

Proxy Voting and Shareholder Dialogue

Consolidated Report

2010

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Foreword

2010 is the first voting season of Amundi Group created by the combination of the asset management expertise of two major banking groups: Crédit Agricole and Société Générale.

Three asset management companies of the new group, Amundi, Société Générale Gestion (S2G) and Etoile Gestion (ETG), agreed to adopt the same principles of corporate governance in their voting policies and to centralize the exercise of voting rights in the dedicated corporate governance team of Amundi.

To that effect, Amundi decided to consolidate every aspect of the votes of the three asset managers:

- Centralization of the analysis and the voting execution,
- Same voting policy,
- Same perimeter, same engagement.

The number of voted meetings in 2010 is spread amongst the three companies as shown below. The sum of the voted meetings for each entity is superior to the total voted meetings due to meetings where shares were held by all the asset management companies or two of them.

AMUNDI	ETG	S2G	Total
1858	699	644	2343

Our commitment to shareholder dialogue with issuers was also reinforced. The increased weight of Amundi through its vote and its status as a leading European asset manager probably played a role in this increased dialogue with issuers. We noticed an increase in the dialogue ratio with issuers following our alert letters and more requests at the initiative of the issuers prior to their AGMs. Governance road shows are becoming a more frequent practice.

Individual 2010 voting reports for each of the three asset management companies in accordance to the article 314-101 of the AMF General Regulation are available at the end of this consolidated report.

AMUNDI has been exercising the voting rights for companies held in its investment funds on behalf of its clients since 1996.

Consequently, AMUNDI implemented a dedicated organization in order to ensure the best efficiency in the exercise of voting rights in every aspects of the function such as the monitoring of the voting chain, the determination of the voting perimeter or the integration of the best corporate governance practices.

1.1 Corporate Governance Team

The organization of the exercise of voting rights is centralized in a dedicated Corporate Governance Team. It is in charge of all the aspects of the voting chain - analyses of the resolutions, relations with the fund managers, financial and extra-financial analysts and the issuers – and, for some cases, of organizing and convening voting committee meetings. Details of this organization are published in our voting policy documents.

1.2 French voting perimeter

No perimeter modification, AMUNDI decided to vote for all the shares of French issuers held in the voting funds.

1.3 International voting perimeter

For the 2010 voting season, for international companies, AMUNDI has decided to restrict its voting perimeter to meetings where its vote will represent at least 0.05% of the company's equity capital (0.1% in 2009). However, it may also decide to vote at meetings where it deems its participation important, even if its investment does not reach the specified threshold.

1.4 Voting funds

The list of voting funds for 2010 experienced a significant increase compared to 2008. This increase is mainly due to the integration of S2G and ETG funds.

1.5 Voting Policy

The voting policy is revised every year. In 2010, AMUNDI implemented a unified voting policy that did not lead to substantial modifications but allowed more details in some aspects in order to integrate new local practices

Main modifications of the 2010 voting policy

- Unification of Amundi, S2G and ETG voting policies. No major changes on principles.
- Capital issuances without preemptive rights: introduction of separate thresholds depending on the length of the authorization but without modifying the previous limits.
- Introduction of the role of lead director / "administrateur référent".
- Development of the chapter on remunerations.
- Creation of a chapter on Responsible Investment.

02 EXERCISE OF VOTING RIGHTS

This activity complies with the regulations published by the AMF consecutively to the Financial Security Act of 2003 but also with the Principles of Responsible Investment signed by AMUNDI. Those statistics represent the voting activity of the Corporate Governance team for AMUNDI, S2G and ETG.

2.1 Global analysis of the votes

For 2009, AMUNDI voted in 2343 AGMs of 2118 companies worldwide.

Global geographical repartition of votes	
Europe	45%
France	13%
U.K.	7%
North America	26%
USA	20%
Asia	20%
Japan	9%
South America	6%
Oceania	2%
Africa	1%

In 1561 of those AGMs, at least one opposition vote was cast, or 67%.

- In France, 87% of the 311 voted AGMs had at least one opposition vote cast.
- Internationally, 64% of the 2032 voted AGMs had at least one opposition vote cast.

AMUNDI analyzed 2 5983 resolutions and voted in contradiction with management recommendations but in the long term interests of shareholders for 4162 of them, or 16%.

