

ASN Beleggingsinstellingen Beheer B.V. (ABB) Voting Behaviour – H1 2018

A summary of H1 2018 voting for ABB is displayed below.

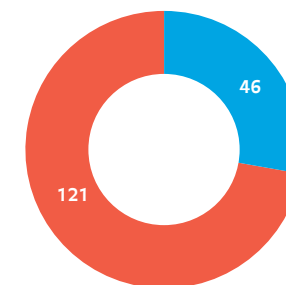
	Q1	Q2	H1	Q3	Q4	Annual
Total Meetings Voted	36	131	167			
Voted For Management	12	34	46			
Voted Against Management ¹	24	97	121			
Total Management Resolutions:	414	1,850	2,264			
Votes For	372	1,626	1,998			
Votes Against	42	224	266			
Votes Abstain	0	0	0			
Total Shareholder Resolutions	5	14	19			
Votes For	5	7	12			
Votes Against	0	7	7			
Votes Abstain	0	0	0			
Total Resolutions	419	1,864	2,283			
Votes For	377	1,633	2,010			
Votes Against	42	231	273			
Votes Abstain	0	0	0			

¹ Opposed management on at least one resolution

In H1 2018, we voted a total of 167 company meetings in the ABB accounts, represented by 155 companies. ABB's voting policy was applied to all voting decisions made. We voted with management recommendations at 28 percent of the meetings and voted against management recommendations on at least one resolution at the remaining 72 percent of the meetings.

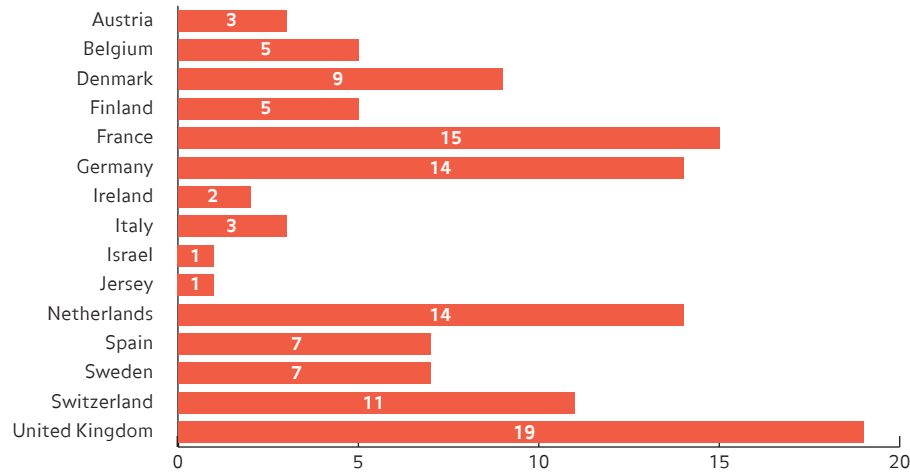
Total Meetings Voted For/Against Management

For Management	28%
Against Management	72%

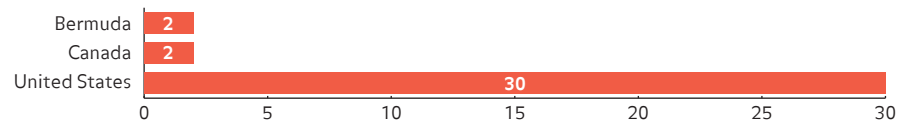


Out of the 167 meetings voted during 2018, 116 meetings were voted in Europe, 34 meetings were voted in the Americas and 17 meetings were voted in the Asia Pacific region. The three charts below display the meeting distribution by country in each region.

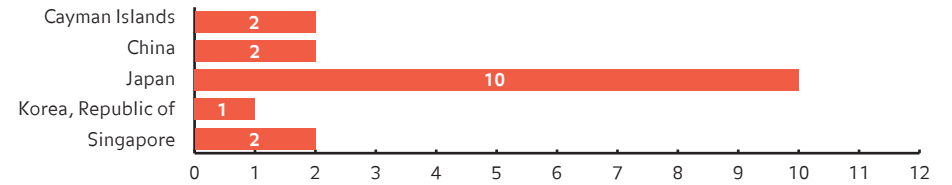
Meeting Distribution by Country - Europe



