



**ENGAGEMENT AND VOTING REPORT**  
**SICAV PHITRUST ACTIVE**  
**INVESTORS FRANCE**



2023

**PHITRUST**  
Investir pour agir



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Since its creation in 1999, Phitrust invests in large listed companies to help them improve their Environmental, Social, and Governance (ESG) practices (Phitrust Active Investors), as well as in innovative social enterprises to give them the financial and human resources to scale up and deploy their impact (Phitrust Partenaires). Two activities, one single mission translated into the company's 'raison d'être': Invest to act and contribute to the growth of companies that integrate human development and the preservation of our planet at the heart of their strategy.

- The decisions of large companies on the distribution of the wealth created and on capital allocation in the economy have an impact well beyond their scope. They have become key players in the search for solutions to social and environmental challenges. By mobilizing institutional investors, Phitrust fully exercises its role as a committed, constructive and demanding shareholder. With a single objective: to alert companies of the risks and support them in changing their business models. **With more than 20 years of experience and direct relations with the management of major companies, Phitrust is the only independent asset management company to have filed 49 resolutions at General Meetings.**
- Moreover, by mobilizing private and institutional investors towards innovative, committed and inclusive entrepreneurial projects, Phitrust opens a new space between private equity and philanthropy: beyond financial contribution, we seek to create a network of experts and committed investors around the entrepreneurs who will accompany them over the long term in order to enhance their impact on society. The economic viability of their model is a guarantee of their sustainability. Patient capital, support and partnerships are an integral part of our work to create an economy that integrates, without opposing, the issues of inclusion and the environment. **More than 30 social enterprises are supported by our teams, including Simplon, Lita, LemonTri, Alenvi, La Varappe, Les Alchimistes, etc.**

**In November 2020**, the Phitrust Active Investors France SICAV obtained the SRI Label, which endorses Phitrust's specific approach of shareholder engagement. Shareholder engagement is finally becoming a recognized SRI strategy.

**In June 2021** Phitrust becomes a mission-driven company (Entreprise à mission).

**In September 2021**, within the framework of the « Sustainable Finance Disclosure Regulation » (SFDR), the fund is listed under article 9 : the engagement policy on which the fund's strategy is based aims to support companies in their transition towards business models that target sustainable development, with objectives set ex-ante.

**In June 2023**, first audit of the Phitrust mission report by an independent ITO, with a very favourable opinion.

**In June 2023**, Phitrust affirms its commitment to the distribution of value and becomes the first management company with SAPO (Société Anonyme à Participation Ouvrière) status, allowing employee participation in governance and value creation (dividend).

# EDITORIAL : EXCLUSION OR ENGAGEMENT ?

## Give your investments a voice!

Shareholders attending the 2023 AGM of TotalEnergies at the Salle Pleyel had to fight their way through a blockade of protesters who had come to prevent the annual meeting from taking place in person. They were called "criminals" because they were shareholders, and the NGO representatives present urged them to sell their shares to condemn the French oil company's allegedly flawed climate policy.

**To exclude or not to exclude?** In practice, this choice is still at the heart of the issues facing responsible investors, even though the advocates of sustainable finance - from major investors to European regulators - seem to have endorsed the principle of excluding the most polluting sectors. At the very least, in theory and in their communications to the general public.

Should we sell all the shares of companies involved in fossil fuels, but also those of the banks that finance their extraction projects, as well as the insurance groups that cover their risks, and even the consulting firms that have them as clients? To appear blameless, perhaps; to make an effective contribution to the transition of companies to a low-carbon economy, that's less clear.

### **The risks of exclusion: talking about responsibility ...**

We believe that French investors have a political responsibility to remain shareholders so as not to let non-European investors control groups whose activities are eminently strategic for the country, from an economic, energy and social point of view. Mr Pouyanné reminded during TotalEnergies' AGM that Anglo-Saxon shareholders had increased their stake from 37% to 46%.

Remaining a shareholder also prevents these key players in energy, construction or raw materials - including rare metals, which are essential resources for renewable energy - from delisting and becoming more opaque.

The environmental taxonomy, which requires sustainable funds <sup>1</sup> distributed in Europe to publish their 'non-green' portion, is already encouraging professional investors to get out of fossil fuel companies. The French SRI label, which proposes strict exclusions for coal and non-conventional fossil fuels in its new guidelines, reinforces this risk. At a time when Europe is concerned about its energy and industrial independence, the demands of European regulators and the responses of the major French companies directly concerned are a wake-up call, calling for a collective realization of the major risks of excessive dogmatism.

### **Nuancing positions, a possible choice**

Excluding companies that still derive 100% of their sales from fossil fuels is one thing, but remaining a shareholder and using your power as a shareholder to encourage those that have begun the transition to move faster remains the best lever for action. Being a shareholder allows you to make your voice heard and retain your ability to influence.



Shareholder engagement is an increasingly popular strategy, as evidenced by the rise in the number of actions taken by responsible investors and activists. To be effective, it needs to be practised over a long period of time, knowing how to use the range of tools and initiatives at its disposal, adapted to each company. While many investors join major international coalitions to demonstrate their commitment, few vote in favour of external environmental resolutions, at the risk of undermining the credibility of their approach.

### **Phitrust's sustainable investment strategy emphasises commitment and support for companies rather than a policy of systematic exclusion.**

This is demonstrated by the dialogue we have maintained with the directors of France's largest listed companies for over 20 years and the 50 resolutions tabled by Phitrust at general meetings on key ESG issues. We believe that companies that commit to limiting global warming, based on ambitions validated by science (SBTi's net zero standard), will win out in the long term. We believe that companies that share value in a balanced way will be the ones that survive. We believe that commitment is a lever for action that shareholders must use with discernment and rigour, not to issue diktats but to push for a comprehensible transition of business models.

Shareholder engagement is the solution that Phitrust has chosen to apply the "Do no harm" principle of responsible investment in the most relevant and effective way over the long term, especially when there are no simple and inexpensive low-carbon alternatives in the short term. Rather than excluding companies still involved in polluting activities from its portfolios, Phitrust remains a shareholder for the long term, enabling it to question the management of companies year after year and challenge them, by bringing together other investors, in their transition to a low-carbon economy.

**Olivier de Guerre**  
President

**Denis Branche**  
Chief Executive Officer

<sup>1</sup> Funds classified under Article 8 or 9 of the European SFDR regulation

# ENGAGEMENT STRATEGY

2023

CARRY A DEMANDING VISION OF OUR RESPONSIBILITY AS A  
SHAREHOLDER COMMITTED TO THE BUSINESS MODEL TRANSITION  
OF LARGE COMPANIES

# 2022-2023

## SUMMARY AND KEY FIGURES

**Our investment universe:** all of the CAC40 Index companies.

**Why large companies:** the decisions taken by large companies on the distribution of wealth created and the allocation of capital in the economy have **an impact well beyond their scope**. They have become key players in the search for solutions to social and environmental challenges. **How they integrate these issues into their strategic thinking is a key indicator for investors, shareholders and stakeholders**. We are convinced that **investors have a responsibility to ensure that companies and their managers accelerate the transition of their business model** and put social and environmental issues at the core of their strategy.

**Main issues and desired impacts:**

- Acting as a committed shareholder of listed companies by using all the levers of shareholder engagement to **change their governance, business model and environmental and social practices**.
- Acting to **change shareholder engagement practices** so that the questions and votes of minority shareholders are heard.
- Acting in a **balanced and pragmatic** way, taking into account the demands and constraints of the **various stakeholders**.

**In 2022, Phitrust strengthened its commitments:**

- So that by 2030, CAC40 companies achieve a **just transition** to **carbon neutrality** and alignment with the **+1.5°C trajectory**.

**In 2022 / 2023, our engagement action has quantitatively materialized by:**

**42** letters sent to managers, chairmen of boards of directors or supervisory boards and lead directors, ahead of AGMs, covering all E, S and G issues. Each theme is dealt with according to the company's sector and situation.

**Our objective:** to decide on the themes of our annual engagement campaign with the Board of Directors of the Phitrust Active Investors France fund, and to regularly modify the weighting and measured evolution of our portfolio holdings according to the responses obtained.

**19** interviews with executives and **14** written responses received prior to the AGMs. **11** companies did not provide any written or oral response (one less than the previous year).

**Participation and votes at 38 CAC40 General Meetings**, i.e. for **95%** of the companies in our voting perimeter, involving a total of **893 resolutions voted**:

- We voted **in favour** of **638** resolutions;
- We voted **against** **254** resolutions;
- We **abstained** on **one** resolution.

**2 public initiatives: Stellantis** (filing of a resolution on governance), **Carrefour** (inclusion of an environmental item on the agenda).

# OUR ENGAGEMENT POLICY STRATEGIC GOVERNANCE

## Analysing companies from a strategic governance perspective

We have always analysed companies from the point of view of their strategic governance: **governance represents a growing and central issue for all the company's stakeholders. The quality of corporate governance determines a company's ability to effectively manage the transition of its business model, from a development perspective and while respecting the balance between the various parties involved.** The liability of boards and their directors could become more frequent in the years to come.

**Changes to the purpose of company articles of association are a first step. The Pacte law strengthens the Board of Directors' responsibility for strategy by adding corporate social and environmental responsibility.** The global crisis linked to the COVID-19 pandemic has led CAC 40 companies to take the measure of the social, societal and environmental issues that have become increasingly important over the last three years.

"No E, no S, without a solid G.

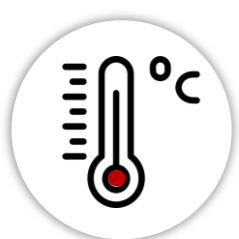
**Governance is a means, environmental and social challenges are objectives".**

**Improved corporate governance facilitates collaboration between issuers and active and committed shareholders** at a time when companies need to be able to rely on solid and involved stakeholders in an increasingly competitive and complex world. **Corporate governance has become the key lever for taking action on social issues.**



### In 2022, Phitrust strengthened its commitments:

- So that by 2030, CAC40 companies achieve a **just transition** to **carbon neutrality** and alignment with the **+1.5°C trajectory**.
- To this end, the fund has **formalised two new objectives and monitoring criteria**:



#### Climate alignment

100% of companies aim to align with the 1.5°C trajectory and carbon neutrality (SBTi) (cf. p. 18)



#### Alignment of interests

100% of portfolio companies integrate their ESG objectives to the sharing of value created between management, employees and shareholders (cf. p. 16-17)

# OUR ENGAGEMENT POLICY

## RAISE AWARENESS, ALERT, ACT

Phitrust's approach is constructive and pragmatic. Our dialogue focuses on the strategic level of the company, with direct, informed and ongoing exchanges with senior executives and chairmen of boards of directors, with whom we have been meeting for over 20 years.

**This dialogue takes many forms to suit each situation: direct exchanges with management in the first instance, followed by public action where appropriate. As an active shareholder - and not an activist - we are committed to respecting each stage.**

### Our principles for responsible shareholder engagement :

- **Engage in direct dialogue with the managers of the companies all year round before launching any public action, including the filing of resolutions.**
- **Bringing investors together around our initiatives.**
- **Hold shares on the long-term.**
- **Not resort to share loans.**
- **Do not sue companies,** believing that shareholders could, together, "make themselves heard"... This allows a permanent search for a consensus, as the directors, and therefore the corporate representatives, are elected by shareholders.

### We use **ALL** the levers of engagement

- **Private initiatives** (letters, interviews, private information reports)
- **Public initiatives** (written questions, tabling of resolutions, interventions in General Assembly)
- **Individual or collaborative approaches:** Co-filing of resolutions, PRI platform, etc.
- **Targeted or thematic approaches** to companies
- And of course, systematic **votes** at all the AGMs of CAC40 companies

#### THE IMPORTANCE OF DIALOGUE WITH COMPANIES, BEFORE ANY PUBLIC ACTION



### Every step counts!

The Paris Agreement, adopted in December 2015, has accelerated the rise of socially responsible investment and so-called sustainable finance. Beyond reporting obligations, investors are increasingly calling for shareholder engagement as a socially responsible investment strategy. Some investors often confuse traditional exchanges between investors and companies with targeted shareholder engagement on ESG issues; other shareholders want to jump the gun and go straight to filing a public resolution, without going through the intermediate stages of dialogue. In this way, they are backing company management teams and boards of directors into a corner. Is this legitimate in view of the urgency, seriousness and complexity of the issues at stake, and in particular the interests of other stakeholders?

On the contrary, our experience suggests that we use the leverage effect of each stage. We have achieved a great deal through upstream and long-term dialogue with the senior management of major groups, whether with TotalEnergies, Carrefour or even Danone. Shareholder engagement implies shareholder responsibility towards the company and the potential it mobilises.

