

INDUSTRY SELF REGULATION AND GUIDANCE
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Recommendations on corporate governance



RECOMMENDATIONS ON CORPORATE GOVERNANCE

This English language translation of the Recommendations on Corporate Governance has been prepared for information purposes only.

The French version alone is intended to satisfy legal requirements.

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INTRODUCTION

Through the assets they manage, professional management companies acting on behalf of third parties represent a significant percentage of market capitalisation. In accordance with their professional code of ethics, these managers exercise their fiduciary responsibilities with full independence in particular vis-à-vis security issuers and for the exclusive benefit of their clients.

Aware that good corporate governance practices may increase the value of their clients' investments, management companies seek to build the value of their clients' investments by exercising all their rights as shareholders, including active participation in the general meetings of listed companies.

As early as 1997, the AFG code of ethics has recommended that its members exercise their voting rights in the interest of their clients. The scope of these recommendations has been extended under the dual influence of the Financial Security Law (LSF) of 2003 and the General Regulation of the French securities market regulator (Autorité des marchés financiers, or AMF). French law now requires that management companies exercise their right to vote shares held by mutual funds they manage and further requires them, should they not exercise that right, that they explain why. The AMF's General Regulation goes further, requiring managers to publish an up-to-date "Voting Policy" stating the conditions under which they would exercise the right to vote shares held by mutual funds they manage. These regulations also require management companies to draw up a report specifying the conditions under which they have exercised their right to vote.

In 1997, to provide guidance to AFG members in the exercise of their voting rights, AFG's Board of Directors also decided to create a Corporate Governance Committee, chaired by Jean-Pierre Hellebuyck. The Committee was charged with the responsibility of publishing a corporate governance code. The recommendations resulting from this first exercise, published in 1998, have been updated on several occasions. The present 2008 document therefore represents the sixth edition.

These recommendations are intended to apply to companies of which shares are listed for trading on a regulated French market or in a multilateral trading system; their principles are to apply as well to all investments made outside France by investment managers. By encouraging this progressive approach, AFG invites small and medium-size companies, once they are listed, to exercise their best efforts to adopt these recommendations. Among the provisions for which a proportioned approach may be considered is, for companies with a board made up of a reduced number of directors, assignment of the board committee function (audit, appointments, compensation) to individual independent directors specially qualified in the relevant field.

These recommendations constitute shareholder voting criteria to guide AFG management companies' members and are not necessarily intended as the basis for new legislation.

The main objectives of corporate governance are already well understood and are widely embraced in many European corporate governance codes. It would be desirable if this work at the European level could be completed so that so that basic corporate governance guidelines could be implemented to encourage best corporate governance practices in each sphere for all listed companies in the European Economic Area. It is essential that this process not be used to justify any lessening of shareholder rights as they presently exist in France.

I - THE INVESTMENT MANAGER AND SHAREHOLDERS' MEETINGS

The General Shareholders' Meeting is the preeminent occasion for the shareholder to exercise his/her company rights. The AGM is a sovereign institution. It can decide to dismiss the board of directors or the supervisory board as well as delegate powers to it. It is consequently the decisive factor in a company's corporate governance.

Nevertheless, the General Shareholders' Meeting may not assume decision-making prerogatives or take initiatives that are within the board's jurisdiction, such as proposals for strategic business partnerships or settling conflicts with suppliers or customers, for example.

It has always been the view of AFG that it is particularly important for management companies to develop voting policies which include criteria covering shareholder resolutions. This ethical standard view has been reaffirmed by French law, which now requires the exercise of voting rights associated with managed securities in the exclusive interest of the holders of those securities, and also requires justification, should those rights not be exercised.

Information that an issuer and/or an issuer's agent may possess in advance of a shareholders' meeting may not be used to influence or change a vote of the shareholders.

A - FACILITATING PARTICIPATION IN GENERAL MEETINGS – PROVIDING APPROPRIATE INFORMATION TO SHAREHOLDERS

1. Timing of general shareholders' meetings

Shareholders should be informed as soon as possible of their company's situation and, in particular via resolutions voting, be in a position to react quickly to that situation. Therefore, general meetings of companies should be held as soon as possible after the publication of their financial statements.

2. Place, date, and time of the general meeting

The presence of a large number of shareholders at AGMs should contribute to the interest of the discussion. Their participation should be encouraged.

AFG recommends that, in determining the place, date, and time of their general meetings, companies take utmost care in respecting this consideration.

