DEGROOF PETERCAM ASSET MANAGEMENT

2022

VOTING ACTIVITY REPORT

CONTENTS

I. 2022 RETROSPECTIVE

In a post-pandemic context, "Executive compensation" and "Board's oversight role over ESG risks" were the prevailing topics during the proxy season of 2022 on both sides of the Atlantic.

Shareholders' proposals remain minorities with respect to management proposals but have nevertheless increased in number in 2022 vs. 2021 thanks to a more favourable regulatory context in the US in particular, and to the different activists' campaigns such as "NO Vote". Surprisingly, the shareholders' proposals received less support compared to last year. This will require more follow up in 2023 given that ESG risks and related responsibilities at the Board level will remain important topics. Furthermore, investors should capitalise on the rising trend to leverage on voting instructions to reinforce sustainability responsibility of the target company. Therefore, by giving due consideration to all Management and Shareholders' proposals, and by voting with consistency at General meetings, engaged actors will progressively be able to proactively define their voting guidelines to ensure full consistency and alignment with their other engagement efforts.

1. FOCUS ON UNITED STATES

Following the wave of initial public offerings and the founding of special purpose acquisition companies (SPACs) in 2021, many US companies had their first general meeting in 2022.

The topics dominating the season remained fairly similar to last year i.e. diversity rules, Say on Pay and shareholder resolutions on the rise.

Still on a "Black Lives Matter" basis, many meetings included resolutions proposing diversity rules, mainly on the composition of committees and boards. This follows on from the 2021 season, which saw a new type of proposal on how companies assess their impact on racial and ethnic minority communities.

On the issue of executive and management remuneration, the vote against remains strong, given the many awards of excessive remuneration. The sanitary situation has led several companies to revise their bonus plans and/or long-term rewards to ensure that executives are paid more than they would otherwise have been.

Beyond the exceptional nature of this measure, nearly 45% of Russell 3000 companies have revised their compensation programmes in response to the pandemic. These measures cover a wide range, from clearly artificial gains for executives (many of which were awarded while shareholder returns were declining), to innovative board-led negotiations to balance executive payouts, retention and incentives, in line with the golden rule of pay and performance alignment. In either direction, the responses were clustered, as different sectors weathered different storms.

The influence of 2021 and the management of the health crisis has led to a situation of special reward choices explained by the desire to prioritise retention rather than strong links between pay and performance. In addition, two trends reinforced the practice in 2022. On the one hand, the so-called mega-grant trend, which consists in rewarding executives excessively at the time of the initial public offering. On the other hand, there is the 'great resignation' trend, which attempts to keep top talent within the company in a tumultuous economic environment.

Remuneration remains a pressing issue to which investors pay particular attention. Following the Say-on-Pay proposals, shareholders have become more comfortable in assessing companies' remuneration programmes, and companies have improved their policies to comply with investor expectations.

Finally, shareholder resolutions have increased significantly in number but with decreasing support (only 31% support on average for resolutions).

More favourable and permissive regulations explain the increase in the number of resolutions filed on the one hand. On the other hand, the growth of ESG concerns and the oversight role of the board of directors on these issues are prompting activist groups such as NGOs and think tanks to file resolutions and be more active at shareholders' meetings to challenge companies on these issues.

The decrease in support for resolutions is interesting because over the last two years we have seen greater support and visibility to the outside world. As we commented in last year's report, the growing support at that time was mainly due to the maturity acquired on the subject by investors, who therefore tabled more qualitative and better structured proposals that were more likely to meet with a better approval rate. The decline this year therefore raises questions. To be followed for 2023, especially as engaged portfolio managers, such as DPAM, tend to use their shareholder voices more and more as a proactive lever in their engaged ESG dialogues.

1. ESG focus

Environmental, social and governance issues continue to increase, and so is shareholders' interest in these issues. While governance and compensation issues remain important, environmental and social considerations are gaining momentum at the board level. For example, the 2022 U.S. voting season saw the highest number of resolutions filed by shareholders (+27% compared to 2021). As mentioned above, this can be explained on the one hand by a more favourable and permissive regulatory environment. Indeed, the SEC's approach to no-action requests has changed so that it is now more difficult for US companies to exclude shareholder resolutions from the agenda. Secondly, the board of directors is increasingly being held accountable for its oversight role over ESG issues and therefore targeting a board member on these issues is becoming a more popular practice than it was in the past.

Another important movement also observed last year was the "No Vote " campaigns. Typically led by shareholder activist groups, these campaigns encourage shareholders to vote against the board (individually or collectively) of companies facing ESG scandals or considered to be underperforming on these issues. For example, the NGO Majority Action focuses on climate issues and does not hesitate to call on shareholders to vote against the board of directors of U.S. companies that are lagging behind on climate change issues. Calling on shareholders to vote against the election of certain board members is a tactic to hold board members accountable and responsible for climate and environmental issues. It is usually on environmental issues that companies are singled out, but social issues - as in the cases of Activision Blizzard and Amazon - are also becoming a criterion for singling out companies.

The example of Activision Blizzard is relevant to DPAM's commitment. DPAM fully aligned its voting instructions at the general meeting with its questions and concerns about the company's social issues.

In July 2021, the California Department of Fair Employment and Housing (CDFE) filed a lawsuit asserting that management of Activision Blizzard allowed and at times encouraged sexual misconduct towards female employees, that the company maintained a "frat boy" culture, and that the company's hiring and employment practices were discriminatory against women. As a response, the company fired three senior developers involved in the investigation as well as the head of HR and the president of the Board. The CDFE also took considerable steps to identify other people that might have been involved in the investigations, set clear-cut diversity targets, and froze the pay of the CEO if these targets and action points were not reached.

Mid-January of last year, Microsoft announced its intent to acquire Activision Blizzard in a much-mediatized deal. We expected the company culture to be altered as the company would need to report to Microsoft Gaming CEO

Phil Spencer, although the current CEO of Activision Blizzard would keep his position until the acquisition is completed. Overall, we believe that a large chunk of the risks is mitigated by being absorbed by Microsoft. We conducted several engagement activities with both Activision Blizzard and Microsoft. The engagements with the latter focused on how Microsoft is planning to integrate its own human resource management practices at Activision Blizzard and implement them at the board level.

2. Contested Elections

Contesting the appointment of one or more board members remains an important form of ESG resistance in voting seasons. However, it has not been as successful as it was last year in the case of the Exxon meeting and the activist intervention of hedge fund Engine No. 1. As a reminder, the hedge fund had obtained, during the 2021 general meeting, the replacement of three members of the Exxon board for appropriate competence and expertise on the issue of climate and environmental matters. In 2022, the movement succeeded in obtaining some changes in the composition of some boards of directors, but to a lesser extent than in 2021.

