

PROXY SEASON REVIEW

NETHERLANDS



CMi2i LETTER

I am delighted to provide you, for the third year in a row, the CMi2i Proxy Season Review, a corporate governance analysis of the main European markets. The purpose of this analysis is to allow you to better understand the latest corporate governance developments and to highlight the latest trends that are predominant in the market.

2023 marks a very important year for CMi2i, with it being our 10 year anniversary. During this time, CMi2i's Capital Markets Intelligence and insights consistently made the difference to the success of deals, AGMs, Activist Defences, IR strategies and proxy battles. We have invariably identified investors where others have not. We continue to provide unrivalled expertise and put our intelligence into context. And ultimately, giving you the edge you need to win.

When we started in 2013, the capital market environment was a very different picture than today. In particular, we have observed the rise of ESG considerations that just a few years ago were not considered as essential for issuers and investors. Today, partly driven by new responsibilities and accountability imposed by the Stewardship Codes, investors have become increasingly vocal and want to play a more active role in the companies they are investing into. Moreover, proxy advisors' influence is stronger than ever. Most resolutions that received an Against recommendation from proxy advisors often also received high shareholders dissent. Finally, more and more investors have taken the opportunity to onboard "pass-through voting initiatives" where funds

and retail investors are being given more of a voice in voting the proxies. This has made the identification of shareholders at the Fund level even more of an imperative when establishing who will support a company – as it is based on who controls the vote. As a result an AGM average quorum increase has been observed among almost all the countries analysed.

With increased scrutiny, more stringent regulations and new corporate governance requirements approved every year, CMi2i is best placed to help your next general meeting preparation in order to gather optimal AGM representation and to maximise shareholders support.

A special thanks goes to the CMi2i Proxy team that contributed to the production of this latest series of reports and to all our clients that trusted our global market intelligence services once again.



Mark Simms, CEO



METHODOLOGY

This review is a chapter of the “2023 CMi2i European Season Review”.

As every year, CMi2i gathered the Annual General Meeting data for the main European markets in order to analyse and present the predominant trends related to Governance, Sustainability and Shareholder Activism.

Continental Europe has been divided into ten main regions: Italy, Spain, Switzerland, France, Netherlands, BeLux (Belgium + Luxembourg), Germany, Nordics (Sweden + Norway + Finland), Ireland and UK. The following stock indices have been investigated: FTSE MIB 40 (Italy), IBEX 35 (Spain), SMI 20 (Switzerland), CAC 40 (France), AEX (Netherlands), BEL 20 + LUXX 10 (Belgium + Luxembourg), DAX 40 (Germany), STOXX NORDIC 30 (Nordics), ISEQ (Ireland) and FTSE 100 (UK). In the case that a company is a member of more than one index, we will consider it only as part of the market where it is headquartered.

Moreover, a brief analysis of the Secondary index will be present where relevant, especially for the bigger markets.

For editorial reasons, this review will focus only on the meetings that took place between 1 August 2022 and 31 July 2023. Only Annual General Meeting are considered, with the limit of one meeting per company, in case a issuer had multiple meetings during the period under review. Only management proposed resolutions are being counted, while shareholder proposed resolutions will be analysed separately when relevant.

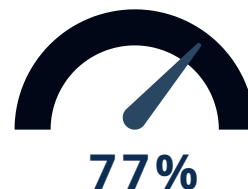
Every meeting has been analysed according to company provided disclosure and public available information. The quorum gathered is the figure published by the companies; in the case a company did not disclose the meeting quorum the highest number amongst each resolution has been considered.

In order to compare markets, all the proposed resolutions have been split into 10 different main categories: Auditor, Board Related, Bylaws Amendment, Capital Related, Dividend, Financial Statement, Remuneration, E&S, M&A, Other.

Two level of shareholder dissent will be considered relevant in this review: above 10% and above 20%. Therefore, all the resolutions that gathered at least 90.1% support will not be marked as contested. Resolutions that received between 80.1% and 90% will be considered contested while resolutions receiving less than 80% support will be considered highly contested. When it comes to failed resolutions, resolutions that received below 50% support are generally considered failed. However, in some markets and cases, the threshold might be higher at 75% or 2/3 of the vote cast, in these eventuality, we will clarify the market specificity case-by-case.

