



**SHAREHOLDER
COMMITMENT**
Policy
2017 Report

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Groupama Asset Management, the responsible investor

Groupama Asset Management has been one of the strongly committed players on the Paris financial since the early 2000s. It plays a key role in the various working groups with the aim of promoting and improving practices in the field of responsible investment.

- **Chairman of the IR Committee of the AFG** since May 2015.
- **Chairman of the SFAF then of the Extra-Financial Analysis Commission** within the SFAF
- **Work on improving ESG data and better reporting**

Groupama Asset Management 's engagement approach

For Groupama AM, the engagement reflects a desire to fully assume its fiduciary responsibility as a long-term asset holder as well as a desire to strengthen dialogue with companies on ESG issues. The engagement is on the one hand a source of value creation and on the other hand a means of reducing risks.

Groupama AM is thus continually enhancing its responsible investment strategy around three major areas:

Consolidation

- The systematic consolidation of environmental, social and governance (ESG) issues'' analyses with research-based financial analysis via a robust methodology.
- The consideration of ESG issues by managers in advance of any investment decision.

Shareholders Commitment

Individual engagements

- An open and recurring dialogue with issuers on ESG topics
- A stringent voting Policy
- Dialogue ahead of General Meetings

Collaborative engagements

- Collective shareholder dialogue actions as part of the PRI platform

Exclusion of controversial activities

- Exclusion of companies associated with anti-personnel mines and CLUSTER MUNITIONS
- Exclusion of companies and/or instruments domiciled in a tax haven

A strategy of total consolidation

The ESG analysis is fully incorporated into the financial analysis. Each analyst is responsible for the ESG and financial analysis of their allocated sectors. This approach is based on a strong conviction that the ESG and financial analyses complement one another and allow a fundamental approach to be established for the company. The ESG (Environment, Social/Societal Governance) criteria are considered as leading indicators of risk analysis as well as of opportunity with regard to the sectors and securities used.

The consideration of ESG issues in investment decisions is pragmatic, based on the characteristics of each investment process and the needs of the clients.

A structured policy of dialogue and commitment

For Groupama AM, shareholder commitment is not synonymous with activism, but should accurately reflect a voluntary and constructive approach of one or more investors desirous to see real efforts, which are undertaken by some companies, to improve their ESG practices.

The group's committed approach focuses on three objectives:

- 1. A direct and recurring dialogue with issuers through :**
 - a. the top management of the main European capitalisations
 - b. the financial market working groups (Afep-Medef, AFG,FIR)
- 2. A stringent voting policy, in place since 2001, with possibility to discuss in advance draft resolutions presented at General Meetings with the companies**
- 3. Participation in PRI-led initiatives as part of the collaborative engagement platform**

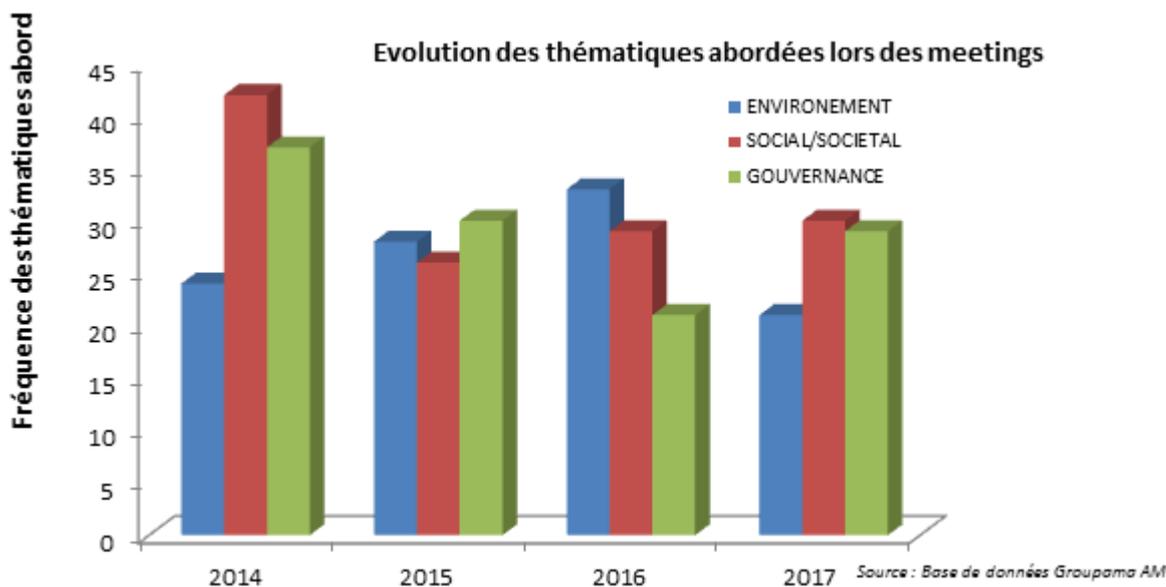
I- Dialogue on ESG issues

Analysts regularly attend meetings with company management teams, alone or with the managers, to understand how non-financial issues are incorporated into strategies.

