



Proxy Voting and Engagement Policy and Voting Guidelines

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PROXY VOTING AND ENGAGEMENT POLICY

Voting and engagement form an integral and active part in managing, protecting and enhancing the value of investments and contribute to the efficient functioning of financial markets. Ossiam considers that it has the responsibility and duty to exercise the ownership rights attached to the securities held in the portfolios it manages to support the economic interests of its clients. As investors, we wish to support the boards in the effective management of the companies in which we invest, and this includes defining strategy and managing risks around sustainability and more specifically climate change. Our overriding objective is to protect and improve our clients' investment as well as contribute to a stable and prosper economic system. That objective is bolstered by considering environmental, social and governance factors (ESG).

Companies which are well governed and operate in a responsible and sustainable way should have the culture, attitude and transparent mechanisms in place to support their long-term health and shareholder value. Good corporate governance practice establishes the framework that facilitates the relationship between shareholders and the management of the companies in which they are invested. The voting of ownership rights is an important tool in that relationship.

Proxy Voting Guidelines

These guidelines are designed to help ensure that we fulfil our obligations governing proxy voting. This includes an obligation to vote proxies in a manner consistent with sound corporate governance and responsible corporate citizenship. These guidelines address a broad range of issues, including the election of directors, executive compensation, risk management, auditor ratification and minority shareholder rights. As a signatory to the UN Principles for Responsible Investment (PRI), we believe that companies conducting their business in a responsible manner with high standards of corporate governance deliver better long-term returns to shareholders. Consequently, in addition to governance, these guidelines address broader issues of corporate citizenship that can also have a direct impact on company performance and important stakeholder interests, including climate risk, diversity and job security.

The Policy embodies the recommendations of the International Corporate Governance Network's (ICGN) Global Corporate Governance Principles. It reflects Ossiam's commitment to the PRI and to other national and international best practice guidelines. We apply French best practices where these are appropriate, but we do so with discretion, respecting the different cultures and approaches within the countries in which we are voting.

As indicated in our Responsible Investment Policy, Ossiam conducts proxy voting worldwide for all the securities in our equity funds we can vote on. This includes voting the rights attached to securities held as collateral for derivative trades such as performance swaps. We are thus able to vote on all the securities we hold (in the countries where we have Power of Attorney); we may refrain from registering shares where necessary in order to vote if this affects our portfolio management ability.

The voting guidelines below aim to integrate the best practices of governance and companies' policy and actions on sustainability factors, especially climate.

Ossiam's disclosure of its voting guidelines and its voting outcomes supports our ambition of full transparency.

Note that in the case of a client portfolio being managed by Ossiam, a different voting policy may apply if required by said client.

Securities Lending Policy

Ossiam has a securities lending policy. As part of this policy, we will systematically recall shares ahead of company meetings in order to exercise the voting rights attached to them

Voting Procedures

Ossiam uses a proxy voting partner to exercise its voting rights. The partner will issue voting recommendations in line with the voting policies submitted by Ossiam, whether Ossiam's own policy or that of its clients. The normal procedure is that the recommendations will be automatically submitted as voting decisions to the proxy management system. However, Ossiam may at its discretion decide to change the voting decisions and submit different votes than those derived from the voting policies. This decision may be the result of further analysis by Ossiam, including but not limited to direct conversations with the company, the proxy adviser or other internal or external sources. The change decision will be documented in writing. This extends to client voting policies and can result from procedures similar to the above including conversations with the client.

Engagement

We engage with companies in different ways to achieve our desired contribution as active owners. Given our investment approach, we rarely own a significant percentage of the shares of a security and the length of time we hold a security is determined by our strategies' systematic rules. We believe that our role is therefore usually most effective as it contributes to the increased awareness of material sustainability issues and promotes change across financial markets.

One of the ways Ossiam manages to achieve scale is via the collective platform of our engagement providers. In collaboration with one such partner, companies in significant breach of internationally recognised treaties and rights are prioritised for engagement. It consists in a constructive dialogue with the companies to address the breach and encourage them to better integrate ESG issues in their corporate strategies.

We also engage directly or lead collective engagements on themes which we feel are critical for Ossiam's clients and are underrepresented in industry efforts. Our objective here is to conduct multi-year conversations with a few selected companies to shed a light on whether and how a nascent but material issue, such as biodiversity, can be relevant to the resilience and prosperity of investees, investors and society.

Engagement on Principal Adverse Impacts

Ossiam considers the principal adverse impacts (PAI) which investment decisions have on sustainability factors, in other words on society and the environment. Therefore, PAI that are material (or likely to be material) can be a target for our direct or collective engagements.

