

# VOTING AT GENERAL MEETINGS OF SHAREHOLDERS (GMS)



REVIEW OF 2023

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**Each delegated management company exercises the voting rights attached to the shares held on behalf of ERAFP:**

- ➔ for the entire portfolio under management
- ➔ applying ERAFP's specific voting policy

**ERAFP monitored in depth and coordinated the voting of management companies on a sample of:**

- ➔ 39 French companies
- ➔ 20 foreign companies

**This sample represents around 50% of ERAFP's equity portfolio in terms of market capitalisation.**

# 01

## A DETAILED REVIEW OF FRENCH GENERAL MEETINGS



## 1.A. Voting results at General Meetings

### France

Overall results	2023	2022	2021	2020	2019	2018
Resolutions monitored in depth by ERAFP	29	39	40	40	40	41
Resolutions monitored in depth by ERAFP	681	943	959	1009	890	886
Of which management resolutions	671	929	949	998	882	880
Of which shareholder/external resolutions filed	10	14	10	11	8	6

ERAFP votes (excluding external resolutions)	2023	2022	2021	2020	2019	2018
ERAFP votes in favour of the resolution (excluding shareholder resolutions)	68,8%	62,6%	66,3%	68,2%	61,9%	56,9%
ERAFP votes in favour of dividend distribution	93,1%	89,7%	74,4%	92,3%	87,2%	87,2%
ERAFP votes in favour of resolutions concerning executives' remuneration	26,5%	26,2%	25,1%	13,4%	7,7%	9,6%
ERAFP votes in favour of appointments and/or reappointments of directors	77,2%	70,3%	74,2%	77,9%	80,6%	67,0%

Resolutions submitted by shareholders	2023	2022	2021	2020	2019	2018
Shareholder/external resolutions filed	10	14	10	11	8	6
Shareholder/external resolutions supported by ERAFP	100%	57,1%	90,0%	45,0%	88,0%	67,0%

## 1.B. ERAFP votes by type of resolution - France

### *Governance and Board Memberships*

Indicators ERAFP sample	Governance and Board Memberships	2023	2022	2021	2020	2019	2018
	Women board members		45,9%	46,5%	46,0%	47,0%	45,0%
Independence of boards*		63,0%	55,7%	56,0%	59,0%	58,0%	56,0%
ERAFP votes in favour of appointments and/or reappointments of directors		75,9%	70,3%	74,2%	77,9%	80,6%	67,0%

\* ERAFP differs from AFEP-MEDEF for the calculation of the independence and feminisation rates (excluding employee directors from the count, only for the independence rate)

- ➔ **The board's independence rate** has risen significantly (+7.3 percentage points compared to 2022), while **the proportion of women on boards** has fallen slightly (-0.6 points compared to 2022), in line with the general trend observed in previous years.

## 1.B. ERAFP votes by type of resolution - France

### *Governance and Board Memberships*

Governance and Board Memberships	2023	2022	2021	2020	2019	2018
ERAFP votes in favour of appointments and/or reappointments of directors	75,9%	70,3%	74,2%	77,9%	80,6%	67,0%

- ➔ ERAFP voted **in favor of 75.9%** of resolutions concerning directors, and opposed 24.1%.
- ➔ ERAFP was stricter on questions of renewal (**70.6% in favour**) than on the appointment (82.8% in favour) of directors.

## 1.B. ERAFP votes by type of resolution/topic - France

### *Dividend*

Dividend	2023	2022	2021	2020	2019	2018
ERAFP votes in favour of a dividend distribution	93,1%*	89,7%	74,4%	92,3%	87,2%	87,2%

ERAFP **opposed 6.9%** of the resolutions on the approval of dividends for the following reasons:

- ➔ High payout ratio compared to peers;
- ➔ Weak or negative financial results;
- ➔ Problematic employment situation (significant corporate restructuring).

\*There was an increase in the approval rate compared to 2022. At that time, the lower approval rate was partly attributed to dividend distributions considered excessive given the company's economic situation.