HIGHLIGHTS

AVERAGE
QUORUM



77%

COMPANIES
WITH
SIGNIFICANT
DISSENT*



HIGHLY
CONTESTED
RESOLUTIONS
(>20% DISSENT)



E&S PROPOSALS



FAILED
PROPOSALS



2023

NETHERLANDS

AEX + AMX

*At least one resolution with 20% or more against votes.



The following 37 issuers have been analysed as part of either the AEX (Adyen, ABN Amro, Aegon, Ahold Delhaize, Akzo Nobel, ASM, ASML, ASR, BE Semiconductor Industries, Exor, Heineken, IMCD, ING, KPN, NN, Philips, Prosus, Randstad, Universal, Wolters Kluwer) or the AMX Indices (Aalberts, Alfen, AMG, Arcadis, Basic Fit, Corbion, CTP, Eurocommercial, Fugro, JDE, Just Eat Takeaway, OCI, SMB Offshore, Signify, TKH, V Lanschot Kempen, Vopak). 8 issuers have been excluded from the analysis, given they are part of other indices/headquartered outside the Netherlands: Air France KLM, Allfunds, Aperam, Fagron, Flow Traders, Galapagos, Inpost, WDP.

During the 2023 Dutch Season Review 480 management resolutions were put forward across 37 companies, with an average support rate of 97%. Moreover, 3 resolutions failed to be approved, 28 were contested (with at least 10% dissent) and 13 were highly contested (with at least 20% dissent). 8 companies received significant dissent (20% or more) on at least one resolution and therefore will be required to address shareholder dissent ahead of next season's AGM. These companies include: BE Semiconductor, Corbion, Eurocommercial, ING, KPN, OCI, Philips and Universal.

The Dutch 2023 Proxy Season Review has been mainly seen as a transitional one. In fact, despite the publication of the revised Dutch Corporate Governance Code at the end of 2022, companies will have to report in line with this new Code, but only starting from the 2023 fiscal year.

Therefore, the expectation is for the main changes to be voted on during the 2024 Proxy Season. These changes will include, but are not limited to, sustainable long-term value creation for shareholders, diversity and environmental and sustainability reporting.

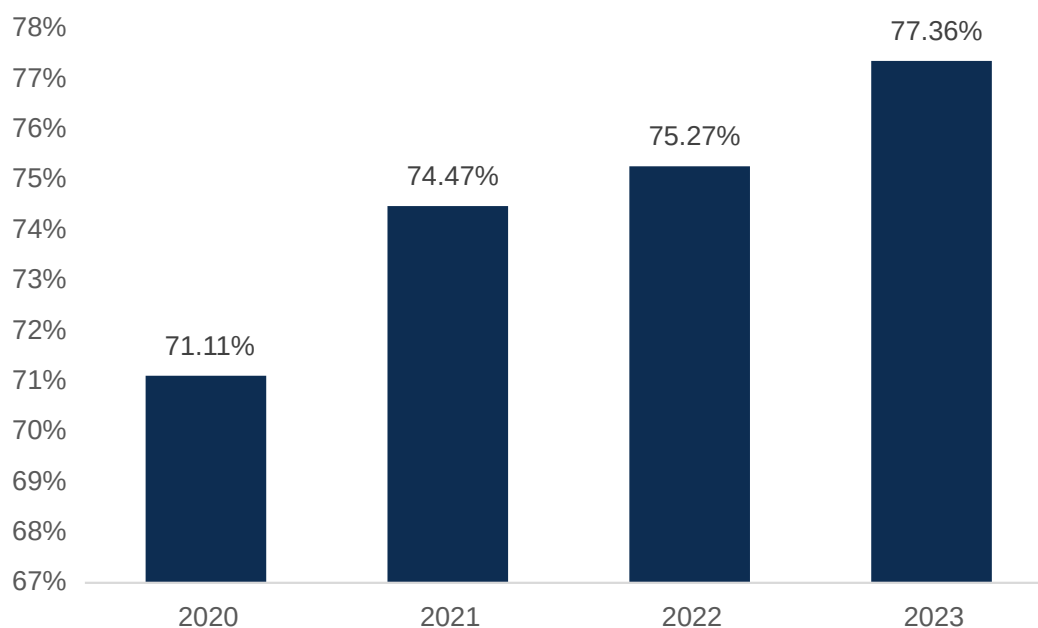
This year, no Dutch issuers decided to put forward any sustainability related proposals. Considering that, from next year, companies will be required to develop a view on sustainable long-term value creation and to formulate strategies in line with this view as required by the new Code, and the expectation is to see a marked increase in the dissent level soon. In fact, International investors are already used to vote on such proposals in other markets and are usually very demanding when it comes to E&S (Environmental and Sustainability) considerations.

