

Voting at General Meetings of Shareholders (GMs)

Review of 2022

December 2022

CON- TENTS

INTRODUCTION

Approach

1. A DETAILED REVIEW OF FRENCH GENERAL MEETINGS

- A. Overall results and indicators
- B. ERAFP votes by type of resolution/topic

2. A DETAILED REVIEW OF INTERNATIONAL GENERAL MEETINGS

- A. Overall results and indicators
- B. ERAFP votes by type of resolution/topic

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

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

ERAFP monitored in depth and coordinated the voting of management companies on a sample of:

- 39 French companies
- 20 foreign companies

This sample represents around 50% of ERAFP's equities portfolio in terms of market capitalisation

01

A DETAILED REVIEW OF FRENCH GENERAL MEETINGS



1.A. Voting results at General Meetings - France

Overall results	2022	2021	2020	2019	2018	2017
General Meetings ("GMs") followed in depth by the ERAFP	39	40	40	40	41	38
Resolutions monitored in depth by ERAFP	943 *	959	1009	890	886	889
Of which management resolutions	929	949	998	882	880	886
Of which shareholder/external resolutions filed	14	10	11	8	6	3

* Scope effect: exclusion of "formalities" resolutions in the calculation of the number of resolutions for 2022 - impact of approximately 40 resolutions - therefore if neutralised, on a like-for-like basis, 24 more resolutions voted in 2022 vs 2021 (983 vs 949)

ERAFP votes (excluding external resolutions)	2022	2021	2020	2019	2018	2017
ERAFP votes in favour of a resolution (excluding shareholder resolutions)	62,6%	66,3%	68,2%	61,9%	56,9%	56,7%
ERAFP votes in favour of a dividend distribution	89,7%	74,4%	92,3%	87,2%	87,2%	48,6%
ERAFP votes in favour of resolutions concerning executives' remuneration	26,2%	25,1%	13,4%	7,7%	9,6%	8,5%
ERAFP votes in favour of appointments and/or reappointments of directors	70,3%	74,2%	77,9%	80,6%	67,0%	63,5%

External resolutions	2022	2021	2020	2019	2018	2017
Shareholder/external resolutions filed	14	10	11	8	6	3
Shareholder/external resolutions supported by the ERAFP	57,1%	90,0%	45,0%	88,0%	67,0%	67,0%

1.B. ERAFP votes by type of resolution/topic - France

Governance and Board Memberships

ERAFP sample indicators	Governance and Board Memberships	2022	2021	2020	2019	2018	2017
	Women board members		46,5%	46,0%	47,0%	45,0%	45,0%
InIndependence of boards*		55,7%	56,0%	59,0%	58,0%	56,0%	52,0%
ERAFP votes in favour of appointments and/or reappointments of directors		70,3%	74,2%	77,9%	80,6%	67,0%	63,5%

* ERAFP differs from the AFEP-MEDEF for the calculation of the independence and feminisation rates (excluding employee directors from the count, only for the independence rate)

- ➔ The **rate of board independence** remains **fairly stable** in ERAFP sample.
- ➔ The **proportion of women on boards** in ERAFP sample is **increasing slightly**. Nevertheless, while the gender mix on boards of directors remains good (around 43% for the CAC40 in 2021), there is still significant room for improvement for executive committees (just over 20% of women for the CAC40 in 2021)**.

** Source : <https://www.dna.fr/economie/2021/03/04/toujours-trop-peu-de-femmes-au-sommet-des-grandes-entreprises-francaises>

1.B. ERAFP votes by type of resolution/topic - France

Governance and Board Memberships

Governance and Board Memberships	2022	2021	2020	2019	2018	2017
ERAFP votes in favour of appointments and/or reappointments of directors	70,3%	74,2%	77,9%	80,6%	67,0%	63,5%

- ➔ ERAFP **opposed 29.7% of the resolutions relating to directors** (vs. 25.8% in 2021). The **reasons for opposition are:**
 - Candidate was not free from conflicts of interest, and less than half of the board members were free from conflicts of interest (one third for controlled companies)
 - Candidate held more than three directorships in major listed companies
 - Candidate was the manager of a company and held more than one corporate office outside the group
 - Candidate was a man and less than 40% of the board members were women

- ➔ ERAFP recommends the **separation of the positions of Chairman of the Board and Chief Executive Officer**. The reappointment of CEO directors is analysed on a case-by-case basis, depending on the context of the company, the levels of checks and balances in place, age, and succession planning. In 2022, the ERAFP objected to the **three proposed CEO reappointments**, as the combination was deemed inappropriate and/or unjustified.