# INDIVIDUAL ENGAGEMENT

CONFIRM AND STRENGTHEN OUR ACTION, AT A TIME WHEN  
SHAREHOLDER ENGAGEMENT IS THE MOST EFFECTIVE RESPONSIBLE  
INVESTMENT PRACTICE TO ENCOURAGE COMPANIES TO CHANGE  
THEIR PRACTICES



# GENERAL MEETINGS 2023

## Conclusions

### Towards closed general meetings in France?

Since 2022, more and more NGOs and climate activists have been taking part in general meetings. This year, the AGMs of **TotalEnergies, BNP Paribas, Axa, Société Générale and Crédit Agricole** in particular were subject to this type of intervention, which remains legitimate when it comes to asking questions as shareholders, but which is counter-productive when it comes to preventing the shareholders' meeting from taking place. The general meeting, by giving shareholders a platform, is the ideal place to express their views and ask questions directly to the company's board. It would be regrettable if these disruptions became the justification for general meetings to be held remotely, with all the loss of "affectio societatis" that this would entail.

Germany and Italy amended their company codes in February 2023 to allow companies to hold virtual meetings. Even though safeguards have been incorporated into these amendments (meeting broadcast by video, possibility of asking questions, presenting proposals and candidacies live, etc.), these provisions could adversely affect the rights of minority shareholders or even discourage some shareholders from attending meetings<sup>1</sup>. In Germany, if a company passes an amendment to its articles of association providing for the holding of virtual general meetings, this provision is valid for a maximum period of five years from registration of the amendment to the articles of association.

### One share, one right

Another important issue for the Paris Financial Centre is the introduction of multiple voting rights. Although this system is currently intended specifically for companies going public and for a limited period, Phitrust is opposed to double or multiple voting rights, which are reserved for certain shareholders and could facilitate takeovers without having to launch a public offer.

### More and more external climate resolutions

This year, three CAC 40 companies submitted Say-on-climate resolutions to their shareholders: **Schneider Electric** (98% approval), **Carrefour** (93%) and **TotalEnergies** (89%). As last year, **Société Générale** did not put its climate strategy to the vote, but presented it as an item on the agenda.

Two external resolutions were tabled at **Engie** and **TotalEnergies**, receiving 24.4% and 30.4% approval respectively. In addition, shareholder coalitions tabled two points of order, including **Phitrust at Carrefour**.

This phenomenon seems to be specific to Europe, where the average approval rate for climate resolutions proposed by shareholders was on the rise (24% in 2023 vs. 4% in 2022), while in the United States the trend was reversed, with an approval rate of 4% in 2023 vs. 28% in 2022.

<sup>1</sup> According to Scalens' initial estimates, the number of shareholders attending AGMs in 2023 was three times lower than in 2019.

# GENERAL MEETINGS 2023

## Conclusions

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### Value sharing as a secondary issue

The average remuneration of CAC40 executives is €6.5m in 2022. This is down slightly on 2021 (€8m) - potentially due to the threefold reduction in Mr Tavares' remuneration in 2022 (€19.6m in 2022 vs. €66.6m in 2021) - but remains well above the 2019 and 2018 averages of around €4-5m.

Among the highest earners in 2022, **Dassault Systèmes** takes first place with €33m, followed by **Teleperformance** (€19.7m), **Stellantis** (€19.6m), **Sanofi** (€10.7m) and **L'Oréal** (€10.3m).

With average CEO pay falling, the average equity ratio in 2022 has also fallen. However, pay differentials are widening at **Bouygues**, where the ratio has risen from 30 to **124**, and at **Danone**, where the ratio has risen from 91 to **126**.

However, there were few oppositions this year. Even though some remuneration policies scored below 75%, as at **Carrefour** and **EssilorLuxottica**, not a single resolution proposed by boards of directors was rejected in 2023.

### What about 2024?

The trend observed in 2022 is continuing this year, and will no doubt continue for some time: general meetings are becoming increasingly eventful on climate issues, but less so on remuneration issues. **Phitrust will remain vigilant on climate issues (in conjunction with SBTi) and the distribution of the value created, and will continue to promote good strategic governance practices among companies through all the levers of shareholder engagement.**

**We stress the importance of holding general meetings in the presence of shareholders to ensure effective, demanding and constructive dialogue.**

**The risk would be that some companies would opt for a 100% virtual meeting in order to be able to filter and manage questions and blocking by activists.**

# ASSESSMENT OF THE ENGAGEMENT ACTIONS

## PRIVATE DIALOGUE

Each year, ahead of the AGMs, we send a detailed letter to the managers and lead directors of each CAC40 company, including suggestions for changes in their ESG practices:

**470 questions** asked in December 2022, including

**22%** were directly related to **governance issues**

**33%** on the **environmental impact** of companies

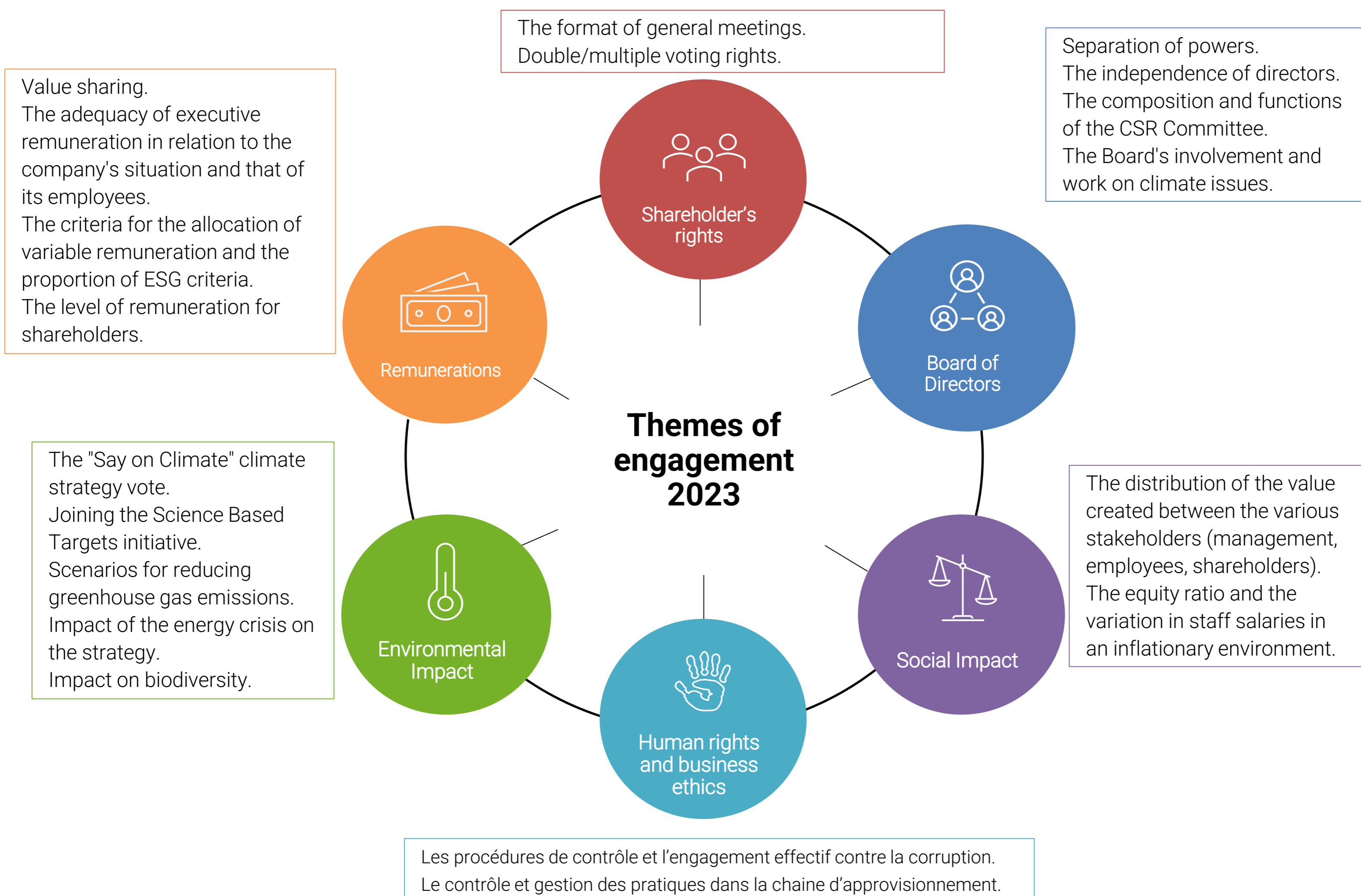
**28%** on the **social impact** (particularly post Covid-19, linked to employee well-being)

**17%** on **human rights and business ethics**

### Propositions 2023

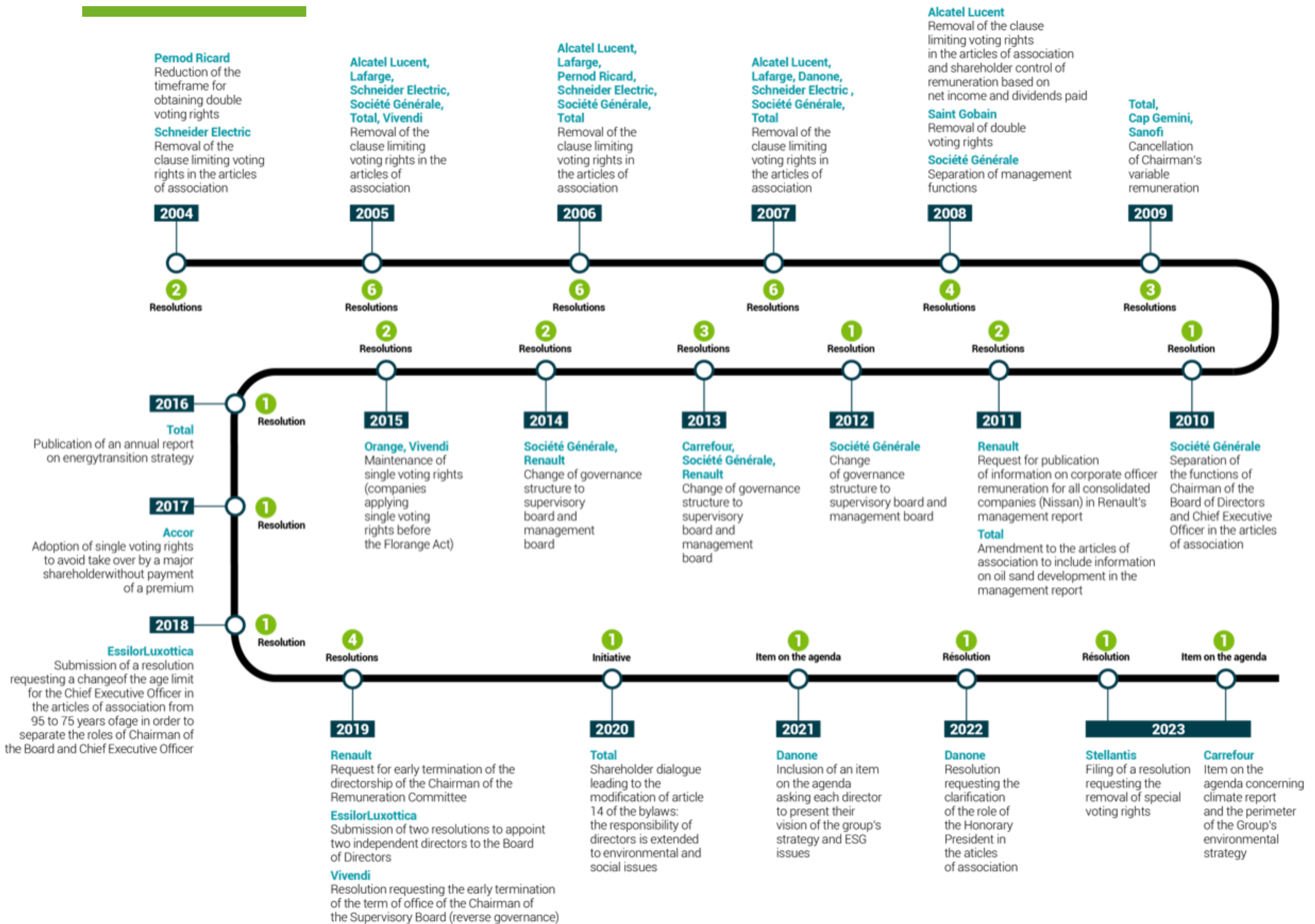
Ahead of the 2023 AGMs, we proposed **7 recommendations to CAC40 companies to improve their ESG practices**. One of these was accepted: in view of the difficulties encountered by shareholders in obtaining clear information on companies' Scope 3 emissions, we suggested that the **Universal Registration Document should include details of Scope 3 emissions according to the 15 emissions categories set out in the GHG Protocol** (WBCSD and WRI). This should make it possible: 1/ to establish comparisons between issuers, 2/ to show changes in these emissions over time. Our proposal has been favourably received by three companies, which have decided to apply it, and we will continue to engage companies on this subject during our annual interviews with senior management.