NETHERLANDS AEX + AMX QUORUM

The overall AGM representation (quorum) for the Dutch 2023 proxy season was 77.36%, the highest number recorded in the last four years and one of the highest quorums recorded in Europe this season. High participation level is usually seen as a positive sign for issuers.

Companies from the likes of Exor, Prosus, Heineken and Randstad (AEX) and TKH, JDE and CTP (AMX) recorded almost perfect attendance at their 2023 Annual General Meetings, with AGM quorum representation well above 90%.

Four Years Quorum Evolution

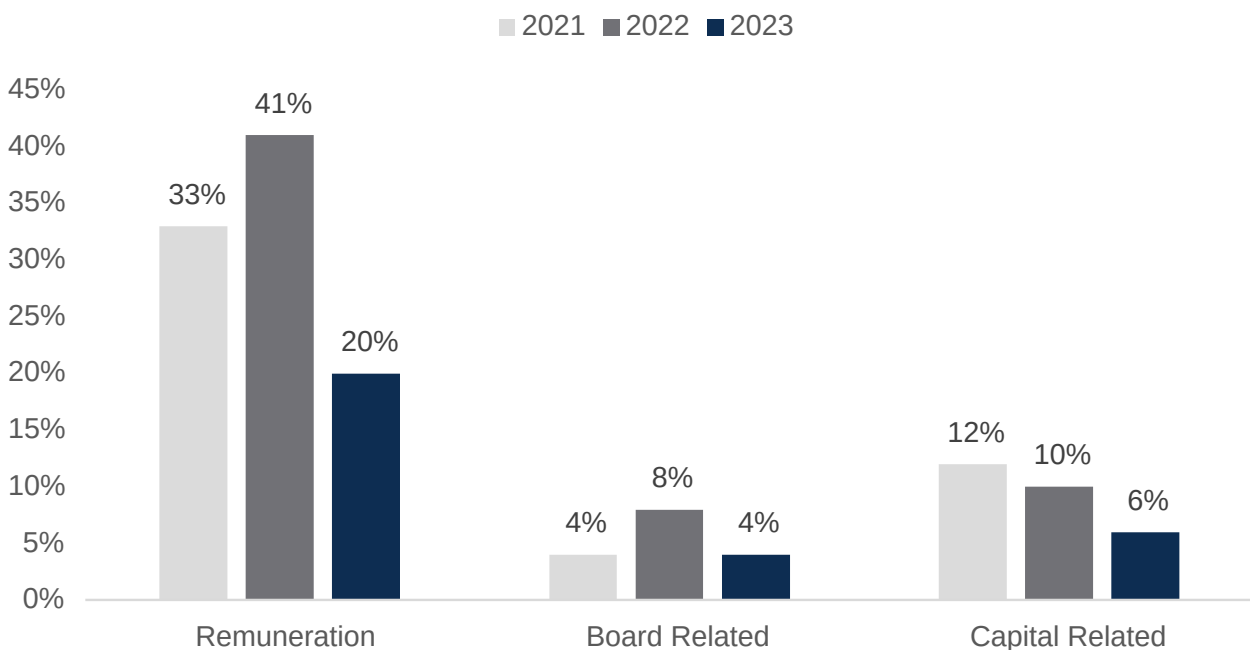




Based on the disclosed results, and considering 10% dissent as a threshold for opposition, Remuneration related proposals were the most contested with 20% of such proposals opposed by shareholders. Capital Related resolutions were the second most contested category with 6% of such proposals being contested, followed by Board Related proposals with 4% being contested.

Among the companies analysed this year, we observed a marked overall decrease in the total number of contested resolutions. As seen previously, this year has been a transitional year for Dutch issuers that mainly put forward standard proposals. The 2024 season and the consequent introduction of the new Dutch Corporate Governance Code will force companies to introduce substantial changes, and an increase in the dissent level is therefore expected.

