



Alfred Berg
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Governance and voting policy

Alfred Berg Kapitalforvaltning AS

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1. INTRODUCTION

In Alfred Berg Kapitalforvaltning (Alfred Berg), we believe that promoting good corporate governance standards is an essential part of our ownership responsibilities. Corporate governance refers to the system by which a corporation is directed and controlled. It relates to the functioning of the managing board, supervision and control mechanisms, their interrelationships and their relations with stakeholders. Good corporate governance creates the framework that ensures that a corporation is managed in the long-term interest of its stakeholders. Therefore, Alfred Berg expects all corporations in which we invest to comply with high corporate governance standards.

Voting at Annual General Meetings is a key component of the ongoing dialogue with companies in which we invest on behalf of our clients and forms an integral part of Alfred Berg`s investment process. This voting policy applies to Alfred Berg and to all funds who have delegated proxy voting authority to Alfred Berg. We are committed to ensure consistent¹ exercise of these policies, across portfolios and markets. However, we do take into account specific circumstances relating to individual companies such as geographic and regulatory differences, as well as company size.² We could also accommodate certain custom voting policies, provided for specific client mandates.

The first section of this document outlines our key governance and proxy voting principles. The second section describes our proxy voting process. The final section is a set of guidelines that address key voting issues relating to: approval of accounts and management reports, financial operations, appointment and remuneration of directors and executives, and other types of resolutions.

For Nordic markets, we will adopt local code of conduct when voting for funds. We have contributed to establish local code of conducts, and will engage to develop these conducts in the future.

¹ Subject to technical and legal constraints.

² For example, certain principles designed for large companies, including those relating to transparency, may in some cases be too onerous for small companies to adopt.

2. GOVERNANCE AND VOTING PRINCIPLES

The following principles describe Alfred Berg Kapitalforvaltning's (Alfred Berg) expectations of the public companies in which we invest. We believe that Environmental, Social and Governance (ESG) issues impact the value and reputation of entities in which we invest, in addition to driving systemic risks and opportunities. We are therefore committed to incorporate ESG standards into our investment processes and voting criteria, in the long-term interests of our clients. These principles act as a guiding framework by which Alfred Berg executes its ownership responsibilities.

2.1 FOCUS ON LONG-TERM SUSTAINABLE VALUE CREATION

The Board of Directors plays a critical oversight role to ensure that companies deliver long-term sustainable value, meaning value that can be sustained over the long term, in balance with the interests of society and the environment. Corporate governance practices should keep the board's attention focused on this goal with a clear strategy that takes into account all key stakeholders. Boards should maintain an open dialogue with investors and be prepared to discuss their long-term plans for sustainable value creation.

2.2 PROTECT SHAREHOLDER RIGHTS

Shareholders play a key role in our system of corporate accountability and value creation. Our rights as shareholders allow us to take action to defend the interests of our clients, when companies underperform our expectations. It is therefore critical that shareholder rights be preserved and, where necessary, strengthened:

- Companies should ensure that the rights of all investors are protected and should treat investors equitably, notably by respecting the principle of one share - one vote - one dividend.
- All shareholders should be given the opportunity to vote on all decisions concerning fundamental corporate changes.
- Capital increases should be carefully controlled to minimize dilution of existing shareholders.
- Anti-takeover devices should not be used.
- Shareholders should have opportunities to address material concerns, including through direct access to the proxy to nominate directors and through the submission of shareholder proposals.

2.3 ENSURE INDEPENDENT, EFFECTIVE AND ACCOUNTABLE BOARD STRUCTURE

There should be a sufficient counter-balancing structure at the board and its committees with a strong presence of qualified, engaged and independent directors to allow for effective oversight of management, with independent leadership. Formal evaluation of the board, executive sessions and succession plans should be in place. Directors should be elected annually, by a majority vote of shareholders. Board composition should include the expertise necessary to understand and address emerging risks facing the company and its key stakeholders.

2.4 ALIGN INCENTIVE STRUCTURES WITH LONG-TERM INTERESTS OF STAKEHOLDERS

Executive compensation plans should be aligned with the long-term performance of the company, and should discourage irresponsible risk-taking, strengthen employee loyalty, take into

consideration their impact on inequality and aim to foster inclusive growth. They should include non-financial targets, including those relating to the key sustainability risks and opportunities presented by the company's business model. Compensation programs should not restrict the company's ability to attract and retain talented executives, and should respect best market practices. They should be disclosed to shareholders in a clear and thorough way, and be subject to shareholder approval.

2.5. ENSURE RESPECT FOR SOCIETY AND THE ENVIRONMENT

Long-term sustainable returns depend upon proactive and effective management of ESG risks and opportunities to ensure that growth does not come at the expense of social and environmental health and stability.

As a sustainable investor, we expect companies to understand the risks they face and the risks they create, as well as the opportunities that better ESG performance might bring to their businesses, and to act responsibly towards all stakeholders. All companies should strive to meet high corporate governance, environmental and social standards to protect stakeholders' long-term interests.

