

## VOTING POLICY

### Organization of the exercise of voting rights



### Voting season 2011



## INTRODUCTION

From 1996 onwards, AMUNDI voted by proxy at the AGMs and considers it as an essential part of exercising its fiduciary responsibility. For several years, AMUNDI has also developed a continuous dialogue with listed companies held in its funds and progressively enlarged its dialogue perimeter. AMUNDI has established a dedicated unit in order to enforce its voting commitments.

Proxy voting in an investment management company requires the involvement of several actors in order to ensure the monitoring and the efficient functioning of a relatively complex chain of events, which are subject to both legal imperatives and strict deadlines.

***AMUNDI, and two other companies of the new group, S2G and ETG, agreed to adopt the same principles of corporate governance in their voting policies and to centralize the exercise of voting rights in the existing dedicated unit of AMUNDI.***

## AMUNDI'S PROXY VOTING ORGANIZATION

### ■ Centralization of the voting function

A Corporate Governance unit is dedicated to the exercise of the voting rights held in the funds and is in charge of coordinating the entire voting process. Centralization makes it possible to control the enforcement of voting policy, as well as the geographic and quantitative coverage, to intervene in case of any dysfunctions in the voting chain of events... This unit is in charge of the relations with all the actors of the voting chain (custodians, proxy voting providers, issuers...)

Analyses of the resolutions and voting recommendations are prepared by the Corporate Governance unit. It is also in charge of spreading the information to fund managers, financial analysts and the sustainability research team, organize and convene voting committee meetings and initiate, if necessary, a dialogue with the issuers.

Every year, the Corporate Governance unit updates the elements and contractual relationships needed for an efficient functioning of its tasks:

- Analyses and information received from external providers
- Relationships with custodians and external providers
- Establishment of the regulatory documents needed for the vote in some countries
- Statistical and reporting tools.

### ■ Voting committee

A voting committee headed by the Chief Investment Officer and including fund managers and analysts, meets to examine and decide on AGMs which have been submitted to its authority. If a consensus can not be achieved during the meeting, the final voting decision will be taken by the Chief Investment Officer.

### ■ Amundi's commitment toward an enlarged shareholders dialogue

An alert is sent to companies in the SBF 120 index and to some major international companies before their AGMs if any of their resolutions contradict its voting policy criteria. The ensuing dialogue allows both parties to explain their motivations and sometimes results in a change of the voting decision, if the explanations are satisfactory or if the company makes a formal commitment.

## ■ Vote execution process

After the final voting decision, the voting orders are entered in the proxy voting tools allowing us to either print the voting forms (France) or send the orders to a specialist intermediary in charge of ensuring its transfer to the desired recipient.

Once completed and signed, the French voting forms are returned to the custody account keepers for certification and then to custodians.

## ■ Indication of the current method for proxy voting

In most cases, AMUNDI exercises its funds' voting rights by correspondence (i.e. via an internet voting platform and by proxy). It may, however, if deemed necessary, be physically present at a meeting and vote in person.

## ■ Voting perimeter for 2010

In order to fulfill its responsibility as an investment management company in the exclusive interest of its clients, AMUNDI decided to exercise the voting rights of a large majority of its funds under French and Luxembourg law, independently of their management strategies and without geographical exclusions.

### **Criteria selected for the voting funds perimeter**

In the interest of fund investors, AMUNDI has defined the universe of funds for which proxies are voted in order to avoid excessive voting costs and to ensure better efficiency.

Only the funds with assets in excess of €15 million in direct equity holdings will vote. This asset threshold eliminates funds whose assets are not large enough to warrant the expenses incurred by the voting process.

In most cases, all shares are voted. In some countries, however, the share-blocking period may put investors at a disadvantage by reducing the fund manager's necessary room for manoeuvre. Exceptionally, AMUNDI may not be able to ensure effective voting for some or all of the position held in a specific company.

### **Criteria selected for the issuers/AGMs perimeter**

Concerning French issuers, funds exercise their proxies for the meetings of all the companies held. However, and again in the interests of cost control and increased efficiency, AMUNDI has decided to vote at international meetings only where its consolidated vote will represent at least 0.05% of the company's equity capital. Nevertheless, it may also decide to vote at meetings where it deems its participation important, even if its investment does not reach the specified threshold (i.e. in the case of a contested AGM).

## ■ Policy on securities lending

AMUNDI votes proxies for securities held in the portfolio at the time of the meeting. To fully exercise its voting rights, AMUNDI will recall lent securities to the extent allowed by local law and technical constraints.

