Shareholder Engagement and Voting Rights Policy

LBO FRANCE

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Appendices

Validation	**ESG and Climate Committee**
Version and Date	V1 – September 2026
History of amendments	/

1. Preamble

Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and transposed into French law, aims to strengthen long-term investment in companies and to promote the transparency of investments made by financial market participants. LBO France Gestion is required to describe and make publicly available its long-term engagement with the equity issuers in which the funds it manages are invested.

This policy sets out the shareholder engagement framework of LBO France Gestion as well as its voting rights policy. It describes the way in which LBO France Gestion incorporates its role as a shareholder into its investment strategy. It sets out in full the voting policy and the additional arrangements put in place by LBO France Gestion to strengthen dialogue with issuers.

In its role as shareholder and investor in the companies held in the portfolio, LBO France Gestion applies the various criteria of its voting and shareholder engagement policy described below. Where it does not apply them, or applies them partially, it sets out the reasons in the *Report on shareholder engagement and on the exercise of voting rights* published annually.

2. Scope of application

The shareholder engagement policy specifies how LBO France Gestion exercises the responsibilities associated with its role as a shareholder. It targets investments made in shares and similar instruments (equity and quasi-equity).

The following investments are concerned:

- Securities not listed on a regulated market:
    - Majority and minority LBO Private Equity investment activities
    - Digital Health Venture and Proptech Venture activities
    - Seedstars Africa Ventures activity
    - Real Estate activity
- Securities listed on a regulated market:
    - For the activities mentioned above, listed securities (i) received in exchange following an initial public offering, (ii) received as payment in connection with a disposal, (iii) acquired with a view to a delisting operation, or (iv) acquired as part of a risk diversification or liquidity management approach;
    - Valboa activity.

3. Objectives of the shareholder engagement policy

LBO France Gestion's shareholder engagement policy describes how, in particular, the following are ensured:

- The monitoring of strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance;
- Dialogue with the companies held;
- The exercise of voting rights and of the other rights attached to shares (limited to the shares held by the mandates and funds under management);
- Cooperation with other shareholders;
- Communication with relevant stakeholders;
- The prevention and management of actual or potential conflicts of interest in relation to their engagement.

The shareholder engagement policy is communicated to the public free of charge on the website of LBO France Gestion.

4. Provisions of the policy

4.1. General principles

The monitoring of strategy, financial performance, risks and capital structure, as well as governance, are inherent to the selection of issuers at LBO France Gestion.

LBO France Gestion undertakes to fully exercise its responsibility as a shareholder in the interest of its clients, by investing with a long-term horizon and analysing in detail the prospects of the companies held, with the aim of creating value. To this end, LBO France Gestion's investment teams carry out an in-depth analysis of the economic and financial performance of the companies in which they invest and pay particular attention to their sound governance.

As a signatory of the Principles for Responsible Investment (PRI), LBO France Gestion has undertaken to be an active shareholder and to integrate ESG (Environmental, Social, Governance) issues into its shareholder policies and procedures. In addition, LBO France Gestion considers ESG and climate issues to be key elements in the long-term creation of value and the financial performance of investments. Consequently, and pursuant to the provisions of its ESG and Climate Policy, LBO France Gestion systematically takes ESG and climate criteria into account in the selection of issuers as well as in their regular monitoring, specifically in the context of its presence on governance bodies.

4.2. Monitoring of issuers and presence on governance bodies

LBO France Gestion's management teams meet with the executives of the companies in which they invest. These meetings aim to better understand and monitor companies' strategies, their opportunities and their risks.

4.2.1. Private Equity, Venture and Real Estate activities

Majority investments

LBO France Gestion or the staff representing it are intended to hold a mandate within the corporate bodies of the portfolio companies. In the context of LBO and Real Estate investments, staff hold a position not on the executive body of the investee, but on the Supervisory Board or equivalent body (hereinafter referred to as the "Board") of the acquisition holding company.

Minority investments

In general, LBO France Gestion wishes to be represented on the Board of minority investments in Private Equity and Venture. Depending on the activities, LBO France Gestion may systematise this representation and/or seek specific rights as a shareholder. The details of these criteria for representation and for obtaining rights are set out in Appendix 1.

