



Large investors want to return to in-person shareholders meetings

Eumedion publishes its analysis of the 2021 AGM season

The Hague, 9 July 2021. As in 2020, the coronavirus severely affected the format of and discussions at the annual general shareholder meetings (AGMs) of Dutch listed companies this year. The vast majority of Dutch AGMs (82%) was held digitally this year. A substantial number of the Dutch listed companies (41%) responded the call made in February by shareholder organisations Eumedion, VBDO and VEB to enable shareholders to raise their questions verbally at the virtual AGM. But because this facility was often only offered to clients of the company's 'house bank', most institutional investors were unable to make use of it. As a result, this year too, many shareholders did not have a real opportunity to hold company boards to account through live Q and A and discussion. Institutional investors therefore want a return to in-person or - at most - hybrid AGMs as soon as possible. This is one of the main findings in today's released Eumedion analysis of the 2021 AGM season.

The presentations and (written) questions at the AGMs were dominated by the expected short and long term impact of the corona pandemic on the company, the impact of climate change on the company and executive remuneration. As in 2020, executive remuneration was the most contentious voting item. Nineteen out of the in total 43 resolutions that received significant shareholder dissent (over 20%) were related to this topic. Shareholders mainly voted against the remuneration reports. In particular, disclosures of bonus performance measures, the selection rationale and an explanation of the outcomes in comparison with the targets set fell short. This year, by contrast, significantly fewer proposals to amend the executive remuneration policy were rejected or withdrawn: five compared to thirteen in 2020. Most listed companies that had their remuneration policy rejected in 2020 put forward a more moderate proposal this year. Such a proposal could count on strong shareholder support.

The 2021 AGM season by the numbers:

- In total, just over 1,200 resolutions were put to the vote this season. 43 of these resolutions received significant shareholder dissent (over 20%). Twelve resolutions were rejected by the AGM and five resolutions were withdrawn or amended ahead of the AGM. Two proposals could only be adopted with the help of a "friendly" Trust Office.
- 82% of the AGMs was held entirely virtual, 4% in a hybrid format and 14% in-person. Of the virtual AGMs, 91% could be followed live via a video webcast (the remaining 9% offered an audio webcast only). At 45% of the virtual AGMs, shareholders could vote live and at 41% of the virtual

AGMs shareholders were able to raise questions verbally. The majority of AGMs thus lacked any form of live interaction between shareholders and the company boards.

- New legislation and reduced short selling activities resulted in a record number of votes cast at the AGMs of AEX and AMX companies: an average of 75% and 70.9% respectively (compared to 73.4% and 63.3% in 2020). Only listed companies with a relatively large share of private investors in the total shareholder base are lagging (far) behind.
- For the second year in a row, executive remuneration was the most contentious voting item: 73% of the board proposals rejected by the AGM this year related to the executive remuneration policy or to the remuneration report, and 43% of all board proposals that received significant shareholder dissent (over 20%) was related to this topic. Around 30% of the Dutch listed companies reduced or cancelled the executive bonus payments as a result of the corona pandemic. The remaining companies (70%) saw no reason to intervene in bonus payments as a result of the pandemic.
- The progress in the number of female executives is slowing down. During this AGM season, 20 new executives were nominated; only 5 of them were female (25%; in 2020: 37%). Consequently, the average number of female executives at the AEX companies stagnated at 19%, while the average number of female executives at the AMX companies even decreased from 13% in 2020 to 12% in 2021. The picture at the supervisory or non-executive board level is much more positive. The average number of female supervisory directors at both the AEX and AMX companies is above the soon-to-be-required 33%. Nevertheless, 33 Dutch listed companies do not yet comply with the forthcoming legislation on gender diversity in supervisory or non-executive boards: 31 because they have too few female supervisory directors and two because they have too few male supervisory directors (Avantium and Pegasus Europe). Twelve (small) Dutch listed companies do not yet have a single woman in their supervisory or non-executive board.
- Partly due to the impact of the corona pandemic, the average number of supervisory or non-executive board meetings at AEX-listed companies rose by 20% and at AMX-listed companies by 30%. Several companies established more separate committees within the supervisory or non-executive board, in particular in the area of sustainability.
- 86% of the Dutch AEX companies and 60% of Dutch AMX companies have committed themselves to achieving certain climate-related targets. In total, thirteen Dutch listed companies have committed themselves to having fully climate-neutral operations by 2050 at the latest. However, it is difficult for shareholders to verify how 'hard' and credible these commitments are.