### Main themes of engagement 2023



# PUBLIC INITIATIVES

## 49 EXTERNAL RESOLUTIONS FILED SINCE 2003



20

Years of constructive dialogue and engagement with the leaders of European listed companies



Plus de 4 800

Private ESG initiatives: letters, meetings, dialogues with the executives & boards of directors of CAC40 companies



58

Public initiatives (oral interventions and written questions in the General Meeting)



49

External resolutions tabled since 2003, of which 5 obtained scores above 50% and 2 were adopted (amendment of the bylaws)

A number of proposals were adopted following our initiatives and the vote on the resolutions at the AGM: creation of specialised committees, abolition of voting rights restrictions, postponement of the dividend payment date, abolition of variable remuneration for Chairmen, membership of SBTIs, etc. .... This fundamental work is part of a structured, long-term approach, and demonstrates that assuming one's responsibility as an active shareholder requires a long-term vision, technical expertise, knowledge of the issues involved, relationships based on trust and the determination needed to move key issues forward.

# INITIATIVE 2023 - STELLANTIS

## RESOLUTION ON GOVERNANCE

Phitrust conducted a public campaign on the executive remuneration report prior to the 2022 General Meeting and convinced a majority of shareholders to reject the resolution (52% against). As the 'Say-on-Pay' vote is consultative in the Netherlands, unlike in France, the Stellantis Board announced that it had "taken note of the return of the consultative vote on the remuneration report and will explain in the 2022 remuneration report how this vote has been taken into account", although it was under no obligation to react.

The company's Articles of Association also provide for **Special Voting Shares** reserved for shareholders who have registered their shares since the company was founded in 2021. These shareholders will be entitled to **additional shares with voting rights from 2024**. This mechanism runs counter to the "one share, one vote" principle and establishes inequality between shareholders.

### SPECIFIC FEATURES OF DUTCH LAW

- The **rights of minority shareholders are fairly restricted in the Netherlands**. It is possible to file an agenda item or a resolution at a general meeting by presenting **3% of the capital** (unless the company's articles of association provide for a lower threshold). This request must be sent no later than **60 days before the general meeting** (Art. 2:114a of the Dutch Civil Code).
- It is then up to the Board of Directors to decide on the final form of the resolution filed (agenda item without vote, advisory resolution, binding resolution).

### GM 2023 A SUBJECT NOT DISCUSSED AT THE GENERAL MEETING

- Phitrust has filed a **draft resolution at the Stellantis General Meeting** on 13 April 2023 to **abolish the shares with special voting rights** granted subject to registration in a loyalty register kept by the Board of Directors and to holding these shares for 3 years.
- Given that the three **reference shareholders** (Exor NV, EPF/FFP and Bpifrance) together hold 27.56% of the capital, this mechanism enables them to control the company with 43.21% of the voting rights (if all their shares are registered), thus **preventing any challenge from minority shareholders**.
- The short deadline for filing the resolution did not allow us to reach the required threshold of **3% of capital**, but **1.3% with 12 other professional shareholders** (APG, MONETA, OFI Invest AM, EDRAM, STATE OF FLORIDA, SYCOMORE AM, IRCANTEC, CANDRIAM, PROMEPAR, MANSARTIS, MEESCHAERT AM, CAVP).

### RESULTS

After several exchanges with the company, it would appear that there is still some debate as to the interpretation of the Board's discretionary role in allocating these additional voting rights. We note that **the company was careful not to specify that a resolution on this subject had been filed at the General Meeting** of 13 April 2023. In addition, the company's articles of association provide for a **dividend reserve for shares with special voting rights**, distributed by decision of the Board and endorsed by an EGM of the holders of shares with special voting rights.

**As regards remuneration**, Stellantis has finally decided to propose a new, **more transparent and binding policy**. We welcome this improvement, but **regret that it will not take effect until 2024**.

# INITIATIVE 2023 - CARREFOUR

## AGENDA ITEM ON CLIMATE



The organisation of Carrefour's governance has been the subject of repeated warnings by Phitrust and certain voting agencies. We have regularly denounced the concentration of power of management functions, the remuneration policies, and raised social issues relating to the Group's reorganisations. This year, we challenged Carrefour on its environmental strategy by including an item on the AGM agenda. In 2022, Carrefour put a "Say-on-Climate" resolution on its environmental strategy to a vote at the general meeting; the resolution was approved by 87% of shareholders votes. Nevertheless, the information given to shareholders lacked clarity, particularly as regards the perimeter taken into account to observe the effective reduction in the Group's greenhouse gas (GHG) emissions. Carrefour has made a global commitment to reduce its scope 3 indirect emissions by 29% by 2030 (compared with 2019), but the Group has not made any commitments with regard to franchises. Yet 90% of shops are franchised or leased in France and 76% in the rest of Europe, and the transformation of integrated shops into franchised shops is a key element of the Group's strategy up to 2026, as presented in November 2022.

### HISTORY OF OUR ENGAGEMENT WITH CARREFOUR

- **2013** : resolution calling for a change in the company's governance structure to a Supervisory Board and a Management Board.
- **2015** : written questions on the separation of functions and the implementation of a succession plan.
- **2018** : written questions on Mr Georges Plassat's non-competition indemnity, executive remuneration policy, the current reorganisation, its social impact, the Science Based Targets initiative and the Group's climate ambitions.
- **2019** : written questions on the separation of management functions, executive remuneration, company taxation, double voting rights, social issues such as working conditions for subcontractors, duty of vigilance and the Science Based Targets initiative.
- **2021** : written questions on the relevance of the " retraite-chapeau " scheme for the benefit of the CEO, and on the strategy adopted by the group, which consists of leasing a large number of shops.
- **2023** : **agenda item on climate strategy.**

### GM 2023 INCLUSION OF AN ITEM TO THE AGENDA

Phitrust has brought together 10 professional shareholders <sup>1</sup>, together representing 1.1% of Carrefour's capital, and has put an item on the agenda on its climate strategy at the General Meeting on 26 May. Its objective: to ask the Board of Directors to explain to shareholders its choices in terms of climate strategy and to clarify the reporting of the Group's GHG emissions, with two questions:

- Why not publish data on Scope 3 indirect emissions in the universal registration document intended for shareholders, when they are presented in the Carbon Disclosure Project (CDP) questionnaire?
- Why exclude franchise shops from the scope for reducing the Group's Scope 3 emissions, when franchising is a central element of the current strategy?

### RESULTS

The inclusion of this item on the agenda, which is less controversial than a draft resolution, made it possible to improve dialogue with Carrefour, whereas previous exchanges with the company had failed to answer our questions. It led to a formal response from the Board of Directors, which at the General Meeting formalised the responses to our agenda item by committing to publish indirect GHG emissions data (Scope3) in the DEU 2023 and to draw up an action plan for emissions from franchised shops from 2024.

The dialogue should continue because, in addition to environmental issues, there are still a number of issues to be clarified in the social field (raised by the union representatives present), in particular the impact of the transfer of shops to management leases. It should also be noted that the vote on the CEO's remuneration received relatively little support, with 61% of votes cast for the ex-post vote and 57% for the ex-ante vote.

<sup>1</sup> EDRAM for ERAFP, LA BANQUE POSTALE AM, SYCOMORE AM, MN (Pays-Bas), OFI Invest AM, GROUPAMA AM, IRCANTEC, CAVP, PROMEPAR, ECOFI.

# INITIATIVES 2023 – TOTALENERGIES, ENGIE, VEOLIA

## ORAL QUESTIONS - ESG

Now that the general meetings with shareholders have resumed, we asked a number of oral questions at TotalEnergies on **environmental issues**, Engie on **social issues**, and Veolia on **corporate governance**.

### TOTALENERGIES : CLIMATE STRATEGY

The taxonomy will encourage European institutional shareholders to sell their shares in "fossil" companies if they do not have clear "net-zero 2050" targets. We asked two questions at the TotalEnergies general meeting on 26 June 2023:

- In 2050, will TotalEnergies be a predominantly "renewable energy" company or will it still have a strong presence in fossil fuels?
- What is the impact of hydraulic fracturing, which is authorised in the USA but highly controversial in Europe?

The company replied that the energy transition will be a long-term process. The company's energy mix will be radically altered, with a target of 50% of sales generated by renewable energies by 2050. This transition will be financed in particular by cash flow from fossil fuels. Nevertheless, the current high demand for energy means that TotalEnergies must maintain its "fossil" activities. **It is worth noting, however, that TotalEnergies will be withdrawing from the tar sands in Canada in 2023, 12 years after our resolution on the subject.** Hydraulic fracturing accounts for less than 1% of TotalEnergies' sales and is limited to the United States and Algeria.

It should be noted that 46% of the company's shareholders are Anglo-Saxon, a growing proportion which is unfortunate according to Mr Pouyanné.



### ENGIE : FEMINISATION OF MANAGEMENT BODIES



At the general meeting of 26 April 2023, Phitrust questioned Engie about the low rate of achievement (0%) of the criterion of feminisation of managers in the variable remuneration of the Chief Executive Officer. The target for the proportion of women managers is 35%.

The company replied that it had failed to achieve its target, reaching a rate of only 32% of women. This target will be renewed in the 2023 remuneration policy.

### VEOLIA : RAISON D'ÊTRE

At the General Meeting of 27 April 2023, Veolia's Board of Directors proposed a vote to amend the Articles of Association so that the content of the company's raison d'être would fall within the exclusive competence of the Board of Directors.

Veolia's raison d'être <sup>1</sup> is not included in the Articles of Association and has therefore not been submitted to a shareholder vote. Although it is not mandatory to have the raison d'être included in the articles of association, deliberately excluding the opinion of shareholders does not seem to be good practice. This resolution was widely contested and the Board decided to withdraw it. This is the second year that Veolia has withdrawn a resolution. Last year, a resolution concerning an exceptional bonus for the CEO linked to the integration of Suez was withdrawn.

Phitrust wished to ask a question about this resolution, even though it had been withdrawn, and expressed its disagreement with giving full powers to the Board of Directors on this subject.



<sup>1</sup> *Contribute to human progress by resolutely pursuing the Sustainable Development Goals defined by the UN, in order to achieve a better and more sustainable future for all.*

# THEMATIC FOCUS

## VALUE DISTRIBUTION

We observe **a fall in executive remuneration for 2022**: average remuneration is €6.8 million. This represents a fall of around 15% compared with 2021. Employee salaries, on the other hand, have risen by an average of 5.96% (compared with inflation of 5.2% in 2022).

**Stellantis, Air Liquide** and **Veolia** recorded the biggest falls (-70%, -39% and -26%). **Danone** and **Bouygues** record the highest increases (57%, 48%).

**Phitrust has positioned itself against the ex-post (2022) "Say-on-Pay" of 26 companies:** Air Liquide, Airbus, ArcelorMittal, AXA, Bouygues, Capgemini, Carrefour, Danone, Dassault Systèmes, Engie, EssilorLuxottica, Eurofins Scientific, Hermès, Kering, L'Oréal, LVMH, Orange, Stellantis, Publicis, Sanofi, Schneider Electric, STMicroelectronics, Téléperformance, TotalEnergies, Vinci et Vivendi.

**The pay gap between executives and employees is narrowing.** In 2021, the average equity ratio was 158. In 2022, an executive will be paid on average 130 times more than employees, a fall of 18%. The equity ratio increases at **Carrefour, Danone** and **Bouygues**. At the same time, the equity ratio fell significantly at 8 companies, in particular **Air Liquide, Engie, Vinci** and **Stellantis**, where Carlos Tavares' remuneration fell from 66.6 million € for 2021 to 19.6 million € for 2022.