In line with our investment approach, which is systematic and quantitative, the identification and appraisal of PAI is carried out using external ESG research providers. Where no such data is readily available, Ossiam may either engage with the management of investee companies, with the objective to encourage them to report on the impact and metric, or decide to not invest. Engagement on PAI prioritizes significantly negative impacts which result in an associated controversy, or PAI which are related to the sustainable investment objective of the fund, where one exists.

This element of the policy applies to funds and mandates that promote ESG characteristics or have sustainable investment as their objective (the "ESG Products").

Escalation Process

Ossiam's engagement escalation process follows its investment philosophy, which is systematic, transparent, and outcome based. In case the objective of an engagement is not met, Ossiam will escalate its interactions with the company. The decision to escalate an engagement is dependent on the severity, urgency, impact and public awareness of the engagement theme. The engagement themes can cover any subject included in this policy, such as controversies and PAI, among others.

Ossiam may use any of the following as an escalation action:

- Requesting and participating in meetings with the company's chair.
- Leading a collective engagement seeking to increase pressure on the company.
- Signing a public letter on the matter with likeminded investors.
- Issuing public statements.
- Voting against members of the company board or of a board committee related to the matter at stake.
- Submitting a shareholder resolution at the general assembly.

If no progress is being observed with the engaged company, Ossiam will further escalate its interaction. The process can ultimately lead to excluding the company from the eligible universes of its funds after 3 years of unsuccessful efforts.

Our escalation process reflects our view that one of our greatest contributions as an investor is active ownership, utilizing our rights as shareholder to constructively challenge the company and ensure management is held accountable for its strategy and oversight of sustainability and impact.

Ossiam's process of identification and prioritisation of PAI is overseen by its ESG Committee which meets quarterly and is chaired by Ossiam's Chief Executive Officer. Ossiam's ESG department, working in partnership with the investment management team and Ossiam's external ESG research and ESG engagement providers as and when desirable or necessary, is responsible for the implementation of this process.

VOTING GUIDELINES

Hundreds of issues appear on proxy ballots every year; as such, it is neither practical nor reasonable to fashion voting guidelines and policies which attempt to address every eventuality. Rather, these guidelines are intended to cover the most significant and frequent proxy issues that arise. Note that we recognize and appreciate differences in country culture and size of companies and our expectations may reflect these differences in some circumstances.

BOARD OF DIRECTORS

The board of directors and supervisory board play a central, leadership role in guiding the strategy and monitoring of a company's management within a framework of prudent and effective controls. Directors function as the representatives of shareholders and stakeholders throughout the year and are therefore a crucial avenue of ongoing influence on management and on the long-term well-being of the company. We thus consider board elections to be one of the most important voting decisions we can make.

Board Member Elections

Board Leadership and Effectiveness

The efficiency of a board depends on the quality of its members. The ability of the directors to embrace strategic issues, to enrich the thinking process of the executives and to control the implementation of decisions ensures efficient corporate governance. We value effective boards which safeguard shareholder interests and have the right skills and experience to take the company's strategy forward. This includes defining the company's values and standards. We encourage an appropriate mix of skills, knowledge, experience and diversity required to meet the challenges, seize the opportunities and attain the strategic objectives of the company. The board should demonstrate collective awareness of long-term risks including, where material, sustainability issues; oversight can be either through committee structures or through individual responsibility.

We recognise the important role of the chair and of independent non-executive directors in bringing appropriate challenge to board discussions and decisions and in ensuring that all directors act in the best interests of the company.

Independence is not, however, a sufficient condition to support a director's election or re-election: each member must offer a valuable contribution to the functioning of the board. We support the election of employee representatives where this improves the quality of the board and accountability to stakeholders.

Selection Process

The annual report should describe the path followed by the nomination committee in relation to board appointments, including the company's search and nomination processes. The criteria for selecting new directors in terms of competence, expertise, independence, diversity and added value to the board's activities should be transparent.

Selection Criteria

Director biographies should be sufficiently detailed for voting shareholders to make an informed judgement.

Independence

In assessing the independence of non-executive directors, we will consider individuals who have not been appointed through a formal, rigorous and transparent process as not independent. Similarly, while pay should be sufficient to attract high-calibre candidates, directors with disproportionately high fees may also be deemed not independent.

Long tenure on a board can, in some circumstances, lead to a sense of identification with the company and the interests of its management team which can damage a director's independence, even in the absence of a professional relationship between the director and the company.