2.6 DISCLOSE ACCURATE, ADEQUATE, AND TIMELY INFORMATION

Companies should ensure that timely and accurate disclosure is made on financial and operating results, ownership issues, lobbying activities and performance on key ESG issues, including full disclosure of greenhouse gas emissions and commitments to combat climate change. Corporate reporting should aim to provide investors with an accurate and holistic view of foreseeable risks to the company, as well as the company's contribution to the health and stability of key social and environmental systems. Annual audits of the financial statements carried out on behalf of shareholders by independent external auditors should be required for all companies.

3. PROXY VOTING APPROACH

3.1 CLIENT APPROACH

We advise our clients to delegate proxy voting authority to Alfred Berg in order to safeguard their shareholder interests. Alfred Berg shall vote the proxies of its clients solely in the interest of its clients and the ultimate beneficiaries of the funds for which they are responsible. We shall not subordinate the interests of our clients to unrelated objectives.

All stewardship activities related to engagement, monitoring and voting are carried out by Alfred Berg staff. Alfred Berg will discharge its stewardship responsibilities' with no outsourcing, in order to serve its clients' best interests. In some cases, we may use third-party consulting services to inform and support our stewardship work, however final decisions and responsibility always fall to Alfred Berg staff.

Although we seek to apply these policies consistently, we will always take into account company-specific circumstances. For that reason, these policies are presented in the form of general principles, which are designed to identify the kinds of practices we would like to see, and those that present concerns.

In executing our proxy voting responsibilities, Alfred Berg seeks to develop a generally constructive and positive approach with the boards of companies it invests in, clearly setting out its expectations as a diligent steward of assets. But Alfred Berg will not hesitate to abstain or oppose management proposals that run counter to these policies, or support shareholder

proposals consistent with our policies, which are designed to advance the long term interests of our clients.

We use the services of proxy voting providers ISS, which provides voting research and a voting platform for almost all companies.

These proxy voting providers are used to help us implement our policies. We do not delegate decision-making authority to them, as Alfred Berg will take each voting decision for every shareholder's meeting internally with no outsourcing of the final decision in order to serve its clients' best interests.

Arrangements with proxy voting providers are reviewed annually.

3.2 VOTING SCOPE

Voting rights are exercised on equities for mutual funds, UCITS, AIF, foreign investment funds and mandates.

We do not vote on 100% of our holdings as it would imply:

- A significant increase of the costs of proxy voting for clients³;and
- A need to outsource a greater value added part of the voting activity, which would reduce the qualitative and committed aspects of our voting process.

Our voting scope is made up of companies for which aggregated positions meet one of the three following conditions⁴:

- Represents 90% of our aggregated stock positions
- Represents 0,1% or more of the company's market capitalization
- Ad hoc demand or local market regulations

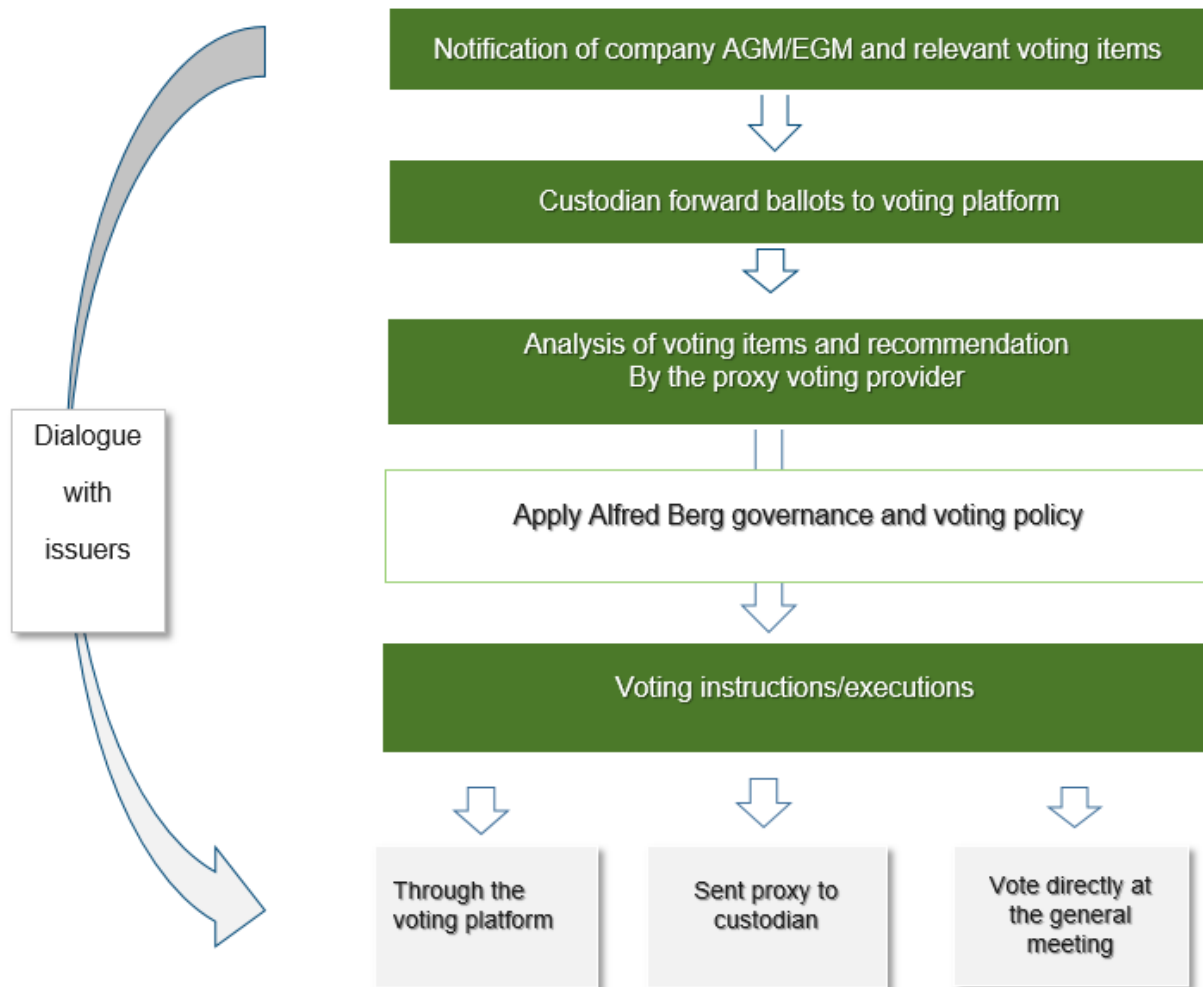
These factors ensure that we concentrate our efforts on positions held in a wide proportion in our assets under management, and participate efficiently and effectively at shareholders' meetings of companies in which our collective investment schemes hold a significant proportion of the capital.

