Natixis Investment Managers International

Voting and engagement policy

FEBRUARY 2019

Introduction

As a management company for third parties, Natixis IM International believes that it is its responsibility and its duty of care to unitholders to monitor the value of their investments and exercise the economic rights attached to the securities held in the portfolios that it manages. Natixis IM International therefore exercises its voting activity in the exclusive interest of the unitholders.

Natixis IM International has developed "a voting policy" which determines the principles to which it intends to refer in the exercise of voting rights at general meetings. These principles reflect best corporate governance practices and form the basis of our philosophy and vision of a quality corporate governance process. According to the OECD, governance is "*a key factor for improving efficiency and economic growth and strengthening investor confidence*".

The principles set out in the "voting policy" document are intended to provide the framework within which we conduct an independent analysis of the proposals submitted and the manner in which we exercise the voting rights in an informed manner in the exclusive interest of the unitholders. They are reviewed annually to take into account any changes in legal, regulatory and corporate governance practices that may have taken place throughout the year.

Natixis IM International has chosen to adopt high standards in terms of corporate governance. However, in cases where corporate governance practices within a country are more stringent than the principles of the voting policy, we align ourselves with the principles of the voting policy to analyse the resolutions and determine the direction of our vote.

We are also aware that some of these standards may be a constraint for small and medium-sized companies that do not have the means to implement such a strict corporate governance policy. Natixis IM International has therefore decided to adapt certain principles of its voting policy to take account of characteristics specific to their size or the nature of their shareholding. These principles are defined in the chapter entitled "Principles for the analysis of resolutions for mid and small cap stocks".

Summary

I- Organisation of NATIXIS IM INTERNATIONAL for the exercise of voting rights

The exercise of voting rights is structured around 2 distinct activities:

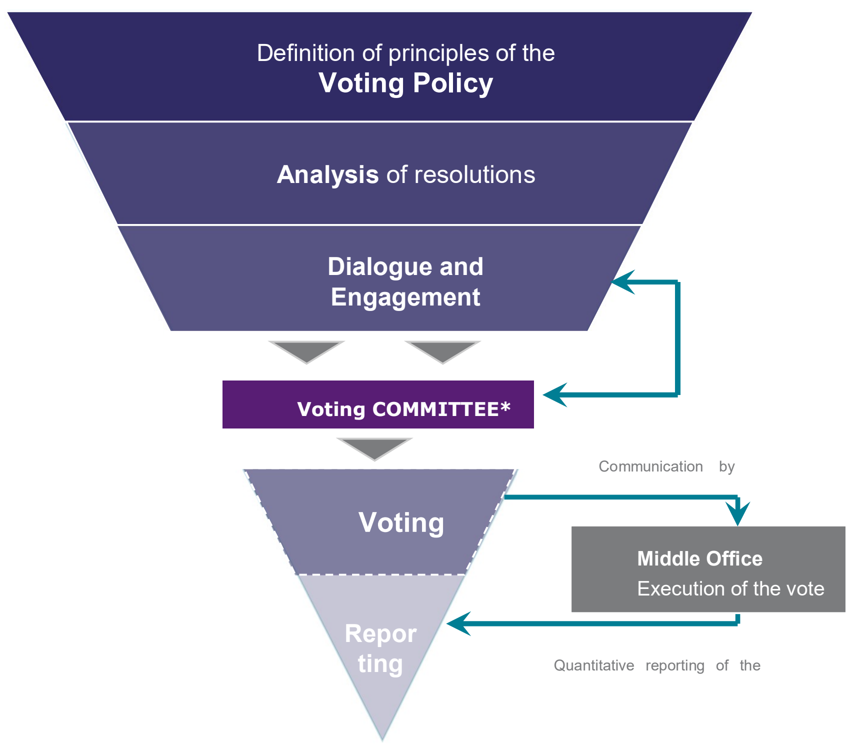
- **The analysis of resolutions:** carried out by Natixis IM International, the analysis of resolutions is carried out by the research team thanks to the support of a voting service provider following the principles described in the voting policy defined by Natixis IM International and validated by its Executive Committee.

  Moreover, Natixis IM International has adopted a specific and detailed approach for a hundred or so companies that constitute its research universe and for which an in-depth engagement activity has been established. The list of companies in this "core" universe is validated by the Executive Committee at the same time as the voting policy. For these companies, the voting decision will be made not only in the light of the principles defined in the policy, but also taking into account the fruits of the dialogue established as part of the engagement process initiated with the company. Natixis IM International will therefore be able to demonstrate flexibility in the application of its voting principles, without, however, departing from the spirit of its voting policy.

  To ensure the proper implementation of the voting policy, Natixis IM International has set up a **Voting Committee** under the responsibility of the Equity CIO, who is responsible for decide upon resolutions that present a specific challenge or for which the principles have not been defined in the voting policy.

- **The exercise of voting:** carried out by the Flows Middle Office division of Ostrum AM, which is also responsible for the relationship with service providers and custodians.

The voting process can be illustrated as follows:



*The Voting Committee is a body to confirm the meaning of the vote on the resolutions presented at a general meeting. It is composed of the Equity CIO, the ESG Equity Manager and the Governance Commitment analyst. The analysts-managers are invited to participate in the committee's debates according to the topics being addressed.

II- The current method of exercising voting rights

Natixis IM International uses the services of an external voting service provider.
This service provider is responsible for:

- informing Natixis IM International of the holding of general meetings on securities belonging to Natixis IM International’s voting universe,
- analysing resolutions according to the principles defined in Natixis IM International’s voting policy,
- providing a voting platform for the exercise of voting,
- forwarding the voting instructions to the issuer, as the case may be.

This service provider is in direct contact with the custodians, from which it collects the files of positions for all the portfolios belonging to the voting universe each day.

After the research team has analysed the resolutions, Natixis IM International casts its votes for each account on the voting platform. Two cases arise depending on whether they are French securities, for which Natixis IM International has a postal vote, or foreign securities, for which Natixis IM International has a proxy vote.

- *For French securities: Natixis IM International has a postal vote*

Natixis IM International publishes postal voting forms from the platform made available by the service provider, faxes them and then sends them by post to the various custodians.

Upon receipt of the voting instructions, the custodian checks and adjusts the positions of the securities of each account for which a vote is cast, and forwards the ballot papers to the issuer or its representative.

On a case-by-case basis, Natixis IM International reserves the right to actually participate in general meetings.

- *For foreign securities: Natixis IM International has a proxy vote*

the Middle Office Flows division of Ostrum AM enters the voting instructions on the voting platform and the service provider forwards the instructions for Natixis IM International's accounts to the local sub-custodians. In certain cases, the service provider is responsible for directly conducting votes for Natixis IM International in accordance with the principles defined in its voting policy.

On a case-by-case basis, Natixis IM International reserves the right to actually participate in general meetings.

III- Principles for determining the framework for exercising voting rights

Except for exceptions[1], Natixis IM International exercises the voting rights on all undertakings for collective investment in transferable securities (UCITS) and alternative investment funds (AIF) it manages and for which it holds the voting rights, or for which the supervisory boards of FCPEs (Company Mutual Funds) have delegated voting rights to it.

Natixis IM International will exercise the voting rights on all the securities identified near the end of the year preceding the voting campaign, in the portfolios for which it is able to exercise the voting rights, provided that the regulatory provisions and the technical constraints imposed by markets and custodians optimise the exercise of voting in the interests of unitholders.

[1] The only exceptions are funds whose management processes present constraints on which the immobilisation of securities for the exercise of the vote may be detrimental to the value of the investments of the unitholders.

IV- Securities lending policy

In times of general meetings, Natixis IM International has the principle of optimising the return of loaned securities in order to exercise the voting rights in the exclusive interest of the unitholders.

V- Principles for the analysis of resolutions

The analytical principles defined below may not be relevant, depending on the nationality of the companies, as national legislations grant different prerogatives to shareholders' meetings.

1-Principles for the analysis of resolutions for large cap stocks

The principles set out below relate to all large cap stocks that are part of Natixis IM International's voting universe.

Large cap stocks are securities of the voting universe that do not meet the criteria for defining small and mid-cap stocks, as described in the section entitled **Principles for the analysis of resolutions for mid and small cap stocks**. These are companies with a market capitalisation greater than €2 billion.

When the analysis calls for a vote of ABSTENTION and the regulations of the country do not allow this choice of vote, Natixis IM International will vote AGAINST.

Transparency, reliability and relevance of financial and non-financial information

The transparency, completeness, reliability and relevance of financial and non-financial information contribute to the integrity of financial markets and build trust between the various players in the value creation chain. From this point of view, these factors are the keystone of responsible corporate governance. Companies must therefore ensure compliance with these principles when developing and disseminating information for investors. This information must also be certified by the statutory auditors and be free from any reservations.

A. General Meetings

1. Agenda

According to national law, the rule is that shareholders validate the proper form of:

- the opening of the General Meeting,
- the convening of the meeting under the requirements of local regulations,
- obtaining the required quorum,
- the agenda of the meeting,
- the election of the Chairman of the meeting,
- appointing shareholders who will co-sign the minutes of the meeting,
- regulatory documents,
- appointing the scrutineer or shareholders' representatives who will examine the minutes of the meeting,
- appointing two shareholders who will approve and sign the minutes of the meeting,
- the time allowed for questions,
- the publication of the minutes,
- the closing of the meeting.

In general, we vote **For** these proposals, as well as **For** similar proposals from the management.

2. Prerequisite information

We vote **Against** a proposal if a company does not provide the shareholders with sufficient time for the analysis of the resolutions to provide adequate information (specific to the company) on which they can base their voting decision.

B. Transparency and quality of financial and non-financial information

1. Financial statements, management report and statutory auditors' report

We generally vote **For** proposals from the management requesting approval of the financial statements of the management report, unless:

- if there is cause for concern about past actions of the company's directors or statutory auditors;
- if the statutory auditors refused to certify the accounts or made reservations;
- if the report of the statutory auditors on the audit of the accounts is not included in the management report;
- if the audit committee has an executive as one of its members.

In addition, Natixis IM International favours information on the company's environmental and social performance being included in the management report and being regularly audited and certified (see Business Ethics & Corporate Social Responsibility, A) 1.).