Voting Statistics	
	2010
Total voted AGMs	2343
France	311
International	2032
AGMs with at least one opposition vote cast	67%
France	87%
International	64%
Total voted resolutions	25983
Opposition votes	16%
Opposition votes by themes	
Boards structure	34%
Capital structure	28%
Remunerations	21%
Shareholders resolutions	8%

2.2 Boards structure

This theme (34% of opposition votes) covers the issues of the organization and the functioning of the board, especially the separation of the functions of management and control, the existence and directors the necessary time commitment for directors with an excessive number of directorships or the responsibilities of directors.

In France, this year was especially busy due to the **important turnover of boards** because of the new law imposing a quota of 40% of women in boards by 2016, with an intermediary level of 20% in 3 years. 53 new directors nominations took place for the CAC40. More than half of them were women. The rate of feminization of the boards of the CAC40 made a leap to 15% in 2010 while this proportion stagnated around 10% for several years.

In some countries (Brazil, Finland, Turkey...) we are always confronted with the practice of **bundled elections for directors**. Unlike Italy, where this practice places in

competition different lists to ensure a better representation of the minority shareholders, the practice in these countries represents a blocked/bundled vote limiting one of the main privileges of shareholders.

In the US, we recorded a positive evolution with an **increase of the « majority voting »** (50% of vote to be elected) in the election of directors or with the implementation of internal procedures to validate the election of directors elected with less half of the votes in case of « plurality voting » (system where a director can be elected with a single vote in favor if the number of proposed directors is equal to the number of open seats).

Introduction of the function of lead director in France

Following a recent trend of re-unification of the functions of chairman and CEO and in order to preserve the appearance of a good governance, several companies of the CAC40 implemented a new type of role, the “administrateur référent” inspired from the lead independent director (US) or senior independent director (UK). However, under this name, we found concepts of the function that were quite different. The characteristic of independence does not even appear for some issuers while it is a central point for some others. The list of the missions and core responsibilities is also very different amongst the issuers. The French Financial Markets Regulation Authorities (AMF) in its 2010 report on corporate governance suggested that a debate should be initiated on the definition of the roles and attributes of this lead director.

↳ **AMUNDI** had anticipated this evolution and defined in its 2010 voting policy what was expected of such a function. The relevance of the implementation of the function of lead director was individually analyzed and when the function seemed too restricted or vague to efficiently contribute to the improvement of the balance of powers, we expressed our concerns with our vote, in particular thought the request of additional remuneration for these directors.

2.3 Capital structure

This theme (28% of opposition votes) covers capital increases presenting an excessive dilutive impact in contradiction with the criteria of our voting policy, the anti-takeovers measures such as resolutions allowing, during a public offer, the use of all capital authorizations or the repurchase of shares and other local poison pills

In France, 2009 had been the year of the renewal of the **financial authorizations**, so we could have expected a rather quiet 2010 season on this subject. No such thing happened and 2010 knew numerous requests for new financial authorizations. The multiplication of specific types of authorization (with pre-emptive rights, without pre-emptive rights, greenshoe, for qualified investors, through open offer ...) explains the important number of resolutions presented as well as the important number of negative votes on the subject. The issuers often chose to cover exhaustively their potential needs by proposing every type of authorization which resulted sometimes in exceeding the thresholds of our policy. It is no exceptional to see the sum of routine authorizations without

pre-emptive rights reaching more than 100% (even 350%) in companies with controlled capital in the SBF250. Concerning **poison pills**, the majority of the large issuers which use "Bons Breton" (defensive warrants) now respect the acceptable threshold of our policy.

Internationally, the length of **financial authorizations** is quite different going from an annual renewal in the United Kingdom, Hong-Kong or the Netherlands to periods of 5 years for Germany or Spain or even indefinite for countries with authorized capital like the United States or Canada. Concerning **poison pills**, we also had to face a great diversity of mechanisms which furthermore are not always subject to the prior approval of the shareholders.

Evolution of the requests for Bons Breton and results of votes

A company implemented an anti-takeover mechanism with Bons Breton at its 2006 AGM. Over the years, we noted an increasing opposition to this type of mechanisms in spite of a progressive decrease of the requested amounts.

- 2006 : Bons Breton on 50% of the capital – 67% of support at the AGM
- 2007 : Bons Breton on 43% of the capital – 60% of support at the AGM
- 2008 : Bons Breton on 42% of the capital – 60% of support for at AGM
- 2009 : Bons Breton on 36% of the capital – 52% of support for at AGM

👉 **AMUNDI**, between 2006 and 2008, had a recurring dialogue on this subject with the issuer and voted against these resolutions to three consecutive meetings. In 2009, following our dialogue with this issuer we obtained a statement from the board during the meeting specifying that in case of use of this delegation, it would be limited to 25% of the capital and not 36% as proposed in the resolution. In 2010, the company requested for an authorization amounting up to 25% of the capital and obtained 56% positive vote at this meeting.