1.B. ERAFP votes by type of resolution/topic - France

Dividend

Dividend	2022	2021	2020	2019	2018	2017
ERAFP votes in favour of a dividend distribution	89,7% *	74,4%	92,3%	87,2%	87,2%	48,6%

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Review of ERAFP's
voting policy

ERAFP **opposed 10.3%** of the resolutions on the approval of dividends for the following reasons:

- ➔ High payout ratio compared to peers;
- ➔ Weak or negative financial results;
- ➔ Problematic employment situation;
- ➔ Lack of transparency and controversy.

* Increase in the approval rate compared to 2021, whose lower approval rate was partly explained by dividend distributions deemed excessive in view of the company's economic situation.

1.B. ERAFP votes by type of resolution/topic - France

Executives' remuneration

ERAFP sample indicators	Executives' remuneration	2022	2021	2020	2019	2018	2017
	Average remuneration of chief executive (€)		6 269 837	4 015 085	5 008 436	5 458 997	4 618 390
ERAFP votes in favour of resolutions concerning executives' remuneration		26,2% *	25,1%	13,4%	7,7%	9,6%	8,5%

* *The increase in the approval rate on executive remuneration by ERAFP since 2017 is explained by the increase in the number of resolutions concerning remuneration proposed to the general meeting. This increase allows for a better granularity in the voting and analysis of resolutions.*

ERAFP opposed 163 of the 221 resolutions on the approval of executive remuneration in 2022.

1. **Excessive remuneration** (>100x minimum wage; >50x company's average wage)
2. Absence of **ESG criteria** in the variable portion
3. **Structure** of variable remuneration (>300% of fixed remuneration; short-term variable portion > long-term portion)
4. Lack of transparency concerning **performance** (criteria, targets, minimum and maximum thresholds)
5. Excessively large portion of qualitative performance criteria (>25%)
6. Inadequate **supplementary pension** schemes (defined benefit)
7. No allocation of bonus shares to employees.

1.B. ERAFP votes by type of resolution/topic - France

External resolutions and Say on Climate

External resolutions	2022	2021	2020	2019	2018	2017
Shareholder/external resolutions filed	14	10	11	8	6	3
Shareholder/external resolutions supported by the ERAFP	57,1%	90,0%	45,0%	88,0%	67,0%	67,0%

In 2022, ERAFP **voted in favour of 57.1% of the 14 external resolutions proposed in its French sample**. These resolutions included the appointment of employee directors, the allocation of dividends, the granting of free shares and a limit on the number of external directorships of directors or supervisory board members.

	SOC's number in 2021	SOC's number in 2022
FRANCE	3	10

Concerning the **"Say on Climate" (SOC)**, there are about ten in France this year (against 3 in 2021). ERAFP voted 5 "Say on Climate" in its French sample in 2022: **3 votes "for" - 2 votes "against"**.

02

A DETAILED REVIEW OF INTERNATIONAL GENERAL MEETINGS

2.A. Voting results at General Meetings - International

Overall results	2022	2021	2020	2019	2018	2017
Resolutions monitored in depth by ERAFP	20	20	20	19	19	18
Resolutions monitored in depth by ERAFP	309	297	319	326	239	214
Of which management resolutions	306	273	295	298	229	198
Of which shareholder/external resolutions filed	3	24	24	28	10	16

ERAFP votes (excluding external resolutions)	2022	2021	2020	2019	2018	2017
ERAFP votes in favour of a resolution (excluding shareholder resolutions)	68,1%	60,3%	59,9%	59,5%	64,0%	43,9%
ERAFP votes in favour of a dividend distribution	95,0%	84,6%	93,8%	86,7%	93,3%	50,0%
ERAFP votes in favour of resolutions concerning executives' remuneration	2,9%	7,1%	3,4%	0,0%	0,0%	6,7%
ERAFP votes in favour of appointments and/or reappointments of directors	76,5%	57,9%	65,8%	74,0%	51,4%	28,7%