4.2.2. Valboa activity

Acting as a responsible investor, LBO France Gestion is committed to honouring its responsibility as a shareholder and to carrying out regular and systematic monitoring by voting uniformly on all the securities held in the portfolios of its listed investments.

4.3. Dialogue with investee companies

LBO France Gestion endeavours to understand the approach adopted by the management of companies and issuers in order to assess their managerial capacity. The investment team engages in dialogue with portfolio companies and issuers on the implementation of their corporate strategy, their results, financial and non-financial risks, and capital allocation.

With regard to the Valboa activity, LBO France Gestion ensures the possibility of constructive dialogue with the investees prior to investment. LBO France Gestion systematically engages in dialogue with the executives of issuers ahead of annual general meetings, focusing on governance and financial communication topics.

4.4. Exercise of voting rights and other rights attached to shares

4.4.1. General principles applicable to the analysis of resolutions

LBO France Gestion's general shareholder principles are:

- To act in the exclusive interest of unitholders, in compliance with the Funds' rules and with the applicable conflict-of-interest management rules;
- To ensure that transparency exists as regards the information given to shareholders;
- To ensure the maintenance of the powers of the general meeting;
- To vote in the corporate interest of issuers;
- To promote, through its shareholder role, the application of best ESG practices by issuers.

Consequently, for all its activities, LBO France Gestion applies the following principles for the analysis of resolutions:

Topic	Principles
Decisions entailing an amendment of the articles of association	Amendments to the articles of association will be analysed on a case-by-case basis.
Approval of the accounts and allocation of profit	The principle proposed for the approval of the statutory accounts is that of the integrity of the accounts. The company's information must be accessible, truthful and consistent, and the strategy presented must be clear and stable. Distribution proposals will be analysed on a case-by-case basis.
Appointment and removal of corporate bodies	In the event of a change/removal of corporate bodies, amendments to the articles of association relating to the company's method of administration (Board of Directors, Executive Board/Supervisory Board) will be analysed on a case-by-case basis.
Regulated agreements	Agreements must all be signed in the interest of all shareholders, which implies that they must be clearly detailed and strategically justified and that their terms must be fair with regard to the interests of all shareholders. They will be analysed on a case-by-case basis.
Statutory audit of the accounts	The appointment and renewal of principal and alternate statutory auditors will be analysed on a case-by-case basis.
Capital transactions	Particular attention will be paid to capital transactions, strategic operations and equity management. Each capital transaction proposed to shareholders (contribution, merger, reserved issue) must be strategically justified and financially balanced and will be examined on a case-by-case basis.

For all other matters, LBO France votes in accordance with the five general principles set out above.

LBO France Gestion may vote against a resolution where this contributes to the achievement of the following objectives:

- The pursuit of best practices in terms of corporate governance;
- The protection of the rights of existing shareholders, whether majority or minority, and of the value of their securities;
- Transparency of financial and non-financial information; and
- Protection of the corporate interest of the company.

4.4.2. Detailed principles specific to the Valboa activity

For the Valboa investment activity, to carry out its stewardship as an investor in a socially responsible manner, LBO France Gestion gives priority to compliance with seven principles:

1. Respect for shareholders' rights and equality between them, embodied by the obtaining of one voting right per share held;
2. The integrity of the accounts, and the continuity and transparency of communication, guaranteed by the independence of the statutory auditors;
3. The separation of powers between the company's executives and the directors of the Board of Directors or Supervisory Board, as a supervisory body;
4. The transparency of the remuneration policy, with the presence of an independent remuneration committee and variable remuneration linked to precise performance objectives;
5. The allocation of profit and the use of equity in the interest of shareholders, and in particular of the minority shareholder;
6. The strategic development of the company with justified and balanced capital transactions;
7. The optimal management of environmental and social issues in the conduct of the company's business and the recognition of its responsibilities in the face of ESG (Environmental, Social, Governance) risks, considering the quality of governance to be paramount, as a guarantee of the E and S issues.

These principles are broken down into precise voting criteria covering the following themes:

- Approval of the accounts and discharge
- Statutory auditors and fees
- Approval of regulated agreements and related-party transactions
- Election of Directors
- Directors' fees
- Capital transactions
- Remuneration and involvement of executives and employees in the capital
- Amendments to the articles of association

These precise criteria are set out in Appendix 2.

