

Governance in times of crisis

SRI & CG at AGI France

DSW's 6th International Investors' Conference on December 2nd, 2008

Allianz 
Global Investors

Agenda

1. Allianz Global Investors overview
2. The role of different agents in perpetuating the latest financial crisis
3. Previous bubbles & crises: emerging (systematic) risks
4. Avoiding short-termism & systematic risk : AGI France signs the UN PRI
5. UN PRI builds on AGI France's strong commitment to SRI & Corporate Governance
6. Responsible Investment : now encompassing all assets
7. Governance, proxy voting & company dialogue
8. Where do we stand in France today ?

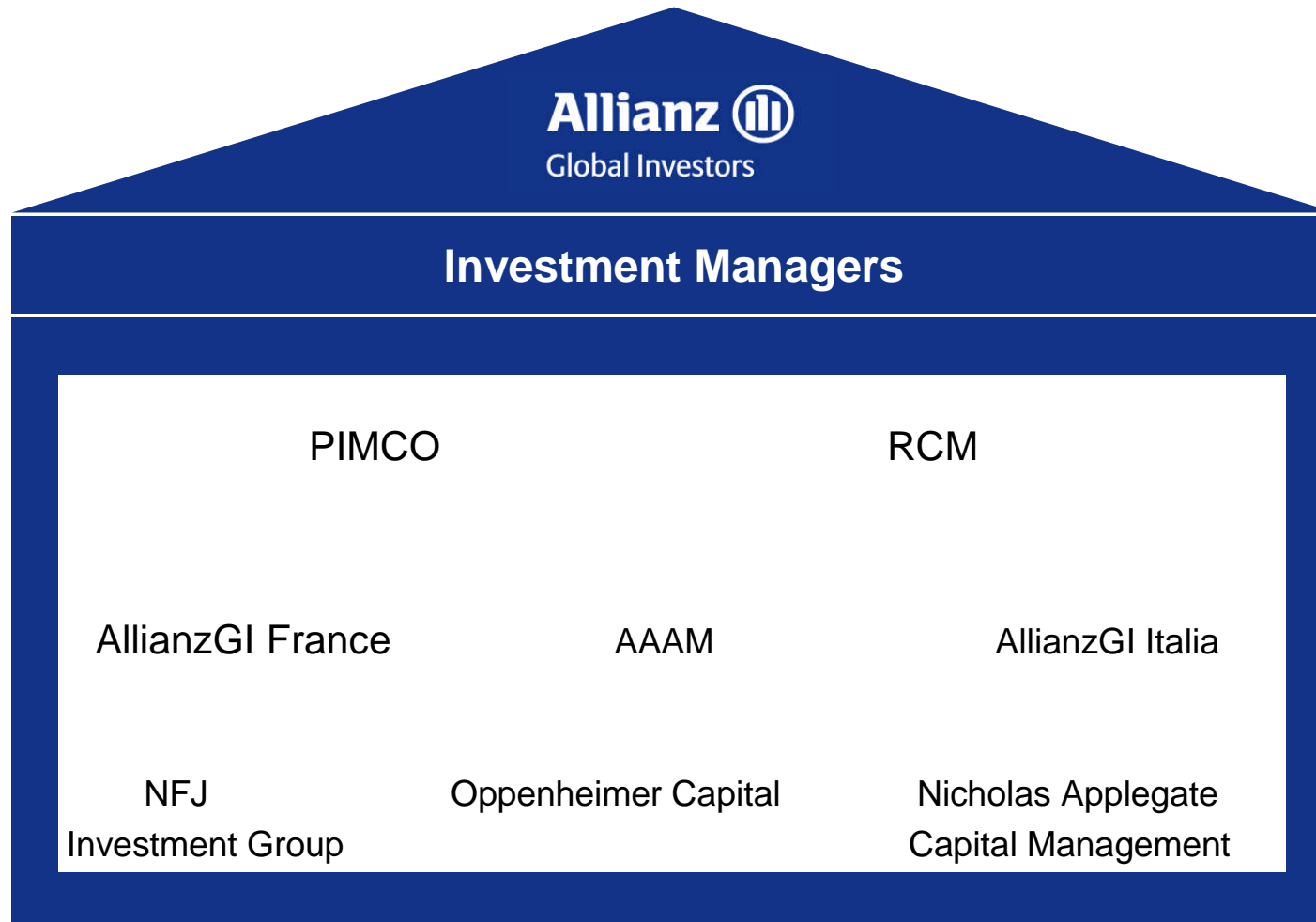
A part of the Allianz Group

Allianz Group :

