

2018 Annual Voting Report

Shareholders' Meeting Voting Report

Contents

Overview	Page 3
2018 voting statistics	Page 6
2018 voting season highlights	Page 13
Thematic developments	Page 16

Overview

Principles

ABN AMRO Investment Solutions

- ▶ ABN AMRO Investment Solutions has taken part in the AFG's Corporate Governance Commission since it was set up in 1999.
- ▶ ABN AMRO Investment Solutions exercises voting rights on shares in the mutual funds it manages, with the exception of French employee savings schemes. (FCPE):
 - in line with the ABN AMRO Group's engagement principles as defined in the Principles for Responsible Investment charter (PRI).
 - in the exclusive interests of shareholders or unit holders
 - in compliance with its voting policy
 - for portfolio holdings across all geographical zones
 - for the largest portfolio positions
 - for positions deposited with any custodians/depositary agents with whom ABN AMRO Investment Solutions works
- ▶ ABN AMRO Investment Solutions exercises its voting policy with the help of:
 - an SRI¹ team (of 3 people) which reports to the Chief Investment Officer. The SRI team is in charge of drawing up and monitoring the voting policy.
 - The SRI team uses ISS Governance² to execute its voting rights.

Our approach

- ▶ Our corporate governance approach is enshrined in a voting policy which has been shaped since 2014 in line with the fundamental principles of the United Nations Principles for Responsible Investment
- ▶ Our approach seeks to take environmental and climate defence resolutions on board.

¹ SRI : Socially Responsible Investment

² ISS Governance: Institutional Shareholder Services Governance (www.issgovernance.com)

Shareholders' meeting participation: practicalities

Definition of consolidated thresholds¹

- ▶ For so called traditional mutual funds, votes are exercised if the following dual condition is met:
 - Individual positions per portfolio exceed €2m
 - Cumulative positions in a stock across all mutual funds comply with the following minimal thresholds:
 - In France, votes are exercised if cumulative positions exceed €5m
 - In Europe (excl. France), votes are exercised if cumulative positions exceed €7.5m
 - In the US and rest of the world, votes are exercised if cumulative positions exceed €10m
- ▶ For our SRI fund range, votes are exercised for cumulative positions in a stock representing €2m minimum (regardless of geographical zones).

Application of governance principles

- ▶ The SRI team at ABN AMRO Investment Solutions defines resolution acceptance/rejection principles so that governance principles are applied when voting.
- ▶ Votes are sent in line with existing methods and regulations, electronically or in hard copy particularly for AGMs of French companies held in our French-regulated portfolios.
- ▶ ISS Governance applies ABN AMRO Investment Solutions' voting policy and makes voting recommendations which in 99%² of cases are validated by ABN AMRO Investment Solutions

Supervision

- ▶ The SRI team at ABN AMRO Investment Solutions monitors and verifies ISS Governance's detailed analysis on a holding's governance performance
- ▶ We have introduced spot checks on how ISS Governance recommendations on resolution acceptances or rejections are processed.

¹ In some cases, these thresholds may not apply and/or ABN AMRO Investment Solutions may not follow ISS Governance's voting recommendations (e.g. an exceptional procedure vote)

² In 2018, 4 resolutions did not follow ISS Governance recommendations (exceptional procedure vote)

2018 voting statistics

Shareholders' Meetings

Number of Shareholders' Meetings

- ▶ 386 Shareholders' Meetings in 2018, up from 371 in 2017
- ▶ 5,738 resolutions were voted on

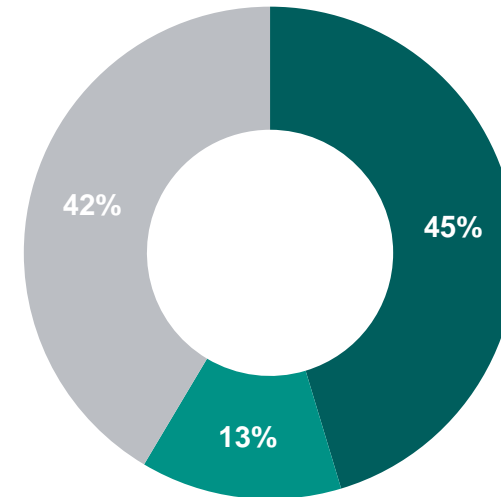
Participation rate

- ▶ After applying our participation thresholds, we voted at 386 Shareholders' Meetings out of the 2,530 eligible, or a participation rate of 15.3%.
- ▶ These thresholds help us focus on our biggest positions². Our votes covered 63% of assets under management

Exceptional procedure voting

- ▶ **4 resolutions in the following categories:**
 - Remuneration policy and implementation
 - Elections to the board of directors
 - Authorisation to issue equity securities or equity-linked securities with a preferential subscription right
 - Greenhouse gas emissions

