EVALUATION OF THE 2015 AGM SEASON

Introduction

Every year Eumedion prepares an evaluation of the season of annual reports and shareholders meetings, the AGM season. The main substantive findings concerning the annual reports for the year 2014 and the regular shareholders' meetings held in 2015 are considered below. In addition, appendix 1 contains an overview of the most controversial items on the agendas for the AGMs.

Summary

- For the first time since 2013 shareholders have once more been making use of their right to place items on the agenda for the AGM: Royal Dutch Shell, Fugro, AMG and Roto Smeets Group. The voting item put forward by the major shareholder in Fugro was rejected by a Dutch court.
- Six voting items have been rejected by AGMs (2014: one), five voting items have been withdrawn in advance of the AGM, and three voting items have been explained in more detail or amended ahead of the AGM.
- Apart from the usual voting items, many audit firm rotations were on the agendas this year (at 32 listed companies). It is interesting to note that little or no information is provided as a rule about who is ultimately to be the lead partner. 2015 was the first year that all external auditors for listed companies were admitted to the AGM. Nedap was the last listed company to do so.
- The audit opinions from the external auditors have become much more informative. It is now standard practice for auditors to discuss the materiality thresholds observed, the scope and the key audit matters. In some cases, the contents of the audit opinion contained more information on the actual financial situation of the company than the picture that emerged from the reports of the Management and Supervisory Board. It is also a fact that the reports of audit committees still contain little information in general.
- The trend towards direct or indirect representation of specifically major shareholders on Supervisory Boards is continuing. This is often accompanied by what is referred to as a relationship agreement between the company in question and the major shareholder, setting out their reciprocal rights and obligations.
- The most important issue this year was again the remuneration policy. Discussions in advance of the AGMs led to the withdrawal of three proposals for amendment of the remuneration policy (TNT Express and Wereldhave) and to an undertaking being given in the case of one proposal that a new remuneration policy would be presented in 2016 with an adjusted peer group of companies (Ahold). The granting of transaction bonuses and the exercise of upward discretion by Supervisory Boards led to most discussion at AGMs. Disquiet concerning a threatened circumvention of the

statutory change of control gain capping rule led to statements from Supervisory Boards that the gain capping rule still apply in the event of a takeover, so that the “spirit” of the law is being adhered to (e.g. Vastned Retail and TMG).

- Integrated reporting is being taken up enthusiastically. Six listed companies, viz. Randstad Holding, Philips, KPN, Aegon, BAM Groep and Crown Van Gelder have already prepared their annual reports in accordance with the IIRC integrated reporting framework. Approximately one-third of all Dutch listed companies have taken steps to draw up integrated reports of this kind in the coming years.
- The visibility of the internal audit function has increased. Many listed companies have included a special paragraph in their annual reports dealing with the activities and position of the internal audit function.