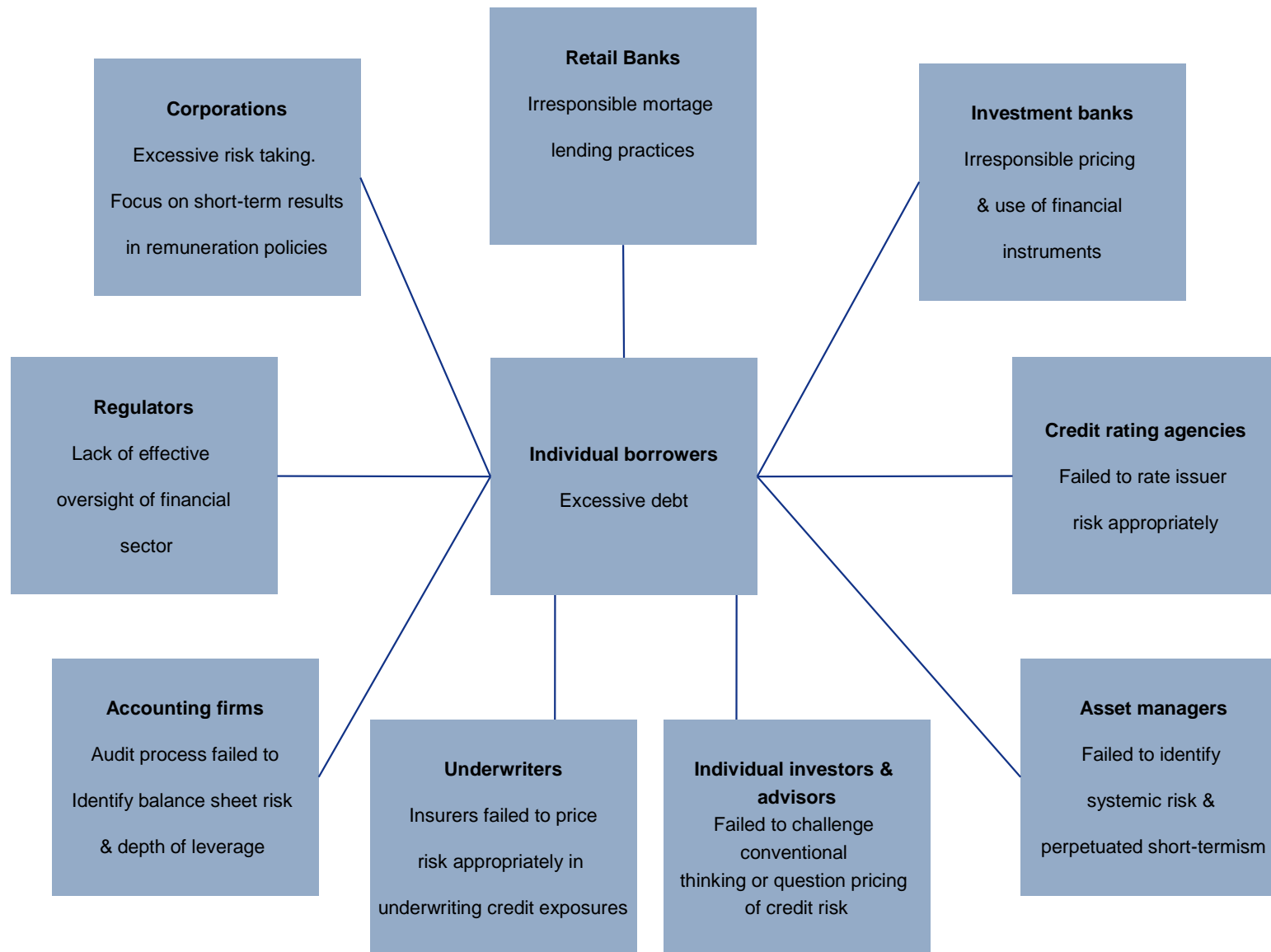
- is headquartered in Munich
- is one of the largest and most renowned financial services providers in the world
- is the second largest insurance company world-wide, present in more than 70 countries
- is serves more than 80 million clients
- employs 166,960 employees
- is rated AA by S&P



