

Confidence  
must be earned

**Amundi**  
ASSET MANAGEMENT

# 2019 Report on Shareholder Dialogue and the exercise of voting rights

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## PERFORMANCE WITH A SUSTAINABLE FOCUS

Amundi pays attention to the financial performance of the companies in which it chooses to invest. But this performance can only be sustainable in a long term view, combined with exemplary governance and a strong societal and environmental responsibility. It is in this context that Amundi plays its full role as a shareholder in the exercise of its voting rights.

**Our view of long term financial performance** is to create added value for our clients across all of our investment processes. Our guiding principle is to seek to better understand the long term strategy of companies, to better understand the specific obstacles and constraints they face and to appreciate the most effective ways of creating value for shareholders, particularly minority shareholders, and for all stakeholders.

**Our vision of good governance** is expressed through our approach to shareholder dialogue with issuers and then through the exercise of voting rights at Shareholders' Meetings in accordance with the principles of our voting policy. The minority shareholder must be able to ensure that good governance practices are implemented. This is evidenced by the exercise of voting rights at the Annual General Meeting in order to express an opinion on the company's main orientations. This therefore means being able to vote in proportion to the ownership of the capital and not being faced with limitation or protection mechanisms that would allow the company to circumvent the decision making power of its shareholders.

We must also ensure that the company's administrative and supervisory bodies monitor the direction of the business and ensure that it is properly implemented. This commits us to express an opinion on the balance of the Board as well as on the individual quality, involvement and availability of its members.

We remain vigilant to ensure that the Boards align the interests of executives and shareholders, particularly through compensation, and more generally take into account the interests of stakeholders, including employees. These voting principles and the shareholder dialogue we establish with companies help improve governance practices.

**Our vision of social and environmental responsibility** is based on a global view of the companies in which we invest, combining the financial and extra financial aspects, thereby enabling an assessment of their intrinsic value and long term economic performance. Amundi has put in place a formal, transparent and traceable process for analysing ESG criteria that makes it possible to rate issuers on a scale of A to G. Extra financial issues are also incorporated into voting policy and shareholder dialogue.

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## 2019 VOTING SEASON

In 2019, in addition to its existing voting policy, Amundi sought to deepen its dialogue with issuers on two major societal issues: climate change and decarbonisation trajectory on the one hand and the fairness of compensation policies within companies on the other.

Indeed, these two themes represent systemic risks to our environment that negatively impact the harmonious development of economies and companies. We have therefore paid particular attention to the data concerning the greenhouse gas emissions of issuers in the light of the practices of the sector and the countries in which they are based. We want to monitor over time the implementation of the plans to reduce these emissions. Social and wage inequity creates feelings of injustice jeopardizing business stability. We encourage companies to publish an equity ratio that measures the relationship between executive pay and the average compensation in the company.

The practice of shareholder dialogue continued and dialogues were generally conducted with the participation of the Lead Director or even the Chairman of the Board. In view of this positive trend, shareholder dialogue is part of a qualitative measurement of the progress made by issuers. It supplements the purely quantitative analysis of the numerous criteria of the voting policy, such as the composition, diversity and degree of independence of the Board of Directors or the compensation policy for senior executives.

Amundi conducted 164 dialogues and alerts with issuers, mainly European.

The 2019 voting season was very active. We voted at 3492 Shareholders' Meetings or Extraordinary Shareholders' Meetings ('Shareholders' Meetings'), up 18% on the previous year.

Our opposition rate stands at 13% in 2019. The distribution of opposition themes is relatively stable. (See table entitled 'Thematic distribution of opposition votes' on page 7).

As far as possible, Amundi endeavours to alert issuers if an opposition vote is intended, most of the time by sending an email prior to the Shareholders' Meeting.

The 2019 season was generally characterized by opposition votes for three main reasons:

Board structures

Questionable remuneration practices

Capital transactions with excessive dilution.

For example, regarding the discharge granted to executive directors and officers, due to questionable practices on environmental, public health issues, insufficient visibility on the strategy conducted or executive compensation weakly aligned with the company's long term performance, Amundi did not give its trust to board members and executives of large companies such as Bayer, Deutsche Bank or UBS and voted against the re-election of Boeing's CEO.

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# 1 ORGANISATION

## 1.1 Corporate Governance Team

The voting function at general meetings is centralised within the Corporate Governance team for Amundi Asset Management, Amundi Immobilier, Société Générale Gestion, Etoile Gestion, CPR Asset Management, BFT Investment Managers, Amundi Luxembourg and Amundi Sgr.

The Corporate Governance team analyzes the resolutions presented at general shareholders' meetings in liaison with managers, financial analysts, extra-financial analysts and, where applicable, issuers: it thus determines voting intentions. When the files or resolutions justify it, it submits them to the Voting Committee in order to arrive at this determination. Details of this organisation are set out in the specific document 'Voting Policy.'