4.4.3. Method of exercising voting rights

LBO France Gestion exercises its voting rights directly by correspondence or through its presence at general meetings. In this sense, LBO France Gestion will systematically vote against a resolution seeking to abolish the holding of a physical general meeting. LBO France Gestion does not, in principle, use proxy voting service providers.

4.5. Cooperation with other shareholders

In the interest of the funds it manages, LBO France Gestion is in favour of cooperation with other shareholders to assert the interests of its clients.

As indicated above, the investment strategy of the Valboa funds gives a decisive place to the engagement approach that promotes best governance practices and the quality of issuers' financial information. Shareholder dialogue may therefore extend to other shareholders, notably in the context of global and systemic issues that require collaborative action to achieve the best results in promoting better practices.

LBO France Gestion reserves the possibility of building or participating in collaborative engagement initiatives on a case-by-case basis, depending on a specific analysis of the situation and of the engagement theme selected.

4.6. Communication with relevant stakeholders

LBO France Gestion interacts with several stakeholders to exercise its shareholder engagement under good conditions. Notably, LBO France Gestion relies on the ESG monitoring and reporting work that it carries out in accordance with its ESG policy.

The following stakeholders are notably concerned:

- The bodies of the financial management industry (France Invest, AMF, etc.)
- Brokers
- The media
- ESG data providers

4.7. Prevention and management of conflicts of interest

LBO France Gestion is an independent management company, majority-owned by its executives.

Moreover, all employees and executives of LBO France Gestion are fully subject to the Management Company's Code of Ethics, a code compliant with the Code of Ethics of portfolio management companies operating in private equity published in April 2013 by the AFG and France Invest and approved by the AMF, and they comply with the recommended best practices.

If, however, a conflict-of-interest situation were to arise, the case would be submitted to the RCCI (Head of Compliance and Internal Control) for arbitration on how to deal with the conflict.

LBO France Gestion also complies with the Guide to the governance of management companies published by the AFG in January 2017.

5. Distribution and review of the policy

Upon request, LBO France Gestion makes this policy available to its clients and to unitholders of AIFs and UCITS. This policy is also available on the website of LBO France Gestion: www.lbofrance.com

The shareholder engagement policy is validated by the Management Company's ESG and Climate Committee, composed of the Chief Executive Officer, the Chief Investment Officer and the Head of ESG.

The Management Company provides for an annual update as well as an update at any time whenever this is deemed useful.

6. Report on shareholder engagement

Each year, LBO France Gestion reports to its clients and prospective clients on the implementation of this shareholder engagement policy.

This report takes the form of an overall report entitled "Report on shareholder engagement and on the exercise of voting rights" published on the website of LBO France Gestion: https://www.lbofrance.com

This report is prepared by the investment teams and validated by the ESG and Climate Committee of LBO France. Prior to the validation of the overall report by the ESG and Climate Committee, the information relating to the engagement actions and to the exercise of voting rights of the Valboa activity is reviewed and validated by the Listed Investment Risk Committee.

To facilitate the information of the unitholders of the funds concerned, the information on shareholder engagement and on the votes of the Valboa activity is brought together in a separate report once validated by the Listed Investment Risk Committee; this separate report is published no later than 30 June following the reporting year on the relevant page of the LBO France Gestion website: https://www.lbofrance.com/expertises/gestion-cotee/

Appendix 1. Representation and powers sought on the Board for minority investments (Private Equity and Venture)