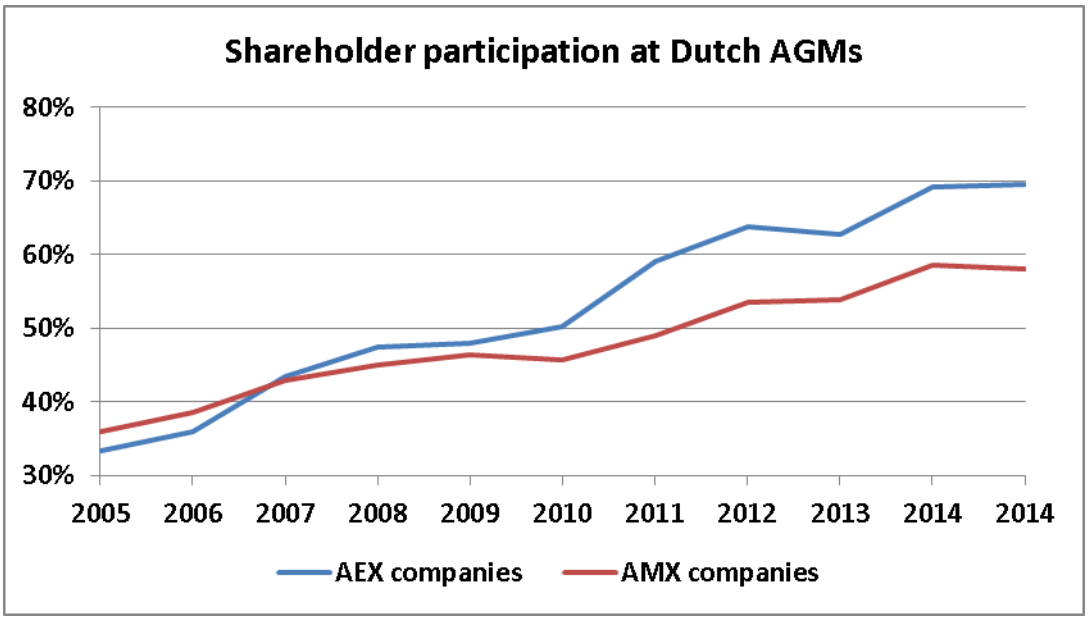
1. Shareholders are once more making use of their right to place an item on the agenda

For the first time in two years shareholders are once more making use of their own right to put forward subjects for inclusion on the agendas of AGMs. At Royal Dutch Shell more than 150 shareholders submitted a proposal that, with effect from the next financial year, more transparency should be provided on the consequences of climate change for Shell’s business model. This proposal was adopted with 98.9% of the votes cast. The major shareholder in Fugro (Boskalis) had asked the Management Board that a recommendation to the Fugro Management and the Supervisory Board that they do everything necessary to immediately effect the termination of one of the anti-takeover measures that Fugro has in place should be placed on the agenda for the AGM as a voting item. The Fugro Management Board was not willing to go any further than to include the item as a matter for discussion and this position was ultimately upheld by the court. According to the court, the request to place the recommendation on the agenda encroached on a matter of strategy that is reserved for the board and this is an area where the AGM has no powers. Boskalis finally withdrew the proposed item in its entirety. At AMG Advanced Metallurgical Group (AMG) major shareholder RWC Asset Management proposed an amendment to AMG’s articles of association that would make it simpler for shareholders to reject a nomination from the Supervisory Board for the appointment of a new member of the Board of Management. RWC also wanted to make it easier for the AGM to dismiss dysfunctional Management and Supervisory Board members. AMG took a neutral stance regarding this proposal. Since the required quorum (50% of the issued share capital) was not reached at the AGM, an Extraordinary General Meeting (EGM) was convened. At this EGM, the proposal was adopted by a majority of 98.2% of the votes cast. At the Roto Smeets Group six major shareholders representing almost 87% of the issued capital asked that their intended offer for all the assets of a subsidiary be placed on the agenda. The Management Board of the Roto Smeets Group agreed to this request and recommended the shareholders to vote in favour. The resolution was passed by 99.8% of the votes cast.

Of the 937 voting items, six proposals were rejected by the AGM (four at Groothandelsgebouwen and two at AMG) and five proposals were withdrawn, partly under pressure from shareholders

(amendment of the articles of association at Ahold, the remuneration proposals at TNT Express and Wereldhave, and the decision to liquidate the company at the Roto Smeets Group). Three voting items were amended or clarified prior to or during the AGM in order to gain the approval of the AGM (amendment of the remuneration policy at Ahold, the authorization to acquire own shares at RELX and the amendment of the articles of association at Accell Group [proposed raising of the threshold to submit shareholder proposals at an AGM agenda was withdrawn]). The number of controversial proposals – defined as proposals with more than 20% votes against – significantly decreased this year: 18 (see appendix 1), compared with 36 in 2013 and 2014 and 46 in 2012.

