RESPONSIBLE INVESTMENT CHARTER

OF THE PARIS FINANCIAL MARKETPLACE

Paris, July 2, 2009

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The current financial crisis raises the question of the role and functioning of financial markets, their contribution to the real economy, and especially their contribution to the long-term objectives of the economy and businesses, as well as to sustainable development.

In that context, Issuers, Institutional Investors, Asset Managers, Banking Institutions and Investment Firms of the Paris financial marketplace, along with their professional organizations, want to build on the work undertaken by Paris EUROPLACE, particularly the recommendations in the report submitted in May 2008 by the "Socially Responsible Investment" working group chaired by Antoine de Salins, and the Forum "Strengthening the Contribution of Finance to Sustainable Development: Long Term Challenges, Proposals for Europe," which took place last November 24 with concluding addresses by Mr. Nicolas Sarkozy, President of France, and Mr. José Manuel Barroso, President of the European Commission. These participants in the financial marketplace look to work together in developing new initiatives to strengthen Responsible Investment and finance's contribution to sustainable development.

The report "Socially Responsible Investment" (SRI) by Paris EUROPLACE proposed the following recommendations:

- facilitate taking ESG criteria into account in the processes of analysis and decision-making for investors;

- clarify and increase dialogue with businesses to promote dissemination of non-financial information, allowing investors to better assess the advantages and risks companies experience in this field;

- identify a unifying framework for the financial marketplace and its participants.

In addition to the work and Charters already undertaken by representatives of the various professions, the French Asset Management Association (AFG), the French Association of Institutional Investors (AF2I), the French Federation of Insurance Companies (FFSA), the French Banking Federation (FBF) and Paris EUROPLACE, which represents Institutional Investors, Asset Managers and Banking and Financial Institutions, commit to three major principles and the actions that result from them:

☞ ***Principle No. 1: Develop Socially Responsible Investment (SRI)***

Signatory associations representing investors encourage their members to 1/ specify the procedures for taking account of ESG (Environment, Social & Governance) criteria in their investment strategies and 2/ publicly report on these procedures annually. They develop their support for academic research in the field of sustainable finance.

These proposals will be carried out at the European level so that they can be taken into account in future directives.

Associations representing banks, financial institutions and insurance companies encourage their members to propose and distribute to their clients an SRI offer that meets their expectations.

☞ ***Principle No. 2: To develop companies' non-financial information and promote dialogue between issuers and investors***

The proposals for action are as follows:

1/ Reporting

The approach will consist of increasing cooperation between companies and investors within a European framework to establish shared principles in for non-financial reporting, and facilitate the emergence of a model composed of a limited set of indicators common to all companies including variants according to business sector and company size.

The goal is to implement a "common" European platform for regular reporting on Environment, Social and Governance (ESG) criteria, with relevant indicators defined at the European level and adapted to each business sector.

2/ Regular information for Boards of Directors and General Shareholders' Meetings

The proposed action aims to encourage general management to provide their Boards of Directors or Supervisory Boards, as part of the review of their annual management reports, with information and indicators on ESG criteria that affect the company, allowing Boards to assess the status of implementation of company policies in this field.

These points should be reviewed by the Board and then included in the Board's report at the General Shareholders' Meeting, along with annual accounts (provisions related to environmental liabilities and health care and retirement coverage, etc.). This need for clarifying and exchanging information on non-financial opportunities and risks, which can guide companies' strategies and activities, is particularly vital when companies carry out or are faced with key financial operations (acquisitions, takeover bids, IPOs). Shareholders and other stakeholders must then be able to count on clear dialogue and the greatest transparency possible.

To implement this approach, a recommendation could be proposed at a future European Council to encourage periodic review of companies' progress in the fields of Environment, Social and Governance (ESG) by their governance bodies.

☞ ***Principle No. 3: Promoting Long-Term Finance***

Priorities for action are as follows:

- **Support development of long-term savings**

Building on the La Martinière and Leclair report, submitted to the High-Level Committee on Financial Services in July 2008, signatory professional associations wish to accelerate development of long-term savings instruments to meet households' and businesses' needs for long-term resources.

