



## **Execution Regulations of the Eumedion Investment Committee (EIC) (based on Section 4.7 of the Regulations of the Investment Committee)**

Amended 11 December 2014

### *General*

1. EIC will continue to work as one committee in order to stay effective and efficient in knowledge and information sharing. On an ad hoc basis, EIC may decide that a task can be delegated to a small, informal group, reporting back to the full EIC.
2. EIC wants to stay attractive to new members and ensure – and permanently improve - quality at the same time. For both new and existing members, EIC can organize debating and media courses. Members may always ask a more seasoned member for help in preparing an AGM analysis.
3. EIC will meet in person four times per annum. In addition, EIC will schedule one hour conference calls between these physical meetings that can be used if necessary or will be cancelled otherwise. To accommodate members overseas, the EIC will aim to set the meeting dates next (not on) to important AGM dates or training courses as mentioned in section 2.

### *Alert procedure*

4. During the 'AGM or proxy season' extra conference calls are set up if the Eumedion alert procedure may have to be initiated, in the opinion of the Eumedion secretariat and/or an individual EIC member. EIC evaluates whether a proposal on the AGM agenda is in its opinion (flagrantly) contrary to the provisions of Dutch legislation and regulations, the Dutch corporate governance code and/or the Eumedion Corporate Governance Manual. The alert procedure can, however, also be started for corporate governance related matters not directly related to a specific agenda item, but which are or can be material for the shareholders of that company, e.g. a material breach of the Dutch corporate governance code without proper explanation, financial restatements, (hostile) takeover, etc. Once the EIC has decided to activate the alert procedure, the chairman of the Eumedion Board will be notified, while the Lead Investor, mentioned in section 5, and the Eumedion secretariat, will hold joint consultations with the company concerned (with the company secretary in the first instance and later ideally with the chairman and/or members of the supervisory board or – alternatively – members of the

management board and/or supervisory board). In case the discussions do not lead to new points of view, an alert will be sent to all Eumedion participants no later than two to three days before the so-called cut-off date. Alerts can always be withdrawn later if deemed necessary by the EIC. The alert will also be sent to the company concerned.

#### *Joint dialogues*

5. The EIC can decide to assign an EIC member to take the 'lead' in a dialogue with one or more Dutch listed companies (the 'Lead Investor'), based on the specific interests and shareholdings of the members and in accordance with the guidelines on the joint dialogue with Dutch listed companies as described in appendix I. Other EIC members (the 'Opt in Members') can decide to join this dialogue coordinated by the Lead Investor. The representation by the Lead Investor of other EIC members can only take place after their explicit consent. The dialogue is conducted on behalf of Eumedion participants and not on behalf of Eumedion. An 'ESG scan', drafted by the Eumedion secretariat, containing specific, potentially contested, issues for that company, such as e.g. the company's strategy, risk management, financial policy (including dividend policy), remuneration policy, board composition, environmental and/or social issues, specific bylaws, etc., can be the starting point for the dialogue with the company. The scan is updated after each dialogue and action taken by this company; new topics can be added during the dialogue by the Lead Investor and the Opt in Members. The updated scan will be sent to the Lead Investor and the Opt in Members. The Lead Investor and the Opt in Members can discuss whether it is feasible to make use of the right to submit a shareholder resolution for the next, regular AGM.
6. The Lead Investor and the Opt in Members can invite – during the dialogue – EIC members and Eumedion participants (who are not represented in the EIC) to join the dialogue or to be kept informed. The same applies to specific non Eumedion participants, after explicit consent of the Lead Investor and the Opt in Members.
7. The 'dialogue procedure' mentioned in section 5 and 6, is without prejudice to the decision by an EIC member or Eumedion participant to start an individual dialogue with a Dutch listed company.
8. After a period of at maximum three years the Lead Investor will inform the Opt in Members whether he or she is available for extending the period of being Lead Investor or that he or she would like to transfer this task to another member. After a period of three years also Opt in Members or other Eumedion participants can apply for becoming Lead Investor of the company concerned, taking into account the performance of Lead Investor.
9. When a particular company has issues that could have wider systemic implications which could impact long-term returns over and above those related to the company concerned and when a Lead Investor is not available, the EIC can recommend the Eumedion General Board to authorise the Eumedion secretariat and/or the Eumedion Board to enter into dialogue with the

company concerned on specific matters, e.g. governance, strategic, performance and/or risk management matters, and to report back to the EIC. The main topics that will be brought forward by Eumedion will be circulated within the EIC and the General Board for comment. During the dialogue Eumedion will not necessarily speak on behalf of all its participants.

*AGM preparation and attendance*

10. The Lead Investor for a company will – in principle – attend the AGM of that company. At least four weeks before the AGM date the Eumedion Secretariat will convene a conference call with the Lead Investor and Opt in Members to discuss items that should be raised at the AGM. The Lead Investor will take these items into account when drafting his speaking notes for this AGM. The speaking notes will be circulated to the Opt in Members and other Eumedion participants who are interested to be represented at that AGM at least ten calendar days before the AGM date. At contested AGMs more than one Eumedion participant would probably attend the meeting. In that case, EIC acts in good faith that participants contact each other before the AGM to discuss questions, contributions and timing.
11. The announcement of an AGM that will be attended by one of the Eumedion participants will be broadly and timely distributed within Eumedion. This announcement asks to respond directly to the Eumedion participant who will attend the AGM whether there is an interest to be represented
12. The Lead Investor will inform Opt in Members and the other interested Eumedion participants on the AGM highlights and the feedback of the company on the issues raised by the Lead Investor. This report with at least the highlights of the AGM and of the response of the company to the Lead Investor's questions will be distributed within 10 calendar days after the AGM date.

## **Appendix I: Guidelines for a joint dialogue with Dutch listed companies**

1. Members of the EIC seek a constructive and cooperative dialogue with companies which have their statutory seat in the Netherlands and which have a listing on a Dutch stock exchange.
2. The Lead Investor for the dialogue with a specific company will – in principle – attend the AGM of that company.
3. At the beginning of a year, the Lead Investor is expected to draft a short annotated agenda with issues that can be tabled on the agenda of that dialogue.
4. These include at least issues that are regularly tabled on the agenda of each AGM, but also topics for which a common Eumedion policy is adopted as mentioned in the Eumedion Corporate Governance Manual and in the annual Focus Letter that are (potentially) material to the company, including the company's strategy, performance, risk and capital structure.
5. If the Lead Investor does not agree with one or more elements of the Eumedion policy framework, mentioned in point 4, he or she will indicate that on time, so others are aware of that fact.
6. The Lead Investor invites Opt in Members to comment on the annotated agenda and will determine – after consultation – the final dialogue agenda. The agenda will be shared with the company concerned.
7. The Lead Investor may also decide to table issues on the agenda that he / she does not find important, but others do. The Lead Investor is, however, not obliged to do so.
8. Opt in Members who do not agree with that final dialogue agenda will clearly indicate that to the Lead Investor.
9. All Eumedion participants are free to start a dialogue with a specific company by themselves, but the Opt in Members who decide – on the basis of a difference of opinion on the dialogue agenda – to opt out are asked to treat the information obtained confidential.
10. The Lead Investor facilitates the dialogue for all Opt in Members, but all participants can decide themselves to determine the follow-up strategy if the dialogue fails to meet their expectations.
11. The Lead Investor provides the opt in members a report on the dialogue conducted.
12. The Eumedion secretariat supports the Lead Investor, e.g. by arranging meetings with listed companies, consulting on agenda items and drafting meeting reports.