Type of investment	Criteria
Minority LBO	• Board representation: Systematic. • Veto rights systematically requested for the following matters: - Approval of the budget, additional indebtedness, Capex outside the budget (possibly subject to thresholds) - All agreements with the majority shareholders - Remuneration and incentives of Management - Recruitment of key managers - Acquisitions (sometimes subject to thresholds) - Any issue of securities, merger, etc. (sometimes subject to thresholds) - Amendment of financing documentation - Change of accounting methods, articles of association, activities, etc. • Right to table a resolution systematically requested.
Digital Health Venture	• Board representation: Systematically sought, unless the level of holding does not allow a seat to be obtained or maintained on the Board. Failing that, a non-voting observer seat. • Rights requested: Veto rights reserved for a supermajority and not individual, unless the fund managed by LBO France Gestion is the sole financial shareholder. The matters covered by the veto rights notably include asset disposals and amendments to the capitalisation table. • Right to table a resolution systematically requested.
Proptech Venture	• Board representation: Sought, but not systematic. • Rights requested: Veto right generally requested if the holding percentage of the funds managed by LBO France Gestion exceeds 10%, for any significant strategic, financial or capital-related decision, in particular: - Approval of the budget and business plan, as well as any significant deviation (>20%); - Strategic development of the company (change of activity, launch of new activities or geographic markets, creation or acquisition of subsidiaries, transfer of the registered office); - Financial or commercial commitments, acquisitions, asset disposals or indebtedness exceeding EUR 100k (outside the approved budget); - Granting of licences or rights over strategic intellectual property assets outside the ordinary course of business; - Remuneration and terms of employment of executives and of the highest-paid employees (>EUR 100k); - Transactions on the capital and governance: issues of securities, incentive plans, BSPCE/warrants/options, amendment of the articles of association, change of corporate form, appointment/removal of executives, dissolution; - Distribution of dividends or any other distribution to shareholders. • Right to table a resolution systematically requested.
Seedstars Venture	• Board representation: Sought subject to availability, failing that a non-voting observer seat. • Rights requested: Where LBO France Gestion is present on the Board, veto right requested on major matters: capital increase, disposals, acquisitions, positions and recruitment of members of management, debts, contracts exceeding a materiality threshold.

Appendix 2. LBO France Gestion voting criteria specific to the Valboa activity (listed investment)

1. Approval of the accounts and discharge

- Approval of the company's accounts - approval of the consolidated accounts and of the group's management report

LBO France Gestion generally votes in favour of management's proposals requesting the approval of the financial statements and of the management report. However, LBO France Gestion will assess the information qualitatively on a case-by-case basis. The elements that may lead to the rejection of the proposals relate in most cases to:

  - Non-disclosure of the accounts or of the annual report, or more generally a lack of information on a particular point;
  - Reservations expressed by the statutory auditors or their refusal to certify the accounts, with particular attention paid to accounting changes;
  - Reservations concerning the actions of the executives, in particular if they have historically been subject to legal proceedings.

- Discharge of the directors

LBO France Gestion assesses the proposed candidacies qualitatively and will most of the time vote in favour of the discharge, except in the case of proven legal action or scandals or of poor corporate governance during the previous financial year.

- Approval of the allocation of profit

The allocation of profit is analysed in the light of the company's financial situation and strategy. LBO France Gestion will give priority to the company's long-term interest and to the maintenance of a dividend distribution policy that is stable over time. The distribution offered must be properly justified, notably in relation to the level of equity, cash-flow generation and level of debt.

2. Statutory auditors and fees

- Appointment of the statutory auditors

LBO France Gestion is keen to ensure that quality supervision can be exercised by the statutory auditors and will vote in favour of a regular renewal of the teams in charge of auditing the accounts. However, LBO France Gestion will be led to vote against a proposal to appoint statutory auditors if:

  - The name of the statutory auditors is not disclosed;
  - A major conflict of interest is proven;
  - The independence criteria are not respected, in particular if the proposed candidate has more than 15 years' seniority in the position;
  - Accounting irregularities or questionable audit procedures have been proven.

The principal statutory auditor must not work in the same group as the co-statutory auditor. On the other hand, the alternate statutory auditors may come from the same firms as the principal ones.

- Statutory auditors' fees

Resolutions relating to fees will be rejected if the ancillary fees (relating to tax assignments, advisory assignments, or other) are greater than or equal to 20% of the total fees received. Where the fees are included in the resolution relating to the renewal of the statutory auditors, LBO France Gestion will vote against the resolution if the ancillary fees are greater than 20% of the total fees on average over the three previous financial years.

On an exceptional basis, the ancillary fees may represent up to one third of the statutory auditors' remuneration, subject to justification.

