

ASN Beleggingsinstellingen Beheer B.V. (ABB) Voting Behaviour Q1

Themes and case studies

In the first quarter of 2019, ABB participated in shareholder meetings at 25 companies. The large majority of them took place in Europe, with the remaining three voted in the United States and Bermuda. The issues that surfaced during the 2018 meetings of the two US companies, namely board diversity issues and the lack of sustainability performance indicators in executive remuneration schemes, remain a concern this year. We discuss these meetings below. On a positive note, some companies that held their AGM in Q1 2019 started taking action to reduce the potential overcommitment of directors.

State of California aiming to accelerate progress on diversity at US companies

Although a number of markets are working towards introducing mandatory thresholds for the number of women on boards of directors, companies are still slow in responding to these changes. At its AGM on 4 January 2019, shareholders of US lighting and building management company Acuity Brands, Inc. voted on the appointment of directors while, for the second year running, the company's board displayed a lack of gender diversity. In both 2018 and 2019, only two women, independent directors Julia North and Mary Winston, were nominated to the board. Consequently, in 2018 ABB did not support the election of one new male candidate, G Douglas Dillard Jr. However, since no new male directors were nominated to the board this year, ABB voted in line with the management recommendation to elect all seven directors. All nominees were elected at the meeting.

Similarly, the board of diversified technology business Johnson Controls International Plc comprises a majority of male members. In view of this fact, during the general meeting of shareholders that took place on 6 March 2019, ABB voted against the election of recent recruit Pierre Cohade. Although board diversity remains low, we note that it has increased from 18 percent in 2018 (when ABB cast

their votes against 2 new male directors due to the lack of gender diversity) to 25 percent in 2019.

Although no federal regulations in the United States exist with regard to boardroom diversity, a California law signed in September 2018 requires that companies headquartered in the state will have to appoint one female director from 2019. This number will increase over time with the goal of having at least 2 women in 5-member boards and 3 women in boards composed of 6 or more members by the end of 2021. It is expected that this change will result in creating many new director roles for women in California-based enterprises. Hopefully, other states will follow suit and in the future we will be able to observe an increasing number of female directors on boards of US companies.

Counterbalancing our concern over board diversity at Johnson Controls, there has also been a positive development. We observed last year that independent director Juan Pablo del Valle Perochena held board roles at four other companies, which created the risk that he would have insufficient time available for company matters. However, he has now stepped down from the board of chemicals business Grupo Pochteca SAB, which reassures that he is no longer overcommitted, and we have accordingly supported his election in 2019. All directors were elected at the Johnson Controls AGM with 97-99 percent support.

Companies still missing the target on sustainable pay practices

In Q1 2019 ABB has maintained a strong focus on executive pay, as we believe it has an important role in setting the right incentives for companies' leaders and encouraging them to manage their businesses in a sustainable fashion. At the Acuity Brands and Johnson Controls AGMs last year, we voted against the advisory resolutions on executive pay due to the absence of targets promoting sustainability. As we reported at the end of Q1 2018, our vote at Johnson Controls also considered

the enormous termination payment offered to former Chairman and CEO Alex Molinaroli. This year we again held significant reservations about pay practices at the two companies. Johnson Controls continue to offer excessive severance payments, test performance under the long-term incentive plan over an unduly short period in our view and still display no targets related to environmental and social matters. Meanwhile, Acuity Brands measures performance under their long-term incentive plan over only one year and pay out bonuses on a discretionary bonus. Management only narrowly avoided defeat at the Acuity Brands meeting, with 47 percent of votes cast against, while 12 percent of votes were cast against executive pay at the Johnson Controls meeting. This should send a warning to both companies, to varying degrees, that their remuneration policies are in need of re-assessment.

A similar pattern could be seen at the AGM of Swedish forest products company Svenska Cellulosa Aktiebolaget SCA on 20 March 2019. ABB voted against the remuneration guidelines in 2018 due to the absence of sustainability metrics, and took the same stance in 2019 for the same reason, but also because the company had failed to disclose the financial targets it used in its bonus scheme or the weight of those targets. As far as we can tell, the company has not provided details of the results of the meeting, only stating that the resolution passed. Likewise, at the AGM of UK technology company Sage Group Plc (27 February 2019) ABB voted against the remuneration report in both 2018 and 2019 because of the lack of sustainability targets. Although only 3 percent of votes on the remuneration report were cast against or abstained this year, the figure climbed to 14 percent for the separate vote on remuneration policy, which may prompt the company to engage with shareholders to gather their feedback on the policy.

VOTING BEHAVIOUR – Q1 2019

A summary of Q1 2019 voting for ABB is displayed below.

