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PRESS RELEASE

30 June 2022

LBP AM group reaffirms its shareholder engagement on environmental, social and governance issues at 2022 AGMs

La Banque Postale Asset Management (LBP AM) and its Tocqueville Finance (TFSA) subsidiary – La Banque Postale’s asset management firms – continue to deploy a key pillar of their SRI approach – shareholder activism and engagement.

SHAREHOLDER ACTIVISM VIA ANNUAL MEETING VOTES

In the first half of 2022, LBP AM and TFSA exercised their voting rights at **610 annual general meetings** of companies in **26 countries**, thus voting on **95% of their equity assets under management**.

Annual meetings are a highlight for shareholder engagement and also an opportunity for dialogue with invested companies, in order to explain the voting principles of LBP AM and TFSA. The two asset managers draw up a list of about 40 companies to which voting principles and reasons for opposing resolutions are sent, with the objective of promoting good governance practices.

Voting rights are thus exercised actively, based on LBPAM’s and TFSA’s own [voting policies](#), and between January and June 2022 resulted in a **31.4% opposition rate to management-submitted resolutions**.

2022 AGMs WERE ONCE AGAIN MARKED BY THE PROMINENCE OF ENVIRONMENTAL AND SOCIAL ISSUES

In 2022, LBP AM and TFSA exercised their votes on both traditional governance issues and social and environmental themes.

Environmental issues: “say-on-climate” takes off

Climate and environmental issues remain a priority for the group. LBP AM and TFSA have laid out their voting policy on the energy and environmental transition strategies that have been put up for a vote – so-called say-on-climate resolutions – thus giving full expression to their [shareholder engagement policy](#).

This policy is applied actively in order to incentivise invested companies to develop transition plans for aligning themselves with the Paris Agreement goals. Between January and June 2022, **LBP AM and TFSA had the opportunity to vote on 26 say-on-climate resolutions. They were pleased to support the transition plans of 14 companies. However, they opposed 12 resolutions whose plans failed to comply with the defined criteria** and called on these companies to provide more information on, or deepen the ambition of, their transition plan and to submit it once again to a non-binding shareholder vote.

LBP AM and TFSA opposed all say-on-climate resolutions of oil & gas companies on which they voted. In addition to voting, LBP AM and TFSA continued their bilateral or collaborative dialogue with certain companies in order to support them in this complex transition process.

For example, in cooperation with a group of investors, LBP AM and TFSA took active part in [an engagement campaign](#) with **TotalEnergies**, co-filing a draft resolution to obtain greater transparency on its climate strategy to allow investors to assess, in complete objectivity, the company's alignment with a scientific scenario. **The resolution was withdrawn after TotalEnergies made a number of commitments on climate transparency after dialoguing with LBP AM.**

LBP AM and TFSA also continued to engage with the UK bank **HSBC** to encourage it to upgrade its coming transition plan, particularly through a **sector policy on fossil fuels**, in accordance with the conclusions of the IPCC and IEA scenarios. Following a collaborative dialogue organised by **ShareAction**, the company pledged to supplement its coal policy and to develop its oil & gas policy, and the resolution was withdrawn.

Social issues: most shareholder resolutions are from US shareholders

Shareholder-submitted resolutions on social issues are common practice in the United States, and many social-related resolutions are submitted at the annual meetings of US companies. LBP AM and TFSA, for example, supported an external shareholder resolution at the annual meeting of **Alphabet** calling for **a report on the management of risks incurred in data compiling, confidentiality and security**.

Generally speaking, LBP AM and TFSA support shareholder resolutions dealing with environmental or social issues depending on: (i) the importance and relevance of challenges raised in relation to the sector of activity the company operates in; (ii) the impact of the proposal on the company's financial standing and its capacity to create value over the long term; and (iii) measures already taken by the company to address the issue raised.

Governance issues: lively debates in France

In the first half of 2022, LBP AM and TFSA also expressed strongly held convictions on governance challenges.

Moderation of management remuneration is an important principle in the voting policies of LBP AM and TFSA. This principle is motivated in particular by the fact that they belong to a public-sector group and by the concern for **limiting the exacerbation of social inequalities**. In concrete form, LBP AM and TFSA have set a ceiling on manager remuneration and with this in mind, **have opposed 48% of resolutions regarding manager remuneration**. This was the case, for example, in the remuneration report of the chief executive officer of **Stellantis**. This ceiling is set not to question the quality of management, but as a way to balance out the distribution of value.

Regarding board membership, LBP AM and TFSA took part in filing a resolution at the annual meeting of **Ipsos proposing the appointment of** an order to enhance the board's actual independence. This independence criterion is of primary importance for minority shareholders such as LBP AM and TFSA. The resolution received the support of ISS and Proxinvest, two French voting consultancies. Although it was not approved by the shareholders, it did achieve a considerable level of support, at 34.4%.

ENGAGEMENT SUPPLEMENTED BY THE PARTICIPATION OF LBP AM AND TFSA IN COLLECTIVE INITIATIVES

In addition to active exercising of voting rights, the shareholder engagement of LBP AM and TFSA takes the form of either **collaborative engagement initiatives** alongside other investors, or market initiatives on a shared challenge. For example, since the start of 2022, LBP AM and TFSA have taken part in many collaborative initiatives, such as:

- A say-on-climate working group organised by the **Forum pour l'Investissement Responsable (FIR)**;
- The Transition Champion engagement campaign of the **Carbon Disclosure Project (CDP)** to encourage companies having good practices in this area to strengthen their leadership further;
- A campaign held by the investor network **Farm Animal Investment Risk & Return (FAIRR)** on sustainability of agro-food and aquaculture companies;
- A campaign by the **PRI-CERES** initiative in favour of sustainable use of land and forests; and
- The inaugural initiative initiated by **Finance for Tomorrow** on the challenges of a fair transition.

Hélène Charrier, Head of SRI Solutions at LBP AM: “Once again this year, we have expressed, through our shareholder engagement, our convictions in favour of a fair transition towards more sustainable models. Based on the expertise of our climate, biodiversity, governance and social specialists on our expanded SRI team, we have, alongside the managers and analysts of LBP AM and TFSA, focused our engagement on climate, biodiversity, governance, and social cohesion issues. Together, we meet our shareholder responsibility for encouraging companies, within a constructive framework, to deploy the best ESG practices. This makes a long-term contribution to our funds’ ESG performance and to achieving our objectives in this area.”

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About La Banque Postale Asset Management (www.labanquepostale-am.fr)

LBP AM is owned 70% by La Banque Postale, 25% by Aegon Asset Management and 5% by Malakoff Humanis.

As an SRI leader in multi-specialist conviction-based asset management, LBP AM has four investment divisions: equity management via its Tocqueville Finance subsidiary; real & private assets (with a focus on debt), multi-assets & absolute return, and quantitative solutions. To its institutional investor clients, including mutual and other insurance companies, large corporates and external distributors, it offers open-ended funds, dedicated funds and mandates.

As of 31 December 2021, consolidated managed and distributed assets of LBP AM and its Tocqueville Finance subsidiary came to 60 billion euros.

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