Number of General Meetings voted: 386



■ Europe¹ (excluding France) ■ France ■ Rest of world

Conflicts of interest

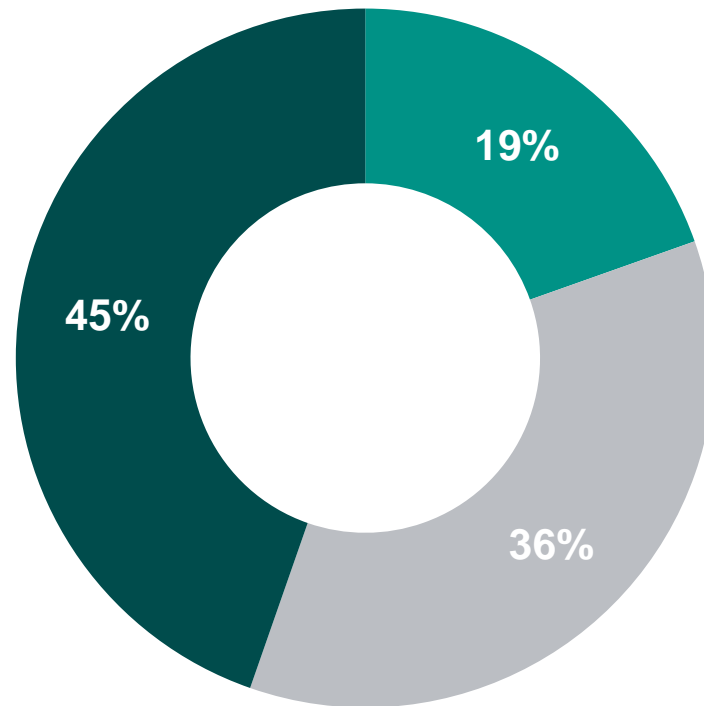
- ▶ No conflict of interest was identified during the financial year under review.

¹ Europe: European Union countries + Norway, Russia and Switzerland, etc.

² Holdings above €10m (the maximum threshold is €10m) except for SRI fund holdings.

Number of resolutions voted on

Total number of resolutions voted on by geographical zone: 5,733²



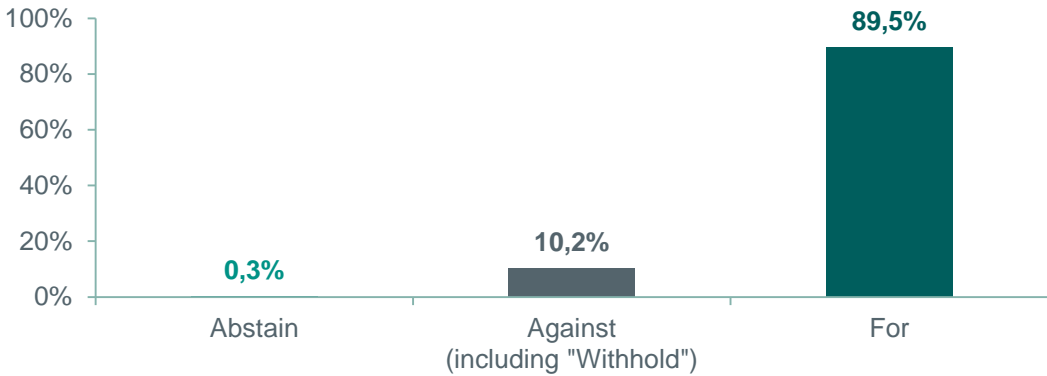
■ France ■ Rest of world ■ Europe² (excluding France)

¹ Europe: European Union countries + Norway, Russia and Switzerland, etc.

² 5 so-called one-year resolutions are not taken into account

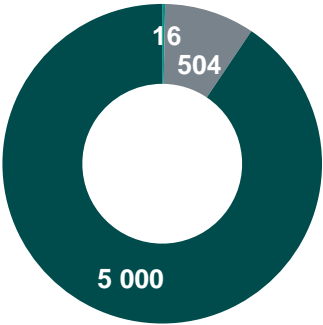
Number of resolutions voted on

Total number of resolutions voted on: 5,733¹

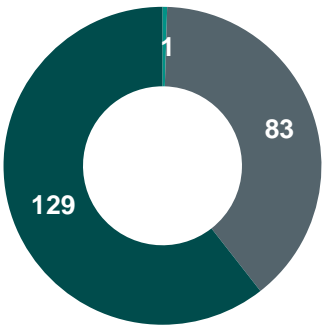


of which resolutions approved by the Board of Directors²: 5,520 (96.2%)

of which resolutions not approved by the Board of Directors³: 213 (3.8%)