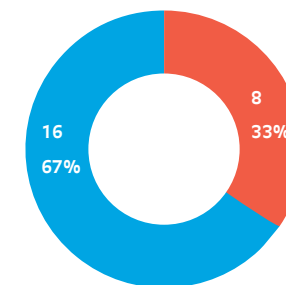
	Q1	Q2	H1	Q3	Q4	Annual
Total Meetings Voted:	24					
Voted For Management	16					
Voted Against Management ¹	8					
Total Management Resolutions:	326					
Votes For	316					
Votes Against	10					
Votes Abstain	0					
Total Shareholder Resolutions:	4					
Votes For	3					
Votes Against	1					
Votes Abstain	0					
Total Resolutions:	330					
Votes For	319					
Votes Against	11					
Votes Abstain	0					

In Q1 2019, we voted a total of 24 company meetings in the ABB accounts, represented by 24 companies. ABB's voting policy was applied to all voting decisions made. We voted with management recommendations at 67 percent of the meetings and voted against management recommendations on at least one resolution at the remaining 33 percent of the meetings.

¹ Opposed management on at least one resolution

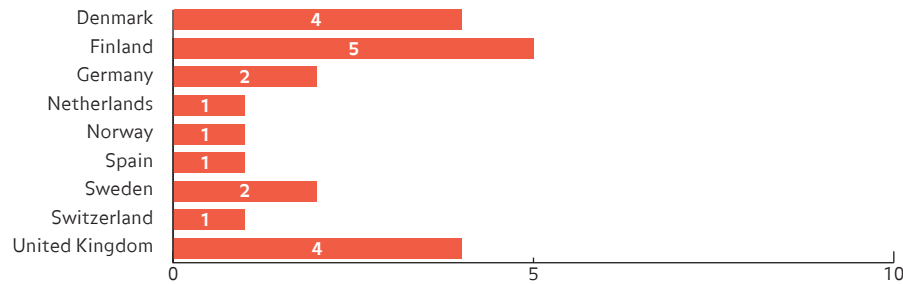
Total Meetings Voted For/Against Management

For Management	67%
Against Management	33%



Out of the 24 meetings voted during Q1 2019, 21 meetings were voted in Europe, 3 meetings were voted in the Americas and none were voted in the Asia Pacific region. The two charts below display the meeting distribution by country in each region.

Meeting Distribution by Country - Europe

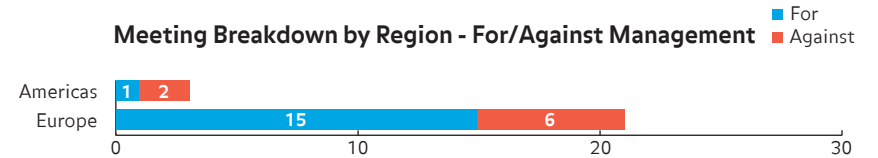


Meeting Distribution by Country - Americas



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

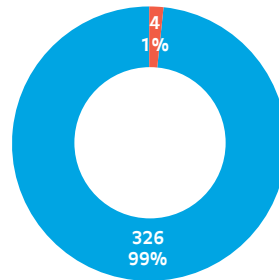
Meeting Breakdown by Region - For/Against Management



A total of 330 voting resolutions were reviewed and voted, of which 326 were management resolutions and 4 were shareholder resolutions. As illustrated in the second chart below, we did not support 3.3 percent of all resolutions.

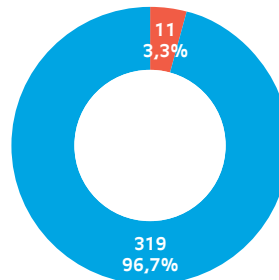
Type of Resolution - Management/Shareholder

Management Resolutions	99%
Shareholder Resolutions	1%



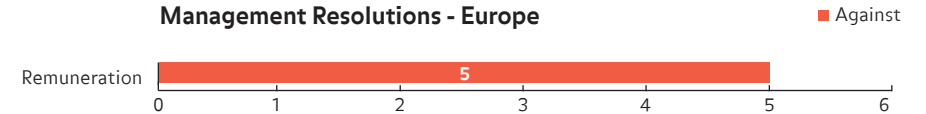
Resolutions - Votes For /Against

For	96,7%
Against	3,3%

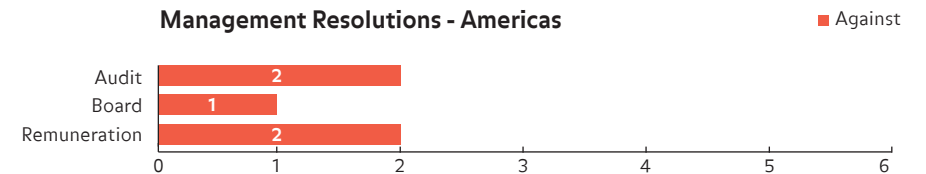


A total of 10 management resolutions were opposed during Q1 2019. The breakdown of these resolutions by region, type of resolution and the vote cast is provided in the charts below.

Negative Voting Breakdown Management Resolutions - Europe



Negative Voting Breakdown Management Resolutions - Americas



The breakdown of the shareholder resolutions by region, type of resolution and vote cast is provided in the chart below. No shareholder resolutions were put forward in Americas and Asia Pacific in Q1 2019.