Meeting Distribution by Country - Americas

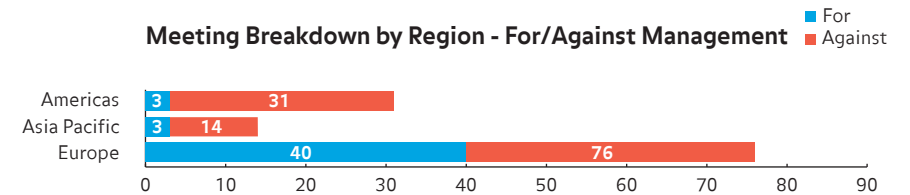


Meeting Distribution by Country - Asia Pacific



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

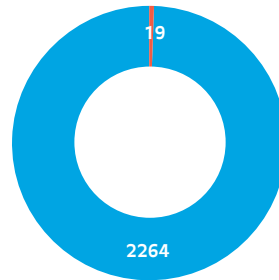
Meeting Breakdown by Region - For/Against Management



A total of 2283 voting resolutions were reviewed and voted, of which 2264 were management resolutions and 19 were shareholder resolutions. As illustrated in the second chart below, we did not support 12 percent of all resolutions.

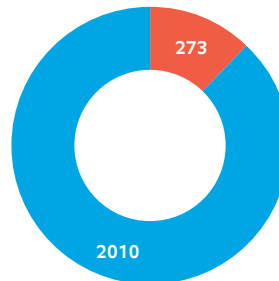
Type of Resolution - Management/Shareholder

Management Resolutions	99%
Shareholder Resolutions	1%



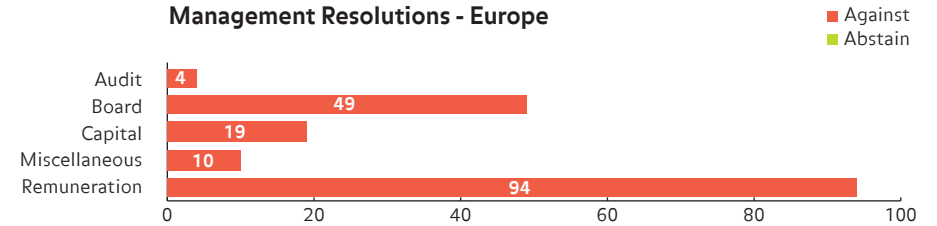
Resolutions - Votes For /Against

For	88%
Against	12%
Abstain	0%

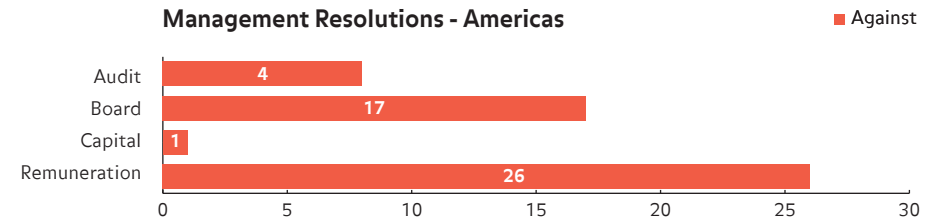


A total of 266 management resolutions were opposed during 2018. The breakdown of these resolutions by region, type of resolution and the vote cast is provided in the charts below.

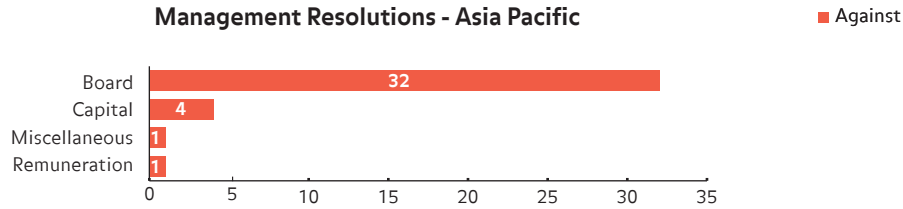
Negative Voting Breakdown Management Resolutions - Europe



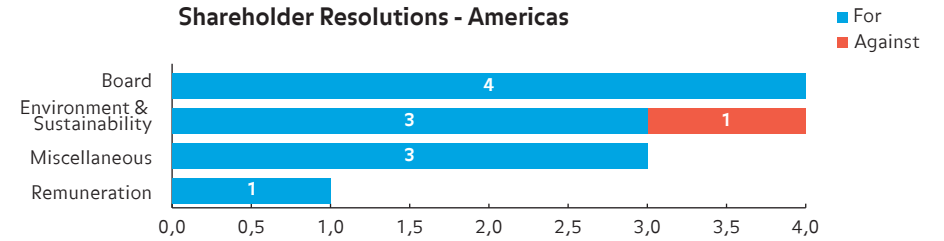
Negative Voting Breakdown Management Resolutions - Americas



Negative Voting Breakdown Management Resolutions - Asia Pacific



Voting Breakdown Shareholder Resolutions - Americas



The breakdown of the 19 shareholder resolutions by region, type of resolution and vote cast is provided in the charts below. No shareholder resolutions were put forward in Asia Pacific in H1 2018.

