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Submitted by e-mail

Subject: Eumedion's response to ESMA's Discussion Paper 'An Overview of the Proxy Advisory Industry. Consideration on Possible Policy Options.'
(ESMA/2012/212)

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Amsterdam, 22 June 2012

Dear Sirs, dear Madams,

Eumedion welcomes the opportunity to submit comments on ESMA's Discussion Paper on the Proxy Advisory Industry (Document Nr. ESMA/2012/212). Eumedion is the dedicated representative of the interests of 69 institutional investors – all with a long term investor horizon – and aim to promote good corporate governance and sustainability in the companies our participants invest in. Together they have more than € 1 trillion assets under management. Through the provision of equity and non equity, long term institutional investors are a major source of the capital that is used by listed companies to grow, create wealth and provide employment, which is vital to the long term interests of the European economy.

1. Key remarks

We are very pleased with this high quality consultation paper. We endorse ESMA's approach to profoundly consider the accuracy, independence – in terms of avoiding conflicts of interests - and reliability of the proxy advice providers. Proxy advisors offer basically two types of services: advices on how to vote on general meeting proposals (1. advisory services) and assistance in the vote

transmitting process (2. transmitting services). The paper is rightly focused on the most important aspects of the former type of services in Europe and proposes a well balanced set of potential policy options associated therewith.

We are not convinced that there is sufficient supportive evidence for regulatory interference in the small and vulnerable proxy advisory market. Clearly, introducing prescriptive regulatory measures on the voting advisors would be too severe. If it is decided to take EU policy action, we have a strong preference for non binding guidelines (Code of Conduct) or recommendations to promote proxy voting advisors' quality and integrity, and to be adopted by the European Commission and/or ESMA. It would be important not to create unreasonable costs in the in the form of compliance and other requirements.

2. Context

Proxy advisors should not be viewed in isolation, and therefore we much appreciate that ESMA takes a broad perspective on the proxy advisory market. The role of the proxy advisors needs to be considered in the context of the functioning of the voting system as a whole. In particular in cross border situations investors are confronted with various legal and operational barriers to smoothly exercise their voting rights. Important barriers are: the timing and language of meeting notifications, premature vote deadlines, obstacles in the voting chain (custodians), lack of vote confirmations, requirements for new powers of attorneys or for every shareholders' meeting. These barriers contribute to investors' reliance on the services of proxy advisors, especially with respect to the vote transmission process. If we really want to have more institutional investors acting as engaged and responsible shareowners, an excellent working legal and operational infrastructure is necessary for exercising voting rights across borders.

Beyond proxy voting advisors, there are many types of key advisors who also have a significant influence on the functioning of listed companies' governance structures, and the preparation and decision-making process at general meetings. Those include remuneration advisors, lawyers and civil law notaries and investment bankers. The independency and reliability of some of these advices on meeting proposals and the extent to whether these advices reflect the long term interests of the company, its shareholders and other stakeholders, are often a black box for institutional investors and other stakeholders. Widening the scope of analysis to involve all relevant advisors, would make the ESMA policy considerations on factors influencing the governance of listed companies even more comprehensive.

Proxy advice is typically used by institutional investors. Institutional shareholders, the main providers of risk bearing, equity capital, have a clear interest in seeing listed companies being run in an effective and sustainable way. Although boards of directors are primarily responsible for the governance of their companies, we strongly believe that long term institutional shareholders have an own responsibility and commitment to promote good corporate governance practices and risk mitigation. For this

purpose, Eumedion participants seek to constructively engage with companies to better understand the issues and sometimes effect a change of governance in order to serve the company's performance in the long run (stewardship). To promote the concept of stewardship Eumedion has published its own best practices on engaged share-ownership in June 2011, complement to the Dutch corporate governance code.¹ The best practices guide Eumedion participants to a high standard of responsible share-ownership.

An essential element of responsible behaviour by institutional investors is to cast 'informed' votes at shareholder meetings. This requires institutional investors to carefully monitor the listed company involved and analyse the meeting proposals on the basis of their own proper voting policies. Investors' ability to effectively monitor investee companies and to ensure that the meeting proposals are appropriate, depends not only on their own willingness to commit time and resources. (i) Effective issuers' disclosures, (ii) meaningful shareholders' rights that can be enforced in practice, (iii) and the attitude and responsiveness of boards of the listed companies involved are also key factors for an adequate and responsible general meeting decision making process.