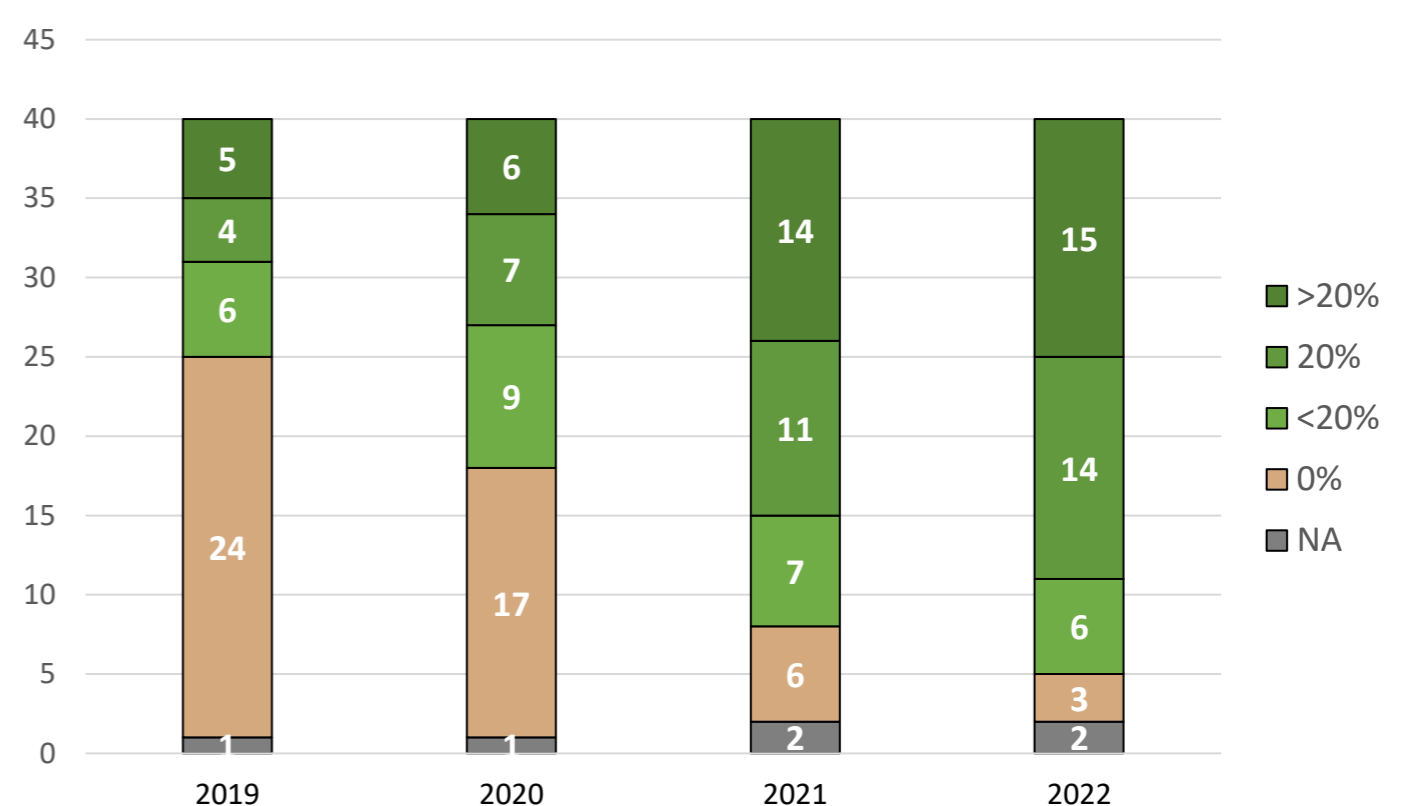
**A persistently low level of objections.** The level of objections to CEO remuneration continues to fall: **10.44%** compared with 11.39% in 2022 and 14.31% in 2021. Several cases caught our attention: **Bouygues** and **Schneider Electric**, whose CEO pay packages for 2022 were approved by only 78.34% and 65.66% respectively (compared with 99.19% and 84.22% for 2021).

Also noteworthy is the case of **Carrefour**, whose CEO's remuneration for 2022 was approved by **60.69%** (vs. 58.83% for 2021) of shareholders.

Despite these exceptions, the level of contestation remains fairly low in general, including for the 24 companies in which overall remuneration increases were recorded for 2022.

**ESG criteria increasingly important in executive remuneration.** Most executive remuneration packages now take ESG criteria into account, whether in terms of annual variable pay or long-term variable pay. The weighting of ESG criteria in remuneration increases from year to year. On average, the proportion of ESG criteria in the long-term variable remuneration of their executives is around **20%**. Some companies, such as **Veolia** and **Michelin**, include ESG criteria to a greater extent in the LT remuneration of their executives (**50%** and **40%** respectively).

Share of ESG criteria in the LT remuneration of CAC40 executives



**What are the conclusions?** Despite the increases in executive pay proposed last year, average executive pay and the pay gap between executives and employees fell (with average employee pay possibly rising to offset inflation).

Last year, disputes at AGMs seemed to have less to do with remuneration levels than with company performance. This year, we are seeing a decline in protests despite a fall in CAC40 earnings in 2022 (-11.46% compared with 2021), and a fall in dividend payouts (-17.70% compared with 2021).

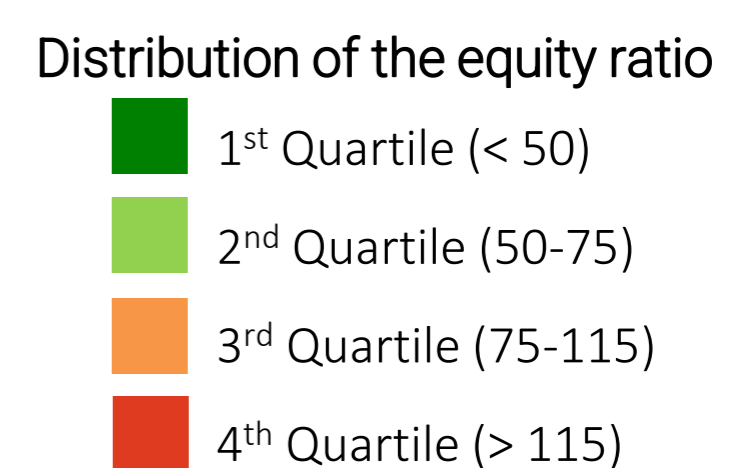
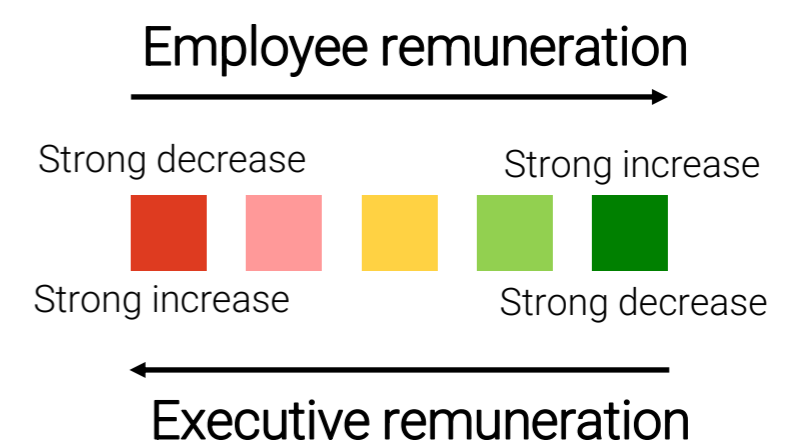
The issue of value distribution is a delicate and complex one, because it involves both the proper allocation of short- and long-term liquidity from an operational and strategic point of view (financing working capital requirements, debt, investment, dividends) and a fair level and distribution of wage costs from the point of view of social consensus.



# THEMATIC FOCUS

## VALUE DISTRIBUTION

CAC40 Companies	Evolution of executive remuneration 2022/2021	Evolution of the average salary 2022/2021	Equity ratio Proxinvest 2022	Evolution of the contestation to executive remuneration 2022/2021	Payout rate for 2022
Air Liquide	-38,60% <sup>(1)</sup>	12,60%	49	6,85%	55,87%
Airbus Group	1,43%	-3,04%	49,6	-0,77%	33,33%
Alstom	-20,78%	3,00%	65	3,19%	n/a
ArcelorMittal	19,40%	2,03%	118	8,30%	4,31%
AXA	4,22%	6,90%	64,95	-4,11%	59,86%
BNP Paribas	12,00%	5,37%	50,5	-3,07%	50,00%
Bouygues	47,86% <sup>(2)</sup>	3,20%	124	-21,02%	70,59%
CapGemini	-8,06%	3,47%	114	0,17%	35,75%
Carrefour	9,97%	-3,99%	406	3,16%	30,77%
Crédit Agricole	-4,73%	5,40%	22	4,87%	62,46%
Danone	57,24%	13,08%	126	-1,31%	135,14%
Dassault Systemes	-25,21%	9,30%	263	14,62%	29,58%
Engie	5,96%	86,90% <sup>(7)</sup>	44,5	2,33%	1750,00% <sup>(9)</sup>
EssilorLuxottica	-1,86% <sup>(3)</sup>	19,63%	180	3,98%	66,32%
Eurofins Scientific	5,81%	n/a	n/a	12,59%	33,11%
Hermes	21,21%	5,90%	60,7	-0,86%	40,37%
Kering	14,61%	5,50%	99	-17,56%	42,72%
Legrand	-6,94%	10,48%	63,8	-0,24%	50,68%
L'Oréal	2,27%	9,74%	124	0,50%	56,34%
LVMH	0,15%	-8,56%	109	-0,45%	42,78%
Michelin	-6,30%	2,23%	50,3	18,89%	44,48%
Orange	21,00%	2,92%	49,9	0,12%	95,89%
Pernod Ricard					
Publicis	18,94%	18,53%	75	-12,03%	59,55%
Renault	-4,85%	40,48%	84	-1,62%	n/a
Safran	7,47%	8,59%	43	-0,37%	n/a
Saint-Gobain	-7,19%	6,87%	87	-0,10%	34,25%
Sanofi	19,56%	11,54%	98,2	1,29%	53,21%
Schneider Electric	-6,60%	9,30%	117	-22,04%	50,56%
Société Générale	-23,40% <sup>(4)</sup>	10,85%	33	3,33%	98,27%
PSA / Stellantis	-70,62% <sup>(5)</sup>	10,15%	304	67,92%	25,05%
STMicroelectronics	1,96%	-3,88%	95	2,79%	5,03%
Teleperformance	0,60%	2,70%	1453	-12,77%	35,16%
Thalès	20,23%	4,67%	28,7	0,51%	55,58%
TotalEnergies	23,33%	-2,20%	82	11,45%	35,52%
Unibail-Rodamco-Westfield	19,21%	0,12%	27,91	-0,95%	0,00% <sup>(10)</sup>
Veolia	-26,11% <sup>(6)</sup>	-5,74%	63	3,17%	97,39%
Vinci	8,67%	-1,20%	105,8	-4,68%	52,98%
Vivendi	2,75%	0,63%	65	22,44%	n/a
Worldline	-19,95%	-23,44% <sup>(8)</sup>	40,4	1,87%	n/a <sup>(11)</sup>
<b>Average</b>	<b>-15,42%</b>	<b>5,96%</b>	<b>129,74</b>		<b>49,91%<sup>(12)</sup></b>



- (1) Separation of the roles of Chairman and Chief Executive Officer; B. Poitier was not awarded any performance shares during the year.
- (2) Allocation of a share plan in connection with the acquisition of Equans
- (3) Combined powers of Chairman and CEO
- (4) Departure of CEO F. Oudéa, who was not awarded any performance shares during the year.
- (5) Sharp reduction in Carlos Tavares' remuneration (from 66.65 million € in 2021 to 19.5 million € in 2022)
- (6) Separation of the roles of Chairman and Chief Executive Officer
- (7) Sale of Equans
- (8) Sale of Ingenico's payment terminals business
- (9) Net earnings per share of €0.08
- (10) URW plans to pay no dividend for 3 years (until 2023) to support its debt reduction policy.
- (11) No dividend historically
- (12) Average obtained by excluding Engie from the scope of consolidation, whose payout ratio is not representative.

