

ASN Beleggingsinstellingen Beheer B.V. (ABB) Voting Behaviour – Q3 2016

A summary of Q3 2016 voting for ABB is displayed below.

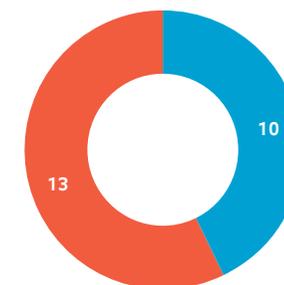
	Q1	Q2	H1	Q3	Q4	Annual
Total Meetings Voted	24	116	140	23		163
Voted For Management	11	32	43	10		53
Voted Against Management ¹	13	84	97	13		110
Total Management Resolutions	287	1,662	1,949	324		2273
Votes For	264	1,422	1,686	297		1983
Votes Against	22	235	257	26		283
Votes Abstain	1	5	6	1		7
Total Shareholder Resolutions	2	49	51	1		52
Votes For	1	26	27	1		28
Votes Against	1	23	24	0		24
Votes Abstain	0	0	0	0		0
Total Resolutions	289	1,711	2,000	325		2325
Votes For	265	1,448	1,713	298		2011
Votes Against	23	258	281	26		307
Votes Abstain	1	5	6	1		7

¹ Opposed management on at least one resolution.

In Q3 2016 we voted a total of 23 company meetings in the ABB accounts, represented by 22 companies. ABB's voting policy was applied to all voting decisions made. We voted with management recommendations at 43 percent of the meetings and voted against management recommendations on at least one resolution at the remaining 57 percent of the meetings.

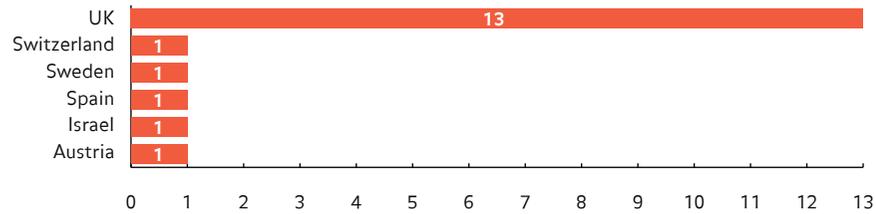
Total Meetings Voted For/Against Management

For Management	43%
Against Management	57%



Out of the 23 meetings voted during Q3 2016, 18 meetings were voted in Europe and 5 meetings were voted in the Americas. There were no meetings in the Asia Pacific region. The two charts below display the meeting distribution by country in each region.

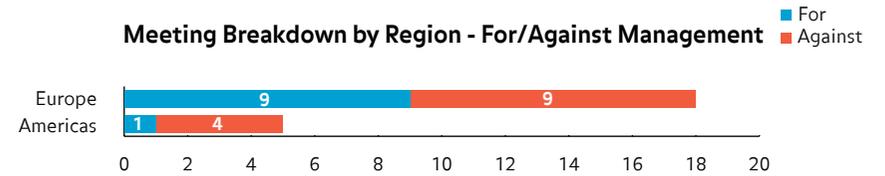
Meeting Distribution by Country - Europe



Meeting Distribution by Country - Americas



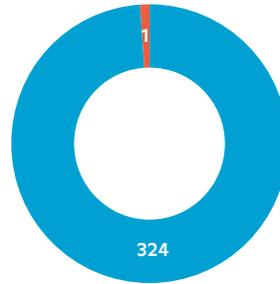
The chart below shows meetings voted by region broken down by votes cast for and against.



A total of 325 voting resolutions were reviewed and voted, of which 324 were management resolutions and 1 was a shareholder resolution. As illustrated in the second chart below, we did not support 8 percent of all resolutions.