The information institutional investors need to make responsible and informed vote decisions may be collected from a wide range of sources including annual reports, media and internal analysis. Proxy advisors' analyses and/or recommendations are among those sources and serve as input to the investors' analysis. In particular – but not only – large institutional investors who, for reasons of diversification, invest in many listed companies seated in various countries could benefit from proxy advisors' voting advices. It is difficult for them to deeply analyse the agenda's of the shareholder meetings of all portfolio companies. Another limiting factor is that most annual general meetings take place in the period March-June, which results in numerous of shareholder meetings per day.

The use of proxy advisors could be helpful to not only make use of voting rights but also to cast 'informed' votes at the general meetings of shareholders. In doing so proxy advisors could provide a high quality service to institutional investors in discharging their governance and stewardship responsibilities. This is also the reason that if institutional investors subscribe to the voting advice service of proxy advisors, this is often done on the basis of a customised voting policy. In the case of a customised voting policy, the voting advice is based on the investor client's own voting guidelines. It is of course essential that the advice issued by proxy advisors is of a high quality. This has not always been the case in practice. Ultimately, institutional investors are primarily responsible to hold agencies to account what they expect from them.

We note that institutional investors are responsible to cast votes after informed monitoring of the investee companies, regardless whether they use advisors services. Hence, we very much support the provision that a shareholder should vote as he sees fit, as stated in the Dutch corporate governance

¹ http://www.eumedion.nl/en/public/knowledgenetwork/best-practices/best_practices-engaged-share-ownership.pdf.

Code.² If an institutional investor or an engagement overlay provider on behalf of institutional investor uses proxy advices, he should make his own judgement on whether the advice is aligned with his own voting policy. The use of a proxy voting advisor's or other third party's services could not be a substitute for the institutional investor's own responsibility to vote in an informed and responsible manner.

A detailed response follows which reflects the order of subjects and questions in the consultation document.

3. Questions

Correlation between proxy advice and investor voting behaviour

Q1. How do you explain the high correlation between proxy advice and voting outcomes?

In general, a high correlation between advice and voting outcomes can be seen, as several surveys have shown. We note that there are number of likely explanations:

- A large majority of the management proposals are routine, non contentious, matters and receive supportive recommendations from voting advisors. In normal situations, these proposals would gain shareholders' support, regardless of the recommended voting behaviour.
- Typically with regard to customised advisory arrangements, proxy advisors take client's voting policies and preferences into account before issuing a recommendation. The standard advice provided by proxy research providers is typically based on generally accepted corporate governance best practices. The same best practices are in general also applied by institutional investors when analysing the ballots of upcoming shareholder meetings. These best practices are not invented by the proxy research providers but are foremost a result of the corporate governance codes that have been enacted in many jurisdictions worldwide. Also the public debate has an impact on the development of generally accepted best practices.
- When monitoring (some of) the voting recommendations, investors come to the same conclusions in most cases.
- There are essentially only three possible alternatives when voting proposals; for, against or withhold (of which the first two are by far the most used options).

However, if we look more closely to specific circumstances under which recommendations submitted, then we see a slightly different picture. For instance, if the vote items are controversial then institutional investors tend to deviate more from the proxy advisors. Recent research by Eumedion shows that only 6 of the 46 most controversial voting items in the 2012 proxy season received a negative voting advice by the largest proxy advisors, ISS and Glass Lewis, and 31 of them a positive

² Best practice provision IV.4.5 (http://www.corpgov.nl/page/downloads/DEC_2008_UK_Code_DEF__uk_.pdf).

advice from both advisors although these items received a relative large resistance from shareholders. The full results of this research are presented in the annex.

Also under other specific circumstances there is significantly more deviation to be seen. Michael Schouten, researcher of the Amsterdam DUISenberg School of Finance, recently found that institutional investors deviate more frequently when they hold a larger stake, when the firm performs weakly, when there are more alternative sources of information available and/or when the investee company is domestic.³

Q 2. To what extent:

a) do you consider that proxy advisors have a significant influence on voting outcomes?