3.3 PROXY VOTING PROCESS

The following points outline the key steps of the proxy voting process from the notification of voting agendas in the context of Annual General Meetings (AGM) or Extraordinary General Meetings (EGM) to actual voting execution:

³ Custodian and proxy voting provider cost.

⁴ We will not vote ballots when local markets impose meaningful costs for casting the vote (e.g. if a Power of Attorney is needed per AGM or per funds; if our custodian does not offer the proxy voting services in the country, etc.)



3.4 ENGAGEMENT WITH COMPANIES

Alfred Berg together with BNP Paribas AM maintains an active program of corporate engagement on a wide range of social, environmental and governance issues. These engagements are designed to enhance the long-term value of our shareholdings and to foster corporate governance best practices, social responsibility and environmental stewardship.

An important component of that program is our commitment to focused engagements linked to the voting activity.

These dialogues with companies can be opened on our own initiative or on the request of the issuer, and are concentrated on our main positions in terms of assets or where we hold a significant portion of the share capital.

The goals of these engagements are:

Outside annual general meeting season

- Promote a regular dialogue with companies covering various topics such as strategy, long-term performance, risk management, ESG issues or other emerging concerns; and
- Communicate our voting policy to promote good corporate governance and to prepare for the next general meeting of the issuer

During annual general meeting season

- Obtain additional information on voting proposals, notably where they seem to depart from best governance practice; and
- Express our concerns about specific resolutions that contradict our voting policy.
- Depending on specific circumstances, the dialogue may lead to a modification or withdrawal of resolutions from the ballot before the annual general meeting, or the provision of additional information that prompts a change of our vote.

3.5 ENVIRONMENTAL, SOCIAL & GOVERNANCE CONSIDERATIONS

In applying our voting policy, we strive to implement the principles and goals outlined our Stewardship Policy.

We believe that ESG factors impact the value and reputation of the entities in which we invest, and we thus aim to incorporate ESG standards into our sustainable investment strategy and stewardship approach.

3.6.1 THE APPLICATION OF ESG CONSIDERATIONS TO MANAGEMENT RESOLUTIONS

For companies that do not meet our ESG expectations, we will oppose the following categories of resolutions, depending on the market⁵: Financial Statements / Director and Auditor Reports; Discharge of Board and Management or Board Elections.

We incorporate ESG considerations to our voting decisions on these resolutions, linked to four thematics:

- 1. Responsible Business Conduct (RBC) Policy:** We oppose the above mentioned resolutions where the company is implicated in serious violations of our Responsible Conduct Policy (RBC) – including violations of the UN Global Compact principles and our Sector Policies.
- 2. Companies with low ESG scores:** Alfred Berg applies BNP Paribas AM's proprietary ESG rating system to our holdings, and oppose the above mentioned resolutions at companies in the absence of improvement in the company's practices⁶.
- 3. Climate-related expectations:** We oppose the above mentioned resolutions at companies that do not properly report on their carbon footprint (scope 1, 2, and 3, when appropriate) or communicate nor want to constructively engage with regard to their business strategy on climate adaptation or their climate lobbying strategy. Consistent with BNP Paribas AM's membership in the [Climate Action 100+](#) collaborative engagement and the [Net Zero Asset Manager \(NZAM\)](#) initiative, we expect companies identified as the world's largest corporate greenhouse gas emitters to have set an ambition to achieve net-zero GHG emissions by 2050 or sooner underpinned by credible decarbonization strategies and intermediary targets, in line with global efforts to limit warming to 1.5 degrees Celsius.
- 4. Biodiversity-related expectations:** Reflecting on BNP Paribas AM's Biodiversity Roadmap, we expect companies to assess and report on key impacts and dependencies on nature,

⁵ Knowing that different rules apply across countries, we target three categories of resolutions in order to make sure that at least one of them is subject to our sanction vote.