# THEMATIC FOCUS

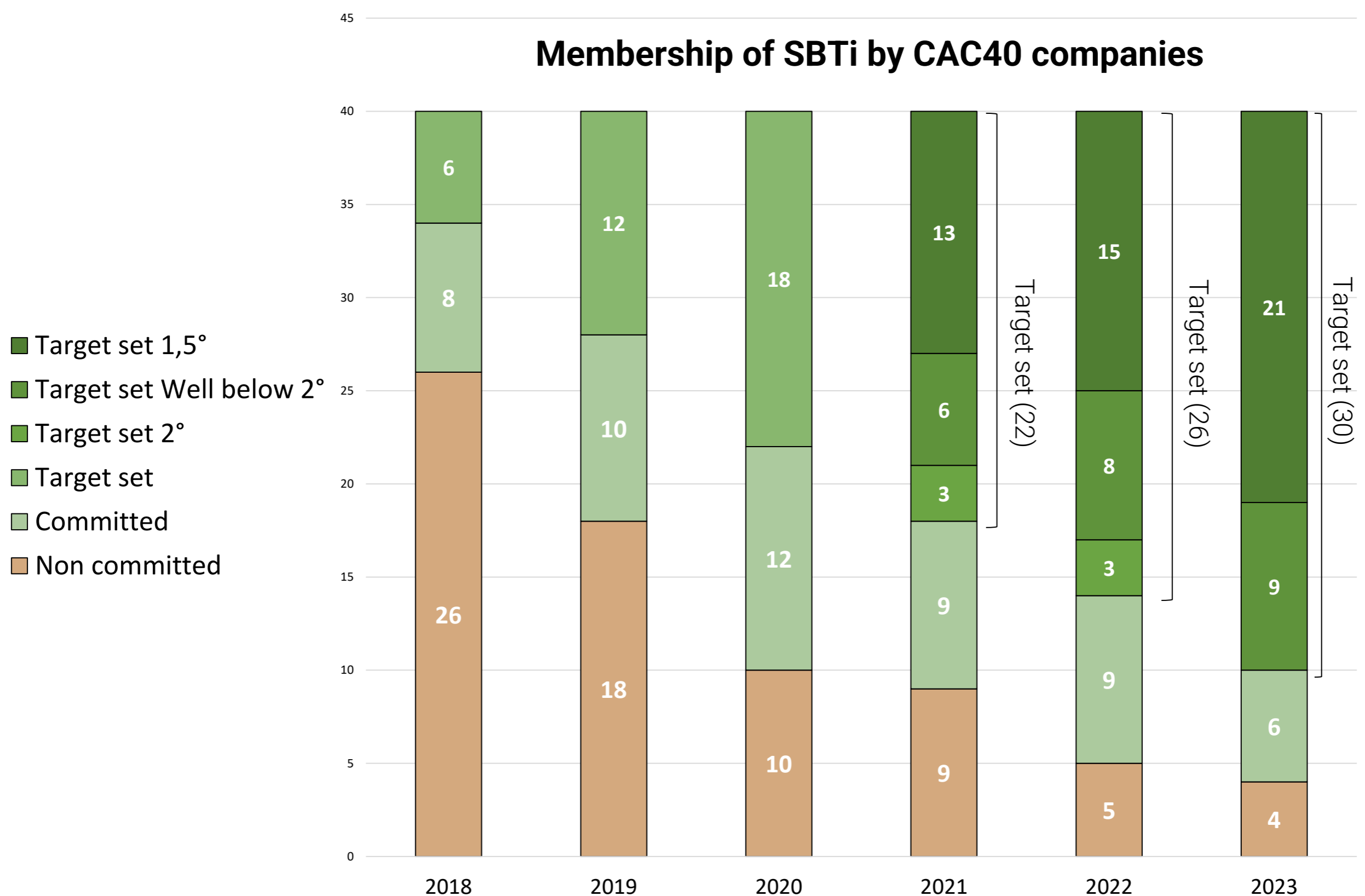
## SBTi – THE CAMPAIGN CONTINUES



The Science Based Targets initiative (SBTi) is a joint project of the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund (WWF). The initiative aims to encourage companies to set greenhouse gas (GHG) emissions reduction targets that are consistent with scientific recommendations.

Since 2017, Phitrust has chosen SBT to question CAC40 companies annually about their membership. The aim: to get 100% of CAC40 companies to aim for alignment with a + 1.5°C warming trajectory (see p.6).

To date, 30 CAC40 companies have signed up to this initiative (compared with 6 in 2018) and have qualified as "Targets Set" (targets validated by SBTi and a commitment to reduce their emissions - scopes 1 to 3 - with quantifiable data). 10 other companies are committed to having their targets validated by SBTi. For some sectors, a methodology is still being developed. This explains why some companies are still at the "Committed" stage, particularly those in the financial sector, or why others have not yet signed up to the initiative (Bouygues, Eurofins Scientific, Stellantis and TotalEnergies).



### Net Zero Standard

Since 2023, Phitrust has also been following the "Net Zero" standard, launched by the SBTi in 2022, certifying that companies have set net-zero targets based on scientific data and compatible with limiting the global temperature increase to 1.5°C.

To date, only 5 CAC40 companies have qualified as "Target Set" (Capgemini, Publicis, Saint-Gobain, Sanofi and Schneider Electric). Ten other companies are committed to having their targets validated by the SBTi.

# FOCUS ON MINORITY SHAREHOLDERS' RIGHTS

## Conditions for filing resolutions

Phitrust's experience and track record in the process of filing resolutions have led to the development of a joint debate with AF2i <sup>1</sup>, CIAM and a law firm, supported by several asset management companies <sup>2</sup>, on how French law could be reviewed with a view to facilitating dialogue between shareholders and issuers. This debate is all the more important given that several climate resolutions have been rejected by boards of directors in recent years (TotalEnergies, Vinci).

### EIGHT PROPOSALS HAVE BEEN MADE TO MAKE DIALOGUE BETWEEN ISSUERS AND SHAREHOLDERS MORE FLEXIBLE

- 1/ **Reduce the capital ownership thresholds** required to file a draft resolution.
- 2/ **Extend the deadlines** for shareholders to file draft resolutions once the notice of meeting has been published.
- 3/ Allow resolutions to be filed **before publication of the notice of meeting**.
- 4/ **Clarify** and restrict the **powers of the board of directors** to reject draft resolutions filed by shareholders.
- 5/ Establish the role of the **AMF as the authority responsible for monitoring** the proper communication to the market of draft resolutions submitted by shareholders of listed companies and the reasons attached thereto.
- 6/ **Make it easier for depositing shareholders to appeal** to the Commercial Court against a decision by the board of directors to refuse to include draft resolutions on the agenda.
- 7/ Systematically grant shareholders who have registered a draft resolution the **right to speak** at general meetings, particularly virtual meetings, in order to ensure that other shareholders are properly informed about the draft resolution.
- 8/ **Harmonise the rules for filing resolutions** throughout the European Union.

This note was presented to Bercy (the Minister's office and the Treasury DG), the AMF, the Chancellerie and the AFEP, and was also of interest to many company directors.

### COMPLEMENTARY FIR INITIATIVE

A similar and complementary initiative supported by the FIR has led to the filing of two amendments to the "industrie verte" law in order to make "Say on climate" mandatory and to lower the capital ownership threshold for filing external resolutions.

The amendments ask to make it compulsory for listed companies to present their climate strategy (ex ante) and its implementation (ex post) at a general meeting every three years, and to submit them to a consultative vote that should be "taken into account by the board of directors". A vote could also be requested in the event of a significant change to the climate and sustainability strategy.

Although these amendments were rejected by the special committee on the "industrie verte" law, they were adopted during the public session of the French National Assembly at the end of July. The next step is a decision by a joint committee in the Senate in October 2023.

<sup>1</sup> AF2i: Association Française des Investisseurs Institutionnels

<sup>2</sup> Phitrust, CIAM, Comgest, Meeschaert AM, Sanso IS, Moneta AM, Ecofi, LBO France Gestion, Mirova, OFI Invest, La Financière Responsable, EDRAM, Hottinguer Banque Privée, Sycomore AM, Candriam et La Française

# VOTING SUMMARY

## 2023 GENERAL MEETINGS

Attending and voting at general meetings is an integral part of our approach as a committed and responsible shareholder. The general meeting is a unique place where senior executives (not just the chairman or chief executive) and board members have direct contact with shareholders and hear their reactions to the proposed resolutions put before them; a **very important moment because directors are elected by shareholders and not chosen by the chairman**. It is also the only place where they can meet them.

The voting perimeter of the Phitrust Active Investors France SICAV covers all CAC 40 companies, **with systematic attendance at general meetings**.

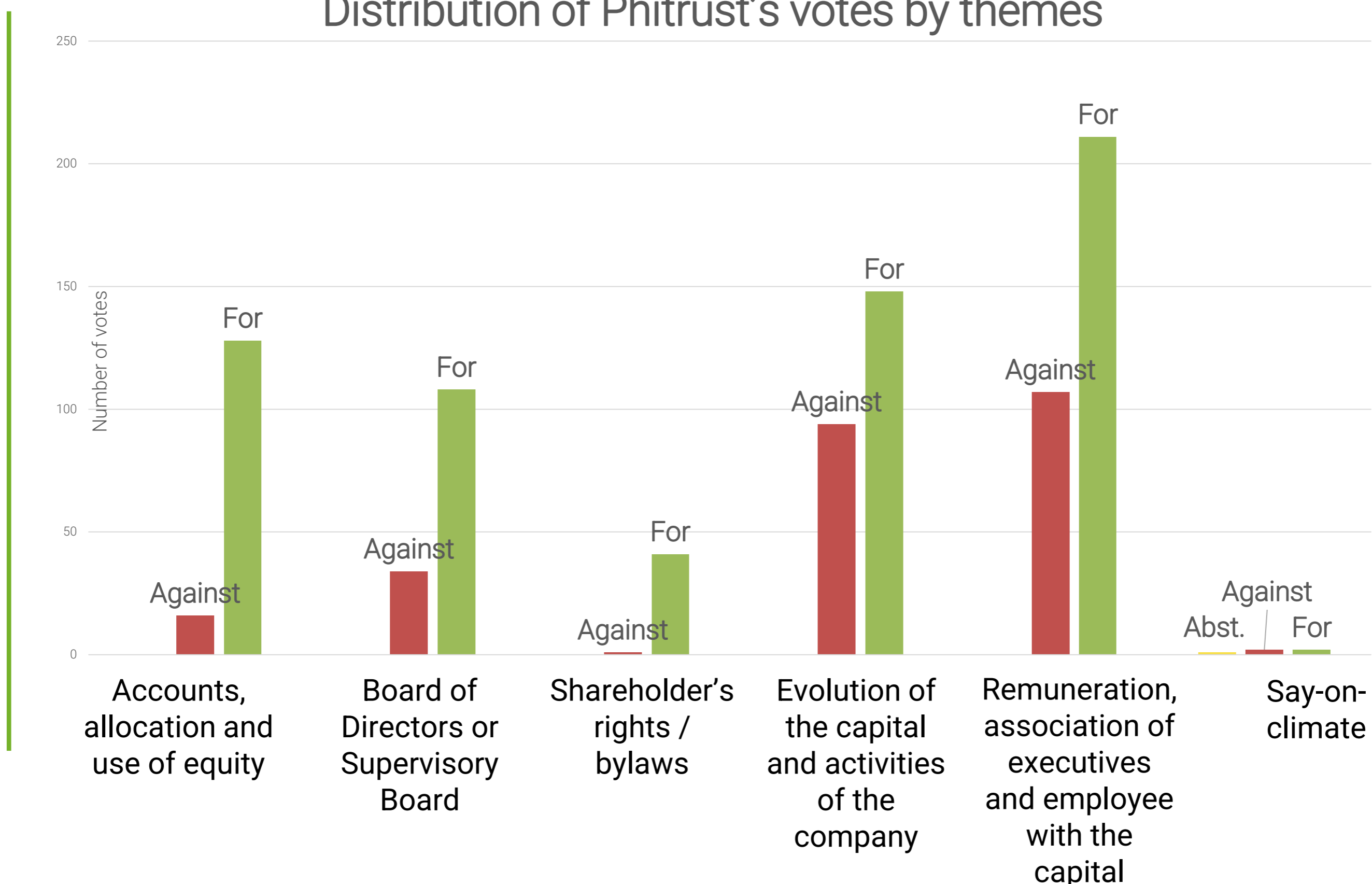
### Voting at general meetings in 2023

In 2023, we voted at 95% of the general meetings of portfolio companies (due to problems with the custodian and the holding of the **Pernod-Ricard** general meeting in November 2023). There were no direct broadcasts of the general meetings of non-French companies listed on the CAC40 (**ArcelorMittal, Eurofins Scientific, STMicroelectronics**).

We voted on a total of **893** resolutions.

**Opposition votes** concerned **28%** of the resolutions (254 resolutions), in particular on the subjects of executive remuneration, capital increases during takeover bids and the appointment of certain directors (in particular against multiple directorships).