2.4 Remuneration

This theme (21% of opposition votes) covers the consistency with the criteria of our voting policy of remuneration schemes, options and performance shares plans, remuneration reports submitted to the AGMs, severance payments and other types of delayed or indirect remuneration presented to the approval of shareholders.

In France, the improvement regarding the introduction and the transparency of **performance criteria** in remuneration plans continues slowly. We met some difficulties on **severance packages** linked to the combination of the employment contract and the directorship. This combination, justified by companies by the will to maintain advantages linked to the tenure (mainly pensions) raises the problem of the addition of indemnities as employee and as director. Some companies communicate only on directors' severance fees preventing us from estimating the total potential payment. Also as employees' legal indemnities can not be subject to performance criteria, we can, in certain cases, reach a

situation where the criteria only apply to a limited part of the total severance package.

Internationally, the number of companies proposing **remuneration reports** to the vote of shareholders is still increasing. After the UK, Australia, Scandinavian countries, Netherlands and in a lesser measure Switzerland (see below the Ethos campaign example), Italy (only banks), the United States (TARP and voluntary say on pay) and Canada (say on pay), we welcomed the introduction of this practice **in Germany**. France remains late on this subject. We met several French companies on the subject through the "Cordial" initiative of the French SIF and we noted a real aversion to its introduction.

Continuing Progresses of "Say on Pay" in Switzerland

Following the success of the 2009 campaign at ABB, Credit Suisse, Nestle and UBS, Ethos decided to pursue its initiative for 2010 with three new companies Holcim, Swiss Re and Zurich Financial Services, as well as for the second time at Novartis. This year, no resolution went up to the agenda of the AGM because the first 3 companies decided to integrate a consultative vote on remunerations in their 2010 AGM and Novartis presented a statutory modification for a vote in 2011. More than half of the SMI is now proposing a consultative vote to shareholders.

👉 **AMUNDI** met Novartis at the beginning of the year during a governance road show prior to their meeting and repeated its interest for the implementation of the « say on pay ». We naturally supported the statutory modification at Novartis and voted according to the principles of our voting policy on the other consultative votes (5 for, 6 against).

2.5 Shareholders resolutions

We had to take a position on **577 shareholders resolutions**. 4 were supported by management, 29 without recommendations and 544 with a negative recommendation from management. The phenomenon of shareholders resolutions remains mainly North-American.

Out of those resolutions, usually not supported by management, we supported 315, or 55% of them. We also abstained on 57 of them mainly to express our support to the issue contained in the resolution whereas considering that the writing of the resolution was not totally adequate with the situation of the company.

Shareholders resolutions represent only 2% of all resolutions but account for 8% of our opposition votes to the management recommendations.

Those opposition votes to support totally (votes in favor) or partially (abstentions) the shareholders resolutions can be classified in three main categories:

Corporate Governance, 78% of supports, this category includes resolutions on the introduction of “say on pay”, the use of a majority voting system, the change in the thresholds for special meetings, the end of golden coffins or the choice of an independent chairman of the board.

Social issues, 12% of supports, this category includes resolutions to adopt social policies, to create specialized committees or

to carry out specific studies on human rights and discriminations, to request the gender parity in boards or to publish reports on political contributions.

Environmental issues, 10% of supports, this category includes resolutions on climate change and impact of carbon emissions, the publication of sustainable development reports or reports on environmental impacts for specific issues like oil sands.

Campaigns on Tar Sands at BP and Shell

Shareholder resolutions are still quite rare in the UK but, this year, two resolutions were proposed by a coalition of shareholders regarding tar sands at the AGMs of BP and Shell. Those resolutions were requesting reports on investment risks associated with tar sands projects and more specifically to provide the assumptions made by the companies regarding future carbon prices, oil price volatility, demand for oil, anticipated regulation of greenhouse gas emissions and legal and reputational risks arising from local environmental damage and impairment of traditional livelihoods

↳ **AMUNDI** used the expertise of IDEAM on those issues and decided to support through its vote those resolutions considering that they were improving the extra-financial information allowing us to better appreciate the elements that could potentially impact the value of the companies.

