

ASN Beleggingsfondsen Beheer (ABB) Voting Behaviour – Q1 2016

A summary of Q1 2016 voting for ABB is displayed below.

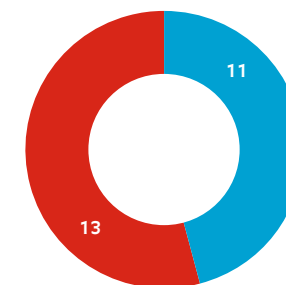
	Q1	Q2	H1	Q3	Q4	Annual
Total Meetings Voted	24					
Voted For Management	11					
Voted Against Management ¹	13					
Total Management Resolutions	287					
Votes For	264					
Votes Against	22					
Votes Abstain	1					
Total Shareholder Resolutions	2					
Votes For	1					
Votes Against	1					
Votes Abstain	0					
Total Resolutions	289					
Votes For	265					
Votes Against	23					
Votes Abstain	1					

¹ *Opposed management on at least one resolution.*

In Q1 2016 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 46 percent of the meetings and voted against management recommendations on at least one resolution at the remaining 54 percent of the meetings.

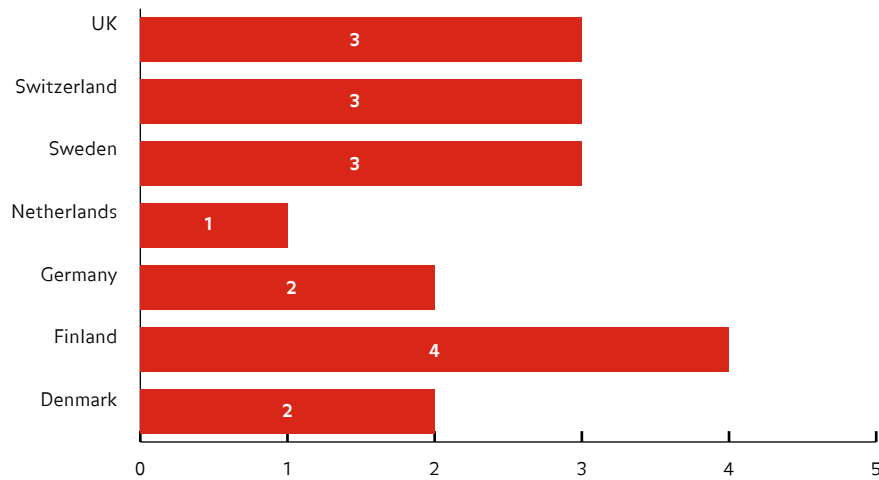
Total Meetings Voted For/Against Management

For Management	46%
Against Management	54%

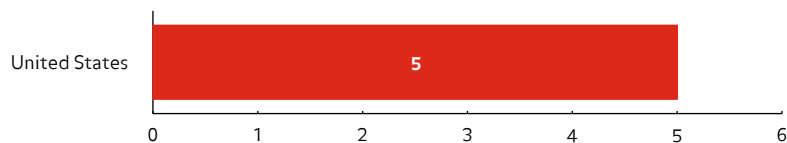


Out of the 24 meetings voted during Q1 2016, 18 meetings were voted in Europe, 5 meetings were voted in the Americas and 1 in Asia. The first three charts below display the meeting distribution by country in each region.

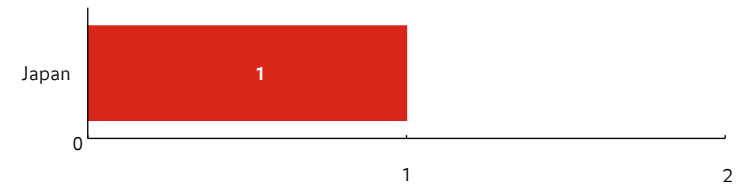
Meeting Distribution by Country - Europe