3. Directors' responsibility

As mentioned previously, the board's role in overseeing ESG issues is increasingly under the scrutiny of shareholders. In 2022, 88.6% of Russell 1000 companies reported having a board responsible for ESG issues.

Proxy voting agencies have changed their voting guidelines on this issue by recommending voting against the appointment of the board members if they do not hold responsibility for the oversight of ESG issues. Furthermore, they now also pay attention to the follow-up given by the board to the resolutions filed by the shareholders. Indeed, today, companies do not always respond to issues raised by shareholders despite strong voting support. Glass Lewis, for example, noted that out of approximately 25 case studies, two companies, Bloomin' Brands and Wendy's Corp, did not respond to shareholder messages and requests at the general meetings and therefore recommended voting against the election of directors of these companies' boards. On the other hand, at its AGM, Netflix provided answers to shareholders on several resolutions on the issue of the ability of shareholders to require a meeting and the issue of the super majority required for votes.

2. FOCUS EUROPE

The major topics of the European 2022 proxy season remained fairly similar to last year, i.e. board gender diversity, board composition and the issue of adequate independence and oversight of environmental, social and governance risks, executive remuneration and finally "Say on Climate" resolutions.

An important observation, particularly for future trends, is the increase in quorums and attendance at general meetings in all European markets, except for Switzerland. Indeed, we are seeing an upward trend, especially in free float across Europe. This increase in free float is also an important trend to track as it is at this shareholding level that we see the strongest opposition and the most reactive groups, particularly to shareholder resolutions at general meetings.

In terms of board composition, gender diversity is becoming visible with an average of 30% women on the board. Unsurprisingly, countries with firm quotas have a higher representation of women at the board level than countries where quotas are a more flexible rule. However, it must be noted that gender diversity is mainly achieved through the appointment of women as independent directors, however, they remain a significant minority in executive positions.

Recommendations to vote against the election of directors are mainly based on a lack of independence, a lack of responsibility for overseeing environmental or social issues, or as mentioned above a lack of gender diversity.

Diversity in a broader meaning remains problematic in general, but regulations and best practices continue to enhance gender diversity.

The issue of executive remuneration remains a perennial battleground. The remuneration of some executives has attracted attention. In April 2022, the proposed 14% increase in the annual fixed salary of Axa's CEO was denounced by the proxy voter ISS, and the remuneration of Stellantis' CEO Carlos Tavares, which would have reached €66 million in 2021 according to his shareholder company Phitrust, was debated and rejected by his shareholders. Variable shares are becoming increasingly important (in relative and absolute terms) and policies are becoming more complex, including technical arrangements that sometimes require a lot of explaining to understand. The increase in the fixed part of remuneration is hardly accepted by investors, especially since academic research is struggling to demonstrate a positive correlation between the executive pay and the company performance. The widening of pay gap between employees and executives raises concerns about pay fairness. Since the French 2019 PACTE law, listed companies must disclose two ratios. These equity ratios indicate the differences between the remuneration of managers and the average salaries of full-time equivalent employees but also with the median salary of the latter. According to the Scalens study[1], the gap with respect to median salaries in listed companies in France was a factor of 28 in 2019 and 40 in 2021. Communicate transparently should be the first best practice regarding remuneration policy and report. However, according to the FIR report on the 2022 AGMs of the CAC 40, 29 companies have not responded satisfactorily to the question of decent wages. The FIR advises companies to give precise, measurable extra-financial criteria, with an explicit correlation with the company's objectives:

- Modify performance criteria, for example by increasing the weight of ESG criteria, which currently represent 20% of the variable remuneration of CAC 40 executives.
- Avoid greenwashing. According to a study published at the end of 2022 by the Institut Français des Administrateurs, the rate of achievement of climate objectives on the variable portions of executives was 116% on average in 2021. Avanty Avocats warns about the inconsistency of these annual objectives "when climate plans are established over a ten-year period".
- Make exceptional remuneration rare and avoid double remuneration. According to Proxinvest, exceptional remunerations should only concern long-term strategic projects.

However, remunerations showed relatively stable approval rates in 2022, demonstrating that ultimately, verbal opposition rarely converts into votes “against” at the general meetings. In general, votes against remuneration, whether retrospectively or prospectively, were motivated by excessive remuneration awards, generally poorly transparent and undetailed, coupled with an unsatisfactory response to shareholder requests for further and more transparent information.

Finally, although the issue still lacks a regulatory framework, Say on Climate has continued to be debated across Europe, particularly in the energy, finance, industrials and services sectors.

As a reminder, the "Say on Climate" is a resolution that appears on the agenda of general meetings. It can be tabled by the company itself or by its shareholders, so that the latter can vote each year on the climate policy of listed companies and thus ensure a permanent dialogue on environmental challenges. The Spanish company Ferrovial was at the forefront of this. Since then, this positive trend has continued to grow.

[1] According to a survey of more than 200 listed companies in France conducted in November 2022 by fintech Scalens (which supports listed companies in their relationship with shareholders) and law firm Avanty, 44% of companies plan to increase the fixed compensation of their executives in 2023. According to the same study, only 32% of companies had submitted ex-ante remuneration policies to their shareholders' vote in 2022. Scores were also down in the SBF 120, with 87% approval compared to 92% in 2021

The 'Say on Climate' issue remained topical during the 2022 season. This information on companies' climate ambitions is even more important as today around 1,500 companies have committed to achieving net zero emissions by 2050, but only a tiny fraction of them (around 2%, ca. 200 companies worldwide) have concrete and robust plans to achieve this level. With the science-based target (SBT) initiative, companies have to be more precise and clearer about their climate ambitions and their alignment with the Paris Agreement.

High approval rate

In Europe, around thirty climate resolutions were tabled during the 2022 season. They were sometimes accompanied by protests, particularly by NGOs (especially oil companies), and generally had a high approval rate.

On the other side of the Atlantic, many climate resolutions were filed by Canadian bank shareholders. Climate related topics remain important even within the financial institutions which are actively seeking to promote tender offers on their bonds. However, in Europe, non-financial companies are generally more targeted by the climate resolution than financial companies.

While climate resolution does not perfectly guarantee a company's energy transition in line with the Paris Agreement, it does provide visibility on the trajectory of greenhouse gas emission reductions and increased transparency on the means implemented by companies as credible levers for energy transition.

What are the criteria for a climate resolution to support as a shareholder?