3. Approval of regulated agreements and related-party transactions

Regulated agreements refer to contracts signed directly or indirectly between the company and the Chief Executive Officer, a Deputy Chief Executive Officer, a director or a reference shareholder holding more than 10% of the voting rights. LBO France Gestion is not in favour of such agreements, which undermine the independence of the corporate officers. LBO France Gestion will examine them on a case-by-case basis, analysing in particular the content of the transactions and their compliance with the interest of shareholders.

- Approval of regulated agreements set out in the special report / Approval of an agreement not previously authorised by the board of directors

LBO France Gestion will analyse the information contained in the report on regulated agreements and will vote in the interest of shareholders. Agreements must be detailed and strategically justified; they must be fair to all shareholders.

- Approval of expenses that are not tax-deductible

LBO France Gestion will vote on a case-by-case basis based on its qualitative analysis. However, if the amount of the non-tax-deductible expenses is greater than 1% of profit, it will vote against the resolution.

If several regulated agreements are submitted to the vote in a single resolution, the vote will be negative for the entire resolution if at least one agreement does not comply with the interest of shareholders. As a general rule, LBO France Gestion opposes the practice of "linked agreements", consisting of grouping several projects into a single resolution.

4. Election of Directors

- Independence

The Board of Directors or the Supervisory Board, depending on the legal structure of the companies, retains a primary role of supervising the executive. In order to be able to fulfil this role effectively, this board must include as many independent directors as possible.

LBO France Gestion will be led to vote in favour of the resolution relating to the renewal of the mandate or the appointment of a candidate if the Board of Directors, including the candidates submitted to the vote, respects its independence criteria:

- 50% independent directors if the capital is not controlled;
- 33% independent directors if the capital is controlled. A company is considered controlled if one shareholder or several related shareholders control more than 50% of the company's voting rights.

In order not to penalise companies obliged to include employee directors or representatives of employee shareholders on their boards, the latter are excluded from the calculation of the independence rate. In all cases, the independence of directors is assessed according to LBO France Gestion's own criteria, not merely relying on the classifications provided by the companies.

Definition of a non-independent director for LBO France Gestion

A director may not be considered independent:

- If the Board of Directors presents them as non-independent;
- If they manage or are employed by the company, or represent its personnel;
- If they receive remuneration as high as that of a senior executive, taking into account all the components of their remuneration;
- If they directly or indirectly represent at least 5% of the capital;
- If they represent the State;
- If they represent a stakeholder of the company (supplier, client, banker, creditor, etc.);
- If they are a family member of an executive, an employee or a founder/co-founder of the group;
- If they have managed the group in the last five years;
- If they have sat on the Board of Directors for 12 years or more.

The appointment or renewal of the mandate of an executive will be an exception; LBO France Gestion may vote in favour of their appointment, even if the Board does not meet the independence conditions.

LBO France Gestion will also vote against the appointment or renewal of directors:

- If executive or former-executive directors of the company or of an acquired company, members of the audit and/or remuneration committee, are submitted to election or re-election, as these two committees must be composed solely of non-executive directors in order to ensure sound supervision of the group;
- To the chairmanship of a committee if the proposed chair is not independent. Committees should be chaired solely by independent members.

Special case: within controlled companies, if the board of directors or supervisory board does not reach the independence threshold provided for by the voting policy, a representative of the reference shareholder will nevertheless be accepted.

- Duration of the mandate

In order for shareholders to be able to regularly hold the Board of Directors to account, LBO France Gestion recommends that directors be regularly submitted to the vote, with a preference for a mandate not exceeding four years.

- Multiple directorships

The role of corporate officer must be fulfilled seriously and represents a significant workload, all the more so when it is combined with functions as chairman of the Board or of a Committee. This is why LBO France Gestion considers that an excessive number of mandates is not compatible with a sound defence of shareholders' interests. In the event of renewal, the director's attendance at the various committees is also a factor to be taken into account: an attendance rate of 75% appears to be the minimum acceptable.

LBO France Gestion will be led to vote against the resolution relating to the renewal of the mandate or the appointment of a candidate if:

- The total number of mandates held by a candidate exceeds five for non-executive directors, three for a Chairman and two for executive directors, including the one submitted to the vote; moreover, LBO France Gestion considers that a Chairman may hold only one Chairman's mandate. A director who also has a role as Chairman of the Audit committee or a lead director will be counted as having 2 mandates, given the workload that these roles require.
- The attendance rate is below 75% at the Board meetings of the previous year (except for an acceptable reason).