Meeting Distribution by Country - Americas

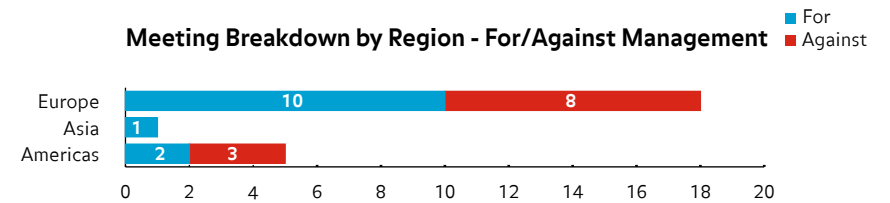


Meeting Distribution by Country - Asia



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

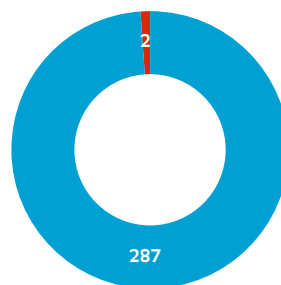
Meeting Breakdown by Region - For/Against Management



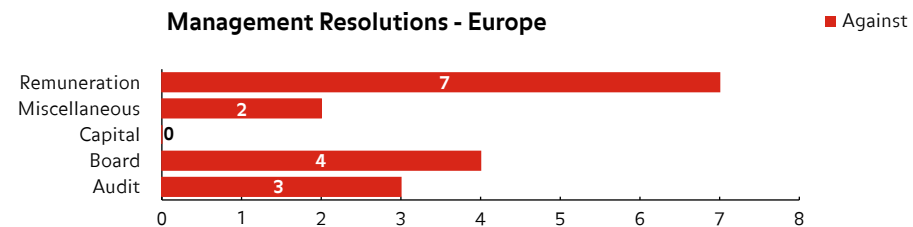
A total of 289 voting resolutions were reviewed and voted, of which 287 were management resolutions and 2 were shareholder resolutions. As illustrated in the second chart below, we did not support 10 percent of all resolutions.

Type of Resolution - Management/Shareholder

Management Resolutions	99%
Shareholder Resolutions	1%

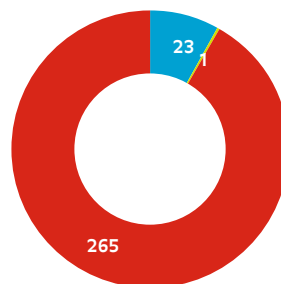


Negative Voting Breakdown Management Resolutions - Europe

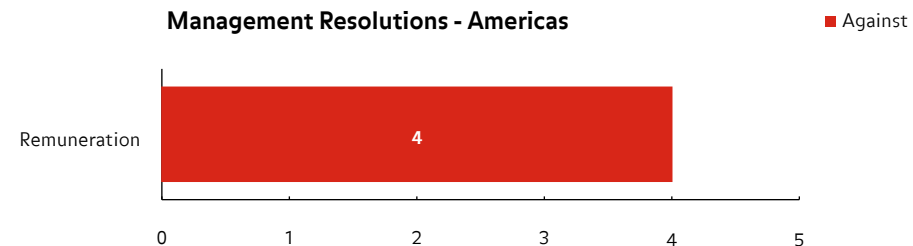


Resolutions - Votes For /Against

For	92%
Against	8%
Abstain	0%

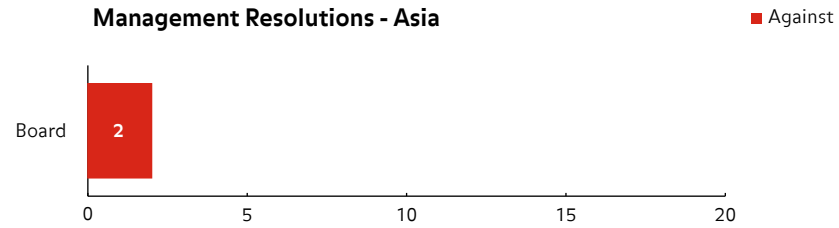


Negative Voting Breakdown Management Resolutions - Americas



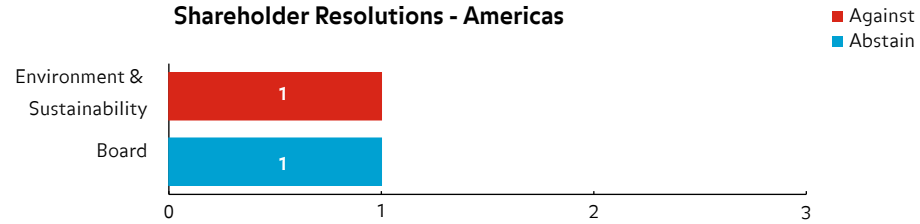
A total of 22 management resolutions were opposed during Q1 2016. The breakdown of these resolutions by region, type of resolution and the vote cast is provided in the charts below.