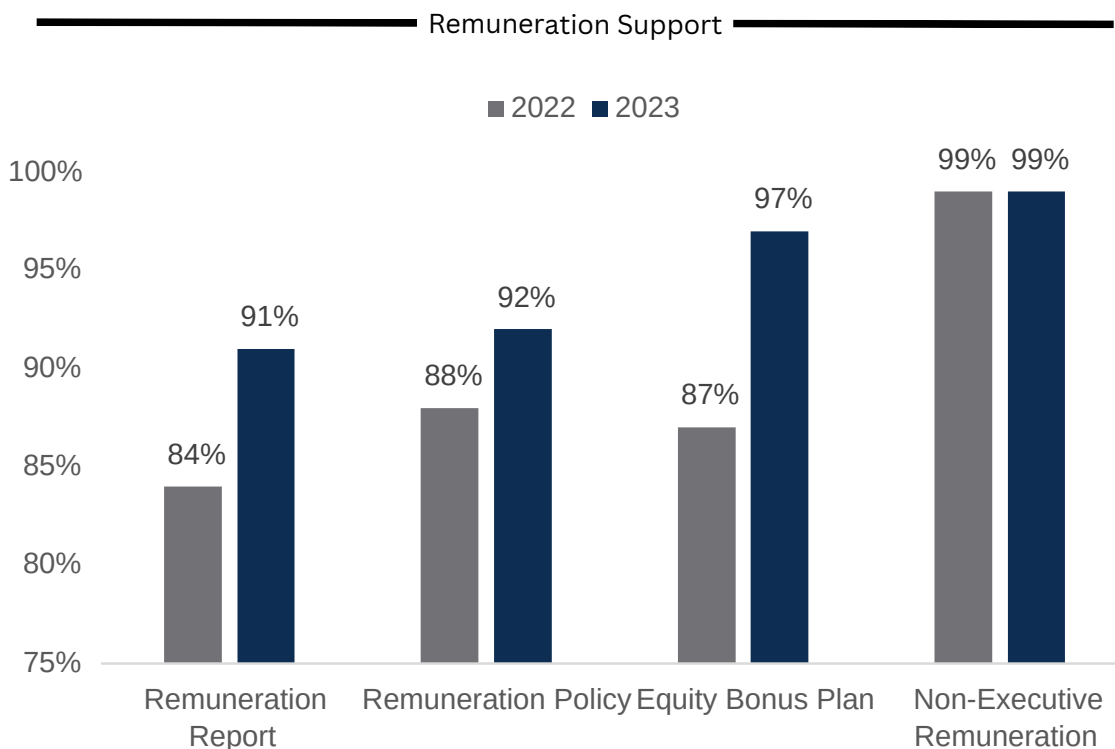
Three Years Contested Resolutions





Compensation concerns have once again led institutional investors’ agendas and, despite the overall decrease in contested resolutions, Remuneration related proposals remained the most contested category in the Netherlands. In fact, out of 61 Remuneration related proposals, 12, equivalent to 20% of all proposals received 10% or more shareholder dissent. A total of 3 Remuneration policies and 9 Remuneration reports received significant dissent.

Among the resolution proposed, the Remuneration Report appeared to be the category gathering lowest support (91%) followed by Remuneration Policy (92%), Equity Bonus Plans (97%), and Non-Executive Remuneration (99%).





Koninklijke Philips NV

PHILIPS

AGM: 09/05/2023

Quorum: 74%

Average Support: 92%

2e - Approve Discharge of the Management Board



During the 2023 Dutch Season three resolutions at three different companies failed to gather the required approval and were therefore rejected by shareholders, with the first of these being for Philips.

The highest dissent was observed at the 9 May 2023 Annual General Meeting of Philips, where agenda item 2e, to approve the Discharge of the Management Board, failed to be approved by shareholders. In particular, 414,487,427 votes against were casted, equivalent to 76.42% of the AGM quorum, with only 127,865,347 votes in favor, equivalent to 23.58% of the share capital present at the meeting.

The primary reason of the shareholders dissent was to prevent the discharge of the former CEO, Frans Van Houten, who was dismissed in 2022. Previously to that, Philips had to recall certain breathing devices and ventilators because of a foam part that might degrade and become toxic, potentially causing cancer. The scandal resulted in a 70% plunge in the company's market value and for this reason the management team decided to forego their annual bonuses. However, Frans Van Houten has not been responsive to shareholders dissent and decided to not forego his variable incentive.