- Separation of the management and supervisory functions

To ensure that the Board defends the interests of shareholders and that it is able to effectively supervise and assess the Chief Executive Officer and the senior executives, LBO France Gestion considers that the chairman of this board must be independent. LBO France Gestion favours the separation of the roles of Chairman of the board and Chief Executive Officer.

LBO France Gestion will be led to reject the appointment of a Chairman of the Board of Directors who is also Chief Executive Officer, unless the Board of Directors otherwise displays an independence rate higher than 50%. LBO France Gestion will pay attention to the measures put in place by the company to ensure a good level of supervision.

- Diversity of the board of directors

LBO France Gestion will endeavour to vote in favour of a diversity of profiles within the Board of Directors, in terms of nationality, gender and the candidates' experience in different geographic areas or industries. This diversity seems particularly required for companies whose activity is exposed internationally.

- Expertise and competence will be assessed within the limits of the information available.

LBO France Gestion does not set an age limit for directors, with the exception of the Chief Executive Officer, who must not be more than 75 years old, given their operational functions, and of the Chairman, who must not be more than 85 years old.

- Non-voting board members (censeurs)

LBO France Gestion considers that too large a number of directors may dilute their responsibility. In the same way, the presence of Board members who do not have the right to vote but take part in the discussions, as tends to develop in France with non-voting board members (censeurs), may unbalance the Board's discussions.

As a general rule, LBO France Gestion will be systematically opposed to the presence of non-voting directors.

5. Directors' fees

While the remuneration of the skills and working time devoted to the director's mandate is necessary, LBO France Gestion considers that the remuneration for non-executive directors must not be as high as that of an executive, at the risk of calling their independence into question.

The remuneration of non-executive directors must be granted on a fixed or attendance basis and must not depend on criteria linked to the company's results.

The resolution relating to the setting of the annual amount of directors' fees will be rejected if the independence of the Board of Directors is below 1/3.

6. Capital transactions

All capital transactions proposed to shareholders must be strategically justified and financially balanced. Respect for shareholders' preferential subscription right (DPS) is an important criterion during capital increase operations.

Each merger, contribution or spin-off operation is assessed according to its compliance with the long-term interest of all shareholders, its consistency with the company's strategic objectives and its financial conditions, which must not call into question either the liquidity, the valuation of the security, or the "one share, one vote" principle.

LBO France Gestion is not in favour of "blanket" votes authorising capital increases not associated with a specific project. In the same way, LBO France Gestion will oppose practices consisting of increasing the capital through subsidiaries. Indeed, these resolutions may lead to a locking of the capital by the company's management by prohibiting any outside acquisition of a stake.

Finally, LBO France Gestion is systematically opposed to the buy-back of shares by the company during a takeover bid period, this type of resolution also being contrary to the shareholder's interest. LBO France Gestion also requests that no capital transaction may take place during a takeover bid period, in accordance with the principle of neutrality.

- Capital increase by issue of shares or convertible bonds or compound securities

LBO France Gestion will not approve capital increases presenting one of the following cases:

  - Preferential subscription rights are in place but the issue represents more than 50% of the capital;
  - No preferential subscription right is provided for but a compulsory priority period, reserved for existing shareholders, is observed, and the subscription represents more than 20% of the capital;
  - No preferential subscription right is provided for and the subscription, including the over-allotment option, represents more than 20% of the capital;
  - The issue or subscription price represents less than 95% of the market price.

These rules aim to prevent a significant dilution that would be contrary to the shareholder's interest.

- Capital increase by incorporation of reserves, premiums or profits

Given that no dilution results from such a mechanism, LBO France Gestion will vote in favour of the resolution in all circumstances.

- Issue by a subsidiary of securities giving access to the company's capital without preferential subscription rights

The resolution will be rejected in all circumstances.

- Capital increase in consideration for takeover bids by issues of shares

These resolutions will generally be accepted, except in the case where the issues do not provide for a preferential subscription right and represent more than 10% of the capital issued. LBO France Gestion thus intends to prevent excessive dilution, which is detrimental to the shareholder.

