY



USA:	347
Italy:	71
Canada:	20
Japan:	17
China:	14
France:	10
Denmark:	7
United-Kingdom:	5
Australia:	3
Switzerland:	2
Germany:	1
Norway:	1
Portugal:	1

Although still rare, particularly in Europe, these resolutions are increasing and reflect the greater involvement of shareholders in corporate governance. The number of external resolutions on which the Group LBP AM expressed its opinion in 2023 has risen sharply compared with previous years. During the 2023 voting season, **499 external resolutions were presented at 175 of the 1001 AGMs attended by Group LBP AM, compared with 405 resolutions in 2022.** In 2023, external resolutions represented 3.2% of the total number of resolutions presented at the AGMs at which Group LBP AM took part.

The Group LBP AM supported **76% of the external ESG resolutions** on which it expressed an opinion. This high percentage of support for external resolutions demonstrates the Group LBP AM's engagement to social, environmental and governance progress on a variety of subjects: election of board members, shareholders' rights, environmental and social issues, employee share ownership, etc.

Here are some examples of external resolutions supported by Group LBP AM in 2023:

- ▶ **Energy transition:** in 2023, shareholders filled resolutions urging oil and gas groups to bring their activities into line with the Paris Agreement, and to do so by speeding up the decarbonisation of their activities (less investment in oil and gas, more development in renewable energies). This was notably the case in Europe at **Shell Plc** and **BP**.
- ▶ **Sexual harassment:** investors have tabled similar resolutions at the general meetings of certain US companies (for example, **Comcast Corporation** and **Apple Inc.**), asking companies to publish reports on the effectiveness of their policies against sexual harassment. These resolutions encourage companies to put in place robust policies to prevent sexual harassment.



- **Chairman independence:** the Group LBP AM supported a resolution filled by shareholders at **Oracle Corporation's** 2023 GM to elect an independent chairman in the context where the executive's remuneration report had been subject to a significant level of challenge, without an appropriate response from the board. An independent chairman strengthens the oversight role of directors.

### Pre-declaration of vote

To exert its influence, the Group LBP AM reserves the right to pre-declare some of its votes, after analysing the appropriateness of this decision on a case-by-case basis. Pre-declarations can be made on the PRI **"Resolution Database" des PRI**, collaborative platform. In 2023, the Group LBP AM notably pre-declared its voting intentions in favour of the external climate resolutions submitted to a shareholder vote at the GM of **Engie, TotalEnergies** and **BP Plc**.

## 5. Say-on-climate resolutions

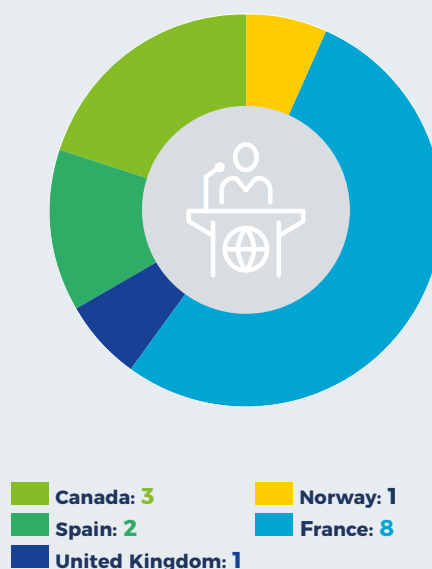
In response to the expectations of investors committed to environmental issues, a growing number of companies have submitted their energy and ecological transition strategies to a consultative vote, known as say-on-climate resolutions.

At the beginning of 2022, the Group LBP AM defined its voting policy on say-on-climate resolutions and actively applied it in 2023 in order to encourage invested companies to develop transition plans to align with the objectives of the Paris Agreement.

In 2023, the **Group LBP AM had the opportunity to vote formally on 15 say-on-climate resolutions. Of these, the Group LBP AM opposed 6 resolutions whose plans did not meet the criteria defined in its voting policy.** The Group LBP AM opposed all the say-on-climate resolutions of the oil, gas and mining companies for which they voted.



### SAY-ON-CLIMATE VOTED BY GROUP LBP AM IN 2023 BREAKDOWN BY COUNTRY

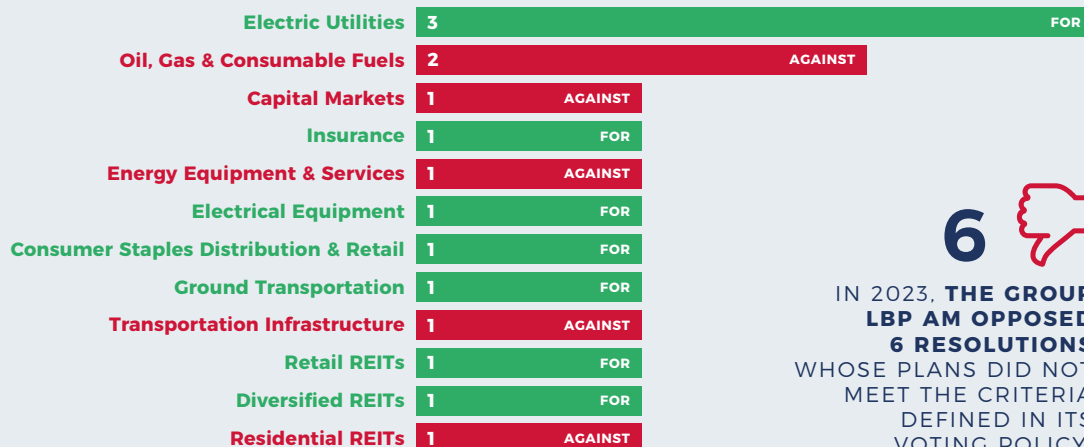


The Group LBP AM has paid particular attention to the transition plans/environmental strategies put to the vote:

- ▶ **The presence of precise objectives for reducing greenhouse gas emissions in the short and long term** over a relevant perimeter;
- ▶ **Their level of ambition**, given the challenge of aligning them with the trajectory set out in the Paris Climate Agreement;
- ▶ **A commitment by the Board of Directors** to consult shareholders on a regular basis (at least every three years) on these objectives and strategies, taking into account rapid changes in the regulatory, technological and political environment;
- ▶ **The introduction, in the variable remuneration of executives**, of criteria aligned with **the climate and environmental objectives** announced by the company.

This vote was in line with the dialogue initiated with some of these companies to support them in this complex transition process. When the Group LBP AM voted against a say-on-climate, the reasons for this vote were communicated to the company with a view to supporting the implementation of best environmental practices.

### SAY-ON-CLIMATE VOTED BY GROUP LBP AM IN 2023 BREAKDOWN BY SECTOR



## 6. Filling of resolutions and items on the agenda of GM

Since 2018, Group LBP AM's voting policy has allowed it to participate in the tabling of resolutions on ESG topics. Group LBP AM has thus exercised its filing option on several occasions.

► **Five resolutions were filed and placed on the agenda of the GMs of:**

- **TotalEnergies in 2020** (on the theme of climate, the so-called "say-on-climate" resolution) and in 2023 (details below)
- **Ipsos in 2022** (on governance)
- **Engie in 2023** (details below)

► **Three other climate resolutions were filed and then withdrawn** following successful engagements at **the GMs of Engie in 2021 and HSBC and TotalEnergies in 2022**. The withdrawal of these resolutions demonstrates the influence that the tabling of resolutions has on companies, encouraging the positive outcome of engagement initiatives.

