

# ASN Beleggingsfondsen Beheer (ABB) Voting Behaviour – Q4 2015

A summary of 2015 voting for ABB is displayed below.

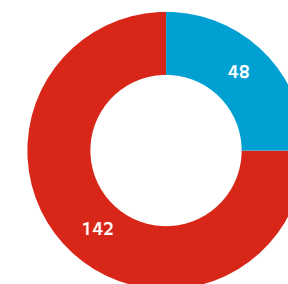
	Q1	Q2	H1	Q3	Q4	Annual
<b>Total Meetings Voted</b>	<b>30</b>	<b>122</b>	<b>152</b>	<b>24</b>	<b>14</b>	<b>190</b>
Voted For Management	7	28	35	6	7	48
Voted Against Management <sup>1</sup>	23	94	117	18	7	142
<b>Total Management Resolutions</b>	<b>336</b>	<b>1,685</b>	<b>2,021</b>	<b>330</b>	<b>114</b>	<b>2,465</b>
Votes For	287	1,365	1,652	293	95	2,040
Votes Against	48	317	365	37	19	421
Votes Abstain	1	3	4	0	0	4
<b>Total Shareholder Resolutions</b>	<b>3</b>	<b>17</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>22</b>
Votes For	3	11	14	1	1	16
Votes Against	0	6	6	0	0	6
Votes Abstain	0	0	0	0	0	0
<b>Total Resolutions</b>	<b>339</b>	<b>1,702</b>	<b>2,041</b>	<b>331</b>	<b>115</b>	<b>2,487</b>
Votes For	290	1,376	1,666	294	96	2,056
Votes Against	48	323	371	37	19	427
Votes Abstain	1	3	4	0	0	4

<sup>1</sup> Opposed management on at least one resolution.

In 2015 we voted a total of 190 company meetings in the ABB accounts which were held by 171 companies. ABB's voting policy was applied to all voting decisions made<sup>2</sup>. We voted with management recommendations at 25 percent of the meetings and voted against management recommendations on at least one resolution at the remaining 75 percent of the meetings.

## Total Meetings Voted For/Against Management

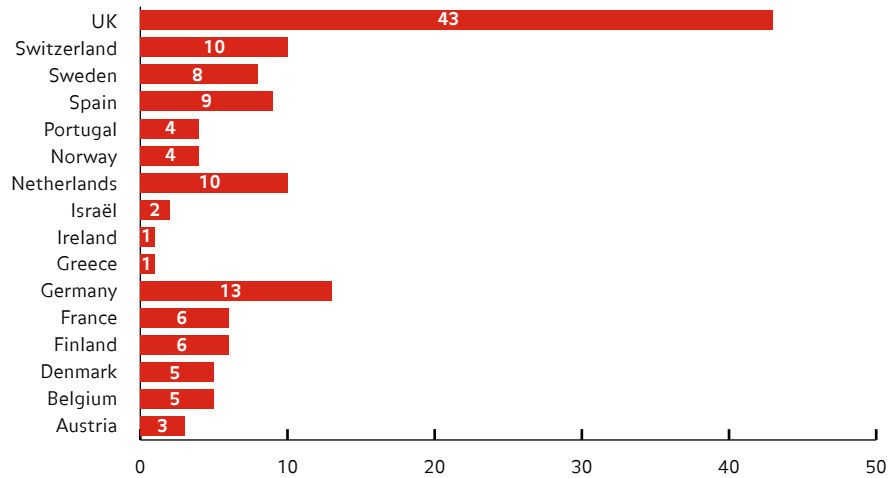
For Management	25%
Against Management	75%



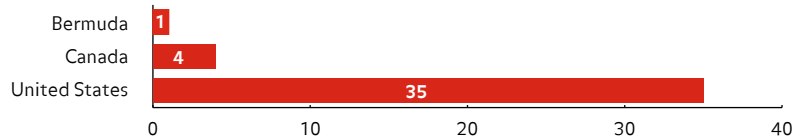
<sup>2</sup> The 2010 version of the ABB policy was applied to meetings in Q1 to Q3. A new version of the policy was introduced prior to Q3 2015, but due to an oversight, this version was not applied in Q3. The up-to-date policy has been used for all meetings from Q4 2015 onwards.

Out of the 190 meetings voted during 2015, 130 meetings were voted in Europe, 40 meetings were voted in the Americas and 20 meetings were voted in Asia. The three charts below display the meeting distribution by country in each region.

