

# Voting Policy

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# ASR Nederland N.V. Voting Policy, March 2016

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## 1. Introduction

ASR Nederland N.V. (a.s.r.) is a Dutch insurance group and an institutional investor in various listed companies. In this document a.s.r. formulates its policy on how it deals with the exercise of its shareholder rights in Dutch and foreign listed companies. This policy is, as far as possible, in keeping with the Dutch Corporate Governance Code (NCGC) and the recommendations for institutional investors of the Corporate Governance Monitoring Committee (MCCG). In this way a.s.r. also complies with section 5:86 of the Financial Supervision Act (Wet op het financieel toezicht).

In implementing its voting policy, a.s.r. makes use of a proxy advisory service, which advises a.s.r. on the basis of the voting conduct guidelines described in the present policy. In doing so, the proxy advisory service reviews its advice in the light of the NCGC and other documents. Using the proxy advisory service's advice, a.s.r. makes its own decision. In doing so, it assesses both the legal and the economic aspects of the relevant agenda item. This means that it may decide not to heed the advice given by the proxy advisory service. In the case of foreign companies, the proxy advisory service votes on behalf of a.s.r. under a power of attorney.

## 2. General principles

a.s.r. observes the following general principles. However, voting on a number of specific topics is governed by the principles described in sections 3-5 below.

- a. a.s.r. invests in the shares of (listed) companies. In doing so, it acts primarily in the interests of the ultimate beneficial owners it represents (i.e. policyholders and clients).
- b. a.s.r. aims to pursue a policy of active engagement in the case of Dutch companies in which it has an interest. In the case of foreign companies, a.s.r. decides whether the effort and cost of voting is worthwhile in the light of the effort and cost involved.
- c. a.s.r. aims to exert its influence as shareholder to promote a transparent (corporate governance) policy. In reaching its decisions it is guided by the NCGC and the recommendations of the MCCG for Dutch companies. In the case of investments in foreign companies, it adheres to the applicable local codes.
- d. a.s.r. believes that companies which are well managed and are transparent for their shareholders and other stakeholders will ultimately perform better.
- e. a.s.r. regards itself solely as an institutional investor and does not therefore wish to usurp the position of the directors of the companies in which it invests. It follows that a.s.r. votes, in principle, in favour of proposals of executive officers and executive boards (jointly referred to below as 'directors') and/or the supervisory board. However, if such proposals are contrary to this policy, a.s.r. will either vote against the resolution or abstain from voting. In such cases, however, a.s.r. will first seek to establish a dialogue with the directors and/or the supervisory board.
- f. a.s.r. considers it necessary for a company to inform its shareholders periodically about the policy it pursues and its corporate strategy. Where a.s.r. has fundamental objections to the policy and/or the corporate strategy, and there is no prospect of improvement, it may decide to sell the interest it has acquired.
- g. a.s.r. considers that if shareholders have certain pre-emptive rights in a given situation, they should be adequately compensated if these rights are abrogated. If a.s.r. considers that adequate compensation is not forthcoming, it will either abstain from voting or vote against.

## 3. Socially Responsible Investment (SRI) policy

In addition to the guidelines of the Dutch Corporate Governance Code, the voting policy of a.s.r. Nederland also takes into consideration a.s.r.'s own SRI policy. Investment decisions are made by a.s.r. on the basis of the company's score on ESG (environmental, social and governance) criteria and an assessment of any controversial activities. This is how we try to avoid taking non-financial risks, particularly reputation risk, and meet the relevant regulatory requirements, the UN PRI, the UN Global Compact standards, the UN PSI and the Sustainable Investment Code of the Dutch Association of Insurers. a.s.r.'s SRI policy is based on the standards defined by Forum Ethibel; the SRI survey is performed by VigeoEiris.

For a broader perspective on a.s.r.'s investment and engagement policy, please consult the full text of the a.s.r.'s [SRI policy](#).

## 4. Executive and Supervisory Boards

### Appointment and reappointment

a.s.r. will, in principle, vote in favour of the proposal. However, it will vote against where:

- a. the prescribed maximum term of office for appointment or reappointment has been or will be exceeded;
- b. there is good reason to doubt the integrity or suitability of the person concerned.

