

FONDS DE RÉSERVE POUR LES RETRAITES

July 9, 2003

RESOLUTION RELATING TO THE EXERCISE OF VOTING RIGHTS BY THE FRR

1/ The Supervisory Board's resolution of April 2, 2003 regarding investment policy guidelines of the FRR (*Fonds de réserve pour les retraites*/ French Pensions Reserve Fund) FRR) states that the Fund must seek to maximize investment returns by the year 2020, under the duty of safety and within the risk limits it has defined, in order to contribute to financing the relevant pay-as-you-go pension schemes in the future.

Besides, the Supervisory Board requires the FRR to be actively involved in promoting good corporate governance practices within the companies in which the Fund may invest, which strongly benefits their long term growth and valuation.

As stated in the FRR statutory documents, the Supervisory Board specifies that the Fund shall set its Corporate Governance Policy to be applied by the managers who will exercise the FRR's voting rights when participating in the companies Annual General Meeting.

2/ The Supervisory Board has adopted the following complementary principles which will be considered by the Executive Board when conducting its future work on both the principles and the implementation of its Corporate Governance Policy.

- the Fund should not use its shareholder influence in order to be represented in the companies Boards ; nevertheless **it should aim to exercise its shareholder voting rights at the companies Annual General Meetings in a systematic manner.** This voting duty should take shape in a progressive and pragmatic way that takes into account the conditions of voting rights exercise, as experienced by similar funds. It should also integrate the diversity regarding countries' legal frameworks and corporate governance practices.
- **as stated by the french decree of December 19, 2001, the positions adopted under the name of the FRR are solely meant to safeguard its own interests, in the most independent manner.** It is the Executive Board's responsibility to control and report on that matter to the Supervisory Board.
- **the FRR is a long term investor.** Consequently, it should endeavor to promote the long term interests of the companies and of the parties involved, together with the most coherent strategy, in a responsible manner. It shall draw up corporate governance guidelines that will take into account legal requirements and the codes of best practices which companies have committed to, especially those relating to loyal and transparent information, independent and smooth running of the Board of Directors as well as equal treatment among shareholders.

The Supervisory Board expects that **the process** of selecting asset managers which is about to be launched by the Executive Board, will be a mean for candidates to make proposals about the practical organization they intend to put in place in order to allow the FRR to exercise its shareholder voting rights. Before end of 2004, the FRR 's Executive Board shall introduce to the Supervisory Board the Fund's Corporate Governance Policy and the related practical measures to be followed by asset managers. The Executive Board shall also provide the Supervisory Board with an annual reporting explaining the terms and results of asset managers proxy voting.