Voting Breakdown Shareholder Resolutions - Europe

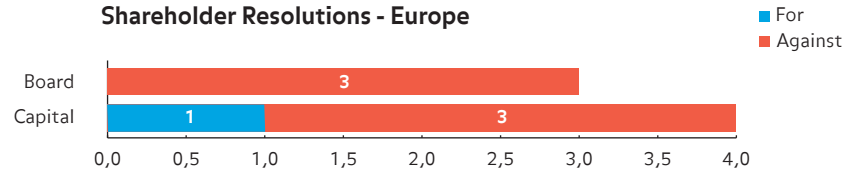


ABB Q2 2018 Themes and Case Studies

Over several years, ABB has engaged with companies in the pharmaceutical sector to encourage them to maintain ethical marketing practices. In Q1 2018, ABB continued our policy of visiting the Annual General Meetings of these companies by attending the AGMs of Novartis and Novo Nordisk. In Q2 2018, we also attended the AGMs of UK pharmaceutical companies GlaxoSmithKline (GSK) and AstraZeneca. The AstraZeneca meeting exemplified an issue that we saw at a number of other companies during the quarter, that of shortcomings in executive remuneration practices. We profile these meetings in this report, as well as exploring key governance issues that arose during peak meeting season in Japan.

Update on pharmaceutical sector engagement: GSK and AstraZeneca

The GlaxoSmithKline Plc AGM on 3 May 2018 highlighted a number of good corporate governance practices. For example, the remuneration of CEO Emma Walmsley takes into account not only the company's profitability, but also an assessment of performance against various individual objectives, including the company's ranking in the Access to Vaccines Index and the improvement of its employee engagement scores since 2015. Also, the company is appointing a new auditor with effect from 2018 – a step that is both welcome and overdue given that the PricewaterhouseCoopers has been the company's auditor for 44 years. We consider that periodic rotation of a company's auditor helps to safeguard the independence of the audit. ABB voted in favour of both the remuneration report and the appointment of the auditor. All resolutions passed comfortably at the AGM.

On the same day, an additional GSK general meeting was convened to decide on the proposed acquisition from Novartis of its 36.5 percent stake in the two companies' joint venture, called GlaxoSmithKline Consumer Healthcare Holdings. The board put forward a number of reasons for pursuing this transaction, including the leading brands owned by the consumer healthcare business, its focus on innovation and the fact that Novartis had a right to require GSK to buy it out of the business if no negotiated deal was reached. The price of USD 13 billion represented a small premium over the price associated with a mandatory acquisition, which we considered to be a fair price to pay for GSK to choose the timing of the purchase. ABB therefore supported the deal, as did nearly 100 percent of investors by shareholding. As a result, GSK will have full ownership of the joint venture, which includes Novartis' "over-the-counter" business.

At AstraZeneca plc's AGM on 18 May 2018, although ABB was generally satisfied with the balance of the board, we once again had concerns about the external time commitments of non-executive director Marcus Wallenberg. Mr Wallenberg serves as a director on four boards, including as Chairman of Skandinaviska Enskilda Banken AB and Saab AB. We considered that this may affect his ability to devote sufficient time to his role as a non-executive director of the company. Furthermore, he missed two of the six board meetings that took place over the last year, with no explanation offered by the company. We therefore recommend a vote against the re-election of Mr Wallenberg, as did 22 percent of investors. This represents a far higher level of opposition than that encountered by any other director and should encourage the company to discuss with him the prospect of scaling back his other appointments.

At AstraZeneca's 2017 AGM, over 38 percent of votes were cast against the company's remuneration report. The company has made a number of changes to the implementation of its remuneration policy in response to this, including simplifying its bonus scheme and discontinuing use of the AstraZeneca Incentive Plan – which had been a significant factor in the overall (and excessive in our view) size of the remuneration package. However, ABB considers it important that all companies include in their remuneration structure targets in the area of sustainability to align the interests of executives with those of other stakeholders. We observed that no part of the company's remuneration structures are linked to sustainability performance metrics and therefore voted against the remuneration report. It is clear that many other investors still harbour doubts about AstraZeneca's pay practices, with 35 percent of votes being cast against this year. This latest setback should compel the company to engage further with investors on this topic.