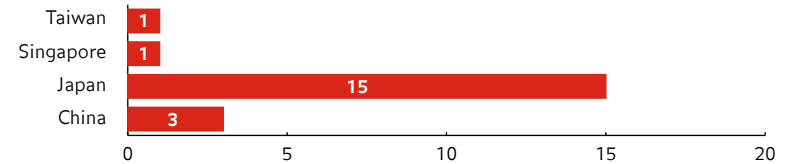
**Meeting Distribution by Country - Europe**



**Meeting Distribution by Country - Americas**

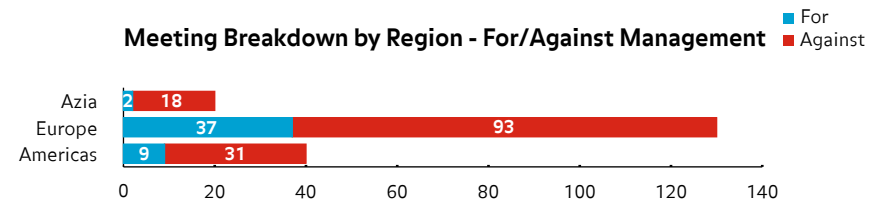


**Meeting Distribution by Country - Asia**



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

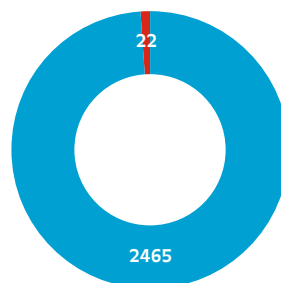
**Meeting Breakdown by Region - For/Against Management**



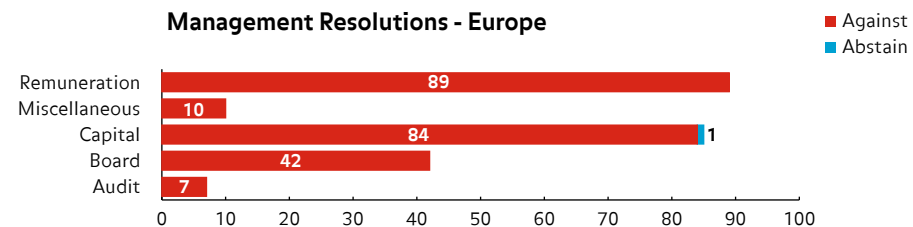
A total of 2,487 voting resolutions were reviewed and voted, of which 2,465 were management resolutions and 22 were shareholder resolution. As illustrated in the second chart below, we did not support 17 percent of all resolutions.