- Capital increase without priority subscription rights by issue by a third party (non-subsidiary) or during a takeover bid period on the securities issued by the company

LBO France Gestion will reject these resolutions in all circumstances.

- One-off non-reserved capital increase without preferential subscription rights

Assessment on a case-by-case basis, but systematic rejection if the increase represents more than 10% of the existing capital.

- Merger, contribution, spin-off, restructuring operations, etc.

These resolutions will be assessed by the manager according to their knowledge of the group's strategy.

- Capital increase in consideration for a contribution in kind

LBO France Gestion requests that its amount does not exceed 20% of the existing capital.

- Share buy-back

The resolution will be systematically rejected during a takeover bid period, as it is equivalent to an anti-takeover pill, since it deprives the acquirer of part of the cash available on the target's balance sheet.

Outside these periods, LBO France Gestion will generally be in favour of the resolution provided that the volume of shares to be bought back does not exceed 10% of the capital and that the residual free float following the operation is not below 25%.

- Capital reduction

These provisions are generally in the interest of shareholders, with an accretive effect on earnings per share; however, the risk of such operations is that they may dry up the free float.

LBO France Gestion will systematically reject the resolution if the free float in circulation following the operation is below 25% of the capital.

- Split and reverse split

Favourable vote in all circumstances, as these operations have no effect on the value of shareholders' holdings.

7. Remuneration and involvement of executives and employees in the capital

LBO France Gestion is in favour of the opportunity to vote on the remuneration of executives.

- Approval of the remuneration report (say-on-pay)

LBO France Gestion will assess remuneration according to a qualitative analysis seeking:

  - The alignment of remuneration with performance;
  - The independence of the Remuneration Committee;
  - The quality of the information, which must be exhaustive and transparent;
  - The appropriate remuneration of non-executive directors, who must be remunerated solely in the form of fixed or attendance-based directors' fees.

LBO France Gestion will vote against this report:

  - If no performance criterion is mentioned on the whole of the variable remuneration (short-term bonus and long-term variable);
  - If a minimum amount of shares to be held and retained by the executives is not specified;
  - If Golden Hellos (Welcome Bonus) are permitted for intra-group recruitment;
  - If a dissenting vote on remuneration has not been followed up the following year.

LBO France Gestion is in favour of the introduction of non-financial criteria into the formulas for calculating the remuneration of executives. LBO France Gestion will vote in favour of such proposals. Particular attention is paid to the evolution of the equity ratio and to the perimeter to which it relates.

If an agreement concerns the severance payments of executives, LBO France Gestion will apply its rule setting the maximum indemnity at two years' total salary.

A negative vote by the General Meeting on the remuneration report calls for appropriate consideration by the Remuneration committee. LBO France Gestion considers that 20% of opposition votes from minority shareholders is a sufficient threshold to justify a reaction from the board. Thus LBO France Gestion will oppose the renewal of the members of this committee if the remuneration report has not evolved or if the proposed changes are deemed insufficient.

- Treatment of "top-hat" pensions

The term "top-hat pensions" corresponds to supplementary pension schemes. The employer undertakes directly to pay its executives a pension supplement in the form of a life annuity, the amount of which is fixed contractually. The provision for the year corresponding to the company's commitments in respect of the so-called supplementary pensions must be estimated, this amount generally remaining the responsibility of the company for years after the departure of the beneficiary executive.

LBO France Gestion requests that the following criteria be respected for resolutions relating to supplementary pensions:

- The annual entitlement to the supplementary pension must not exceed 2% of the reference remuneration;
- The cost of the annuity must be fully transparent;
- This grant must be subject to performance conditions.

• Severance payments

LBO France Gestion is in favour of a limit on the amount of the indemnities, to prevent possible abuses. LBO France Gestion will vote against all resolutions proposing a severance payment greater than two years' salary, all inclusive. This severance payment will include any non-compete clauses.

LBO France Gestion will also vote against the resolution if no performance criteria and seniority criteria, conditional on the award of these indemnities, are mentioned.

• Award of stock options to executives

Executive share ownership is desirable provided that the award of stock options respects criteria of performance, of size and dilution, of price, of control by a competent remuneration committee and of exercisability period.