### Discharge

a.s.r. will, in principle, vote in favour of a proposal to discharge directors and/or supervisory board members from liability. However, it will vote against where:

- a. there is good reason to doubt the adequacy of the policy pursued in the past period;
- b. legal proceedings have been instituted by shareholders or other stakeholders against the company and are not viewed by a.s.r. as unreasonable.

### Indemnification

a.s.r. will, in principle, oppose proposals to indemnify directors and/or supervisory board members against legal action. This applies, above all, in cases where the proposed indemnification is unlimited or all-inclusive.

## 5. Remuneration policy

a.s.r. observes the following principles in relation to the remuneration of the directors and supervisory board members of the companies in which it invests. If the company makes a proposal that conflicts with these principles, a.s.r. will assess each case on the facts and decide whether to vote against or abstain.

- a. The supervisory board (or, in the case of a one-tier management structure, the non-executive directors) or the general meeting of shareholders takes the initiative and is responsible for formulating the policy on executive pay (or changes to this policy) and for its implementation and results.
- b. The remuneration policy for the directors and the supervisory board and any changes to it need to be adopted by the general meeting of shareholders. Proposals concerning the form of shares or rights to subscribe for shares (and changes to them) are submitted separately to the general meeting of shareholders for approval.
- c. A company's supervisory board that has established a separate remuneration committee is advised by this committee on matters relating to remuneration. The supervisory board prepares a remuneration report in which it renders account for the implementation and outcome of the executive pay policy in the relevant reporting year. To enable the general meeting of shareholders to oversee the implementation of this policy, the remuneration report shows how the actual amounts paid, including any variable components, result from the adopted policy. The report describes any performance targets on which the payment of variable remuneration components is dependent and indicates the relative relationship between the performance targets. The remuneration report also contains a section specifying and accounting for any discretionary remuneration awarded by the supervisory board and describing any amount recovered under the clawback powers.
- d. Besides having a statutory duty to submit the remuneration report to the shareholders for discussion, (listed) companies submit the report as a separate agenda item to the general meeting of shareholders for a vote. If the supervisory board does not submit the remuneration report to the general meeting for a vote, shareholders are unable to express a view on how the remuneration policy has been implemented by the supervisory board. In such cases shareholders may then take the remuneration report into account in determining how to vote on other agenda items.
- e. The supervisory board assesses annually whether the company is pursuing an appropriate policy on executive pay, partly on the basis of the results. The policy on executive pay is evaluated in its entirety at least once every four years, and the general meeting of shareholders decides whether the existing policy should be continued or amended.
- f. The policy on executive pay is in keeping with the company's long-term strategy and related objectives. The policy does not contain any incentives that might encourage directors to act to the detriment of the company's long-term interests.
- g. The structure and level of executive pay are in keeping with the company's general remuneration policy. The supervisory board takes account of the directors' role in setting an example to the company's other employees.
- h. Total executive pay in any event includes a fixed salary and is comparable to that of a predefined peer group.

Any variable pay components are subject to a predetermined maximum. The variable pay may not be excessive in relation to the fixed pay (i.e. more than 100%). If the variable pay does exceed 100%, a.s.r. will decide on proposals on a case-by-case basis.