Negative Voting Breakdown Management Resolutions - Asia



The breakdown of the 2 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 or Asia regions.

Voting Breakdown Shareholder Resolutions - Americas



Voting Themes and Case Studies Q1 2016

In the first quarter of the year, companies begin to publish their results from the previous year and, particularly from March onwards, the busiest part of the shareholder meeting calendar begins. ABB used this time to strengthen a focussed programme of engagement with European companies, combining both ethical considerations and corporate governance. Meanwhile, in North America, the first stirrings of shareholder activism in 2016 could be seen.

Europe: A focussed engagement with pharmaceutical companies

ABB has in recent years been engaged in dialogue with pharmaceutical companies to encourage them to improve their business conduct and consumer marketing practices. This engagement is partly a response to high-profile allegations of unethical behaviour by representatives of large pharmaceutical companies and partly based on ASN's own research on this sector.

ABB regards the exercise of voting rights on issues such as board elections and directors' pay as an important part of this engagement and is therefore sending representatives to speak and vote at the Annual General Meetings of several pharmaceutical companies this year. In Q1, ASN representatives attended the meetings of **Novartis** in Switzerland and **Novo Nordisk** in Denmark.

At the Novo Nordisk AGM on 18 March 2016, ABB was supportive of the election of all shareholder-elected directors (other directors at Danish companies are elected by employees). Although both the Chair and Vice-Chair are representatives of the major shareholder Novo A/S, this was balanced by the presence of independent directors, and we observed a commitment to gender diversity, with just under half of the directors being female. The company also asked shareholders to approve a number of changes to its remuneration policy, so that, for example, pay would no longer be indexed to the highest 25 percent in Denmark. Bearing in mind that the company's bonus and share schemes used not only financial targets, but also targets

linked to quality, employees and the environment, ABB supported this proposal. Shareholders approved the election of all board candidates, as well as the adoption of new remuneration principles.

However, we were unwilling to support a proposal to reappoint the auditor PricewaterhouseCoopers, as, in addition to their fee for audit services, they had received fees for tax-related services worth between one third and one half of the audit fee in each of the last three years. This created concern that the auditor may not display sufficient independence when auditing the company's books. Although the auditor was reappointed at the meeting, we consider that our stance on this issue may help to keep on the board's radar the issue of utilising the auditor for consultancy services, and its possible effect on the auditor's independence.

At the **Novartis** AGM on 23 February 2016 we voted against the compensation report. This topic is particularly important in the context of the company's recent history. Indeed, in 2013, the public and shareholders expressed anger after the company decided to grant a non-compete advisory services agreement worth CHF 72 million to its outgoing chairman Daniel Vasella. The scale of the award was disproportionate compared to his expected future role. It also threw a spotlight on the oversight of compensation by the company's board of directors and in particular its remuneration committee. Moreover, it had a significant influence on the referendum on executive compensation in Switzerland, held a month after this announcement, which led to the introduction of the Ordinance against Excessive Remuneration in Listed Companies.

Since then, we have noted the improvements made to the compensation policy and the company's continuous efforts at reaching out to its shareholders on the topic of executive and board compensation. However, this year we were still concerned by the insufficiently stretching performance targets in relation to the share award plan and the level of potential discretion directors may apply in defining the compensation levels for executives under the short-term incentive plan. In addition,

we withheld support from two directors because of their long tenure and questionable independence, and the company's limited efforts to increase diversity on its board.

ABB also maintained the pressure to reform remuneration practices at two other Swiss companies, engineering specialist **Georg Fischer** (AGM on 23 March 2016), where we were concerned about performance conditions that were too easy to satisfy, and flavours and fragrance producer **Givaudan** (AGM on 17 March 2016), where executives may benefit from windfall share awards if the company is taken over. 35 percent of shareholders voted against the compensation report at Georg Fischer and 10 percent at Givaudan.

Now that the Ordinance against Excessive Remuneration makes total executive pay contingent on the approval of shareholders, these signals of concern from Novartis, Georg Fischer and Givaudan shareholders should carry additional weight with their boards of directors.

