

SHAREHOLDER ENGAGEMENT POLICY

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CARDIF LUX VIE
BNP PARIBAS GROUP

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CONTENTS

1. SCOPE OF APPLICATION OF THIS DOCUMENT	P. 3
2. CARDIF LUX VIE AND ITS ROLE AS INVESTOR	P. 3
3. THE INTEGRATION OF NON-FINANCIAL CRITERIA	P. 4
4. EXERCISE OF VOTING RIGHTS	P. 4
4.1. Climate-specific resolutions	P. 5
4.2. Approval of the company's accounts and management	P. 5
4.3. Appointment of board members	P. 6
4.4. Remuneration policy	P. 6
4.5. Shareholder rights - Share issuance and buyback programmes	P. 8
4.6. Other resolutions and shareholder resolutions	P. 8
5. DIALOGUE WITH INVESTEE COMPANIES	P. 9
6. CONFLICTS OF INTEREST PREVENTION POLICY	P. 9
7. COMMUNICATION WITH STAKEHOLDERS	P. 9
8. MONITORING OF STRATEGY, FINANCIAL AND NON-FINANCIAL PERFORMANCE	P. 10

SHAREHOLDER ENGAGEMENT POLICY

1. SCOPE OF APPLICATION OF THIS DOCUMENT

This document applies to the legal entity Cardif Lux Vie, a subsidiary of BNP Paribas Cardif and BGL BNP Paribas, with regard to its General Fund.

2. CARDIF LUX VIE AND ITS ROLE AS INVESTOR

As an institutional investor, Cardif Lux Vie pursues a long-term investment strategy. In order to achieve the targeted performance, the investment strategy takes into account financial and non-financial criteria, which are two closely interconnected aspects.

Requirements regarding the exclusion of countries and activities, as well as minimum standards for managing Environmental, Social and Governance (ESG) risks, are incorporated into Cardif Lux Vie's responsible investment strategy. Their application is implemented as follows:

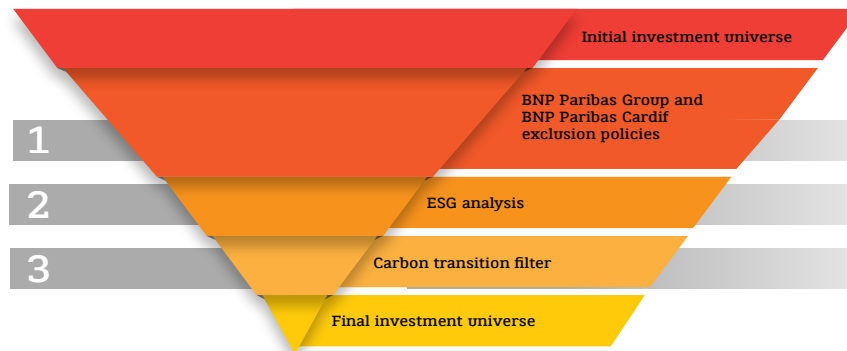
- Before making an investment, these requirements limit Cardif Lux Vie's investment universe.
- Throughout the period the assets are held, Cardif Lux Vie votes at general meetings.

These various aspects are part of Cardif Lux Vie's responsible investment strategy, which is structured around four key principles:

- **Contributing to the development of the real economy:** the financial sector is a key player in transforming the economy towards a more sustainable model. Insurers play an important role in financing the economy and support investment plans designed to help businesses and individuals in their economic and energy transition. In this respect, Cardif Lux Vie directs part of its investments towards activities that contribute to the energy and environmental transition and the protection of ecosystems, as well as social and societal themes.
- **Acting as an economic player with a long-term investment horizon:** by limiting the impact of short-term fluctuations in the financial markets, since Cardif Lux Vie's investments are backed by long-term commitments.
- **Being a responsible investor:** by integrating ESG criteria from the very outset when selecting investment vehicles and throughout the entire investment period.
- **Being an "active" investor:** Cardif Lux Vie votes at the general meetings of listed companies in which it is a shareholder and engages with certain issuers on specific topics.

3. THE INTEGRATION OF NON-FINANCIAL CRITERIA

The responsible investment process for directly held corporate securities at Cardif Lux Vie follows the sequence below:



The investment universe is thus streamlined and aligned with Cardif Lux Vie's responsible investor approach.

More details on the integration of ESG criteria, the carbon transition filter and the non-financial analysis of other asset classes can be found in Cardif Lux Vie's CSR report¹, available on the website <https://cardifluxvie.com/notre-responsabilite>.

4. EXERCISE OF VOTING RIGHTS

Good corporate governance is a key criterion for Cardif Lux Vie's investments. This approach is implemented through the exercise of voting rights at general meetings.