Distribution of Phitrust's votes by themes



# VOTING SUMMARY

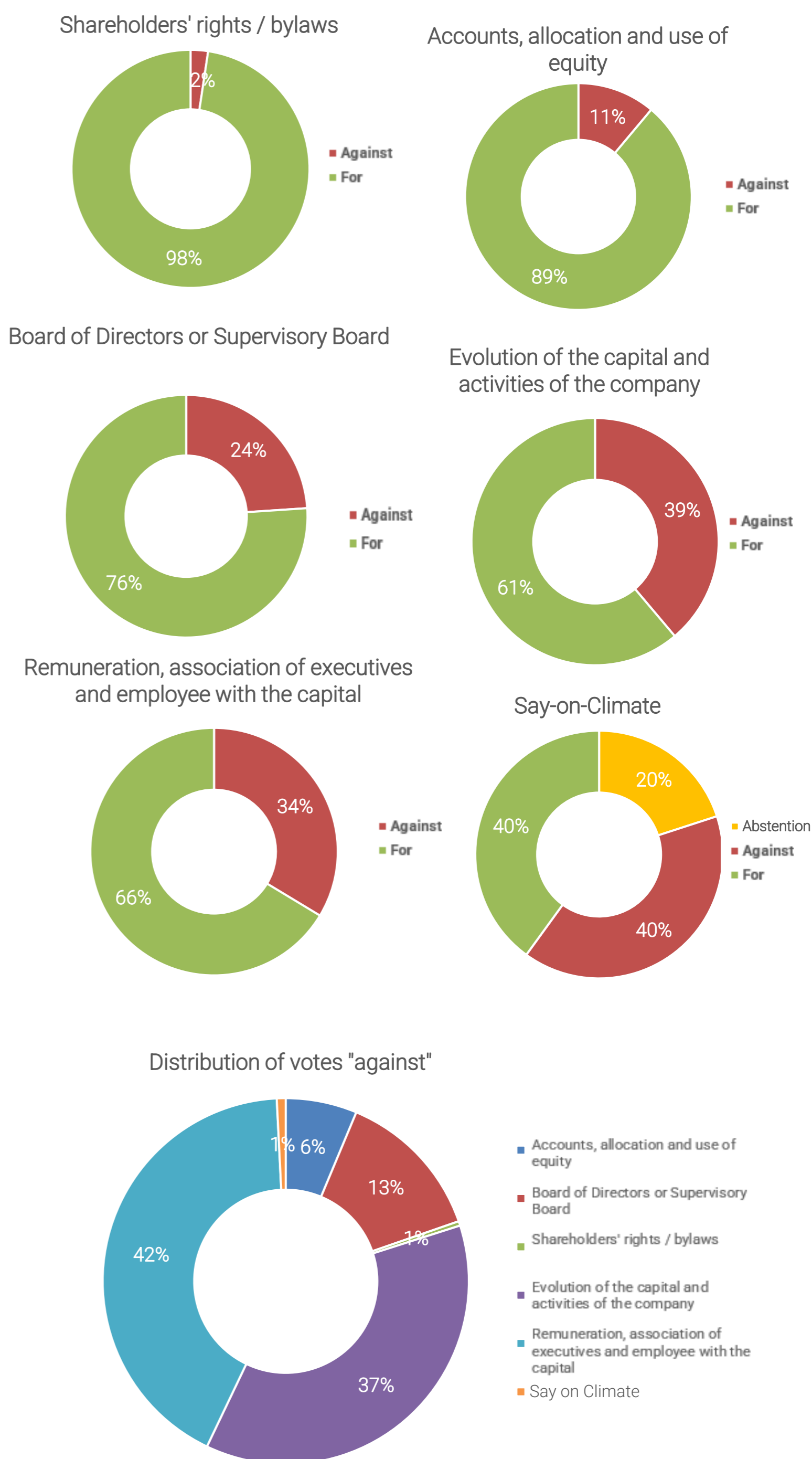
## 2023 GENERAL MEETINGS

We have grouped the resolutions into 5 distinct categories:

- **"Shareholders' rights / bylaws "**: resolutions relating to amendments of legal bylaws as well as various ordinary resolutions;
- **"Accounts, allocation of results and use of equity"**: resolutions relating to the approval of the accounts, allocation of results, discharge and appointment of the statutory auditors;
- **"Board of Directors or Supervisory Board"**: resolutions relating to the appointment or renewal of boards;
- **"Evolution of the capital and activities of the company"**: authorizations for capital increases, share buybacks, specific growth operations, regulated agreements and extraordinary resolutions;
- **"Remuneration, association of executives and employees with the capital"**: resolutions relating to the approval of the 2019 and 2020 remuneration of corporate officers and Board members as well as transactions reserved for executives and employees.

See our voting policy on the Phitrust website (in French): <https://phitrust.com/accueil/nous-connaître/>

### Phitrust vote distribution



### Conflicts of interest:

As a totally independent management company, Phitrust does not depend on any financial institution that could be a source of conflict of interest.

# COLLABORATIVE ENGAGEMENT

ACT FOR A COLLECTIVE AWARENESS OF SHAREHOLDER  
RESPONSIBILITY

# KEY COLLABORATIVE ACTIONS

## OUR PARTNERS

### Engagement partners



Phitrust, a **PRI** signatory since 2007, has distinguished itself since 2017 among asset management companies, by obtaining the highest rating (A+ and A) in the "PRI Assessment Report" on the Strategy & Governance, and Direct & Active Ownership modules on the "listed shares" asset class. Developed since 2006, the PRI brings together more than 3,140 signatories who are committed to applying the six main principles of responsible investment.



Created in 2017 and made up of 15 investors representing €35 billion in assets under management, **SfC** is a European engagement network focusing on three issues:

- workers' rights and human rights
- tax practices and tax justice
- CO2 emissions and climate change.

Phitrust joined this network in 2022.



**Carbon4 Finance** is a spin-off of Carbone 4, a leading energy and climate change consulting firm. Carbon4 Finance provides carbon data to help asset managers, pension funds, banks and index manufacturers develop and implement their 2°C compliant financing and investment solutions.

### Institutional partners

- **Nos partenaires associations professionnelles**



- **Many French and foreign professional investors.**

In these public initiatives, we have been supported by many professional French investors, both institutional and asset managers. A number of Anglo-Saxon, Australian and continental European pension funds and asset managers have also supported us.

For understandable reasons, we cannot mention them all in this publication.

**Investors who have purchased units in the Phitrust Active Investors France SICAV are de facto involved in our resolution filings, but in a confidential manner, without having to take a position publicly.** Buying shares in our SICAV and sitting on its Board is a way of making upstream decisions and participating in campaigns to promote better strategic corporate governance. Managers and investors must work together to make their voices heard and to bring about changes in the practices of major listed companies.

# KEY COLLABORATIVE ACTIONS

## INVOLVEMENT WITH PROFESSIONAL ASSOCIATIONS

Since 2003, Phitrust has played a constructive, long-term shareholder role in improving the governance of CAC 40 companies, to the benefit of all stakeholders and the reputation of Paris as a financial centre. **In addition to the note on the conditions of filing of resolutions, Phitrust initiated and participated this year in market studies on:**

### Governance topics

#### ▪ AFG: Corporate Governance Committee

Phitrust has been a member of the AFG's Corporate Governance Committee for several years. This committee deals with all issues relating to the role of asset management companies at the general meetings of listed companies in which they invest. It facilitates the exercise of their voting rights by expressing investors' expectations collectively through its "Recommendations on corporate governance". These recommendations, which are updated each year, form a basis for good governance practices that the asset management companies collectively suggest listed companies adopt, and on the basis of which warnings are issued about resolutions put to the vote that are contrary to the AFG's recommendations.



#### ▪ CEM : Two working groups on the mission-driven company

Phitrust has contributed to two working groups on mission companies

- one focusing on listed companies with a mission. What are the challenges and obstacles to be overcome if more listed companies and their shareholders are to adopt this status? This work was carried out by the Communauté des Entreprises à Mission, Prophil and Kea&Partners.

- the other on the opportunities that mission-driven companies represent for impact investors, carried out by the CEM, the FIR and the Chaire Théorie de l'Entreprise at the École des Mines.



### Human rights topics

#### ▪ FIR : Events and working groups with NGOs and coalitions on companies

Phitrust has taken part in a number of events and discussions organised by the Forum for Responsible Investment on human rights and environmental issues: TotalEnergies' EACOP project in Tanzania and Uganda, the situation in Burma and the indirect involvement of French banks BNP Paribas, Crédit Agricole and Société Générale, deforestation linked to Carrefour's activities in Brazil, Danone and Carrefour's formal notice on plastic, and the role of advertising in the transition from fossil fuels with Publicis, etc. These discussions are key because they provide a different perspective and enable an informed and therefore more constructive dialogue with companies.





# KEY COLLABORATIVE ACTIONS

## INVOLVEMENT WITH PROFESSIONAL ASSOCIATIONS

### ■ WDI : Workshop on forced labour risks

Phitrust participated in a workshop organised by the Workforce Disclosure Initiative on disclosure and action to address forced labour risks in listed companies.

The Workforce Disclosure Initiative (WDI) aims to improve the transparency and accountability of companies' labour practices, provide companies and investors with comprehensive and comparable data, and contribute to increasing the number of quality jobs worldwide.



### Social topics

#### ■ FIR : Written Question Campaign with CAC40 companies

For the second time, Phitrust took part in FIR's written question campaign. Every year since 2020, the FIR has conducted a campaign to engage with CAC 40 companies by asking a series of written questions on ESG issues at their general meetings. The aim of this campaign is to assess the quality of shareholder dialogue and take stock of company practices on topics such as climate, biodiversity, taxation, social practices, employee savings, etc.



### Environmental topics

#### ■ AEFR : Say-on-Climate training

Phitrust took part in an AEFR workshop on 'Say-on-Climate' issues. Among the topics discussed at the workshop were the sharing of responsibilities within the company, the respective roles of the Board of Directors and shareholders, the admissibility of resolutions and whether or not they are binding.



#### ■ IGCC, Eurosif, PRI : Joint statement on European Sustainability Reporting Standards (ESRS)

Phitrust has signed the joint statement by IIGCC, EFAMA, Eurosif, PRI and UNEP FI on the European Sustainability Reporting Standards (ESRS) calling on the European Commission to preserve the integrity of the first set of ESRS, in order to fill the data gaps in EU rules on sustainable finance. The current approach would reduce the ability of financial market participants to meet their reporting obligations.

# CONCLUSION

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**The era of global boiling has begun; record heatwaves, floods, fires, intensifying storms are creating uninsurable zones and damaging infrastructure, among other damages. Climate change poses real and measurable risks to the social and ecological systems on which businesses depend. And companies also have their share of responsibility through the environmental and social impacts of their activities. It's up to us, as shareholders, to encourage them to make rapid changes to their business models!**

Shareholder engagement is Phitrust's solution for applying the "Do no harm" principle of responsible investment in the most relevant and effective way over the long term, by questioning companies, year after year, about the transition of their business model to a low-carbon economy, with the support of other investors.

We're not alone. Although the various regulations and directives surrounding responsible finance (Green Taxonomy, SFDR, reform of the SRI label, etc.) are now pushing investors to exclude the securities of the most polluting companies from their portfolios, many NGOs are now buying shares in these companies in order to be able to publicly question their managers at AGMs (TotalEnergies, BNP Paribas, Société Générale, Crédit Agricole, etc.).

We are also witnessing the emergence of new players such as ShareAction, TulipShare, Follow This and others, who bring together individual or professional investors to run public campaigns ahead of or at General Meetings.

In this turbulent and changing environment, Phitrust confirms its distinctive positioning. With a view to long-term effectiveness and impact, we use all the levers of shareholder engagement on a company-by-company basis, always giving priority to demanding and constructive dialogue with management.

Our actions are based on one basic principle: good corporate governance is a key factor in a company's ability to effectively implement the environmental and social transition of its business model, while respecting the balance between the various parties involved and creating long-term value.

## **For institutional or individual investors, buy units in the Phitrust Active Investors France SICAV:**

- **Make upstream decisions and take part in engagement campaigns**, in favor of better strategic governance of companies and their E, S and G transition.
- **Create long-term value for Sicav shareholders** (financial performance), **for the companies we work with** (ESG performance), **and for market organizations and shareholders as a whole** (alerts, awareness-raising and active lobbying on certain issues, etc.).
- Invite all stakeholders, and in particular institutional investors, to work with Phitrust to **develop a strong shareholder engagement pole**, and thus, in the face of social and climate challenges:
  - ➔ **promote a European vision of engagement;**
  - ➔ **support the environmental and social transition of companies.**

# APPENDICES

# PHITRUST ACTIVE INVESTORS France FUND

The mutual fund participates and votes at the GM of CAC40 companies

The fund overweights companies with good governance thanks to its unique engagement methodology on the French market today

## FINANCIAL STRATEGY OF THE SICAV

The Phitrust Active Investors France SICAV is mainly invested in equities included in the CAC40 index. It may include other listed equities from the eurozone. The portfolio is composed of at least 90% of Eurozone equities.

The financial objective is to outperform the CAC40 index with dividends reinvested, by investing in all companies in the index.

A proprietary quantitative methodology calculates the over- or underweighting of stocks in the portfolio; these weightings take into account, in particular, the responses of company executives to the fund manager's engagement initiatives, the quality of the companies' strategic governance and a quantitative analysis of corporate governance events.

## EXTRA-FINANCIAL STRATEGY OF THE SICAV

Studies have shown that progress in governance ultimately leads to **better company valuations**. Conversely, governance failures in large European companies have had a significant impact on their stock market valuation. The Fund therefore seeks to **identify governance improvements** and initiatives that could be taken with portfolio companies to **improve their governance** and ultimately their stock market valuation.

The fund has defined its own governance benchmark, which is based in particular on the principles adopted by major institutional investors and most published benchmarks.