⁶ We aim to engage, especially on active positions, with companies with low scores according to BNPP AM proprietary ESG rating, and may sanction the above mentioned resolutions as an escalation measure in case of unsuccessful engagement.

beginning with companies in high impact sectors, and with a priority focus on deforestation and water-related issues

3.6.2 SAY-ON-CLIMATE PROPOSALS

When voting on ‘Say-on-Climate’ proposals⁷, we will take into consideration whether the company has:

- Disclosed all relevant GHG emissions linked to its activities (scopes 1, 2, and 3 as appropriate).
- Set an ambition to achieve net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius.
- Set short and medium targets to achieve net-zero GHG emissions by 2050 or sooner that are addressing in priority the most relevant scopes of emissions of the company.
- Reported on its climate governance, strategy, risk management and metrics, and targets in line with the TCFD standards.

If not decisive, additional factors may be considered on how the company performs compared to its peers in terms of climate strategy, considering all recent published information.

3.7 CONFLICTS OF INTEREST

As an asset manager owned by a large financial institution, Alfred Berg can sometimes be faced with potential conflicts between its clients’ interests on one hand and those of Alfred Berg on the other, given specific circumstances, including the following:

- Employees being linked personally or professionally with a company whose securities are submitted to vote;
- Business relations existing between the company whose shares are being voted on and BNP Paribas Group; or
- Exercise of voting rights concerning shares of BNP Paribas Group or of significant participations or holdings of the Group.

Alfred Berg/BNP Paribas AM has implemented several principles, mechanisms, and decision processes, to ensure that conflicts of interest do not influence our votes, such as:

- Alfred Berg Voting Policy stresses that voting rights are exercised in the best interests of clients in order to protect and enhance the long-term value of their shareholdings.
- These Governance and Voting Principles, which determine the decision-making process for the exercise of voting rights is approved by the Board of Directors, which includes independent directors.
- Employees must comply with Alfred Berg/BNPP AM’s Code of Ethics and declare any outside business activity. All employees receive annual training on these policies and must complete annual certifications of compliance.
- “Chinese walls” between Alfred Berg’s entities and the other companies of the BNPP Group ensure that Alfred Berg employees remain independent and neutral in the exercise of their responsibilities.

Material conflicts of interest that are identified trigger an escalation process involving top

⁷ ‘Say on Climate’ proposals are resolutions at the agenda of companies’ general meetings, submitted by companies. Their aim is to give shareholders the possibility to vote on the company’s climate policy and ensure a continuous dialogue on environmental and climate-related issues.

management, including the following:

- The relevant CIO
- The head of Compliance and senior managers of other Control Functions involved.
- The CEO

At each level, the “best interest of clients” principle is paramount in the decision outcome.

When a conflict of interest is identified, it is duly disclosed to the concerned clients where and as applicable laws so require.

3.8 ESCALATION

Investor-issuer dialogue is the foundation of good stewardship – it allows for trusting relationships to be built over time, permitting candid solution-oriented discussions about issues that might not otherwise be addressed. Dialogue, however, is a two-way street and there are times when stronger measures are necessary to encourage a company to come to the table and discuss our concerns.

When a step-up of monitoring activity is required to ensure protection and enhancement of our clients’ interests and shareholder value, Alfred Berg/BNPP AM can decide to, *inter alia*, make public statements, propose shareholder resolutions, call an extraordinary general meeting or intervene jointly with other institutions.

These decisions are taken on a case-by-case basis, to ensure that our concerns have been properly heard and dealt with.

3.9 COLLECTIVE ACTION

When collective action is likely to enhance BNP Paribas AM’s ability to engage with a company, and it is permitted by law and regulation, BNP Paribas AM will work with other investment firms depending on the issue of concern and the alignment of view amongst the investor group.

To that end, BNP Paribas AM is an active member of formal groups and initiatives internationally that facilitate communication between shareholders and companies on corporate governance and social, ethical and environmental matters. They also engage collectively on matters of public policy. These organizations include (but are not limited to) the PRI (the United Nations-supported Principles for Responsible Investment), the ICGN (International Corporate Governance Network), the IIGCC (International Investors Group on Climate Change), Ceres (Coalition for Environmentally Responsible Economies) and the AIGCC (Asia Investor Group on Climate Change).

BNP Paribas AM has a collective action process, which systematically reviews the cases where a collective action could be initiated to protect the value of our investors’ assets.

3.10 TRANSPARENCY & REPORTING

Alfred Berg is committed to transparency in its proxy voting approach and execution. A copy of this policy can be accessed on our website.

We publish an annual report, providing an overview of proxy voting activities and engagement.

Lastly, voting records of individual agenda items where we have opposed or voted against the

item, at company meetings are publicly available on our website.