For companies with adequate means, holding shareholders' meetings in more than one place may be one way of fulfilling this objective.

AFG is in any case in favour of the use of electronic means of transmission and video-conferencing to facilitate shareholders' meetings, making it possible, in particular, for shareholders in distant places to attend without having to travel. Likewise, for companies listed in Paris which hold shareholders' meetings outside France, it would be helpful if shareholders were able to attending these meetings live via the company's website.

3. Shareholder information required before the general meeting

AFG places great importance on the timely delivery to shareholders, as soon as possible following the meeting notice, of all documents and information related to the general meeting. We recommend that these documents be available on the websites of the issuer and/or the Autorité des Marchés Financiers (AMF) at least 21 days before the general meeting.

It is the responsibility of the company and the custody account administrator to exercise their best efforts to ensure that the voting materials and the necessary information to submit votes are delivered in sufficient time to facilitate voting by shareholders.

AFG recommends that companies draw up and distribute practical information to shareholders concerning their participation at the general meeting.

In order that shareholders are kept fully informed, AFG recommends that companies ensure the most recent version of their articles of association is always available on their websites.

4. Two reports, one in summary form, the other in full

AFG is in favour of companies publishing two reports, one in full, the other in summary form, making company information (and in particular the proposed resolutions) accessible for shareholders who are less expert on the company.

Companies should develop the use of internet to facilitate access to documents related to general meetings for shareholders.

The summary report should contain a simplified presentation, understandable to laymen, of the financial statements and notes with the important points highlighted.

All shareholders, of whatever nationality, must have access to the same quality of information, particularly when the company is listed on more than one market. In addition to the French language, the use of other languages commonly used and recognised in the financial markets, such as English, should be encouraged but not made compulsory (for all or part of all documentation prepared for shareholders' meetings in order to facilitate informed participation).

5. Explanation of the proposed resolutions

As a general principle, AFG wishes to see each resolution accompanied by sufficient detail to enable shareholders to make an informed decision and in particular setting out any consequences of such resolutions.

AFG favours the practice of clearly explaining the reason for and consequences of all proposed resolutions, in particular those related to board appointments and renewal, as well as authority to carry out some financial operations.

Thus, in the case of a vote on candidacies of board members or members of the supervisory board, AFG asks that shareholders be provided with:

- reasons justifying the candidacy,
- a detailed *curriculum vitae* with information on the candidate's current function, appointments, and mandates, both in France and abroad (distinguishing between those exercised in group companies and those exercised outside the group), and
- the criteria used by the company to determine the candidate's absence or existence of conflicts of interest as director (indicating in particular relations if any, between the company where the candidate is principally employed and the company for which he/she is a candidate).

6. Providing the details of company strategy

AFG asks that executives should develop, before board members, crucial issues in order to be reviewed and approved by the board, and then developed in the report of the board submitted to the general meeting in particular:

- the company's medium- and long-term business strategy;
- its debt and dividend distribution policies;
AFG is opposed to the practice of making substantial adjustments to the balance sheet structure without first having informed the shareholders. In this regard, a company's debt policy (leverage/gearing) for the next three years, including off-balance sheet commitments, should be addressed specifically in the report of the board, as well as the company's dividend distribution policy (payout ratio) for the next three years.);
- the company's environmental and social policies.

7. Board members' participation at general meetings

The shareholders' meeting is the place where the board is taken accountable by shareholders of the way they have fulfilled their functions. The presence of the directors is therefore highly recommended.

AFG invites management companies to pay particular attention to the report of the chairman of the board on the organisation of the board's work and on internal control procedures.

B - VOTING AT THE GENERAL MEETING

1. Voting forms

While the practice of giving the chairman full discretion to vote other shareholders' proxies ("pouvoirs au président") for use at the chairman's discretion certainly facilitates fulfilling quorum requirements, AFG feels, nevertheless, that it limits active shareholder participation.

AFG is in favour of a practical standardisation of voting forms so that the four voting procedures (physical presence, postal voting, proxy voting, "pouvoirs au président") are presented clearly and explicitly particularly regarding the consequences of these alternative voting procedures.

AFG would like to see companies that solicit proxies to specify their voting intentions at the time of solicitation.

2. Submitting resolutions and raising questions at the general meeting

AFG recommends that companies remind their shareholders of their right to submit resolutions to the general shareholders' meeting and to raise oral or written questions, and explain the conditions under which these rights may be exercised. AFG hopes that all shareholders will exercise moderation and discernment in this respect.