- **<u>Deepen reflexions on adapting to the International Accounting Standards</u>**

In line with international discussions on the topic of financial stability, signatory professional associations – issuers, investors and financial intermediaries—undertake to expand European and worldwide discussions on adapting accounting standards, and the impact of these standards on businesses and the real economy. Promoters of these principles will help design the improvements to be implemented.

- **<u>Focus more on the long-term for compensation of market professionals</u>**

The principles defined by the market advisory group are implemented with the general economic interest in mind. They aim to ensure that the behavior of financial market professionals is more consistent with the long-term interest of the company employing them, especially concerning risk.

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<u>Signatories will conduct an annual public assessment of the actions undertaken on these various principles. Information on the collective action carried out will be made public by Paris EUROPLACE.</u>

<u>Signatories invite French and European Professional Federations representing professional market participants to join in this approach.</u>

Paul-Henri de La PORTE du THEIL	Jean-Pierre GRIMAUD	Bernard SPITZ
Chairman, AFG	Chairman, AF2I	Chairman, FFSA
Pierre de LAUZUN	Gérard MESTRALLET	
Director General Delegate, FBF	Chairman, Paris EUROPLACE	
Bertrand FOURNIER	Ibra WANE	
Chairman, FIR	Chairman, SFAF	

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OF THE PARIS FINANCIAL MARKETPLACE

ENLARGEMENT OF THE SIGNATORIES

Paris, September 14, 2011

In the name of MEDEF (Mouvement des Entreprises de France) **and Jean-Pierre CLAMADIEU**, Chairman of the Sustainable Development Committee, MEDEF:

Robert DURDILLY

Chairman of the CSR Committee

In the name of ORSE (Observatoire de la Responsabilité Sociétale des Entreprises) :

Daniel LEBEGUE

Chairman

APPENDIX I

AFG Fully Supports the Development of SRI[1] and CSR[2]

AFG, which represents the third party asset management industry in France, decided very early on to fully support the development of **socially responsible financial management** in France. AFG's involvement in SRI fits within the larger context of its promotion of **long-term savings schemes** (savings invested in equity, employee savings and pension savings plans / PEE[3], PERCO[4],...) and **asset quality** (adequate accounting standards, strong corporate governance, etc.). Savings schemes and asset quality significantly contribute to the proper financing of our economy and the protection of citizens against life's perils.

AFG, SRI and CSR

AFG's commitment to SRI focuses on the following points:

- Establishment of a permanent SRI commission, chaired by Thierry Deheuvels. Its activities include: dialogue with other associations (The Employers union - MEDEF, Paris Europlace, ORSE, etc.); support of various initiatives launched or supported by its members, both on the national and international level;
- Full support of the development of SRI with regard to employee savings and pension savings plans (ongoing dialogue with the union members of the Inter-Trade Unions Committee for employee savings plans "CIES" etc.);
- Integration of SRI into AFG's professional training program (PRAM);
- Awareness-raising efforts with European authorities including responses to European Commission consultations on the Single Market Act, company reporting and social funds, among others, and participation in the European Fund and Asset Management Association (EFAMA) Responsible Investment working group;
- Cooperation with French authorities on applying measures outlined in the so called "Grenelle II" law enacting measures to fight climate change;
- Partner and member of the French SRI Week steering committee;
- Signatory of the Charter on Responsible Investment of the Paris Financial Marketplace;
- Leading role in the creation, development and work of the *Observatoire de la responsabilité sociétale des entreprises* (ORSE).

SRI Transparency Code

In 2005, together with the Forum for Responsible Investment (FIR), AFG helped create a European "Transparency Code" for retail SRI funds. At the end of 2009, the AFG Board adopted a stronger version of this Code and made it binding for its members.

SRI Transparency Code: A Major Success

As of end of July 2011, more than 300 funds managed by 49 asset management companies subscribed to the Transparency Code.

