



**FGS**

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**Corporate Governance**

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***Argentine Public Pension Fund***

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The nationalization of Argentina's pension fund system in December 2008, transformed the country's approach to pension fund influence on corporate governance.

Privately managed pension funds, which invested approx. 15% of their funds in Argentina's equity market, were transferred under state management. The publicly-owned pension fund system, *Sistema Integrado de Pensiones Argentino (SIPA)* was established, together with the *Fondo de Garantía de Sustentabilidad (FGS)*.



1. To contribute in the sustainable development of the economy.
2. To ease the financial impact on the pension system that could be exercised by negative economic and social factors.
3. To act as a reserve fund composed with the surplus of the Argentine pension system in order to develop an appropriate investment of the surplus of the Argentine pension funds system.
4. To keep the value and profit of the FGS' assets.
5. To solve eventual deficits of the Argentine pension system in order to assure the integrity of the pensions.

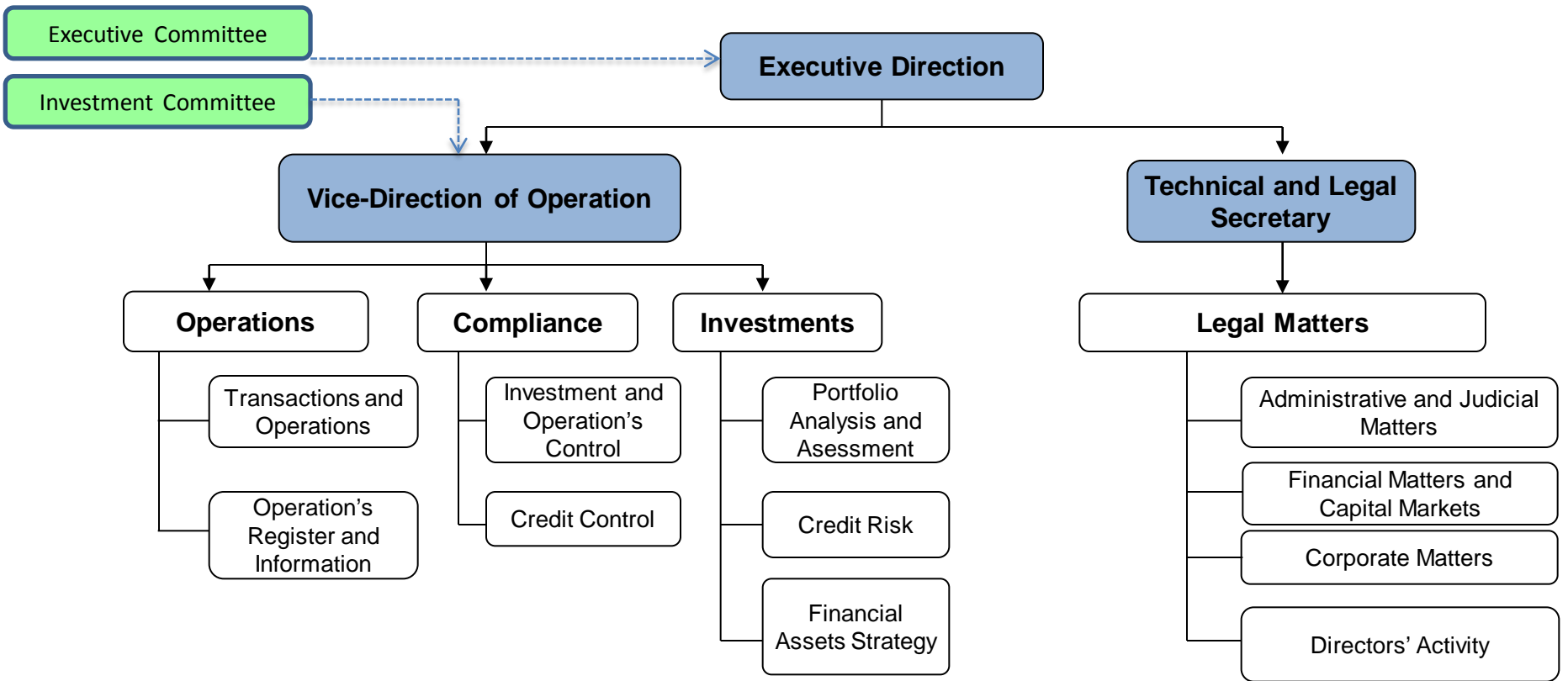


# FGS legal framework

- Law No. 24,241 → National pension fund system.
- Law No. 26,425 → SIPA was established and privately managed pension funds were abolished.
- Decree No. 897/07 → Creation of the FGS, establishing purposes and attributions.
- Decree No. 2103/08 → Amendments to Decree Nber. 897/07.
- Decree No. 441/11 → Allowed voting rights of the FGS in the companies to the full extent of its share interest.