We would remind shareholders that they have the option of joining together to reach the minimum level of capital necessary to submit a resolution.

AFG would like to see a change in regulations to allow answers to written questions be given on the company's website as a means to reduce the number of responses provided during the general meeting.

3. Preferred shares and shares without voting rights attached

As provided in the law, AFG would like to see the rights of shareholders holding preferred shares (with no prejudice to the right to participate in the general meeting) respected, based on the amount of capital they own in the company.

AFG is generally not in favour of issuing shares without voting rights.

4. Double and/or multiple voting rights, "loyalty premium" dividends shares, preferred shares and other share categories

The practice of double and/or multiple voting rights is with no doubt a way to reward the loyalty of certain shareholders. Being in favour of the principle "one share, one vote," however, AFG takes the view that the practice of double and/or multiple voting rights, can allow control of a company by minority shareholders and therefore can be abused. AFG would therefore like to see this practice abandoned.

AFG is also against limitations on voting rights, "loyalty premium" dividend shares, preferred shares and other special share categories.

5. Record date

AFG welcomes, following its own recommendation, the adoption of a record date system in the decree of December 11, 2006.

6. Electronic voting

Regarding voting practicalities, AFG is in favour of electronic voting in meetings and would like to see the adoption of the most reliable and rapid system, while still ensuring the greatest degree of confidentiality for shareholders.

Likewise, we favour the practice of secure and standardised voting via the Internet. The development of such voting will facilitate a reduction in the distribution of paper-based voting information.

7. Voting supervision and streamlining

AFG recommends that issuers make available to shareholders or send them upon request detailed information on the procedures for vote counting for each resolution.

AFG attaches particular importance to recording postal and proxy votes by all shareholders, particularly non-resident shareholders.

For the organisation of shareholders' meetings, AFG approves the manual written by issuers' trade association ("vademecum") to enable voting committee members to perform their role more efficiently.

Furthermore, in order to streamline voting and provide better control, AFG favours an amendment to existing law on the two following points:

- as proxies are currently valid for only one general meeting, AFG requests that management companies be given voting proxies for one year for each of the companies of which management companies hold shares; and
- AFG would like to see measures taken to simplify legal procedures applying to electronic signatures.

8. Follow-up after the vote on resolutions

Shareholders who desire must be able to receive confirmation of their vote afterwards, especially if the company offers electronic voting.

Within the shortest possible time following the general meeting, AFG recommends that companies publish a report informing shareholders, particularly foreign ones, of the results of the votes at the general meeting, resolution by resolution, as well as voters members and their vote result percentages. AFG also suggests that this report be available on the company's Internet site within 15 days following the general meeting and be sent to holders of registered shares on request.

The report should specify, if any, the number of voting forms rejected by the Chairman and the corresponding votes numbers, the number of blank votes, the number of votes corresponding to postal voting forms taken into account submitted, and the number of votes cast by shareholders who were physically present or represented at the meeting.

C - SPECIAL ATTENTION TO PARTICULAR RESOLUTIONS

1. Opposition to bundled resolutions

AFG is opposed to the practice of combining into a single resolution several decisions, even if they are decisions of the same nature, obliging shareholders to approve or reject in one vote all of these decisions.

AFG is particularly opposed to a single resolution proposing the appointment or renewal of appointment of several board members. AFG would like to see each appointment submitted to a separate vote at the general meeting.

In order to facilitate greater clarity, whenever possible the most important related-party transactions should be presented in separate shareholder resolutions, particularly those involving executive directors and family holdings companies.

2. Share issuances with or without pre-emptive rights

2.1. Share issuances with pre-emptive rights

AFG considers potentially cumulative capital increase approvals with pre-emptive rights to be acceptable which together would represent no more than 50% of a company's equity capital, unless a higher percentage is justified by particular circumstances which are formally explained.

2.2. Share issuances without pre-emptive rights

AFG recommends that approvals for potentially cumulative capital increases without pre-emptive rights and without a binding priority subscription period represent no more than 15% of a company's share capital.

Approvals of potentially cumulative capital increases without pre-emptive rights and with priority subscription period of at least 5 days should represent no more than 25% of a company's share capital unless a higher percentage is justified by particular circumstances which are formally explained.

3. Protective measures - poison-pill defences (anti-takeover measures)

3.1. In the interest of minority shareholders, AFG is not in favour of anti-takeover measures.

In particular, it is not desirable that a general meeting give authorisation in advance to make use, during a subsequently launched takeover action, of such measures as share buybacks or share warrants grants as established by the Act of March 31, 2006.