We believe that proxy advisors do not have a disproportional influence on voting outcomes for various reasons.

Firstly, whilst institutional investors have very legitimate reasons to use proxy advisors' services, a significant part of the institutional investors does not use proxy advices services at all. Evidence by the Dutch Corporate Governance Code Monitoring Committee showed that just a slight majority (56%) of the institutional investors involved in the survey actually use voting advisory services.⁴ According to the 2010 survey, 46% of the institutional investors that used a proxy advisor receive so-called customised advices: advice based on their own voting policy. 58% of the institutional investors discussed the voting policy with the proxy advisors beforehand, even where they receive standardised voting advice.

Secondly, the relatively high correlation between the proxy advice and the vote outcomes does not imply that institutional investors blindly follow the advices resulting in disproportional influence of proxy advisors:

- i) the correlation is not exclusively the result of the voting recommendations. Institutional investors often use several other sources of information and there can be various reasons to agree or disagree with a proposal. This is also supported by the recently published IRRc survey on proxy advisors in the US;⁵
- ii) the advice is based on their own policy or on a general policy of a proxy firm that has to act in the interests of institutional advisors;
- iii) especially the advices to vote against a management proposal and/or advice regarding non routine proposals are thoroughly scrutinised. As described above, research by Eumedion shows that investors tend to deviate significantly more in cases when vote items are controversial;

³ Michael C. Schouten, "Do Institutional Investors Follow Proxy Advice Blindly?" (January 2, 2012), at: (<http://ssrn.com>).

⁴ Monitoring Committee Corporate Governance Code, Second report on compliance with the Dutch Corporate Governance Code, 14 December 2010 (http://commissiecorporategovernance.nl/page/downloads/2010_UK_report.pdf).

⁵ IRRc institute, Voting Decisions at US Mutual Funds: how investors really Use Proxy Advisors, June 2012.

iv) In a recent study regarding US listed companies it was estimated that overall, an ISS recommendation shifts 6–10% of shareholder votes.⁶

Thirdly, according to the survey of the Dutch Corporate Governance Code Monitoring Committee, 62% of the institutional investors who participated in the survey apply best practice IV.4.5 of the Dutch corporate governance code: “A shareholder shall vote as he sees fit.” A shareholder who uses of the voting advice of a third party is expected to form his own judgment on the voting policy of this advisor and the voting advice provided by him. The compliance rate is even 100% for the largest Dutch institutional investors.

In its more recent 2011 Survey the Dutch Corporate Governance Code Monitoring Committee mentioned a trend in which investors are becoming more aware of their own responsibility for deciding how to vote.⁷

b) would you consider this influence as appropriate?

There is no empirical evidence of a disproportional influence of voting advisors. Under 2a we have explained why we believe ESMA should be careful not to overstate the influence of voting advisors. In addition, it should be taken into account that investors also have influence on the general voting policies of some proxy advisors, for instance through the results of an periodic questionnaire.

Investor responsibilities

Q 3. To what extent can the use of proxy advisors induce a risk of shifting the investor responsibility and weakening the owner's prerogatives?

We believe that institutional investors are responsible to cast votes after informed monitoring of the investee companies, regardless whether they use proxy advice. Institutional investors have the power to set the terms in their relationship with proxy voting advisors. It is their responsibility to hold agencies to account when the advices are not sufficiently aligned with their own voting policies which are drawn in the interest of the ultimate beneficiaries. In the end the investment managers and asset owners remain responsible towards their clients and beneficiaries about the way they exercise the voting rights. The use of proxy advisors does therefore not induce a risk of shifting the investor responsibility or weakening the owner's prerogatives, but should support the investor in understanding and discharging his stewardship vis-à-vis the company.

Q4. To what extent do you consider proxy advisors:

⁶ S. Choi, J.E. Fisch en M. Kahan, 'The Power of Proxy Advisors: Myth or Reality', *Emory Law Journal* 2010, nr. 59, p. 869-918, University of Penn, Institute for Law & Economics Research Paper No. 10-24.