03

SHAREHOLDER DIALOGUE

Early in its commitment as a responsible investor, AMUNDI implemented a shareholder dialogue process that was structured around a formalized dialogue system alerting companies, before their shareholders meetings, of resolutions potentially contradicting our voting policy that could induce a negative vote. This systematic process was initially concentrated on companies of the SBF120 index and was extended, since 2009, to a group of large European companies chosen in collaboration with the extra-financial analysts according to different criteria (size, holdings, governance ...). While continuing to develop this formalized alert system, AMUNDI has also expanded its shareholder engagement through other types of actions. **Shareholder dialogue is becoming more and more important as a necessary complement to the exercise of voting rights.**

3.1 Alert letters and shareholder engagement

During 2010, AMUNDI sent 133 alert letters to issuers about the contested resolutions in order to initiate a dialogue.

We received **74 responses** to the letters, which represent, for our alert system, **an engagement rate of 56%**.

This dialogue led to **25 changes in our voting intentions**. The quality and the deepening of the dialogue with issuers are probably the main reason for this evolution. Most of those changes are the result of additional explanations and complementary information provided by the companies and answering the issues contained in our analyses. But, more and more often, changes also come from the modification of the resolutions or from additional measures publicly disclosed by the issuers in order to answer our issues. We can also consider the withdrawal of contested resolutions by issuers before or during the AGM as a result of shareholder dialogue.

➤ **In France**, AMUNDI sent **84 alerts**. We received 46 responses that induced 17 changes of voting intentions.

➤ **Internationally**, AMUNDI sent **49 alerts**. We received 28 responses that induced 8 changes of voting intentions.

In addition to our alert system, we faced several **dialogue requests from issuers** in order to know our potential voting intentions either before the resolutions were validated by the board or just after the agenda of the AGMs were published.

➤ **In France**, **13 requests from issuers**. The dialogue led to 3 voting modifications.

➤ **Internationally**, **5 requests from issuers**. The dialogue led to 1 voting modification.

3.2 Shareholder dialogue evaluation

To assess the results and the evolutions of our shareholder dialogue process, we implemented two statistical indicators.

The dialogue ratio represents the level of dialogue occurrence either initiated by us through our alert letter system or at the request of the issuers. This indicator has been increasing for several years. It illustrates the common will between issues and investors to exchange constructively on issues submitted to a vote at the AGMs.

The impact rate of dialogue represents the changes of positions from the issuer or from us following the dialogue. We are assessing it through our changes of voting intention. This indicator tends to increase but it is more volatile because subject to the regulatory updates and various periodicity of some types of resolutions. Furthermore, the dialogue on a specific issue can extend over several voting seasons and the successes resulting from the dialogue may be not immediate and may be attained at a later AGM.

Statistics about shareholder dialogue	
Alerts and Issuers Requests	151
<i>France</i>	97
<i>International</i>	54
Dialogue Ratio	61%
<i>France</i>	61%
<i>International</i>	61%
Impact Rate of Dialogue (changes/dialogue)	32%
<i>France</i>	34%
<i>International</i>	27%

3.3 Other aspects of shareholder engagement

The formalized alert system represents the basis of our shareholder dialogue process and is not limiting but, on the contrary, is complementary to our other actions for an improved dialogue: case by case dialogue, meetings initiated by the issuers, corporate governance road shows, relations with proxy solicitors, support of collective shareholder initiatives, participation to various organizations related to corporate governance ...

↳ Our new voting policy is sent at the beginning of every year to all of the companies of the SBF120 index and to the European issuers of our dialogue perimeter. Following that communication, some companies initiate a dialogue to better understand the new voting guidelines in order to prepare their next shareholders meetings allowing us to have a more continuous dialogue over time. In case of substantial modifications of the voting policy during the voting season, we also contact the issuers.

- ↳ Physical attendance at AGMs, AMUNDI was present at 9 French meetings including 7 as scrutineer.
- ↳ Contributed to the works of the corporate governance committee of the AFG, the French association of asset managers.
- ↳ Collaborated with the proxy advisors (Proxinvest, ISS...) through our participation to their surveys and working groups in order to update and improve their voting guidelines.
- ↳ Participated to several working groups in order to contribute to the improvement of corporate governance practices and shareholder engagement. For example, in 2010, we participated to the "Cordial" group of the French SIF regarding the role of AGMs and to the steering committee of the ORSE for its report on shareholder engagement.

