

Carrefour

Meeting type: Annual General Meeting
Date: 28 April 2009
Country: France
Index: CAC40
Sector: Hypermarkets & Super Centres

Item	Description	TMF vote	Mgmt vote
1	<p>Approve financial statements and discharge the Board of Directors and Managing Board</p> <p><i>The financial statements have not been published and despite several requests by our French advisors, the reports of the auditors have not been obtained to date. Furthermore a bundled vote on the approval of accounts and on discharge does not correspond to French best practice. In France the board discharge is not a legal requirement and in our view granting the discharge can weaken future legal recourse for shareholders. Although we do not have any specific concern over the board's conduct during the year we oppose. This proposal offers the board a blanket discharge of responsibility for all decisions made during the most recent financial year. While this does not release the board from its legal responsibility, it weakens legal recourse for shareholders, and it is contrary to the fiduciary duty of asset managers and other trustees.</i></p>	OPPOSE	FOR
2	<p>Approve Consolidated Financial Statements</p> <p><i>Comment: The financial statements have not been published and despite several requests by our French advisors, the reports of the auditors have not been obtained to date. We therefore abstain.</i></p>	ABSTAIN	FOR
3	<p>Approval of a severance payment granted to Mr José Luis Duran</p> <p><i>Comment: José Luis Duran, former CEO was dismissed as CEO on 18 November 2008 and on 1 January 2009 as employee. He was granted €4,793,937 subject to shareholders approval. In line with French law, the Board was obliged to set performance conditions attached to this contract. In the opinion of Triodos the performance condition (an absolute positive average growth of the consolidated sales and EBIT growth over two years preceding the termination) is not relevant and too short term related. It doesn't take into account the company's tax expenses, debt costs and dilution. We would prefer to see a comparison with Earnings Per Share (EPS) for example. During April 2005 and November 2008 when Duran was CEO, the Carrefour stock price declined by 23% while the general retailers sector index dropped by 54%. In general the compensation does not meet our voting guidelines and we therefore</i></p>	OPPOSE	FOR

	<i>oppose.</i>		
4	<p>Approval of a severance payment granted to Mr Lars Olofsson</p> <p><i>Comment: Lars Olofsson is the new Carrefour's CEO. In case of departure, he would be entitled to the same conditions than the one described above for José Luis Duran (the new CEO will be granted the same cash remuneration than the previous CEO). For the same reasons explained above in resolution 3, we oppose.</i></p>	OPPOSE	FOR
5	<p>Approval of the appropriation of income and of the dividend</p> <p><i>Comment: The proposed pay-out ratio amounts to 60% compared with an average industry pay-out ratio of 45%; Distribution amounts to 7% of consolidated shareholder equity. Triodos finds this to be an acceptable proposal.</i></p>	FOR	FOR
6	<p>Election of Mr Lars Olofsson as Director for a period of three years</p> <p><i>Comment: Triodos knows of no reason not to support Mr Olofsson's election.</i></p>	FOR	FOR
7	<p>Reappoint Mr René Abate as Director for a period of three years</p> <p><i>Comment: Triodos considers Mr Abate to be independent however due to the performance of the remuneration committee members we are concerned. Notably, former non-executive chairman, Robert Halley, was granted a fee of €82,500 for 2007 FY and while the general meeting of shareholders decided to authorise a total maximum fee for the whole board of €900,000 , the remuneration committee proposed to pay a €700,000 yearly cash remuneration (partly variable), not included in the shareholders' fees authorization and not approved by shareholders, to the new chairman, Amaury de Sèze. We consider this decision a breach of the loyalty duty towards shareholders and therefore oppose.</i></p>	OPPOSE	FOR
8	<p>Reappoint Mr Nicolas Bazire as Director for a period of three years</p> <p><i>Comment; Triodos does not consider Mr Bazire to be independent as he has shareholdings of more than 5%. The candidate exceeds Triodos guidelines regarding the number of mandates (one executive mandate in LVMH and four non-executive positions including Carrefour. Considering the insufficient independent representation, the number of mandates, in line with our guidelines we oppose.</i></p>	OPPOSE	FOR
9	<p>Reappoint Mr Jean-Martin Folz as Director for a period of three years</p> <p><i>Comment; Triodos considers Mr Folz to be independent, however we are concerned about the amount of time he can commit to this role. Mr Folz is the President of AFEP (One of the two French main business organizations), and holds five other non-executive directorships in listed companies. In line</i></p>	OPPOSE	FOR