The number of votes cast remained at approximately the same level as in 2014 (see graph below).



2. Many proposals for rotation of external auditors

After twenty companies rotated their audit firms in 2014, no less than thirty-two listed companies followed suit this year. By doing this, the companies in question are acting in anticipation of the entry into force of the new Dutch Audit Profession Act that on 1 January 2016 will impose a mandatory rotation of audit firms on listed companies once every ten years. Only RELX, Accell Group, Vastned Retail, Stern Group, Batenburg Techniek, Roto Smeets Group, Oranjewoud and Bever Holding still have to decide on the appointment of a new external auditor.

The most important findings can be summarized as follows:

- There is considerable variation in the degree of transparency in the selection process for the new audit firm as set out in the written explanatory notes to the agenda proposal. Only a minority of listed companies state the general selection criteria and the decisive criteria for the choice of the

firm in question, with Philips standing out as 'best practice'.[1] Many companies disclose only the name of the audit firm being proposed and not the name of the new lead partner.[2] Shareholders would like the naming of the lead partner to be standard procedure, since this partner will have to render account to the AGM in future, and shareholders would also like to see his or her track record before making a definitive appointment. After all, the résumé of the person in question is also published when new management board members or supervisory directors are being appointed. Furthermore, the experience that shareholders have had of the auditor in question at other companies can then be included in the decision-making process.

- The mandatory rotation has not led to a breakthrough for medium-sized audit firms at Dutch listed companies. Just the opposite in fact, because the medium-sized firms have lost market share. Only Nedsense and Tie Kinetix switched from a Big Four firm to a medium-sized one (both changed over to BDO). On the other hand, Acomo, Groothandelsgebouwen and Ajax actually decided to dispense with the audit services of a medium-sized firm (BDO in all three cases) and chose to appoint a Big Four firm instead.
- The majority of the 16 listed companies that rotated their audit firms in 2014 have seen a fall in the costs of the audit of their financial statements (9 of the16). The range is considerable: the costs more than doubled at Rood Microtec and Lavide Holding, while the audit fee at KAS Bank was more than 28% lower. Looking at the AEX, AMX and AScX companies that rotated their audit firms in 2014, the median of the audit fee decline amounted to 12.5%. These results would seem to indicate that the amount of the audit fee really is an important factor in the choice of a new audit firm.
- A more positive picture of the mandatory rotation of audit firms emerges from the dialogues between Eumedion members and listed companies after the exercise had been completed than before it commenced. A substantial number of listed companies described the exercise as "useful" in the end, in the sense that a fresh pair of eyes brings new things to light. There are no indications, according to the listed companies in question, that the quality of the audit has declined in the first year after the change of firm. In fact, the opposite seems to be more likely. This experience is supported by the fact that no fewer than six listed companies (Ballast Nedam, Esperite, Rood Microtec, Oranjewoud, Inverko and Lavide Holding) had to postpone the publication of their annual reports and financial statements, probably also due in part to the "severity" of the external auditor.
- 2015 was the first year that the external auditor was admitted to the AGM at *all* listed companies. Nedap abandoned its opposition to the presence of the external auditor in the AGM this year. Many auditors once more held presentations on their audit strategy and findings during the AGMs this year. However, the quality of the auditor's answers to the questions of shareholders varies considerably.

[1] Appendix IV of the 2013 edition of the Eumedion Corporate Governance Manual contains guidelines for the explanatory notes to the nomination for appointment of the statutory auditor (http://www.eumedion.nl/nl/public/kennisbank/handboeken/eumedion_cg_manual_2013.pdf).
[2] Positive exemptions are PostNL, Imtech and Beter Bed Holding.