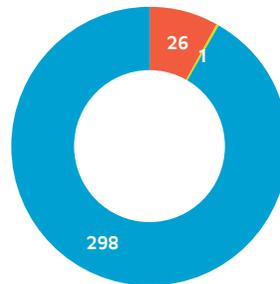
Type of Resolution - Management/Shareholder

Management Resolutions	100%
Shareholder Resolutions	0%



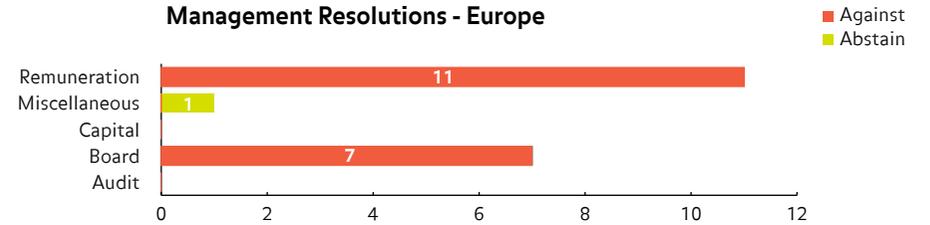
Resolutions - Votes For /Against

For	92%
Against	8%
Abstain	0%

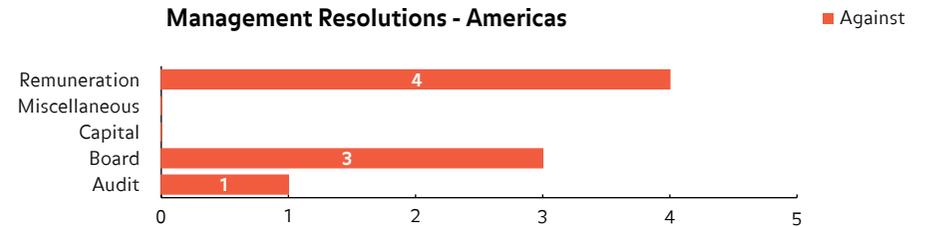


A total of 27 management resolutions were opposed during Q3 2016. The breakdown of these resolutions by region, type of resolution and the vote cast is provided in the charts below.

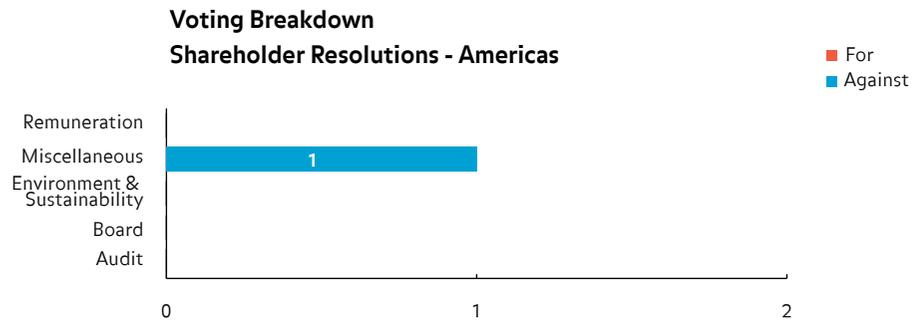
Negative Voting Breakdown Management Resolutions - Europe



Negative Voting Breakdown Management Resolutions - Americas



The breakdown of the shareholder resolutions that took place in the Americas by country, type of resolution and vote cast is provided in the chart below. There were no shareholder resolutions in the Europe region.



ASN Beleggingsinstellingen Beheer B.V. Q3 themes and case studies

After the busy round of company general meetings in April, May and June, Q3 is traditionally a quieter part of the year in the investor calendar. There were nonetheless 23 ABB portfolio company meetings during the period, the majority in the UK and the US, but also some in Austria, Israel, Sweden, Switzerland and Spain.

These meetings covered a standard range of issues, including annual reporting, board elections and directors' pay. Like most investors, ABB takes into account national corporate governance codes when voting on such matters. At the same time, ABB takes sustainability issues very seriously and believes that these cannot be separated from decisions about the management and strategy of companies. We therefore expect companies to be transparent about not only about their financial performance but also about their social and environmental impacts. In this report, we provide some examples of leaders in this area, as well as of companies where with our votes we encouraged them do better.