4. VOTING GUIDELINES

These Guidelines provide detailed information on how Alfred Berg vote on the most common proxy voting items. They address key voting issues, which can be grouped on five themes.

- Reports and approval of accounts
- Financial operations
- Board elections
- Remuneration
- Other relevant issues (e.g. related party transactions, shareholder proposals).

For each issue, these guidelines highlight criteria that reflect or tend towards best practices and that we actively support, as well as issues that may trigger an “against” or “abstain” vote. These factors tend to have a significant impact on our voting decisions but do not automatically imply an “against” or “abstain” vote as we take into account the specific circumstances of each company.

Voting decisions are based on the following considerations:

- *For:* The proposed resolution reflects good practice and is in stakeholders’ long- term best interests.
- *Abstain:* The proposal raises issues of concern for stakeholders or lacks sufficient information.
- *Against:* The proposal is not acceptable and is not in the stakeholders’ long- term best interests.

The following guidelines describe the factors that we consider in casting our votes.

4.1 REPORTS AND ACCOUNTS

Voting issue	For	Abstain	Against
Financial Statements / Director and Auditor Reports	- Information provided by the Board presents a full and fair view of company affairs and financial situation, at least 21 days before the AGM. - The accounts have been recommended by an independent⁸ audit committee. - The company provides adequate disclosures on key financial and extra- financial risks.	- The accounts are not available at the cut-off date to cast our vote. - The auditors express reservations or refuse to certify the accounts after having discovered serious irregularities. - The Board has not set up an audit committee (to be reviewed on a case-by-case basis for smaller companies and market practice).⁹ - The company is in breach of our ESG expectations as listed in section 3.6.	
Discharge of Board and Management	There is no contentious issue about the board or the management of the company.	- There are serious questions about actions of the board or management for the year in question. - Legal action is being taken against the board by other shareholders. - The auditors had serious reservations about the financial statements or refused to certify the accounts. - The company is in breach of our ESG expectations as listed in section 3.6.	

⁸ The audit committee is composed of more than 50% independent members, does not include an executive director, and its members have financial competence.

⁹ Market capitalization under 1 billion Euros.

Voting issue	For	Abstain	Against
Allocation of Income	• A sustainable dividend is a dividend with a reasonable pay-out ratio that does not undermine the company's capacity to invest for the future, and does not affect the remuneration of other stakeholders. • The company has provided sufficient information to indicate the level of dividend. • In case of payment of the dividend in shares, the shareholder has the possibility to be paid in cash.	• The payout ratio is excessively higher compared to last year and the company has failed to provide an explanation for this modification (to be reviewed on a case-by-case basis for growth companies which usually need to conserve more cash than mature companies). • The mark-up of the preferred dividend is more than 10% of the regular dividend. • The company does not have a sustainable dividend in place¹⁰.	
Appointment of Auditors and Approval of Audit Fees	• The auditors have been recommended by an independent audit committee.¹¹ • The audit committee has disclosed its policy for the provision of non-audit services by the auditors (e.g. excluded services and pre-approval works). • There is full disclosure of audit fees and advisory fees. • The auditors do not provide advisory services. Otherwise, the remuneration for advisory services does not cast doubt on the auditor's independence. • There is a mandatory rotation of the auditors after no more than 15 years, with a clear water period of at least 5 years before the auditor can be re-appointed.	• Advisory or audit fees are not disclosed. • Audit fees are equal to non-audit fees, presenting a potential conflict of interest.	• The Board has not set up an audit committee. For smaller companies that lack an audit committee, if at least one executive sits on the board. • There are potential concerns regarding the independence of the auditors, such as: • Non-audit fees exceeding audit fees • Appointments exceeding a 6-year mandate • Auditors tenure exceed 24 years • There is reason to believe that the independent auditor gave an opinion that is neither accurate nor indicative of the company's financial position.

¹⁰ To be reviewed on a case by case basis: Payout ratio could be excessive if the company has a ratio above 100% for two consecutive years or the level could compromise the long- term strategy of the company

¹¹ The audit committee is composed of more than 50% independent members, does not include an executive director, and its members have financial competence.

4.2 FINANCIAL OPERATIONS

Voting issue	For	Abstain	Against
Authority to issue shares or securities giving access to capital	- The authority respects the “one share – one vote – one dividend” principle. - The authority is suitably justified and limited, in amount and duration (two years). - The authority includes pre-emptive rights (or otherwise priority rights of at least 5 days), does not create significant imbalances between the different categories of shareholders, and avoids the dilution risk for current shareholders.	The authorization respects our limits, but all share issue authorities in aggregate exceed 50% of the issued share capital.¹²	- The authority with pre-emptive rights exceeds 50% of issued share capital (to be reviewed on a case-by-case basis¹²). - The authority without pre-emptive rights and with priority rights or with a specific object¹² exceeds 20% of issued share capital. - The authority without pre-emptive rights and without priority rights exceeds 5% of issued share capital (to be reviewed on a case-by-case basis¹³). - The authority is likely to be used as an anti-take-over measure.
Share Repurchase Plan	Share repurchase represents best use of company resources and is limited both in volume and duration, the discount is limited and the authorization does not exceed 18 months.	The maximum upward and downward deviation exceeds 5% of the average market price over a representative period or 10% if the resolution refers to a day price.	- The share repurchase plan meet at least ONE of the following conditions: - The authorization would be executable during a takeover period. - The buyback exceeds 10% of the issued capital.¹⁴ - Allows for the reissuance of repurchased shares, in excess of 5% of the issued capital. - Use of financial derivatives for share repurchases. - There is no limit on the possible discount.
Share issues reserved to employees	The authority to issue shares does not create significant imbalances between categories of shareholders.	Cumulative volume exceeds 10% of issued capital AND discount over 10% (to be reviewed on a case-by-case basis¹⁶).	