3. More understanding of audit activities through comprehensive, company-specific audit report

All external auditors for the listed companies offered investors more insight into the auditing activities this year by means of a comprehensive, company-specific audit report. The new independent auditor's report provides transparent information on the materiality threshold observed and the method by which this is determined, the scope of the group audit and the key audit matters. The opinion provides shareholders with good points of reference for entering into a dialogue with the external auditor at the AGM. The main findings and conclusions are as follows:

- In a number of cases, such as at Pharming, the independent auditor's report comprised information on the company's risk profile that was more relevant than that provided in the Report of the Management Board. In a substantial number of cases, the information contained in the report of the Management and/or Supervisory Board on the subject of the most important issues discussed between company management and external auditor was not consistent with the information on the key audit matters provided by the external auditor. The informational value of the reports by the audit committees in particular is still low in general; there is also definitely no perceptible upward trend, now that the *auditor* is actually obliged to provide more information in the audit opinion.
- It is good to see that the number of key audit matters varies: from zero at Rood Microtec to seven at ING Groep, Delta Lloyd and Fugro. It is strange, however, for an external auditor to report no key audit matters at a company (Rood Microtec) that had been forced to postpone the publication of its annual accounts no less than twice and had seen its audit costs more than double following the audit firm rotation. This gives rise to the question of whether the individual auditors apply different criteria for the reporting of key audit matters in their audit opinions.
- The valuation of goodwill is a key audit matter frequently referred to in the audit of the financial statements: 43 times. On the other hand, the auditors at only 21 listed companies considered the scale, operation and/or effectiveness of the internal risk management and control systems, or compliance, fraud and integrity risks to be key audit matters. There seems to be a mismatch here. These days shareholders apparently expect from auditors that the latter take an extra critical look at the internal risk management at a company. After all, weak internal risk management has led to major market value losses at listed companies on more than one occasion in the recent past. As far as shareholders are concerned, the quality of the internal housekeeping is certainly more important than the question of whether goodwill should be valued a few percent higher or lower.
- Only 40% of the auditors for the Dutch listed companies studied quantify the scope of the group audit, in the sense of providing information on what was covered by the full scope audits in terms of a percentage of total revenues, result and/or assets. We would like to encourage all auditors to include figures of this kind in the audit opinion and in the coming years we would also like to see an explanation of any changes in the materiality thresholds applied.
- All external auditors state the materiality thresholds in quantitative terms. The amount of the materiality observed is generally not extreme, in the sense that it has given rise to a lot of questions at AGMs. There are quite substantial differences, however, between companies and

also between industry peers. A range of benchmarks are used to calculate materiality, with a certain profit criterion, group equity, turnover and/or gross margin being used most often. Unfortunately no reasons are given in a number of cases as to why the benchmark in question was chosen and no background information is included on the amount of the materiality. A positive aspect is that the threshold above which misstatements in the financial statements are reported to the Supervisory Board is included in the audit opinion by practically all auditors.

4. Integrated reporting: many companies are taking steps

In its 2015 Focus Letter Eumedion had called on Dutch listed companies to take concrete steps in the direction of integrated reporting, so that investors are provided with a more cohesive overview of the business model, the value creating power of the enterprise and the various kinds of capital (such as human capital, natural capital and financial resources) that the company uses to create this value. Six listed companies declared in their 2014 annual reports that their reports had been prepared in accordance with the integrated reporting framework of the International Integrated Reporting Council (IIRC); these companies are Randstad Holding, Philips, KPN, Aegon, BAM Groep and Crown Van Gelder, although it should be noted in this context that Aegon did not prepare the statutory annual report in accordance with the IIRC framework, but a stand-alone report. It has become clear from the dialogues that Eumedion members have engaged in with various listed companies that more than one-third of Dutch listed companies are working on preparations for changing over to integrated reporting. This is an encouraging result in Eumedion's opinion, certainly for a first year. According to a number of these companies, it may well take as long as another three years before it will be possible to present a truly integrated report.

It also still happens that a number of companies publish what they claim is an integrated report, but make no reference to the IIRC framework or do not state explicitly that the IIRC framework has not been used in preparing the report in question. Eumedion has recommended to the IIRC that companies that have explicitly used the IIRC framework for their reports should be allowed to use the IIRC logo on or in their annual reports.