2. Allocation of income and dividend payment

a. Allocation of income and dividend payment

We generally vote **For** proposals from the management on the allocation of income and dividend payments, unless the amount of the payment is abnormally low or high, which will then be the subject of a vote **on a Case-by-Case basis**. The factors to be considered are: the history of the company's distributions, the management's arguments and the financial situation. We particularly do not want to validate excessive distribution policies that could be detrimental to the solvency of the company or its long-term investment capacity.

Specific case: Japan

Natixis IM International will vote **Against** any change of status granting the discretionary right to the board to determine the allocation of income.

b. Payment of the dividend in shares

We generally vote **For** proposals for the payment of the dividend in shares, provided that the shareholder retains the possibility of payment in cash and the discount is not greater than 10%.

We vote **Against** proposals that do not offer the possibility of receiving a cash dividend, unless the management proves that it is detrimental to the creation of value for the company or if we believe that the solvency risk would be significantly increased by such a cash distribution.

3. Discharge of the Board, the Management and/or the Statutory Auditors

In countries where the approval of discharge makes any subsequent legal action against the directors, the management or the statutory auditors for serious or proven failures in the performance of their duties difficult, Natixis IM International will vote **Against** discharge.

In other cases, Natixis IM International will vote **For**, unless we have reliable information about a serious and proven breach by the board or management in the performance of their duties, or the statutory auditors have refused to certify the accounts or have made reservations.

C. Statutory Auditors and Audit Committee

1. Appointment of statutory auditors

Natixis IM International recommends rotating statutory audit firms every 6 years, unless otherwise required, and will vote **Against** when the rotation of the statutory auditors is not in line with the most restrictive market regulations.

We vote **For** proposals to ratify the appointment of statutory auditors, unless:

- the company did not disclose their identity;
- the statutory auditors have financial interests, are associated with the company or are not independent;
- there is reason to believe that the independent statutory auditor has given advice that is not of a financial nature;
- the fees received for non-audit services account for more than 50% of the fees received for audit assignments;
- there are serious concerns about the accounts presented or the audit procedures used;
- the statutory auditors have been changed without explanation.

Natixis IM International will vote **Against** the appointment of statutory auditors if the audit fees are not disclosed or if the company does not publish the breakdown of the total fees paid to the statutory auditors for audit and consulting services.

Specific case: election of an internal auditor in Italy

The appointment or reappointment of internal auditors in Italy is carried out according to a list voting system or "*voto di lista*". At least two lists are submitted to a shareholder vote, a list proposed by the majority shareholders, and a list proposed by the minority shareholders. Natixis IM International will vote **For** the list presented by the minority shareholders unless we find ourselves in one of the cases mentioned above.

Natixis IM International will vote **Against** resolutions requesting the appointment or reappointment of internal auditors if the lists of nominees are not available before the vote is cast.

2. Remuneration of the statutory auditors

We vote **For** proposals that authorise the board to determine the remuneration of the statutory auditors, unless it is disproportionate to the size and nature of the company.

We vote **Against** remuneration proposals for statutory auditors if:

- the fees received for non-audit services account for more than 50% of the fees received for audit assignments;
- there are serious concerns about the accounts presented or the audit procedures used;
- the statutory auditors were changed without explanation.

Natixis IM International will vote **Against** compensation for the statutory auditors to cover the risks related to their liability.

Natixis IM International will vote **Against** the remuneration of statutory auditors if the audit fees are not disclosed or if the company does not publish the breakdown of the total fees paid to the statutory auditors for audit and consulting services.

3. Independence of the statutory auditors

We vote **on a Case-by-Case basis** on shareholder resolutions asking a company to prohibit its statutory auditors from offering other services than those strictly related to the audit (or to cap the level of these services), by considering:

- the level of fees received for non-audit services (maximum of 50% of the audit fees),
- measures implemented by the company to prevent conflicts of interest.

4. Independence of the audit committee

Natixis IM International recommends that the audit committee be composed of 2/3 independent directors, one of whom has specific skills in financial or accounting matters, and that the chairman of the committee be independent.

D. Managing conflicts of interest of directors

Natixis IM International is not in favour of the existence of regulated agreements involving directors of the company.

Natixis IM International will assess proposals requesting the approval of the report of the statutory auditors on regulated agreements **on a Case-by-Case basis**, by examining:

- the persons concerned by the transactions subject to agreements,
- the detailed content of the transactions,
- the justifications provided by the board on the interest of the agreement and the related financial conditions,
- compliance with the interests of shareholders.

In addition, Natixis IM International will vote **Against** the report of the statutory auditors on regulated agreements if:

- the report is not available 21 days before the date of the meeting,
- the report contains past agreements that are contrary to shareholders' interests, even if these agreements were approved in previous general meetings.
- the board did not give reasons for the interest of the agreement and the related financial conditions in the special report of the statutory auditors.

Natixis IM International recommends that any significant agreement for one of the parties concerning, directly or indirectly, a director or a shareholder, as well as all new regulated agreements, be the subject of separate resolutions.

Natixis IM International recommends that any agreement concluded for an indefinite period, giving rise to remuneration and whose effect continues over time, be resubmitted to the vote annually (except agreements concerning deferred commitments for the benefit of directors whose procedure of submission to the vote is governed by the law).

If different agreements are presented within the same resolution requesting approval of the report of the statutory auditors on regulated agreements, Natixis IM International will vote **Against** this resolution if the report contains agreements that are not in the best interests of the shareholders.

If any agreements that do not respect the principles of its voting policy are submitted in a separate resolution, Natixis IM International will vote **Against** the resolution relating to this agreement, but may vote **For** the resolution requesting the approval of the report on regulated agreements.

Control structure and balance of power

The board of directors or supervisory board plays a central role in "piloting the strategy and effectively monitoring the management of the company". It primarily serves the interest of the company, its shareholders and its stakeholders and ensures its long-term growth.
Consequently, the board must ensure a balance in the distribution of powers between the governing bodies and the supervisory bodies, and be transparent about the distribution of the roles and responsibilities of each body. Furthermore, the effectiveness of a board is based primarily on the quality of its composition. The ability of directors to address strategic issues, to enrich the thinking of leaders and to monitor the implementation of decisions taken by the executive is the prerequisite for effective corporate governance. The board must therefore ensure that it chooses directors whose contributions bring real added value to the debate and the functioning of the board and strive for complementarity of members in terms of expertise, skills, and diversity (training, nationality, gender diversity, etc.).
With a view to continuously improving the board, it is desirable to establish a regular evaluation of its work, the results of which would be returned to the shareholders.

A. Quality of the governance structure

1. Change in the governance structure of the company

Natixis IM International does not favour a specific governance structure.

Natixis IM International votes **For** requests to change the governance structure of the company from a board of directors to an executive board and a supervisory board. In the opposite direction, we examine the proposal **on a Case-by-Case basis**.

Specific case: Japan

a. Natixis IM International is in favour of Japanese companies choosing to develop their governance model from structure with a board of directors and statutory auditors to a structure with a one-tier board and one or more committee(s).

b. Natixis IM International will therefore **For** the change in governance structure provided that the board consists of at least two independent external directors and that the members of the audit committee are considered two-thirds independent (with regard to the independence criteria specifically defined for Japanese directors and statutory auditors[2]).

2. Combining the duties of chairman of the board of directors and chief executive officer

Natixis IM International is in favour of the existence of a separation of powers of execution and control. The board must therefore ensure the existence of sufficiently independent and effective mechanisms of counter-power to ensure effective control of the executive.

[2] See Japan insert in the Appendix, p. 44.

Apart from the banking sector, where the separation of functions is a prerequisite for sound and prudent management, Natixis IM International will assess requests to combine the duties of chairman of the board and chief executive officer **on a Case-by-Case basis**, taking account of:

- the reasons put forward by the company to combine the powers,
- the company's governance practices,
- measures implemented by the company to ensure an effective level of supervision on the board and committees,
- measures implemented to manage the conflicts of interest inherent in the combining of duties.

In addition, if the duties of chairman of the board and chief executive officer are to be combined, Natixis IM International recommends the appointment of an ″**independent vice-chairman**″ to the board of directors, who would be responsible for:

- ensuring the proper functioning of the governance bodies,
- conducting the assessment of the chairman,
- managing conflicts interest situations.

He/she would have the opportunity to:

- put items on the agenda,
- convene the board in the absence of executives.

The duties of the "independent vice-chairman" must be explicitly defined in the articles of association of the company or the internal regulations of the board.

Natixis IM International may rule **Against** the appointment of a vice-chairman who is not independent in the light of the criteria set out in Natixis IM International's voting policy, unless the board provides evidence to waive this rule for a transitional period.

3. Size of the Board

We vote **Against** proposals to reduce the number of seats below 3, or increase the number of seats above 18.

We vote **For** proposals to increase or decrease the number of seats in the range of 3 to 18 seats, unless the new configuration of the board was to:

- lower the quality of the composition or the independence of the board and committees beneath the thresholds recommended in the voting policy,
- encourage the control of the company by the leaders or the reference shareholders to the detriment of the other shareholders.

Special case of Japan:

In cases where the size of the board would be significant, Natixis IM International will vote **For** reducing the number of vacant seats on the board unless it does not have an external director and this measure would in fact prevent any flexibility.

B. Quality of the composition of the board and its committees

Beyond its functions and its formal organisation, the quality of the composition of the board is a determining factor of its effectiveness. Natixis IM International's support for the election of a director therefore results from an individual and overall qualitative assessment including the analysis of several criteria such as the transparency of the appointment process, the independence of the director, his/her skills and expertise, his/her availability and his/her added value to the functioning of the board.

1. Appointment process for natural or legal person directors

a. Transparency of the appointment process

Natixis IM International recommends that boards of directors or supervisory boards be transparent about the process and criteria for selecting directors in terms of skills, expertise, independence and added value to the functioning of the board.