¹² Share capital increases up to 20% to finance external growth operations or conversion of warrants/bonds are permissible.

¹³ Exceptions from these guidelines may be granted if the board can give a compelling justification for an increase in excess of the guidelines (e.g. for the financial services industry in light of the regulatory capital ratio requirement).

¹⁴ Including shares held by subsidiaries. We apply a limit of 15% for the UK due to the local code.

Voting issue	For	Abstain	Against
Debt restructuring	The level of dilution given the full conversion of securities is not excessive.	- Dilution risk is too high for the ownership interests of existing shareholders and to future earnings. - The proposal would result in a change of control at the company. - If bankruptcy or the threat of bankruptcy is the main factor driving the restructuring.	
Mergers and Acquisitions	- The merger or acquisition makes commercial and strategic sense for the company. - The proposal is beneficial to shareholders and the impact on voting rights is not disproportionate. - The combined company has a better governance structure. - The operation concerns a subsidiary and is considered an internal restructuring.	Given the complex nature of most merger and acquisition proposals, such issues will be reviewed on a case- by-case basis from a transparency, corporate governance and a financial point of view. The limits concerning capital increases¹⁵ will not apply on merger cases. Issues that will be taken into account, where sufficient information is available, include: - The rationale driving the transaction - The impact of the merger on shareholder value - The offer price i.e., cost vs. premium - Financial viability of the combined companies as a single entity and the associated integration risks - An analysis of the arm's length nature of the transaction, potential conflicts of interest and an assessment of the deal maker's "good faith" - The presence or lack of a fairness opinion - Proposed changes in corporate governance and their impact on shareholder rights - Impact on community stakeholders and employees in both workforces	
Corporate Restructuring	- No conflicts of interest among the various parties. - A shareholder vote on a legitimate corporate restructuring. - The restructuring does not create significant imbalances between categories of shareholders. - Shareholder value is being preserved.	Votes concerning corporate restructuring are considered non-routine and evaluated on a case-by-case basis. Issues that will be taken into account include: <u>Spin-offs</u> - Potential tax and regulatory advantages - Planned use of proceeds - Market focus and managerial incentives <u>Asset Sales</u> - Impact on the balance sheet and working capital - Value received for the asset and the potential elimination of diseconomies <u>Liquidations</u> - Management's efforts to pursue other alternatives - Appraisal value of the assets - The compensation plan for executives managing the liquidation	

¹⁵ See previous page.

4.3 BOARD ELECTIONS

Voting issue	For	Abstain	Against
Board elections	- The Board of Directors (or Supervisory Board) is independent (more than 50%) from management, represents the interests of majority and minority shareholders, and is well balanced in terms of its diversity. - Specialized committees are composed of a majority of independent members with an independent Chair (The audit and the remuneration committees do not include an executive director). - An independent nomination committee proposes candidates. We are in favor of annual votes. - The board size is less than 18 members. - There is an open dialogue between the board (independent members) and its investors. - The Chair and CEO roles are split and the Chair is independent. - Non-executive directors have less than five total director mandates or less than three total director mandates for executive directors (including outside CEOs). - There is sufficient biographical information for shareholders to vote on an informed basis. - Shareholders can vote separately on the election of individual directors.	- The candidate is not independent¹⁶ and: - the board comprises less than 50% independent directors excluding employee representatives (for non-controlled companies) - the board comprises less than 33% independent directors including employees representatives (for controlled companies or in cases of a board with at least 50 percent of compulsory employee representatives) - A different independence threshold can be applied depending on local code and market practice (with a minimum of 33%).¹⁷ - The candidate is both Chair and CEO of the company¹⁸. - Appointments exceeding a 4-year mandate - The candidate is not a woman and: - Fewer than 40% of directors are female for Nordics - Fewer than 30% of directors are female (for Europe, North America, Australia, New Zealand and South Africa)¹⁹ - Fewer than 15% of directors are female (for the other markets)²⁰ - The director had a very low level of attendance without any satisfactory justification (below 75%). - The director failed to meet her/his fiduciary duties, which raise doubts about her/his ability to serve the best interests of stakeholders.²¹ - The election is for censor position (except for temporary election, less than 1 year). - The company is in breach of our ESG expectations as listed in section 3.6.	