Both the mainstream proxy advisors, ISS and Glass Lewis, issued a negative recommendation to the proposal and international investors with the likes of abrdn, Allianz, AXA, L&G, Norges, Pictet, and Wellington all voted against.



BE Semiconductor Industries



Besi

AGM: 26/04/2023

Quorum: 72%

Average Support: 92%

6 - Approval of the Remuneration Report



During the 2023 Dutch Season three resolutions at three different companies failed to gather the required approval and were therefore rejected by shareholders, the second of these was for BE Semiconductor Industries.

At the 26 April 2023 Annual General Meeting of BE Semiconductor Industries agenda item 6, approval of the Remuneration Report, failed to be approved by shareholders for the second year in a row receiving only 26% support. The main reasons for the shareholders' against votes were the lack of dissent acknowledgment and the 70,000 shares discretionary award with a value above €5m that was issued in 2022. At the 2022 AGM the Remuneration Report failed to be approved with only 22% support for the same reason, in fact, a 100,000 shares discretionary award was issued in 2021 as well.

Both the mainstream proxy advisors, ISS and Glass Lewis, issued a negative recommendation to the proposal and international investors with the likes of abrdn, Allianz, AXA, BlackRock, Calvert, L&G, Pictet, and UBS all voted against.

It has to be noted that the company also put forward a new Remuneration Policy at the 2023 AGM. The new policy will be effective from 2024 onwards and represents a tangible improvement addressing shareholders concerns. The new policy was supported by investors with 95% support.



Universal Music Group



AGM: 11/05/2023

Quorum: 88%

Average Support: 86%

8b - Reelect Anna Jones as Non-Executive Director



During the 2023 Dutch Season three resolutions at three different companies failed to gather the required approval and were therefore rejected by shareholders, the last of these was for Universal Music Group.

At the 11 May 2023 Universal Music Group Annual General Meeting one Board Related resolution, the re-election of Anna Jones as a Non-Executive Director was rejected by shareholders with 59.14% votes against and only 40.86% votes in favor. On top of that, agenda item 7b, approval of a supplement to the Company's existing Executive Directors Remuneration Policy in respect of Sir Lucian Grainge, and agenda item 3, Advisory vote on the Remuneration Report 2022, was heavily scrutinised by shareholders and managed to pass with respectively 59.03% and 58.96% of the votes cast. The re-election of Anna Jones was opposed due to the ongoing remuneration issues, linked to insufficient response to the previous year's dissent.

Both the mainstream proxy advisors, ISS and Glass Lewis, issued a negative recommendation to both the Remuneration policy amendment and report while only Glass Lewis recommended against the election of Anna Jones.



This year's Dutch AGM season was less contested than the previous one. However, 3 resolutions still failed to be approved amongst three different issuers.

Next year the Dutch Proxy Season will be under the spotlight of institutional investors, with the introduction of the new Dutch Corporate Governance Code and the consequent mandatory reporting for issuers when it comes to Environmental and Sustainability, Diversity and Shareholder Rights. The expectation is for most of the Dutch issuers to improve their disclosure, particularly regarding E&S considerations in order to avoid investors' dissent.

POSITIVES

- Overall dissent decreased year-on-year compared to 2022.
- Quorum was the highest among the last 4 years.
- Only 8 companies received significant dissent.
- Remuneration support improved year-on-year.

NEGATIVES

- 3 resolutions failed to be approved.
- No E&S proposals have been put forward this year.
- Most of the issuers do not seem to be ready to implement the new Dutch Corporate Governance Code from next year.



CONTACTS

CMi2i is a capital markets intelligence firm headquartered in London that specialises in helping issuers and their advisers to identify debt and equity investors and to understand their behaviour. Our senior team brings decades of experience in market data analysis, investor identification, targeting, Corporate Governance advisory and proxy solicitation, drawn from detailed working knowledge of the key capital market participants, corporate governance, and regulation. Our bondholder and shareholder identification reports are used by issuers and their advisers to plan day-to-day IR activities as well as to successfully navigate corporate actions, including debt restructurings, consent solicitations, tender offers, refinancing, and M&As. CMi2i also provides bondholder and shareholder identification reports designed to meet regulatory and tax certification requirements, including withholding tax exemption rules and SEC Rule 802. Over the years we have provided support and advice to over 500 of the largest, most structurally complex companies in the world, and our team has worked on over 1000 transactions, analysing over \$200billion worth of bondholders in the secondary market.



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CMi2i

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