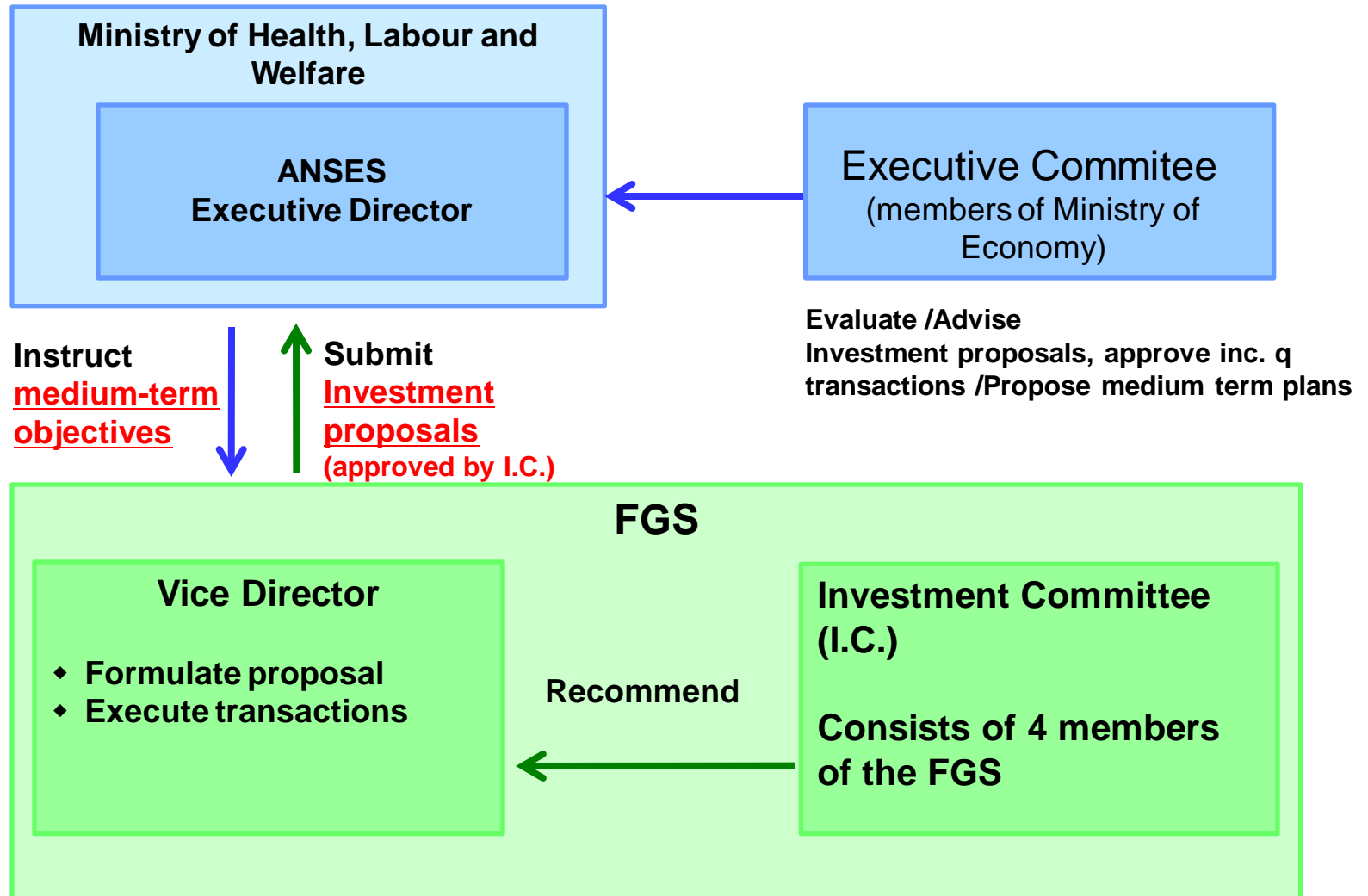


# FGS' organization chart

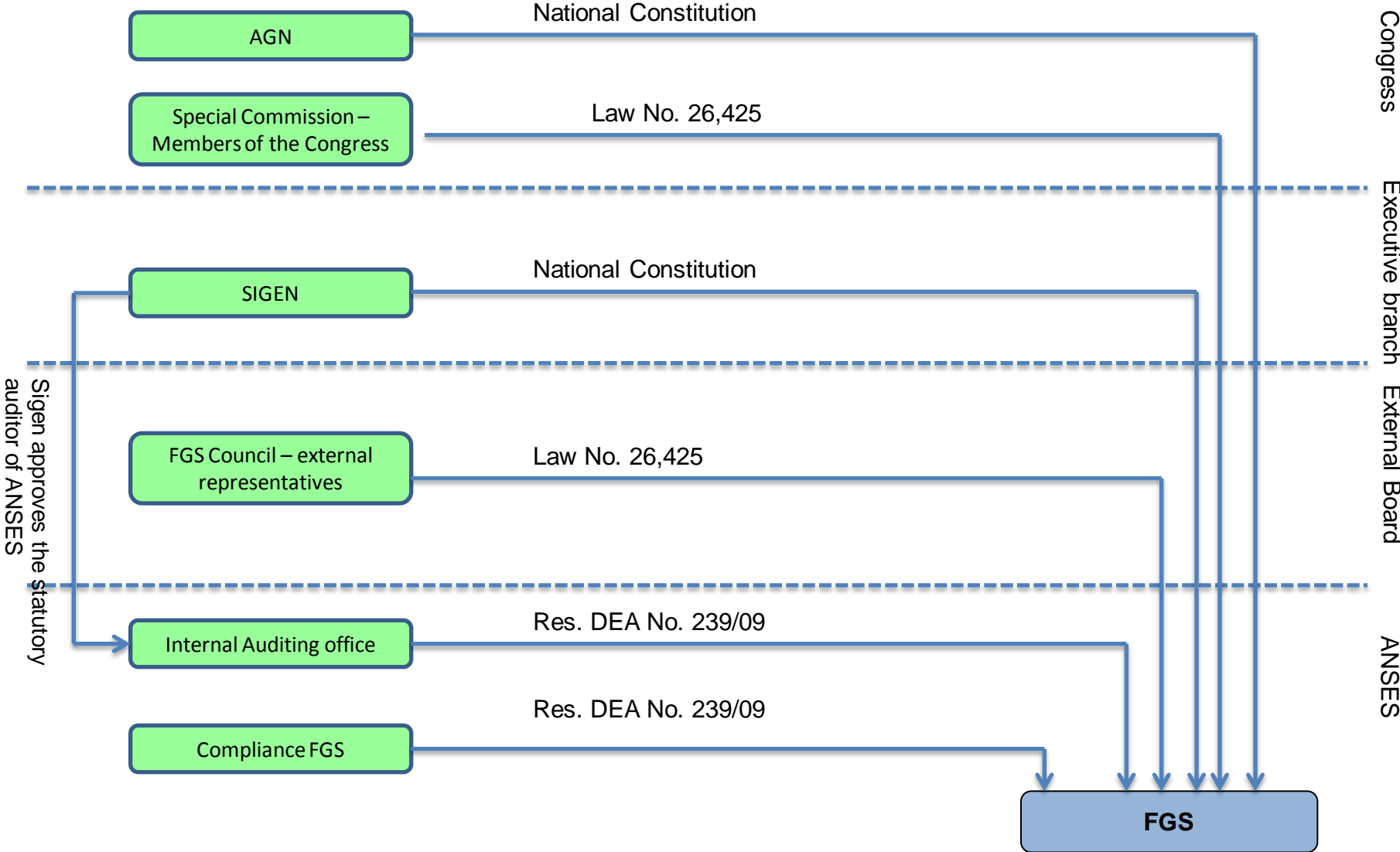


Investment asset value:  
About \$46.9 Billion  
Total: 200 members





# FGS' control structure



# FGS' portfolio value and composition FGS

FGS Variation between 12/05/08 – 06/30/11  
(USD billions and %)