¹⁶ Factors that may compromise independence include: To represent a significant shareholder or be related by close family ties to a corporate officer, to be an employee or corporate officer of the corporation, or an employee or director of its parent or a company that it consolidates within the previous five years, to be a chief executive officer of another company (Company B) if one of the following requirements is met: The concerned company (Company A) is directly or indirectly controlled by Company B; An employee or executive of Company A is a director of Company B (within the past 5 years); to be a customer, supplier, investment banker or commercial banker that is material for the corporation or its group, or a significant part of whose business the corporation or its group accounts, or to have been an auditor of the corporation within the previous five years; or to have been a director of the corporation for 12 years or more or stricter depending on local code.

¹⁷ For example, in the US, the threshold level requirement is 66% and key committees are composed entirely of independent members.

¹⁸ We will generally support the combined role if it is temporary (2 years maximum) or the CEO/Chair does not have a link with the dominant shareholder. We may abstain on the item related to the joint role where important checks and balances in the governance of the company are in place: presence of a strong lead independent director (with the ability to convene a board meeting and add items to the meeting agenda, who engages with shareholders, and/or can convene meetings without the presence of executives), independence of key functions including the recruitment of board members, succession planning, regulatory compliance, where there is a strong performance track record, or where there is an intention to separate the functions for the next CEO.

¹⁹ Starting in 2025, we will apply a threshold of 40% of women on the board.

²⁰ If the percentage of women is below the threshold (between 20-30% for Europe, N. America, Australia, New Zealand and South Africa or 10-15% for other markets), we could support male directors if, the company has made important improvements, in the case of a small board (8 directors maximum), if there is a commitment to reach our threshold within a short time, or the CEO or Chair is a woman.

²¹ For example, the Company did not respond to a majority shareholder vote last year, the director failed to gain majority support, the by-laws contain unfriendly restrictions on shareholders' rights, there has been a restatement of the financial accounts, or there have been substantial ESG controversies, violations of international norms, criminal violations or significant regulatory fines.

4.5 COMPENSATION PRACTICES

Voting issue	For	Abstain	Against
Remuneration policy	• The company must present a transparent, exhaustive and clear overview of its compensation practices. • The company explains the philosophy of its remuneration policy, including the link with strategy and its human resources policy. • The policy explains the amount, the split, and the evolution between the different remuneration components chosen. • The remuneration schemes are in line with the long-term company performance (e.g. the remuneration committee has considered the impact of share repurchases undertaken during the previous year on relevant performance targets for incentive schemes). • The remuneration scheme has been recommended by a remuneration committee composed of more than 50% independent members and does not include an executive director. • The company has a long-term remuneration policy in place, including environmental and social performance criteria. The compensation policy includes stock ownership and clawback guidelines for executives.		• The remuneration policy is unclear or lacks transparency in order for shareholders to have an appropriate opinion upon it. • The policy allows the company to derogate from the approved remuneration policy and change weights, criteria or volume of remuneration. • The remuneration scheme is disproportionate with regard to the evolution of its median employee's remuneration, NEOs, or its relevant peer group. • The remuneration scheme is misaligned with regard to performance (based on share value and/or intrinsic value). The compensation scheme allows a pay-for-failure approach or is not long-term oriented. • If one or few significant elements of the remuneration are not in line with our guidelines below (to be reviewed on a case-by-case basis depending on the company's policy and in light of the company's trend regarding transparency and practices). • The company has not included ESG performance criteria in any form of remuneration for executives²².

²² In the case of small and mid-caps, such requirement shall be reviewed on a case-by-case basis.

Voting issue		For	Abstain	Against
Remuneration of executive directors and senior executives	Short-Term remuneration (Fixed and bonus)	- The company discloses the rules to establish the base salary and its evolution. It needs to be justified and reasonable. - The bonus is linked to transparent, pertinent and challenging criteria, relevant to the company business and strategy. - The company discloses performance criteria, their weights and performance targets in absolute terms. The bonus is limited to a certain percentage of the fixed remuneration. Any non-quantifiable part of the bonus is absent or limited.	- The company significantly increased the base salary or bonus cap of an executive without a satisfactory explanation, or the increase is not justified based on company performance. - The bonus does not have a cap. - The bonus is not linked to transparent, pertinent or challenging criteria. - The nature and weightings for each performance criteria are not disclosed. - The actual level of fulfilment of each performance criteria is not disclosed.	
	Long-Term incentive plan (Free shares, Stock-options)	- The plan must be understandable for shareholders, with specific and quantitative pre-established criteria and targets for future plans, and a vesting and performance period of at least 5 years. - The company discloses a cap, performance criteria, their weights and performance targets in absolute terms. - The authorities for executive directors are separated from those for employees. Otherwise, the stock options and the free shares allotted to executive directors are limited explicitly. - The volume of the granted additional compensation is reasonable and in line with market practices - The company has the possibility to recover partially or entirely a past plan following special circumstances such as a restatement of the accounts (Clawback policy). - The company has included ESG performance criteria.	The plan meets at least ONE of the following conditions:²³ - Cumulative volume of proposed and outstanding stock option plans and free shares exceeds 10% of issued capital including 3% maximum for corporate officers.²⁴ - Volume of stock option plans per year exceeds 2.5% of issued capital.²⁴ - Free shares distribution per year exceeds 1% of issued capital.²⁴ - Significant increase without satisfactory explanations or not justified with regard to performance. - Grants of stock options and free shares are not linked integrally to the achievement of transparent, pertinent or challenging performance criteria.²⁵ - Possibility to re-test exercising conditions. - Existence of a discount for executives on stock-options. - Sum of vesting and holding periods or performance period less than 3 years (For stock option and free shares). - The actual level of fulfilment of each performance criteria is not disclosed. NB. The proposed resolution is assessed in light of the existence and degree of independence of the remuneration committee.	

