



PRESS RELEASE

European Commission boosts shareholder engagement

Proposed revision of the Shareholder Rights Directive strikes the right balance between shareholder rights and responsibilities

The Hague, 9 April 2014

Eumedion welcomes the proposals to reform the Shareholder Rights Directive, which the European Commission launched earlier today. The proposals further encourage long term engagement of shareholders with listed companies. Shareholders are granted important additional rights that enable them to further improve their performance as responsible and engaged shareowners, while listed companies benefit from more involved and better known shareholders.

Eumedion supports the new shareholder rights to approve the remuneration policy and to vote on the remuneration report of listed companies. The proposal offers engaged shareholders the opportunity to influence executive remuneration policy upfront and to hold board members ex post to account on the executive pay in relation to the company's performance. Together with the proposed remuneration disclosure requirements, the arrangements will create a better link between pay and performance.

Eumedion also endorses the Commission's approach to strengthen shareholder oversight on related party transactions, which is a vital area of corporate governance. Transactions with related parties could have a significantly detrimental effect on interests of minority shareholders.

Eumedion supports the proposed requirement for intermediaries to facilitate the exercise of shareholders rights and that shareholder will be enabled to have their votes casted confirmed. But it is fundamental that the facilitation arrangements really serve engaged shareholders and are not put into a commercial sale opportunity for intermediaries.

Eumedion is generally supportive of the introduction of a system which enables issuers to identify who ultimately holds their shares. We are concerned that the proposed identification arrangements fail to create a level playing field for both companies and shareholders. Not only issuers but also shareholders themselves should be able to take notice of (other) shareholders' identities and be allowed to exchange information with other identified shareholders regarding AGM agenda points.

On the whole, the European Commission has managed to find the right balance between the rights and responsibilities of engaged shareholders with a long term investment horizon. Yet imposing rigid and detailed disclosure rules on investment policies and mandates should be avoided as they do not contribute to the overarching goal of long term sustainability of EU listed companies and an attractive environment for investors in order to create growth, jobs and competitiveness across the EU.

About Eumedion

Eumedion is the Dutch based corporate governance and sustainability forum for institutional investors. Eumedion has 70 Dutch *and* non-Dutch participants – all with a long term investment horizon – and its general aim is to promote good corporate governance and sustainability in Dutch and other European listed companies. Participants include a wide range of institutional investors: pension funds, mutual funds, asset managers and insurance companies. Together they have more than € 1 trillion assets under management. Through the investments in equity and non-equity, long term institutional investors are a major source of the capital that is used by listed companies to grow, create wealth and provide employment.

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