Natixis IM International will vote **Against** the election or re-election of directors if the names of the candidates are not available, and **shall abstain** if the board is not transparent about the new director appointment process.

b. Staggered renewal and annual elections

We vote **For** proposals to stagger the renewal of the board of directors in several tranches, unless this practice can be regarded as an anti-takeover measure.

c. Appointment process for directors (special case of the United States)

We vote **For** proposals to adopt a majority vote for the election or re-election of directors.

d. Proposals related to the election of directors

Natixis IM International disagrees in principle with the presentation of related proposals which could actually be voted on separately. In fact, bundled resolutions put shareholders before the obligation to choose between "all or nothing", thus disproportionately shifting power to the board to the detriment of the shareholders. Natixis IM International believes that the election of directors is one of the most important decisions entrusted to shareholders. Therefore, the directors must be elected individually.

Natixis IM International will recommend voting **Against** the election or re-election of directors if the company proposes a single list of candidates, except in Italy where the regulations impose a "*voto di lista*" list voting system for the election of directors when the entire board is to be renewed. In the specific case of Italy, Natixis IM International will vote **For** the list presented by the minority shareholders. However, Natixis IM International will vote **Against** if:

- the lists of nominees are not published in time to make a voting decision;
- we do not have enough information on the candidates.

When the list voting system is not required by regulation, and candidates for election or re-election are not put to the vote in separate resolutions, Natixis IM International will vote **Against**.

2. Independence of the board and committees

a. Independence of the board

- **For controlled companies**[3]

Natixis IM International recommends that boards of directors and supervisory boards be composed of at least 33.3% independent directors[4]. Otherwise, Natixis IM International will vote **Against** the election of non-independent directors (excluding the chief executive officer).

- **For non-controlled companies**

Natixis IM International recommends that boards of directors and supervisory boards be composed of at least 50% independent directors and that, when the functions of chairman of the board and chief executive officer are separated, the chairman of the board be independent. Otherwise, Natixis IM

[3] A company is deemed to be controlled when a shareholder or group of shareholders acting jointly hold more than 50% of the capital.

[4] See Appendix 1 - Classification of Directors according to Natixis IM International.

International will vote **Against** the election of non-independent directors (excluding the chief executive officer).

Specific cases: France

For French companies affected by the law on job protection of 14 June 2013, the calculation of the independence rate will not take account of the presence of employee representatives.

Specific cases: Germany

For German companies, whose boards must consist of 50% employee representatives, Natixis IM International recommends that the supervisory board include at least 33.3% of independent directors.

If a proposed candidate does not fall under any category of Natixis IM International's classification, Natixis IM International will consider him/her non-independent and include him/her as such in the calculation of the board independence ratio.

b. Appointment of a censor to the board

Natixis IM International does not favour the presence of a censor on the board and will vote Against this, unless:

- it is an exceptional and temporary case
- the presence of the censor brings strong added value to the functioning of the board,
- the independence rate of the board (including the censor) is in line with the thresholds set in Natixis IM International's voting policy,
- the number of mandates held by the censor for director or censor functions on other boards is in line with the limits set out in Natixis IM International's voting policy.

c. Independence of committees

Natixis IM International recommends that boards have in place audit, remuneration and nomination committees and that the missions of these committees be defined in the internal regulations of the board.

Natixis IM International recommends that the nomination and remuneration committees be mainly independent and chaired by a director with no interest.

Natixis IM International recommends that the audit committee be composed of 2/3 independent directors, one of whom has specific skills in financial or accounting matters, and that the chairman of the committee be independent.

Natixis IM International does not favour the presence of executive directors on the nomination, remuneration and audit committees, and will vote **Against** the election or re-election of any executive director if he/she is a member of the audit or remuneration committees.

Natixis IM International will vote **Against** any non-independent director sitting on a committee whose independence rate is insufficient in view of the thresholds defined in its voting policy.

3. Complementarity of the board

a. Skills

Natixis IM International recommends that board members have skills necessary and sufficient to understand the company's business and its economic environment.

Natixis IM International will vote **Against** the election of a director if the company does not provide the information needed to assess his/her skills.

b. Diversity

A balanced representation of the various stakeholders within governance bodies is essential for collegial decision-making in the long-term interest of the company.

Natixis IM International recommends a board composition combining diversity in terms of training, nationalities, gender balance and age, as well as complementarity of directors in terms of skills and expertise. This is a guarantee of a better functioning of the board.

Natixis IM International is therefore committed to the gender balance of governance bodies (board of directors and executive committee) and will not support the re-election of the chairman of the nominations committee when one of the genders is not represented by a third party.

c. Ethics

Natixis IM International will vote **Against** the election of a director who has not demonstrated good governance in his/her past experiences.

d. Performance

Natixis IM International may vote **Against** the election of one or more directors if they believe that they have not fulfilled their supervisory role with sufficient diligence.

4. Availability of directors

a. Term of office of directors

From the perspective of a third party renewal, Natixis IM International recommends a three-year term for directorships, and will vote **Against** the election or re-election of a director (excluding the CEO), if the term of office is longer than 4 years or if it is not disclosed.

If necessary, Natixis IM International will match the most stringent regulations in force in certain countries regarding the term of office of directors.

b. Combining mandates as director or chairman of the board

As part of the assessment of the availability of directors, Natixis IM International takes account of all mandates as director and censor in French and foreign listed companies.

Natixis IM International recommends:

- for non-executive directors, limiting the number of mandates to 5 in total, or 4 if the director also chairs a board. If 2 mandates as chairman are combined, Natixis IM International recommends limiting the mandates as director to 3 in total (including the two mandates as chairman);
- for directors with executive functions, limiting the number of mandates as director to 3 in total. In the case of a Chief Executive Officer, Natixis IM International recommends that the board limit the number of mandates as director to 2 in total (including the mandate as chairman). In this case, Natixis IM International is not in favour of the CEO combining another mandate as chairman.

As part of the assessment of the availability of candidates, Natixis IM International recommends that the board also consider mandates as director held in unlisted French and foreign companies.

Natixis IM International will rule **Against** the election of a director who, because of the different mandates he/she holds, is found to exceed the recommendations referred to above.

Natixis IM International will assess the appointment of a former executive as non-executive chairman of the board **on a Case-by-Case basis** based on the elements put forward by the company. Natixis IM International will consider the recommendations of existing good practices in its assessment.

Special case of the banking sector: In line with the banking regulations, Natixis IM International sets the number of mandates as director to a total of 4.

c. Cross-directorships

Natixis IM International is not in favour of the existence of cross-directorships, unless this appointment falls within the framework of a strategic partnership.

d. Attendance

When assessing the re-election of a director, Natixis IM International will take into account the actual attendance rate at board meetings and will vote **Against** the renewal of any director whose attendance rate is less than 75% without any valid reason being put forward.

5. Election of shareholder representatives

a. Election of non-employee shareholder representatives

Natixis IM International does not oppose the presence of shareholder representatives on the board if their investment strategy falls within the framework of creating long-term value for the company.

Natixis IM International will vote **For** shareholder representatives on the board if:

- their appointment gives real added value to the functioning of the board;
- their appointment does not affect the balance of the board in terms of independence;
- the principle of proportionality between the capital held and the number of seats on the board is observed.

In the case of a legal person, Natixis IM International will vote **Against** its election if the name of the director representing the legal person was not submitted to the shareholders before the general meeting.

b. Election of employee shareholder representatives

Natixis IM International is in favour of the presence of employee shareholder representatives on boards and recommends greater transparency in the selection process of employee shareholder representatives submitted to the shareholders' vote.

Natixis IM International will vote in favour of the election to the board of the employee shareholder representative having obtained the most votes from employee shareholders.

c. Election of employee representatives

Natixis IM International is in favour of employee representatives joining boards of directors and committees, including in countries where this practice is not made binding by law.

Natixis IM International will therefore not support the re-election of the chairman of the nominations committee when the board does not include an employee representative[5].

6. Specific case: election of directors in Japan

Natixis IM International refers to the best practices recommended by the Japanese governance code.

a. Companies with a Japanese structure with a board of statutory auditors (*Kansayaku-kai*)

➢ Appointment of directors

Natixis IM International recommends that the board includes at least two independent external directors and will vote **For** the appointment of directors, unless:

[5] With the exception of companies having made commitments to that effect

- the director is not independent and the board has less than two independent external directors;
- the director has demonstrated mismanagement or bad governance practices;
- the director's attendance rate at board meetings is less than 75% (in case of re-election).

Appointment of statutory auditors

Natixis IM International votes **For** the appointment of statutory auditors and their alternates, unless:

- the statutory auditor is considered non-independent according to the independence criteria used for Japan;
- the external statutory auditor's attendance rate is less than 75%.

b. Companies with a board and audit committee structure

In the case of a company with a board and audit committee structure, as recommended by the Business Reform Law and the Japanese Governance Code, Natixis IM International will recommend that the board include at least 2 independent external directors and that the audit committee be considered two-thirds independent.

c. Companies with a board and committee structure

In the case of a company with a board and committee structure, Natixis IM International will apply the same requirements in terms of independence as its general policy, taking into account the definition of independence[6] of Japanese directors.

7. Proposal of shareholders (special case of the United States)

a. Classification/declassification of the board

Natixis IM International **shall abstain** on any proposal to introduce an annual election of directors.

b. Cumulative voting

We vote **Against** any proposal to introduce cumulative voting. When the proposal is to eliminate cumulative voting, we vote **For**.

c. Election of directors by majority vote

We vote **For** any proposal to introduce a majority vote for the election or re-election of directors.

d. Power to nominate candidates for the vote

We vote **For** proposals to grant shareholders the power to nominate candidates.

[6] See Japan insert in the Appendix, p. 44.

Shareholders' rights

The company has a duty to put in place all measures to ensure shareholders of the same category are treated fairly. In addition, we believe that it is essential that companies find a balance between measures to protect their long-term interests, those of their shareholders and their stakeholders, and anti-takeover measures. Natixis IM International also calls on companies to implement all necessary measures to facilitate the exercise of voting rights by shareholders.

A. Fair treatment of shareholders

1. Voting rights

Natixis IM International is in favour of systems to promote a long-term shareholding in the company and will vote against any system to include the “1 share, 1 vote” principle, unless the company has put in place equivalent systems, i.e. increased dividends.