Recognition of the engagement practices of Amundi

Our practices of shareholder dialogue have been mentioned in several studies concerning shareholder engagement including:

- ↳ The Principles for Responsible Investment Initiative in their Report on Progress 2010
http://www.unpri.org/files/2010_Report-on-Progress.pdf
- ↳ Novethic in its working paper «Shareholder engagement: A promising SRI practice »
http://www.novethic.com/novethic/v3_uk/upload/Note_Engagement_EN_2011.pdf

04 INDIVIDUAL REPORTS

4.1 Individual voting report for SOCIETE GENERALE GESTION

VOTING REPORT 2010 IN ACCORDANCE TO THE ARTICLE 314-101 OF THE AMF GENERAL REGULATION

Number of companies in which the portfolio management company exercised voting rights, compared with the total number of companies in which it had voting rights:

En 2010, S2G voted 644 meetings

Voting Statistics	
Total voted AGMs	644
AGMs with at least one opposition vote cast	71%
Total voted resolutions	8213
Opposition votes	18%
Opposition votes by themes	
Boards structure	25%
Capital structure	36%
Remunerations	23%
Shareholders resolutions	6%
Geographical repartition of votes	
Europe	489
North America	102
Asia	39
Africa	8
Oceania	4
South America	2

On the 2010 voting perimeter, we recorded 8 cases where the effective execution of the vote could not be assured. Those cases are uniquely for international meetings. So, we estimate that we effectively voted at 644 AGMs out of a perimeter of 652, or 99%.

The reasons for not being able to ensure the execution of some votes are varied, but mostly, this was due to insufficient time between the dates the meeting was announced and the deadline for sending proxy votes or to local legislative requirements. In some cases, the reason was purely technical preventing voting orders from being accepted.

Cases in which the portfolio management company considered that it could not adhere to the principles set forth in its voting policy document:

We did not encounter any significant conflicts with our governance principles.

Conflicts of interest that the portfolio management company had to deal with in exercising voting rights attaching to securities held by the collective investment schemes that it manages:

No conflicts of interest arose during 2010.

4.2 Individual voting report for ETOILE GESTION

VOTING REPORT 2010 IN ACCORDANCE TO THE ARTICLE 314-101 OF THE AMF GENERAL REGULATION

Number of companies in which the portfolio management company exercised voting rights, compared with the total number of companies in which it had voting rights:

En 2010, ETG voted 699 meetings

Voting Statistics	
Total voted AGMs	699
AGMs with at least one opposition vote cast	77%
Total voted resolutions	9397
Opposition votes	16 %
Opposition votes by themes	
Boards structure	24%
Capital structure	34%
Remunerations	22%
Shareholders resolutions	7%

On the 2010 voting perimeter, we recorded 8 cases where the effective execution of the vote could not be assured. Those cases are uniquely for international meetings. So, we estimate that we effectively voted at 699 AGMs out of a perimeter of 707, or 99%.

The reasons for not being able to ensure the execution of some votes are varied, but mostly, this was due to insufficient time between the dates the meeting was announced and the deadline for sending proxy votes or to local legislative requirements. In some cases, the reason was purely technical preventing voting orders from being accepted.

Cases in which the portfolio management company considered that it could not adhere to the principles set forth in its voting policy document:

We did not encounter any significant conflicts with our governance principles.

Conflicts of interest that the portfolio management company had to deal with in exercising voting rights attaching to securities held by the collective investment schemes that it manages:

No conflicts of interest arose during 2010.

4.3 Individual voting report for AMUNDI

VOTING REPORT 2010 IN ACCORDANCE TO THE ARTICLE 314-101 OF THE AMF GENERAL REGULATION

Number of companies in which the portfolio management company exercised voting rights, compared with the total number of companies in which it had voting rights:

En 2010, AMUNDI voted 1858 meetings

Voting Statistics		
	2010	2009
Total voted AGMs	1858	1309
<i>France</i>	180	170
<i>International</i>	1678	1139
AGMs with at least one opposition vote cast	65%	68%
<i>France</i>	82%	82%
<i>International</i>	62%	66%
Total voted resolutions	21314	14272
Opposition votes	15%	18%
Opposition votes by themes		
Boards structure	33%	28%
Capital structure	26%	25%
Remunerations	19%	21%
Shareholders resolutions	10%	13%
Geographical repartition of votes		
Europe	836	744
North America	422	298
Asia	407	168
South America	141	62
Oceania	23	30
Africa	29	7

On the 2010 voting perimeter, we recorded 22 cases where the effective execution of the vote could not be assured. Those cases are uniquely for international meetings. So, we estimate that we effectively voted at 1858 AGMs out of a perimeter of 1880, or 99%.