⁷ Corporate Governance Code Monitoring Committee, Third report on compliance with the Dutch Corporate Governance Code, 9 December 2011 (http://commissiecorporategovernance.nl/page/downloads/2011_MCCG_ENG.pdf).

- a) to be subject to conflicts of interest in practice?*
- b) have in place appropriate conflict mitigation measures?*
- c) to be sufficiently transparent regarding conflicts of interest they face?*

It is widely recognised that some proxy advisors face potential conflicts of interest. Examples of potential conflicts of interest situation are when a proxy advisor:

- has an asset manager as client who is part of a larger financial group with a stock market listing;
- provides services to both institutional investors and issuers;
- allows issuers not only to check the draft advice's accuracy before submitting it to issuers but also allow them to comment on the actual content of the advice.

Conflicts of interest are in particular relevant in situations when other considerations than the best interest of the client may affect the recommendations. We are aware that proxy advisors have adopted code of conducts to address conflicts of interest and that they recently have put a lot of effort on strengthening these arrangements. Although we generally believe that these mitigation measures are appropriate, there could be a need for more specific disclosures about conflicts of interest. Currently, some disclosures are rather general and primarily focused on the procedures to mitigate conflicts.

Q 5. If you consider there are conflicts of interest within proxy advisors which have not been appropriately mitigated:

- a) which conflicts of interest are most important?*

We believe that conflicts that arise from (i) offering both services to investors and issuers and/or from (ii) issuers trying influence the content of advice instead of just checking accuracy are most important in terms of negatively affecting the advisors independency and reliability.

- b) Do you consider that these conflicts lead to impaired advice?*

Although we do not oppose that some proxy advisors allow issuers to check their draft advices on factual errors or omissions, we believe there is no stressing need to require all proxy advisors to do so. Proxy advisors could have justified reasons not to offer the possibility to issuers to assess draft advices. We have occasionally experienced in the Dutch situation that proxy advisors changed their draft advice after consulting issuers in such a way that their client's interests were less served. As a best practice, we would welcome that proxy advisors inform their clients about any changes in their initial advices as a result of the issuer's input.

Q 6. To what extent and how do you consider that could be improvement:

- a) for taking into account local market conditions in voting policies?*

Above all, proxy advisors have the obligation to meet the interests of their clients and their beneficial owners and ensure that their advices are aligned with these interests, for instance by aggregating governance and sustainability factors that these institutional investors consider important. An important element in the proxy advisor's objectives should be to take firm-specific characteristics and relevant national legislation into account, when analysing the items on an agenda of a shareholders meeting. For some proxy advisors this is already common practice. Local corporate practice and culture can although never justify proposals on the agenda that, if approved, may result in weak governance structures.

b) on dialogue between proxy advisors and third parties (issuers and investors) on the development of voting policies and guidelines?

As a general principle we would not oppose that both issuers and investors are offered the opportunity to give feedback on the proxy advisor's own voting policies and guidelines, as long as the ultimate voting policies remain primarily based on the agency's own expertise, and properly reflect client interests.

Q 7. To what extent do you consider that there could be improvement, also as regards to transparency, in:

a) the methodology applied by proxy advisors to provide reliable and independent voting recommendations?

b) the dialogue with issuers when drafting voting recommendations?

c) the standards of skill and experience among proxy advisor staff?

Enhanced transparency could contribute to proxy advisor's quality and accountability. The clients of the proxy advisors and the wider public should be enabled to get more insight into the 'checks and balances' of proxy advisors. Eumedion would generally support policy initiatives that promote the transparency of proxy voting practices, including:

- transparency on analytical methods used in developing its advices;
- transparency on policies to prevent conflicts of interest. Any conflict of interest that might compromise the integrity of the proxy advisor must be disclosed to the investor;
- transparency on procedures to submit draft analyses to the relevant listed company and to give feedback to the proxy advisor's clients on the issuer consultation process.

Q 8. Which policy option do you support, if any? Please explain your choice and your preferred way of pursuing a particular approach within that option, if any.