LBO France Gestion votes against the proposal to award stock options to executives if:

- The issue is not subject to performance conditions;
- The request exceeds 2% of the capital;
- The total of the incentive instruments (to employees and executives) voted for a given year is greater than 7% of the capital;
- Following the operation, the total potential dilution indicated by the number of options and performance share rights outstanding held by executives/employees is greater than 10%;
- A discount is authorised relative to the market price;
- If an executive sits on the remuneration committee or if there is no remuneration committee (unless the entire board of directors acts as the remuneration committee);
- The period between the award of the options and their resale is less than 3 years or if this period is not specified. This condition makes it possible to genuinely distinguish between a short-term bonus and a long-term variable.

LBO France Gestion also takes into account the level of concentration of the plans, where the information is available. A plan that is excessively concentrated on a small number of senior executives may be rejected.

• Award of free or performance shares to executives

The award of free shares, considered the most dilutive, is also subject to fairly strict criteria. LBO France Gestion votes against the proposal to award free shares to executives if:

- The issue is not subject to performance conditions;
- The total request for free shares exceeds 1% of the capital;
- The total of the incentive instruments (to employees and executives) voted for a given year is greater than 7% of the capital;
- Following the operation, the total potential dilution indicated by the number of options and performance share rights outstanding held by executives/employees is greater than 10%;
- If an executive sits on the remuneration committee or if there is no remuneration committee (unless the entire board of directors acts as the remuneration committee);
- The period between the award of the shares and the disposal is less than 3 years or if this period is not specified.

- Award of free shares to employees

The award of free shares to employees, considered the most dilutive, and an incentive instrument for employees, is not subject to performance criteria. LBO France Gestion votes against the proposal to award free shares to employees if:

- The total request for free shares exceeds 1% of the capital;
- The total of the incentive instruments (to employees and executives) voted for a given year is greater than 7% of the capital;
- Following the operation, the total potential dilution indicated by the number of options and performance share rights outstanding held by executives/employees is greater than 10%;
- The free share issue plan is too concentrated on a certain number of senior executives.

- Capital increase by issue of shares reserved for employees

Capital increase plans reserved for employees must not excessively dilute the shareholder, and LBO France Gestion will therefore oppose these reserved capital increases if:

- The proposed authorisation covers more than 3% of the capital;
- The issue price presents a discount greater than 30%;
- The total of the incentive instruments (to employees and executives) voted for a given year is greater than 7% of the capital;
- The employees' share of the capital is greater than 10%, including new authorisations.

8. Amendments to the articles of association

Standard amendments to the articles of association will be assessed on a case-by-case basis by LBO France Gestion. In the same way, the appropriateness of the payment of an exceptional dividend out of equity will be examined for each company submitting it to the vote in the light of its financial situation and its strategy.

LBO France Gestion defends the equity of shareholders and the "one share - one vote" principle. Resolutions relating to the creation of enhanced dividends (subject to the condition of holding the securities in registered form for two years) or of double voting rights will therefore be systematically rejected.

The distribution of dividends in shares, on the other hand, will be examined on a case-by-case basis, provided that the option of payment in cash is maintained.

Some companies increasingly propose to set up "virtual" general meetings that do not require the physical presence of participants. This practice may lead to the deterioration of exchanges between shareholders and the Management of companies. For this reason, LBO France Gestion will vote against proposals for "100% virtual" general meetings but will vote in favour of proposals for "hybrid" general meetings, namely "virtual" and "physical", thus leaving the choice to the investor.

LBO France Gestion recommends that companies set up a succession plan, especially for family companies whose founder is still at the helm. The preparation of this succession is the responsibility of the board and must allow the continuity of the group's operations. It is not desirable to set an age limit for all the group's directors, although their average age must not be too high. On the other hand, LBO France Gestion will oppose amendments to the articles of association providing for an age limit for the Chief Executive Officer greater than 75 years and 85 years for the Chairman of the Board of Directors.

LBO France Gestion reserves the right to vote against the renewal of the members of the Governance committee if governance is deemed too unfavourable towards minority shareholders, in particular as regards the tabling of resolutions.