5. Effectiveness of the internal audit function

In its 2015 Focus Letter Eumedion also asked the listed companies to give consideration to the effectiveness of internal risk management and control systems and the activities of the internal audit function. The main findings regarding this focus area are as follows:

- Eumedion is pleased to conclude that many listed companies have devoted a paragraph in their 2014 annual reports to the activities and the position of the internal audit function. The visibility of the internal audit function to the outside world has increased. The reports show that the internal audit function occupies an autonomous position as a rule and does not solely report to the Management Board, but also to the chairman of the audit committee /Supervisory Board.
- It is interesting to note how much consideration has been given to matters such as integrity, codes of conduct, fraud and corruption risks, and (data) security and IT risks in 2014, as well as to

reinforcing and increasing the effectiveness of the internal risk management and control systems in these areas. A number of companies (Arcadis and Fugro respectively) even decided to appoint a Chief Information Officer or an Information Security Officer, apart from the internal auditor. Many listed companies also took measures to strengthen internal risk awareness.

- Fugro, BESI and Grontmij put internal audit functions in place in 2014. Those companies that have no internal audit functions generally provided extensive descriptions of the alternative measures they have taken to guarantee the adequate operation and the effectiveness of the internal risk management and control systems. The external auditor or an independent third party (another audit firm as a rule) often play important roles in such cases. Despite the regular takeover activities at enterprises like Aalberts Industries (which it should be noted is actually an AEX company at the moment), IMCD, Ten Cate and Neways, the provision of information on alternative internal auditing procedures could be described as summary at these companies.
- The scope of the work of the internal audit function generally extends to the financial, operational, IT and compliance controls, internal risk management, governance, internal risk awareness and special investigations. The annual reports do not make it clear as a rule that the internal auditor is involved *ex ante* in major mergers and takeovers. It has emerged from the dialogues between Eumedion members and the listed companies that many management board members generally see no specific role for the internal auditor with regard to strategic decisions.

6. Intense public debate on executive remuneration

Executive remuneration attracted a lot of interest again this year, when the public debate focused mainly on the financial sector and was intense. It was also an important subject where shareholders were concerned. Ahold shareholders for example, extracted an undertaking from the Supervisory Board to evaluate the remuneration policy in 2015 including the peer group, almost two-thirds of which consists of US based companies. The undertaking came after the Supervisory Board had provided what was an extremely summary explanation of the proposed increase in the bonus opportunity for CEO Dick Boer from 185% to 220% of his basic salary. The Supervisory Board apologized for this in advance of the AGM. Wereldhave withdrew proposals for an amended remuneration policy several weeks before the AGM, in response to pressure from a number of major shareholders. The proposals put forward by Wereldhave included raising the fixed salary of CEO Dirk Anbeek by 23.5% and that of CFO Robert Bolier by almost 16%. It was also proposed that the creation of shareholder value in comparison with competitors should no longer be included as a bonus performance measure, but should be replaced with a target related to direct earnings per share and a target related to sustainability. The company has prepared new proposals and for an EGM which will be held on 23 July 2015. The proposed amendments to the remuneration policy at TNT Express were withdrawn during the AGM in connection with the announced public bid for this company by FedEx.

6.1 Remuneration in the financial sector

In response to the coming into effect of the statutory bonus cap of 20% - in principle – for the employees of financial institutions, a number of financial institutions have amended their remuneration

policies, lowering the possible bonus for members of the executive boards to the statutory level (ING, NN Group and Delta Lloyd) or abolishing this altogether (Van Lanschot). The potential loss of salary has been partially compensated for by an increase in fixed income (between 19% and 39% for the chairs of the executive boards). Delta Lloyd, NN Group and Van Lanschot have effected the increase by means of awarding shares. ING Groep decided to pay any bonuses to executive board members in shares alone. Delta Lloyd and KAS Bank had already made an earlier decision to do this. Van Lanschot decided to compel statutory board members to hold shares to the value of at least two annual salaries for their entire term of appointment. These measures are also intended to increase shareholder awareness within the institution. The proposals were adopted by large majorities in the AGMs.

