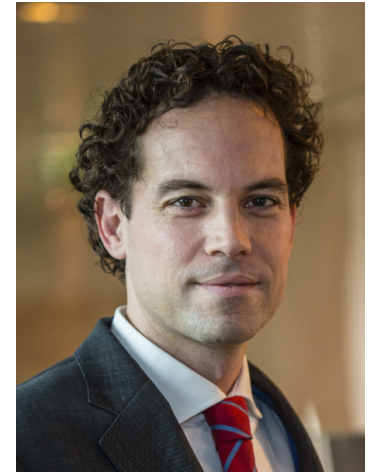
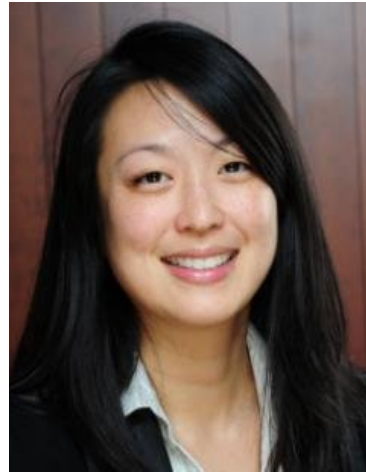


Plenary Session:
'The role of proxy advisory agencies in shareholder–
issuer dialogue'