## 1.2 Voting scopes

### 1.2.1 Voting perimeter Europe

Voting funds took part in meetings of European companies whenever they held them in portfolios.

### 1.2.2 International voting scope

For the sake of efficiency, it was decided to set the scope outside Europe for all companies where our vote represents at least 0.05% of the capital. Amundi reserves the option to vote at meetings that it considers important even below this threshold, which is already deliberately very low in order to be active at most general meetings. In addition, for some funds or mandates, we vote at the meetings of all the companies held in the portfolio.

### 1.2.3 Voting policy

Amundi's voting policy, implemented since 1996, is reviewed annually. It is available at <https://about.amundi.com/Metana-Header/Header/Quick-Links/Legal-documentation>

# 2 EXERCISE OF VOTING RIGHTS

Our business complies with the rules of good conduct applicable to portfolio management companies issued by the AMF since the Financial Security Act of 2003, as well as the Principles for Responsible Investment (PRI) to which Amundi is a signatory. In the course of 2019, we voted in 3492 meetings across all continents, compared to 2960 meetings voted in 2018.

## 2.1 Meetings voted on by Management Company

	<b>2019</b>
Amundi Asset Management	3029
Amundi Immobilier	47
BFT IM	209
CPR AM	1349
Etoile Gestion	657
Société Générale Gestion	812
Amundi Luxembourg	2396
Amundi Sgr	403
Global *	3,492

(\*): The sum of the meetings voted by each management company is greater than the overall result due to company meetings voted by all or several of the management companies.

## 2.2 Geographical breakdown of Shareholders' Meetings

Geographical breakdown of Shareholders' Meetings		
	2019	2018
Europe	<b>39%</b>	<b>38%</b>
Of which France	7%	9%
Of which United Kingdom	7%	6%
North America	<b>24%</b>	<b>28%</b>
Of which United States	17%	21%
Asia	<b>29%</b>	<b>26%</b>
Of which Japan	10%	10%
Oceania	<b>3%</b>	<b>4%</b>
South America	<b>3%</b>	<b>3%</b>
Middle East	1%	-
Africa	<b>1%</b>	<b>1%</b>

## 2.3 Voting statistics 2019

We have analysed 41,429 resolutions according to the principles of our voting policy. We opposed 13% of the voting recommendations proposed by the issuers.

Voting statistics		
	2019	2018
Meetings voted on	3,492	2,960
Of which France	232	253
Of which International	3,260	2,707
Assemblies voted with at least one opposition vote	55%	63%
Resolutions voted on	41,429	35,285
Opposition votes to management	13%	15%
Of which abstentions	1%	1%
Thematic distribution of opposition votes to management		
	2019	2018
Structure of the Boards of Directors	44%	37%
Compensation	20%	27%
Share capital transactions	20%	23%
Shareholders' resolutions	5%	6%
Other	11%	7%

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## 2.4 Structure of the Boards of Directors

An analysis of the structure of the Board of Directors is the first of our prerogatives. We strive to ensure that its composition is balanced, engaged, diversified and accountable. This theme is structurally the largest contributor to our opposition votes with 44% in 2019. It covers matters relating to the organisation of the Boards in terms of the separation of management and supervisory powers, Board independence, operation of specialised committees and ensuring that directors are available to perform their duties.

Our opposition votes are largely due to the refusal of nominations of directors when we consider the level of independence of the Boards to be insufficient in light of our voting policy. In addition, the individual responsibility of directors, in cases of governance failures, is a cause of growing opposition. This results in votes 'Against' in the following cases:

- Members of remuneration committees in the event of their failure to respond as a result of strong opposition on remuneration issues.
- The Chairmen of nomination committees in the event of a lack of diversity on the Board in the absence of sufficient justification.
- Members of audit committees in the event of serious dysfunctions in risk management.

## 2.5 Share capital transactions

This theme, with 20% of the opposition votes, covers capital increases presenting the risk of excessive dilution according to the criteria of our voting policy, anti-takeover measures such as share buybacks, the maintenance of authorisations for capital increases during takeover bids, or various 'poison pills' used locally.

## 2.6 Compensation

This theme, with 20% of our opposition votes, covers, depending on the country, compensation plan approvals, the Say on Pay, stock option/performance share authorizations, severance payments, supplementary pensions and other various or indirect forms of remuneration.

## 2.7 Shareholders' resolutions

In 2019, we supported 551 shareholder resolutions on the following topics:

- Governance: 490
- Social or human rights issues: 28
- The environment and climate: 33

A new phenomenon has been the increase in the number of climate related proposals at meetings. However, the number remained limited in 2019, in contrast to 2020.

In 2019, Amundi supported 59% of climate related resolutions at the meetings in which it participated.