- i. The period over which long-term variable pay components are granted unconditionally is sufficiently long to do justice to the company's long-term strategy and related objectives. Generally, this period is at least three years. Variable pay is determined by reference to predefined, clear, measurable, influenceable and feasible targets. The variable component must strengthen the director's commitment to the company and its objectives. Variable pay may not contain any guaranteed components.
- j. Variable pay components are based in part on environmental, social and/or corporate governance objectives. These objectives are clear, quantifiable, time-related and challenging and are directly related to the strategy and operational risks. The objectives are measurable and transparent and can be related to performance.
- k. The supervisory board has a discretionary power to act to prevent unfair outcomes when variable pay components are granted unconditionally, for example in the case of a takeover, redundancy and/or special write-down. Basically, the supervisory board has the power to reduce the level of the variable pay components before they become unconditional. In the event of a public offer, legal merger or spin-off, any shares and/or rights to shares granted conditionally are awarded at most pro rata over the past performance period.
- l. A variable pay scheme contains a provision for the clawback of variable pay components that are already unconditional and/or have been paid out if it later transpires that some or all of them have been wrongly awarded on the basis of incorrect financial or other information. If this occurs, the supervisory board institutes a procedure to recover the remuneration components concerned.
- m. Severance pay may not exceed the fixed annual salary. However, if the termination of a director's employment in his first term of office is manifestly unreasonable, the maximum severance pay is twice the fixed annual salary. No guaranteed compensation may be paid to an individual director whose contract is terminated on account of his poor performance.
- n. Directors may accumulate a given package of shares in the company that employs them and must retain them for a given minimum period after leaving the company.
- o. The remuneration of supervisory board members is not dependent on the company's results. The remuneration may not consist of shares or rights to shares in the company.

## 6. Capital

### Dividend policy

In principle, a.s.r. votes in favour of proposals to pay dividends. However, it votes against such proposals if:

- a. payment of the dividend would be undesirable in view of the company's financial position;
- b. if there is no cash option for shareholders in the case of a stock dividend.

### Purchase by a company of its own shares

In principle, a.s.r. supports proposals by a company to purchase its own shares. The basic criteria applied by a.s.r. are that the authorisation to management for this purchase may not be unreasonably long (maximum of 18 months) and that the percentage of shares which may be purchased is acceptable (maximum of 10%). Proposals for the purchase of more than 10% are assessed on their merits on a case-by-case basis.

### Issue of new shares

In principle, a.s.r. supports proposals by a company to issue new shares. The basic criterion applied by a.s.r. is that the authorisation to management for this issue may not be unreasonably long (maximum of 18 months) and that the percentage of newly issued shares is acceptable (10% + 10% (with limited pre-emptive right)). a.s.r. will vote against a proposal for the issue of new shares if the pre-emptive right is limited. This is because an issue of shares without a pre-emptive right adversely affects the rights of existing shareholders.

### Issue of preference shares (as an anti-takeover device)

In principle, a.s.r. supports proposals by a company to issue new preference shares as an anti-takeover device. The basic criteria applied by a.s.r. are that the authorisation to management for this issue may not be unreasonably long (maximum of 18 months), that an extraordinary general meeting of shareholders must be convened within six months of the issue and that the percentage of newly issued shares is acceptable (maximum of 100%).

## Acquisition proposals

Substantive proposals for mergers, acquisitions, restructurings and so forth are assessed on a case-by-case basis. The timely and adequate provision of information is essential in this connection. If this is not the case, a.s.r. will, in principle, either vote against the proposal or abstain from voting. In addition, a.s.r. considers it of the utmost importance that where an acquisition is proposed there is a level playing field for all potentially interested parties.

## 7. External auditor

a.s.r. is in favour of the periodic appointment of a new external auditor and votes, in principle, for the appointment of such an auditor within the statutory periods. However, it votes against such a proposal if:

- a. the external auditor has been held liable by shareholders or other stakeholders;
- b. there are reasons to doubt the integrity or suitability of the external auditor.

## 8. Exercise of the voting right

### Decisions on how to vote

a.s.r.'s Voting Policy Committee (VPC) is responsible for determining how votes are cast. The VPC assesses the agenda of the meetings of shareholders of the companies concerned and determines its position on each agenda item. The VPC may seek the advice of one or more external parties. It then goes on to decide whether a.s.r. should be physically represented at the meeting or whether a power of attorney will be given to the directors of the company concerned or to some other party.

### Exercise of the right

As shareholder, a.s.r. will use its influence by exercising its voting right. In each case it will carefully examine whether it will exercise the right itself or through a proxy. The interests of the ultimate beneficial owners will be given priority as far as possible. a.s.r. may decide not to exercise the voting right if this would not be in the interests (or sufficiently in the interests) of the ultimate beneficial owners or would entail disproportionate expense, or is undesirable on other grounds.

### Voting transparency

a.s.r. posts its voting records on its website every three months. In this way it provides as much transparency as possible about its involvement as shareholder.