## 1.B. ERAFP votes by type of resolution/topic - France

### Executive remuneration

ERAFP sample indicators	Executive remuneration	2023	2022	2021	2020	2019	2018
	Average remuneration of chief executive (€)		6 310 154	6 269 837	4 015 085	5 008 436	5 458 997
ERAFP votes in favour of resolutions concerning executives' remuneration		26,5% *	26,2%	25,1%	13,4%	7,7%	9,6%

\* *The increase in the approval rate on executive remuneration by ERAFP since 2017 can be explained in particular by the increase in the number of resolutions concerning remuneration proposed to the general meeting. This increase allows for a greater granularity in the voting and analysis of resolutions.*

- ➔ The increase in ERAFP's approval rate regarding executive compensation since 2017 can be attributed, in particular, to the rise in the number of resolutions on compensation proposed to the AGM.
- ➔ ERAFP's approval rate on executive remuneration currently stands at 26.5%. Specifically, ERAFP opposed all resolutions pertaining to the remuneration of executives (CEO, DGD) or the Chairman of the Board. Approved resolutions focus on aspects such as clarity, legality, and transparency of the remuneration information.

#### ERAFP opposed 111 of the 151 resolutions for the following reasons:

1. **Excessive remuneration** (>100 minimum wage; >50 company's average wage)
2. Absence of **ESG criteria** in the variable component
3. **Structure** of variable remuneration (>300% of fixed remuneration; short-term variable component > long-term component)
4. Lack of transparency regarding **performance** (criteria, targets, minimum and maximum thresholds)
5. Excessive share of qualitative performance criteria (>25%)
6. Inadequate **supplementary pension** schemes (defined benefits)

## 1.B. ERAFP votes by type of resolution/topic - France

### *External resolutions and Say on Climate*

External resolutions	2023	2022	2021	2020	2019	2018
Shareholder/external resolutions filed	10	14	10	11	8	6
Shareholder/external resolutions supported by ERAFP	100%	57,1%	90,0%	45,0%	88,0%	67,0%

- ➔ In 2023, ERAFP supported all three external resolutions concerning Say on Climate (SOC), two of which were voted on at the AGM.

	SOC's number in 2023	SOC's number in 2022
<b>FRANCE</b>	9	10

- ➔ This year, there were nine SOC resolutions in France, with an average approval rate of 93.3%.

# 02

## A DETAILED REVIEW OF INTERNATIONAL GENERAL MEETINGS



## 2.A. Voting results at General Meetings

### *International*

Overall results	2023	2022	2021	2020	2019	2018
General Meetings monitored in depth by ERAFP	12	20	20	20	19	19
Resolutions monitored in depth by ERAFP	198	309	297	319	326	239
Of which management resolutions	196	306	273	295	298	229
Of which shareholder/external resolutions filed	2	3	24	24	28	10

ERAFP votes (excluding external resolutions)	2023	2022	2021	2020	2019	2018
ERAFP votes in favour of the resolution (excluding shareholder resolutions)	66,0%	68,1%	60,3%	59,9%	59,5%	64,0%
ERAFP votes in favour of dividend distribution	100,0%	95,0%	84,6%	93,8%	86,7%	93,3%
ERAFP votes in favour of resolutions concerning executives' remuneration	5,6%	2,9%	7,1%	3,4%	0,0%	0,0%
ERAFP votes in favour of appointments and/or reappointments of directors	79,0%	76,5%	57,9%	65,8%	74,0%	51,4%

External resolutions	2023	2022	2021	2020	2019	2018
Shareholder/external resolutions filed	2	3	24	24	28	10
Shareholder/external resolutions supported by ERAFP	50,0%	0,0%	79,0%	71,0%	75,0%	70,0%