### Type of Resolution - Management/Shareholder

Management Resolutions	99,1%
Shareholder Resolutions	0,9%

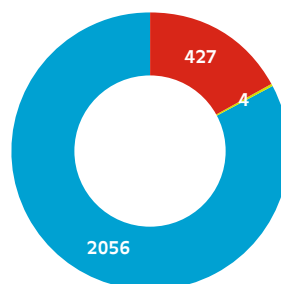


### Negative Voting Breakdown Management Resolutions - Europe

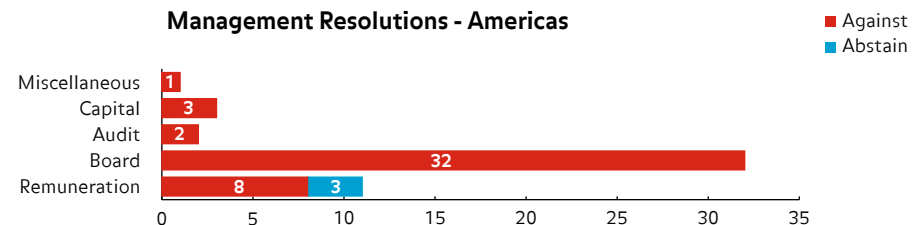


### Resolutions - Votes For /Against

For	83%
Against	17%
Abstain	0,1%

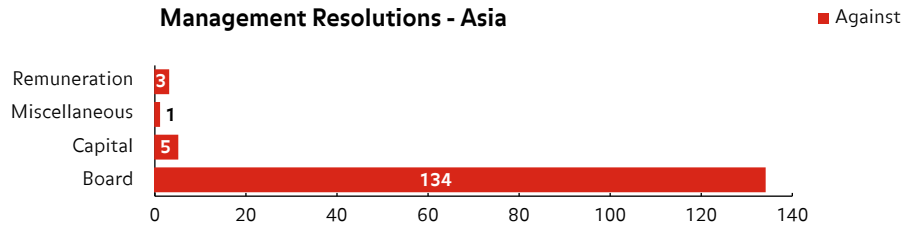


### Negative Voting Breakdown Management Resolutions - Americas

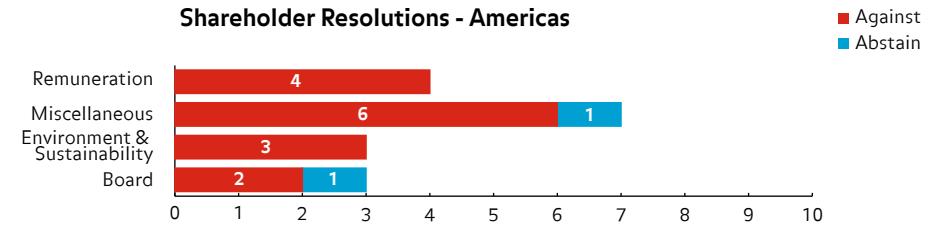


A total of 421 management resolutions were not supported during 2015. The breakdown of these resolutions by region, type of resolution and the vote cast is provided in the charts below.

**Negative Voting Breakdown  
Management Resolutions - Asia**

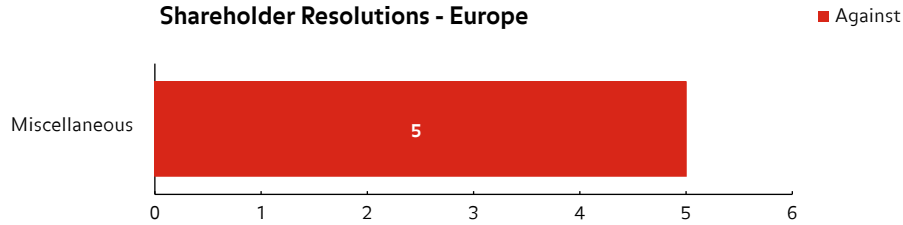


**Voting Breakdown  
Shareholder Resolutions - Americas**



The breakdown of the 22 shareholder resolutions by region, type of resolution and vote cast is provided in the charts below. No shareholder resolutions were put forward in the Asia region in 2015.

**Voting Breakdown  
Shareholder Resolutions - Europe**



# ASN Beleggingsfondsen Beheer (ABB) Voting Themes and Case Studies

## Q4 2015

The calendar of company general meetings is generally quieter in most markets in the fourth quarter of the year. While Q4 of 2015 was no exception, the attention of many global investors was captured by a meeting of a different kind: a conference of political leaders in Paris to create a new global agreement on climate change. This interest was reflected at the shareholder meetings of companies in the ABB portfolio, while the issues arising at other companies centred on directors' pay – an area of corporate governance that is currently experiencing ongoing shifts.

### **COP 21: A Turning-Point for Investors?**

December 2015 saw the 21st Conference of the Parties of the UN Framework Convention on Climate Change (or 'COP 21'). Delegates from 195 nations met in Paris in order to reach a new universal agreement on climate change.

The conference was preceded by intense anticipation and a flurry of efforts from governments, businesses and NGOs to create a platform for a deal. Investors have also played their role, through a range of initiatives such as the Carbon Disclosure Project, the Global Investor Statement on Climate Change, the Montreal Pledge, and the Paris Pledge to Action. The increased shareholder activism that has been seen generally in 2015 was also reflected in Q4, with shareholder resolutions related to climate filed at a number of companies.

For example, at the 3 November AGM of Symantec, a US provider of data security and backup, an individual shareholder filed a proposal requesting that the company establish an international public policy committee to oversee its policies and practices regarding environment, human rights and other international issues that may affect the company. Given the size and international reach of the company, we considered it appropriate that issues such as the company's carbon footprint should be overseen by a separate board committee, rather than being part of the role of the nominating and governance committee, as they are now. We therefore supported this proposal, although it did not pass at the meeting.

An Extraordinary General Meeting of Chinese solar panel manufacturer Xinyi Solar took place on 7 December. We supported the issue of shares by a subsidiary which in effect represents a sale of some of the company's stake in that subsidiary. The 55.8 percent profit on the sale was significant, and the company retained majority control at the subsidiary. This is the second time this year the company has raised money in some form, and the share issuance proposed at the AGM earlier this year was met with some concern by shareholders (approximately 9 percent votes against). Support for the present measure was, in contrast, close to 99 percent. The main reason for this is that proceeds of the share issuance are intended for reinvestment in the business, and would help to reduce the overall level of debt of the group.