As a result of a new organization focused on the global integration of ESG analysis with financial analysis, ESG topics were discussed at numerous financial meetings. A database keeps track of the meetings and the topics discussed.

For the first time in 4 years, the evolutionary monitoring of the themes covered shows the decline of environmental issues in favour of social/societal and governance issues. This trend is partly explained by the importance of business developments towards digital as well as by concerns related to digital security.

See chart on page 5.



II - Stringent voting policy

The Annual General Meeting (AGM) is a key event enabling companies to communicate and report to their shareholders; this involves and requires a high degree of transparency.

Shareholders' votes at GMs form an integral part of the management process. It is one of the pillars of Groupama AM's RI strategy, particularly with regard to commitment/dialogue with companies on governance issues.

Compliance with standards of good governance is a vital prerequisite for the efficient functioning of governing bodies geared towards the long-term appreciation of investments.

Groupama AM believes that the quality of governance is an early risk indicator: companies with inadequate governance are more exposed to operational, reputational and financial risks. The materialisation of these risks will have a major impact on the performance of the company's assets.

The key principles of the voting policy are therefore based on:

1. the fair treatment of all shareholders, i.e. both majority and minority shareholders
2. the balance of power between management bodies and supervisory bodies which must comprise directors who complement one another and who are deemed competent, available and mostly free of conflicts of interest
3. The transparency and equity of remuneration for executive corporate officers: the remuneration of executive corporate officers must always be justified and justifiable with regard to relevant and objective criteria
4. the integrity of the financial and non-financial information disclosed by the company
5. the balanced management of equity capital, i.e. the consistency of financial policy with regard to industrial strategy
6. the acknowledgement by the company of its environmental and social responsibilities towards its stakeholders.

The voting policy is public and can be downloaded from the following address :

<http://www.groupama-am.com/en/about-us/a-responsible-governance/>

Dialogue in advance of AGMs

Groupama AM organises specific meetings with companies focused on governance topics ahead of the Annual General Meetings season. These meetings are an opportunity to gain a better understanding of the reasons and the nature of the draft resolutions for the General Meeting and to explain our voting policy. **In 2017, discussions focused mainly on remuneration policies as part of the Say on Pay system's ramp-up.**

Results of voting in 2017

In 2016, Groupama AM voted at the AGMs of 221 companies based in the major European countries (France, Germany, the United Kingdom, the Netherlands, Italy, Spain and Switzerland). In total, Groupama AM voted 3479 resolutions :

- Total percentage of YES votes: 80%
- Total percentage of NO votes or abstentions: 20%
- The highest rejection rate concerned appointments to the Board and/or directors' fees: 36%. The decline in protest votes on remuneration compared to last year (22% vs. 42%) reflects companies' efforts in terms of transparency in the context of binding Say on Pay votes.

Breakdown of votes by category of resolution

| | Total resolutions approved | Total resolutions rejected/abstentions | Total resolutions |
|--|----------------------------|--|-------------------|
| Employee shareholding | 49 | 8 | 57 |
| Approval of financial statements and allocation of profit/loss | 480 | 12 | 492 |
| Approval of regulated agreements (excluding remuneration) | 65 | 35 | 100 |
| Anti-takeover measures | 123 | 40 | 163 |
| Statutory changes | 132 | 27 | 159 |
| Appointment/attendance fees for members of the Board of Directors or Supervisory Board | 1,241 | 156 | 1,397 |
| Appointment/remuneration of statutory auditors | 160 | 95 | 255 |
| Financial operations/mergers | 323 | 129 | 452 |
| Remuneration of directors and employees (excluding employee shareholding) | 206 | 148 | 354 |
| External resolutions (not approved by the Board) | 33 | 16 | 49 |
| Miscellaneous | 2 | 6 | 8 |
| Total | 2,814 | 672 | 3,486 |

A detailed report on voting statistics can be downloaded from the following address:

<http://www.groupama-am.com/en/about-us/a-responsible-gouvernance/>

III - Participation in collaborative engagement initiatives

These initiatives make it possible both to pool resources and to speak with one voice to companies. Indeed, the clarity of the message vis-à-vis management is reinforced and dialogue is more effective and constructive when a group of investors shares the same analysis on ESG issues.

Groupama Asset Management participates in the collaborative action within the framework of the PRI Cyber Security platform. This choice is guided and supported by several principles:

- It is an action with a strong societal and social impact
- This is a subject that is frequently followed during individual dialogues with issuers.
- It involves analysts from the sectors/securities concerned
- Conference calls, coordinated by PRI, are held every six weeks

A targeted exclusion policy

Groupama Asset Management has been involved in a working group on controversial weapons (cluster munitions and anti-personnel mines) since 2008. Since May 2009, Groupama AM has enforced an exclusion policy with regard to investment in companies involved in activities linked to such weapons. The full policy is available at the following address:

<http://www.groupama-am.com/fr/nous-connaitre/une-gouvernance-responsable/politique-dexclusion-armes-controversees/>

Secondly, Groupama Asset Management is prohibited from investing in companies and/or instruments domiciled in tax havens. The list of countries concerned, as defined by the French Ministry of Finance, is disclosed to all management teams and regularly updated.