<i>with our voting guidelines we oppose.</i>			
10	Reappoint Deloitte & Associés as the Auditor and BEAS as Alternate Auditor	OPPOSE	FOR
	<i>Comment: French law requires companies to get shareholders approval of the reappointment of two external statutory auditors for a six years legal term. The Deloitte non-audit and audit-related fees amounted to 29% of fees invoiced statutory accounts, which exceeds the Triodos threshold of 25%. No explanatory details regarding the audit related work were provided. Furthermore the proposed Alternate Auditor, BEAS, is part of the Deloitte Group. This is not line with the legal objective to provide protection to shareholders and to the company in the case of a sudden vacancy in the position of titular auditor. We therefore oppose this resolution.</i>		
11	Reappoint KPMG SA as Statutory External Auditor	OPPOSE	FOR
	<i>Comment: Triodos opposes this resolution because KPMG has been auditor of Carrefour since 1968 and this does not comply with local market best practice.</i>		
12	Election as Substitute External Auditor of Mr Bernard Perot	OPPOSE	FOR
	<i>Comment: French law requires companies to appoint two substitute external auditors for six years. These substitute auditors perform no functions while the permanent auditor fulfils the role. Mr Bernard Perot is a KPMG associate. The appointment of an associate of the titular auditing firm(KPMG) as substitute auditor is not in line with the legal objective to provide protection to shareholders and to the company in the case of a sudden vacancy in the position of titular auditor.</i>		
13	Approve buy-back of the company shares	OPPOSE	FOR
	<i>Comment: The proposal is for a buy-back of company share up to 10% of the capital stock. A maximum purchase price: € 45 is stated and authorization is valid for 18 months. The authorisation allows for the repurchase of shares during a period of public offer and can potentially be used as an anti-takeover device.</i>		
14	Approve potential reduction of the company 's capital by cancellation of treasury stocks	FOR	FOR
	<i>Comment: Triodos considers this an acceptable proposal, which allows the Board to better manage the company's capital.</i>		
15	Global authorization to issue with pre-emptive subscription right shares or other securities giving way to new capital	FOR	FOR
	<i>Comment: Authorize an operation up to €500,000,000 in nominal value, ie 28.4% of share capital. Authorization valid for a period of 26 months. This proposal meets Triodos guidelines and we therefore vote in favour.</i>		
16	Global allowance for the issuance of capital related securities without pre-emptive rights	OPPOSE	FOR

securities without preemptive rights

Comment: Authorisation amounting to 19.86% of the company's capital, which exceeds Triodos threshold.

17	<p>"Green shoe" authorization for the issuances</p> <p><i>Comment: Authorization valid for a period of 26 months. This authorization would be used within the dilution limit of resolution 15 and 16, ie 28,37% of the company's shares. A "greenshoe" global authorization allows to increase the placement by 15% for new capital at a price equal to the initial offer within a 30 day period. In case of increase of the stock price over this period, the company and its bankers will be able to issue shares with a discount price superior to the legal maximal 5% discount over market price. Such additional dilution risk is not favourable to shareholders' interest. We therefore oppose.</i></p>	OPPOSE	FOR
18	<p>Increase authorized capital by transfer of reserves</p> <p><i>Triodos considers this an acceptable proposal.</i></p>	FOR	FOR
19	<p>Approve issuance of new stock option plans</p> <p><i>Comment: Authorization amounting to 3 % of the capital stock. Minimum purchase price for beneficiaries of 80 % of the market stock price. Authorization valid for a period of 38 months. No performance condition is announced. No specific limit for the managing directors is disclosed in the resolution except the maximum total percentage of 3 % of the capital stock. The proposal authorizes to issue options with discount below market price. This authorization does not meet Triodos guidelines, therefore we oppose.</i></p>	OPPOSE	FOR
20	<p>Issue restricted shares for employees and managers</p> <p><i>Comment: Authorization amounting to 0.20% of the capital stock. Authorization valid for a period of 38 months. No performance condition is announced. No specific limit for the managing directors is disclosed except the maximum percentage of the resolution. The proposal is line with the French Asset Management Association (AFG) regarding maximum individual level of reward for executive directors. However the proposal does not clearly disclose performance conditions. We therefore oppose.</i></p>	OPPOSE	FOR
21	<p>Approve capital Increase for the employees</p> <p><i>Comment: Authorization valid for a period of 26 months. The limit of €29,000,000 is for resolution 21 and 22. Allows potential dilution of 1.65% of current capital with minimum issuance price of 70% of the market stock price. This proposal meets Triodos guidelines.</i></p>	FOR	FOR
22	<p>Approve capital Increase for the employees in the case of a worldwide plan</p> <p><i>Comment: The limit of €29,000,000 is the same as that in agenda item 21. It meets the Triodos guidelines.</i></p>	FOR	FOR