## ■ Conflicts of interest procedure

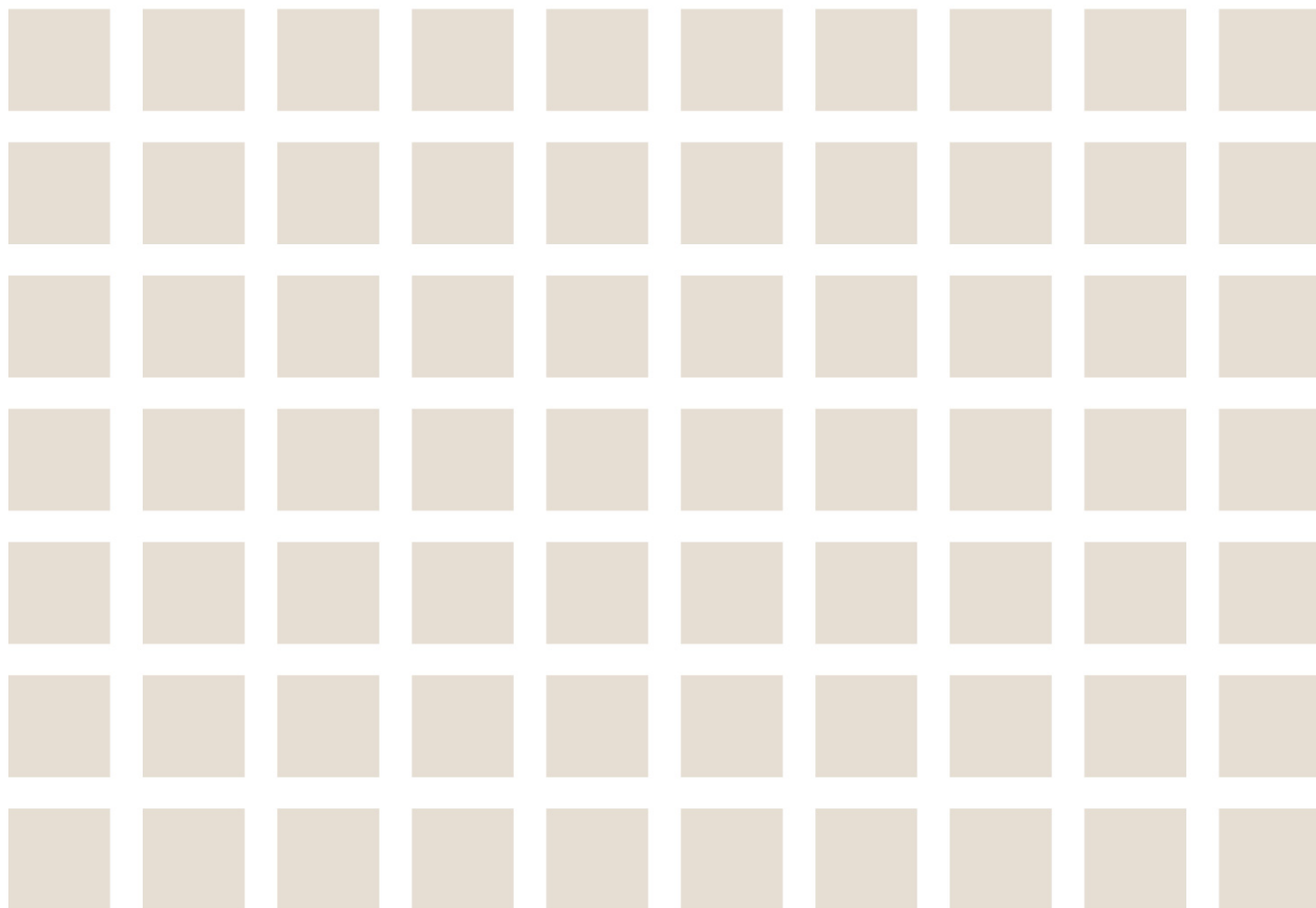
During the proxy voting process, fund management companies may be confronted with conflicts of interest, especially with entities within their group. To avoid such problems, a procedure has been developed for resolving these conflicts.

The first preventive measure is the publication of its voting policy and criteria on the AMUNDI website after validation by senior management.

### **Conflict of interest procedure:**

Analysis of AGM resolutions allows analysts to alert the Heads of Fund Management in cases where conflicts of interest have been identified. Where such a situation arises, the following procedure is followed:

- 1 The Head of Fund Management is warned that certain resolution(s) are in conflict with AMUNDI's voting policy.
- 2 An explanatory document is prepared.
- 3 A meeting of the Heads of Fund Management, Compliance and Legal Affairs is organized.
- 4 This committee of senior managers makes the final voting decision, but if the various parties cannot reach an agreement, the decision goes to the executive committee.



## MENTIONS LÉGALES

90, boulevard Pasteur - 75015 Paris - France

[amundi.com](http://amundi.com)

Société Anonyme au capital de 578 002 350 euros - 437 574 452 RCS Paris -

Société de Gestion de Portefeuille agréée par l'AMF (Autorité des Marchés

Financiers) n° GP 04000036.