The main topic of discussion between shareholders and financial institutions was the option available to financial institutions to increase the possible bonus for identified staff working outside the European Economic Area from 100% to 200% of the fixed salary. According to the Capital Requirements Directive (CRD IV) and the Dutch remuneration legislation (Act on the Remuneration Policy of Financial Undertakings), this increase requires the approval of the AGM. ING Groep and Aegon are of the opinion that the AGM of the subsidiary where these persons are employed must give its approval, i.e. the parent company itself and not the external shareholders of this parent company. Eumedion believes that this is a very legalistic interpretation of the law and has asked the European Banking Authority and the Dutch Central Bank (DNB) for clarification. NN Group holds the view, however, that the approval of the shareholders of the parent company is required. ING Groep stated that it wished to act in the spirit of CRD IV and of the Dutch Act and did in fact submit the increase of the bonus cap to the AGM of ING Groep.

6.2 Statutory change of control gain capping mechanism ineffective

The statutory change of control gain capping mechanism came into effect on 1 January 2014. The purpose of this mechanism is to ensure that Management Board members at listed companies will no longer be permitted to gain from a merger, takeover or demerger of “their own companies” due to an increase in the value of their shares and/or stock options. Every increase in value of the share and/or stock option package must be paid to the company. The statutory gain capping mechanism only applies to shares and stock options, but not to remuneration elements that are paid out in cash and/or derivatives such as phantom stock or stock appreciation rights. OCI, BE Semiconductor Industries and Pharming Group had in 2014 already created the possibility of vesting the performance shares and stock options awarded to Management Board members in cash instead of in shares, in the event of (the announcement of) a public offer being made for the shares in these companies. This would mean, therefore, that the statutory gain capping mechanism would not apply under the letter of the law. Vastned Retail, Telegraaf Media Groep (TMG) and Batenburg followed suit this year. The Supervisory Boards of Vastned Retail and TMG decided, partly on the explicit request of shareholders, to declare voluntarily that the gain capping mechanism was applicable. OCI has done the same.

This year the statutory gain capping mechanism was in any case applied by Nutreco (public offer by SHV at the beginning of 2015) and by Philips (demerger of lighting division). The effects of the gain capping mechanism at Nutreco (at least €819,000) was compensated for in part, however, by the award of a special transaction bonus to the value of €530,000 for the Management Board members. The award of the transaction bonus was only passed by a minimum majority of 50.72% of the votes cast. If the shares held by offeror SHV are not taken into consideration, the transaction bonus could only rely on the support of 10.3% of the 'independent' shareholders present or represented at the EGM. In the case of the public offer for the shares in Exact at the beginning of 2015, the gain capping mechanism was avoided by a decision of the Supervisory Board of Exact to cancel the performance shares conditionally awarded to the Management Board members and to pay them the equivalent in cash. The three statutory Exact executives had been conditionally awarded a total of 57,023 shares in the past few years. On the grounds of the statutory calculation of the increase in value, this would have meant that the directors would jointly have owed the company more than €191,000 if the share scheme had not been cancelled. By using the discretionary powers of the Supervisory Board to cancel the share scheme and to compensate the executives for this, the directors "escaped" having to make this payment. The gain capping mechanism did not apply to the public offer for the shares in Crown van Gelder, since this company had no share (options) scheme. The gain capping mechanism also did not apply to the bid from a number of major shareholders for all the assets of a subsidiary of Roto Smeets Group, since the statutory executive does not receive remuneration in shares, but in phantom stock.