AFG considers indeed that shareholders should be given the opportunity to vote on a case by case basis with appropriate information on resolutions authorising a share buyback or grant of share warrants as established by the Act of March 31, 2006 at general meetings during takeover periods.

3.2. AFG wishes that companies avoid the use of ambiguous language in resolutions.

In particular, it is preferable that resolutions addressing share buybacks not just indicate that the buyback may be exercised "at any time." Rather, such resolutions should state explicitly whether or not share buybacks are permitted during a takeover period.

3.3. AFG is in favour of a change in the law so that extraordinary general meetings deciding on the issuance of share warrants as established by the Act of March 31, 2006 are not subject to the quorum and majority voting requirements of ordinary general meetings, but rather to the usual conditions applicable to extraordinary general meetings.

II - THE INVESTMENT MANAGER AND THE BOARD

The board is a strategic body which decisions impact the future of the company and involve the responsibility of its members. Its actions must be governed by transparency, accountability, and effectiveness.

The investment manager's advisory functions require that his/her activity, and that of his/her employees, be governed by the principle of independence. He/she may therefore not serve as a member of the board of directors or the supervisory board of any company whose shares are held in the portfolios he/she manages.

A - PRINCIPLES

1. The function of the board

AFG takes the view that, since the board is responsible to all shareholders, it should act in the interest and on behalf of all shareholders and should be really motivated by common aims *affectio societatis*.

It is recommended that its strategy and action be consistent with the company's sustainable development. From this perspective, AFG encourages management companies to pay special attention to social and environmental factors at the same level as the one applicable to consolidated accounts.

2. Accountability and independence

The board's accountability to all shareholders requires that it exercises independent judgement and its powers of supervision in relation to company management.

3. Separation of functions

AFG is in favour of the general principle of separation of functions through a separation of the function of chairman of the board function from that of the chief executive officer, or through the adoption of a supervisory and management board's structure.

B - STRENGTHENING THE BOARD'S INDEPENDENCE AND EFFICIENCY

1. Criteria applicable to board members as free from conflicts of interest

AFG recommends that at least one-third of the board be composed of members free from conflicts of interest.

To be qualified as being free from conflicts of interest a director must not be in a situation of a potential conflict of interest.

In particular, therefore, he or she must not:

- be a salaried employee or executive director of this company or of any company of the same group, nor have been in such a position at any time during the past five years;
- be a salaried employee or executive director of a significant shareholder of this company or of any company of the same group;
- be a salaried employee or executive director of a significant or frequent commercial, banking, or financial partner of this company or of any company of the same group;
- have been the auditor of the company during the five previous years; or
- have been a board member of this company for more than 12 years.

The *curriculum vitae* of candidates for the board of directors should ultimately be taken into account when a vote is cast against a person who had not demonstrated good governance in previous positions.

2. Standing committees

The existence of standing committees is a central element to corporate governance and hence to board functioning.

AFG recommends the creation of at least three separate standing committees:

- an audit committee,
- a nomination committee, and
- a compensation committee.

It is recommended for the nomination committee and the audit committee that at least one-third of its members be free from conflicts of interest. It is desirable that the chairman of the compensation committee and the majority of its members be free from conflicts of interest.

Company executives or employees may not be members of the audit committee or of the compensation committee.

The members of the committees should be free to call on and hear from company staff.

AFG favours the drafting of an operating charter setting out the functions and responsibilities for each of these committees.

The board should provide shareholders with details regarding the existence of these committees, the frequency of their meetings, and report on their activity.

3. Selection of board members and executive directors

AFG strongly requires to set up a nomination committee for each board, responsible for making proposals to the board for the identification and appointment of both board members and executive directors.

This committee should be composed of at least three members and should draw up a selection process and produce a report setting out information on the recommendations made for the general meeting.

The board members are responsible for keeping themselves informed of the rights and responsibilities associated with their position.

4. Cross shareholdings and cross directorships

As a matter of principle, AFG is not in favour of executive directors having cross management responsibilities and cross-shareholdings, unless they are the result of strategic alliances and part of an official joint business undertaking.

Beyond such a case, this practice runs counter to the principles of transparency and independent decision-making.

Cross directors and board members representing cross shareholdings, if the case arises, should not be members of the compensation committee.

5. Diversity of board members

AFG recommends diversity in board composition (by training, nationality, gender...) as such diversity leads to improved performance.