Below are details of the engagement actions carried out as part of the GM 2023.

### GM 2023



#### TOTALENERGIES

Once again this year, Group LBP AM has stepped up its engagement to TotalEnergies, which had already borne fruit in 2022 by leading the company to commit to submitting its climate strategy to an annual consultative vote at the AGM and to developing the transparency of its climate strategy.

Following an engagement campaign, an engagement was obtained to an annual Say on Climate and improved transparency on key points of TotalEnergies' transition plan, in particular on:

- **The absolute and relative greenhouse gas (GHG) emission reduction targets** for Scope 1, 2 and 3 in the short (2025) and medium (2030) term, covering all of these activities,
- **The development of the energy mix** and target production volumes at these times,
- **Short- and medium-term investment plans** broken down by economic activity and by focus between maintenance and development of the Company's assets,
- **The potential contribution of captured GHG volumes** to achieving the Company's GHG emission reduction targets.
- **Work undertaken by the Company with third parties** to assess the relevance of these objectives to the implementation of the Paris Agreements.

Despite these advances in terms of transparency, the Group LBP AM nevertheless regretted the lack of subsequent communication, within the first point, on clear holistic targets for absolute reduction of the company's scope 3 GHG emissions in the medium term, covering gas in particular. The Group LBP AM continued its engagement with TotalEnergies by participating in the tabling of a consultative resolution on whether the company should align its scope 3 GHG reduction targets to 2030 with the Paris Climate Agreement. The tabling of this resolution by European investors, assisted by the Dutch association FollowThis, obtained the support of 30.4% of TotalEnergies' shareholder base - a high level of support.

The company has indicated that this vote will not influence its strategy. This resolution is available at the following link: [annexe\\_1\\_Projet\\_resolution\\_climat.pdf \(totalenergies.com\)](#).



## CARREFOUR

In keeping with its objective of aligning the carbon performance of its assets with a trajectory compatible with the objectives of the Paris Agreement, the Group LBP AM participated in the inclusion of an item on the agenda of Carrefour's 2023 General Meeting, observing that the scope of the objective to reduce scope 3 emissions, as well as the reporting of these emissions, were too limited. To enable shareholders to assess the progress and reality of the reduction in the Carrefour Group's greenhouse gas emissions, the Board of Directors was asked to specify:

- ▶ **1. Why were indirect Scope 3 emissions data not published** in the audited Universal Registration Document (although they are presented in the CDP's external public questionnaire)?
- ▶ **1. The decision not to commit to franchises** in the Scope 3 emissions reduction strategy.

Details of the explanatory memorandum for the inclusion of the item on the agenda are available [here](#).

The Board of Directors has taken these requests into account by undertaking, at the General Meeting on 26 May 2023, to complete the reporting of emissions and to draw up an action plan for emissions from franchised shops, starting in 2024.

The Board of Directors also asked Carrefour's shareholders to vote on a resolution based on a draft resolution presented by 3 shareholders **requesting an opinion on the quantification of several action levers on the Group's scope 3**. This resolution was supported by Group LBP AM and was approved by 93% of shareholders, underlining a clear interest on the part of shareholders in obtaining more details on the company's climate strategy.

In addition, in application of **its biodiversity policy**, Group LBP AM is taking action to help achieve the objectives set by the Kunming-Montreal framework to limit and reverse the loss of biodiversity. The Group LBP AM has launched an investment fund in 2022 on the theme of biodiversity, a fund in which we have included Carrefour for its engagements to the food transition and its work to re-use packaging, particularly through its bulk initiatives, placing the company among the leaders in its sector. However, there is still room for improvement in its environmental strategy and Group LBP AM wanted to obtain more information **on Carrefour's fight against deforestation in its supply chain for beef sourced in Brazil** through a **written** and oral question put at Carrefour's 2023 general meeting. This exchange was an opportunity to initiate a dialogue with the company on the crucial issue of biodiversity.

Finally, at this GM, Group LBP AM **voted against the resolutions relating to the CEO's remuneration**, in particular because the quantum and structure of Alexandre Bompard's remuneration were not in line with the expectations of Group LBP AM's voting policy. Group LBP AM's position seems to be shared by several shareholders as the executive's 2023 remuneration policy receiving only 57% support.





## ENGIE

In 2022/2023, Group LBP AM participated in a collaborative engagement campaign, led by the **Responsible Investment Forum**, to encourage the company to strengthen the completeness of its transition plan and resubmit it to a shareholder vote. The investor coalition noted the real progress made by Engie during 2022, particularly with the validation of several carbon targets by the SBTi initiative as being in line with a trajectory significantly below 2°C, but nevertheless wanted the company to increase the transparency of its transition plan.

The coalition sent a letter to the Chairman of the Board of Engie and made an engagement to discuss issues that are in common to those covered by the Climate Action 100+ initiative, as well as other more specific issues. Following on from this engagement campaign, Group LBP AM, along with 15 other investors, has co-tabled a resolution with two objectives:

- ▶ **to point out that a growing number of investors** would like the company to offer a Say-on-Climate consultative vote on a regular basis;
- ▶ **obtain sufficient information** to assess this strategy against a 1.5°C scenario across its entire scope of responsibility (scope 1, 2 and 3).

The engagement has led to a significant improvement in the company's level of transparency and information on its pre-GM transition plan. The company also engaged to submit a "Say On Climate" resolution on the company's transition plan, but not a regular vote on its execution. The resolution was supported by 24.38% of shareholders, and Engie's Board undertook to continue the constructive dialogue with its shareholders. Several meetings have since taken place, as part of CA100+.

Group LBP AM also undertook a second engagement action by participating in the inclusion of an item on the agenda of the 2023 GM concerning the indicators for monitoring the Group's climate strategy. This action led to a discussion at the GM between the management teams and its shareholders on a variety of subjects: the future of Belgian nuclear power, the prospects for development in green hydrogen and biomethane, and the CO2 market. This dialogue proved constructive, as the Board of Directors undertook to improve the shareholder dialogue on the subject, highlighting a healthy shareholder democracy between the Board of Directors and Engie's shareholders.

## 7. Managing conflicts of interest in 2023

As explained in **chapter II – paragraph 3** of this report, as part of its voting policy, the Group LBP AM has set up a system to manage conflicts of interest, which includes:

- ▶ **Compliance with the principles set out in the voting policy:** in 2023, Group LBP AM did not identify any cases in which it considered that it had not complied with the principles set out in its voting policy.
- ▶ **Abstentions from voting:** in 2023, in accordance with this system, the Group LBP AM abstained from voting on 13 resolutions concerning a corporate officer of entities with which LBP AM has capital links, in addition to the resolutions put to the vote at the Aegon AGM where LBP AM abstained from voting.

# OUR DIALOGUE WITH COMPANIES INVESTED IN 2023

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## 1. Overall assessment of our engagement

The Group LBP AM differentiates dialogues from engagements. The purpose of dialogues is to gain a better understanding of companies' policies and practices to strengthen the analyses carried out by our teams, whereas **engagements aim to encourage robust management of sustainability issues and to develop responsible practices.**

In 2023, Group LBP AM conducted **439 ESG-related discussions** with **261 different companies** in **25 countries**, mainly in France and Europe.