First, it is necessary to check the origin of the resolution: was it filed by the shareholders or by the company itself? In the first case, one would tend to support the resolution that will force the company to be more transparent on the issue.

In the case of a resolution emanating directly from the company, it seems relevant that there is coherence between the proposed resolution and the general commitment of the company.

Attention should also be paid to certain key elements of the proposal, such as, that:

- the board of directors oversees the commitment
- there is regular reporting to the Board on the latter
- the long-term objectives are accompanied by medium-term objectives, compatible with a 1.5° degree scenario
- there is a commitment to publish intermediate objectives and progress.
- the draft report and strategy cover the company's direct and indirect emissions, also known as scope 1, 2 and 3 emissions.

Clearly, this is not an easy exercise for the uninitiated and retail investors. It is essentially the responsibility of institutional investors to decide whether to support a resolution and to balance the recommendations of proxy advisors, who tend not to support shareholder resolutions under the pretext of interfering in the day-to-day management and implementation of the company's strategy.

What real impact can be expected from these climate resolutions?

As a reminder, votes on climate resolutions, whether they come from the company or from shareholders, are not binding. They only show the support or dissatisfaction of shareholders when the number of unfavorable votes is high. Indeed, these votes on resolutions remain an important mean for shareholders to express their opinion on the general climate strategy of a company.

However, it is likely that the topic will follow the same direction as the resolutions on remuneration. Indeed, Say on Pay has long been a non-binding resolution in the US and Europe. The high-profile case of Carlos Ghosn's remuneration at Renault's AGM in 2016[2] prompted the French government to adopt a law on the obligation of transparency of executive remuneration.

Like the Renault AGM in 2016, this year's TotalEnergies AGM also caused a stir, mainly due to the (aborted) attempt by shareholders – amongst DPAM - to table a climate resolution for greater transparency of the company's scope 3 emissions reduction strategy. TotalEnergies refused the proposed resolution, arguing in a press release that the resolution was inadmissible as it encroached on the Board of Directors' public policy competence to set the company's strategy. The case was filed with the French financial markets authority (AMF), which declared itself incompetent to decide the case. While TotalEnergies won the case, its image as the 'best in class' in the sector was damaged by this lack of cooperation and transparency. The company's own resolution on sustainability and climate progress reporting was rejected by committed institutional investors. This was a way of expressing their dissatisfaction with the management of the case.

This case may set a precedent for the bill’s initiative on better mandatory transparency of climate strategies. It should be noted that in Europe, the Non-Financial Reporting Directive (NFRD), which will become the Corporate Sustainability Reporting Directive (CSRD), will increase the transparency of companies' environmental data but based on actual (historical) data and not based on companies' ambitions and objectives.

While the legal vagueness persists and leaves some room for interpretation on external resolutions, the rejection of the external resolution has, however, exposed the company to strong criticism and a significant reputational risk, notably based on the lack of respect for the interests of minority shareholders.

3. FOCUS ASIA

In 2022, DPAM decided to extend the geographical scope of its voting policy to Asia following the greater internationalization of its investments.

We opted to focus on China first - where voting depends on the class of shares in which we are invested - and Japan.

The 2022 proxy season is an effort to gain experience of corporate governance practices from another corporate governance setting and culture.

The focus was mainly on Japanese companies as we participated in 43 AGMs. DPAM also participated in the AGMs of one Indonesian company and 18 companies based in China and Hong Kong. The agendas of the general meetings of the Japanese companies were rather traditional, focusing mainly on board members’ election. The shareholders proposals were very limited. We had the opportunity to support 4 environmental shareholders’ proposals and not to support 3 linked to governance issues.

Furthermore, we supported Paris agreement related shareholder proposal for Mitsubishi and Sumitomo.

The shareholders’ governance-related proposals referred exclusively to the AGM of Mitsubishi UFJ Financials, for which we did not support the request to ban loans to companies involved in personal information leakage or in defamation. However, the authors of such proposals failed to provide a sufficiently clear argument to show that their proposal would lead to an increase in shareholder value.

Finally, we abstained on several (re) election of board members due to lack of independency on the Board. Indeed, DPAM recommends a minimum of one third of independency at the board level versus 30% legally speaking. We will pursue promoting this best practice of one third as a minimum.

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[2] At the 2016 Renault AGM, the strong opposition of shareholders to the remuneration of its CEO (54% of votes against) and despite the maintenance of the amount of the remuneration pushed the French State to put forward a bill to make the Say on Pay vote binding.

II. 2023: **WHAT TO EXPECT?**

For the year 2023, executive remuneration packages will continue to dominate the debate, particularly in the context of economic recession, high inflation and questioning of the sharing of value in the short term. However, in the longer term, the issue must be addressed in the context of a war for talent and a board of directors increasingly held accountable for overseeing environmental and social issues and facing a new form of activism on climate change and human rights issues.

For the 2023 proxy season, the increased scrutiny of the board's ESG monitoring responsibility will continue. The issue of board diversity remains important and proxy voting advisory agencies such as Glass Lewis recommend voting against the nomination committee when gender diversity is below 30%. Nevertheless, its expertise and adequacy are the subject to particular attention from shareholders and stakeholders, including its ability to monitor environmental, social and governance risks.

This will increase in importance for several reasons, notably:

- in terms of environmental risk, the trend towards greater climate accountability, i.e. a board of directors held responsible for strategy and its adequacy with climate change, will also be more visible. Indeed, the TCFD recommendations, which are increasingly becoming a standard for systematically taking environmental/climate risk, advise governance and strategy in charge of this control. More and more shareholders, such as DPAM, are aligning their voting intentions with the climate accounting of companies. Thus, an unfavorable development of a company's TCFD analysis may lead us to a more proactive voting course of action aligned with our ESG commitments.
- the issue of human rights in the supply chain and the duty of care - as it exists legally in France and the UK - are also the topics dominating the social proposals. Several regulations are going in this direction worldwide.
- The increasing risk of ESG-related litigation including sustainability disclosures.

Finally, a last point specific to the U.S. proxy season is related to the adoption of executive exculpation provisions through the amendment, as of August 2022, of Section 102(b)(107) of the Delaware General Corporation Law. Prior to August 2022, Section 102(b)(7) of the Delaware General Corporation Law allowed corporations to eliminate or limit the personal liability of directors to the corporation or its shareholders for financial damages arising from breach of duty of care. In August 2022, this section was amended to allow corporations to extend limited exculpatory protection to certain senior executives and to eliminate or limit their financial liability for breach of the duty of care (including a corporation's president, CEO, COO, CFO, general counsel, controller, treasurer or chief accountant, as well as other individuals identified in public documents, such as the corporation's highest paid executives).