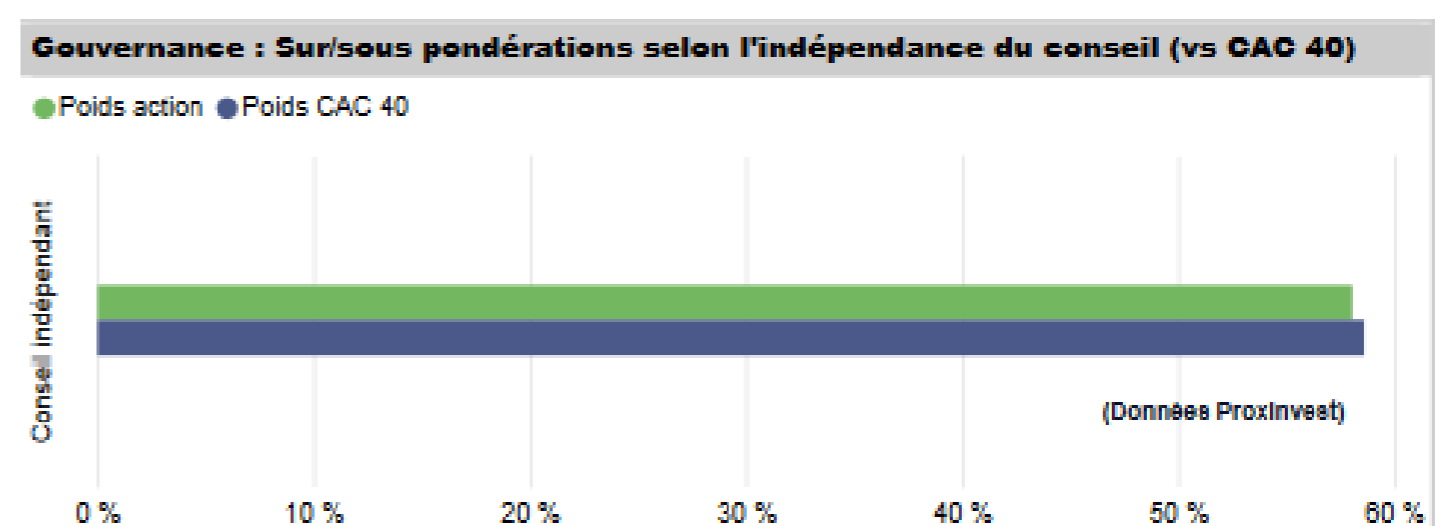
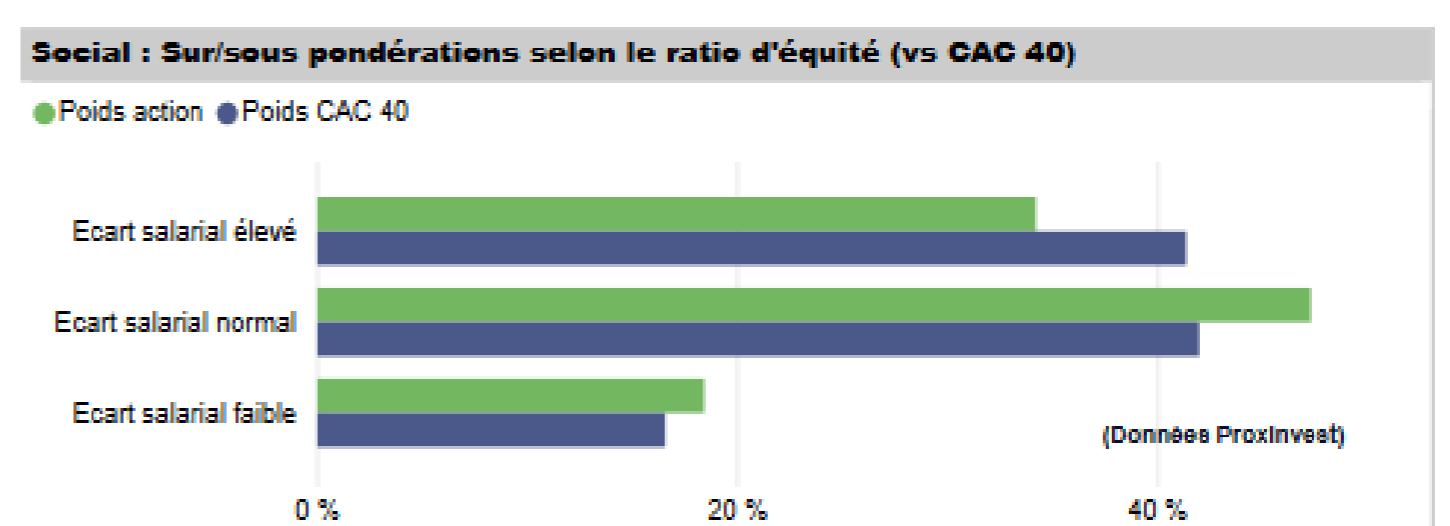
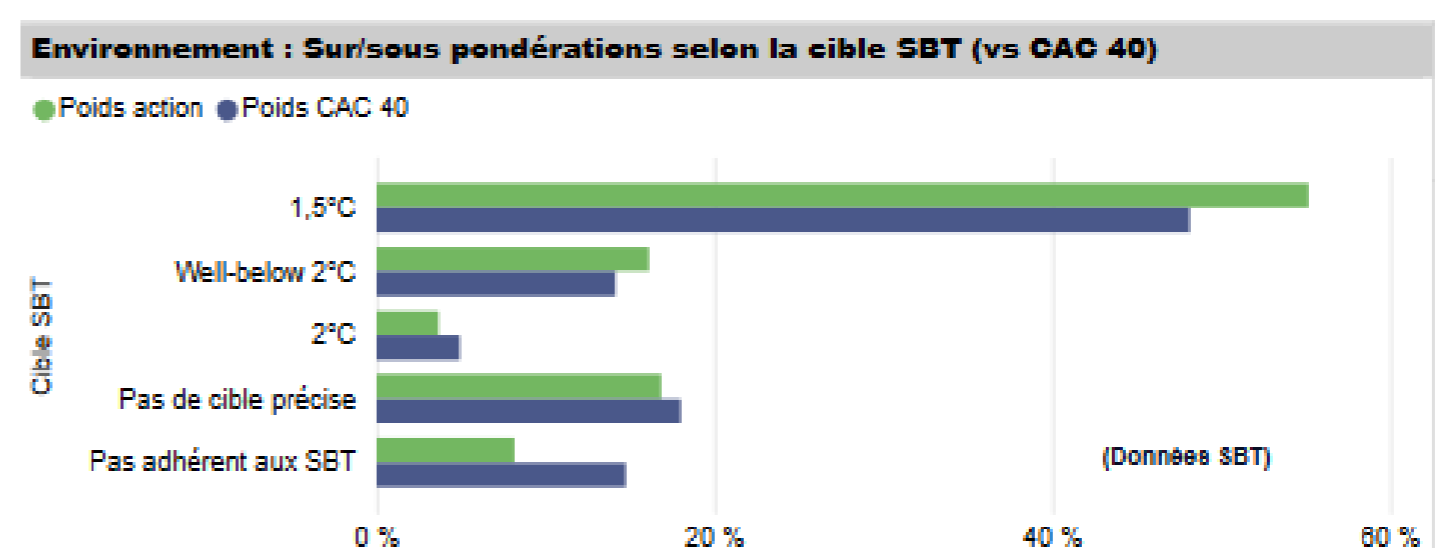
Information on ESG criteria: :

1. **Science Based Targets** are scientifically calculated targets for reducing greenhouse gas emissions.
2. The **equity ratio** is the difference in compensation between the top executives and the average employee compensation. An equity ratio is defined as low/high if it is ranked in the bottom/top quartile of the universe.
3. A board is **independent** if its independence ratio is above 50%. It is calculated by Proxinvest.

Two **technical committees**, one with the voting advisory firm Proxinvest and the other with Carbon 4 Finance, propose to the Sicav's Board of Directors **initiatives to improve governance and environmental and social strategies** that could be implemented at portfolio companies. The Sicav's Board of Directors decides on the choice of these initiatives, in order to maintain a constructive and lasting dialogue with the management of these companies.

**The management aims to overweight companies that respect the best global governance standards and are responsive to their shareholders' initiatives. Conversely, companies whose governance is not evolving positively and which are not very responsive to the Fund's initiatives are underweighted in the portfolio.**

## Weightings by ESG criteria (30/06/2023)



# VOTING REPORT

We voted at 38 AGMs this year (due to problems with the custodian, and the Pernod-Ricard AGM to be held in November 2023). We therefore voted on 893 resolutions, as detailed in the table below: **71.44% in favor of the proposed resolutions, 28.44% opposed, and 0.12% abstained.**

The majority of proposed resolutions were approved at the Annual General Meetings. Rejected resolutions concerned those submitted by the companies' employee investment funds (**Crédit Agricole, Orange**), or external resolutions proposed by climate investors (**Engie, TotalEnergies**).

Companies	No. Resolutions For	% For	No. Resolutions Against	% Against	No. Resolutions Abstention	% Abstention	Total	Rejected Resolutions
Air Liquide	17	77,3%	5	22,7%			22	0
Airbus Group	6	42,9%	8	57,1%			14	0
Alstom	20	71,4%	8	28,6%			28	0
ArcelorMittal	9	60%	6	40%			15	0
AXA	17	68%	8	32%			25	0
BNP Paribas	21	91,3%	2	8,7%			23	0
Bouygues	13	41,9%	18	58,1%			31	0
CapGemini	12	70,6%	5	29,4%			17	0
Carrefour	16	66,7%	8	33,3%			24	0
Crédit Agricole	28	87,5%	4	12,5%			32	1
Danone	22	84,6%	4	15,4%			26	0
Dassault Systemes	13	54,2%	11	45,8%			24	0
Engie	16	88,8%	1	5,6%	1	5,6	18	1
EssilorLuxottica	11	57,9%	8	42,1%			19	0
Eurofins Scientific	11	68,8%	5	31,2%			16	0
Hermès Intl.	13	44,8%	16	55,2%			29	0
Kering	14	70%	6	30%			20	0
Legrand	19	100%	0	0%			19	0
L'Oréal	15	71,4%	6	28,6%			21	0
LVMH	12	40%	18	60%			30	0
Michelin	15	93,8%	1	6,2%			16	0
Orange SA	26	74,3%	9	25,7%			35	4
Pernod-Ricard								
Stellantis / Peugeot	7	53,8%	6	46,2%			13	0
Publicis Groupe	16	72,7%	6	27,3%			22	0
Renault	14	82,4%	3	17,6%			17	0
Safran	24	82,8%	5	17,2%			29	0
Saint-Gobain	19	79,2%	5	20,8%			24	0
Sanofi	14	58,3%	10	41,7%			24	0
Schneider Electric	20	71,4%	8	28,6%			28	0
Société Générale	17	77,3%	5	22,7%			22	0
STMicroelectronics	8	57,1%	6	42,9%			14	0
Teleperformance	17	77,3%	5	22,7%			22	0
Thalès	12	92,3%	1	7,7%			13	0
TotalEnergies	12	66,7%	6	33,3%			18	1
Unibail-Rodamco	25	83,3%	5	16,7%			30	0
Veolia	19	82,6%	4	17,4%			23	0
Vinci	17	68%	8	32%			25	0
Vivendi	23	71,9%	9	39,1%			32	0
Worldline	28	84,8%	5	15,2%			33	0
<b>TOTAL</b>	<b>638</b>	<b>71,44%</b>	<b>254</b>	<b>28,44%</b>	<b>1</b>	<b>0,12%</b>	<b>893</b>	<b>7</b>

# VOTING POLICY

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Since 2003, Phitrust Active Investors France's commitment to investee companies has been based on the consideration of environmental, social and human rights issues. This is formalised in the strategic governance principles on which Phitrust's voting policy is based.

The voting policy covers six areas of intervention at general meetings of shareholders according to the following principles:

- *Transparency and integrity of information*
- *Long-term vision for the durability of the company*
- *Respect for the principle of equality of shareholders*
- *Balance in the sharing of value*
- *Consideration of the environmental transition and its social implications*

The public offering of financial securities imposes on issuing companies a duty of sincere communication and fair treatment of shareholders in a medium and long-term perspective, a duty that is reflected in each of the areas presented.

Moreover, the rapid evolution of environmental balances - as stated in international agreements (Paris Agreement - December 2015) and taken up by national legislation (Energy Transition Law of 2015, Pact Law of 2019) - as well as the limitations imposed on human rights in the world, linked in particular to demographic changes in certain regions and affecting the ecosystem of companies, have led Phitrust to give even greater prominence to environmental and social issues in its voting policy.