### 3 SHAREHOLDER DIALOGUE

In its responsible shareholder approach, Amundi has engaged in shareholder dialogue with the companies in which it invests.

This shareholder dialogue aims to help improve company practices.

Shareholder dialogue statistics		
	2019	2018
Pre AG alerts	33	70
Issuer initiatives	131	132
Total alerts + initiatives	164	202
France	50	58
International	114	144

#### Pre Assembly alerts system

Amundi has set up a shareholder dialogue process that consists in notifying, as far as possible prior to the meeting, companies for which certain resolutions may result in a negative vote on our part.

#### Issuer initiatives

In addition to this alert system, issuers may contact us to gauge our position on certain resolutions, even before the meetings are announced (when working upstream of draft proposals) or, more precisely, when the resolutions tabled at the meeting are officially published.

The purpose of these exchanges is to:

- Prepare for the meeting,
- Collect our opinion on future resolutions put to the vote,
- Know our analysis in relation to certain points of our voting policy,
- Contribute to the dissemination of best practices in market governance,
- Engage in upstream dialogue with companies that wish to do so.

#### Other aspects of shareholder dialogue

- Attendance at Shareholders' Meetings as scrutineer.
- Amundi participates in public consultations on governance issues and shareholder dialogue.
- Participation in the work of the AFG Corporate Governance Commission and indirect contribution to certain consultations.
- Participating in studies and working groups (Proxinvest, ISS, Glass Lewis) to improve their voting repositories.
- Participation in various local working groups and conferences to help improve governance and shareholder engagement practices.

## 4 STATISTICS BY ASSET MANAGEMENT COMPANY

### 4.1 Amundi Asset Management

During 2019, Amundi Asset Management voted at 3029 meetings.

Voting statistics	
	2019
Meetings voted on	3029
Assemblies voted with at least one opposition vote	57%
Resolutions voted on	35,962
Votes against management	13%
Distribution Thematic votes against management	
Structure of the Boards of Directors	44%
Compensation	21%
Share capital transactions	21%
Shareholders' resolutions	7%
Other	8%
Geographical breakdown:	
Europe	37%
North America	25%
Asia	30%
South America	3%
Middle East	0.5%
Africa	0.5%
Oceania	4%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to securities held by the collective investment undertakings that it manages: We have not had to resolve any conflicts of interest during this financial year.

## 4.2 Amundi Immobilier

During 2019, Amundi Immobilier voted at 47 meetings.

Voting statistics	
	2019
Meetings voted on	47
Assemblies voted with at least one opposition vote	49%
Resolutions voted on	749
Opposition votes to management	7%
Distribution Thematic votes against Management	
Structure of the Boards of Directors	22%
Compensation	22%
Share capital transactions	49%
Shareholders' resolutions	2%
Other	5%
Geographical breakdown:	
Europe	91%
North America	9%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to securities held by the collective investment undertakings that it manages: We have not had to resolve any conflicts of interest during this financial year.

### 4.3 BFT IM

During 2019, BFT IM voted at 209 meetings.

Voting statistics	
	2019
Meetings voted on	209
Assemblies voted with at least one opposition vote	45%
Resolutions voted on	3348
votes against management	10%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	17%
Compensation	36%
Share capital transactions	33%
Shareholders' resolutions	6%
Other	8%
Geographical breakdown:	
Europe	90%
North America	8%
Africa	1%
Asia	1%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.

## 4.4 CPR AM

During 2019, CPR AM voted at 1349 meetings.

Voting statistics	
	2019
Meetings voted on	1349
Assemblies voted with at least one opposition vote	57%
Resolutions voted on	18,294
votes against management	11%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	42%
Compensation	23%
Share capital transactions	17%
Shareholders' resolutions	11%
Other	7%
Geographical breakdown:	
Europe	44%
North America	28%
Asia	23%
South America	3%
Oceania	2%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.

## 4.5 Etoile Gestion

During 2019, Etoile Gestion voted at 657 meetings.

Voting statistics	
	2019
Meetings voted on	657
Assemblies voted with at least one opposition vote	51%
Resolutions voted on	10442
Votes against management	10%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	30%
Compensation	29%
Share capital transactions	24%
Shareholders' resolutions	9%
Other	8%
Geographical breakdown:	
Europe	78%
North America	21%
Asia	1%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.

## 4.6 Société Générale Gestion

During 2019, Société Générale Gestion voted at 812 meetings.

Voting statistics	
	2019
Meetings voted on	812
Assemblies voted with at least one opposition vote	56%
Resolutions voted on	11874
Votes against management	10%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	38%
Compensation	24%
Share capital transactions	23%
Shareholders' resolutions	9%
Other	6%
Geographical breakdown:	
Europe	64%
North America	20%
Asia	15%
South America	1%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.