The duty of care is both ethical and legal and requires that directors and senior officers make decisions in good faith and in a reasonably prudent manner when making business decisions. Proposals to adopt executive exemption provisions will need to be assessed on a case-by-case basis. The general course of action may be to vote against such proposals, unless the board provides a compelling rationale for adoption and the provisions are reasonable.

III. VOTING ACTIVITY 2022

DPAM exercised the voting rights attached to the shares held in the 57 institutional portfolios (SICAVs, FCPs, mandates) including their sub-funds managed by the company's management.

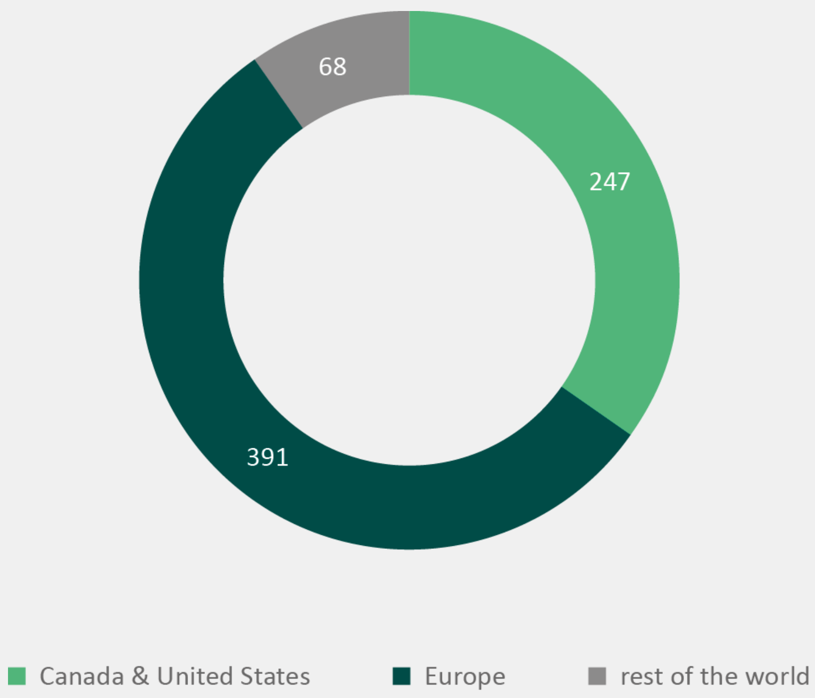
IVOX Glass Lewis GmbH (Ivox GL) assists DPAM in executing proxy instructions and in analysing the proposals of the shareholder meetings' agendas, as referred to in the Voting Policy of DPAM.

Similarly referred to in the Voting Policy of DPAM, the materiality threshold to activate the voting instruction is such that the number of shares held in a specific company represents 0.5% of the AUM in one sub-fund and at least € 1 million. A quality check is carried out to ensure that DPAM votes in companies in which it could be relevant shareholder in terms of cumulative positions but for which all individual shareholding is systematically below the threshold.

Our voting activity was historically concentrated essentially on the European and North American markets (United States and Canada). Since 2022, we decided to extend to the Asian continent by starting with China and Japan as first experience to reflect the increasing internationalisation of our investments.

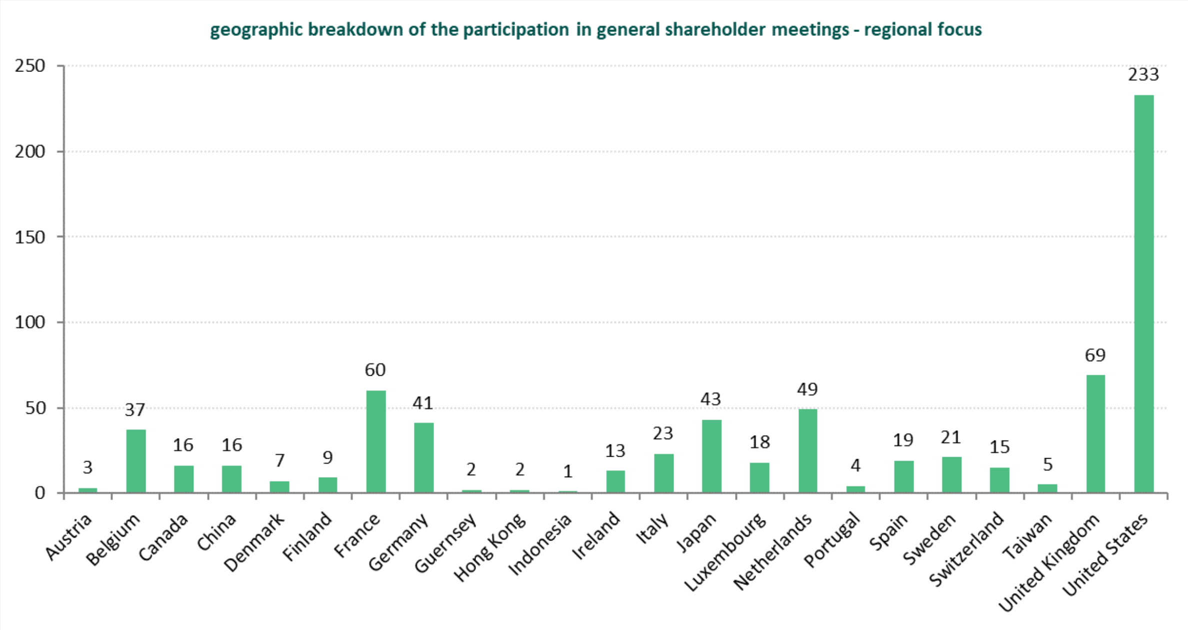
To reconcile the long-term interests of shareholders and the inherent cost of voting, DPAM participated in general meetings when the minimum shareholding requirement, as defined in its voting policy, was reached. The voting policy defines the materiality threshold and target markets for DPAM's voting activity (see Voting Policy). We took part in a total of **706 general and extraordinary meetings** for a total of **10,303 resolutions**. This is slightly above the activity of last year, and partially explained by the geographical extension of the scope. We made our voice heard in **651 companies** mainly in Europe and North America, and to a lesser extent in Japan.

Geographic breakdown of Shareholder meetings participation



Source: Glass Lewis, DPAM – 31.12.2022

Geographical breakdown of Shareholder meetings participation



Source: Glass Lewis, DPAM – 31.12.2022

Most of the resolutions naturally came from the management. The proposals submitted by shareholders remain in the minority (3.8% of the total number of resolutions on which we have expressed an opinion).