While there could be good reasons to promote proxy advisors' transparency and to establish effective measures to limit potential conflicts of interest, we are not convinced that there is sufficient supportive evidence for regulatory interference in the small and vulnerable proxy advisory market (option one). If

any policy action were to be taken, we would prefer harmonised policy initiatives at EU level, as most proxy advisors are international players that provide services to institutional investors with holdings in various member states. We are aware of the fact that some countries including France have already their own policies. However, if other countries follow and develop their own national standards separately, internationally operating proxy advisors and investors could be faced with conflicting and/or overlapping national provisions and as a result higher costs and/or unnecessary complicated engagement efforts.

When it comes to the form of potential policy measures, we have a clear preference for non-binding or quasi-binding instruments (option two and three) rather than regulation (option four). Non-binding or quasi-binding standards, for instance by means of a code of conduct, best reflect that institutional investors are primarily responsible to hold proxy voting agencies to account and also offer flexibility to proxy advisors to continue to use their own codes of conducts. Developing a recommendation by the European Commission or guidance by ESMA would be a proper way to promote the development of such EU wide and non binding standards which aim to raise proxy advisors transparency and mitigate their potential conflicts of interests.

Q 9. Which other approaches are do you deem useful to consider as an alternative to the presented policy options? Please explain your suggestion.

An option would be to widen the scope of the existing requirement under UCITS stating that management companies should develop adequate and effective voting policies in relation to voting rights held in investee companies.⁸ If all categories of institutional investors are required to develop adequate and effective voting policies, it probably will encourage many of them acting as engaged owners, including taking fully informed vote decisions and relying less upon proxy advisors recommendations.

Q 10. If you support EU-level intervention, which key issues, both from section IV and V, but also other issues not reflected upon in this paper, should be covered? Please explain your answer.

We believe that possible intervention should cover measures to strengthen proxy advisors transparency regarding:

- general voting policies;
- procedures to reduce conflicts of interest;
- policies on whether or not to submit draft analyses to the relevant listed company.

⁸ Article 21 of the Directive 2010/43/EU of the European Commission of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (OJ L 176).

For reasons of integrity and avoiding any doubt about conflicting interests within the same group, we would also generally support restrictions for proxy advisors to provide consulting services to investee companies. This would have a clearly positive effect on institutional investors' and wider society's confidence of proxy advisors' integrity.

Q 11. What would be the potential impact of policy intervention on proxy advisors, for example, as regards:

a) barriers to entry and competition;

b) inducing a risk of shifting the investor responsibility and weakening the owner's prerogatives; and/or

c) any other areas?

Please explain your answer on: (i) EU-level; (ii) national level.

It is difficult for us to answer this question at this stage, as it is not clear yet what kind of potential interventions could be established. In general, we believe that any kind of intervention would have a significant impact on the proxy advisory market. Depending on the level of intervention, policy measures could lead to higher entry barriers and may limit competition. Those barriers are already rather high as a result of the complicity of the cross border voting chain and the need to have a global network to meet the demands of institutional investors.

Prescriptive and binding regulation of proxy advisors through the introduction of a profound authorisation and supervision regime will clearly lead to a reduction in the number of proxy firms, thereby further increasing the market concentration and resulting in higher costs for clients. Therefore, we advise ESMA to carefully weigh those consequences when considering the need and scope of any regulatory intervention.

Q 12 Do you have any other comments that we should take into account for the purposes of this Discussion Paper?

We are deeply concerned about the lack of progress on the exercise of voting rights through cross-border holding chains. While IT services and infrastructure for cross border voting have significantly improved over the years, there is still no uniform EU framework that governs issues that are of crucial importance for exercising voting rights cross-border. Eight years after the European Commission set out a roadmap for action to enhance the safety and efficiency of post-trading arrangements, we are still in the process of weighing regulatory options. We believe it is time for the European Commission, Member States and regulators to 'bite the bullet' and finalise the legislation needed shortly. Effective abilities to vote and the execution of other rights across the board will greatly enhance institutional investors' ability and appetite to act as proper stewards as such is in line with the corporate governance reform program of the Commission.

