



## Foundational texts pertaining to voting the FRR's proxies

### Article R135-29

(Inserted by Decree No. 2001-1214 of December 19, 2001, Art. 1, Official Gazette of December 21, 2001, in force on January 1, 2002)

(Decree No. 2003-1202 of December 18, 2003, Art. 3, Official Gazette of December 19, 2003)

(Decree No. 2005-1762 dated December 30, 2005 relative to the FRR (Fonds de Réserve pour les Retraites), amending the French social security code (second part: *Décrets en Conseil d'Etat*), published in the *Journal Officiel* issued on December 31, 2005).

I. – The Fund may not invest:

1° More than 5% of its assets in securities from the same issuer, with the exception of:

- a) Financial instruments issued or secured by a Member State of the European Community or party to the European Economic Area agreement or by the *Caisse d'Amortissement de la Dette Sociale*;
- b) Units or shares in investment companies whose portfolio is exclusively made up of the financial instruments referred to in item a;

2° More than 25% of its assets in stock or other securities with a claim to the share capital of companies headquartered outside of the European Economic Area or not traded on a regulated market of a party to the European Economic Area agreement or on a regularly operating market of a third country that is a member of the Organization for Economic Cooperation and Development; the regulators of this third country must have defined the conditions of operation, access and admission to trading and demand compliance with the disclosure and transparency requirements;

II. The FRR (*Fonds de Réserve pour les Retraites*) may not hold more than 3% of its invested assets in equities or other securities that provide access to the equity capital of any single issuer. Notwithstanding the foregoing, this ratio does not apply:

- a) to financial instruments issued by companies that do not trade their securities in a French or foreign financial market operated by a market enterprise or investment services provider or any other similar organization abroad, with the exception of, and notwithstanding point b below, the financial instruments of investment companies whose principal purpose is to invest in financial instruments;
- b) to rights that represent a financial investment in an entity incorporated in France or abroad, which, and regardless of their form, invest mainly—directly or indirectly—either in the companies mentioned above in a, or in property or tangible rights to property, and which by contract or by applicable regulations are subject to one or more rules regarding the distribution of risks, and which limit the liability of their investors to the amount they have invested in the venture.

In any case, the FRR cannot have a controlling interest (as the term is defined in Article L. 233-3 of the French Commercial Code) the companies mentioned above in a.

III. – The FRR may conclude contracts in financial futures, subject to the terms and conditions applicable to such contracts when they are entered into by mutual-type funds (or any collective investment vehicle), as set forth in paragraph 2, sub-section 1, section 1, chapter IV, title I, book II of the regulatory portion of the French monetary and financial code (the *Code Monétaire et Financier*). However, the counterparty credit risk with any one contractor shall be limited to 5% of the Fund's total assets.

III. – Exposure to exchange risk may not exceed 20% of total assets.

IV. – The Fund's managers exercise voting rights for the sole purpose of safeguarding the Fund's interests.