

01

ERAFP'S 2014 VOTING POLICY



CON- TENTS

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40 FRENCH GMs UNDER CLOSE REVIEW BY ERAFP

- Summary of voting and ERAFP's position
- Highlights

20 INTERNATIONAL GMs UNDER CLOSE REVIEW BY ERAFP

- Summary of voting and ERAFP's position
- Highlights

Briefly

Each ERAFP delegated management company exercises the voting rights attached to the shares held on behalf of ERAFP:

- for the entire portfolio under management;
- by applying ERAFP's specific voting policy.

In 2014, ERAFP conducted a close, coordinated review of voting by its management companies, on the basis of a sample of:

- 40 French companies;
- 20 foreign companies.

Overall, the sample represented approximately 46% of the assets under management in terms of the market capitalisation of ERAFP's equities portfolio at the end of March 2014.

In December 2013, the Board of Directors adopted the 2014 version of the ERAFP Guidelines for Shareholder Engagement.

These guidelines set out ERAFP's voting policy for all GMs held in 2014, which focuses in particular on:

- ➔ fairness, moderation and transparency with regard to executives' remuneration (p.19);
- ➔ increasing the number of women board members, to achieve the objective of at least 25% of women board members in 2014 (p.15);
- ➔ publication by multinationals in the financial industry of detailed financial reporting on a country-by-country basis, to bring them under closer scrutiny and **limit** tax evasion (p.7);
- ➔ changing dividend distribution policies to achieve a fair distribution of value added between shareholders and employees, while maintaining sufficient investment capacity (p.8).

02

40 FRENCH GENERAL MEETINGS UNDER CLOSE REVIEW

Summary of voting results at the 40 GMs under close review

		2014	2013	2012
Overall results	Number of general meetings (GMs) under close review by ERAFP	40	40	20
	Number of resolutions (excluding resolutions submitted by shareholders) under close review by ERAFP	821	658	309
	Average adoption rate per GM of resolutions proposed by management	93.6%	96.0%	94.0%
	Percentage of resolutions (excluding resolutions submitted by shareholders) adopted by less than 90% of favorable votes	20%	13%	18%
	Percentage of resolutions (excluding resolutions submitted by shareholders) adopted by less than 70% of favorable votes	5.1%	1.0%	4%
	Number of resolutions submitted by shareholders	9	6	5
Number of resolutions submitted by shareholders that were adopted by the GM	0	0	0	

Summary of results of voting by the management companies delegated by ERAFP

	2014	2013	2012
Percentage of resolutions supported by ERAFP management companies	60.7%	62.0%	66%
Percentage of votes by ERAFP management companies in favour of a dividend distribution	45% (18/40)	43% (17/40)	-
Average rate of approval by the GM of resolutions concerning a dividend distribution	98.8%	-	-
Percentage of votes by ERAFP management companies in favour of resolutions concerning executives' remuneration	21% (15/72)	-	-
Average rate of approval by the GM of resolutions concerning executives' remuneration	89.5%	-	-
Percentage of votes by ERAFP management companies in favour of the appointment or re-appointment of board members	72% (117/163)	-	-
Average rate of approval by the GM of resolutions to appoint or re-appoint board members	94.2%	-	-
Resolutions submitted by shareholders and supported by ERAFP	77.8%	83.0%	80%

Summary of French GMs

Overall results

- A fall in the average rate of adoption of resolutions, essentially because shareholders can now vote in an advisory capacity on the remuneration policy.
- At first glance, there were very few votes against remuneration policies (11%), but the level is much higher among minority shareholders.
- Little support for resolutions submitted by shareholders.
- Very few objections to proposals to distribute dividends (98.8% voting in favour).

ERAFP votes

- ERAFP management companies voted against more resolutions in 2014 than in the previous two years, and more specifically:
 - voted in most cases against proposals relating to executives' remuneration (80%);
 - continued to consistently vote against dividend distributions (66% of votes against the resolution).

Governance

- Increase in the number of independent board members and of women on boards, and a general increase in executives' remuneration.

03

20 INTERNATIONAL GENERAL MEETINGS UNDER CLOSE REVIEW

Summary of voting results at the GMs of international companies under close review

	2014
Number of general meetings (GMs) under close review by ERAFP	19*
Number of resolutions (excluding resolutions submitted by shareholders) under close review by ERAFP	266
Average adoption rate per GM of resolutions proposed by management	95.1%
Resolutions (excluding resolutions submitted by shareholders) rejected by the GM	0
Percentage of resolutions (excluding resolutions submitted by shareholders) adopted by less than 90% of the votes	12.8%
Percentage of resolutions (excluding resolutions submitted by shareholders) adopted by less than 70% of the votes	4.9%
Number of resolutions submitted by shareholders	4
Number of resolutions submitted by shareholders that were adopted by the GM	0

* The results of voting at Inditex's GM were not available at the time this summary was prepared

Summary of results of voting by the management companies delegated by ERAFP

Percentage of resolutions (excluding resolutions submitted by shareholders) supported by ERAFP management companies	62%
Percentage of votes by ERAFP management companies in favour of a dividend distribution	33% (5/15)
Average rate of approval by the GM of resolutions concerning a dividend distribution	99.5%
Percentage of votes by ERAFP management companies in favour of resolutions concerning executives' remuneration	10% (1/10)
Average rate of approval by the GM of resolutions concerning executives' remuneration	92.6%
Resolutions submitted by shareholders and supported by ERAFP	100%

Summary of international GMs

Overall results

- Slightly more votes in favour of resolutions than in France (95.1% compared to 93.6%).
- Very few votes against remuneration policies (7.3%).
- Little support for resolutions submitted by shareholders.
- Very few objections to proposals to distribute dividends (99.5% voting in favour).

ERAFP votes

- ERAFP management companies voted in most cases against resolutions concerning executives' remuneration in the companies under review, because remuneration was substantially higher than the maximum of 100 times the national minimum salary.

Governance

- The management companies also voted against resolutions to distribute a dividend in more cases than in France, voting in favour of only 33% of these resolutions.
- The independence of boards continues to be higher than in France (64%); conversely, companies tends to have fewer women board members (25%).