■ Abstain ■ Against (including "Withhold") ■ For



■ Abstain ■ Against ■ For

¹ 5 so-called one-year resolutions are not taken into account

² Resolutions approved by the board are those for which management recommends voting in favour, whether or not they are put forward by management or by shareholders)

³ Resolutions not approved by the board are those for which management is not in favour

Number of resolutions voted on

Resolution breakdown: 5,738

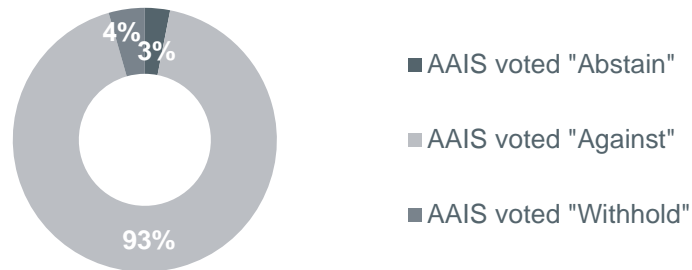
Resolutions	GEOGRAPHICAL ZONE		
	France	Europe ¹ (excl. France)	Rest of world
Employee stock ownership plan		2	7
Approval of accounts and income attribution	154	270	61
Approval of related party agreements (excl. remuneration)	43	44	7
Anti-takeover arrangements	10		4
Formalities and other reasons	49	67	7
Statutory changes	45	122	48
Board of Directors/Supervisory board appointments or board attendance fees	253	1,400	1,554
Appointment/remuneration of statutory auditors	7	65	9
Capital transactions/mergers	243	382	29
Executive and employee remuneration (excluding employee stock ownership plan)	312	180	149
External resolutions (not approved by the Board)	5	28	177
Total²	1,121	2,560	2,052

¹ Europe: European Union countries + Norway, Russia and Switzerland, etc.

² 5 so-called one-year resolutions are not taken into account

Number of resolutions voted on

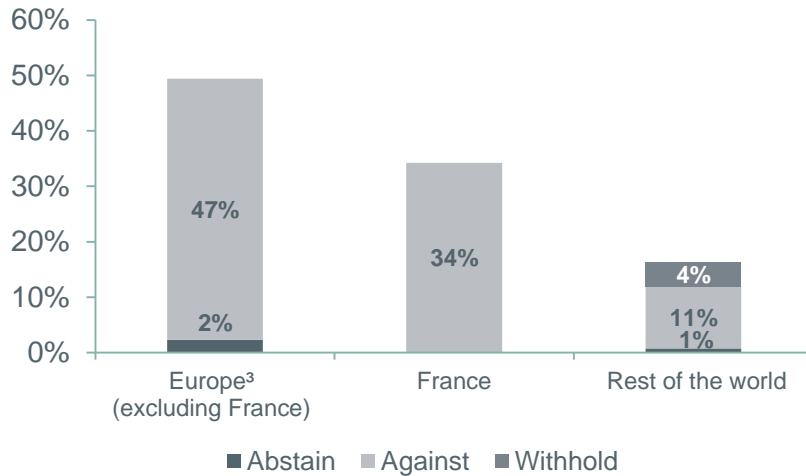
Board-approved resolutions¹: 80.1%



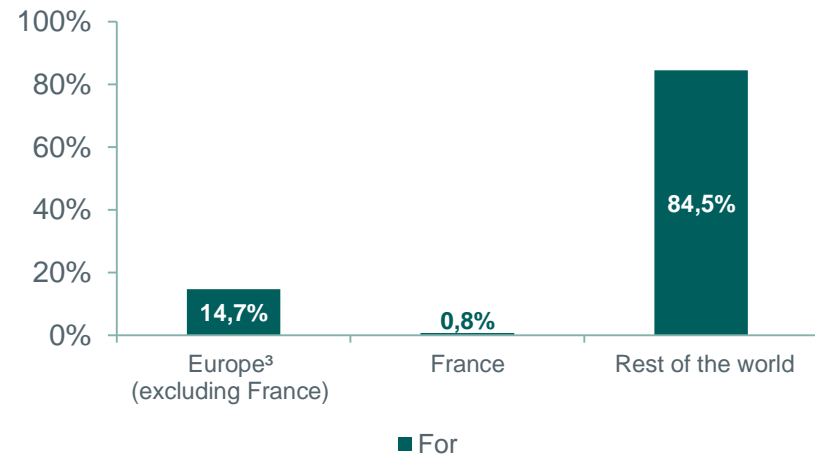
Resolutions not approved by the Board²: 19.9%



Geographical breakdown



Geographical breakdown



¹ Resolutions approved by the board are those for which management recommends voting in favour, whether or not they are put forward by management or by shareholders

² Resolutions not approved by the board are those for which management is not in favour

³ Europe: European Union countries + Norway, Russia and Switzerland, etc.

