



« ENTENTE CORDIALE » ON SHAREHOLDERS ENGAGEMENT

Engagement in France and UK

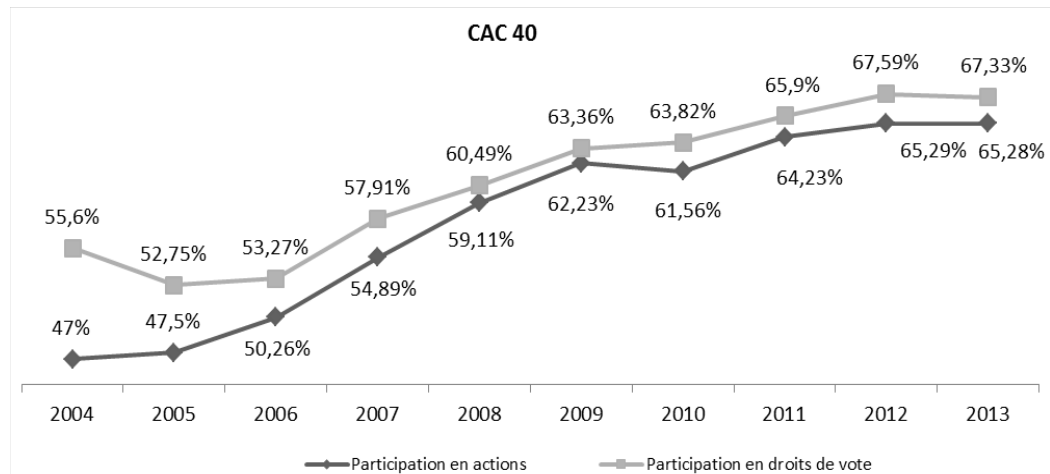
What can we learn from each other ?

Friday February 14 2014

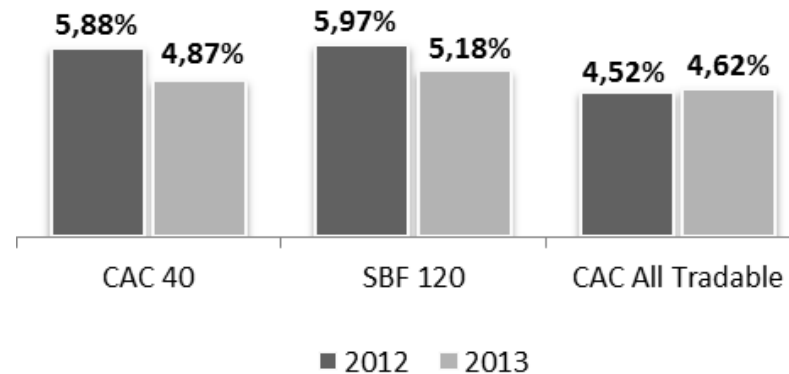


SHAREHOLDERS ENGAGEMENT IN FRANCE

**Fair Voting
Participation**



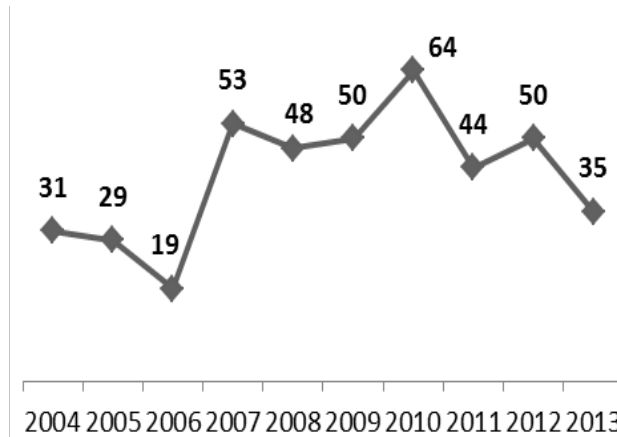
**Lower
opposition**



Source: Proxinvest 2013 report on French 2013 Shareholders meetings

SHAREHOLDERS ENGAGEMENT IN FRANCE

**Less resolution
rejected**



**0.8% of
resolutions**

Arkema, EDF, GDF Suez, GEA - Grenobloise d'Electronique et d'Automatismes, Safran (2 resolutions) et Total (5 resolutions) Altamir, Gecina (3), Index Multimedia, Solocal (2), Theolia

