

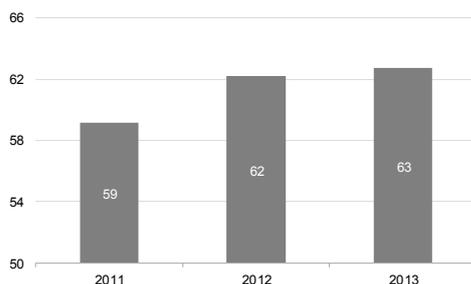
## Highlights

- The average attendance rate hit a record of 63% in line with the upward trend over the last years
- At KPN and PostNL, the discharge of the Supervisory Board met with fierce shareholder opposition.
- In additions these two companies also faced significant shareholder opposition for some of their Supervisory Board nominees.
- Management Board remuneration was on the agenda in 8 (of 25) AEX companies. At Heineken and PostNL, more than 20% of the shareholders did not approve the proposals.
- Authorization request for share issuance in excess of 10% increasingly face shareholder opposition.
- To end, 3 out of the 24 companies needed rights issues to repair their balance sheets, an unusual high level.

## Introduction

This summary report presents the highlights of the Dutch 2013 proxy season of the large cap companies included in the AEX index. The average attendance rate hit a record of 63%, which is in line with the upward trend over the past years (see figure 1). Compared to previous years, none of the AGM agenda items were opposed by a majority of the shareholders. As most agenda items were approved by at least 95% of the votes, the report will focus on the most contested items, which were: discharge of Board members, Supervisory Board nominations, executive remuneration and authorisation of share issuance. Finally, it is worth noting that a number of companies needed to repair their balance sheets by means of a rights issue.

Figure 1: AGM Attendance (in %)



## Discharge of Board members

Under normal circumstances, discharge of the Management Board and the Supervisory Board is approved by almost 100% of the shareholders. In 2013 however, the Supervisory Board of PostNL and both the Management Board and Supervisory Board of KPN met with fierce shareholder opposition. Both companies have been through turbulent times and their (share) performance has disappointed over the last years.

## Supervisory Board nominations

Remarkably, the (re-)appointment of members of the Supervisory Board at KPN and PostNL were also lively debated. At KPN, shareholders expressed their concerns over the large number of board positions Mr. Routs' was appointed to (76% approval rate). At PostNL, shareholders did not agree with the appointments of Ms. Jongerius (48% approval rate) and Mr. Engel (60% approval

rate). Interesting to note is that both proposals were based on the exercise of the enhanced recommendation right of the Central Works Council.

Even though this is permitted by the Dutch Corporate Governance Code, shareholders expressed their concerns over these nominations. Like at other Supervisory Board appointments every new candidate should be judged on their own merits, with no exception for Works Council candidates.

## Executive remuneration

Adjustments to the remuneration policy of the Board of Management was on the agenda at 8 of 25 AEX companies. Two companies requested approval of the remuneration report, while 1 company (Heineken) proposed one-off grants to the members of the Board of Management.

Heineken proposed a payment of an extraordinary share award to the CEO and CFO in the light of the acquisition of APB. Shareholders considered a (successful) acquisition as "part of the job" of Executive Board members and therefore they should not be rewarded with a generous extraordinary share award. The proposal was approved by 79.2% of the shareholders, which is low given the large block holding (50.005%) by the Heineken family (via Heineken Holding N.V.).

Furthermore, Heineken proposed a retention share award to the CEO. Firstly, the proposal included a grant without any performance criteria attached (a deviation from best practice provision II.2.5. of the Dutch Corporate Governance Code). Secondly, the current LTI-plan should include challenging targets and ensure retention of the CEO, which makes this retention share award redundant. Therefore, only 79.8% of the shareholders approved this proposal.

At PostNL, the old remuneration policy consisted of a base salary and a short-term incentive (STI). In the new remuneration policy, it was proposed to introduce a long-term incentive (LTI). In the transition phase, the remuneration committee considered that an "income gap" would arise, which was mitigated by introducing restricted shares (for a period of 3 years), only subject to continued employment (no performance hurdles). Shareholders opposed to this proposal, which was adapted by only 79.2% of the votes.

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**Authorisation to issue shares**

Over the last couple of years, the issuance of shares and the corresponding restriction of pre-emptive rights has been facing more and more shareholder opposition.

Figure 1.2. shows the relation between the requested authority to restrict or exclude the pre-emption rights as well as the approval rate during the last AGM season.

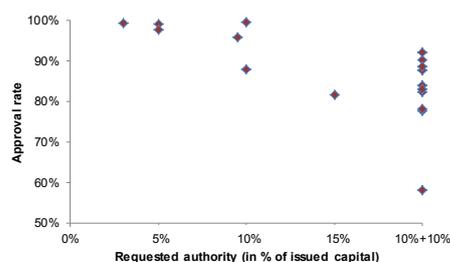


Figure 1.2. Votes in favour of authorisation

Authorisations up to 10% of the issued share capital receive large support in general. However, the common authorisation request of 10% and an additional 10% for mergers and acquisitions increasingly faces opposition by shareholders with approval rates between roughly 60% and 90%.

**Rights issue to repair balance sheets**

In 2013, an unusually high number of AEX companies needed to increase their capital by means of a rights issue. These companies were Imtech, KPN and SBM Offshore.

At Imtech, fraud in Germany and Poland resulted in a write-offs and a breach of the bank covenants. The rights issue will be used to strengthen the balance sheet.

The proceeds of the KPN rights issue were used to reduce leverage and maintain the investment grade credit rating. KPN maintained high debt levels in absolute terms due to aggressive capital distribution to shareholders in terms dividends and share buy-backs. However, these levels could no longer be sustained once profitability slipped as a result of social media and new communication channels like Skype and WhatsApp threatening traditional telecom business models.

SBM Offshore had to announce a rights issue in connection with several problems relating to the Yme project. SBM Offshore used the full proceeds of the offering to address the financial impact of the settlement reached with Talisman in respect to the Yme project.