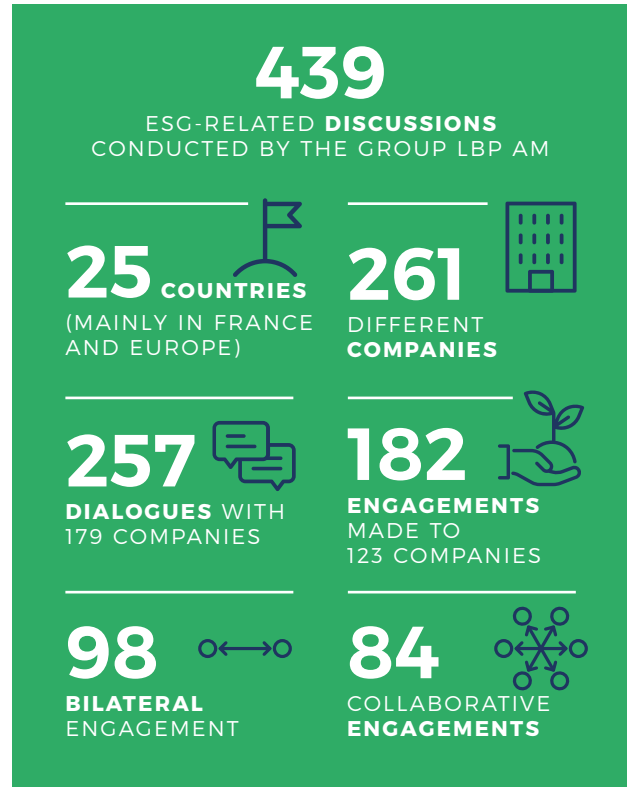
Among these **439 discussions**:

- ▶ **257 dialogues** with **179 companies**; and
- ▶ **182 engagements** made to **123 companies**.

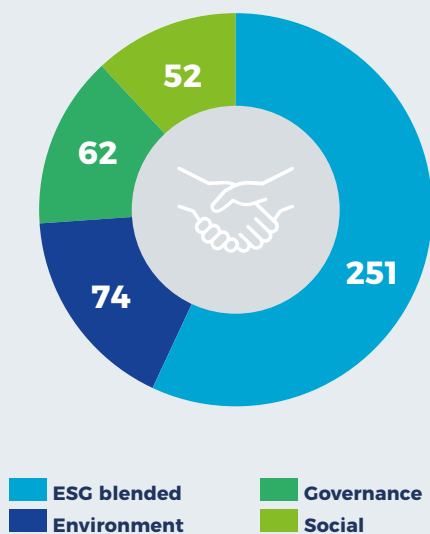
In 2023, Group LBP AM conducted **98 bilateral engagement** and **84 collaborative engagements**.

The launch of an engagement campaign is proposed by Solutions ISR and validated by Group LBP AM's sustainable finance committee.

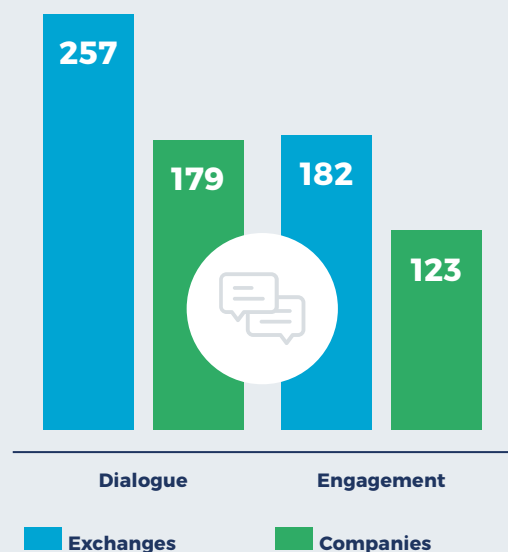
Below are a few examples of collaborative engagement campaigns in which Group LBP AM participated in 2023.