Beyond proxy advisors, other key advisors could have a certain influence on the functioning of listed companies governance structures, and the preparation and decision-making process at general meetings. These include remuneration consultants, lawyers and civil law notaries and investment bankers. The independency and reliability of these advisor's recommendations regarding meeting proposals and the extent to whether the advices reflect the long term interests of the company and its stakeholders, appear to be a black box for outside investors and other stakeholders. Broadening the analysis' scope of the paper through involving all key advisors, would make the ESMA policy considerations on factors influencing voting even more comprehensive.

If you would like to discuss our views in further detail, please do not hesitate to contact us. Our contact persons is Wouter Kuijpers (wouter.kuijpers@eumedion.nl, +31 20 70 85 882).

Yours sincerely,



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Annex: perceived influence of proxy advisor ISS in Dutch 2012 AGM season

The tables presented below give an impression of the possible influence of two of the largest proxy advisory firms, ISS and Glass Lewis, on the voting outcomes of the 2012 Dutch AGMs. The first table presents an overview of the resolutions that met more than 20% resistance from shareholders (in terms of votes cast), together with the 'standard advice' of ISS and Glass Lewis.

Table 1: most controversial voting items at 2012 AGMs

AGM	Subject	Standard ISS advice	Standard Glass Lewis advice	Result
Witte Molen	Authority to issue new shares	No advice	No advice	Resolution voted down (99.998% voted against)
Witte Molen	Disapplication of pre-emption rights	No advice	No advice	Resolution voted down (99.998% voted against)
Witte Molen	Authority to repurchase shares	No advice	No advice	Resolution voted down (99.998% voted against)
Mediq	Voluntary continuation of the existing, full two-tier board system ('structure regime')	Against	Against	Resolution voted down (68.8% against)
Groothandelsgebouw	Authority to issue new shares and disapplication of pre-emption rights	No advice	No advice	Resolution voted down (51% against)
Qurius	Appointment of BDO as auditor of the company	For	No advice	Adopted, but 47.44% of votes cast against
UNIT4	Authority to issue new shares	Against	Against	Adopted, but 43.8% of votes cast against
BinckBank	Amendment remuneration policy	Against	Against	Adopted, but 37.05% of votes cast against
Stern Groep	Authority to repurchase shares	For	No advice	Adopted, but 37% of votes cast against
Wolters Kluwer	Disapplication of pre-emption rights	For	For	Adopted, but 36.15% of votes cast against
TMG	Disapplication of pre-emption rights	Against	Against	Adopted, but 35.8% (40.9% excluding Trust Office) of votes cast against
TMG	Authority to issue new shares	Against	For	Adopted, but 35.7% (40.8% excluding Trust Office) of votes cast against
Grontmij	Discharge of Mr. Thijsen	For	For	Adopted, but 33.6% (72.4% excluding Trust Office) of votes cast against
Grontmij	Discharge of Mr. Zuijdam	For	For	Adopted, but 33.6% (72.4% excluding Trust Office) of votes cast against
Grontmij	Discharge of Mr. Meysman	For	For	Adopted, but 33.4% (71.7% excluding Trust Office) of votes against