²³ To be reviewed on a case-by-case basis for different geographic zones in which such conditions may not be a market practice.

²⁴ To be reviewed on a case-by-case basis depending on historic burn rate and on market practices.

²⁵ For example, if the company set objectives that are far below market announcements.

Voting issue		For	Abstain	Against
Remuneration of the executive directors and senior executives	Exceptional remuneration	- The additional pension schemes respect the following principles: the beneficiary has a significant seniority within the group; is employed with the company at the time of retirement; his/her rights may only account for a reasonable limited percentage of the compensation; the period taken into account for the calculation covers several years; the group of potential beneficiaries must be broader than the sole executive. - No severance payment. Otherwise, the amount is reasonable, limited, and will only be given in case of a constraint departure. - No exceptional remuneration. Otherwise, conditions and maximum level of award are well described and linked to performance criteria.	- The termination or change in control payments for executive directors or the Chair of the Board may not exceed two years of both annual fixed and variable compensation (stock options and other compensation excluded).²⁶ - The termination payments are not conditional on seniority criteria or with explicit performance requirements. - The combination of a severance payment (or a non-compete clause) with an additional pension scheme. - The post-mandate exercise of unvested stock-based plans or an indemnity compensating for his loss of the right to exercise the stock-based plans. - The severance payment can be given in case of resignation. - Exceptional remuneration is granted without any compelling explanation or not linked to performance conditions.	
Remuneration of the non-executive directors		- Linked to the attendance of directors to the board and committees, and to the importance of carried out missions, and in line with benchmarks (based on country practices). - Full disclosure of all remuneration components for each director serving on the board. - The different elements constituting the pay need to be identified and their respective policies explained. The pay should be transparent enough for shareholders to allow them to distinguish the remuneration of executives from that of non-executive directors.	- Not linked to attendance. - The individual amounts are not communicated (To be reviewed on a case-by-case basis depending on market and company practices²⁷).	- Not linked to attendance and deemed excessive. - The global and/or individual amounts are not communicated (To be reviewed on a case-by-case basis depending on market and company practice²⁷).
Employee remuneration		For the other beneficiaries of the plan (excluding the top executives), the principles are less strict (especially regarding the performance criteria) and analyzed in light of the global condition of the plan.		

²⁶ Case-by-case basis based on market practice (e.g. one year in UK and Netherlands).

²⁷ We will abstain if the market practice is not to communicate such information, and vote against if it is market practice to provide this information.

4.6 OTHER VOTING ISSUES

Voting issue	For	Abstain	Against
Changes to Company Statutes	By-laws that respect the “one share – one vote – one dividend” principle.	- Resolutions that carry adverse impacts on shareholder rights (To be considered on a case-by-case basis in light of information provided by the company) - Multiple Voting Shares or non-Voting Depository Receipts - Ownership ceiling or voting right ceiling, Priority shares, Golden share - Statutory disclosure thresholds below 5 percent of the issued capital - Reduce the delay of declaration for the crossing of thresholds.	
Related-party Transactions and other Resolutions	There is full disclosure of information relevant to the resolution and such information is presented in a fair and balanced way.	- Insufficient disclosure of relevant information - The related-party transactions include elements which may be contrary to our remuneration policy (see above).	- Resolutions bundled together that include a substantial and unacceptable proposal - Blind resolutions - The related-party transactions include elements which may be contrary to our remuneration policy (see above).
Shareholder proposals ²⁸	- Appropriate for general assembly and in line with stakeholders’ long-term interests. - Shareholder proposal is in line with our voting guidelines and/or our Global Sustainability Strategy or Sector Policies. - Resolutions introduce or facilitate legal proceedings to compensate shareholders for damage suffered by the company. - Resolutions that help to improve social and environmental performance while contributing to the protection of stakeholders’ long-term interests. - Resolutions that align with our climate change expectations (e.g. Say on Climate expectations, carbon disclosure, business strategy in alignment with a 1.5°C world, as listed in section 3.6).	If the proposal is in line with stakeholders’ long-term interests but not in its application and/or if it has already been implemented by the company.	- Shareholder proposal is not in line with our guidelines. - Shareholder proposal is not in line with stakeholders’ long-term interests. - Shareholder proposal is not appropriate for the general meeting.

Any Other Voting Items: Any item that is not covered by these guidelines will be voted on a case-by-case basis taking into account the Alfred Berg key proxy voting principles.

²⁸ Shareholder proposals are considered on a case-by-case basis in light of the justification by its authors and board support or justification of opposition.