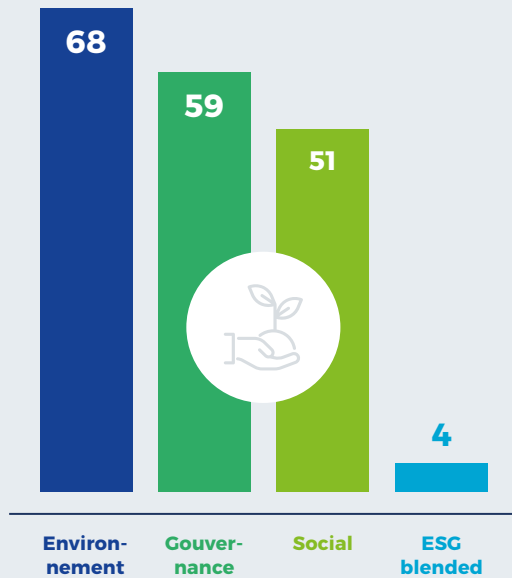
**ESG DISCUSSIONS CONDUCTED BY GROUP LBP AM IN 2023**  
THEMATIC BREAKDOWN



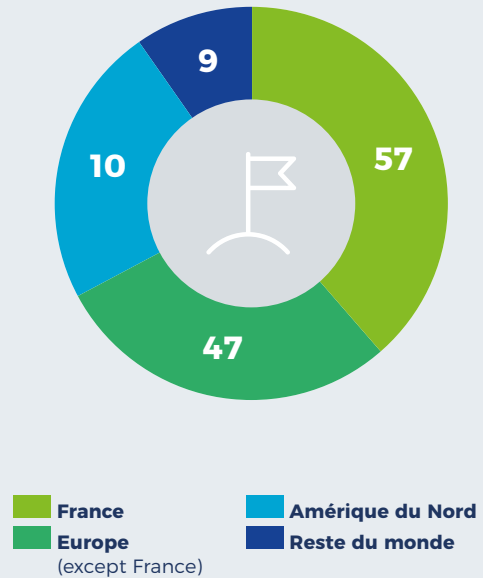
**NUMBER OF ENGAGEMENTS AND DIALOGUES ON ESG THEMES IN 2023**



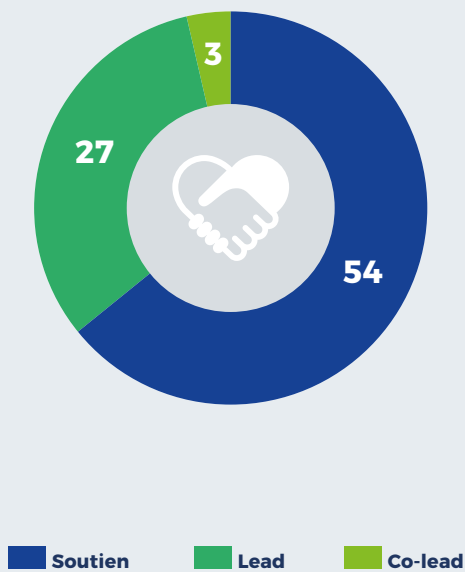
### 2023 ENGAGEMENTS LED BY GROUP LBP AM BREAKDOWN BY ESG THEME



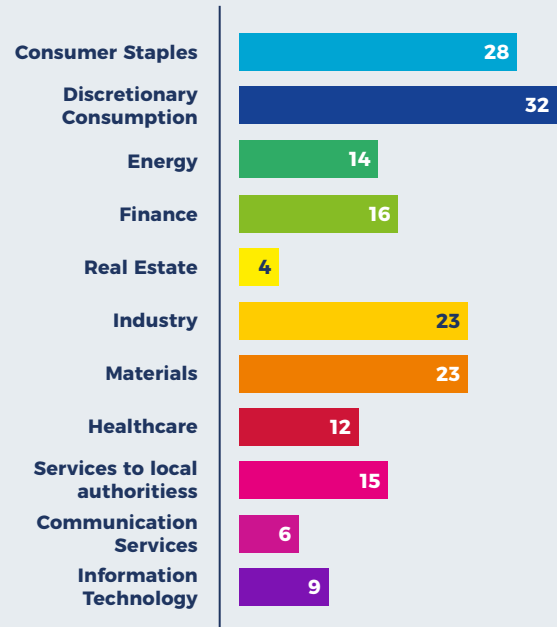
### COMPANIES ENGAGED IN 2023 BY GROUP LBP AM BREAKDOWN BY GEOGRAPHICAL AREA



### COLLABORATIVE ENGAGEMENT ROLE OF GROUP LBP AM



### ENGAGEMENTS MADE BY GROUP LBP AM IN 2023 BREAKDOWN BY SECTOR





## 2. Engagements made as part of our thematic ESG policies

**29**  
BIODIVERSITY  
ENGAGEMENTS



**47**  
CLIMATE  
ENGAGEMENTS



**61**  
GOVERNANCE  
ENGAGEMENTS



**54**  
HUMAN RIGHTS  
ENGAGEMENTS



### 2.1. Governance

A key moment in our shareholder engagement activity, the general meeting season is an opportunity to discuss with invested companies our voting principles, the reasons for opposing certain resolutions submitted to shareholders vote and any changes expected by the Groupe LBP AM, particularly in terms of governance. These dialogues are carried through the definition of a list of companies to which the voting principles and reasons for opposing resolutions are systematically communicated, with the aim of promoting good governance practices.

In terms of governance, **61 engagements were made in 2023, 54 of which were made at GMs.**



#### *Example of collaborative engagement*

**The French 30% Club initiative** was created in November 2020 to promote gender diversity within the executive bodies of the SBF 120. Group LBP AM is a founding member of the French initiative. In 2023, Group LBP AM extended a dialogue, initiated in 2021, with Carrefour. The aim of this dialogue is to encourage the company to improve the transparency of their actions to promote the inclusion of women in positions of responsibility. Discussions help to identify the company's culture on these issues, the initiatives put in place in terms of gender parity and to express the areas for improvement to support the company in integrating women into management teams. Each year, the 30% Club produces an activity report. The 2023 report is available [here](#).

### 2.2. Biodiversity

The Group LBP AM has made **29 engagements on biodiversity in 2023.**

**7 engagements** have been made regarding managing the risks of **deforestation** in sectors exposed to the exploitation of the main commodities at risk (palm oil, soya, cattle and its derivatives, rubber, wood and cocoa).





#### Examples of collaborative engagements

The international network of investors **Farm Animal Investment Risk & Return (FAIRR)** is encouraging food manufacturers to improve their practices in terms of animal welfare and nutrition. The network carries out several engagement actions targeting companies that do not implement best practice in these areas, to raise awareness and support them in bringing about change. In 2023, Group LBP AM took part in collaborative engagement campaigns on the themes of sustainable aquaculture and waste/pollution and engaged with 2 companies under these campaigns.



In 2023, Group LBP AM also took part in engagement campaigns coordinated by **CERES**. This initiative brings together international investors who wish to contribute to the fight against deforestation, mainly linked to livestock farming and the cultivation of palm oil and soya. Every year since 2020, Group LBP AM has engaged at least one company producing agricultural commodities on the issue of deforestation in order to encourage it to set a target date for ending the use of deforestation and conversion of agricultural land by implementing an action plan monitored by indicators.



In 2023, Group LBP AM took part in the **Non Disclosure Campaign** organised by the **Carbon Disclosure Project (CDP)**. This initiative aims to improve the environmental transparency of portfolio companies on climate, water, and forestry issues. As part of this campaign, Group LBP AM has made an engagement to 3 companies, through individual letters, to encourage them to disclose more indicators. Each year, the CDP produces an activity report presenting the results of this engagement campaign. The 2023 report is available [here](#).

## 2.3. Climate and energy transition

Regarding the climate, **47 engagements** were carried in 2023 by the Group LBP AM. As part of the implementation of its oil and gas policy and the deployment in its voting policy of the principles relating to say-on-climate, Group LBP AM has encouraged companies to submit their energy transition plan to a shareholder vote. Whenever the Group LBP AM is opposed to a say-on-climate, the reasons for this vote are communicated to the company with a view to supporting the implementation of best environmental practices.



#### Example of collaborative engagement

The Group LBP AM has supported the **“Science-Based Targets Campaign” (SBTi)** organised by the **Carbon Disclosure Project (CDP)**. The Science Based Targets initiative (SBTi) is a global body that certifies companies' GHG emission reduction targets based on the latest scientific data on climate. SBTi's goal is to encourage companies around the world to support the global economy in halving emissions by 2030 and achieving Net Zero Emissions by 2050. The CDP's engagement campaign aims to encourage companies to commit to the Science Based Targets initiative. By committing to SBTi, companies take on decarbonisation targets validated by science and aligned with the scenario limiting global warming to 1.5°C.

## 2.4. Human rights

In 2023, Group LBP AM conducted **54 Human Rights engagements with 40 companies**. These engagements were carried out in accordance with the three pillars of actions described in Group LBP AM's **Human Rights policy**, which was published in early 2024.

The issues addressed included the risks and potential impact on the right to health, working conditions, the right to a healthy environment, the risks associated with operations in conflict zones and the implementation of enhanced due diligence, as well as supply chain management.

### a) Prevention of major risks identified at LBP AM Group level



#### Forced labour in supply chains

The **Investor Alliance for Human Rights ("IAHR")** is a not-for-profit, membership-based initiative focused on investor responsibility to respect human rights. The Alliance organises several working groups and collaborative engagements, in partnership with external stakeholders, to strengthen responsible corporate conduct on human rights. The LBP AM Group participates in the working group on **forced labour of Uyghurs in automotive supply chains**. The objective of this group is to engage companies in the sector to assess the capacity of companies to adopt a strategy to reduce, in the long term, the risk of dependence on materials derived from forced labour and to increase transparency in the management of supply chains. Within this framework, the Group LBP AM conducted engagements with **Mercedes-Benz** and **Stellantis**.



#### Privacy and freedom of expression in the information technology sector

The Group LBP AM is also taking part in the collective engagement co-organised by **Ranking Digital Rights (RDR)**, an independent research programme that evaluates the policies and practices of technology and telecommunications companies on human rights, particularly about privacy and freedom of expression. Based on the results of their research, investors engage with the companies assessed to discuss their impacts and promote better human rights practices. The Group LBP AM conducted an engagement with **Orange**.