Of the 10,303 resolutions voted on, DPAM abstained in a limited number of cases (3.84%) of cases, illustrating our determination to express ourselves whilst giving some time to adapt to companies[3]. We voted against the resolution in 8.94% of cases, a rate of protest in line with last year.

1. THEMATICS OF UNFAVORABLE VOTES

We support management in nearly 85% of cases but voted against their recommendations for investigation in 14.14% of cases (slightly above the 12.3% of 2021).

Voting instructions are given in accordance with DPAM's active voting policy, adopted in February 2019, which is annually revised by the Voting Advisory Board (notably during 2021 to incorporate best practice and the latest regulatory developments) to reflect the latest regulatory developments and governance best practices.

In line with our "Active, Sustainable, Research" positioning, we have deliberately left certain agenda items to the discretion of our voting committee on a case-by-case basis to maintain our ability to critically analyse certain situations or to allow companies a certain amount of time to adapt to our commitments. Consequently, we did not, strictly speaking, follow the guidelines of our voting policy in 4.84% of the resolutions on which we voted. These were essentially resolutions on the appointment or re-election of directors due to the lack of

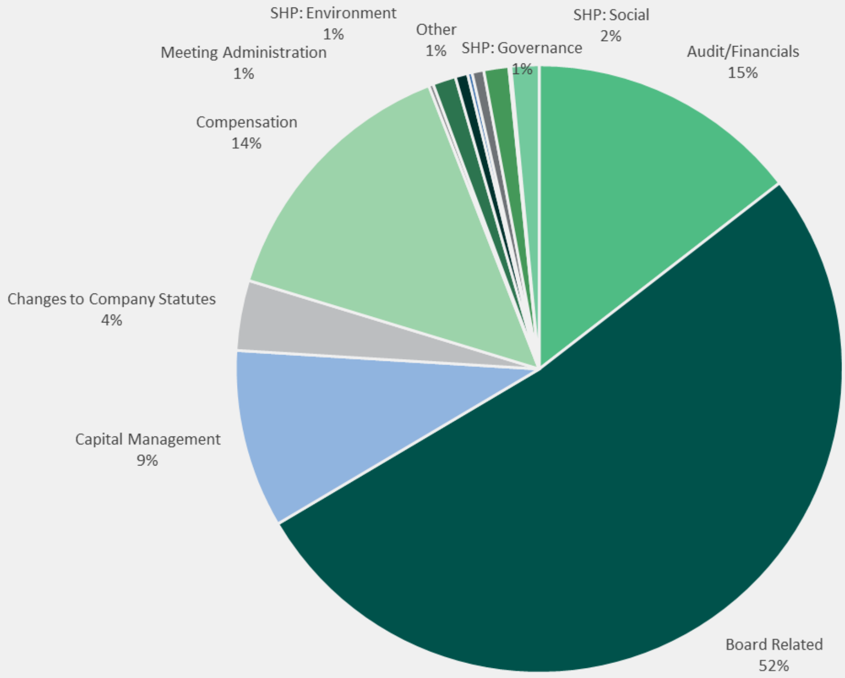
3 We typically vote « abstain » on some election of board directors the first year when the independency of the Board could be improved. This is part of our engagement dialogue with companies.

independence of the boards of directors with which we entered into a dialogue and to which we allowed a certain amount of time to adapt. Capital increases through the issue of new shares or convertibles or in kind are also subject to an in-depth study on a case-by-case basis, considering the specificities of the economic sector in question (common practice of listed real estate companies, for example). Another topic is the advisory vote on executive compensation as we have opted for a dialogue process during the first year to promote best practices.

Other proposals relate to shareholder's proposal on governance or social topic where we did not systematically support the proposal when the company is already disclosing several reports on the topic and an additional request would be of limited added value. Finally, we also analysed on a case-by-case the Say on Climate proposals, considering the added value of our TCFD recommendations experience as well.

As mentioned previously, the agenda items remain very conformist, i.e. mainly composed of items relating to the Board of Directors, audit and financial results, remuneration of executive functions and capital management.

Proposal breakdown by topics



Source: Glass Lewis, DPAM – 31.12.2022

Our voting instructions 'against' focus on resolutions filed by shareholders on compensation and corporate governance matters and resolutions on the Board of Directors. Shareholder resolutions on governance issues were related to the day-to-day management of the company, which is more the responsibility of the management bodies than of the shareholders. On the issue of shareholder resolutions on remuneration and the composition of the Board of Directors, DPAM chose the path of engagement with management. Nevertheless, if the dissident rate is high for those proposals, this should be looked relatively speaking with the number of proposals to vote.

Next to the shareholders' proposals, the main topics we voted against were changes to company statutes, capital management and compensation. We did not support proposals regarding changes to company statutes when these lack of disclosure or could be used as anti-takeover device.

Regarding capital management, our voting policy explicitly mentioned the cases in which we will vote abstain or against, i.e. excessive proposed increase, explicit purpose to strengthen a takeover defence or absence of pre-emptive rights when deemed appropriate.

Finally, regarding compensation, as stipulated in our voting policy, we have clear expectations regarding executive remuneration policy and report. We have agreed on some flexibility regarding these best practices and could vote abstain the first year while initiating an engaged dialogue with the company to explicitly list what are our expectations for the years to come.

2. SHAREHOLDER RESOLUTIONS FOCUS

We voted on 391 proposals coming from shareholders i.e. 3.80% of the total proposals on which we voted.