## 4.7 Amundi Luxembourg

During 2019, Amundi Luxembourg voted at 2396 meetings.

Voting statistics	
	2019
Meetings voted on	2396
Assemblies voted with at least one opposition vote	54%
Resolutions voted on	29452
Votes against management	11%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	49%
Compensation	18%
Share capital transactions	18%
Shareholders' resolutions	8%
Other	7%
Geographical breakdown:	
Europe	35%
North America	24%
Asia	34%
South America	2%
Middle East	1%
Africa	1%
Oceania	3%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.



## 4.8 Amundi Sgr

During 2019, Amundi Sgr voted at 403 meetings.

Voting statistics	
	2019
Meetings voted on	403
Assemblies voted with at least one opposition vote	54%
Resolutions voted on	5196
Votes against management	11%
Thematic distribution of opposition votes to management	
Structure of the Boards of Directors	37%
Compensation	18%
Share capital transactions	26%
Shareholders' resolutions	13%
Other	6%
Geographical breakdown:	
Europe	41%
North America	15%
Asia	37%
South America	1%
Africa	0.5%
Oceania	5.5%

Cases in which the portfolio management company has determined that it cannot comply with the principles set out in its 'Voting Policy' document: We have not detected any cases of conflict with the principles of our voting policy.

Situations of conflict of interest that the portfolio management company was led to deal with when exercising the voting rights attached to the securities held by the UCIs it manages: We have not had to resolve any conflicts of interest during this financial year.

## 5 REPORTS OF SRI LABEL FUNDS SUBMITTED TO THE SRI LABEL

### 5.1 Amundi Actions Euro ISR

Voting statistics		
	2019	2018
Votable meetings	136	127
Meetings voted on	132	121
Rate of meetings voted on	97%	95%
Assemblies voted with at least one opposition vote	39%	51%
Resolutions voted on	1974	1901
Votes against resolutions	8%	10%
Thematic distribution of opposition votes		
Structure of the Boards of Directors	37%	26%
Compensation	22%	37%
Share capital transactions	28%	31%
Shareholders' resolutions	4%	1%
Other	8%	5%

Breakdown by Country	Votable meetings	Meetings voted on	%
Austria	2	2	100.00%
Belgium	9	9	100.00%
Finland	5	5	100.00%
France	36	34	94.44%
Germany	29	29	100.00%
Ireland	3	3	100.00%
Italy	10	10	100.00%
Luxembourg	5	4	80.00%
Netherlands	21	21	100.00%
Portugal	3	2	66.67%
Spain	13	13	100.00%
Total	136	132	97.06%

## 5.2 Amundi Actions Europe ISR

Voting statistics		
	2019	2018
Votable meetings	208	205
Meetings voted on	195	190
Rate of meetings voted on	94%	93%
Assemblies voted with at least one opposition vote	41%	58%
Resolutions voted on	3,255	3,387
Votes against resolutions	6%	8%
Thematic distribution of opposition votes		
Structure of the Boards of Directors	37%	28%
Compensation	26%	34%
Share capital transactions	19%	26%
Shareholders' resolutions	6%	2%
Other	12%	11%

Breakdown by Country	Votable meetings	Meetings voted on	%
Austria	3	3	100.00%
Belgium	8	8	100.00%
Canada	1	1	100.00%
Denmark	7	6	85.71%
Finland	3	3	100.00%
France	31	31	100.00%
Germany	30	30	100.00%
Ireland	4	4	100.00%
Italy	8	8	100.00%
Jersey	4	4	100.00%
Luxembourg	3	3	100.00%
Netherlands	20	20	100.00%
Norway	3	3	100.00%
Portugal	2	1	50.00%
Spain	13	13	100.00%
Sweden	11	3	27.27%
Switzerland	15	14	93.33%
United Kingdom	42	40	95.24%
Total	208	195	93.75%

### 5.3 Amundi Actions USA ISR

Voting statistics		
	2019	2018
Votable meetings	151	127
Meetings voted on	123	65
Rate of meetings voted on	81%	51%
Assemblies voted with at least one opposition vote	53%	46%
Resolutions voted on	1654	799
Votes against resolutions	7%	8%
Thematic distribution of opposition votes		
Structure of the Boards of Directors	42%	24%
Compensation	38%	21%
Share capital transactions	0%	6%
Shareholders' resolutions	19%	48%
Other	1%	0%

Breakdown by country	Votable meetings	Meetings voted on	%
Curacao	1	1	100.00%
Ireland	5	4	80.00%
Jersey	2	2	100.00%
Liberia	1	1	100.00%
United States of America	140	113	80.71%
United Kingdom	2	2	100.00%
	151	123	81%

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All of our votes, resolution by resolution, are published in a separate annex, available at the same location as this document on Amundi's website.

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## LEGAL INFORMATION DISCLAIMER:

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