Companies leading the way in reporting on sustainability

Companies in nearly all countries are required to ask shareholders to vote on their annual reports and accounts at every annual general meeting. As part of our commitment to sustainability, ABB has special guidelines for voting on the reports and accounts. We have identified human rights, climate change and biodiversity as particular focus areas for our company dialogues. Similarly, we will only support a company's annual report if it pays sufficient attention to these issues and how the company addresses them – or if the company publishes a separate sustainability report which itself covers these issues.

Many companies provide at least a minimal acknowledgement of their approach to these social and environmental topics, but some excel in terms of depth and detail, including the examples below. ABB voted in favour of the report and accounts in each case, in view of the clear information provided.

UK food and clothing retailer **Marks and Spencer Group Plc** (which held its AGM on 12 July) launched 9 years ago a companywide sustainability programme called Plan A. It now publishes a separate Plan A report, alongside its annual report, which discloses that, among other achievements, it has attained complete carbon neutrality (that is to say, as a group, it produces zero carbon emissions overall). It also produces a separate human rights report, detailing the efforts it makes to manage human rights risks in its own operations and supply chain, including in relation to discrimination, forced labour and health and safety.

Meanwhile, UK packaging company **D S Smith Plc** (AGM on 6 September) prepares a detailed sustainability review containing information on its sourcing of raw materials, its approach to waste and its carbon footprint.

As a third example, Swedish technology trading company **Addtech AB** (AGM on 31 August), in its sustainability report, comments on how the company provides 'added value' in the economic, social and environmental domains. For instance, the environmental chapter reports on the company's environmental policy, its energy consumption and carbon emissions. Furthermore, the report cross-references its contents to the Global Reporting Initiative framework, which has become a benchmark for sustainability reporting.

ABB's decision to vote in favour of the report and accounts at all three meetings reflected the sentiment of the majority of shareholders. Indeed, at Marks and Spencer and D S Smith, the report and accounts received the support of over 99.9 percent of votes.

Managing a crucial resource: water companies and governance challenges

ABB invests in the water sector as we believe it is important for the long-term future to manage and protect this natural resource, particularly as many parts of the world are facing problems of water stress and pollution. Companies in this sector are susceptible to corporate governance issues and market dynamics in the same way as companies in other sectors, and it is up to ABB, as a responsible owner, to respond to these.

Companhia de Saneamento Basico do Estado (Sabesp) provides water and sewage services in the State of Sao Paulo and is listed on the Brazilian and US stock markets. The company held a special meeting on 28 July 2016, where it nominated a new director, Mr Arno Meyer, and put forward the directors' pay for approval. ABB has special provisions in our voting policy, which require corporate boards to display an appropriate degree of diversity and require executive pay not only to depend on financial targets but also to hinge on sound social and environmental practices. At Sabesp, while the board displays sufficient independence for the purposes of the Brazilian corporate governance code, we are concerned that it is entirely composed of male directors. Accordingly, in line with our policy, we did not support the election of Mr Meyer. Similarly, we have significant reservations about the company's pay policy. One of these is that the company apparently has no schemes in place specifically designed to encourage managers to think over the long term, and a second is that we see no evidence that executive pay awards are based on sustainability performance. ABB therefore elected also to vote against the resolution to approve the administrators' global remuneration. Both proposals passed at the AGM.

ABB also invests in companies providing water technologies. Israeli company **Amiad Water Systems** (AGM on 17 August 2016) sells water treatment and filtration systems. We have reservations about pay arrangements at Amiad. In general, we believe that it is important that the pay of non-executive directors are carefully controlled. This is because they have a key role in holding executive directors to

account and should retain their independence as far as possible. This means that companies should not pay them in a way that gives them a vested interest in the strategy pursued by the executives. However, at its AGM, Amiad sought to award share options to three independent non-directors. We disagree with this practice, as it could give them an incentive to back risky decisions that may have a short-term effect on the share price, even if, in their judgement, it is not in the best long-term interests of the company. We therefore opposed this award, which was also rejected by a majority of shareholders. ABB owns just under 5 percent of Amiad, and we consider therefore that this decision has helped to safeguard independent oversight of company management.