Our voting policy is available on the Phitrust website : <https://www.phitrust.com/impact-actionnarial/>

# THE PHITRUST ACTIVE INVESTORS FRANCE TEAM



**Olivier de Guerre, *President***

- 30 years of Finance and Private Equity: Indosuez Group
- Founder Cristal Finance
- Former Managing Director Credit Suisse Asset Management
- Founded Phitrust in 2003, based on the idea that the shareholder should exercise his responsibility.



**Denis Branche, *CEO***

- Was in charge of international financing at Coface and Abn Amro Group.
- Financial analyst at Abn Amro and Crédit Lyonnais Securities Europe.
- Founded SGP Branics in 1998, the first ethical management company, which became Phitrust.



**Stéphanie de Beaumont, *Development Director***

- 15 years as an investor relations consultant. Head of financial communications at Essilor, then Head of Communications at Edmond de Rothschild (France)
- Director of development of Prophil, then Head of the philanthropy division of the Fondation Apprentis d'Auteuil



**Alix Ditisheim, *ESG Analyst***

- MSc. in International Sustainable Development at ESCP Business School and BSc. in Management at Warwick Business School.
- Several experiences as an ESG analyst at Oddo BHF and BNP Paribas AM.



**Julien Lefebvre, *Quantitative Analyst and Manager***

- Master's degree in finance (major in quantitative finance) at Imperial College, London and a degree in mathematics (Paris VI).
- He joined Phitrust in July 2018, after an internship as a financial engineer at La Française Investment Solutions



**Isabelle Guénard-Malaussène, *Consultant***

- Development and ESG Analysis
- Experience: 20 years of experience in market finance as an Equity Fund Manager

# MAIN MEDIA OUTCOMES OF PUBLIC ACTIONS IN 2023-2023

## OBJECTIVE: TO REMIND SHAREHOLDERS OF THEIR RESPONSIBILITY

### ACTIONS TAKEN – PRESS RELEASES ISSUED BY PHITRUST

- January 16, 2023 : **Phitrust, CIAM and Vermeille & Co publish a note in the press** on "Shareholder resolutions, positive law and possible improvements". <https://phitrust.com/faciliter-le-dialogue-en-assemblee-generale-avec-tous-les-actionnaires>.
- February 06, 2023 : **Filing of a resolution at the Stellantis AGM** requesting amendment of the Articles of Association to remove the voting rights attached to Special Voting Shares.
- April 28, 2023 : **Filing of an agenda item at Carrefour's AGM** on climate issues relating to indirect scope 3 emissions and the inclusion of franchises in the scope of the climate strategy. <https://phitrust.com/carrefour-interroger-la-strategie-climatique/>
- May 22, 2023 : **Press release on the climate agenda item at Carrefour's Annual General Meeting** on May 26, 2023.

### PRESS REVIEW (NON-EXHAUSTIVE MEDIA COVERAGE) AND CONFERENCE PARTICIPATION

#### 1 –STELLANTIS PRESS RELEASES

- Comment Stellantis veut faire accepter le salaire de Carlos Tavares à ses actionnaires**, Les Echos, 02 mars, <https://www.lesechos.fr/industrie-services/automobile/comment-stellantis-veut-faire-accepter-le-salaire-de-carlos-tavares-a-ses-actionnaires-1911314>
- Rémunération de Carlos Tavares : Proxinvest et Phitrust votent contre**, Challenges, 06 avril, [https://www.challenges.fr/automobile/actu-auto/remeration-de-carlos-tavares-proxinvest-et-phitrust-votent-contre\\_851353](https://www.challenges.fr/automobile/actu-auto/remeration-de-carlos-tavares-proxinvest-et-phitrust-votent-contre_851353)
- Stellantis : les investisseurs divisés sur la rémunération de Carlos Tavares**, Les Echos, 06 avril, <https://www.lesechos.fr/industrie-services/automobile/stellantis-les-investisseurs-divises-sur-la-remuneration-de-carlos-tavares-1932672>
- Le constructeur automobile Stellantis cherche à justifier le salaire en or de son patron, Carlos Tavares**, Le Monde, 12 avril, [https://www.lemonde.fr/economie/article/2023/04/12/le-constructeur-automobile-stellantis-cherche-a-justifier-le-salaire-en-or-de-son-patron-carlos-tavares\\_6169167\\_3234.html](https://www.lemonde.fr/economie/article/2023/04/12/le-constructeur-automobile-stellantis-cherche-a-justifier-le-salaire-en-or-de-son-patron-carlos-tavares_6169167_3234.html)
- Assemblées Générales : les sujets et résolutions à suivre pour la saison 2023**, RSEDataNews, 13 avril, [https://www.rsedataneews.net/article/article-finance-durable-esg-isr-assemblees-generales-les-sujets-et-resolutions-a-suivre-pour-la-sai?ct=YT01OntzOjY6lnNvdXJjZSI7YToyOntpOjA7czo1OjIibWFpbCI7aT0xO2k6NjlxO31zOjU6ImVtYWlsljtpOjYyMTtzOjQ6lnNOYXQiO3M6MjI6IjY0MzdhOWQwMzFiZWwNjY1NmZM2NTEiO3M6ND0ibGVhZCI7czo2OjIzMTkyNTkiO3M6NzoiY2hhbm5lbCI7YToxOntzOjU6ImVtYWlsljtpOjYyMTt9fQ%3D%3D&utm\\_source=mtc&utm\\_medium=email&utm\\_campaign=20230413+enquete](https://www.rsedataneews.net/article/article-finance-durable-esg-isr-assemblees-generales-les-sujets-et-resolutions-a-suivre-pour-la-sai?ct=YT01OntzOjY6lnNvdXJjZSI7YToyOntpOjA7czo1OjIibWFpbCI7aT0xO2k6NjlxO31zOjU6ImVtYWlsljtpOjYyMTtzOjQ6lnNOYXQiO3M6MjI6IjY0MzdhOWQwMzFiZWwNjY1NmZM2NTEiO3M6ND0ibGVhZCI7czo2OjIzMTkyNTkiO3M6NzoiY2hhbm5lbCI7YToxOntzOjU6ImVtYWlsljtpOjYyMTt9fQ%3D%3D&utm_source=mtc&utm_medium=email&utm_campaign=20230413+enquete)

#### 2 –CARREFOUR PRESS RELEASES

- Carrefour: Des actionnaires font inscrire un point sur le climat à l'ordre du jour de l'AG**, Reuters, 22 mai, <https://www.reuters.com/article/carrefour-climat-ag-idFRKBN2XD0IV>
- Carrefour-Des actionnaires font inscrire un point sur le climat à l'ordre du jour de l'AG**, Les Echos, 22 mai, <https://investir.lesechos.fr/actu-des-valeurs/la-vie-des-actions/carrefour-des-actionnaires-font-inscrire-un-point-sur-le-climat-a-lordre-du-jour-de-lag-1945340>
- Carrefour promet aux actionnaires de préciser sa stratégie RSE**, L'Agefi, 22 mai, <https://www.agefi.fr/asset-management/actualites/carrefour-promet-aux-actionnaires-de-preciser-sa-strategie-rse>
- Carrefour appelé à la transparence par des actionnaires sur ses émissions carbone**, L'InfoDurable, 24 mai, <https://www.linfodurable.fr/carrefour-appelle-la-transparence-par-des-actionnaires-sur-ses-emissions-carbone-38580>
- Discount, climat, Casino... quels sujets à l'ordre du jour de l'Assemblée générale de Carrefour?**, BFMTV, 26 mai, [https://www.bfmtv.com/economie/replay-emissions/good-morning-business/discount-climat-casino-quels-sujets-a-l-ordre-du-jour-de-l-assemblee-generale-de-carrefour\\_VN-202305260407.html](https://www.bfmtv.com/economie/replay-emissions/good-morning-business/discount-climat-casino-quels-sujets-a-l-ordre-du-jour-de-l-assemblee-generale-de-carrefour_VN-202305260407.html)
- Clima, armi, diritti e non solo. Le battaglie di Shareholders for Change**, Valori, 26 juin, <https://valori.it/shareholders-for-change/>



# PRINCIPALES RETOMBÉES DES ACTIONS PUBLIQUES MENÉES EN 2022-2023

## 3 – TOTALENERGIES ARTICLES

- **TotalEnergies: une AG sous fortes tensions**, BFMTV, 26 mai, [https://www.bfmtv.com/economie/replay-emissions/good-evening-business/total-energies-une-ag-sous-fortes-tensions\\_VN-202305260761.html](https://www.bfmtv.com/economie/replay-emissions/good-evening-business/total-energies-une-ag-sous-fortes-tensions_VN-202305260761.html)
- **Total, BNP Paribas, Crédit Agricole : comment les activistes écolos bousculent les assemblées générales**, Challenges, 31 mai, [https://www.challenges.fr/entreprise/total-bnp-paribas-credit-agricole-comment-les-activistes-ecolos-bousculent-les-assemblees-generales\\_857041](https://www.challenges.fr/entreprise/total-bnp-paribas-credit-agricole-comment-les-activistes-ecolos-bousculent-les-assemblees-generales_857041)
- **TotalEnergies : stratégie climat validée à 88 %**, BFM Business, 26 mai, [https://www.bfmtv.com/economie/replay-emissions/good-evening-business/total-energies-strategie-climat-validee-a-88-26-05\\_VN-202305260812.html](https://www.bfmtv.com/economie/replay-emissions/good-evening-business/total-energies-strategie-climat-validee-a-88-26-05_VN-202305260812.html)

## 4 – NOTE ON THE FILING OF RESOLUTIONS ARTICLES

- **EXCLUSIF : Une coalition d'investisseurs se mobilise pour assouplir les règles de dépôt des résolutions en AG?** Les Echos, 16 janvier, <https://www.lesechos.fr/finance-marches/marches-financiers/exclusif-une-coalition-dinvestisseurs-se-mobilise-pour-assouplir-les-regles-de-depot-des-resolutions-en-ag-1897386>
- **Les gestions se coalisent pour assouplir le dépôt de résolutions d'actionnaires**, L'Agefi, 19 janvier, <https://www.agefi.fr/gouvernance/actualites/quotidien/20230119/gestions-se-coalisent-assouplir-depot-resolutions-357428>
- **Les investisseurs activistes devraient encore se montrer combatifs en 2023**, Usine Nouvelle, 23 janvier, <https://www.usinenouvelle.com/editorial/les-investisseurs-activistes-devraient-encore-se-montrer-combatifs-en-2023.N2091026>

## 5 – SAY-ON-CLIMATE POSITION ARTICLES

- **Assemblées générales - Les investisseurs montent au front pour le climat**, Option Finance, 07 avril, <https://www.optionfinance.fr/rubrique-asset-management/assemblees-generales-les-investisseurs-montent-au-front-pour-le-climat.html>
- **Pour ou contre : le plan climat des entreprises doit-il être voté tous les ans par les actionnaires ?** (Lucie Pinson face à Olivier de Guerre), La tribune, 27 avril, <https://www.latribune.fr/economie/pour-ou-contre-les-entreprises-doivent-elles-faire-voter-leur-plan-climat-tous-les-ans-par-les-actionnaires-lucie-pinson-face-a-olivier-de-guerre-960340.html>
- **Les actionnaires de TotalEnergies valident son plan climat au cours d'une assemblée générale chahutée**, La tribune, 26 mai, <https://www.latribune.fr/entreprises-finance/industrie/energie-environnement/totalenergies-l-assemblee-generale-deja-perturbee-avant-meme-son-debut-963661.html>

## 6 – ASSESSMENT OF THE 2023 GENERAL MEETINGS

- **PhiTrust ouvre l'œil en AG**, L'Agefi, 08 septembre, <https://www.agefi.fr/corporate/actualites/hebdo/20220908/phitrust-ouvre-l-oeil-en-ag-349001>
- **Le rachat de Proxinvest par Glass Lewis inquiète la place**, L'Agefi, 01 décembre, <https://www.agefi.fr/gouvernance/actualites/quotidien/20221202/rachat-proxinvest-glass-lewis-inquiete-place-355018>
- **Entretien avec Denis Branche, Directeur Général Délégué de Phitrust**, Inform@ction, 16 juin, <https://www.calameo.com/read/0051883955e4bcf2b5b41?page=1>
- **Assemblées générales 2023 : les investisseurs français renforcent leurs attentes sur l'ESG dans les rémunérations**, RSEDataNews, 17 juillet, [https://www.rsedataneews.net/article/article-finance-durable-esg-isr-assemblees-generales-2023-les-investisseurs-francais-renforcent-leu?utm\\_source=mtc&utm\\_medium=email&utm\\_campaign=20230719+enquete](https://www.rsedataneews.net/article/article-finance-durable-esg-isr-assemblees-generales-2023-les-investisseurs-francais-renforcent-leu?utm_source=mtc&utm_medium=email&utm_campaign=20230719+enquete)

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*September 2023.*



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