The following principles outline Cardif Lux Vie's expectations of investee companies, with the aim being to create long-term value:

- Aligning the interests of different stakeholders, including society and the environment;
- Aligning remuneration structures with long-term performance, including non-financial objectives;
- Ensuring the quality and independence of directors and supervisory bodies;
- Protecting shareholders' rights.

There are five main types of resolutions that can be put to a vote:

1. Approval of the company's accounts and management;
2. Appointment of directors – the Board of Directors and its committees;
3. Remuneration policy;
4. Shareholder rights - Share issuance and buyback programmes;
5. Other resolutions and shareholder resolutions.

The following sections set out the guiding principles that Cardif Lux Vie applies when exercising voting rights on these resolutions.

1 - CSR: Corporate Social Responsibility.

These guiding principles are applied to each type of resolution. They reflect market best practices and may justify a favourable or unfavourable vote on management proposals. An unfavourable vote may take the form of opposition or abstention, depending on the specific circumstances of the resolution or the company.

Cardif Lux Vie ensures consistent application of its principles across all votes cast, while also taking into account each company's specific circumstances, including its size, location and local regulations. Any issue not covered by these guidelines will be assessed on a case-by-case basis.

4.1. Approval of the company's accounts and management

Regarding the approval of company's accounts, Cardif Lux Vie follows the Board of Directors' recommendations except in cases where:

- The company's accounts are unavailable by the voting deadline;
- The statutory auditors have refused to certify the accounts;
- The statutory auditors have issued reservations;
- The Board of Directors has not established an audit or accounts committee.

Discharge is granted to the directors only if none of the following situations has arisen:

- One or more directors who are suspected of having committed, or who have committed, mismanagement and/or a breach of the law or the articles of association, or are subject to significant controversy;
- A breach of the United Nations Global Compact;
- Inadequate management of environmental, social or governance risks, including inappropriate disclosure of the company's carbon emissions, or a lack of engagement with all stakeholders regarding strategies put in place to mitigate the company's direct and indirect environmental impact;
- Ongoing legal action against the board or the statutory auditors;
- A consensus among stakeholders protesting against the unsatisfactory composition of the board and the non-renewal of directors;
- Reservations regarding the financial statements, or a refusal by the auditors to certify them.

With regard to the allocation of results, Cardif Lux Vie does not vote in favour of a dividend payout ratio that is excessive in relation to the company's financial situation. Proposals are reviewed on a case-by-case basis, with particular attention paid to payout proposals significantly higher than in the previous year in order to understand the reasons.

4.2. Approval of the annual accounts and discharge of the directors

Cardif Lux Vie does not vote in favour of proposals relating to the appointment and/or remuneration of statutory auditors in the event of:

- A lack of transparency regarding remuneration, or insufficient separation and balance between the statutory audit of the accounts and other services;
- Absence of an audit or accounts committee;
- A mandate exceeding six years, or successive terms of office exceeding 24 years in total;
- Doubts about the methods and procedures used by the statutory auditors.

Cardif Lux Vie does not vote in favour of approval at the general meeting if:

- Non-financial information submitted to the general meeting for a vote has not been verified by an independent auditor;
- The auditor has issued a qualified opinion;
- The company does not meet the environmental and social expectations described in this document.

4.3. Appointment of board members

Board of Directors

Management proposals to approve appointments to the Board of Directors are not supported if the company does not provide the necessary information regarding the nominees' ability to act in the best interests of shareholders.

Particular attention is paid to the accumulation of mandates: directors must be able to devote sufficient time to their duties. Consequently, independent directors may hold up to four mandates, while executive directors may hold up to two.

The length of service of an independent director¹ may affect their status. Beyond 12 years (or less, depending on local best practice), they should no longer be considered an independent director. Accordingly, if a listed company proposes their re-election, it must specify that they will no longer be independent.

Taking these elements into account, Cardif Lux Vie expects at least 33% of directors, including the chair, to be independent (or at least 50% excluding employee representatives). A different independence ratio may apply according to local codes and practices.

Each director is appointed for a maximum term of four years; resolutions proposing a longer term will not receive a favourable vote. Derogations to this rule are examined on a case-by-case basis, such as the renewal of the CEO/Chairman in a company facing "difficult circumstances".

The roles of chair and chief executive officer must be separate, and the chair must be independent. If governance counterbalances are in place (for example, independence of key functions, including the appointment of board members), a combined role may be tolerated for a maximum period of two years, or if there is a commitment to separate the functions for the CEO's next mandate.

Board committees

Companies should establish specialised committees, notably an audit committee, a remuneration committee and a selection or nominations committee.