B. Respect for shareholders' rights

1. Disclosure of any exceeding of statutory thresholds

We vote **Against** proposals to lower the threshold below which the change in the level of participation must be declared below five per cent, unless there are special reasons to lower the threshold.

2. Deadlines for holding extraordinary general meetings (United Kingdom)

Natixis IM International will vote **Against** resolutions requesting authorisation to hold an extraordinary general meeting within 15 days.

3. Need for an enhanced majority shareholder vote to amend the charter or articles of association

We vote **Against** proposals from the management to subordinate the amendment of the charter or articles of association of the company to a shareholder vote by qualified majority.

We vote **For** proposals to lower the percentage of votes needed to amend the charter or articles of association.

4. Need for a shareholder vote by qualified majority to approve a merger

We vote **Against** proposals from the management to subordinate mergers and other significant business combinations to a shareholder vote by qualified majority.

We vote **For** shareholder proposals to lower the percentage of votes required to approve mergers and other significant business combinations.

5. Need for a qualified majority vote to remove a director from office

We vote **Against** proposals to reduce the capacity of action of shareholders by imposing a qualified majority to remove a director from office.

6. Change in the State of the registered office and development of the company's activities

a. Change in the State of the registered office

Proposals to change the State of registration of a company are examined **on a Case-by-Case basis** in case of re-registration in Europe.

We vote **Against** requests to change the State of registration of a company if it must be re-registered outside Europe.

b. Development of the company's activities

We examine all proposals to extend the scope of the company's activities **on a Case-by-Case basis**.

7. Amendment relating to management buy-out transactions (Japan)

In Japan, Natixis IM International is not in favour of management buy-out transactions when they are used as a poison pill[7], and will vote **Against** any proposal to that effect.

8. Other amendments to the articles of association

We examine all proposals to amend the articles of association **on a Case-by-Case basis**.

The following criteria are taken into account in determining a favourable vote:

- shareholders' rights are preserved,
- the impact of the amendment to the articles of association on the company's share value is negligible or positive,
- the management provides appropriate explanations on the amendment of the articles of association,
- the company is required to do so by law.

Moreover, when the amendments are presented in the same resolution, Natixis IM International will vote **Against** when one of the amendments is not in keeping with the principles of its voting policy.

C. Anti-takeover measures

1. Poison pills

Natixis IM International is not in favour of the existence of poison pills whose purpose is to thwart takeover bids.

[7] A poison pill is a measure taken by a company that is intended to make a hostile takeover difficult. It may come in many forms. This may be a freeze of voting rights, double voting rights, or, for example, a discount on the price of shares in favour of the existing shareholders of the target company in a takeover.

Natixis IM International recommends that any system considered as a poison pill be subject to the approval of the general meeting.

Natixis IM International will assess proposals from companies to ratify a poison pill according to the specific context of the company and the impact of this measure on the interests of minority shareholders and other stakeholders **on a Case-by-Case basis**.

Specific case: France

Under the Florange law, Natixis IM International will assess financial authorisations that do not specify the exclusion of use during a takeover bid period according to the guarantees provided by the board regarding the use of such authorisations in the long-term interest of the company and the quality of the practices of the corporate governance on a Case-by-Case basis.

Specific case: Japan

Natixis IM International will assess requests to put in place a poison pill **on a Case-by-Case basis** according to the interest of such a measure for the creation of long-term value for the company, and will systematically vote **Against** if:

- the board comprises less than 20% independent directors (and at least 2 independent directors);
- the attendance rate of independent directors is less than 75%;
- the directors are not represented at the vote of the shareholders every year;
- one or more members of the takeover bid assessment committee is not independent;
- the threshold for triggering the poison pill is relatively low (less than 20% of the capital controlled by the aggressor);
- the lifetime of the poison pill exceeds 3 years;
- other protection mechanisms exist (blocking mechanisms by partner companies, elimination of all vacant seats on the board, strengthening of the procedures to remove a director from office, etc.);
- the company did not submit the required documentation at least 3 weeks before the extraordinary general meeting;
- the company does not communicate transparently on its accounts;
- the company has behaved in a way that is against the interests of the company and its shareholders;
- the company's performance has been poor for several years.

In addition, Natixis IM International will take account of the strategic plan communicated by the company to cope with takeover risks while improving its shareholder value in its analysis.

2. Defensive use of authorised share issues (share subscription warrants)

In principle, Natixis IM International is not in favour of the issue of subscription warrants for the duration of any takeover bid. However, Natixis IM International believes that such a system, used as a bargaining tool, may be in the interest of minority shareholders.

Natixis IM International will analyse requests to issue subscription warrants during a takeover bid made before the submission of the offer **on a Case-by-Case basis** by taking the following criteria into account:

- limiting the level of capital dilution to 25%,
- the independence rate of the board of directors or the supervisory board,
- the guarantees to be presented by the board to make its decision independently.

Any request for authorisation or delegation of subscription warrants made before the submission of the offer and not respecting any of the above criteria will result in a vote **Against**.

Requests to issue subscription warrants after the submission of the offer will be examined **on a Case-by-Case basis**.

3. Specific case in the Netherlands: Protected Preferred Shares

Natixis IM International will assess such proposals **on a Case-by-Case basis** and will only support the resolutions under the following conditions:

- the supervisory board must approve the issue of these shares, it being specified that the supervisory board must be independent within the meaning of the classification rules of Natixis IM International and the Dutch corporate governance code;
- there must be no carry agreement between the company and the foundation;
- the authorisation to issue must be granted for a period of 18 months maximum;
- there is no priority action or any other protective measures;
- the board of the foundation must be 100% independent;
- the affirmation that the company that issued protected preferred shares (PPS) is not intended to block a takeover bid, but that they are used only as a means of negotiation or in order to seek a competing offer;
- the foundation buying PPS does not have the statutory purpose of blocking the takeover bid.

The PPS are issued for a maximum period of 6 months (a GM must be convened to extend the measure).

4. Proposal of shareholders (special case of the United States)

a. Action by written consent

We vote **Against** any proposal to restrict the ability of shareholders to act by written consent.

b. Convening a general meeting

We vote **Against** any proposal to limit the ability of shareholders to convene a general meeting.

c. Voting by qualified majority

We vote **Against** any proposal to voting by qualified majority.

Remuneration system

The remuneration system for executives may influence the strategic direction of the company and the risk taken by the executives. The various remuneration mechanisms must therefore be correlated with the financial and non-financial performance of the individual and the Group, and take into account the long-term value creation for the company. Moreover, it is essential that the performance criteria used are transparent, relevant and measurable.

Furthermore, we encourage companies to set up mechanisms to associate employees with company results.

A. Transparency and quality of the remuneration policy

1. Composition of the remuneration committee

Natixis IM International recommends that the remuneration committee be mainly independent and chaired by a director with no interest.

Natixis IM International does not favour the presence of executive directors on the remuneration committee.

2. Transparency of remuneration

Natixis IM International is in favour of an annual shareholder vote on remuneration policies and will vote **For** any measure to that effect.

Natixis IM International is in favour of any proposal aimed at improving the transparency of remuneration, particularly any proposal to better assess the remuneration systems and policies in force within a company.

3. Remuneration report (excluding the United Kingdom)

Natixis IM International will examine proposals made by the board of directors or supervisory board for the approval of the remuneration report **on a Case-by-Case basis**. In general, Natixis IM International recommends that the remuneration policy be aligned with the long-term performance of the company and avoid excessive risk taking. Natixis IM International will therefore seek to promote the following principles:

- The breakdown of executive remuneration between fixed components, short-term variables and long-term variables appears balanced and conducive to the long-term value creation of the company while taking into account its social and environmental issues.
- The level of transparency is in line with good market practices and establishes a clear link between the remuneration paid and value creation.
- The remuneration policy or practices highlight their correlation with the company's actual performance.

These principles will be assessed on a case-by-case basis on Natixis IM International's core voting scope.

On the other values of its voting scope, Natixis IM International will pay particular attention to the practices mentioned above. Natixis IM International may vote **Against** resolutions concerning or relating to a company's remuneration policy when one or more of these practices are identified:

Regarding the transparency of the remuneration policy:

- The proposed remuneration policy or report was not made available to shareholders in sufficient time.

Regarding the global remuneration system:

- The board reserves a discretionary right to modify and/or substantially modify the remuneration policy (increase salaries, changes to remuneration plans, increase pensions, etc.) without giving an explanation or proper justification.

Regarding the short-term incentive (bonus):

- The short-term remuneration policy is not in line with the company's long-term strategy.
- The company does not provide clear and sufficient information on the performance criteria and their weightings.
- The company does not provide clear and sufficient retrospective information on the targets for previous years, or on the level of achievement of these targets.
- The evolution of variable remuneration elements is not in line with the company's results.

Regarding medium and long-term remuneration plans in securities (not subject to vote via a separate resolution):

- The company does not disclose the scope of the beneficiaries nor the maximum individual allocation ceilings for corporate officers.
- The total dilution of plans into shares exceeds the 10% threshold and the burn rate is excessive.
- The stock option plans provide for a discount.
- The performance assessment period is less than 3 years.
- The performance criteria are not transparent, measurable, consistent with the long-term strategy of the company or stable over time.
- The allocation scale is neither transparent nor sufficiently demanding.
- Information about the level of achievement of the targets previously set in the context of variable remuneration is not disclosed.
- The plan does not provide for a minimum retention period for corporate officers.

Regarding severance payments (not subject to vote via a separate resolution):

- Allocation cases are not limited to compulsory departures related to a change of control or strategy.
- The company does not provide for transparent and enforceable performance conditions.
- The amount of the payments is not limited to 24 months' salary (fixed + bonus), non-compete clause included.

Other practices:

- The company does not justify or provides unconvincing explanations for non-contractual or ex gratia payments.
- The Company grants loans, guarantees or equivalents which are outside the normal course of business, under conditions different to those applicable to all staff and without the approval of the supervisory board.

- The company made payments or long-term commitments (including pension-related payments) to compensate an executive who left the company of his/her own free will and this was not fully disclosed and justified to shareholders.
- The company has not implemented significant changes to its remuneration policy, despite a significant challenge from shareholders at the previous general meeting.