#### Fundamental workers' rights and the risk of customer-related impacts

**UNI Global Union** is an international trade union federation for the service industries. Working more specifically on the care and retirement home sector, UNI Global Union is at the initiative of a coalition whose aim is to engage companies in the sector to promote the strengthening of practices, particularly in terms of the treatment of elderly people and working conditions. In 2022, the Group LBP AM became a signatory to the Investors' Statement of Expectations for the Retirement Home Sector, a document formalising the coalition's objectives. As part of this, the management company is taking part in an in-depth dialogue with **Clariane** (formerly Korian), to help them adopt relevant KPIs on respect for patients' fundamental rights and working conditions in their establishments. In 2023, Clariane obtained the status of a company with a mission and launched the "At your side" programme, which formalises five new social engagements for the company and 10 related initiatives.

#### Risks associated with operations and materials from conflict-affected and high-risk areas

Group LBP AM has joined the Investor Engagement in Conflict-Affected and High-Risk Areas initiative, organised by **PeaceNexus, Investor Alliance for Human Rights and Heartland Initiative**. In a geopolitical context where global conflicts are multiplying, companies are required to operate in increasingly complex and constrained environments. International standards on the responsible conduct of companies in conflict zones are being strengthened, offering investors the opportunity to assess and encourage companies to adopt increasingly strong and transparent practices. By engaging selected companies in the information technology and renewable energy sectors, the initiative aims to challenge and encourage companies to adopt a set of measures and procedures to effectively reduce the risks of negative impacts on human rights and conflict dynamics associated with their operations in these zones.

In 2023, Group LBP AM also individually engaged **five French companies still operating in Russia**. The objective of this engagement was to assess the companies' ability to implement enhanced due diligence in line with UNGP expectations, to adopt measures to protect workers and communities, and to avoid contributing to any negative human rights impacts in relation to the conflict.



#### **Discrimination and the societal impact of products and services**

Group LBP AM is taking part in a collaborative initiative on companies in the pharmaceutical sector, organised by the **Access to Medicine**. Created in 2004 and based in the Netherlands, the Access to Medicine Foundation evaluates pharmaceutical companies on their ability to promote access to medicines and healthcare, particularly for the most vulnerable populations, through research and development, pricing policies and intellectual property policies. Every two years, the Foundation ranks the biggest companies in the sector, bringing together investors to encourage them to strengthen their practices and improve access to their products worldwide.

#### **b) Implementation of due diligence in line with the expectations of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises**



The Group LBP AM has joined the **Advance initiative**, led by the **United Nations Principles for Responsible Investment (UNPRI)**, in which investors seek to make progress in managing human rights risks. Group LBP AM participates in the two working groups on the renewable energy and mining sectors and is engaged with **EDP** and **ArcelorMittal**. The areas of progress envisaged include strengthening traceability measures in supply chains and measures to identify risks linked to certain geographies or certain materials/products, as well as strengthening health and safety risk management procedures.



The Group LBP AM is an active member of the **Coalition against Forced Labour and Child Labour**, organised by the **Responsible Investment Forum (FIR)** and **Ressources humaines sans frontière (RHSF)**. This coalition works to ensure that the exercise of the duty of care contributes effectively to reducing the risks for people around the world, through constructive dialogue with companies. The companies involved are assessed based on an analysis grid developed jointly by investors and RHSF. The aim is to highlight areas where companies' practices can be strengthened in these two areas and to help them implement best practice. For example, as part of this coalition, the Group LBP AM has engaged **L'Oréal**. The investors taking part in this engagement have identified an area for improvement for the company in terms of transparency and reporting. In 2024, L'Oréal published a new Human Rights report, which better reflects the level of understanding of the issue within the company, the measures the Group has in place to prevent and mitigate risks in its value chain, but also certain corrective actions implemented by L'Oréal.



### c) Managing controversy and preventing the risk of serious damage

In accordance with **its policy of normative exclusion**, the Group LBP AM may engage in dialogue with companies in response to controversy or when these companies present an unacceptable risk of causing, contributing to or being linked to particularly critical impacts on human rights or the environment. The aim of this dialogue is to address an impact that has already materialised, for example by putting in place remediation and risk control measures to prevent the recurrence of a negative impact, or to support the companies concerned in the process of identifying, halting, and remediating potential future negative impacts.

As an example of this, Group LBP AM has initiated enhanced due diligence on **19 companies in the chemicals sector** that present a high risk of violating Group LBP AM's fundamental ethical standards, in particular because of their production of chemical compounds known as per-et polyfluoroalkylates (PFASs), generally referred to as '**eternal pollutants**'. PFAS can be harmful to health and the environment, and their main characteristic is that they are unalterable and bioaccumulable; indestructible in nature and in organisms, these compounds can have critical environmental and health consequences. The Group LBP AM has therefore examined the measures implemented to reduce the risk of impact on people and the environment linked to the production and use of eternal pollutants, as well as the policies and strategies for remediating the impacts already caused by these products. The expectations placed on these companies included a commitment to **1) stop and remediate** the impact on people and the environment of these molecules, **2) consult affected stakeholders and communicate** transparently on their progress, **3) develop and implement a robust health and safety policy** for workers on their production lines and for the responsible development of chemicals ("Safety by Design").

Based on the results obtained by the companies during the enhanced due diligence, the GREaT committee validated the deployment of a strategy adapted to each company:

- ▶ **7 companies, the least advanced**, with the least commitment to a total halt in PFAS production and poor prospects for development, were **excluded**.
- ▶ **6 companies**, which have made little progress but for which an improvement seems possible in the long term, have had their SRI rating downgraded and have been placed **on a normative watch list**.
- ▶ **6 companies with a stronger commitment** to stopping the production of eternal pollutants or a clearer remediation strategy have also been **placed on the normative watch list and are subject to a reinforced engagement**, either individual or collective, in order to support them in their approach and guide them in strengthening their remediation strategy.



To facilitate the engagement process and strengthen its leverage with the companies concerned, the Group LBP AM has joined the **Investor Initiative on Hazardous Chemicals**, led by ChemSec. By signing a letter sent to **50 of the world's largest producers and users of PFAS**, Group LBP AM is engaging three companies in the chemicals sector to planning a gradual phase-out of PFAS and to greater transparency in the management of the risks and impacts associated with the production and use of these substances.

Through this approach, the Group LBP AM works directly with companies to promote a more responsible chemical industry that respects people and

### 3.

## Engagements on Real and Private Assets

The private debt management teams (corporate, infrastructure and real estate) discuss with counterparties at the due diligence stage, during the GREaT rating process, to gather information and deepen their understanding of their ESG practices. As part of certain strategies, they may also **negotiate the inclusion of impact indicators** in loan contracts to **encourage borrowers to improve their practices on the most material environmental and social issues**. These engagements are then included in the financial documentation and oblige the counterparties to provide annual information.