"Sustainable Finance and Responsible Investment" Chair

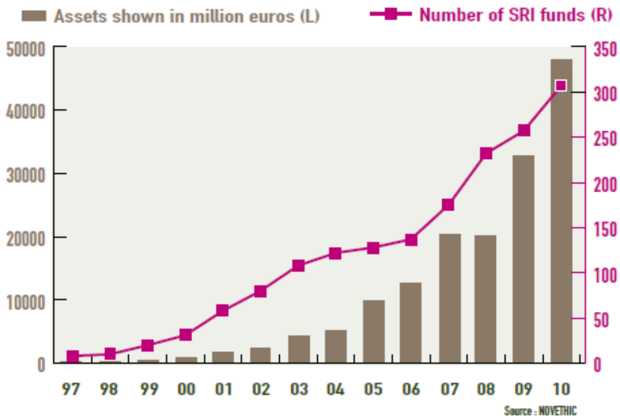
Creation and 2007 launch of the "Sustainable Finance and Responsible Investment" Chair, which is co-managed by researchers at the Université de Toulouse and the Ecole Polytechnique. This chair brings together around fifteen management companies[5] and other partners: the Caisse des dépôts group and the FRR pension reserve fund.

Chaire Finance Durable et Investissement Responsable

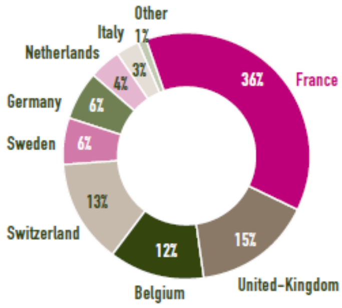
August 2011

France, Leader in SRI Fund Management in Europe

Total Value and Number of SRI Funds Marketed on the French Market



Market Shares of SRI Funds in Europe
(Vigeo 2010)



AFG and Corporate Governance

Beginning in 1997, the French asset management industry, in connection with its SRI activities, has been actively and consistently involved in governance issues.

- In France
    - AFG has notably laid out its expectations for issuers in terms of governance practices (the "Hellebuyck" Code) and has established an "monitoring program" which allows its members to assess the resolutions put forth before the SBF 120 general assembly meetings against the Code;
    - In addition to its regular dialogue with marketplace associations and businesses, AFG is a member of the French Corporate Governance Association (AFGE), a founding member of the *Institut Français des Administrateurs* (IFA) and is actively involved in all corporate governance debates.

- In Europe and Internationally
    - AFG participates in European Commission consultations on directives which impact corporate governance. AFG does so with the main objective of facilitating cross-border voting;
    - AFG is an active participant in the work of the International Corporate Governance Network (ICGN), whose September 2011 annual conference will take place in Paris.

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1. *Socially Responsible Investment*
2. *Corporate Social Responsibility*
3. *Plan d'Epargne Entreprise*
4. *Plan d'Epargne pour la Retraite Collectif*
5. *Founding management companies of the "Sustainable Finance and Responsible Investment" Chair: Allianz Global Investors France, Amundi AM, Axa IM, BNP Paribas AM, Dexia AM, Ecofi Investissements, Financière de Champlain, Groupama AM, HSBC Investments France, La Banque Postale AM, La Compagnie Financière Edmond de Rothschild AM, Macif Gestion, Natixis AM, UFG - Sarasin AM.*

Association Française de la Gestion Financière (French Asset Management Association – AFG) represents French asset management professionals who together manage over €2.6 trillion in assets (placing France fourth in this field worldwide). Of this total, more than €1.3 trillion is invested in collective investment schemes (placing France first in this field in Europe). These schemes include open-end investment companies (SICAVs), unincorporated investment funds (FCPs), and employee investment schemes (FCPE). The remaining assets are invested in individualised management under mandate.

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APPENDIX II

PREAMBLE

INSURANCE, A VEHICLE FOR ADVANCING SUSTAINABLE DEVELOPMENT WITHIN SOCIETY

As risk management professionals, partners in preparing for the future and drivers of economic growth, insurers are closely linked to all levels of a country's economic and social structure, particularly at the local level, and are uniquely positioned to promote initiatives contributing to sustainable development, due to their:

- *Social and economic purpose*: they give all members of society the ability to plan their future, by organizing the protection of people, financial assets and property and the continuity of business activities.
- *Role*: they analyze and prevent risks by making recommendations and including special insurance clauses (for example, theft and fire).
- *Long-term commitment*: they understand how our society is changing and manage these transformations, making long-term investments to meet commitments made to insureds clients.