Grontmij	Discharge of Mr. Eisma	For	For	Adopted, but 33.4% (71.7% excluding Trust Office) of votes against
Arcadis	Authority to issue anti-takeover preference shares	Against	Against	Adopted, but 32.92% of votes cast against
TNT Express	Remuneration Supervisory Board	Against	For	Adopted, but 30.15% of votes cast against
Kardan	Share grant to (former) members of Management Board 2009-2011	For	For	Adopted, but 29.93% of votes against
Kardan	Adoption of remuneration report	For	For	Adopted, but 29.78% of votes cast against
TMG	Authority to repurchase shares	For	For	Adopted, but 29.7% (34.0% excluding Trust Office) of votes casted against
Wolters Kluwer	Authority to issue new shares	For	For	Adopted, but 29.01% of votes cast against
Kardan	Approval remuneration policy for the Board (9c)	For	For	Adopted, but 28.89% of votes cast against
Kardan	Remuneration of CEO	For	Against	Adopted, but 28.89% of votes cast against
Kardan	Discharge Management Board 2011	For	For	Adopted, but 28.75% of votes cast against
Kardan	Discharge Supervisory Board 2011	For	For	Adopted, but 28.75% of votes cast against
Kardan	Discharge Management Board Jan. – May 2012	For	For	Adopted, but 28.75% of votes cast against
Kardan	Discharge Supervisory Board Jan. – May 2012	For	For	Adopted, but 28.65% of votes cast against
Kardan	Authority to issue new shares	For	For	Adopted, but 28.29% of votes cast against
Grontmij	Discharge of Mr. Lundquist	For	For	Adopted, but 27.8% (66.1% excluding Trust Office) of votes cast against
Batenburg Techniek	Authority to issue new shares	For	For	Adopted, but 27.0% of votes cast against
Kardan	Remuneration Management Board 2012	For	For	Adopted, but 26.80% of votes cast against
Kardan	Appointment of Mr. Oren as executive	For	For	Adopted, but 24.28% of votes cast against
Kardan	Authority to repurchase shares	Against	Against	Adopted, but 23.76% of votes cast against
Kardan	Remuneration non-executives	For	For	Adopted, but 23.58% of votes cast against
Kardan	Appointment of Mr.	For	For	Adopted, but

	Schur as non-executive			23.03% of votes cast against
Kardan	Appointment of Mr. Groen as non-executive	For	For	Adopted, but 23.02% of votes cast against
Kardan	Appointment of Mr. May as non-executive	For	For	Adopted, but 23.02% of votes cast against
Kardan	Appointment of Mr. Sheldon as non-executive	For	For	Adopted, but 23.02% of votes cast against
TMG	Adoption of the proposed profit appropriation	For	For	Adopted, but 22.4% (25.6% excluding Trust Office) of votes cast against
PostNL	Discharge Supervisory Board	For	For	Adopted, but 21.77% of votes cast against
AkzoNobel	Disapplication of pre-emption rights	For	For	Adopted, but 21.38% of votes cast against
SBM Offshore	Disapplication of pre-emption rights	For	For	Adopted, but 21.30% of votes cast against
PostNL	Re-appointment chairman Supervisory Board	For	For	Adopted, but 21.15% of votes cast against
Wolters Kluwer	Discharge Supervisory Board	For	For	Adopted, but 20.55% of votes cast against
Wolters Kluwer	Discharge Supervisory Board	For	For	Adopted, but 20.54% of votes cast against

From table 1 it cannot be directly concluded that ISS and Glass Lewis have a large influence on the Dutch AGM voting outcomes: only 6 of the 46 most controversial voting items had a negative voting advice by both proxy advisors and 31 of them a positive advice by both advisors although these items met a relative large resistance from shareholders. Another observation from table 1 and also table 2 is that the two largest proxy firms do not always have the same advice regarding (potential controversial) voting items, indicating that they sometimes have different views on the consequences of a proposal for an investor.

Table 2: number of voting items with different advices from ISS and Glass Lewis

AGM	Subject	Standard ISS advice	Standard Glass Lewis advice	Result
Delta Lloyd	Change in remuneration policy for Executive Board	Against	For	Adopted with only 11.32% of votes cast against
Heijmans	Authority to issue new shares	Against	For	Adopted with only 5.6% (13.05% excluding Trust Office) of votes cast against
Mediq	Introduction of mitigated structure regime	Against	For	Adopted with only 2.4% of votes cast against

Nevertheless, two companies took the (draft) advice of proxy service providers into account when determining to make an additional statement or to withdraw a voting item. Partly as a result of a negative draft voting advice, KPN made the statement on its website that its proposal to stiffen the conditions for the right to submit shareholder proposals will be revoked at a future AGM. However, not only proxy advisors, but shareholders themselves also expressed reservations to KPN's proposal (e.g. Eumedion issued an alert and the lead investor and opt in members expressed their displeasure in a dialogue with the company). ING Groep stated that supervisory director Aman Mehta withdrew his nomination for reappointment as member of the supervisory board, "after negative advice on this point from shareholder advisory groups over the number of board positions Aman Mehta holds". However, from the ING AGM it became clear that also a number of ING's major shareholders had doubts about the number of supervisory directorships of Aman Mehta.