12/05/08	USD 28.6 Bn
06/30/11	USD 46.9 Bn
<b>Variation</b>	<b>+ USD 18.3 Bn +64%</b>

COMPARISON BETWEEN PORTFOLIOS (percentual points)		
Title	June 2011- June 2010	June 2011-may 2011
Public Bonds	-6,4	-0,6
Funds	0,6	0
equity and fixed income	1,3	0,4
Term deposits	2,7	0,1
Foreign bonds	-1,6	0
Trusts	-0,7	0
Proyect Financing	3,9	0,2
Other	0,3	-0,1

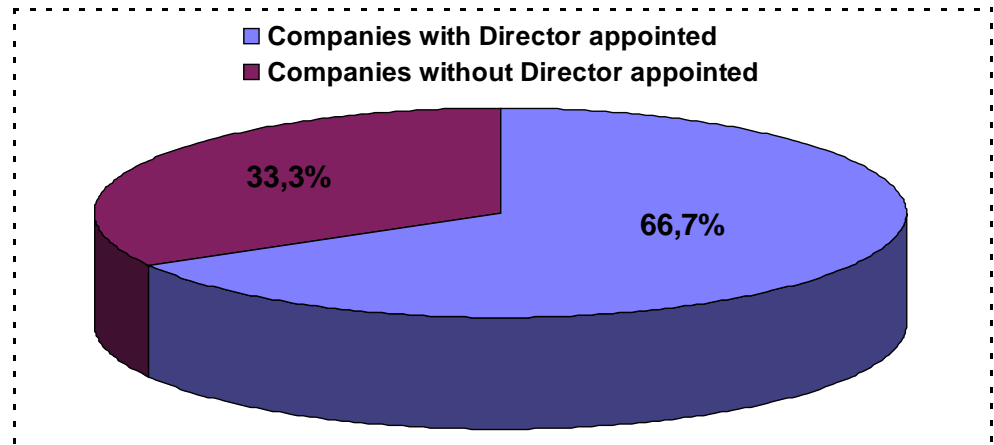


# Directors appointed by FGS - ANSES

Economic Sector	Total Companies in FGS Portfolio	Number of Companies with Director appointed by FGS	Number of Directors appointed by FGS
FINANCIAL SERVICES	5	3	4
GAS	6	6	7
ELECTRICITY	7	6	6
OIL AND PETROCHEMICAL	4	2	2
FOOD & RETAIL	7	3	3
INDUSTRIAL METALS	3	2	4
CONSTRUCTION & REAL STATE	5	2	2
OTHER SECTORS	5	4	5
<b>Total</b>	<b>42</b>	<b>28</b>	<b>33</b>

Out of the 42 companies in the FGS portfolio, ANSES has appointed directors in 28 (66.7%).

The economic sector with the most directors appointed was the gas industry (21.2%), followed by the electric sector (18.2%). Both industries add up to 13 members.



# Corporate Governance Regulation

- FGS analyzes and reviews the CG Rules applied by issuers, taking into consideration:

- 1) Decree 677/01: Public Offering Transparency and Good Practices

- External auditors and Audit committee

- Independence of directors

- Public offerings

- Transactions publicity

- Transactions with related parties

- 2) CNV General Resolution 516/07: suggesting the minimum content of the Corporate Governance Code to be approved by public companies.

- Relationship with controlling companies

- Board of Directors: conflicts of interest, remuneration, management control, appointment, control of risk management

- Independence of directors

- Relationship with shareholders

- Relationship with society

- Committees (for the appointment of directors and managers, for directors' remunerations)

- FGS is in the process of reviewing the proposed amendment to the General Resolution 516/07. The project under study enhances and improves the aspects already included in the resolution currently in force.





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