LBP AM's Corporate Private Debt managers and experts from the SRI Solutions team are actively involved in structuring **Sustainability-Linked Loans (SLL)**, a financing format designed to support the improvement of borrowers' ESG practices through a financial incentive to achieve annual targets. LBP AM's teams start by working closely with company management to understand their CSR challenges and their strategy for managing them. On this basis, they identify the most material areas for improvement, and propose one to three indicators (the ESG KPIs) to which are linked improvement trajectories over the entire maturity of the financing. The KPIs are then assessed annually, on 31 December, to determine whether (or not) the improvement targets set out in the trajectories have been achieved, triggering a bonus/malus mechanism on the interest margin for the given period.

In 2023, Corporate Private Debt continued to roll out the Midcap Senior Debt strategy launched in September of the previous year. As it is classified under Article 9 of the SFDR, it makes 100% sustainable investments, with at least one ESG KPI and an improvement trajectory attached to the closing of each debt issue. The KPIs are chosen on a case-by-case basis from the following four themes: decarbonisation of the business model, improvement of working conditions, sharing of value, and sustainability in the value chain.

**11 loans were in the portfolio at 31 December 2023, with an average of 3.3 KPIs per loan. 54% of the KPIs related to sustainability in the value chain** (e.g. CSR audit of suppliers, deployment of a responsible purchasing policy, etc.), **27% to decarbonisation of the business model** (e.g. calculation of carbon footprint, SBT reduction target, etc.) and **19% to improving working conditions** (e.g. reduction in accidentology, rate of non-compulsory qualifying training, etc.).

#### Example

By way of example, the teams worked with a player in the agricultural sector producing an agricultural material whose by-products contribute to national sovereignty in terms of food, energy, and health. Although the company faces major sustainability challenges in terms of greenhouse gas emissions, water consumption and biodiversity, the GREaT analysis showed that it had identified these issues and put in place satisfactory policies, action plans and indicators to manage them. Especially, it showed that the company wanted to set itself ambitious targets for achieving carbon neutrality and becoming water self-sufficient by reusing 100% of the water from its agricultural produce for its industrial processes and field irrigation. LBP AM's teams therefore chose to support the company in implementing these strategic orientations by backing up the loan with improvement trajectories in the following three areas: implementation of a decarbonisation target validated by the SBTi, reduction in water abstraction from the natural environment, and an increase in the area under organic farming. Annual targets have been set for the duration of the loan to validate the company's progress.

**Implementing KPIs on the theme of value sharing remains a challenge to date**, given the difficulties of applying them in a relevant way to operations. In fact, the aim of LLS is to encourage companies to perform better by rewarding the achievement of targets above regulatory compliance thresholds. While it is possible to deliver on this ambition in our other three areas, value sharing is still very much governed by labour law, which has prevented us from engaging to compensatory measures in this area. Nevertheless, our teams are working hard to put in place an initial KPI in this area and, as a sign of this commitment, **LBP AM signed the France Invest Charter of Engagement on Value Sharing<sup>1</sup> of France Invest in October 2023.**

<sup>1</sup> <https://www.franceinvest.eu/charte-dengagement-sur-le-partage-de-la-valeur/>

# OUR ABILITY TO INFLUENCE: ADVOCACY AND PARTNERSHIPS WITH KEY PLAYERS

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In line with its commitment to the 6 Principles for Responsible Investment (PRI) and convinced that all stakeholders in our ecosystem have a role to play in the development of responsible finance, **the Group LBP AM is extending its commitment to other stakeholders** in order to convey its vision of responsible investment to the market. Engagements can be conducted with **public authorities, financial regulators or professional organisations, or with asset managers in the context of fund selection.**

## 1. Engagements with public authorities, financial regulators, or professional organization

The Group LBP AM interacts with public authorities, financial regulators, and professional organizations on sustainable issues, in particular by responding to consultations prior to the publication of new regulations, and by participating in **working groups and advocacy activities**. In this respect, in 2023, Group LBP AM has carried out the following actions:

- ▶ **Review of the SRI label:** in 2022, Group LBP AM published **an initial response to the consultation** on the review of the French SRI label. The Group LBP AM fully endorsed the need to review the reference framework, particularly regarding its level of requirements, with the aim of ensuring that the label is a benchmark for investors, a benchmark that is all the more necessary with the implementation of European regulations that are sometimes confusing and unfortunately carry real risks of circumvention. The Group LBP AM is also actively involved in a working group reviewing the label, with the aim of proposing requirements relating to the monitoring of controversies and engagement. In 2023, following the publication of the draft specifications, Group LBP AM continued its engagement to bringing its more technical proposals to the attention of the public authorities, in particular via the FIR and the AFG, but also directly to the “Direction General du Trésors and Matignon. Notably, the Group LBP AM has contributed to methodological changes relating to selectivity in terms of transition, identified as a major obstacle to the deployment of this V3.
- ▶ **Review of the Greenfin label:** The Group LBP AM took part in an ad hoc committee set up by the French General Commission for Sustainable Development (CGDD) to assist it in its reflections on the review of the Greenfin label.
- ▶ **SFDR:** Group LBP AM has played an active role in discussions on the SFDR regulation, in particular:
  - **the revision of the SFDR Delegated Regulation**, by responding directly to the **ESMA** consultation but also through the **AFG**, **Eurosif** and bilateral discussions with the **AMF**.
  - **the definition of sustainable investments**, by contributing to the drafting of an **AFG** position paper.
  - **the revision of the SFDR Level 1 Regulation**, by responding directly to the **European Commission’s** consultation but also through the **CDC Group**, **LBP**, the **AFG** and **Eurosif**, with the aim of:
    - **soutenir la définition de standards minimums, Support the definition of minimum standards**, which are more likely to protect investors than the current system of pure transparency
    - **simplifying and clarifying information** for retail investors
    - **limit the risks of divergent interpretations** in the application by market participants
    - **increase harmonisation** between different regulations
- ▶ **ESG reference in fund names:** Group LBP AM has responded to ESMA’s consultation on guidance on ESG references in fund names. For example, ESMA announced that funds using the terms “impact or “transition must intend to generate a positive and measurable social or environmental impact in addition to a financial return or are on the path to a clear and measurable social or environmental transition. The consultation also refers to the introduction of mandatory carve-outs.