## 2.B. ERAFP votes by type of resolution/topic - International

### *Governance and Board Memberships*

ERAFP sample indicators	Governance and Board Memberships	2023	2022	2021	2020	2019	2018
	Women board members	38,9%	37,5%	36,0%	34,0%	37,0%	30,0%
	Independence of boards*	68,1%	56,5%	71,0%	63,0%	69,0%	66,0%
	ERAFP votes in favour of appointments and/or reappointments of directors	78,5%	76,5%	57,9%	65,8%	74,0%	51,4%

- ➔ Despite the international sample showing a feminization level of boards 7 percentage points lower than that of the French sample, it has steadily increased over the past four years, reaching its highest level since 2017. This increase compared to 2022 is largely attributed to the addition of a woman on the board of a Japanese company in the sample, accounting for 1.1 percentage points out of 1.4.
- ➔ Additionally, the level of board independence has increased significantly, and is now back to its usual pre-2022 level. Once again it exceeds that of the French sample, by 5.1 percentage points this year.
- ➔ The AGM rejection rate for resolutions relating to directors is only 4%, while the ERAFP has an average opposition rate of 21,5% (compared to 23.5% in 2022). The main reasons for opposition are:
  - Candidate not free of conflicts of interest when less than half of the board members are free of conflicts of interest (one third for a controlled company);
  - Candidate holding more than three directorships in large listed companies;
  - Candidate who is an executive of a company and holds more than one position outside his group;
  - Male candidate when less than 40% of board members are women.

## 2.B. ERAFP votes by type of resolution/topic - International

### *Dividend*

Dividend	2023	2022	2021	2020	2019	2018
ERAFP votes in favour of dividend distribution	100,0%	95,0%	84,6%	93,8%	86,7%	93,3%

- ➔ All companies in the international sample proposed at least one dividend resolution, except for one company in the chemicals sector.
- ➔ The ERAFP's approval rate for dividend resolutions reached a record high in 2023, with all resolutions in this category receiving a vote in favour.
- ➔ ERAFP was even less severe than shareholders in instructing its votes, on average the shareholders voted 99.8% in favour of dividend resolutions.

*Reminder of ERAFP voting policy: vote "against" if "The dividend distribution rate is abnormally high compared with the business sector's and has increased constantly for at least three years whereas the employees' remuneration at constant scope over the same period has decreased".*

## 2.B. ERAFP votes by type of resolution/topic - International

### *Executive remuneration*

ERAFP sample indicators	Executive remuneration	2023	2022	2021	2020	2019	2018
	Average remuneration of chief executive (€)	9 065 096	7 408 842	5 118 800	7 025 938	8 162 500	7 549 654
ERAFP votes in favour of resolutions concerning executives' remuneration	10,5%	2,9%	7,1%	3,4%	0,0%	0,0%	

- ➔ Average executive remuneration reached its second highest level since 2017, with an average of €9,065,096. This is around €1.6 million more than last year and almost €3 million more than the remuneration observed in the French sample during the same financial year.
- ➔ ERAFP's approval rate for executive remuneration is notably high compared to previous years, standing at 10.5%, with only two votes in favor. This is primarily attributed to the low granularity of proposed resolutions, which consolidate all remuneration-related matters into a single resolution, unlike the practice in France, and to the level of remuneration amounts. In 2023, a vote at an Extraordinary General Meeting will contribute to an increase in ERAFP's approval rate, without, however, altering the structural trend.
- ➔ It should be noted that some international companies are not required to have their shareholders approve executive remuneration annually, or that these resolutions may not be binding.
- ➔ However, shareholders are much less demanding than ERAFP when it comes to remuneration, and these resolutions receive a high approval rate (89.4%).

## 2.B. ERAFP votes by type of resolution/topic - International

### *External resolutions and Say on Climate*

External resolutions	2023	2022	2021	2020	2019	2018
Shareholder/external resolutions filed	2	3	24	24	28	10
Shareholder/external resolutions supported by ERAFP	50%	0,0%	79,0%	71,0%	75,0%	70,0%

- ➔ This year, only two external resolutions were filed in the international sample. The sharp decline can be explained by the significant reduction in the sample size and the absence of US companies (present until 2021), which tend to file more external resolutions.