North America: Mixed support for activist investors

At the **Starbucks** (USA) AGM on 23 March 2016, there were two shareholder proposals, continuing the trend from last year when the company also faced two shareholder proposals at its AGM. This year's shareholder proposals were on 'proxy access' and a review of human rights policies.

The first, on proxy access – which is emerging as a popular shareholder proposal in the US for 2016 – called for the company to allow shareholders that own at least three per cent of the company's shares for three years to be able to nominate a director. We believe that large, long-term shareholders should be able to nominate a director on the board, as it enhances accountability and increases shareholders' rights. Furthermore, in the case of Starbucks, where the role of CEO and chairman are combined in the hands of one individual, the case for shareholders being able to nominate directors and represent their interests on the board is even stronger. Therefore, we supported this proposal, along with a majority of shareholders

(57% of votes cast), meaning that shareholders will now have a greater say in who runs the company on their behalf.

The second shareholder proposal called for the company to conduct a human rights review. While ASN is normally supportive of a strong human rights policy, in this case we voted against. The proponent was the National Center for Public Policy Research (NCP), which is a conservative US think tank and policy institute covering Congress, insider political information, global warming and the environment, legal reform, Social Security and campaign reform. The NCP has on numerous occasions challenged companies on their environmental policies, such as questioning Duke Energy on its support of renewable energy legislation; criticising Bank of America's commitment to green programmes; and asking Apple to amend its corporate documents so that the company does not pursue environmental initiatives. Furthermore, the organisation is a member of the Cooler Heads Coalition, which seeks 'to dispel the myth of global warming'. Therefore, we were concerned that the apparent request for greater transparency on Starbucks' human rights policies may ultimately be designed to resist stronger action in this area. This proposal did not receive sufficient support – only 4 percent of votes cast supporting this proposal. So, mixed fortunes for the activist investors at this meeting, indicating that shareholders will give a fair hearing to proposals made by their peers, but will not support them without careful consideration.

ASN Beleggingsfondsen Beheer Q1 2016 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>
Acuity Brands, Inc.	AGM	3.	Advisory vote to approve named executive officer compensation.	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Asics Corporation	AGM	3.4	Appoint a Director Nishimae, Manabu	Management	Against	Against	The candidate is standing for election for the first time. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Asics Corporation	AGM	3.8	Appoint a Director Kashiwaki, Hitoshi	Management	Against	Against	The candidate is standing for election for the first time. As there are no female directors on the board, a vote against is recommended in line with ABB policy on board diversity.
Axfood AB, Solna	AGM	14	Re-election of directors Antonia Ax:son Johnson, Caroline Berg, Ann Carlsson and Lars Olofsson. New election of Fabian Bengtsson and Mia Brunell Livfors as directors. Election of Mia Brunell Livfors as Chairman of the Board	Management	Against	Against	The company's supervisory board lacks sufficient independence. Therefore, a vote against the re-election of the non-independent members of the board is recommended.
Axfood AB, Solna	AGM	15	New election of Deloitte AB as the company's auditor for a term from the end of the 2016 Annual General Meeting through the end of the 2018 Annual General Meeting. The auditing firm has notified that Hans Waren, authorized public accountant, will be appointed as Chief Auditor for the audit.	Management	Against	Against	The level of non-audit fees and the length of tenure of the auditor raise concerns about the auditor's independence and therefore a vote against is warranted in accordance with guidelines.
Axfood AB, Solna	AGM	16	Resolution on guidelines for appointment of the nominating committee, etc	Management	Against	Against	The nominating committee has failed to provide a sufficiently independent board. Therefore, a vote against the guidelines of the nominating committee is warranted.

