



A WORD ON VOTING AND ENGAGEMENT POLICY

A VOTING AND ENGAGEMENT POLICY THAT SERVES SAVERS AND SOCIETY

Born of the 2023 merger of OFI AM and Abeille AM, Ofi Invest Asset Management is more than ever regarded as a responsible investor, particularly through its shareholder engagement and voting policy, a key tool in expressing its convictions with issuers, in urging them to adopt the best practices.

During general meeting season, Luisa Florez, Head of Responsible Finance at Ofi Invest Asset Management, told us about this engagement.

Climate is still a core item on general meeting agendas. What is your view of this?

Among resolutions on companies' climate policies, known as "say-on-climate" resolutions, Ofi Invest Asset Management pays special attention to companies' adoption of CO2 emission reduction targets that are demanding in the short, medium and long terms. We check that these objectives are indeed compatible with capping the increase in the global temperature to 1.5°C, in accordance with IPCC recommendations.

We always address this climate issue along two avenues: Are companies putting forth credible plans? And can shareholders truly take part in discussions and vote at general meetings? This second question is especially important as investors must be consulted and must be able to debate these resolutions, whether they submitted by management or by shareholders (who may, under certain conditions, place resolutions on the agenda).

Ofi Invest Asset Management took part in a non-binding resolution on TotalEnergies' climate plan. What was its goal in doing so?

We joined with other European investors and Follow This, an NGO, to submit a resolution at TotalEnergies' general meeting, urging it to set a more ambitious objective for reducing its indirect ("Scope 3") emissions, which account for almost 90% of its greenhouse gas emissions. The "say-on-climate" resolution proposed at this general meeting received heavy support and marked a significant change, with more than 30% of votes in favour (up from 17% two years ago). This resolution was part of Ofi Invest Asset Management's ongoing approach, which through dialogue and the exercising of its voting rights, urges companies operating in high-carbon-intensity sectors to accelerate the pace of the transition and devote the resources necessary to achieving a reduction that is in line with the Paris Agreement.

You also took part in submitting a resolution at Engie's general meeting.

Indeed, we did. With 15 other shareholders and the Forum pour l'Investissement Responsable (FIR), we asked Engie to better disclose its climate strategy. Our group accounted for almost 2% of Engie's share capital, and our resolution attracted more than 24% of votes cast. Although the resolution was ultimately rejected, it did win the approval of almost half of minority shareholders, thus reflecting investors' growing concern over the need for greater transparency on climate issues. One day, perhaps not far from now, this type of resolution will win approval. More and more investors are aware of their responsibility to their clients and to society at large and are encouraging companies to adopt strategies aligned with the Paris Agreement objectives.

Manager compensation is one the main themes at general meetings each year. Have you seen any inflation in remunerations? What is Ofi Invest Asset Management's policy in this area?

As in 2022, we have seen a further increase in manager remunerations submitted at general meetings. There have been some improvements at certain companies, but, on the whole, this is still an issue. Our remuneration policy is to consider three issues before taking a stance. First, the compensation package, i.e., how the manager's compensation is tied to the company's financial and extra-financial performance. Second, we look at the equity ratio, in which we calculate the difference between manager and employee remuneration and between manager and average remuneration of the country concerned. And, third, we pay close attention to transparency. These are the three criteria we look at before voting for or against manager remuneration. If any of the three is subpar, we vote against it. This is not nothing, as we end up voting against half of all compensation packages, particularly in the US.

What is your stance on share buybacks by a listed company?

Share buybacks are indeed one of the major trends of 2023 and deserve lots of attention. Our voting policy released each year is very clear on this issue. Here are some of the various scenarios in which we vote against share buyback authorisations: if the authorisation exceeds 10% of the share capital; if the company already holds more than 10% of its shares in treasury stock; or if it proposes to buy back its shares instead of paying out a dividend.



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