A “multi-boutique” model with €950bn AUM



The role of different agents in perpetuating the latest financial crisis



Source: Danyelle Guyatt, Mercer

Previous bubbles & crises: emerging (systematic) risks

Previous bubbles & crises

1637	Tulip mania
1929	Stock market crash & depression
1970s	Oil crises
1990s	Asian crisis
2000	Internet/Technology bubble
2007-08	Housing, Credit, Banking, Financial, Economic

-> Often the result of over-valued assets

Emerging risks

Population growth
Energy demand & security
Agriculture & food supply
Decreasing biodiversity
Climate change

-> Limited resources, negative externalities & undervalued assets

Avoiding short-termism & systematic risk : AGI France signs the UN PRI

- **Consistent with our vision of the asset management business**
 - Long term investment horizon and fundamental analysis in order to uncover risks & opportunities.
- **A revised definition of fiduciary duty according to Freshfields' report**
 - Exercise reasonable care and dedicate sufficient resources.
 - ESG criteria should be considered, as some research has shown it to be relevant.
- **An approach in line with corporate aims**
 - Consistent with Allianz Group's emphasis on sustainable development.

UN PRI in practice

- **Principle n°1: Disseminating sustainability research**
 - ESG research for SRI funds and increasingly available to all analysts & fund managers.
- **Principle n°2: Proxy voting & dialogue with companies**
 - AGI France's single voting policy includes ESG criteria and it applies to all equity assets.
- **Principle n°4: Contributing to research**
 - Founder of Sustainable Finance Chair & sponsorship of SRI annual research award & Enhanced Analytics Initiative
- **Principle n°5: Seeking to promote transparency and progress**
 - AGI France to conduct an external audit to assess its own environmental performance

UN PRI builds on AGI France's strong commitment to SRI & Corporate Governance

Product launches

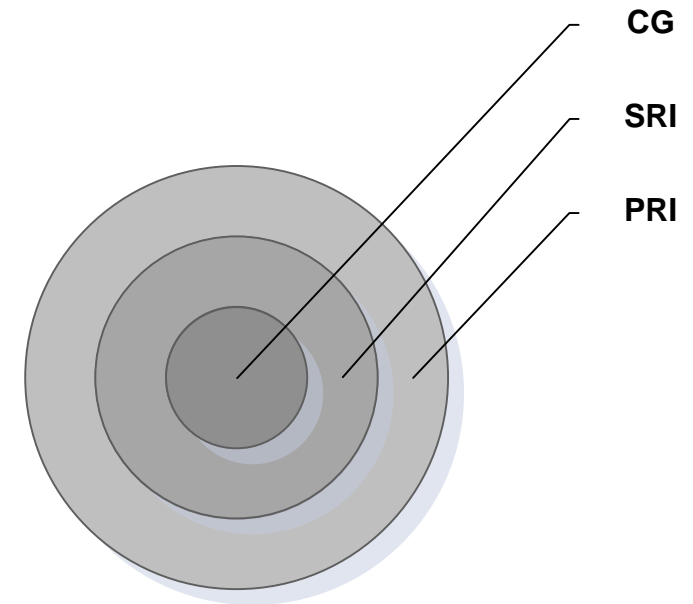
2001	Corporate governance
2002-2006-2008	SRI Equity, Bond, Money Market
2007	Environmental
2009	Thematic

Commitments

2003	Founding member and board member of Proxy Active Investors (Phitrust)
2004	Investor initiatives : EAI, EITI, UNEP FI