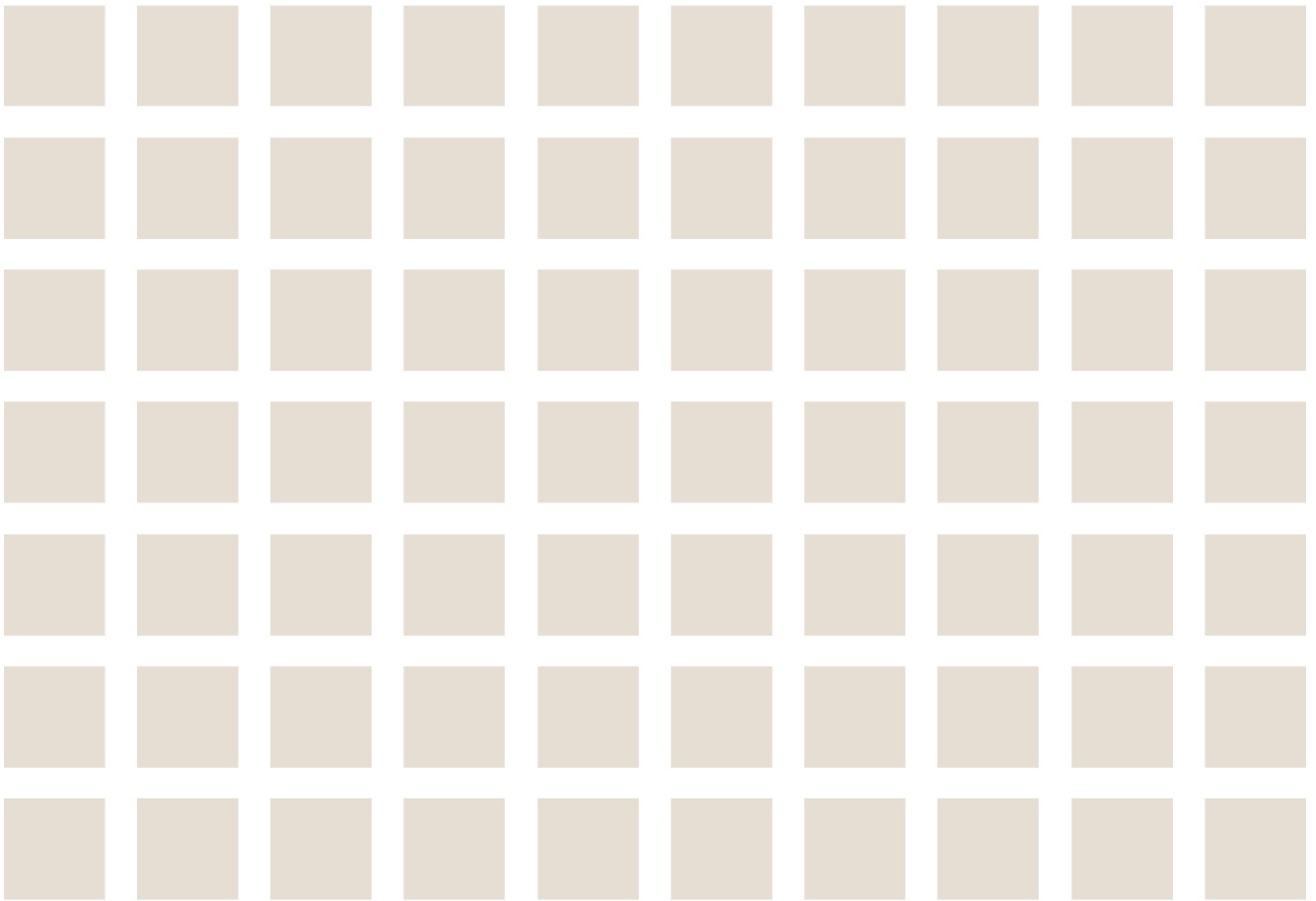
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Cases in which the portfolio management company considered that it could not adhere to the principles set forth in its voting policy document:

We did not encounter any significant conflicts with our governance principles.

Conflicts of interest that the portfolio management company had to deal with in exercising voting rights attaching to securities held by the collective investment schemes that it manages:

No conflicts of interest arose during 2010.



MENTIONS LÉGALES

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