

### Engagement

Our policies are based on four values of Transparency, Alignment of Interest, Resource Stewardship and Corporate Citizenship. These four core principles which guide all our activities from our investment research to shareholders engagement activities and proxy voting, as well as the overall way of doing business. They ultimately support our corporate mission.

Proxy voting and engagement are core pillars of our investing responsibility. In casting our vote and engaging with companies, our intention is to influence strategic choices and ultimately direct capital flows towards sustainable economic activities and practices.

### Proxy Voting Policy

Our proxy voting policy reflects our investment philosophy, and adherence to voting guidelines are reviewed regularly. This ensures consistency of voting decisions across the investment team and safeguards the integrity of our message to investee companies and clients.

Best corporate practices are in constant evolution and while they all pursue similar goals, they vary from one region to another. Our voting policy aims at highlighting our core principles while our voting guidelines reflect regional regulatory and legal frameworks as well as best practices within countries we invest in on environmental, social and governance issues.

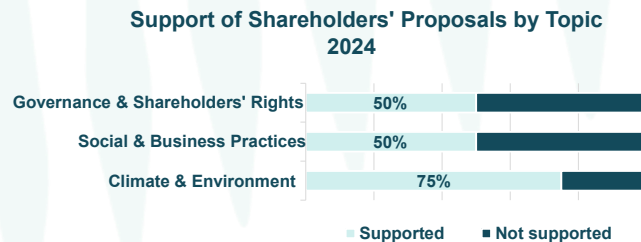
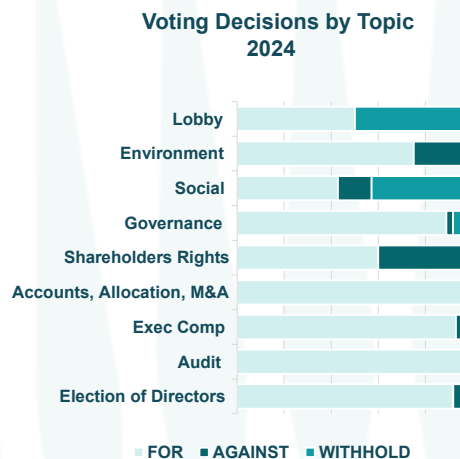
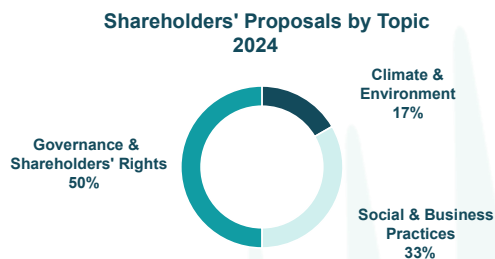
## Voting Summary –2024

During the 2024 proxy season, we cast our votes on 587 proposals, 26 of which were put forward by shareholders. We cast our votes based on our policy and our clients' best interests.

We supported the majority of shareholders' proposals (57%), with our strongest support directed to climate and environment-related proposals. This year marked the lowest level for support of socially-related shareholders' proposals (33%) after we investigated proponents' background and intention.

We supported 96% of management proposals. This reflects overall improvement across portfolio companies' governance practices, as well as fewer controversies. We stood against the board in the following topics: lack of board independence and excessive executive compensation.

Overall, we supported 92% of all proposals, down from 94% in 2023, while in line with our 4-year average.



## Trends and Challenges

After a record-setting 2022, which saw a peak in shareholder proposals—especially climate-related ones—across Europe and Japan, our portfolios have experienced a **slowdown in such proposals**. However, these proposals have **grown in complexity** and **shifted in terms of proponents and topics**, demanding heightened scrutiny.

Several factors contributed to the increasing complexity of proposals, including the expanded variety of proponents, and the fragmentation of acceptable norms across our society.