Number of resolutions voted on

Breakdown of No-votes¹: 649

Resolutions	France	Europe ² (excl. France)	Rest of world
Approval of accounts and income attribution		3	
Approval of related party agreements (excl. remuneration)	6		1
Anti-takeover arrangements	9		
Formalities and other reasons		13	6
Statutory changes	8	4	6
Board of Directors/Supervisory board appointments and board attendance fees	48	97	46
Capital transactions/mergers	34	112	8
Executive and employee remuneration (excluding employee stock ownership plan)	74	33	16
External resolutions (not approved by the Board)		14	111
TOTAL	179	276	194

¹ Number of votes against (either because we did not approve the resolution or because we had insufficient information to reach a decision)

² Europe: European Union countries + Norway, Russia and Switzerland, etc.

2018 voting season highlights

2018 Season: French highlights



Main voting themes

- ▶ Executive remuneration: votes against or abstentions fell, certainly due to improved transparency and higher engagement levels
- ▶ Chairman & Managing Director re-elections: We observed rather high levels of opposition to combining both roles. Nevertheless, only one person was not re-elected this year (Rubis Company).
- ▶ Board parity: France's January 27 2011 law requires CAC 40 company boards to have at least 40% of women.

Focus on the Sapin 2 Law (December 9 2016)

The law, which covers transparency, the fight against corruption and economic modernisation, makes shareholder votes binding. For listed companies, it introduced 2 binding votes a year, an ex-ante vote on future corporate officer remuneration and an ex-post vote on remunerations in the preceding financial year. As well as fixed and variable remuneration, votes are cast on distributions of bonus shares and stock-option or stock-purchase plans, exceptional remuneration, attendance fees, non-compete payments and fringe benefits. When an ex-ante vote is negative, the board must table a new remuneration resolution at the following AGM, failing which the previous remuneration policy continues to apply. For an ex-post vote against, the variable remuneration for the last financial year is withheld for each corporate office concerned by the vote.

2018 Season: highlights



Germany

Executive remuneration: transparency is not mandatory. However, from this year, shareholders will be able to vote on executive compensation.

Austria

Board parity: a new law has been introduced on female representation on boards. In companies with more than 1,000 employees, boards must have at least 30% women. Companies have 3 years to comply with the law.



UK

Executive remuneration: we note a very high rate of criticism of executive compensation. Remuneration is currently set for a very long, 10-year period with no performance targets. The government is keen to make executive pay structures much clearer. Companies with more than 250 employees in the UK (England, Wales, Scotland and Northern Ireland) might have to divulge and justify pay gaps between executive managers and employees.



US

- ▶ Executive remuneration: investors are increasingly attentive to executive pay structures and want more transparency. Companies are now legally obliged to disclose their executive manager/employee pay ratio.
- ▶ Equal pay: companies are now legally obliged to offer equal pay to men and women with the same skills in the same post.
- ▶ Shareholder proactiveness: this is gaining ground as it is much easier in the US for shareholders to table resolutions. However, the number of shareholder resolutions fell this year, probably due to a more constructive dialogue between shareholders and companies. We have also observed much more interest in environmental questions and social issues.



Thematic developments

Social and environmental resolutions

Social and environmental resolutions

Country	Resolution	Social	Environment
USA	Disclosure of political lobbying activities	13	
	Disclosure of political contributions	7	
	Gender pay gap	5	
	Tying senior executive compensation to social criteria	5	
	Social propositions	5	
	Setting up an advisory committee on environmental and social issues	3	
	Improving human rights policies or standards	3	
	Activities in high-risk countries (human rights)	3	
	Recycling		3
	Overall Equipment Effectiveness (OEE) report		3
	Board diversity	2	
	Report on climate change		2
	Community- environmental repercussions		1
	Data security, privacy protection and Internet	1	
	Greenhouse gas emissions (GES)		1
	Renewable energy		1
Pay gap report	1		
Requiring board candidates to have the necessary grasp of environmental and social issues	1		
UK	Greenhouse gas emissions (GES)		1

In the 2018 voting season, there were 61 social and environmental resolutions out of the 5,738 resolutions voted on, or 1.1%. 80.3% concerned social themes and 19.7% environmental issues. These resolutions were mainly in the US.

Source: ABN AMRO Investment Solutions and ISS Governance

Disclaimer

ABN AMRO Investment Solutions - AAIS

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Head office: 3,avenue Hoche, 75008 Paris, France,
Approved by the AMF, dated 20/09/1999,
as a portfolio management company under registration number GP99-27

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