These committees must include an independent chair and at least 50% independent directors, excluding employee representatives. The remuneration and audit committees should not include any executive directors. The composition of these committees must also be detailed in the company's annual report.

If these conditions are not met, Cardif Lux Vie does not vote in favour.

For small and medium-sized listed companies, a more flexible approach may be considered in applying these recommendations.

4.4. Remuneration policy

The company's remuneration policy must be defined by the remuneration committee. The Board of Directors must communicate to shareholders, clearly and comprehensively, the philosophy and reasoning behind the establishment of remuneration policies, in particular the link between remuneration, performance and long-term value creation for stakeholders.

Cardif Lux Vie requires transparency on the amounts and on all individual forms of remuneration, whether direct or indirect, immediate or deferred, paid by the company or its subsidiaries, in France or abroad. Such remuneration includes stock options, free shares, pension schemes (stating whether these are identical to the pension schemes available to other senior managers of the company), severance payments and special benefits. The breakdown and changes between the different components of remuneration must also be clearly identified.

Cardif Lux Vie does not vote in favour of a remuneration policy that does not include, in a clear and comprehensive way, the information mentioned above.

Particular attention is paid to the relevance and rigour of performance criteria, their weighting and achievement rates, as well as the measurement periods.

The remuneration policy must also include measurable and quantifiable environmental or social performance criteria in the short-term or long-term variable pay of executives. These criteria must be explicitly validated by the Board of Directors.

It must also be in line with industry standards and must not, through excessive generosity, result in the destruction of shareholder value. Similarly, Cardif Lux Vie does not vote in favour of a remuneration policy for executives and/or board members that is disproportionate to the median remuneration of the company's employees or to market practice.

Remuneration of executive directors and members of the executive committee

With regard to short-term remuneration, the rules for setting the fixed salary amount and its changes must be justified and reasonable. The bonus must be subject to relevant, transparent and demanding performance conditions for the company's business sector and strategy. It must be capped at a certain percentage of fixed salary. Accordingly, Cardif Lux Vie does not support a significant increase in remuneration without justification in relation to the company's performance.

Cardif Lux Vie expects non-executive board members to receive attendance fees as remuneration for the work they perform. The amount of these fees and their changes must be consistent with the standards and practices in the country and business sector of the company concerned, and proportionate to the company's capacity. The general rules on remuneration transparency apply.

With regard to medium- and long-term remuneration plans such as stock options or free shares, these programmes must also include environmental and social performance criteria. The vesting and performance condition period must cover at least five years.

Cardif Assurance Vie does not vote in favour in the following specific cases:

- Projects offering senior executives option plans at a discount – the absence of a discount must be explicitly stated in the resolution to be accepted. These plans must also be staggered over time.
- Allocations of free shares or options not subject to transparent, documented and long-term performance conditions.
- An increase in the volume of free shares or options without justification and without relation to the company's performance.
- A vesting period for free shares and/or options of less than three years, or exercisable conditions that can be amended.
- Free share plans where the combined volume with existing and proposed stock options exceeds 10% of the issued capital. The annual base volume of stock option distribution programmes must not exceed 2.5% of the capital, and the annual base volume of free share distribution must not exceed 1% of the issued capital. Different limits may apply on a case-by-case basis for small-cap companies.

Beneficiaries of supplementary pensions must meet length-of-service requirements within the company and still be employed there at the time of their departure. Potential entitlements must represent only a reasonably limited percentage of the beneficiary's remuneration. The reference period used for calculating benefits must span several years, and the group of potential beneficiaries must be broader than just the director/executive committee member.

Cardif Lux Vie is not in favour of combining a severance payment with a supplementary pension.

4.5. Shareholder rights - Share issuance and buyback programmes

Shareholders' rights must be protected without exception. Any financial transaction should not create a significant imbalance between different categories of shareholders and should avoid the risk of dilution for existing shareholders. Cardif Lux Vie does not vote in favour of any "anti-takeover" mechanisms.

Cardif Lux Vie supports the "one share, one vote" principle. While the practice of double, or even multiple, voting rights may be seen as a way of rewarding shareholder loyalty, Cardif Lux Vie considers that this practice can allow control of a company to be obtained with a minority shareholding and therefore may lead to abuses. In such cases, Cardif Lux Vie does not vote in favour. Exceptionally, this practice may be tolerated for a period of five years following a stock market listing.

Cardif Lux Vie does not vote in favour of voting right restrictions or enhanced dividend shares, nor of the practice of "blank proxies", which hinders active shareholder participation, especially as such proxies are, by definition, favourable to management decisions.

Mergers or acquisitions, when strategically justified, can create long-term value for stakeholders. They are assessed on a case-by-case basis. Similarly, votes on corporate restructuring are considered non-ordinary and are evaluated individually.