C - ENSURING APPROPRIATE AND TRANSPARENT COMPENSATION

1. Principles

AFG considers that the interests of the company's management must be consistent with those of its shareholders. It is also recommended that the company's compensation policy respect a fair balance compatible with the need to motivate employees.

AFG reiterates the importance of a transparent and well-managed compensation policy whose absence would adversely impact the company's image and reputation. Excesses in this area may be prejudicial to the interests of the shareholders, as well as to those of the company and its management.

It is better to avoid the effects of bidding wars that would lead to a policy based exclusively on compensation comparisons with other companies.

AFG wishes to underscore the importance of the board of directors and the supervisory board in such decision-making process, in compliance with the ethical principles. As far as possible, the board must play a countervailing power role.

More particularly, AFG insists on the fundamental role of the compensation committee as essential; its members must not find themselves in a conflict of interest situation and must not include company's managers or managers of any company of the group. In this context, AFG asks that the chairman of the compensation committee be free from conflicts of interest.

AFG recommends that executive directors should personally hold a significant amount of company shares.

Along the same lines, it seems normal that executive directors keep as company shares a part of their exercised company stock options.

2. Compensation of executive directors and company performance

Compensation of executive directors and adjustments up or down should be tied to the market performance value of the company and the company's share value. It should be in keeping with average employee compensation, the company's dividend, and its results.

Total compensation for each executive director must be in line with current standards and practices in the country and the business sector, and in proportion to the company's overall performance.

The same should be the case for board members' fees, whose apportionment and adjusted level should also take into account the importance of the individual member's assignments and attendance record. This information should be set out in the any shareholder resolutions and published in the annual report.

3. Compensation disclosure

The board of directors or the supervisory board decides the compensation of the executive directors.

The board is responsible for the publication of and the transparency of the company's compensation policy; it must inform the shareholders of the underlying principles and reasoning that determined this policy, in particular the relationship between compensation, performance, and performance objectives.

AFG calls for full disclosure of the amounts and all forms and methods of calculations of individual, direct, indirect, or deferred compensation of the executive directors of the company or its subsidiaries in France or abroad (including stock options, bonus shares, pension plans – specifying whether these are identical for other group managers or specific to the individual, severance pay, and any other relevant benefits), as well as the total compensation paid to the ten highest-paid persons exercising management responsibilities.

While there is no question of communicating the formula for calculating the variable portion of executive directors' compensation, a clear explanation of the criteria used for determining the amount should be provided, along with details of how these criteria were applied during the year under review and the degree to which the executive directors' personal objectives were achieved. AFG calls for disclosure of the weighting of each criterion in the discretionary compensation calculation, as well as their variation year-to-year.

In the case of special compensation, the amount for each executive director should be disclosed. The circumstances and motives leading to such payments should be specified and justified.

AFG recommends that a summary statement of all executive directors' compensation be provided in table form in a special section of the company's annual report.

The table should list in summary form all compensation commitments to the company's executive directors for the year under review, as well as comparable data for the two previous years, broken down into the following three categories:

- short-term compensation (salaries, etc.),
- medium-term compensation (stock options, bonus shares),
- compensation linked to the executive director' leaving from the company (retirement, dismissal, resignation etc.).

4. Stock options and bonus shares

4.1. Share subscription or purchase options

AFG is of the view that stock options should be granted without a price discount. The absence of a price discount should be mentioned in the resolution authorising such an attribution.

AFG recommends that arrangements for granting stock options be subject to some conditions by providing for:

- cancellation of the options when leaving the company,
- no possibility of changing initial conditions for the grant of options, and
- frequency of grants on a regular basis.

AFG favours separate resolutions for stock option grants to executive directors as opposed to those to employees.

4.2. Bonus shares

AFG recommends that the company annual report provide shareholders detailed information on all conditions leading to the grant of bonus shares during the previous three years.

AFG favours separate resolutions for bonus share grants to executive directors as opposed to those to employees.

So that shareholders may assess the potential dilutive effect arising from the grant of employee and/or executive directors' bonus shares, resolutions to authorise their grant should incorporate detailed information on the performance criteria required for the shares to be granted.

Failing that, resolutions on the grant of bonus shares may include information on the types of performance criteria on which the attribution of bonus shares would be based, providing that these shares are equal in value to no more than 1% of the company's capital.

Resolutions providing for the grant of bonus shares to all employees shall be reviewed on a case by case basis.

4.3. Common dispositions

The total value of stock option and bonus share plans must not exceed 10% of the company's capital. Where the company provides substantial explanations and justification, or where the company is a small-cap, the ceiling may be higher.