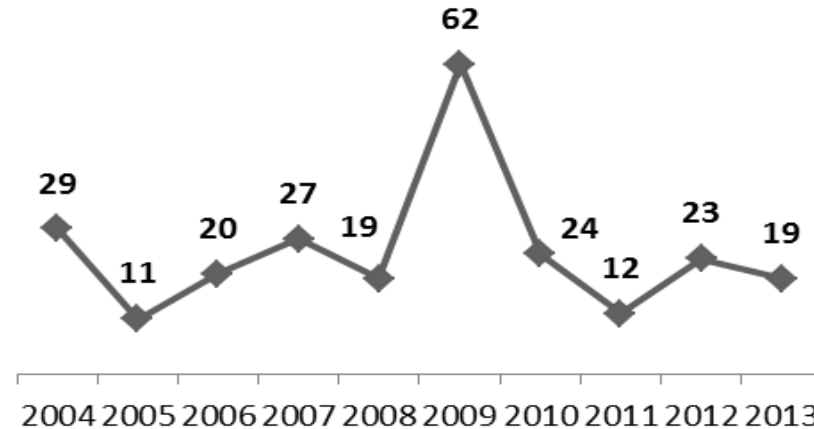
**Proxinvest
opposition rate**

**Proxinvest
recommended to oppose for
43% of the resolutions**

Source: Proxinvest 2013 report on French 2013 Shareholders meetings

SHAREHOLDERS ENGAGEMENT IN FRANCE

Less external proposals



INCLUDING : Arkema, EDF, GDF Suez, GEA - Grenobloise d'Electronique et d'Automatismes, Safran (2 resolutions) and Total (5 resolutions) Altamir, Gecina (3), Index Multimedia, Solocal (2), Theolia

Most proposed by the employees or employee shareholders.

Despite Phitrust no one from the SRI community.

Source: Proxinvest 2013 report on French 2013 Shareholders meetings

Obstacles to higher participation rates

- 1) Excessive proxy voting fees charged by depositary banks
- 2) Some investors have reduced their reported fiduciary practice by setting high ownership threshold
- 3) Share-lending preference
- 4) General herding

A LIKELY COMMON SOURCE: THE CONFLICTED AND OVERWEIGHT UNIVERSAL BANKING MODEL

TOTAL 2013 AGM : a demonstration of investors incoherence ?

The five external proposals of the Total Workers Council

	Approval rate	Proxinvest / ECGS Recommandation
Creation of a Board Ethics Committee, independent from Management	2,79%	For
Remunération of MDs and employees to be linked to industrial safety indicators	3,30%	For
Adoption by Total of the Diversity Label	1,55%	Against
Participation of an Employee Director to the Board remuneration Committee	3,08%	For
Adoption of the increased dividend for shareholders registered for more than two years	2,87%	For

19 Board proposals passed only thanks to the double voting provision

ACCOR (Directors election, LTI plans), Akka Technologies (options),

Arkema (restricted shares), Gameloft (LTI, withdrawal of the preemptive right, greenshoe),

Ipsos (performance shares), Ingenico (share repurchase plan, private placement of new shares, withdrawal of the preemptive rights),

Kering (discount on capital increase without preemptive rights),

Sodexo (LTI, warrants), Ubisoft (election of a director of the controlling family, contributions in kind)

... a lack of engagement and active ownership

Asset owners and asset managers do not generally use fully their shareholder rights

UNPRI - Principle 2: *We will be active owners and incorporate ESG issues into our ownership policies and practices.*

Possible actions:

Develop and disclose an **active ownership policy** consistent with the Principles

Exercise voting rights or monitor compliance with voting policy

Develop an engagement capability (directly or outsourcing)

Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)

... lack of shareholder proposals

File shareholder resolutions consistent with long-term ESG considerations

Engage with companies on ESG issues

Participate in collaborative engagement initiatives

Ask investment managers to undertake and report on ESG-related engagement

Lack of support for the rare activists (i.e. Phitrust Active Investors mutual fund for a better governance)

Proxinvest Engagement priorities

Support Phitrust Active Investors initiatives :

proposals for a split of chairman and CEO roles

proposals for the abolition of the double voting right provision

(Reminder : asset managers and non French investors do not enjoy this double voting provision as shares must be permanently registered)

Proxinvest additional engagement campaigns :

tightening the shareholders control over related-party transactions

integrating of the assistance to the voting execution as a basic service in all custody contracts (no extra fees on the only voting shareholders in line with the ABI, Eurosif, Eumedion, ECGS and Proxinvest proposal).