Continuing controversy on executive remuneration

Dutch and British household goods company Unilever NV put forward changes to its remuneration policy at its 3 May 2018 AGM. The proposed changes included consolidation of salary, fixed allowance and pension into one element called 'fixed pay', an increase in the CEO's fixed pay by 5 percent and increase in bonus opportunity for both the CEO and CFO. Bearing in mind that bonus award and long-term share awards are both calculated as a percentage of fixed pay – rather than salary – we were concerned that this would lead to excessive total remuneration, and voted against this proposal, as did a significant minority (27 percent) of investors.

ABB also took a critical view of changes to the remuneration policy at German sportswear company Adidas AG. The company had previously included a metric related to sustainability in its remuneration framework, but had removed this criterion, which in our view represented a backward step. There were other structural issues too, including that 40 percent of bonuses are based on individual targets that are not disclosed and long-term incentive awards are based on one criterion only, which may fail to incentivise directors to focus on company performance in a more broadly-based fashion. ABB voted against the amendments to the remuneration policy, in common with 30 percent of shareholders.

In the United States, healthcare solutions company Merck & Co held its annual meeting on 22 May 2018. ABB was also unwilling to support the advisory vote on executive compensation here due to the absence of metrics related to sustainability, although the resolution was passed at the meeting. The AGM agenda exposed other corporate governance issues, including the relatively low level of gender diversity on the board, which prompted us to vote against new nominee Inge Thulin. We also voted against non-executive director Wendell Weeks due to his potentially excessive external time commitments, given that he is Chairman and CEO of Corning Incorporated and also serves on the board of Amazon.com. Although all management proposals passed at the meeting, the company will note that Mr Weeks' re-election was opposed by 14 percent of shareholders (significantly more than any other director).

Three Japanese companies, Daiseki Co Ltd (AGM on 14 May 2018), Astellas Pharma Inc (AGM on 15 June 2018) and Advantest Corporation (AGM on 27 June 2018) proposed a resolution to introduce a stock-based remuneration plan for their executive directors and officers this year. Stock-based remuneration has not been common in Japan until recently. This is because Japanese corporate culture has encouraged management to pursue growth stably, rather than aggressively, without taking too much risk and has not supported increasing management incentive awards for a long time. However, the Japanese government believes that such a conservative culture is one of the root causes of Japanese companies' loss of competitiveness in the global market over the past twenty years, and that they need to give sounder incentives to management in order to take reasonable risks and attract as many talented people as possible around the world. The government therefore included a clear message in the 2015 Japanese Corporate Governance Code: "the remuneration of management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship".

We therefore voted for all the resolutions that proposed the introduction of a stock-based remuneration plan. Although we could not be certain that these new plans included social, environmental and ethical targets, we considered this step to be in line with the recommendations of Japan's Corporate Governance Code and in line with best practice. On the other hand, we voted against all proposals to approve remuneration under a company's existing policy, if the policy lacked relevant sustainability metrics. Among the stocks held in ABB accounts, only Omron Corporation (AGM on 19 June 2018) includes a link between management remuneration and relevant social, environmental and ethical targets. However, we do believe this will change for the better.

Given that many Japanese companies already have environmental and social targets to be considered in their businesses over the mid-long term, what they have to do next is to establish a remuneration policy which appropriately incorporates such targets. We believe changes of this type will be catalysed in Japan by increasing pressure from investors, including the global initiative to promote the framework of the Taskforce on Climate-related Financial Disclosures (TCFD).

Increasing the number of women on Japanese companies' boards

It was also encouraging to see that some Japanese companies have increased the number of women on the board. An electronic components maker Murata Manufacturing Co Ltd (AGM on 28 June 2018) has appointed its first ever female director as an independent director this year. Semiconductor test equipment maker Advantest (AGM on 27 June 2018]) has also appointed a female independent director for the first time. Nonetheless, at none of the Japanese companies held by ABB are women more than 30 percent of the board. We therefore voted against the resolutions to appoint new male nominees at Ibiden. Co, Ltd (AGM on 15 June 2018), Astellas and Murata Manufacturing Co, Ltd (AGM on 28 June 2018) even if their boards displayed significant independent representation.