All in all, the effectiveness of the statutory gain capping mechanism would appear to depend mainly on the 'whims' of the Supervisory Board. Shareholders are not automatically informed about whether or not the gain capping mechanism does or does not apply and what the possible effects may be. Management Board members, supervisory directors and legal advisers seemingly do not believe that this is material information to be included in an offer document, position statement or shareholders circular. Shareholders have to ask explicit questions about this subject at the AGM in order to find out what the Supervisory Board may do and what the concrete effects will be. The legislator is recommended when evaluating the statutory rules in 2016 to either cancel the mechanism or tighten it up considerably (such as the Swiss rules which prohibit all remuneration to Management Board members in relation to successful takeovers, mergers or acquisitions). It should at least be made compulsory for listed companies to provide the shareholders with adequate information on the possible applicability of the gain capping rules and the potential financial consequences thereof. Ineffective legislation will only lead to more social unrest.

6.3 Use of discretionary powers to increase or decrease bonuses and to award extra bonuses

As became clear at Nutreco early in 2015, the award of exceptional bonuses can be sure of being met with criticism on the part of shareholders. But it is not only shareholders who denounce bonuses of this kind, but other stakeholders such as employees, trade unions and society in general as well. In 2014, the EGM at Corbion rejected the award of exceptional bonuses to Management Board members in

connection with the sale of a large division. These bonuses, which were awarded in shares, had already been granted by the Supervisory Board, however. In the end the Supervisory Board was able to claim back an amount of €350,000, i.e. 43% of the original amount awarded.

The CEO of KPN decided personally to give back a special transaction bonus to the value of €425,000 for the sale of E-Plus, after various trade unions had exerted particular pressure on him to do so. The unions had threatened to make the bonus part of the negotiations on a new collective labour agreement. Since 2008 the remuneration policy at KPN has given the Supervisory Board explicit powers to decide to award an exceptional bonus at its discretion. Shareholders called on the Supervisory Board during the KPN AGM to cancel these powers and the Supervisory Board is considering a response.

The award of exceptional bonuses, such as transaction, completion and retention bonuses is rejected in the Eumedion recommendations for a sound remuneration policy.

The Supervisory Board of Delta Lloyd decided to make use of the malus provision to decrease the 2012 bonuses of the then-chair of the executive board and the other executive board members (total downward revision of €244,400 in cash and 22,531 performance shares). The Supervisory Board arrived at this decision after internal investigations into transactions effected for Delta Lloyd on the basis of confidential information. The Dutch Central Bank (DNB) fined the insurer for this and also gave instructions for the CFO to be dismissed. These measures are disproportionate in Delta Lloyd's opinion and the company has asked for a court ruling on the matter.

The non-executive directors at Unilever, on the other hand, made use of their discretionary powers to raise the short-term bonus for the executive directors (from 68% to 80% of the target score, following which this figure was increased again by the so-called personal performance multiplier). The Supervisory Board at SBM Offshore made use of its discretionary powers to increase both the short-term and long-term bonuses to the maximum score, while the Supervisory Board at BESI decided to award the CEO an exceptional bonus of 60,000 shares, "due to the Company's extraordinary financial performance and the out-performance of the most challenging strategic targets set".

7. More direct involvement of major shareholders in Supervisory Boards

It had already become clear in recent years that major shareholders are specifically interested in being represented on Supervisory Boards. Examples are PostNL, which is represented at TNT Express via Sjoerd Vollebregt, América Móvil which is represented by two supervisory directors at the KPN Supervisory Board, and Jaap Winter who represents major shareholder Frits Goldschmeding on the Supervisory Board of Randstad Holding. At the end of 2014 one or more major shareholders were either directly or indirectly represented on the Supervisory Boards of approximately one-quarter of Dutch listed companies. This trend continued even more strongly this year. In the case of the recent IPOs of Lucas Bols, GrandVision, Refresco and Kiadis Pharma and the upcoming IPO of Flow