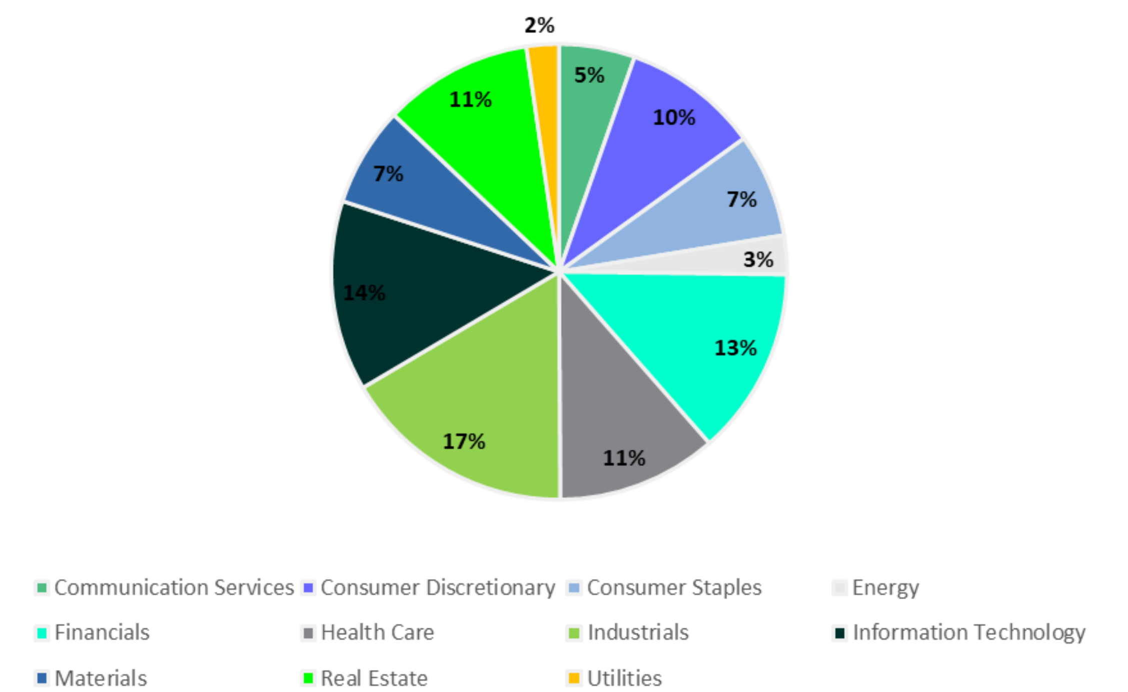
The breakdown in terms of topics was the following (by order of importance):

- Social: 154 proposals of which we supported 113, which we considered aligned with our ESG convictions and commitments, notably related to working conditions, freedom of association, lobbying report, employees health and safety.
- Governance: 137 proposals of which we supported 68 notably regarding independent board chairman, separation of chair and CEO, and generally 10% threshold for calling a special meeting
- Environment: 64 proposals in which we supported all proposals on reporting and reducing greenhouse gas emissions. We also supported all proposals on report/action on climate change. We voted abstain only on 2 proposals in the AGM of Mc Donalds regarding a request for a report on plastics and a report on public health costs of antibiotics in the supply chain, as those two requests tend to be repetitive and have no added value to all existing CSR reports already provided by the company.
- Compensation: 25 proposals of which we supported 14 as they are fully aligned with our ESG convictions and commitments notably in terms of executive compensation program, including the variable copmensation linked to ESG criteria.

3. BREAKDOWN OF DPAM VOTING ACTIVITY

In sectorial terms, DPAM voted in most business sectors. The five main sectors – Industrials, Information Technology, Financials, Real Estate and Healthcare - cover over 65% of the companies in which we voted.

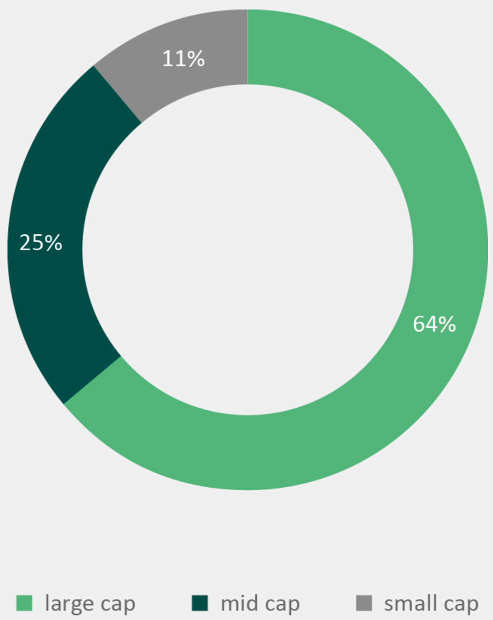
Sector breakdown of Shareholder meetings participation



Source: Glass Lewis, DPAM – 31.12.2022

In terms of the market capitalisation of the companies in which DPAM holds stakes, index strategies following the main market indices tend to have greater shareholder expression in large capitalisations (over EUR 10 billion).

Breakdown by market capitalisation of the Shareholder meetings participation



Source: Glass Lewis, DPAM – 31.12.2022

4. DIALOGUE AND ENGAGEMENT

Commitment remained a high priority in 2022 for DPAM, whether it be collaborative, individual engagement or less formal dialogue with companies.

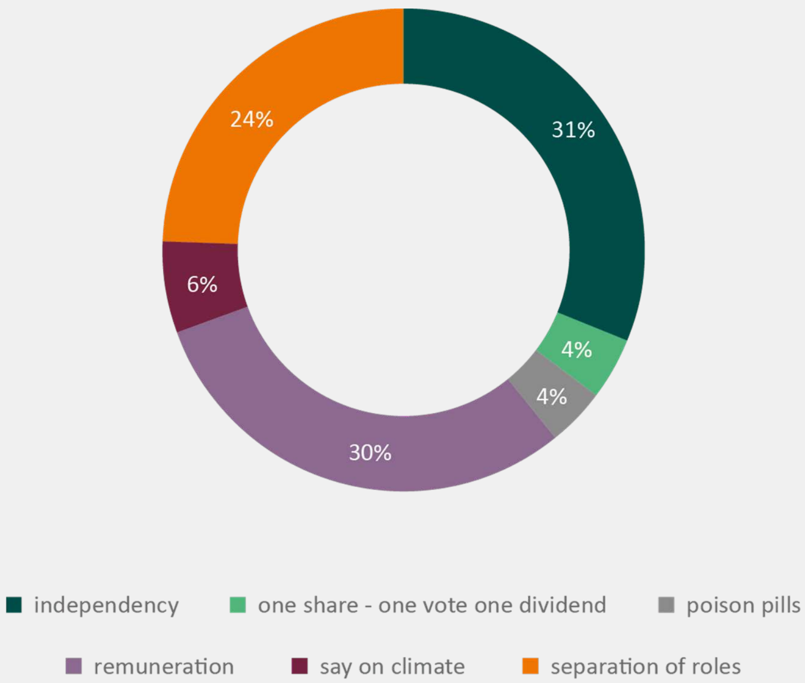
As a result, **176 letters were sent out**, aligned with 2021. The topic of Say on Climate was added to the list of topics for which DPAM has prioritised the voice of dialogue and exchange of best practices rather than punitive votes. We received **24 answers,** in which **7** were requests for further information. The majority of the answers are acknowledgment of the shared information than a willingness to engage on the topic.