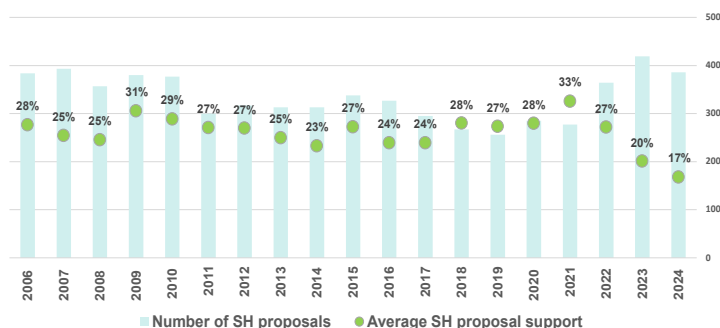
### Evolving Priorities: Governance and Social Issues Take Center Stage

A notable shift in priorities emerged in 2024, with a renewed focus on governance and social topics. This change is partly attributable to increasing global regulations over the past two years, which aimed to expand disclosure and transparency. Across our portfolios, governance-related proposals constituted 50% of all shareholder proposals this year, a significant increase from 33% in 2022. Furthermore, social matters have now surpassed environmental and climate-related proposals in prominence, marking another departure from prior years. The precise drivers behind these trends remain unclear but could stem from shifts among proponents, influenced by political rhetoric, or a reordering of priorities among investors.

### Broader Trends and Declining Support

Interestingly, the trends observed within our portfolios are corroborated by broader statistics from ProxyMonitor. Analysis of all shareholder proposals submitted at Annual General Meetings (AGMs) over the past 18 years reveals that, while the overall number of proposals has stabilized since its 2017 peak of over 800, the average support for these proposals has steadily declined since 2021, reaching a historical low of 17% in 2024, down from a peak approval rate of 33% in 2021.

Shareholders Proposals Trends



Source: [ProxyMonitor.org](https://www.proxymonitor.org), Borealis GAM, 2025

### Shifting Proponent Landscape

Labor union activity seems to have waned over the past decade, representing only 6% of all proposals in 2024, while they were the second-largest source of proposals until 2013. A notable counter-trend is the significant increase in proposals from conservative think tanks and groups, who authored 1 in 5 proposals in 2024, a dramatic rise from just 2% in the prior decade. These conservative proponents typically highlight the cost of aligning business decisions with climate change and the financial impact of taking stances on overly political and highly divisive topics. We've recently observed several companies alienating customers, resulting in revenue losses and declines in value. Consequently, conservative proponents often advocate for greater transparency around funding for social and political matters and call for boards to take responsibility for assessing the financial impact of such positions. Socially Responsible Investing (SRI) funds have also been more active, now representing approximately 20% of all proposals, a significant increase over the past five years.

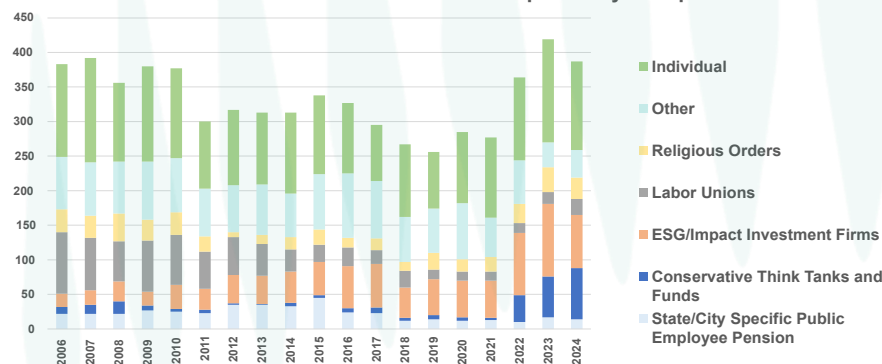
### Shareholder Proposals in a Changing Landscape

Shareholder proposals serve as a crucial avenue for pushing for better governance. Recent changes in SEC regulations have not, as many feared, resulted in fewer proposals. Striking the right balance between open discussions and formal proposals remains a challenge.

### What's next for Corporate Citizens

The landscape of fund management is undergoing a significant transformation. Increased pressure for disclosure of voting records has directly fueled a rise in challenges to corporate boards and management, manifesting as activism and brand boycotts. This trend is further amplified by the growing polarization of society, which is increasingly reflected in shareholder proposals. These proposals often raise fundamental questions about the evolving role of corporations and the expectations citizens have regarding their societal contributions. In this dynamic environment, strong governance is no longer just a best practice—it's an essential pillar of an organization's resilience.

Number of Shareholders Proposals by Group



Source: [ProxyMonitor.org](https://www.proxymonitor.org), Borealis GAM, 2025