We believe this is a good way for the group to change the way it is financed, while safeguarding existing shareholders' interests. Despite recent turmoil, the Chinese solar industry is likely to profit both by the government's programs to boost internal markets and by an energy policy that may seek to reduce the country's dependency on coal, particularly following the climate change summit in Paris. In that context, raising capital to support the further growth of the business appears reasonable.

### **So what was the outcome of the Climate summit?**

The conference exceeded the expectations of many observers. The agreement that came out of it enshrines the goal of keeping global temperatures from rising more than two degrees Celsius, with an aspirational target of 1.5 degrees (which many scientists regard as the real limit if climate change is to avoid dangerous proportions). It also contains a provision that requires developed countries to provide USD 100 billion per year to developing nations by 2020, a 'floor' that is expected to increase over time. The agreement is founded on plans that many governments submitted in advance of the conference that set out how far they will reduce their emissions and how. Under the agreement, countries will have discretion on how they cut their emissions but will be obliged to report transparently on their efforts. Furthermore, every five

years nations will have to assess their progress towards meeting their targets and submit new plans to strengthen their targets. This last process is important, as the current national plans will not be enough to keep warming below two degrees.

### **What does this mean for investors?**

The agreement has been welcomed by a number of commentators in the investment community. This is in part because it creates greater confidence in the environment for investment in renewable energy and energy efficiency, which will be crucial in the transition to a global low-carbon economy. The agreement also acknowledges the importance of creating a global pricing mechanism for carbon, which will strengthen the incentives for governments and business to reduce their emissions and develop clean technologies. At the same time, it may place further pressure on companies with a high carbon footprint such those in oil, gas and coal sectors. Shareholders may wish to consider a number of steps to respond to these new dynamics. These include measuring the carbon footprint of their portfolios and evaluating their alignment with the target of keeping global warming at no more than 1.5 degrees Celsius, as well as the potential impact of a strong price on carbon emissions. On the basis of this analysis, investors may consider what strategy to adopt to reduce the carbon footprint of their portfolio, whether it be engagement with the management of companies or reallocation of their capital from carbon-intensive companies to companies that may flourish in a low-carbon world. Finally, it may be advisable to set up a mechanism to monitor climate risks on an on-going basis. Clearly, ABB is already a leader in this area.

### **Americas and Europe**

**Symantec, AGM 3 November 2015; Herman Miller, AGM 12 October 2015; Ocean Power Technologies, AGM 22 October 2015; Regeneris, AGM 15 November 2015; Dialog Semiconductor, EGM 19 November 2015**

While the conference produced an encouraging outcome for the global policy framework on tackling climate change, Q4 also demonstrated that some companies have room for improvement in their own frameworks for promoting sustainability.

At the same 3 November meeting mentioned above, Symantec managed to recover from the significant levels of shareholder discontent expressed at the 2014 AGM on the issue of remuneration. On that occasion, 23 percent of shareholders opposed the severance payment for the former CEO. This year, support for the remuneration system was back at normal levels (approximately 97 percent). However, we opposed it again, on the grounds that the company had failed to include a metric related to sustainability.

Defining targets of this kind appears to be a significant challenge for many smaller companies: **Herman Miller** and **Ocean Power Technologies** in the US as well as **Regeneris** in the UK also presented remuneration systems to shareholders that lacked a link to the long-term sustainability of the business. While many analysts make the argument that smaller companies cannot be held to the same standards as larger ones, we believe that a sustainability-related target is particularly necessary in younger businesses in order to ensure that executives are being encouraged to think over longer time-horizons. While all resolutions passed without generating significant levels of shareholder opposition, we believe that smaller companies should actively be encouraged to include sustainability targets in their range of performance criteria.

Also in the UK, we opposed the merger of **Dialog Semiconductor** with US company Atmel, which supplies microchips. The initial market reaction to the merger was negative, and we were not convinced that the two companies would generate sufficient cost savings to justify the higher price being offered for Atmel shares. While the strategic explanation for the deal – specifically, reducing the company’s reliance on Apple as a main customer – was not without merit, we ultimately shared the concern of activist shareholder Elliott Advisors over the valuation of the deal. The merger was approved with approximately 61 percent shareholder support. However, we believe that the reluctance of 39 percent of shareholders to support the deal is likely to focus the management of the combined company on addressing their concerns, including the high level of debt and running the new group in the most efficient way. We will monitor the development of the company going forward.