ASN Beleggingsinstellingen Beheer B.V. Q3 2017 Voting Appendix

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Proposed by</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
Accsys Technologies Plc	Annual General Meeting	2	To approve the directors' remuneration report for the financial year ended 31 March 2017 (excluding the remuneration policy)	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Accsys Technologies Plc	Annual General Meeting	6	To authorise the directors to determine the auditors' remuneration	Management	Against	Against	As the non-audit fees exceed the audit fees a vote against is warranted.
Addtech AB, Stockholm	Annual General Meeting	15	Resolution regarding guidelines for remuneration of members of senior management	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Addtech AB, Stockholm	Annual General Meeting	16	Resolution regarding issuing call options for repurchased shares and the transfer of repurchased shares to management personnel (the "2017 share-related incentive scheme")	Management	Against	Against	The plan does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Advanced Drainage Systems, Inc./Wms	Annual	1B.	Election of director: Tanya Fratto	Management	Against	Against	We have concerns over the candidate's suitability for the audit committee in light of accounting restatements and weaknesses in internal controls in recent years.
Advanced Drainage Systems, Inc./Wms	Annual	3.	Approval, in a non-binding advisory vote, of the compensation for named executive officers.	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Companhia De Saneamento Basico Do Estado	Special	II	To elect a member of the board of directors to complete the remaining term of office, which expires at the company's 2018 annual shareholders' meeting: Lucas Navarro Prado	Management	Against	Against	The candidate joined the board in the last year. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Companhia De Saneamento Basico Do Estado	Special	III	To rectify the annual overall compensation of management and members of the fiscal council for fiscal year 2017 approved at the company's annual shareholders' meeting held on April 28, 2017.	Management	Against	Against	We recommend a vote against as we do not support the company's policy of granting bonuses on a purely discretionary basis.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Proposed by</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
DS Smith Plc	Annual General Meeting	4	To approve the annual report on remuneration	Management	Against	Against	The compensation framework does not include metrics related to sustainability and a vote against is therefore warranted.
DS Smith Plc	Annual General Meeting	16	To approve the performance share plan rules	Management	Against	Against	The plan does not include metrics related to sustainability and a vote against is therefore warranted.
DS Smith Plc	Annual General Meeting	22	To authorise an increase in the company's borrowing powers	Management	Against	Against	The proposed increase in the company's borrowing powers to up to GBP 5 billion seems excessive in view of the company's net assets (GBP 1.3 billion) and relatively modest profits (GBP 257 million in 2017).
Electrocomponents Plc	Annual General Meeting	2	Approve directors' remuneration report	Management	Against	Against	The compensation policy does not include metrics related to sustainability and a vote against is therefore warranted.
Electrocomponents Plc	Annual General Meeting	5	Elect Simon Pryce (member of the audit, nomination and remuneration committees)	Management	Against	Against	The candidate joined the board in the last year. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Hella Kgaa Hueck & Co.	Annual General Meeting	8	Election to the shareholders' committee: Dr. Juergen Behrend	Management	Against	Against	The director is not independent and the committee overall lacks a sufficient level of independence.
Industria De Diseno Textil S.A., Arteixo, La Corog	Ordinary General Meeting	6	Consultive vote regarding the annual remuneration report of the board of directors	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Logitech International SA, Apples	Annual General Meeting	2	Advisory vote to approve executive compensation	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Logitech International SA, Apples	Annual General Meeting	6.D	Re-election of board of director: ms. sally davis	Management	Against	Against	The candidate attended less than 75 percent of board meetings in the last year, and it seems the company has not provided an explanation for this.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Proposed by</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
Logitech International SA, Apples	Annual General Meeting	8.B	Re-election of compensation committee: ms. sally davis	Management	Against	Against	The candidate attended less than 75 percent of board meetings in the last year, and it seems the company has not provided an explanation for this.
Logitech International SA, Apples	Annual General Meeting	10	Approval of compensation for the group management team for fiscal year 2019	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Nike, Inc.	Annual	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.	Annual	6.	To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm.	Management	Against	Against	The audit firm's tenure raises concerns about their continuing independence.
Nike, Inc.	Annual	5.	To consider a shareholder proposal regarding political contributions disclosure.	Shareholder	For	Against	We recommend a vote for this proposal as we consider that shareholders would benefit from enhanced disclosure in this area.
Renewi Plc, Glasgow	Annual General Meeting	3	To approve the directors' remuneration policy	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Renewi Plc, Glasgow	Annual General Meeting	5	To elect Mr Allard Castelein as a director of the company	Management	Against	Against	The candidate joined the board in the last year. As female directors represent less than 30 percent of the board, a vote against is recommended in line with ABB policy on board diversity.
Renewi Plc, Glasgow	Annual General Meeting	11	To re-appoint PricewaterhouseCoopers LLP as auditors of the company	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.
Safestore Holdings Plc	Ordinary General Meeting	1	To approve the directors' remuneration policy	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Proposed by</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
Safestore Holdings Plc	Ordinary General Meeting	2	To approve the company's Long Term Incentive Plan ('LTIP')	Management	Against	Against	The plan does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Sophos Group Plc, Abingdon	Annual General Meeting	2	To receive and approve the annual report on remuneration set out on pages 77 to 87 of the annual report and accounts	Management	Against	Against	Paying out of awards under the long-term incentive plan is based on three year one-year performance periods (rather than a single three-year performance period) which fails to incentivise a long-term perspective in our view. We therefore recommend a vote against.
Sophos Group Plc, Abingdon	Annual General Meeting	4	To elect Rick Medlock as director of the company	Management	Against	Against	The candidate joined the board in the last year. 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	Annual General Meeting	10	To re-elect Roy Mackenzie as director of the company	Management	Against	Against	The director is not independent and the board overall lacks a sufficient level of independence.
Sophos Group Plc, Abingdon	Annual General Meeting	16	To authorise the company to make political donations	Management	Against	Against	A vote against this resolution is warranted because political donations are not supported under the ABB guidelines.
Stagecoach Group Plc	Annual General Meeting	2	To approve the directors' remuneration report (other than the directors' remuneration policy)	Management	Against	Against	We have concerns over the company's decision to lower performance conditions under the long-term incentive plan part of the way through the performance cycle. We therefore recommend a vote against.
Stagecoach Group Plc	Annual General Meeting	19	To authorise political donations	Management	Against	Against	The resolution does not comply with ABB's guidelines.
Staples, Inc.	Special	2.	To approve, on a nonbinding advisory basis, the "golden parachute" compensation that may be payable to Staples, Inc.'s named executive officers in connection with the merger.	Management	Against	Against	We are concerned that a significant proportion of equity awards will vest following the change of control even if the relevant executives retain their jobs. We therefore recommend a vote against.