We recommend that the board of directors consist of at least 50 percent independent members. We will generally not support the election of new non-independent directors should independence be lower. We recommend that the chair of the board be independent, and we view the separation of the chair and CEO roles as important to ensure an appropriate balance of power. We are reluctant to support combining both roles unless there are exceptional circumstances.

Boards should include nomination, remuneration and audit committees. Given the importance of independence on risk and audit related matters, we recommend that the audit committee be composed exclusively of independent directors, among which one at least should have specific financial or accounting expertise. For other committees, we recommend a majority of independent directors and an independent chair. Participation by executives in the meetings of either the remuneration or audit committee should be by exceptional invitation only and explained in the annual report.

Availability and Attendance

Board members should be able to devote sufficient time to their directorship; we will consider voting against directors who have excessive other commitments. We will generally require that the number of directorships be limited to five, or four if the director also chairs a board. When assessing the re-election of a director, we will consider attendance at board meetings and will generally vote against the renewal of any director whose attendance rate is inferior to 75%. We see these thresholds as reflective of the attention and time required to properly contribute to the functioning of the board.

Diversity

We encourage diversity of thought on boards. Inclusive and diverse boards are more likely to be effective, will be better prepared to understand their customers and stakeholders and generally benefit from fresh

perspectives, new ideas, vigorous challenge and broad experience. These characteristics are conducive to better decision making.

Companies should set out the percentage of women they aim to have on their board. We believe that boards should aim for a minimum 40% representation for each gender, but we are mindful of local circumstances and habits that take time to evolve. Explanations will be particularly important for entities that have chosen not to address or are facing challenges in addressing gender diversity. We are unlikely to support the re-election of the chair of the nomination committee if we estimate that the board has not sufficiently considered gender diversity and the reasons for the existing breakdown have not been adequately explained.

Risk Oversight

The board should demonstrate collective supervision of long-term risks including, where material, sustainability and specifically climate-related issues. Oversight must be achieved either through committee structures or through individual responsibility, and we will consider sanctioning via a vote against the chair of the board insufficient supervision of sustainability matters.

Succession Planning

Companies with good succession planning arrangements are generally seen to perform better over the long-term. We value arrangements to efficiently manage the succession of board members and senior management and may vote against the chair or the members of the nomination committee if insufficient attention has been given to such arrangements.

Board Evaluation

We are supportive of annual board evaluations and agree that there should be an external evaluation at least every three years; to the extent possible, the company should give an indication of the outcomes of such an evaluation.

Director Fees

Non-executive directors' fees should reflect the role and the level of responsibility as well as attendance. We do not expect non-executives to participate in LTIP schemes. When directors are granted shares on an exceptional basis, there needs to be a clear rationale and the policy should be applied consistently over time, with conditions that ensure independence of the director's contribution. At a minimum, this should include a requirement that share-based awards are not linked to performance and are made at the market price.

EXECUTIVE COMPENSATION

The remuneration system can influence both a company's strategic orientation and the risks taken by its executives. Consequently, remuneration mechanisms must be linked to the financial and non-financial performance of the company and reflect long-term value creation. It is essential that the performance criteria adopted be transparent, material to the business and measurable.

Executive Pay

Overall Compensation System

Executive pay is an integral part of overall workforce pay and should be considered in the context of the long-term financial needs of the company, its ability to meet its dividend policy and its ongoing requirements for capital investment and R&D. Generally, we look for arrangements that are aligned with strategy and shareholder interests, hold management to account and only reward value creation. We also look for remuneration arrangements that are well-structured, understandable and reasonable. Finally, we recognise

companies' freedom to construct pay arrangements which best suit their specific circumstances and promote a better alignment with strategy and shareholders' interests. In return, we look for appropriate outcomes from pay arrangements and this will guide our voting decisions.

Process

The remuneration committee, composed solely of non-executive directors, should design appropriate remuneration structures and pursue a dialogue with shareholders and employee representatives. The outcome of consultations should be made known in advance of the AGM, such that policy changes do not come as a surprise to engaged shareholders or employee representatives. We encourage companies to hold an annual shareholders' vote on remuneration policies and are favourable to any proposition aiming to improve transparency on remuneration.

Balance of Pay

The right balance between fixed and variable pay will depend on the company and companies should demonstrate why the balance is conducive to long-term value creation. We expect to see the total pay arrangements put into context, including all aspects of the package such as base pay, bonuses, long-term incentive plans, benefits and pension entitlements. We expect an identifiable limit for each of the different components within the policy. We are supportive of members of management holding a number of shares in the company commensurate with their fixed pay.