- ▶ **Corporate Sustainability Due Diligence Directive (CSDDD):** Group LBP AM has signed a **declaration** in favour of aligning the European Sustainability Due Diligence Directive with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.
- ▶ **CSRD:** the Group LBP AM, which has been subject to this European regulation since January 2024, has sent a letter to the European Commission, alongside other players and especially through **Eurosif, PRI, UNEP FI, IIGCC** and **EFAMA**, calling for the level of ambition of EFRAC's recommendation for ESRS CSRD standards to be maintained.
- ▶ **Biodiversity taxonomy:** the Group LBP AM contributed to the CDC Group's response to the European Commission's consultation on the biodiversity taxonomy delegated acts.
- ▶ **Call on action on plastic reduction:** Group LBP AM has backed a **statement** calling for urgent action by companies with extensive use of plastic packaging to absolutely reduce the use of plastic, but also to tackle the use of hazardous chemicals in value chains - barriers to improving circularity - by committing to identify and eliminate the use of hazardous substances in products and packaging.
- ▶ **The promotion of say-on-climate** through the publication of a **Tribune**, coordinated by the FIR, reaffirming that the level of corporate commitments remains insufficient to meet the objective of limiting global warming to 1.5°C. This forum calls on companies to put in place resolutions on their transition plans, providing the necessary degree of transparency by publishing targets for absolute reductions in emissions for scopes 1, 2 and 3 in the short, medium, and long term, and actions to achieve these targets. The public authorities are also called upon to establish a clear legal framework aimed at making say-on-climate more widespread and, in the name of investors' right to information, to harmonise its content and facilitate shareholder initiatives.
- ▶ **Climate governance:** Group LBP AM took part in a working group led by the IFD ("Institut de la Finance Durable") on climate governance, the aim of which was to draw up **a report** on how to integrate "climate action into companies. The report takes stock of climate governance practices and makes ten proposals, notably relating to the organisation of Boards of Directors, the skills and training of directors, dialogue with shareholders and remuneration policies.
- ▶ **UN corruption call on action:** Group LBP AM has joined in the signing of a UN Global Compact **"call-on-action from business to government"** on anti-corruption. The call-on-action aims to encourage anti-corruption actions as part of the 20th anniv of the United Nations Convention against Corruption. It was presented at CoSPI0 at the United Nations Convention against Corruption, organised by the United States in Atlanta in December 2023.

## 2. Engagements with suppliers of ESG data



The Group LBP AM may engage extra-financial data providers to help them improve the quality of their service and the data they distribute, and to develop their analysis methodologies and offerings. For example, in 2023:

- ▶ **Development of a Net Zero voting policy:** as part of its participation in an IIGCC working group on the inclusion of climate issues in voting policies, Group LBP AM supported **a letter** asking the voting consultancy ISS to further integrate climate issues into its voting policies and to develop a dedicated Net Zero voting policy.

► **Data quality:**




- Group LBP AM has been proactively exchanging information with the **CDP Carbon Disclosure Project** with the aim of improving the quality of the data provided.
- Group LBP AM also took part in and financed a pilot project to contribute to the methodological development of the corporate **biodiversity footprint indicator**, by feeding it with data reported by companies themselves **from the CDP** in order to supplement the estimates made by the model.
- The Group LBP AM has also made an engagement to **suppliers of social data with ISS and Moody's** with the aim of improving the quality of this data.

### 3. Engagements with asset managers through our fund selection activity






The Group LBP AM can also engage asset manager on their responsible investment approach. This involves in-depth discussions with management companies on their SRI approach in the context of our fund selection. The Group LBP AM has developed a dedicated SRI analysis grid for selecting management companies, called GREaT AM.









In 2023, an ESG due diligence questionnaire was sent to 53 management companies. The Group LBP AM **conducted an ESG dialogue with 28 of these management companies**, for which areas for improvement in ESG practices were identified.

### 4. Tables summarising the marketplace initiatives in which Group LBP AM participated in 2023




ORGANISATION	NATURE OF GROUP LBP AM'S INVOLVEMENT	DETAILS OF THE INITIATIVE
 <b>Access to medicine foundation</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in collaborative engagement campaigns</li> </ul>	<p>The Foundation is an international network of investors whose aim is to encourage the pharmaceutical industry to develop access to medicines for people in low-income countries. Every two years, it publishes a <u>ranking of the twenty largest pharmaceutical companies on this subject</u>. Group LBP AM also participates in collaborative engagement campaigns.</p>
 <b>AFC</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Sits on committees/commissions</li> <li>• Participation in working groups</li> </ul>	<p>Emmanuelle Mourey (Chairman of LBP AM's Management Board) has been a member of the Strategic Committee since December 2019. Group LBP AM is a member of the Responsible Investment (RI) and Corporate Governance Committees. Other LBP AM Group employees also participate in other AFC Committees. In 2023, Group LBP AM is also involved in a working group on SFDR.</p>
 <b>AMF</b>	<ul style="list-style-type: none"> <li>• Sits on committees/commissions</li> </ul>	<p>Helena Charrier (Head of SRI Solutions at LBP AM) is a <u>member of the Climate and Sustainable Finance Advisory Committee</u>, and played an active role in developing the committee's position on say-on-climate.</p>

ORGANISATION	NATURE OF GROUP LBP AM'S INVOLVEMENT	DETAILS OF THE INITIATIVE
 CDP	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> </ul>	The CDP encourages greater disclosure of the environmental impact of investors, companies and government. Three LBP AM Group equity funds in 2019, 2020, 2021 and 2022 received a Climetric award from the initiative. In 2023, Group LBP AM also took part in the "Non Disclosure Campaign and "Science-Based Targets Campaigning collaborative engagement campaigns organised by the CDP.
 Ceres	<ul style="list-style-type: none"> <li>• Membership to a marketplace organisation</li> <li>• Participation in collaborative engagement campaigns</li> </ul>	Since 2018, Ceres is an American organisation that brings together international investors wishing to contribute to the fight against deforestation, mainly linked to livestock farming and soya cultivation in the Amazon. LBP AM participates in the following collaborative engagement campaigns organised by CERES: Land use and Climate, Deforestation, Biodiversity, Valuing Water Initiative.
 Climate Action 100+	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> </ul>	The Climate Action 100+ initiative, led by the PRI and the IIGCC, aims to encourage the world's major greenhouse gas emitters to reduce their emissions in line with the objectives of the Paris Agreement. By signing the initiative's charter, Group LBP AM is committed to working to encourage the energy transition through the investments of its funds.
 30% Club	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> </ul>	LBP AM is a founding member of the French Club 30 initiative, which was set up in November 2020 to promote gender diversity within the executive bodies of the SBF 120. The aim is to have at least 30% women in management teams by 2025.
 Eurosif	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in working groups</li> </ul>	Eurosif is the pan-European association promoting sustainable finance at European level. Eurosif's activities include contributing to public policy and conducting research to better understand responsible investment and the barriers faced by sustainability-minded investors. Group LBP AM participates in a Climate Reporting and Indicators working group and is also a member of the SFDR Advisory Group.
 FAIRR A COLLIER INITIATIVE	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in collaborative engagement campaigns</li> <li>• Participation in working groups</li> </ul>	This initiative aims to encourage food manufacturers to improve their practices in terms of animal welfare and nutrition. LBP AM participates in the following working groups: Sustainable Aquaculture, Sustainable Proteins, Biodiversity and Pollution, Antimicrobial Resistance and Antibiotics.
 Finance for Biodiversity Foundation	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Signatory of a pledge</li> <li>• Participation in working groups</li> </ul>	Since 2022, LBP AM has been a signatory to the Finance for Biodiversity Pledge and participates in the following working groups: Biodiversity Impact Assessment: biodiversity engagement, biodiversity target setting, advocacy, and political engagement on biodiversity.