Regarding the remuneration of non-executive directors:

- The company allows the granting of options or shares, or any other similar remuneration structure, to non-executive directors.
- See "attendance fees".

4. Remuneration report (United Kingdom)

Apart from the points stipulated below allowing it to adapt its voting policy to local regulations and market practices, Natixis IM International will apply its voting policy to remuneration systems as described above.

Natixis IM International may vote **Against** if the following practices are identified:

Regarding executive contracts:

- Executives are hired without a specific contract or their service contract does not reflect their executive responsibilities and their role on the board.
- The contracts contain notice periods of more than one year (including non-competition restrictions).

Regarding bonuses:

- The company has paid bonuses, the amount of which will be taken into account for the pension calculation.

Long-term compensation plans:

- The average performance targets requested every year are not significantly increased each year during the plan.

Severance payments:

- For executives with one-year contracts, severance payments are not limited to one year of basic salary including bonuses and benefits, and the company has not provided sufficient justification for the payment.
- Employment contracts contain provisions that provide for remuneration rights of an amount exceeding one year during a change of control.
- The severance payments made after the executive has ceased to be employed by the company are not limited to one year of basic salary (including benefits and pension-related payments)

5. Amounts of remuneration for governing bodies (Switzerland)

Since 2015, shareholders have been invited to vote annually on the amounts of remuneration for governing bodies, with this vote being binding and separate for the board of directors and the management. As companies enjoy a certain margin of freedom as to the nature of the vote (prospective, retrospective or mixed) and its terms, the vote can be made on the overall amount or on several separate amounts according to the remuneration elements and may or may not provide for a statutory limit of the potentially attributable variable.

As the spirit of the Natixis IM International guidelines on remuneration aims mainly to decide on remuneration mechanisms and to assess the link with performance, Natixis IM International will only decide on these resolutions in the light of these two criteria, and not in relation to the proposed level of remuneration.

Natixis IM International will vote **For** the proposed package if the company has made arrangements that provide complete transparency of the remuneration mechanisms and the link between performance and remuneration is clear.

Natixis IM International may vote **Against** the proposed package if the company does not demonstrate sufficient transparency regarding the remuneration elements covered by the resolution. For example, when the vote is made on an overall amount and retrospectively.

Finally, Natixis IM International reserves the right to **Abstain** if the proposed level of transparency is sufficient but the link between performance and remuneration is not clear.

In addition, Natixis IM International encourages companies to explicitly provide for a statutory limit.

6. Remuneration of executives, directors and statutory auditors (Japan)

a. Increase in the remuneration ceiling for executives, directors and statutory auditors

Natixis IM International votes **For** increases in the remuneration ceiling for executives, directors and statutory auditors, unless:

- The company does not provide convincing justification for this increase;
- The remuneration of the executive directors does not include a variable portion;
- There are serious doubts regarding the actions of the directors.

b. Annual bonuses for directors and statutory auditors

In principle, Natixis IM International is not in favour of the allocation to non-executive directors and statutory auditors of short-term remuneration elements indexed on the company's performance, since this is likely to compromise their independence.

Natixis IM International will vote **Against** bonuses offered when they include non-executive directors and statutory auditors.

B. Voting on specific elements of the remuneration policy

1. Remuneration of executives and corporate officers

a. Stock option and performance share plans

Stock option plans and performance shares are remuneration mechanisms within the scope of the board, in order to encourage the management to move towards sustainable business performance and align the interests of executives and shareholders.

Natixis IM International believes that the board must ensure that these incentive elements reward the creation of long-term value, which cannot be assessed by the yardstick of the absolute and exclusive evolution of the share price. The performance objectives must be linked to the long-term strategy, reflect the company’s intrinsic performance and be compared to the results of players in the same sector of activity.

Natixis IM International recommends the following practices:

- Stock option and performance share plans are subject to separate resolutions depending on the beneficiaries (employees or corporate officers), or failing that, the company specifies the share of the allocations reserved for executives and corporate officers from the share reserved for employees.
- Plans in favour of executives and corporate officers are fully subject to performance conditions that are transparent, measurable and comparable.

- The total amount of allocations is limited to a percentage of the fixed remuneration.
- The achievement rate of the targets set for the previous plans is regularly communicated.
- Executives and corporate officers retain some of the shares resulting from the exercise of options until the end of their mandate.

Based on these principles, Natixis IM International may vote **Against** any proposal for which:

- Allocations to executives and corporate officers are not subject to performance criteria.
- The performance criteria are not in line with the strategic targets and only include stock market criteria.
- The weightings and scales are neither transparent nor sufficiently demanding.
- The performance conditions are not assessed over a significant period of more than 3 years.
- The total dilution of the plans submitted to the vote, as well as all the current plans, is greater than 10%, and the three-year average of the annual allocation rate (the burn rate) is excessive.
- Options may be issued at an exercise price lower than the market price.
- The resolution grants or assigns the discretionary power to allocate options to oneself.
- The resolution includes the possibility of modifying the initial conditions of issue.
- The resolution allows the allocation of stock options or performance shares upon the departure of the beneficiary.
- The resolution authorises an acceleration of the exercise of options, apart from cases of change of control.

In addition, Natixis IM International recommends that companies present the following in their report:

- From one year to another: the degree of achievement of targets.
- At maturity of the plan: the target achievement rate.
- At the end of the plans: how the final allocations reflect the creation of value for the company.

Except in special circumstances (accompanying measures, operating results of the company, market trends, etc.), Natixis IM International will vote **Against** allocations of stock options and performance shares to corporate officers and executives when the Group has initiated a restructuring plan leading to a significant reduction in the workforce.

b. Severance payments

Natixis IM International recommends that resolutions to ratify severance payments for corporate officers be submitted separately to the approval of the general meeting and each at term renewal within 18 months of the signing of the agreement.

Natixis IM International will examine resolutions to ratify the amount of severance payments **on a Case-by-Case basis**. The criteria to be considered are:

- the company's intrinsic value throughout the beneficiary's mandate,
- the proportionality of compensation in relation to the duration of the person's presence in the company and his/her remuneration.

Natixis IM International will vote **For** proposals to ratify severance payments for a corporate officer if:

- severance payments can only be made in case of compulsory departure (and in the absence of serious misconduct) following a change of control or strategy;
- the amount of these severance payments, including compensation due under the employment contract (i.e. premium for the non-competition clause), does not exceed twice the total remuneration of the corporate officer (fixed + variable);
- the allocation of severance payments is linked to demanding performance criteria.

Natixis IM International recommends not combining the statuses of corporate officer and employee, and will vote **Against** proposals to ratify severance payments if the combining of the statuses is maintained within the framework of a new corporate office or at the time of the renewal of the corporate office.

If the proposals to ratify severance payments apply to a corporate officer whose mandate is already in progress, Natixis IM International will examine the resolution **on a Case-by-Case basis** taking into account the arguments presented by the company to justify combining the statuses.

In addition, Natixis IM International is not in favour of the payment of severance payments to a corporate officer when he/she can claim his/her pension rights.

c. Pension plans

Natixis IM International will assess plans **on a Case-by-Case basis** by taking account of the following elements:

- Companies are transparent about pension calculation methods.
- The beneficiaries of these pension plans include a broader population than the executives and corporate officers.
- The beneficiaries have accumulated seniority of at least 5 years.
- Vesting of rights is capped at 3% per year subject to performance conditions.
- The base for calculating potential entitlements and the reference period for calculating the amounts allocated include several years.
- The annuity under the supplementary pension plan, including the other pension plans, is capped at 45% of the fixed and variable remuneration.
- The allocation is subject to presence in the company at the time of retirement.

Natixis IM International is not in favour of rights redemption practices as a welcome.

Special case of Japan:

Natixis IM International will vote **Against** top-hat pension plans or the payment of a compensatory bonus in lieu of a top-hat pension plan in favour of executives and employees if:

- Some beneficiaries are external directors or statutory auditors.
- The company does not disclose either the individual amount or the aggregate amount of the allocation.
- Some beneficiaries are involved in a scandal involving the company or may be held responsible for poor financial performance negatively impacting the value of the company

2. Remuneration of directors

a. Attendance fees

Natixis IM International recommends that the compensation of directors be based on the level of responsibility and the level of attendance at board and committee meetings.

Natixis IM International will vote **For** proposals for approval of the remuneration of directors when the amount is not excessive and there is no evidence of abuse.

Natixis IM International will vote **Against** proposals:

- not showing the amount of the overall amount of attendance fees;
- providing for the allocation of stock options or any incentive instrument to non-executive members of the board of directors or supervisory board.

Natixis IM International recommends that directors invest a portion of their attendance fees (the equivalent of one year's worth of fees) in the securities of the company, and they retain a minimum number of shares throughout their mandate.

b. Compensation and protection of directors and senior management against liability

Proposals relating to the compensation of directors and senior managers and their protection against liability are considered **on a Case-by-Case basis**.

We vote **Against** proposals to limit or completely eliminate the liability of directors and senior management for pecuniary damages they may be liable for in case of lack of vigilance.

We vote **Against** compensation proposals extending the protection of directors and senior management beyond the mere reimbursement of litigation expenses attributable to acts that are more akin to serious breaches of their obligations than to simple negligence.

3. Employee benefit plans

Natixis IM International recommends that companies set up a mechanism to associate employees with company performances.

a. Capital increase reserved for employees

Natixis IM International will vote **For** capital increases reserved for employees as long as they do not exceed 10% of the current capital, and the discount does not exceed 20%, or 30% if the company's employee savings plan provides that the issued shares cannot be sold until 10 years have elapsed.

When employees hold more than 10% of the company's capital or the proposed capital increase would lead to this threshold being exceeded, we will vote **on a Case-by-Case basis**.

b. Free share plans

Natixis IM International will vote **For** free share plans in favour of a very large majority of employees and aiming to associate them with company results.

4. Proposal of shareholders (special case of the United States)

- **Advisory vote on remuneration**

We vote **For** proposals for an advisory vote on the remuneration of executives and non-executives.

- **Severance payments**

We vote **For** proposals to impose prior authorisation from the general meeting for severance payments.