Fixed Compensation (Base Salary)

Base salary should not increase significantly without a clear, compelling and exceptional justification.

Short-Term Variable Compensation (bonus)

Annual bonuses should have stretching targets that link to company strategy. There should be consistency with the targets and KPIs given prominence in the strategic report. This means that the remuneration committee should consider strategic, financial and non-financial measurements. We will generally expect companies to incorporate ESG metrics in the variable share of compensation. We expect the specific targets for the year under review to have been disclosed in advance and with sufficient transparency for shareholders to decide if any payments have been a fair reflection of performance. Where commercial sensitivity is invoked, we expect the withheld information to be disclosed in the following year. Sufficient clawback and malus provisions should be designed and applied. If disclosure for bonus awards is poor, we are unlikely to support the remuneration report.

Long-Term Incentive Plans (Share-Based)

Long-term incentive plans (LTIP) generally include financial performance targets, such as total shareholder return, and goals related to the business strategy; they may include non-financial elements such as those linked to the management of climate-related risk and impact. The publication of information pertaining to the attainment of predefined performance goals is expected. The performance measurement period should have a minimum of three years, with a vesting period a minimum of three years from grant. Companies operating in sectors with long-term investment horizons should consider a longer performance period. We recommend that companies include in their report the degree of achievement of objectives from one year to the next and the final degree of achievement at the end of the plan.

Employee Stock Purchase Plans

We are in favour of mechanisms linking employees' interests with the performance of the company.

CAPITAL STRUCTURE

The company has a duty to implement all measures to ensure the equal treatment of shareholders. We encourage companies to respect the “one share, one vote” principle and not to put in place mechanisms designed to prevent a change of control. It is essential for companies to achieve a balance between measures to protect the long-term interests of the company, its shareholders and stakeholders, and measures to prevent hostile takeover bids. We encourage companies to take all necessary steps to facilitate the exercise of shareholder voting rights. We will consider voting against directors who have failed in this duty.

As responsible stewards of the capital entrusted to us by our clients, we expect companies to steward the capital we provide them with care and concern for long-term outcomes. We aim to grant companies the flexibility to manage their capital structure effectively and raise additional capital where necessary in a timely and cost-efficient manner, but nonetheless expect prior dialogue with shareholders. We will generally vote against unnecessary dilution of our shares and seek to preserve our rights of pre-emption. We will typically not approve the creation of non-voting shares and vote against attempts by controlling shareholders to increase the differential between their level of equity ownership and voting control.

M&A decisions are made on a case-by-case basis, with reference to the long-term economic interest of the company and its stakeholders, including our clients. We will consider supporting transactions with the following characteristics: long-term benefits to shareholders, good quality disclosure, high quality management, supportive independent advice, approval of the independent directors. We will seek to determine whether the deal yields a good strategic fit, and will value prior engagement with shareholders.

Companies ought to explain why a share buyback programme is the most appropriate method of returning cash to shareholders, including the circumstances in which a buyback will be executed.

Voting Rights

We favour the fair treatment, which should entail equal treatment, of all shareholders except for the inclusion of measures that favour long-term investors; these are acceptable if the risk of a creeping takeover emerges.

Common antitakeover mechanisms are designed to preclude an unwanted takeover of the target company by any party. We oppose all forms of such mechanisms, as they limit shareholder value by eliminating the takeover or control premium for the company. As owners of the company, shareholders should always be given the opportunity to decide on the merits of takeover offers.

OPERATIONAL ITEMS

Financial Results/Director and Auditor Reports

Reporting

The official financial statements and auditor reports are valuable documents, not only to evaluate a company’s annual performance but also to understand its governance, business model and long-term outlook. We expect companies to discuss long-term prospects in the strategic report as part of the viability statement in a clear, relevant and concise manner. These long-term prospects may include liquidity, solvency and risk management, amongst others. The assessment of long-term viability should contain a robust identification and assessment of the major risks of the business, and how any such material uncertainties will impact over this increased horizon of assurance. We expect the ESG risks to be included in the scope of this assessment

where pertinent. We expect companies to be able to describe their culture in some detail and provide information on the contribution and composition of the workforce. We will assess these statements as part of our process and engage accordingly, for instance where areas require clarification or prompt concerns. Best practices for corporate governance advocate this narrative to cover a period of at least 12 months from the date of approval of the financial statements. Given our long-term outlook, we encourage companies to capture the foreseeable business period rather than the next 12 months and to accompany this with an explanation as to why the chosen period was pertinent in the context of the entity, its operational environment and business cycle.