The transparency of our voting intentions reflects our desire to be transparent at all levels of our sustainable offer. Our commitment topics have been defined within our Voting Steering Committee to focus on key corporate governance issues. There are six of these:

1. For technical reasons, the election or re-election of a member of the Board of Directors would not be valid due to lack of information provided by the company. DPAM then votes favourably in the first year but encourages the company to provide more information and transparency, in line with its principle of integrity and transparency of information;
2. The independence of the Board of Directors is not guaranteed due to a lack of balance between independent and non-independent members. DPAM may abstain from voting in favour and encourages the company to improve the degree of independence of its board of directors and its committees. We systematically vote against combining the roles of CEO and Chairman of the Board of Directors;
3. Anti-takeover devices (poison pills). DPAM rejects every initiative that could hinder the rights of minority shareholders;
4. Multiple voting rights: as a strong supporter of the "one share, one vote, one dividend" principle, we oppose any attempt to limit this principle.
5. Transparency of the remuneration report for executive functions, in line with best practices which require, inter alia, clear and quantified parameters for the determination of variables (performance objectives, qualitative criteria, etc.) over a medium-term horizon, a clawback clause (clawback/malus system on bonuses awarded) and specific conditions for the remuneration of board members for their non-board activities/services. DPAM may abstain from voting in favour of any initiative that could go against the shareholders' interest, such as a re-pricing option in the event of a change of control that could discourage potential acquirers from making a bid for the company.
6. Say on Climate, to share what we consider as best practices regarding policy and report and to assist companies to adopt those progressively.

The Independency of the Board as well as the remuneration of executive functions were the dominant topics of engagement.

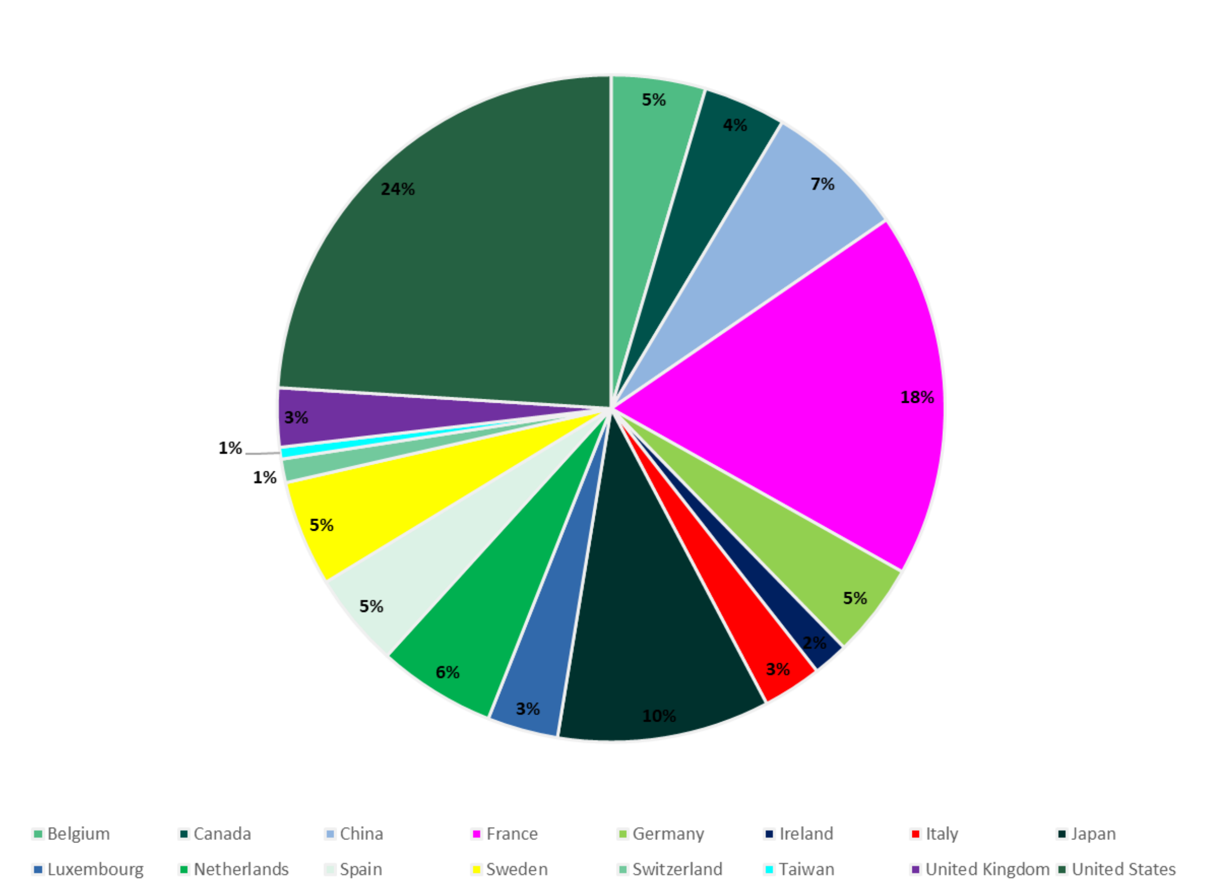
Topics breakdown of the engaged dialogues with companies



Source: Glass Lewis, DPAM – 31.12.2022

Similarly, at the geographical level, the dialogues we are engaged in remain focused on the United States and to a lesser extent to France.

Geographical breakdown of the engaged dialogues with the companies



Source: Glass Lewis, DPAM – 31.12.2022

IV. DPAM AS **A RESPONSIBLE PLAYER**

DPAM is the asset management division wholly owned by Bank Degroof Petercam. Boasting a long track record of managing equity, fixed income, mixed as well as responsible investment funds, it presents active management strategies as well as quantitative and asymmetric strategies.

DPAM, the new management company, born out of the merger between Degroof Fund Management Company and Petercam Institutional Asset Management, has reiterated its commitment made in 2011, when it became a signatory of the United Nations Principles for Responsible Investment (UN PRI), which aim to foster the integration of ESG criteria into investment management decision processes. By signing this initiative, the company commits to the adoption and implementation of the six key principles of the UN PRI, and publicly shows its high-level commitment to the integration of ESG criteria in a consistent manner by fulfilling its social role, and by contributing to the development of an investment approach that is more geared towards the long term and which is more sustainable.

Taking part in shareholder meetings is a tenet of our social responsibility.

It is an efficient way of showing our commitment to a more sustainable financial industry, advocating sustainable growth and a long-term risk management approach. As a matter of fact, general meetings are a good venue to exchange ideas between shareholders and company executives. This allows well-informed investors to address specific issues in a more detailed way, or to raise pertinent questions.