Traders, the selling shareholders know that they are still directly represented on the Supervisory Board. Furthermore, the major shareholder in AMG acquired a seat on the AMG Supervisory Board this year. In many cases, the greater involvement on the part of the major shareholder(s) is formalised by means of a relationship agreement, which sets out the respective rights and obligations of the company and the major shareholder(s). The main points in the relationship agreements are disclosed as a rule – by means of a press release, the prospectus or the annual report – so that all shareholders are aware of the material aspects of the agreement. The agreement frequently includes provisions for matters such as a specific lock-up period, the reduction or termination of the representation on the Supervisory Board when the equity interest remains below certain limits, representation on Supervisory Board committees, and sometimes also the subjects that require the explicit approval of the major shareholder's representatives on the Supervisory Board.

Direct or indirect representation of (major) shareholders on the Supervisory Boards of listed companies is making its entrance into the Netherlands. Eumedion is not opposed to this development, partly because it may herald an incentive to improve the quality and professionalism of the supervision. However Eumedion would like to stress that under Dutch company law all supervisory directors have to act in the best interest of the company and all its stakeholders and should not represent a special, partial interest. Furthermore, Eumedion would, urge the companies and major shareholders in question to implement the following recommendations:

- The main points agreed on should always be disclosed.
- Safeguards should be built in to counter any semblance of insider trading.
- The independence rules in the Dutch Corporate Governance Code should be observed to the greatest possible extent, which is to say no more than one non-independent supervisory director. If there are good reasons for not complying with these rules, it should at least be ensured that at least a majority of the supervisory directors meet the independence criteria as defined in the Dutch corporate governance code.
- The representatives of the major shareholder should not be allocated extra rights, such as specific rights of approval or extra voting rights, within the Supervisory Board.
- For as long as the company has a majority shareholder, important proposals such as an amendment to the articles of association, a legal merger, liquidation of the company and major transactions as defined in section 2:107a of the Dutch Civil Code require the approval of at least two-thirds of the votes cast in the AGM.

In this way Eumedion believes that a good balance can be maintained between the interests of major and minority shareholders.

Appendix 1: most controversial voting items at 2015 AGMs (excluding votes cast by Trust Offices)

AGM	Subject	Result
Groothandelsgebouw	Discharge of the Management Board	88.47% against (**resolution voted down**)
Groothandelsgebouw	Discharge of the Supervisory Board	88.46% against (**resolution voted down**)
Groothandelsgebouw	Distribution chargeable to the other reserves	87.57% against (**resolution voted down**)
Groothandelsgebouw	Distribution chargeable to the reserves	87.51% against (**resolution voted down**)
Accell Group	Amendment of Articles of Association	44.4% against
Stern Groep	Authority to repurchase shares	44.3% against
AMG	Disapplication of pre-emption rights (second 10% tranche)	43.84% against **(resolution voted down)**[3]
AMG	Disapplication of pre-emption rights (first 10% tranche)	43.72% against **(resolution voted down)**[4]
Heijmans	Disapplication of pre-emption rights	34.93% against
Heijmans	Authority to issue new shares (including anti-takeover preference shares)	34.87% against
Delta Lloyd	Discharge of the Management Board	33.39% against
PostNL	Disapplication of pre-emption rights	25.13% against
Fugro	Disapplication of pre-emption rights	24.94% against
USG People	Amendment of remuneration policy	24.82% against
USG People	Amendment of share plan	24.81% against
PostNL	Authority to issue new shares	24.79% against
NSI	Adoption of the final dividend 2014	22.30% against
Heijmans	Reappointment of supervisory director Sjoerd van Keulen	20.97% against

[3] Approval of this proposal required a legal 2/3 vote majority since less than 50% of the issued capital was present or represented at the AMG general meeting.
[4] Approval of this proposal required a legal 2/3 vote majority since less than 50% of the issued capital was present or represented at the AMG general meeting.