# ASN Beleggingsfondsen Beheer (ABB) Q4 2015 Voting Appendix

<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>
Herman Miller, Inc.	Annual	3.	Proposal to approve the second amendment to the Herman Miller, inc. 2011 Long-term Incentive Plan.	Management	Against	Against	The plan does not include metrics related to sustainability and a vote against is therefore warranted.
Herman Miller, Inc.	Annual	4.	Proposal to approve, on an advisory basis, the compensation paid to the company's named executive officers.	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Ocean Power Technologies, Inc.	Annual	3.	Approve an advisory resolution to approve the company's executive compensation.	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Ocean Power Technologies, Inc.	Annual	4.	Approve the 2015 omnibus incentive plan.	Management	Against	Against	The plan does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Symantec Corporation	Annual	3	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.
Symantec Corporation	Annual	4	Stockholder proposal regarding the formation of an international policy committee, if properly presented at the meeting.	Shareholder	For	Against	The proposal requests that the company establish an international public policy committee to oversee its policies and practices regarding the environment, human rights and other international issues. Given the size and reach of the company, we considered it appropriate that issues such as the company's carbon footprint should be overseen by a separate board committee.

Company Name	Meeting Type	Item	Proposal	Type	Vote	For/Against Management	Comment
Pharol Sgps, Sa, Lisbonne	ExtraOrdinary General Meeting	2	To resolve on the ratification of the co-option of the directors Maria Do Rosario Pinto-Correia and Andre Cardoso de Meneses Navarro	Management	Against	Against	The company is seeking approval for the appointment of two candidates under a single resolution. One of the two candidates (Andre Cardoso de Meneses Navarro) is not considered independent, as he is a representative of 6% shareholder Banco Comercial Portugues. The level of independent representation on the board as a whole is inadequate, and therefore a vote against is warranted.
Dialog Semiconductor Plc, London	Ordinary General Meeting	1	Authority to allot shares in connection with the transaction	Management	Against	Against	We have a number of reservations in relation to this transaction: the size of the premium that Dialog is paying; the high level of debt is taking on; the potential difficulty in integrating the two businesses; and the lack of obvious synergies. A vote against is therefore recommended.
Dunelm Group Plc, Leicestershire	Annual General Meeting	14	To elect William Reeve as a director	Management	Against	Against	The board is seeking approval for the appointment of Mr Reeve, who 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.
Dunelm Group Plc, Leicestershire	Annual General Meeting	15	Please note that independent shareholder can vote: to elect William Reeve as a director	Management	Against	Against	The board is seeking approval from independent shareholders for the appointment of Mr Reeve, who 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.
Dunelm Group Plc, Leicestershire	Annual General Meeting	16	To elect Peter Ruis as a director	Management	Against	Against	The board is seeking approval for the appointment of Mr Ruis, who 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.



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Dunelm Group Plc, Leicestershire	Annual General Meeting	17	Please note that independent shareholder can vote: to elect Peter Ruis as a director	Management	Against	Against	The board is seeking approval from independent shareholders for the appointment of Mr Ruis, who 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.
Dunelm Group Plc, Leicestershire	Annual General Meeting	18	To approve the directors' remuneration policy 2015	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Dunelm Group Plc, Leicestershire	Annual General Meeting	19	To approve the directors' report on implementation of the remuneration policy	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Dunelm Group Plc, Leicestershire	Annual General Meeting	26	To approve the amended rules of the Dunelm Group 2014 Long Term Incentive Plan	Management	Against	Against	The plan does not include metrics related to sustainability and a vote against is therefore warranted.
Regeneris Plc, Tonbridge	Annual General Meeting	5	To elect Frank Blin as a director of the company	Management	Against	Against	The board is seeking approval for the appointment of Mr Blin, who joined the board in 2015. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Regeneris Plc, Tonbridge	Annual General Meeting	6	To elect Pat Clawson as a director of the company	Management	Against	Against	The board is seeking approval for the appointment of Mr Clawson, who joined the board in 2015. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Regeneris Plc, Tonbridge	Annual General Meeting	7	To elect Ian Powell as a director of the company	Management	Against	Against	The board is seeking approval for the appointment of Mr Powell, who joined the board in 2015. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.

<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>
Regeneris Plc, Tonbridge	Annual General Meeting	8	To elect Tom Skelton as a director of the company	Management	Against	Against	The board is seeking approval for the appointment of Mr Skelton, who joined the board in 2015. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Regeneris Plc, Tonbridge	Annual General Meeting	9	To reappoint KPMG LLP as auditors	Management	Against	Against	The level of non-audit fees raises concerns about the auditor's independence and therefore a vote against is warranted in accordance with guidelines.