Financial structure

A. Increase and reduction of capital

1. Requests to increase capital without a specific project

General requests for issuance, pursuant to a plan for both authorised and conditional capital increases, authorise a company to issue shares to raise capital as a general financing measure. Issues may or may not come with a preferential right. In many countries, company law authorises preferential subscription rights and subordinates their removal to the agreement of the shareholders.

a. Capital increase request with DPS

Natixis IM International will vote **For** capital increases without a specific project with preferential subscription rights not exceeding 50% of the capital.

Beyond these limits, Natixis IM International will vote **on a Case-by-Case basis** according to the company's situation.

b. Capital increase request without DPS

Natixis IM International will vote **For** capital increases without a specific project and without preferential subscription rights not exceeding 10% of the capital, or 15% in case of priority delay.

Beyond these thresholds, Natixis IM International will vote **on a Case-by-Case basis** according to the company's situation.

c. Request for a reserved capital increase

We vote **Against** requests for authorisation to increase capital reserving the subscription rights for a category of shareholders.

d. Overall limitation of capital increase requests

Natixis IM International recommends a cap on overall capital increase requests with DPS at 50% of the company’s capital, and without DPS at 15% of the company’s capital in case of priority delay and 10% of the company's capital in the absence of a priority delay.

e. Creation/issuance of preferred shares

We vote **For** the creation/issuance of convertible preferred shares if the number of common shares that may be issued after the conversion meets our guidelines for issuing shares.

We vote **Against** resolutions to create a new class of securities that would carry voting rights in excess of common shares.

We vote **Against** the creation “blank cheque” preferred shares, unless the board clearly states that the authorisation will not be used to thwart a takeover bid.

In all other circumstances, we vote **on a Case-by-Case basis.**

f. Share classes

We vote **Against** proposals for the creation or extension of several share classes with voting rights.

2. Requests to increase capital with a specific project

Share issue requests justifying a specific reason will be assessed **on a Case-by-Case basis** taking account of the financial and strategic interest of the project for the creation of long-term shareholder value, as well as the environmental, social and governance risks it may present.

3. Requests to increase capital by incorporation of reserves

We vote **For** proposals to increase capital by incorporation of reserves resulting in the issue of free shares or the increase of the nominal value of the shares.

4. Requests to increase authorised share capital (special case of Japan)

Natixis IM International is not in favour of requests to increase authorised share capital not specifying the terms of the transaction and will vote **Against** if:

- the increase represents more than 50% of the authorised share capital before the increase and the transaction is carried out with the maintenance of preferential subscription rights,
- the increase is greater than 10%, without preferential subscription rights.
- the increase represents a poison pill.

5. Capital reduction

We vote **For** capital reduction proposals that are motivated by current accounting requirements, unless the conditions of this transaction are unfavourable to shareholders.

In other circumstances, we will vote **on a Case-by-Case basis.**

6. Use of authorisations during takeover periods (special case of France)

Under the Florange law, Natixis IM International will assess financial authorisations that do not specify the exclusion of use during a takeover bid period according to the guarantees provided by the board regarding the use of such authorisations in the long-term interest of the company and the quality of the practices of the corporate governance **on a Case-by-Case basis**.

B. Outstanding share transactions

1. Share buyback programmes

a. Share buyback programme

We vote **For** proposals to establish a share buyback plan in which all shareholders can participate under the same terms if they comply with the following criteria:

- the percentage of shares to be bought back does not exceed 10% of the issued share capital (exception: up to 15% for the United Kingdom), and the percentage of treasury shares does not exceed 10% of the share capital

We vote **Against** share buyback proposals:

- if the buyback may take place during a takeover bid period,
- if there is clear evidence of abuse of this authorisation in the past,
- if such a buyback would jeopardise the ability of the company to continue its activity, particularly because of an excessive drain on its treasury.

Natixis IM International may support plans for capital buyback plans beyond 10% (15% for the United Kingdom) in exceptional circumstances (e.g.: capital restructuring). Natixis IM International will then examine these proposals **on a Case-by-Case basis**, taking into account the evidence presented by the management, which will be published in the annual report. Natixis IM International will vote **For** such proposals:

- the buyback plan is in the interest of the shareholders,
- the plan provides for maintaining the maximum percentage of treasury shares held at 10%.

Natixis IM International believes that it is preferable for shareholders to be able to decide on this type of transaction and will vote **Against** any resolution granting a discretionary right to the board for share buyback transactions.

b. Use of derivatives as part of a share buyback programme

We vote **For** management proposals to use derivatives as part of a share buyback programme if:

- the percentage of capital that can be bought back through the use of derivatives is limited to 5% of the capital,
- the transaction is carried out by an independent financial intermediary.

2. Other outstanding share transactions

a. Putting redeemed shares back on the market

We vote **For** requests to put back on the market any redeemed shares, unless there have been abuses in the past.

b. Capital reduction following the cancellation of non-issued shares

We vote **For** management proposals to reduce capital by cancelling non-issued shares. This allows the company to cancel the redeemed shares and reduce the capital by the corresponding amount.

c. Share consolidation

We vote **For** management proposals to proceed with a share consolidation, provided that the authorisations to increase the number of common shares are adjusted proportionately.

We vote **For** management proposals to proceed with a share consolidation to avoid delisting.

We examine management proposals to proceed with a share consolidation without adjusting the authorisations to increase the number of common shares **on a Case-by-Case basis**.

d. Splitting of shares

We vote **For** share splitting as long as it does not result in an excessive amount of shares available for a capital increase.

e. Changing the nominal value of common shares

We vote **For** management proposals to reduce the nominal value of common shares.

3. Use of authorisations during takeover periods (special case of France)

Under the Florange law, Natixis IM International will assess financial authorisations that do not specify the exclusion of use during a takeover bid period according to the guarantees provided by the board regarding the use of such authorisations in the long-term interest of the company and the quality of the practices of the corporate governance **on a Case-by-Case basis**.

C. Borrowing/Debt/Financing/Affiliation

1. Debt restructuring

We examine proposals to increase the number of common and/or preferred shares and issue shares as part of a debt restructuring plan **on a Case-by-Case basis**. We consider the following parameters:

- *Dilution* – to what extent will the participation of current shareholders be reduced and will future profits be diluted?
- *Change of control* – will the transaction result in a change of control of the company?
- *Receivership* – is the threat of receivership, which would cause a serious decrease in shareholder value, the main factor motivating the debt restructuring?

In general, we approve proposals for debt restructuring unless there are clear signs that they are intended for transactions with related parties or other abuses.

2. Requests for debt securities issuance

a. Issuance of bonds convertible into shares

Natixis IM International will vote **Against** issues of bonds convertible into shares if the total dilution resulting from these authorisations and other dilutive authorisations submitted during the general meeting may exceed 10% of the share capital.

b. Issuance of debt securities not giving access to capital

We assess requests for debt securities issuance **on a Case-by-Case basis** with the support of Natixis IM International's credit analysts. An excessively high debt ratio may encourage markets and financial analysts to revise the rating of the company's debt securities downwards, which would increase its degree of risk in the eyes of investors. Indeed, an acceptable debt ratio can only be estimated using a sector-based approach.

We only vote **For** proposals for the creation or issue of a convertible debt instrument if the maximum number of common shares that can be issued is in line with the thresholds set by Natixis IM International for issues of common shares.

3. Issuance of contingent capital securities (CoCos)

Natixis IM International will vote **on a Case-by-Case basis** on the issue of contingent capital securities in the banking sector according to the issue conditions.

4. Increasing the amount of loans that can be contracted by a company

We vote **on a Case-by-Case basis** on requests to increase the amount of loans that a company is authorised to contract.

5. Financing plans

We generally vote **For** the adoption of financing plans if they serve the economic interests of shareholders.

6. Agreements on control and profit transfer (affiliation agreements with a subsidiary)

We vote **For** the approval of agreements on control and the transfer of profits between a parent company and its subsidiaries.

D. Merger and restructuring of companies

1. Mergers and acquisitions

We examine resolutions on mergers and acquisitions **on a Case-by-Case basis**, taking into account at least the following:

- **Strategically**

- consistency of the corporate purpose, commercial products, industrial complementarities, etc.

- **Financially:**
    - valuation of the securities contributed and liabilities created,
    - projected financial results,
    - price of the offer,
    - cost synergies,
    - sustainability of any additional indebtedness.
- **In terms of Corporate Social Responsibility:**
    - governance structure of the new entity,
    - impact on the rights of minority shareholders,
    - environmental and social impact of the merger or acquisition.

2. Restructuring of companies and divisions

a. Restructuring of companies

Although it may be based on a short-term cost reduction strategy, value creation must not be at the expense of profitability and long-term growth. Consequently, Natixis IM International considers social and environmental criteria and their impact on long-term shareholder value when assessing company restructuring proposals.

b. Divisions

Natixis IM International generally approves these resolutions, unless there are clear conflicts of interest between the various parties, shareholder rights are negatively affected or certain groups or shareholders appear to be more favourably treated at the expense of other shareholders.

3. Disposals of assets and liquidations

a. Disposals of assets

We vote on disposals of assets **on a Case-by-Case basis** after examining their impact on the balance sheet/working capital, the consideration received for the assets and the economies of scale that they are likely to eliminate.

b. Liquidations

We examine votes on liquidations **on a Case-by-Case basis** after examining the efforts of the management to use other solutions, the expert's valuation of the assets and the remuneration plan for executives managing the liquidation.

4. Right to call on an expert for assessments

We vote **For** proposals to give shareholders the right to call on an expert for assessments or to return this right to them.

5. Change of company name

We vote **For** the name change of a company.

6. Exemption from the obligation to launch a takeover

We assess proposals for an exemption from the obligation to launch a takeover **on a Case-by-Case basis**.

7. Joint-Ventures

We vote on proposals for joint-ventures **on a Case-by-Case basis**. Factors to consider are: the percentage of control, the financial and strategic benefits, conflicts of interest, other alternatives, the governance structure and potential synergies.