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Axfood AB, Solna	AGM	17	Resolution on guidelines for compensation of senior executives	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Georg Fischer AG, Schaffhausen	AGM	1.2	Advisory vote on the compensation report for 2015	Management	Against	Against	We recommend a vote against this resolution because the company's performance criteria are not stringent enough.
Givaudan SA, Vernier	AGM	2	Approve remuneration report	Management	Against	Against	The company provides the possibility for accelerated vesting on change in control and the company does not make it explicit whether there is a clawback/malus clause on bonus awards. Written confirmation that such measure is in place would be welcome.
Givaudan SA, Vernier	AGM	6.2.2	Approve maximum fixed and long term remuneration of executive committee for fiscal 2016 in the amount of CHF 19.8 million	Management	Against	Against	Given our reservations on the compensation policy, this item warrants a vote against.
Infineon Technologies AG, Neubiberg	AGM	7	Approve qualified employee stock purchase plan: Article 4, Paragraph 7 of the Articles of Association, new	Management	Against	Against	The plan does not include metrics related to sustainability and a vote against is therefore warranted.
Keurig Green Mountain, Inc.	EGM	II	The proposal to approve, by a non-binding advisory vote, the compensation that may be paid or become payable to Keurig's named executive officers that is based on or otherwise relates to the merger contemplated by the merger agreement.	Management	Against	Against	There are excessive single trigger provisions as part of the compensation and therefore a vote against is warranted.
Lassila & Tikanoja Oyj, Helsinki	AGM	15	Election of auditor: KPMG OY AB	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.

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Novartis AG, Basel	AGM	6.2	Binding vote on total compensation for members of the executive committee for the next financial year, i.e. 2017	Management	Against	Against	We are concerned by the insufficiently stretching performance targets in relation to the share award plan and the level of potential discretion directors may apply in defining the compensation levels for executives under the short-term incentive plan. The compensation policy also does not include clearly defined metrics linked to sustainability and a vote against is therefore warranted.
Novartis AG, Basel	AGM	6.3	Advisory vote on the 2015 compensation report	Management	Against	Against	The compensation policy does not include metrics linked to sustainability and a vote against is therefore warranted.
Novartis AG, Basel	AGM	7.6	Re-election of Pierre Landolt, PH.D.	Management	Against	Against	The director is not independent and has served on the board for 20 years. The board overall lacks a sufficient level of independence and therefore a vote against is warranted.
Novartis AG, Basel	AGM	7.11	Election of Ton Buechner	Management	Against	Against	The candidate is standing for election for the first time. As female directors represent less than 30 percent of the board, a vote against is recommended in line with the ABB policy on board diversity.
Novartis AG, Basel	AGM	B	If alternative motions under the agenda items published in the notice of annual general meeting and/or motions relating to additional agenda items (Article 700 Paragraph 3 of the Swiss Code of Obligations) are proposed at the Annual General Meeting, i/we instruct the independent proxy to vote as follows: (yes = according to the motion of the board of directors, against = against alternative/ additional motions, abstain = abstain from voting)	Management	Against	Against	A vote against is warranted as this measure would give the company unfettered discretion.

Company Name	Meeting Type	Item	Proposal	Type	Vote	For/Against Management	Comment
Novo Nordisk A/S, Bagsvaerd	AGM	6	Re-appointment of PricewaterhouseCoopers as auditor	Management	Against	Against	We note that the auditor PwC has received remuneration for 'other services' worth between 21% and 46% of the audit fee (DKK 24,000,000) in each of the last three years. In addition, they have received fees for tax-related services worth between 33% and 46% of the audit fee in each of the last three years. It is not clear how far this category of work comprises tax compliance work and how far it comprises tax advisory work. In view of these concerns we have concerns over the independence of the auditor in carrying out the statutory audit and recommend a vote against.
Starbucks Corporation	AGM	2.	Advisory resolution to approve our executive compensation.	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Starbucks Corporation	AGM	3.	Approve amendment and restatement of our executive management bonus plan.	Management	Against	Against	The compensation policy does not appear to include metrics related to sustainability and a vote against is therefore warranted.
Starbucks Corporation	AGM	6.	Review policies related to human rights.	Shareholder	Against	For	While the premise of what is included in this shareholder proposal would normally be supported under the ABB policy, a vote against is warranted due to the proponent's other views on key issues for ABB. We are concerned that the apparent request for greater transparency on the company's human rights policies may ultimately be designed to resist stronger action in this area.
Vestas Wind Systems A/S, Aarhus	AGM	6	Re-appointment of PricewaterhouseCoopers statsautoriseret revisionspartnerselskab as auditor	Management	Abstain	Against	As the non-audit fees exceed the audit fees a vote against is warranted. But, it is not possible to vote against due to a local market restriction, therefore, we recommend abstention.

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WH Smith plc, Swindon	AGM	20	Authority to call general meetings (other than the AGM) on 14 clear days' notice	Management	Against	Against	A shortened notice period may not provide shareholders with sufficient time to adequately review proposals and, therefore, a vote against is warranted.