Regarding new share issuance programmes, Cardif Lux Vie supports non-dilutive increases of up to 50% of existing capital for all cumulative authorisations, provided they are well justified and the subscription period is clearly defined.

Cardif Lux Vie does not vote in favour of resolutions proposing a capital increase with the removal of pre-emptive subscription rights beyond 5% of existing capital. This threshold may be raised to 20% in the case of capital increases with a priority period or a specific purpose (capital increases to finance external growth transactions, conversions, or the issuance of warrants or bonds are permitted up to 20% of existing capital). Each proposal is reviewed on a case-by-case basis, taking into account the specific features of the issuance and local best practices.

With regard to share buyback projects, Cardif Lux Vie assesses the merits of the resolution, particularly the proposed price levels. As a general rule, Cardif Lux Vie votes in favour of such projects unless they exceed 10% of capital. In such cases, each proposal is examined individually. The authorisation should only be granted for 18 months, or less, depending on local regulations and best practices. After this period, a new authorisation for the share buyback must be requested from shareholders.

Cardif Lux Vie does not vote in favour of projects that may be carried out via derivatives or whose price discount limit is not specified.

4.6. Other resolutions and shareholder resolutions

For any other resolution, the information provided must be comprehensive and allow for an objective assessment.

Otherwise, Cardif Lux Vie will not give a favourable vote. Likewise, no favourable vote will be given for bundled resolutions if at least one of them contradicts one or more principles of Cardif Lux Vie's voting policy.

Under certain conditions, a minority shareholder may request that proposed resolutions be added to the agenda of the general meeting. These are so-called "external" resolutions as they do not originate from the Board of Directors. Cardif Lux Vie will support such proposals when they reflect the principles of its voting policy, in particular when they contribute to improving social and environmental performance while protecting the long-term interests of stakeholders. Otherwise, Cardif Lux Vie's vote will not be favourable.

5. DIALOGUE WITH INVESTEE COMPANIES

Cardif Lux Vie takes a long-term approach to its investment strategy. This responsibility is reflected not only through participation in voting at the general meetings of companies in which it is a shareholder, but also through ongoing dialogue with these companies.

In 2021, Cardif Lux Vie, through BNP Paribas Cardif, joined Climate Action 100+, a group of companies that are collectively calling on the world's largest greenhouse gas emitters to take the necessary steps to combat climate change. Climate Action 100+ promotes dialogue with the companies concerned in order to achieve three objectives:

- Establish a governance framework defining the commitments of boards of directors in addressing climate-related risks;
- Set emissions reduction targets aligned with the Paris Agreement;
- Disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This initiative forms part of BNP Paribas Cardif's climate strategy and reflects Cardif Lux Vie's responsible approach, engaging in dialogue with the companies in which it holds shares.

6. CONFLICTS OF INTEREST PREVENTION POLICY

The strict separation of Cardif Lux Vie's asset management entities and activities from the other entities and activities of the BNP Paribas Group prevents it from being placed in situations of conflict of interest.

Asset managers, the heads of Cardif Lux Vie's Asset Management department, and their line managers must declare to Cardif Lux Vie's Compliance Professional Ethics Officer any directorships held in listed companies and any directly held securities in their own name, notably to avoid any conflict of interest when exercising voting rights..

7. COMMUNICATION WITH STAKEHOLDERS

As an insurer, Cardif Lux Vie offers investment solutions to its customers and supports them in building savings throughout their working lives.

Cardif Lux Vie takes part in external discussions to promote responsible investment and supports initiatives that help ensure non-financial considerations are better integrated into investment decisions.

A signatory of the PRI (Principles for Responsible Investment) via BNP Paribas Cardif since 2016, Cardif Lux Vie contributes to the dissemination of best practices in responsible investment.

8. MONITORING OF STRATEGY, FINANCIAL AND NON-FINANCIAL PERFORMANCE

Cardif Lux Vie regularly monitors the strategy and financial and non-financial performance of its investments through a large volume of external financial and non-financial data. Investment monitoring is reinforced through engagement with companies and specialist financial analysts.

On the financial side, Cardif Lux Vie's teams track financial performance in terms of volatility, Value at Risk (VaR) and maximum loss.

On the non-financial side, Cardif Lux Vie incorporates sustainability issues and risks into investment decisions. As a result, Cardif Lux Vie has reduced its exposure to so-called "brown" assets, notably through the application of a carbon transition filter and the implementation in 2020 of a thermal coal exit timetable.

BNP Paribas Cardif has committed to fully exiting thermal coal by 2030 at the latest in European Union and OECD countries, and by 2040 at the latest in the rest of the world.



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