<i>Company Name</i>	<i>Meeting Type</i>	<i>Item</i>	<i>Proposal</i>	<i>Proposed by</i>	<i>Vote</i>	<i>For/Against Management</i>	<i>Comment</i>
The Berkeley Group Holdings Plc	Annual General Meeting	2	To approve the annual report on remuneration for the financial year ended 30 april 2017	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
The Berkeley Group Holdings Plc	Annual General Meeting	12	To re-elect A Li as a director of the company	Management	Against	Against	The directors hold a large number of other executive or supervisory positions. We therefore question the amount of the time he/she will be able to devote to company business. Consequently, a vote against is warranted in accordance with guidelines.
The Berkeley Group Holdings Plc	Annual General Meeting	21	To authorise the company to make political donations	Management	Against	Against	A vote against this resolution is warranted because political donations are not supported under the ABB guidelines.
United Utilities Group Plc, Warrington	Annual General Meeting	23	To authorise political donations and political expenditure	Management	Against	Against	A vote against this resolution is warranted because political donations are not supported under the ABB guidelines.
Vodafone Group Plc	Annual General Meeting	6	To re-elect Dr Mathias Dopfner as a director	Management	Against	Against	The candidate attended less than 75 percent of board meetings in the last year, and it seems the company has not provided an explanation for this.
Vodafone Group Plc	Annual General Meeting	14	To approve the directors' remuneration policy contained in the remuneration report of the board for the year ended 31 March 2017	Management	Against	Against	No element of remuneration is subject to performance against sustainability criteria. We therefore recommend a vote against both the remuneration policy and implementation report, in line with guidelines.
Vodafone Group Plc	Annual General Meeting	15	To approve the annual report on remuneration contained in the remuneration report of the board for the year ended 31 March 2017	Management	Against	Against	No element of remuneration is subject to performance against sustainability criteria. We therefore recommend a vote against both the remuneration policy and implementation report, in line with guidelines.