ORGANISATION	NATURE OF GROUP LBP AM'S INVOLVEMENT	DETAILS OF THE INITIATIVE
 <b>Forum for Responsible Investment (FIR)</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Seat on the Board of Directors</li> <li>• Sits on committees/commissions</li> <li>• Participation in working groups</li> <li>• Participation in collaborative engagement campaigns</li> </ul>	<p>FIR was created in 2001 to promote SRI. Group LBP AM joined the FIR in 2014. Helena Charrier (Head of SRI Solutions at LBP AM) and Nicholas Vantreesse (Head of CSR at La Banque Postale) were re-elected to the Board of Directors of the 2022 Forum for Responsible Investment, of which Helena Charrier is one of the Vice-Chairs. LBP AM is also a member of the Dialogue and Engagement Commission. Group LBP AM participates in the FIR working group on <u>say-on-climate</u>, and in the collaborative engagement on forced labour and child labour.</p>
 <b>France Invest</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Sits on committees/commissions</li> </ul>	<p>LBP AM is a member of the Sustainability Commission of France Invest, a professional organisation bringing together more than 400 French private equity and private debt management companies. The association and its members are committed to supporting unlisted start-ups, SMEs and ETIs in their transformation towards responsible practices and models.</p>
 <b>Glasgow Financial Alliance for Net Zero (GFANZ)</b>	<ul style="list-style-type: none"> <li>• Participation in working groups</li> </ul>	<p>GFANZ is a global coalition of financial institutions committed to accelerating the decarbonisation of the economy. The alliance aims to broaden, deepen, and raise the ambitions for carbon neutrality across the financial system and to demonstrate the collective engagement of companies to help businesses and countries achieve the goals of the Paris Agreement. As part of this alliance, LBP AM has played a very active role in the working groups on the development of a voluntary international standard for transition plans, for the real economy via Real Economy Pathways, and for financial institutions as part of the work on Portfolio Alignment.</p>
 <b>Institute for Sustainable Finance (IFD)</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in working groups</li> <li>• Participation in collaborative engagement campaigns</li> </ul>	<p>Formerly Finance for Tomorrow, the IFD is an initiative of Paris Europlace to promote sustainable finance in France and internationally. The aim is to redirect financial flows towards a low-carbon and inclusive economy, in line with the Paris Agreement and the Sustainable Development Goals. Group LBP AM is a member of the initiative's board, the Policy Commission and participates in the Impact, Just Transition, Biodiversity and Climate Governance working groups.</p>
 <b>The Institutional Investors Group on Climate Change (IIGCC)</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in working groups</li> </ul>	<p>IIGCC is a network of investors on climate change, collaborating on the development of market guides and commitment actions. Group LBP AM participates in the Net Zero infrastructure working groups, the Proxy Advisor Working Group and the Net Zero Surgeries: investor practices.</p>
<b>Investor Engagement in Conflict-Affected and High-Risk Areas</b>	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> </ul>	<p>The Investor Engagement in Conflict-Affected and High-Risk Areas initiative, organised by PeaceNexus, the Investor Alliance for Human Rights and the Heartland Initiative, aims to engage selected information technology and renewable energy companies to challenge and encourage them to adopt a set of measures and procedures to effectively reduce the risk of negative impacts on human rights and conflict dynamics associated with their operations in these areas.</p>

ORGANISATION	NATURE OF GROUP LBP AM'S INVOLVEMENT	DETAILS OF THE INITIATIVE
 <b>Investor Initiative on Hazardous Chemicals</b>	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> </ul>	Spearheaded by the Swedish NGO ChemSec, this initiative brings together more than 50 investors who have signed a letter sent to 50 of the world's largest producers and users of PFAS, urging them to plan a gradual phase-out of PFAS and to be more transparent about the management of the risks and impacts associated with the production and use of these substances.
 <b>Investor Statement de la Taskforce on Climate-related Financial Disclosure (TCFD)</b>	<ul style="list-style-type: none"> <li>• Signatory of a pledge</li> </ul>	The TCFD makes recommendations on the climate-related information that companies should share to help investors make the right financial decisions. Group LBP AM is committed to communicating and reporting climate risks in line with the TCFD standards and encourages companies to deploy these standards.
 <b>Investors Alliance for Human Rights</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in collaborative engagement campaigns</li> <li>• Participation in working groups</li> </ul>	The aim of the alliance is to mobilise responsible investors to respect fundamental human rights. LBP AM participates in the Corporate Human Rights Benchmark, Rating Digital Rights and Uyghur Forced Labour engagement groups.
 <b>Net Zero Asset Managers Initiative</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> </ul>	LBP AM is committed to making its portfolios carbon-neutral through its involvement in this alliance, which brings together asset management companies committed to making their investment portfolios carbon-neutral by 2050, based on a 'fair share' of their assets and applying established methodologies. LBP AM was previously a signatory to the Montreal Carbon Pledge, which is now closed, its main objectives having been achieved.
 <b>Participation in the creation and funding of the FDIR Chair</b>	<ul style="list-style-type: none"> <li>• Support for academic research</li> </ul>	The aim of the FDIR Chair is to encourage collaboration between asset management professionals and researchers whose work contributes to the international reputation of the Paris financial centre in this key area. Since 2016, Group LBP AM has chaired the Chair.
 <b>Principles for Responsible Investments (PRI)</b>	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> <li>• Participation in collaborative engagement campaigns</li> <li>• Participation in working groups</li> </ul>	The PRI were launched by the United Nations in 2006. It is a voluntary commitment by investors to integrate ESG issues into the management of their portfolios. LBP AM participates in working groups on fiscal responsibility, responsible commodity production and the Sustainable Systems Investment Manager Reference Group. LBP AM also participates in the Advance collaborative engagement campaign.
 <b>Tobacco-Free Finance Pledge</b>	<ul style="list-style-type: none"> <li>• Signatory of a pledge</li> </ul>	Initiative launched in 2018, whose signatories commit to a very strict tobacco exclusion policy in their investments.
 <b>UNI Global Union</b>	<ul style="list-style-type: none"> <li>• Participation in collaborative engagement campaigns</li> <li>• Signatory of a pledge</li> </ul>	In 2023, LBP AM took part in a collaborative engagement campaign aimed at promoting greater consideration of social and human rights risks related to the care sector (particularly retirement homes). In 2022, LBP AM became a signatory to the Investor Statement on Expectations for the Retirement Home Sector, a document formalising the coalition's objectives.



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	<ul style="list-style-type: none"> <li>• Membership of a marketplace organisation</li> </ul>	<p>The ICGN is a global network of responsible investors who promote the highest standards of corporate governance with the aim of creating long-term value and contributing to the sustainability of economies, societies and the environment. To achieve this, the ICGN relies on an international work programme. Group LBP AM joined the network in 2023.</p>
	<ul style="list-style-type: none"> <li>• Participation in working groups</li> </ul>	<p>Working group on the introduction and deployment of a standardised exchange file containing information on the extra-financial characteristics of investment products (EET)</p>
	<ul style="list-style-type: none"> <li>• Sponsor</li> </ul>	<p>CDC Biodiversité finances the Nature 2050 project to protect biodiversity and adapt natural environments to climate change. Part of the management fees generated by LBP AM's Private Debt business contributes to financing the preservation and restoration of nature.</p>



<https://www.lbpam.com>

<https://www.tocquevillefinance.fr>

#### LBP AM

Société Anonyme à directoire et conseil de surveillance with authorised capital of 6,096,204.80 euros  
 Registered office: 36, quai Henri IV 75004 Paris, France  
 Immatriculée sous le n° 879 553 857 RCS Paris  
 Entered into the Paris Registry of Trade and Companies under n° 879 553 857 RCS Paris  
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