Allocation of Income and Dividends

Companies ought to disclose clear dividend policies. Dividends should be sufficiently covered and put to shareholder vote. We generally vote for management proposals concerning the allocation of income and the distribution of dividends. If, however, the amount of the distribution is consistently and unusually small or large, we will decide on our vote on a case-by-case basis.

Risk, Appointment of Auditors and Auditor Compensation

Risk

We expect companies to make disclosures on all risks (including material ESG, reputational, tax and cybersecurity risks) to help shareholders understand the risk and control issues facing the company and explain, in a meaningful way, the steps taken by risk management and internal controls. The audit committee reports, for example, should assist shareholders' understanding of how the audit committee has operated in practice and the issues it has addressed. The audit committee should ensure that adequate whistleblowing procedures are in place.

We place importance on boards setting appropriate standards and values for the company in terms of corporate responsibility and rightful decision-taking. We believe a responsible culture with clearly expressed values mitigates risks to the long-term sustainability and reputation of companies.

Auditor Appointment and Compensation

A company should disclose its auditor tendering policy and details of the tendering process when it occurs. Auditors should be independent and free of conflict of interest. The practice of auditors contributing non-audit services to companies is problematic, as evidenced by accounting scandals around the world. We will vote against auditors that receive significant non-audit fees unless they can be explained, for example by significant M&A activity. The nature of the non-audit fees should be disclosed. Where there are concerns over accounting and auditing practices and/or the continuation of high non-audit fees without adequate explanations, we may consider voting against members of the audit committee

Amendments to Articles to allow Virtual Meetings

While there are benefits in enabling participation at shareholder meetings via electronic means, virtual-only meetings may hinder meaningful exchanges between management and shareholders and should therefore be held only in exceptional circumstances. We are unlikely to support article changes that materially reduce shareholder rights and view as fundamental the right to attend shareholder meetings in person.

Related Party Transactions

Shareholders are often asked to approve commercial transactions between related parties. Our approval of these transactions is meant to protect against insider trading abuses. As a result, we expect a committee of independent directors, with the ability to take independent advice, to review significant related party transactions and determine whether they are necessary, appropriate and in the best interests of the company and its shareholders. The company should also disclose in its annual report transactions that are significant, whether by virtue of their significance to the business, the individuals involved or the perception of potential conflicts. We do not favour regulated agreements involving conflicted parties, company directors or counterparties deemed problematic.

Political Donations

We do not support resolutions seeking authority to make political donations, where the recipients are likely to be political parties or lobbying organisations of concern. We evaluate on a case-by-case basis the requests for donations to associations or foundations, considering the corporate purpose of these bodies.

SHAREHOLDER PROPOSALS

We are regularly called on to vote on shareholder proposals. These proposals address a range of topics including proxy access, articles of association, climate change, nature, biodiversity, human rights and more. We take a case-by-case approach to shareholder resolutions and will support resolutions that are appropriately worded and, on balance, support the long-term economic interests of our stakeholders and help to make boards of directors accountable to shareholders. We consider predeclaring our voting intentions on shareholder proposals on a case-by-case basis.

Social and Environmental Proposals

While looking at corporate growth and financial performance, the interests of all stakeholders should not be overlooked as they contribute to sustainable management and long-term growth. Noteworthy stakeholders include bondholders, who play an essential role in a company's long-term financing capability, and employees, who contribute to wealth creation. As a company signatory to the PRI, we are convinced that factoring non-financial elements into portfolio management can improve the long-term risk/return ratio.

Corporate Responsibility

We believe companies that consider material ESG risk and opportunities as part of their business strategy generate enhanced shareholder value over the long-term. We therefore support integrated disclosure of ESG issues within the annual report and accounts and believe this should reflect an informed and considered deliberation of these topics by the board. We very much welcome integrated reporting <IR> and encourage our investee companies to adopt this wherever practical.

We expect all large and listed companies to disclose information on their exposure to and management of key corporate responsibility risks. These may include, but are not limited to, issues associated with the environment and climate change, nature and biodiversity, bribery and corruption, health and safety, human rights, modern day slavery and labour standards.

Where companies do not publish this information or where we see poor corporate responsibility performance or management practices, we may vote against or abstain from the resolution to adopt the annual report and

accounts. In addition, where we consider it warranted, we may withhold support from individual directors with associated responsibility, such as the chair of a board sustainability committee or equivalent.

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