

# FONDS DE RÉSERVE POUR LES RETRAITES

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Supervisory Board

Executive Board

February 10, 2005

## PRESS RELEASE

During its meeting held on January 27, 2005, and acting on the recommendation of the Executive Board, the FRR Supervisory Board ratified the Fund's guidelines for voting proxies at the shareholder meetings of the issuers in which it invests. These guidelines<sup>1</sup> are intended to serve as analytic framework for the asset managers responsible for voting the Fund's proxies, with full independence and in the sole interest of the Fund. They are consistent with the general principles that the Supervisory Board established in proceedings dated July 2003, which are summarized below.

- Whilst the Fund does not intend to use its shareholder influence to acquire formal representation on the corporate governance bodies of the issuers it invests in, **it is in the FRR's interest to participate actively in improving corporate governance. Hence the importance of ensuring that its shareholder rights are systematically exercised in issuer shareholder meetings**, to promote (i) a clear and balanced separation of powers in corporate governance bodies, (ii) reliable information for shareholders, and (iii) respect for shareholder rights and the integrity of shareholder votes. The combination of these factors has a direct and positive impact on future valuation.

- **As a reserve fund that is closed until 2020, the FRR is by nature a long-term investor.** In structuring its portfolio and awarding asset management mandates that correspond to the investment strategy decided on by the Supervisory Board in April of 2003, the FRR has opted for an active approach, based on the analysis of the valuation prospects of the debt and equity securities issued by the various types of issuers. Therefore, it is reasonable to expect that this long-term perspective be taken into account by the asset managers in the case by case application of the guidelines contained in this document.

- **However, the active approach to voting proxies that the Supervisory Board has chosen for the Fund must also be pragmatic**, taking into account local market conditions or business-specific factors related to the issuer's relative size, as well as major differences that may be found between corporate law and corporate governance practices from one country to the next, even within the European Union.

These guidelines were defined using a variety of recommendations in force, in France and abroad, issued by investors, industry organizations and international bodies (such as the OECD). They are sufficiently broad to allow each asset manager to take into account the customs and practices that prevail in different financial markets. Managers may also refer to standard practice on questions that are not covered by the FRR's guidelines. These will gradually be fleshed out and/or modified as needed in response to actual practice. Application of these guidelines will be discussed in an annual report submitted by the Executive Board to the Supervisory Board.

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<sup>1</sup> These guidelines may be consulted on the FRR web site: <http://www.fondsdereserve.fr>