The company's annual report should specify the total number of stock-option and bonus-share beneficiaries, as well as the number of directors who benefit.

We recommend that, where there is a provision for release in the case of a change in company control, stock option and share performance plans should explicitly provide, pro rata over time, specific implementation procedures for performance or release conditions.

5. Severance Pay

"No rewards for failure." There cannot be both attractive compensation incorporating a risk premium and a large severance payment, should the risk occur.

In addition to performance conditions required by law, AFG is of the view that any kind of severance payments to an executive director should be proportionate to the individual's length of service, level of compensation, and to the company's intrinsic value during the individual's time of service.

In any case, AFG recommends that severance pay to any executive director should not exceed twice that manager's fixed and variable annual compensation (aside from stock options and other types of compensation), excluding contractual payments.

AFG notes that the law of August 21, 2007 on work, employment and purchasing power (loi TEPA) has included AFG recommendation that all contracts providing for the grant of compensation, payments, or advantages that may be offered an executive director at the time of cessation of employment or change in function, be presented in separate resolutions.

Contractual benefits or severance pay of any kind must be published in the summary compensation table of the company annual report.

D -BOARD ORGANISATION AND RESPONSIBILITY

1. The board of directors' internal rules and procedures

AFG is in favour of the Board of directors' internal rules and procedures, in addition to the company's articles of association and which would specify, *inter alia*:

- how the general meeting is informed of the company's financial situation and its financial and social commitments;
- that the board's prior agreement is required before any significant operation may be undertaken, as well as any initiatives which diverge from the announced business strategy, whether they be growth through acquisitions or internal restructuring measures; and
- general instances where the agreement of the board is required.

2. Limitation to multiple board memberships

Members of the board should be in a position to dedicate themselves fully to their responsibilities. AFG recommends in this respect that board memberships with executive management responsibilities outside the group be limited to three. The recommended limit for non-executive board membership is five.

This recommendation should also apply equally to foreign companies' board memberships.

3. Assessment and transparency of Board work

AFG recommends that the board regularly examine the roles and responsibilities of its members.

It also recommends an annual formalised self-evaluation of its own work. The board should analyse its composition, organisation, and functioning. It should inform shareholders of any measures taken as a result.

AFG recommends in this regard that each year the company publish in its annual report the number of board meetings held during the year, plus a board member attendance record, an evaluation of board organisation and operations, a list of any training sessions attended by board members, as well as a detailed curriculum vitae and list of other board memberships of each board member and of candidates to board member posts submitted to the shareholders general meeting, a report of board member ties if any with their original company, and their other professional activities.

The report should include detailed information on the work and conclusions of the various board committees.

4. Information made available to Board members

Company management should provide to each board member with the information, in whatever form, that is useful in the exercise of their responsibility, including studies commissioned by executive directors (market surveys, strategic analyses, compensation studies, etc.) or at least their summary conclusions.

Complementary information about the company, both qualitative and quantitative, should be provided to board members, whether individually or severally, who should also be offered the possibility of interviewing company employees and/or persons outside the company.

5. Board member training

The company must encourage and facilitate board member training and development at regular intervals.

6. Board member's share ownership

Provided national law permits, each board member should hold a minimum, but more than a symbolic amount, of shares in the company's capital.

7. Board charter setting out board members' rights and duties

The establishment of such a charter is recommended setting out rules of conduct for board members. At a minimum, the charter should include the following principles: the obligation to own company shares in one's personal capacity, to attend board and shareholders' meetings, to respect the confidentiality of matters relating to company business, to abide by ethical standards applying to company employees regarding transactions in company shares, and to declare all transactions in company shares.

This charter may be part of the board guidelines.

8. Compensation to statutory auditors

In order to preserve the independence of statutory auditors and to avoid any conflict of interest in the exercise of their duties, AFG is opposed to paying statutory auditors advisory fees higher than auditing fees, where such limits are not already prescribed by law.



L'Association Française de la Gestion Financière (AFG) is the French Asset Management Association. AFG represents investment funds and individual portfolio managers who at year-end 2007 ranked 4th in the world, managing close to € 2.5 billion in assets, of which € 1.5 billion in funds under management (ranked n°1 in Europe), the remainder being managed under discretionary mandates. Its asset managers serve more than 11 million individual investors, more than 7 million of whom are invested in open-end mutual funds. An estimated 10 million additional investors participate in employee savings plans managed by AFG member firms.

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