Business Ethics & Corporate Social Responsibility

Concerns about growth and financial performance must not overshadow the need to consider the interests of other stakeholders who contribute to the smooth running of the company and its long-term growth. These other stakeholders include bond creditors who have a key role in the stable and long-term financing of the company and the employees who contribute to the creation of added value. Natixis IM International is convinced that taking account of certain non-financial items in the management of a portfolio can improve its long-term return/risk ratio. Natixis IM International is also a signatory of the United Nations Principles for Responsible Investment (PRI)[8].

A. Social and environmental issues

1. Establishment of a CSR report

From the perspective of long-term management, it is essential that companies integrate environmental and social issues into their growth strategy, as well as economic issues. The implementation of a company's CSR policy should be subject to regular monitoring taking into consideration environmental and social performance, as well as financial performance.

Natixis IM International is in favour of this information being included in the annual report intended for all stakeholders of the company and will vote **For** any shareholder resolution aimed at developing a CSR report.

2. Social and environmental issues

In general, we vote on shareholder proposals of a social, political or environmental nature **on a Case-by-Case basis**. We consider the following factors:

- the positive or negative influence on the value of the company in the short/long term;
- the company's exposure on these issues (reputation impact, risk of boycott, etc.);
- the capacity and legitimacy of the company to take up the subject (vs. responsibility of the State);
- the answers already given by the company to the request submitted in the proposal;
- strategies put in place by other companies to address the problem;
- the reasonable nature of the proposal itself.

We systematically support any resolution for which we consider the purpose - after analysis - as favourable to more responsible practices from the company. Therefore, in most cases, we will support resolutions encouraging the creation of a CSR (or ethics) committee, as well as those calling for more transparency on environmental and social issues.

[8] The PRI initiative works with an international network of signatories in order to implement the six Principles for Responsible Investment. It aims to determine the relationship between investments and environmental, social and governance issues and to help the signatories incorporate these issues into their investment and share ownership decisions. For more information, visit https://www.unpri.org/

Similarly, Natixis IM International is in favour of resolutions aimed at increasing the transparency of information on the main climate change risks and uncertainties facing companies and/or aligning the strategy with a 2-degree global warming trajectory[9].

3. Remuneration of executives and corporate officers

See Principle B/1/a in the "Remuneration system" chapter:

As a reminder: Except in special circumstances (accompanying measures, operating results of the company, market trends, etc.), Natixis IM International will vote **Against** allocations of stock options and performance shares to corporate officers and executives when the Group has initiated a restructuring plan leading to a significant reduction in the workforce.

4. Integration of environmental, social and governance (ESG) criteria into remuneration policies

Natixis IM International will vote **For** shareholder resolutions requesting the integration of extra-financial criteria in executive remuneration policies, unless these requests represent constraints that are not in the interest of the company and its shareholders.

B. Business ethics

Business ethics is considered an essential indicator for assessing the effectiveness of a company's governance system.

1. Donations to political parties

We vote **Against** management proposals allowing the company and its subsidiaries to make donations to political parties.

Natixis IM International will vote **For** shareholder resolutions requesting the removal of donations to political parties or their prior authorisation by shareholders.

We also vote **For** shareholder resolutions to improve the transparency of donations and payments made by the company.

2. Donations to charities or foundations

Natixis IM International will vote **For** requests for charitable donations (charities, foundations, etc.).

3. Directors' ethics

See Principle B/3/c in the "Control structure and balance of power" chapter.

As a reminder: Natixis IM International will vote **Against** the election of a director who has not demonstrated good governance in the past.

[9] To avoid the most extreme impacts of climate change, in December 2010, the parties to the United Nations Framework Convention on Climate Change (UNFCCC) decided to commit to a maximum temperature rise of 2°C above pre-industrial levels.

2- Principles for the analysis of resolutions for European mid and small cap stocks

The principles set out below relate to all mid and small cap stocks that are part of Natixis IM International's voting universe.

Mid and small cap stocks have been defined according to the definition used by the AMF, namely all companies whose market capitalisation is less than €2 billion.

For all resolutions not falling within the themes discussed in this section, we will apply the principles of analysis defined for large cap stocks.

A. Quality of the composition of the board and committees

1. Independence of the board

Natixis IM International recommends that the board of directors and supervisory board of mid and small cap stocks be composed of at least 33.3% independent directors. However, Natixis IM International will vote **For** the election of non-independent directors below this ratio if the director is a:

- corporate officer;
- representative of the main shareholder (subject to compliance with the principle of proportionality between capital held and number of seats on the board);
- family representative (subject to compliance with the principle of proportionality between capital held and number of seats on the board).

2. Term of office of directors

Natixis IM International recommends a three-year term for directors' mandates with a view to third-party renewal, and will vote **Against** the election or re-election of a director (excluding the CEO), if the term of office is longer than 5 years or if it is not disclosed.

3. Election or re-election of directors to the audit, remuneration and nomination committees

Natixis IM International recommends the creation of an audit committee that is mainly independent and composed of members with financial skills. However, for companies whose board size is limited, we recommend that the boards of directors take ownership of the duties of the audit committee and that specific meetings be held to carry out the work incumbent on this committee.

We recommend the creation of nomination and remuneration committees. For companies whose board size is limited, transparency on the method of electing directors and determining executive remuneration is highly desirable.

For companies that have set up specialised committees, we recommend the presence of at least one independent director and encourage any steps to improve independence for better compliance with good governance practices. Moreover, we will vote **Against** the election of an executive director if he/she sits on the nomination, remuneration or audit committee.

B. Remuneration and value creation for the company

1. Report on remuneration

For remuneration whose overall amount (fixed + bonus) is less than €1 million, Natixis IM International will vote in favour of a remuneration report unless the evolution of the remuneration and the long-term performance of the company is decorrelated.

For remuneration whose amount (fixed + bonus) is strictly greater than €1 million, Natixis IM International will vote **Against** a remuneration report if:

- the level of transparency is well below good practices and does not establish a link between the remuneration paid and value creation.
- the remuneration policy or practices show no correlation with the company's actual performance.

2. Stock option plans

We recommend that requests to allocate free shares be subject to separate resolutions depending on the beneficiaries, or otherwise, that the share of the allocations reserved for executives be specified from the share reserved for employees.

Natixis IM International will vote **Against** any stock option plan:

- allowing the issuance of options with an exercise price below the current market price,
- granting or assigning the discretionary power to allocate options to oneself,
- whose performance criteria and scale are neither transparent nor sufficiently demanding,
- including the possibility of modifying the initial conditions of issue,
- without a minimum retention period.

However, when the beneficiaries belong to a population other than the executives, Natixis IM International will assess the absence of performance criteria attached to these plans **on a Case-by-Case basis**. Except in special circumstances (accompanying measures, operating results of the company, market trends, etc.), we will vote **Against** stock option plans covering only corporate officers and/or executives when the Group has initiated a restructuring plan leading to a significant reduction in the workforce.

Natixis IM International will assess the acceptable level of dilution **on a Case-by-Case basis** according to the company's profile.

3. Request for allocation of free shares

We recommend that requests to allocate free shares be subject to separate resolutions depending on the beneficiaries, or otherwise, that the share of the allocations reserved for executives be specified from the share reserved for employees.

Natixis IM International will vote **Against** any free share allocation plan for the benefit of executives and corporate officers that does not include a performance criterion or that does not provide for a vesting or retention period.

When the beneficiaries of free share allocation plans belong to a population other than the executives, Natixis IM International will assess the absence of performance criteria attached to these plans **on a Case-by-Case basis**.

When the beneficiaries of the plans include a very large majority of employees, Natixis IM International will vote in favour of the plans.

Natixis IM International will assess the acceptable level of dilution **on a Case-by-Case basis** according to the company's profile.

Except in special circumstances (accompanying measures, operating results of the company, market trends, etc.), we will vote **Against** free share allocations covering only corporate officers and/or executives when the Group has initiated a restructuring plan leading to a significant reduction in the workforce.

4. Severance payments

Natixis IM International will consider resolutions to ratify the amount of severance payments, taking account of:

- the company's intrinsic value throughout the beneficiary's mandate,
- the proportionality of compensation to the duration of the person's presence in the company and his/her remuneration.

Natixis IM International will vote **For** proposals to ratify severance payments for a corporate officer if:

- severance payments can only be made in case of compulsory departure (and in the absence of serious misconduct) or following a change of control or strategy;
- the amount of these severance payments, including compensation due under the employment contract (i.e. premium for the non-competition clause), does not exceed twice the total remuneration of the corporate officer (fixed + variable);
- the allocation of severance payments is linked to demanding performance criteria.

Natixis IM International will not take account of the combining of a corporate office and an employment contract when the executive has spent a large part of his/her career in the company and particularly in the case of family companies.

VI- COMMITMENT

Our vision of Corporate Governance

Corporate governance refers to the various systems that govern the way a company is directed and controlled. Its main aim is to address the issue of the protection of the interests of minority shareholders caused by the asymmetry of information between them and the executives; and the divergence of their respective interests, interests which, from the shareholder's point of view, are supposed to be the maximisation of his/her profit, as supported by the dominant agency theory (Jensen M. and Meckling, 1976).

However, this conception of corporate governance has some limitations since the interests of the shareholders are reduced to purely financial considerations, and the maximisation of profit is only reflected in the immediate evolution of the share price and the dividends distributed, thus obscuring the interests of the other stakeholders who contribute to the creation of value for the company. However, as the sustainability of the company even conditions its ability to generate long-term profit, this involves a search for a balance between the interests of all stakeholders and the preservation of the environment.

In addition to the economic and financial objectives, the company's strategy must therefore integrate environmental and social issues and reintegrate the economic cost inherent in the risks associated with them. As such, corporate governance plays a fundamental role through the integration of environmental and social concerns that can impact the valuation of a company into the systems and practices that underlie it.

The role of a responsible corporate governance system is therefore to ensure:

- the reliability of financial information and, by extension, non-financial information through effective control and audit systems,
- better control of the management of companies through a balanced distribution of supervisory and management powers,
- respect for shareholders' rights and the means to exercise these rights,
- a balance between the pursuit of performance and risk control through incentive and sanction mechanisms,
- consideration of environmental and social factors in strategic thinking and operational decisions.