Audit: routine but not simple

The annual audit of financial statements may seem to some observers to be a dry administrative formality, but it has become a matter of some controversy. Auditors have faced criticism for failing to spot danger signs in the books of financial institutions in the run-up to the financial crisis, and are sometimes accused of being influenced by conflicts of interest, in view of lucrative consultancy arrangements that they have with client companies.

The issue resurfaced in a more unusual form at the AGM of US company **Itron, Inc** (14 September), which provides metering solutions to electricity, gas and water utility markets around the world. The company announced in July that there had been inaccuracies in financial statements issued in 2013, 2014 and 2015. These misstatements were connected to income and costs associated with the company's software products, and meant that the company's stated revenue for 2013 and 2014 were reduced by USD 10.7 million and USD 23.1 million respectively. The audit committee of the board has an important role in ensuring the accuracy of a company's financial statements, as their role includes oversight of accounting practices. Given the repeated nature of the accounting errors, and the size of the revisions to the accounts, ABB took the decision to vote against the re-election of the chair of the audit committee, Thomas Glanville, along with 14 percent of other shareholders.

Although this means that Mr Glanville will retain his role on the committee, this significant vote against his re-election should serve to reinforce the company's efforts to rectify weaknesses in its accounting system.

The question of audit reliability surfaced in a different fashion again at the AGM of global sportswear retailer **Nike** on 22 September. The company has retained the same firm of auditors, PricewaterhouseCoopers (PWC) for 46 years. We often find that companies in the US have audit mandates stretching back decades, and, even if the auditor has had a good record over that period, it creates the concern that the auditors and company management have formed too close a relationship, which may in turn make it difficult for the auditor to be objective when reviewing the company's financial statements. ABB therefore voted against the reappointment of PWC. The meeting also saw another proposal on the reporting of the company's financial management. A shareholder proposed that the company provide a twice-yearly report on its policies and procedures for making political contributions and expenditures, including to support candidates and campaigns. In general, ABB does not believe that political donations are an appropriate use of shareholders' money, and we have enshrined this principle in our voting policy. We also observed that Nike currently only provides limited information on its political spending and that the board apparently does not review political contributions under USD 100,000. Believing that shareholders would benefit from greater transparency in this area, we supported the resolution. At the time of writing the results of this meeting have not been published, although we note that nearly 25 percent of shareholders supported a similar resolution in 2015.