SPECIFIC SUSTAINABLE DEVELOPMENT CHALLENGES FACING THE INSURANCE INDUSTRY

> Use the industry's expert knowledge to inform public debate

One of the industry's main responsibilities is to share its thorough understanding of current and future challenges related to climate change with political decision-makers and civil society, as well as its ability to use its risk pooling expertise to find lasting, economically sustainable solutions.

> Increase the integration of environmental, social and governance considerations into products and services

In keeping with its preventive role, introducing environmental, social and governance considerations into insurance products and services is a way for the industry to facilitate the emergence of a society more solidly underpinned by sustainable development principles. A set of priorities, based on the potential scale of impact or the need for urgent action, has been identified. Climate change is a primary concern. The industry also intends to deal with increasingly pressing issues in the area of social protection.

- *Participate in the fight against climate change* by promoting the growth of a forward-looking culture and its corollary, the capacity for adaptation and mitigation.
- *Help reduce economic and social vulnerabilities,* in particular, by developing protection against risks that are a part of daily life, microinsurance and business interruption coverage, and by taking action to promote industry-wide agreements to push back the limits defining the insurability of persons suffering from chronic illnesses.
- *Facilitate the emergence and implementation of solutions to future challenges posed by longer human lives,* such as pensions, but also protection from long-term care risk, since solidarity is a fundamental principle of insurance.

> Integrate current and future challenges into asset management policy

As a financial intermediary, the insurance industry bases its asset management policy on the imperative of long-term security. Assured of the long-term contribution of SRI analyses, it intends to direct its investments, to the fullest extent possible, toward socially responsible assets and/or areas likely to permit society to meet today's major challenges. Likewise, the industry intends to facilitate the provision of such investment products to its insured clients.

> Take action every day in the course of business

Although the insurance industry generates limited pollution, it is committed to reducing the environmental impact of its business activities and reinforcing its socially responsible behavior with respect to employees and suppliers, while taking steps to fight corruption in all its forms.

CHARTER

Insurers and reinsurers set the following goals for their business:

I. Position themselves as socially responsible drivers of Sustainable Development

1. Display its values, governance principles and code of ethics.

2. Affirm their role with respect to all stakeholders (governments, NGOs, consumers, local authorities, the European Community, etc.).

3. Gain top-level recognition of the importance of corporate social responsibility and integrate it into the corporate strategy.

4. Report on initiatives taken based on commitments made in this charter.

II. Contribute in the fight against climate change and its consequences and, more broadly, to protect the environment

1. Support climate change research and share its findings with civil society and political decision-makers.

2. Promote mitigation measures by developing insurance products offering environmental added value and by raising awareness among insured clients and other stakeholders of the need to adopt environmentally responsible behaviors.

3. Facilitate the adaptation to climate change by recommending ways to reduce vulnerability to natural catastrophe risks.

III. Support economic growth, help reduce social vulnerabilities and contribute to sustainable social protection

1. Monitor technological and scientific research in order to develop adapted products and new services; sound the alert when needed.

2. Help reduce vulnerabilities and prevent exclusion by widening access to insurance.

3. Work in partnership with the public sector to develop sustainable long-term measures for social protection (long-term care, retirement, health).

4. Encourage the adoption of socially responsible behaviors, through awareness-building and prevention of risks.

IV. Promote a socially responsible investing policy

1. Indicate whether environmental, social and governance criteria are integrated into asset management, and how.

2. Support research into, and the evaluation of, relationships between environmental, social and governance factors and the long-term performance of companies and States.

3. Develop SRI products and encourage their marketing.

4. Promote economic growth, especially by financing SMEs and infrastructures.

V. Develop their business activities in an environmentally and socially responsible manner

1. Assess and reduce their environmental impacts and, in particular, greenhouse gas emissions (carbon footprint, etc.).

2. Integrate sustainable development criteria into supplier selection and management processes.

3. Encourage all players along the value chain to embrace sustainable development (from product design to claims management, networks, etc.).

4. Continue to promote and improve workplace equity, gender equality, diversity and training throughout the company.

5. Raise awareness and educate industry players to adopt environmentally and socially conscious behaviors.

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