This role is even more crucial as poor governance practices may lead to loopholes in the company's overall management and supervisory system, which can in turn generate adverse impacts on the long-term growth of the company and its final value. Good corporate governance practices therefore help to better understand these risks and reduce the cost of investing in order to optimise long-term value creation.

Engagement according to Natixis IM International

The belief that good governance makes it possible to better understand the risks and consequently improve the company's performances in the medium/long term, assigns to Natixis IM International a responsibility as an investor on behalf of third parties which is reflected in the need for:

- considering in its investment choices all the financial and non-financial factors that may affect the value of investments,
- promoting good corporate governance practices in companies in which it holds shares in the capital through "responsible and engaged" voting.

Thus, Engagement is the act by which Natixis IM International exercises its role as a responsible investor to promote the dissemination of best corporate governance practices that include the definition and implementation of corporate social responsibility (CSR).

It is based on the principles defined in Natixis IM International's voting policy, which is reviewed regularly to incorporate the highest standards of governance and CSR at European level.

This dialogue is conducted as part of the exercise of voting rights and focuses on the issues of governance and CSR that are subject to voting at general meetings. Discussions with companies are also an opportunity to address the CSR issues identified by the teams of analysts/managers as part of the assessment of business practices.

Moreover, Natixis IM International conducts several engagement actions outside of its voting policy and which are materialised through:

- **Participation in market initiatives and public consultations or initiatives** in order to co-build market standards and promote responsible management of assets.
- **Dialogue and engagement with companies** with a view to i) a better understanding on our part and ii) an improvement in their ESG practices. This dialogue is conducted by the analysts/managers during appointments or conference calls with the management of the companies being analysis.

The themes of Engagement under the exercise of voting

The themes of engagement relate to the six main principles of the voting policy, which also represent the main governance issues identified by the Natixis IM International management team.

Theme I: Financial and non-financial information, internal control system and risk management

Reliability and integrity of financial and non-financial information are essential to the efficient functioning of markets. Similarly, the control and risk management system contributes to strengthening the governance system and its effectiveness. Indeed, poor risk management can have a significant impact on the company's performance and is therefore very risky for shareholders and creditors. Companies must therefore put in place all the procedures and implement all means to improve the quality of the information disseminated and to guard against operational, regulatory, legal or reputational risks.

The objective of our engagement on this pillar is to improve the transparency of financial and non-financial information communicated to financial markets and shareholders.

Theme II: Control structure and balance of power

The board of directors plays a central role in "piloting the strategy and effectively monitoring the management of the company". Its mission is primarily to represent the interests of the company, its shareholders and its stakeholders and to ensure the creation of long-term value for the company.

It is also the place of arbitration for all strategic decisions and therefore the only legitimate body for dealing with environmental and social issues that may impact the implementation of the strategy and, consequently, the long-term performance of the company.
In this respect, the quality of the governance structure and the composition of the board are two key elements for establishing a good corporate governance system.

The objective of our engagement on this pillar is to encourage:

- a balance of power between the executive authorities and the supervisory bodies,
- the establishment of an appointment process integrating the needs of the board in terms of expertise, skills and diversity,
- independence and complementarity of members of the board and committees,
- the integration of corporate responsibility issues at the heart of the strategy.

Theme III: Remuneration system

The remuneration system for executives may influence the strategic direction of the company and the risk taken by the executives. It is also the means by which the board of directors can motivate and encourage the management to strive for the sustainable performance of the company. The various remuneration mechanisms must therefore be correlated with the financial and non-financial performance of companies and take into account the long-term value creation for shareholders and stakeholders. Moreover, it is essential that the performance criteria used are transparent, relevant and measurable.

The objective of our engagement on this pillar is to encourage:

- transparency of remuneration policies and systems,
- transparency of financial incentive mechanisms and their coherence with the creation of value for the company,
- the integration of environmental and social/societal issues in remuneration policies.

Theme IV: Corporate Social Responsibility

We believe that corporate social responsibility (CSR) has an important role to play in the changes needed to achieve a sustainable development model.

The objectives of our engagement on this pillar are:

- the consideration of environmental and social issues in the company's strategy and investment decisions,
- respect for human rights at work,
- integration of environmental and social criteria into remuneration policies,
- compliance with ethics in the conduct of business.

The scope of Engagement

The scope of engagement focuses on the core values of the voting universe. Core values are those in which Natixis IM International holds relatively large positions in the funds it manages. These values are redefined each year based on changes in the holdings in portfolios.

The Engagement process in the exercise of voting

Natixis IM International's engagement process is deployed throughout the voting campaign in several steps, as described below:

Step 1: making contact

In advance of the voting campaign, Natixis IM International reviews the principles of its voting policy to take account of regulatory changes and corporate governance practices.

The voting policy is then sent to companies in the core universe to encourage them to anticipate the engagement process with a view to an upstream dialogue on the resolutions that will be submitted to the shareholders' vote at the general meeting.

Step 2: dialogue & engagement

Prior to voting, the "Governance" research team, in coordination with the analysts/managers, makes contact with the companies for which "actions to be carried out" have been identified.

Contact can be made through conference calls, emails, or interviews with companies.

The purpose of this dialogue is to discuss the engagement issues identified with the companies and to encourage them to adopt practices more in line with the principles of governance and CSR defined in its voting policy.

Step 3: result of the engagement

After the dialogue and engagement process, a voting committee meets to decide on the meaning of the vote and any actions to be taken based on the answers obtained from the company:

- if satisfactory response => end of the engagement process
- if unsatisfactory response => vote "against" certain resolutions and/or continuation of the engagement process and/or modification of the ESG opinion of the value.

Moreover, companies are informed of the decisions of the voting committee, particularly of the various resolutions that were discussed during the engagement process, either by email or conference call.

Step 4: reporting

Natixis IM International prepares an annual report of voting rights including a chapter on engagement actions. This report is published on the management company's website and communicated to unitholders on request.

VII- Procedures for the identification, prevention and management of conflicts of interest

In general, the management company exercises the voting rights exclusively in the overall interests of the unitholders, without taking into account its own interests, in accordance with the principles to which the management company intends to refer when exercising these rights. Natixis IM International has set up a procedure to prevent, detect and manage conflicts of interest. Thus:

- If a conflict of interest arises between Natixis IM International and one of its customers, the Head of Risk and Internal Control, in consultation with Natixis IM International's voting committee, would decide on the attitude to adopt
- If one of the members of the team involved in the "exercise of voting rights" activity is in a conflict of interest on a vote, he/she should immediately inform Natixis IM International's voting committee and the Head of Risk and Internal Control, and will not participate in the exercise of the vote in question.

Natixis IM International, belonging to the BPCE Group, exercises the voting rights in the exclusive interest of the unitholders, and does not take part in general meetings held by BPCE Group entities or its subsidiaries/holdings whose securities are traded on the market.

If the exercise of the voting right on a company exposes Natixis IM International to a situation of significant conflict of interests, Natixis IM International's voting committee will submit the case to the Head of Risk and Internal Control, who will decide on the position to take, including the opportunity to attend the general meeting of said company.

Appendix 1 - Classification of Directors according to Natixis IM International

Executive Director

- Employee or company executive
- Any director who is classified as non-executive but receives a salary, fees, bonuses and / or other ancillary benefits equivalent to those of the company's highest paid executives

Non-independent, non-executive director

- Any director whom the board has certified is a non-independent, non-executive director.
- Any director specifically designated as representative of a significant shareholder of the company.
- Any director who is also an employee or executive of a significant shareholder of the company.
- Any shareholder representative.
- Government representative.
- Representative of an association, NGO or other whose role and/or composition presents substantial risks of conflicts of interest.
- Any director (or one of his/her relatives[1]) receiving fees to provide consulting/professional services to the company, its related companies or its senior management.
- Any director representing a customer, supplier, creditor, banker or other entity with which the company has relationships under financial/business transactions (unless the company discloses information pursuant to a materiality test[2]).
- A director holding cross-directorship coming into conflict with the interests of the executive directors or the chairman of the company.
- Relative of a current employee of the company or its related companies.
- A relative of a former executive of the company or its related companies (5-year limitation period).
- Newly appointed director, elected otherwise than following a formal election of the general meeting (for example a contractual appointment by a significant shareholder).
- Founder/co-founder/member of the founding family but not currently employed.
- Former executive.
- Former auditor (5-year limitation period).
- Years of seniority will not be a determining factor unless this is a recommended best practice in the relevant market:
    - 9 years (from the date of election) in the United Kingdom and Ireland;
    - 12 years on European markets.
- Anyone receiving remuneration plans based on performance criteria or a top-hat pension plan.

Independent, non-executive director

- No significant[3] direct or indirect link with the company, other than a seat on the board.

Staff Representative

- Represents employees or shareholder employees of the company (classed as a "staff representative", but considered as a non-independent, non-executive director).

Definition of independence for directors and statutory auditors of Japanese companies

For Japanese companies, only the following criteria will be used to assess the independence of directors and statutory auditors. External directors and statutory auditors cannot be considered independent in the following cases:

- People employed or formerly employed by one of the majority shareholders of the company,
- People employed or formerly employed by one of the main creditors of the company,
- People employed or formerly employed by one of the main financial institutions advising the company,
- People employed or formerly employed by one of the main trade partners of the company (i.e. material amount transactions for either party),
- Partners or former partners of the company's audit firm,
- People providing or having provided services (legal, financial, tax, consulting, etc.) to the company,
- People having a family relationship with an employee of the company.

Notes:

[1] "Relative" follows the SEC definition in the US, namely "close family members" who include spouses, parents, children, siblings, in-laws, and anyone living at the home of a director, a nominee for election, an executive or a major shareholder.

[2] If the company makes or receives annual payments exceeding the higher of the following two amounts: $200,000 or five percent of the beneficiary's gross turnover (the beneficiary is the party that receives the financial proceeds of the transaction.)

[3] For the purposes of Natixis IM International's classification of independent directors, "significant" will be defined as a type of relationship (financial, personal or otherwise) that a reasonable person might conclude could potentially influence the objectivity of the person concerned to the board, in a manner likely to have a significant impact on its ability to meet the fiduciary standards required in respect of shareholders.

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