External resolutions	2022	2021	2020	2019	2018	2017
Shareholder/external resolutions submitted	3	24	24	28	10	16
Shareholder/external resolutions supported by ERAFP	0,0%	79,0%	71,0%	75,0%	70,0%	63,0%

2.B. ERAFP votes by type of resolution/topic - International Governance and Board Memberships

ERAFP sample indicators	Governance and Board Memberships	2022	2021	2020	2019	2018	2017
	Women board members		37,5%	36,0%	34,0%	37,0%	30,0%
InIndependence of boards*		56,5%	71,0%	63,0%	69,0%	66,0%	74,0%
ERAFP votes in favour of appointments and/or reappointments of directors		76,5%	57,9%	65,8%	74,0%	51,4%	28,7%

- ➔ The level of feminisation of the boards in the international sample is increasing. Nevertheless, foreign companies still have, on average, **a lower rate of board feminisation** than their French counterparts (46.5% in 2022).
- ➔ The level of board independence is declining. Nevertheless, foreign companies retain, on average, **a higher level of board independence** than their French counterparts (55.7% in 2022).
- ➔ ERAFP **opposed on average 23.5% of the resolutions relating to directors** (vs. 42.1% in 2021):
 - Candidate not free of conflict of interest when less than half of the board members are free of conflict of interest (one third for a controlled company);
 - Candidate holding more than three directorships in large listed companies;
 - Candidate who is an executive of a company and holds more than one position outside his group;
 - Male candidate when less than 40% of the board members are women.

2.B. ERAFP votes by type of resolution/topic - International Dividend

Dividend	2022	2021	2020	2019	2018	2017
ERAFP votes in favour of a dividend distribution	95,0%	84,6%	93,8%	86,7%	93,3%	50,0%

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Review of ERAFP's
voting policy

- ➔ This year, all companies in the sample proposed a dividend resolution (compared to 13 last year).
- ➔ The approval rate of ERAFP is increasing.
- ➔ ERAFP voted **"against" only one dividend resolution** this year for the following reasons:
 - Distribution rate higher than peers and increasing over 3 and 5 years
 - Salaries have been falling for 3 years

Reminder of ERAFP voting policy: vote "against" if "The dividend payout rate is abnormally high compared to the industry and has been steadily increasing over a period of at least three years, while employees' remuneration, on a like-for-like basis, has been decreasing over the same period.

2.B. ERAFP votes by type of resolution/topic - International Executives' remuneration

ERAFP sample indicators	Executives' remuneration	2022	2021	2020	2019	2018	2017
	Average remuneration of chief executive (€)		7 408 842	5 118 800	7 025 938	8 162 500	7 549 654
ERAFP votes in favour of resolutions concerning executives' remuneration		2,9%	7,1%	3,4%	0,0%	0,0%	6,7%

- ➔ The average remuneration of executives in the international sample has increased by €2.3m compared to 2021 and by almost €400k compared to 2020.
- ➔ As most resolutions are **grouped** together, they do not allow for adequate granularity of information or a separate vote on the remuneration of the top executives.
- ➔ The approval rate of ERAFP for executive remuneration is 2.9% this year (down 4.2% vs. 2021).
- ➔ This very low approval rate since 2014 is the result of the lack of transparency and very high remuneration amounts.
- ➔ It should also be noted that some international companies **are not obliged** to have their shareholders approve executive remuneration every year, or that these resolutions may not have any binding effect.

2.B. ERAFP votes by type of resolution/topic - International

External resolutions and Say on Climate

External resolutions	2022	2021	2020	2019	2018	2017
Shareholder/external resolutions filed	3	24	24	28	10	16
Shareholder/external resolutions supported by the ERAFP	0,0%	79,0%	71,0%	75,0%	70,0%	63,0%

- ➔ Only 3 external resolutions were passed by ERAFP this year in the international sample. This strong decrease is explained by a sample effect (exit of companies particularly prone to the filing of resolutions by shareholders)
- ➔ ERAFP voted against these 3 proposals, which concerned governance issues.

	SOC's number in 2021	SOC's number in 2022
EUROPE	Approx. 15	Approx. 30 – 5/6 of which are oil majors

Regarding the "**Say on Climate**" (SOC) - the number of resolutions has almost doubled at European level. ERAFP voted on **only one climate resolution** in its international sample. This resolution concerned the approval of the issuer's sustainability report, for which the ERAFP voted in favour.