



## Shareholders flex their muscles on executive pay in 2018 Dutch AGM season

*Eumedion publishes analysis of the 2018 AGM season voting data*

**The Hague, 6 July 2018.** Shareholders of Dutch listed companies are turning up the heat on executive pay policies. Where in the past shareholders primarily assessed whether the new policy was aligned with the 'pay for performance' principle, they are now also looking critically at the impact of the new policy on the absolute levels of executive remuneration.

Voting data from the 2018 shareholder meetings (AGM) season compiled by Eumedion found that the average dissent level on remuneration proposals increased to 16.5% (excluding the votes cast by Trust Offices). Peaks were those of Van Lanschot Kempen (56.8% dissent), Unilever (43% dissent), Curetis (37.8% dissent) and SBM Offshore (30% dissent). In 2015, 2016 and 2017, on average only 6.3% of the share capital voted against the remuneration proposals. Eumedion has already urged the legislator to increase the AGM voting threshold for approving a new remuneration policy from a simple majority of the votes cast to a qualified majority of 75% or 80%. This can increase the support of a new policy among shareholders, especially among so-called sustainable and responsible institutional investors. In addition, at the AGMs of companies that still have a depositary receipt structure, only the holders of depositary receipts should be allowed to vote on the remuneration proposal; the Trust Offices should abstain from voting. This is already the case at ABN AMRO and Koninklijke Brill, but not yet at Unilever<sup>1</sup>, Fugro, TKH Group, Heijmans, KAS Bank and Van Lanschot Kempen.

Other 'highlights' this year were:

- The average level of voter turnout at the AGMs of the AEX companies increased by 1 percentage point, to 72.4 percent, reaching its highest level so far recorded. This reflects the increased involvement of shareholders in the investee companies.
- There is hardly any increase in the number of female executives at Dutch listed companies. Of the 42 largest Dutch listed companies, 33 do not have any woman on the Executive Board. Three of the Dutch AEX and AMX companies lack both a female executive and a female supervisory director. Eumedion will notify companies that lag behind the legal target of at least 30% female executives and supervisory directors this year to take action to improve diversity in boardrooms.

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<sup>1</sup> Upon completion of the planned integrated of Unilever NV and Unilever PLC later this year, Unilever intends to close its Trust Office and to terminate the related depositary receipt structure.

- The revised Dutch corporate governance code had a positive effect on the reporting by Dutch listed companies. For example, most companies now provide better insight into the (long-term) value creation model and into the company's purpose, values and internal culture. However, the reporting on internal pay ratios shows a very diverse picture. An unambiguous methodology for calculating the pay ratio is missing. Eumedion hopes that the listed companies will develop a uniform reporting method in the upcoming period, so that the usability of this figure will increase for shareholders and other stakeholders.

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#### **About Eumedion**

Eumedion is the Dutch based corporate governance and sustainability forum for institutional investors. Eumedion has 65 Dutch *and* non-Dutch participants – all with a long term investment horizon – and its general aim is to promote good corporate governance and sustainability at Dutch listed companies. Participants include a wide range of institutional investors: pension funds, mutual funds, asset managers and insurance companies. Together they have more than € 5 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.

For more information:

Rients Abma, Executive Director Eumedion

Telephone: + 31 6 53261876

E-mail: [rients.abma@eumedion.nl](mailto:rients.abma@eumedion.nl)

[www.eumedion.nl](http://www.eumedion.nl)