A strategic choice

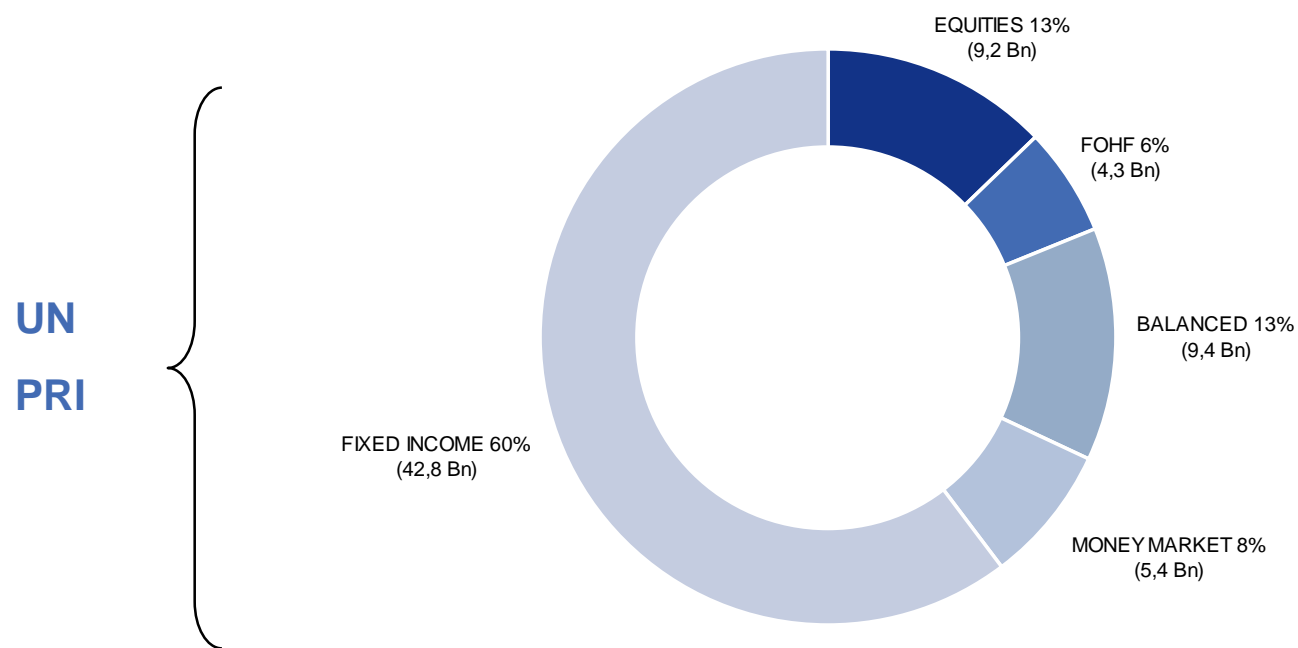
2006	Dedicated research teams
2007	UN Principles for Responsible Investment



Expanding the universe of AGI France assets implicated

Responsible Investment : now encompassing all assets

AllianzGI France AUM split by asset class – end of September 2008



Total AUM: € 71 bn

Total SRI: € 2,3 bn

*incluant les actifs distribués et non gérés par AllianzGI France dont ceux de AAAM

Governance, proxy voting & company dialogue

- **An expanded definition of governance: ES criteria included in AGI France's voting policy:**
 - A company's "global performance" (economic, financial, social & environmental) is central and applies throughout the policy.

- **Through November 24th 2008, AGI France voted:**
 - At 312 shareholder meetings, abstaining or opposing resolutions at 79% of AGMs.
 - On 4466 board resolutions, opposing or abstaining on 20% of them, *including director elections, remuneration, anti-takeover measures and changes to the capital structure.*
 - Co-filed five shareholder resolutions in 2007 with Proxy Active Investors (Phitrust).
 - Support for other shareholder resolutions on social & environmental issues.

- **Active dialogue with companies:**
 - Alerts sometimes sent to companies in the case of opposition votes at AGMs.
 - Support for a number of collective initiatives, *i.e., Enhanced Analytics Initiative, Extractive Industries' Transparency Initiative (EITI), Global Reporting Initiative, UNEP FI.*

- **Improving our own governance**
 - No share lending

Where do we stand in France today ?

- Company management is increasingly open to investor initiatives to improve corporate governance
- Company Boards, particularly in France, are under considerable pressure from the general public to change their practices (e.g. golden parachutes...)
- The French government and representatives of corporate management (Medef) have decided to push towards better governance, particularly regarding remuneration and compensation issues
- Filing an external resolution is still perceived as 'threatening' by company Boards
- To some extent, shareholders continue to ignore their power and potential to push changes in company management
- Increasingly broad definitions of governance with significant overlap in the agendas & methods of both the responsible investment & corporate governance communities.