By adopting this approach, DPAM advocates a vision that shows greater respect for humans and their environment in the long term. As investment horizons become constantly shorter, it is important to put the shareholder at the heart of the company as a co-owner, who places its longevity above short-term profits.

Shareholder involvement, taking the form of *engagement*, voting at shareholder meetings and/or entering into engaged dialogue with a company are management tools that investors should fully embrace in order to better assess global risks, uphold certain values and best practices, and, in doing so, contribute to more sustainable companies. It is, therefore, a long-term process, which, due to the snowball effect -provided it is well-structured- creates added value for companies and enhances their performance as well as the long-term viability of investments.

Hence, we believe it to be essential to include our full investment fund range in our voting policy, in order to bring together our voting rights and make our voice heard in a manner that is in line with our investment and participation levels.

V. VOTING **ADVISORY BOARD**

The votes have been cast in accordance with the 2022 voting policy adopted by DPAM and DPAS, steered by its Voting Advisory Board (VAB) in February 2022.

IVOX Glass Lewis GmbH (Ivox GL) assists DPAM in executing proxy instructions and in analysing the proposals of the shareholder meetings' agendas, as referred to in the Voting Policy of DPAM.

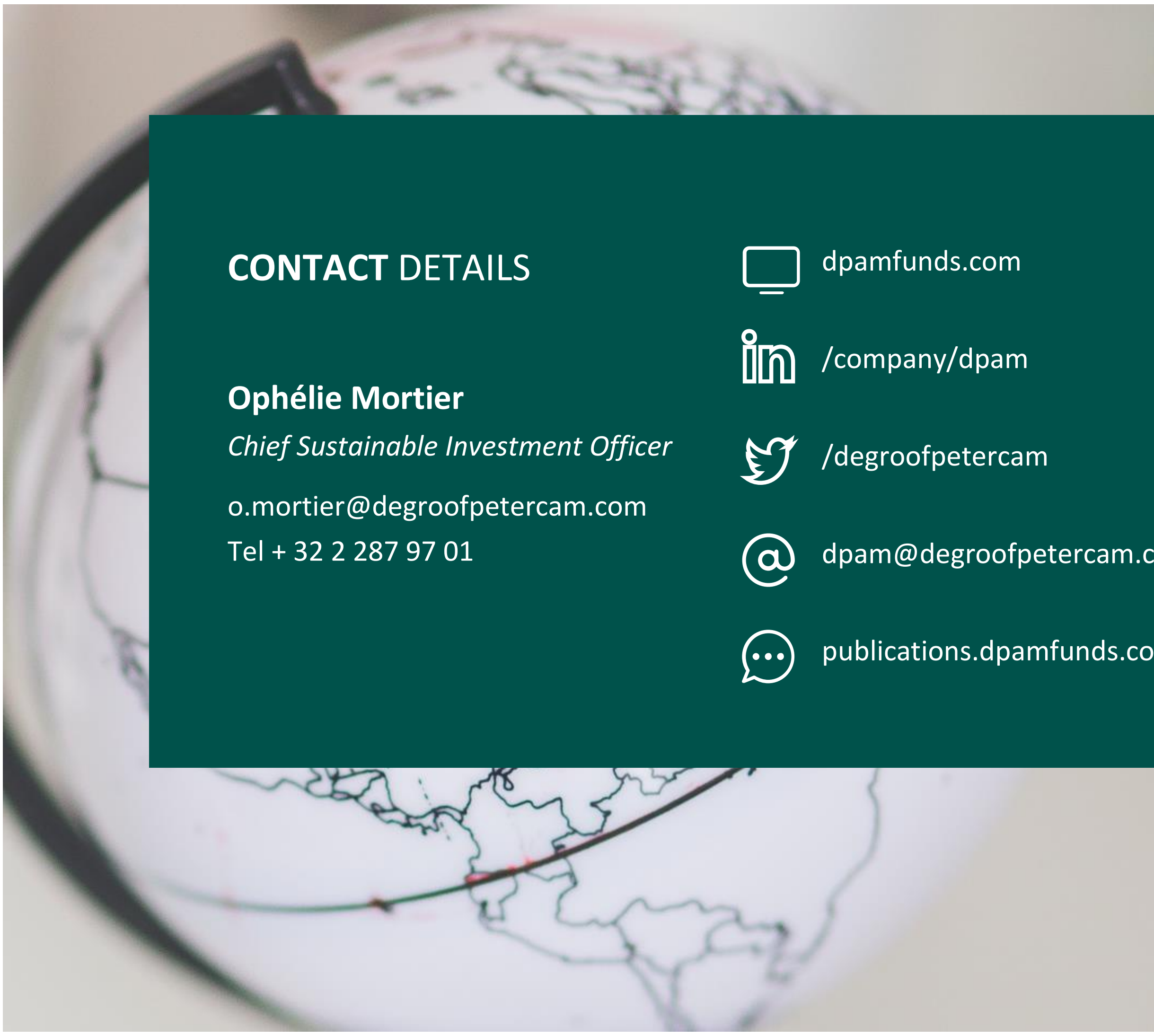
The VAB consists of seven internal members and three external members.

The internal members were for the year 2022:

Marie Petit	Main legal advisory, DPAM
Ophélie Mortier	Chief Sustainable Investments Officer, DPAM
France Colas	Member of the DPAS Management Board, Head of Client Services
Philippe Denef	Member of the DPAM Management Board, CIO Quantitative Equity & Asymmetric Management
Peter De Coensel	Chairman of the DPAM Management Board, CEO DPAM
Tom Demaecker	Senior Fundamental Equity Portfolio Manager
Johan Van Geeteruyen	Member of the DPAM Management Board, CIO Equities

The three external members were invited to join the board in view of their experience and expertise in terms of corporate governance.

Katrien Vorlat, a lawyer specialising in mergers and acquisitions, Geert Maelfait, an independent expert in corporate governance with a long-standing experience in banking and insurance and Dominique Liénart, former secretary general of BNPP AM, joined our board and provide us with their experience and expertise.



CONTACT DETAILS

Ophélie Mortier

Chief Sustainable Investment Officer

o.mortier@degroofpetercam.com

Tel + 32 2 287 97 01

dpamfunds.com

/company/dpam

/degroofpetercam

dpam@degroofpetercam.com

publications.dpamfunds.com

DISCLAIMER

This document takes into account the requirements of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, for asset managers to publicly disclose how their engagement policy has been implemented .

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DPAM SA - Rue Guimard 18 | 1040 Brussels | Belgium