ASN Beleggingsinstellingen Beheer B.V. Q3 2016 Voting Appendix

Company Name	Meeting Type	Item	Proposal	Type	Vote	For/Against Management	Comment
Accsys Technologies Plc, London	AGM	2	To approve the directors' remuneration report for the financial year ended 31 March 2016 (excluding the remuneration policy)	Management	Against	Against	No element of remuneration is subject to performance against sustainability criteria. We therefore recommend a vote against the remuneration implementation report in line with guidelines.
Amiad Water Systems Ltd	AGM	11	To approve the company's 2016 remuneration policy, in the form attached as annex a to the circular to shareholders which accompanies this notice of annual general meeting (the "circular")	Management	Against	Against	It is not clear whether the compensation policy includes metrics related to sustainability and a vote against is therefore warranted.
Amiad Water Systems Ltd	AGM	12	(Conditional upon the passing of resolutions 5, 7 and 9) To approve a grant of 20,000 options exercisable into 20,000 ordinary shares of NIS 0.5 par value each in the capital of the company to the each of the following non-executive directors of the company: Zehava Simon, Gilead Fortuna and Jenny Cohen Derfler	Management	Against	Against	We are concerned that the grant of options to non-executive directors may compromise their independence.
Amiad Water Systems Ltd	AGM	13	To approve a retirement package for Mr. Arik Dayan on such terms as set out in the circular	Management	Against	Against	The retirement package has the characteristics of an ex gratia payment and as such does not seem like an appropriate use of shareholders' funds.
At & S Austria Technologie & Systemtechnik AG, Leo	AGM	5	Remuneration for supervisory board	Management	Against	Against	Members of the supervisory board receive performance-related variable pay, which we consider may compromise the independence of those directors designated independent. We therefore recommend a vote against.
At & S Austria Technologie & Systemtechnik AG, Leo	AGM	8.1	Election of Mr. Georg Riedl as supervisory board	Management	Against	Against	As the level of independent representation on the board is inadequate in our view, we recommend a vote against.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Type</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
Companhia de Saneamento Basico do Estado	EGM	II	Election of a member of the board of directors to complete the term of office until the annual shareholders' meeting of 2018. a) appointed by the controlling shareholders: i. Arno Meyer.	Management	Against	Against	The candidate is standing for election for the first time. As there are no female directors on the board, we recommend a vote against in line with ABB policy.
Companhia de Saneamento Basico do Estado	EGM	III	Rectification of the overall annual compensation of the management and fiscal council members for 2016 approved at the company's annual shareholders' meeting held on April 29, 2016 due to the change of the number of members of the board of directors provided for in the item (i) above.	Management	Against	Against	There do not appear to be any sustainability metrics incorporated into the remuneration policy and a vote against is therefore recommended.
DS Smith Plc, London	AGM	3	To approve the annual report on remuneration	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Itron, Inc.	AGM	1.2	Election of director: Thomas S. Glanville	Management	Against	Against	We recommend a vote against this candidate due to the financial misstatement of accounts.
Itron, Inc.	AGM	1.4	Election of director: Peter Mainz	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Itron, Inc.	AGM	2.	Proposal to approve the advisory (non-binding) resolution relating to executive compensation.	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Logitech International SA, Apples	AGM	2	Advisory vote to approve executive compensation	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Logitech International SA, Apples	AGM	4	Amendment and restatement of the 2006 stock incentive plan, including an increase to the number of shares available for issuance under the plan	Management	Against	Against	The proposed authorities are overly dilutive in contravention to market best practice.

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Logitech International SA, Apples	AGM	6.J	Election of Dr. Patrick Aebischer as board of director	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Logitech International SA, Apples	AGM	10	Approval of compensation for the group management team for fiscal year 2018	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Logitech International SA, Apples	AGM	A	If additional proposals or amended proposals in connection with the above proposals are formulated at the AGM, I instruct the independent representative to vote in favor of the recommendations of the board (for), against the proposals (against) or abstain (abstain) as follows: as specified	Management	Abstain	Against	Abstention is warranted because shareholders are unable to make an informed decision about the nature of potential items coming to the vote.
Media General, Inc.	AGM	3.	The board's advisory vote on executive compensation	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Nike, Inc.	AGM	2.	To approve executive compensation by an advisory vote	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Nike, Inc.	AGM	4.	To consider a shareholder proposal regarding political contributions disclosure.	Shareholder	For	Against	A vote for this shareholder resolution is merited because the company currently has limited disclosure on its political spending.
Nike, Inc.	AGM	5.	To ratify the appointment of Price Waterhouse Coopers LLP as independent registered public accounting firm.	Management	Against	Against	The auditor's length of tenure raises concerns about the auditor's independence and therefore a vote against is warranted in accordance with guidelines.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Type</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
Shanks Group Plc, Glasgow	AGM	4	To elect Mr. Colin Matthews as a director	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Sophos Group Plc, Abingdon	AGM	2	To receive and approve the directors' remuneration policy set out on pages 53 to 59 of the annual report and accounts	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Sophos Group Plc, Abingdon	AGM	3	To receive and approve the annual report on directors remuneration set out on pages 59 to 65 of the annual report and accounts,	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Sophos Group Plc, Abingdon	AGM	13	To re-elect Paul Walker as director of the company	Management	Against	Against	The candidate joined the board in 2015. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Stagecoach Group Plc, Perth Perthshire	AGM	4	To elect James Bilefield as a director of the company	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Stagecoach Group Plc, Perth Perthshire	AGM	6	To elect Ray O'Toole as a director of the company with effect from 1 September 2016	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Vodafone Group Plc, Newbury	AGM	12	To elect David Nish as a director in accordance with the company's articles of association	Management	Against	Against	The candidate joined the board in 2016. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.