Georgeson

The Panellists



Michiel van Esch

Jennifer Law

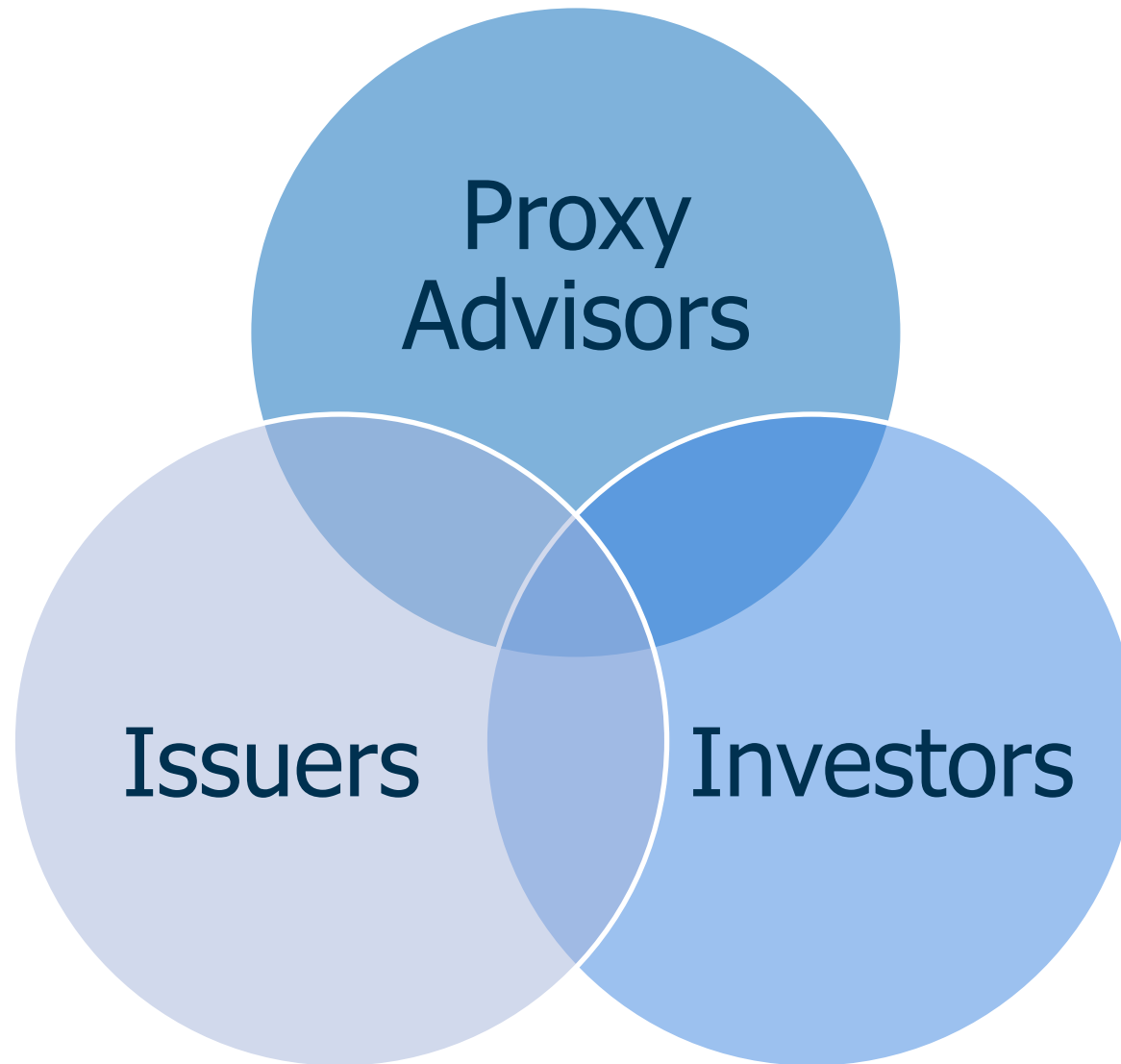
Cedric Laverie

Bruno Heynen

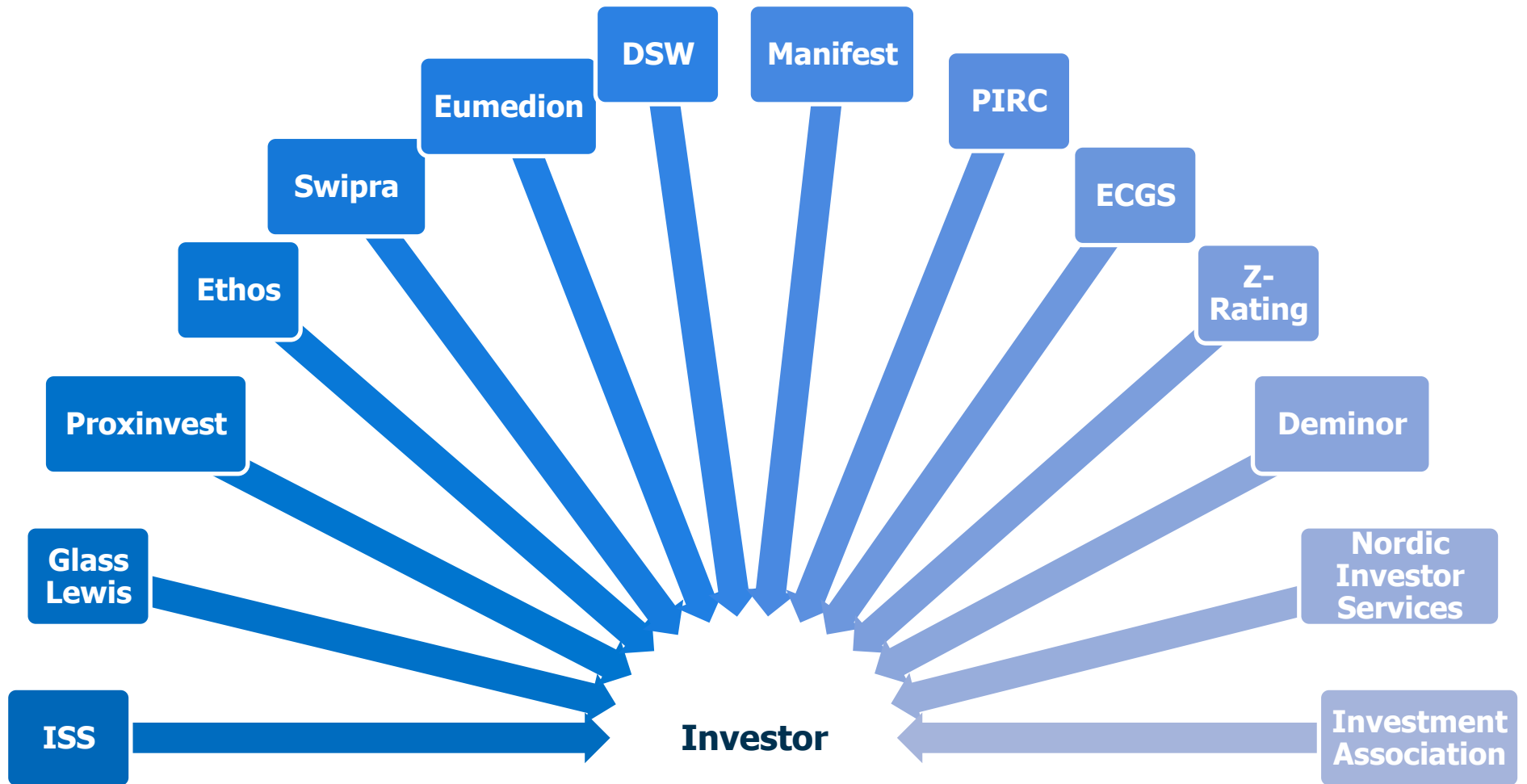
Ernst van de Weert



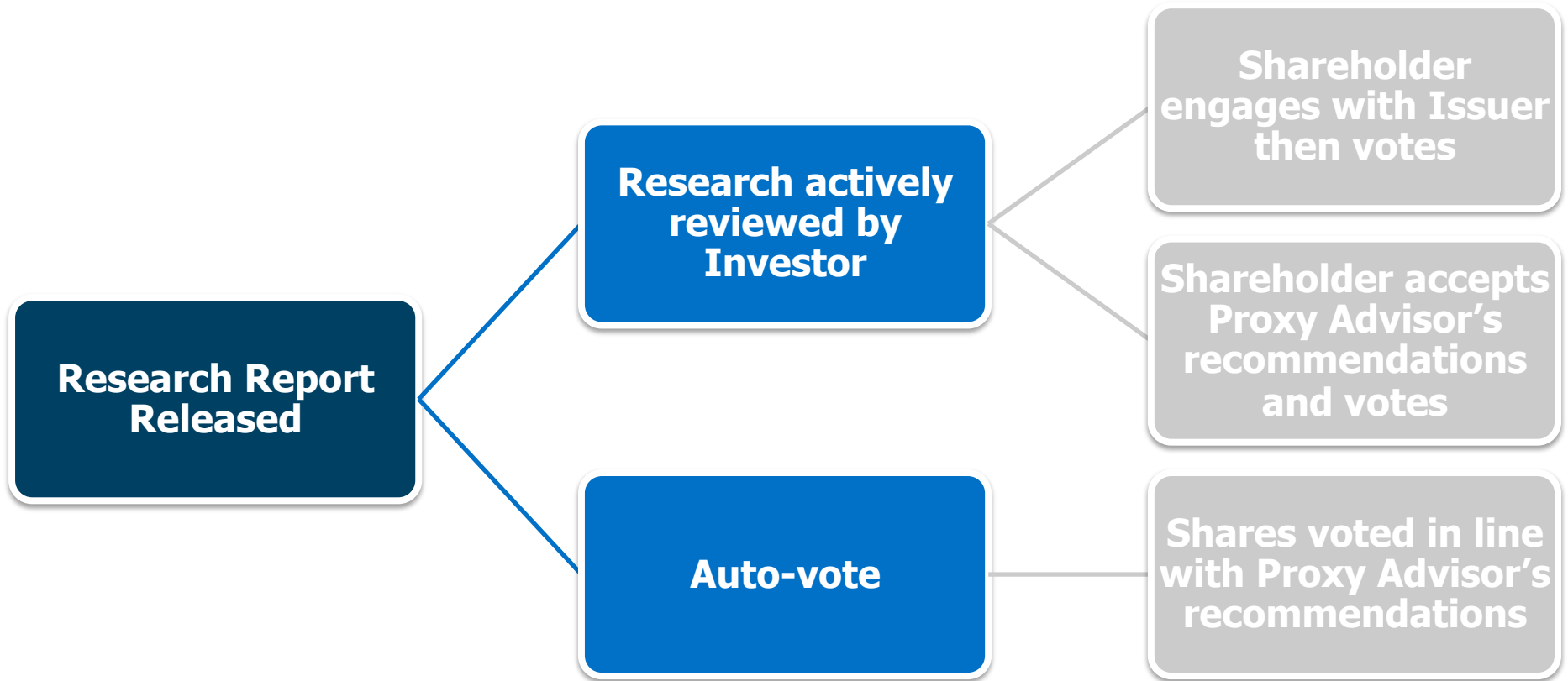
Key Themes



Proxy Advisors: Who are they?



Proxy Advisors: How they are used



Proxy Advisors: Do they matter?

“ ISS, Glass Lewis Recommend Vote Against Deutsche Bank Management ”

The Wall Street Journal 7 May 2015

“ ISS, Glass Lewis Recommend Vote Against J. P. Morgan CEO Dimon’s Pay Package ”

The Wall Street Journal 6 May 2015

“ Shareholder advisor recommends against Mylan’s takeover of rival ”

TribLive Business 14 August 2015

“ Shareholder advisers recommend investors back Sika board ”

Reuters 16 July 2015

“ Lobby group PIRC adds to woe at Alliance Trust ”

This is Money 14 April 2015

Do they influence the vote?

> FTSE100 - Oil & Gas

Agenda Item	% against	ISS Recommendation
Approve Remuneration Report	33%	Against

> FTSE100 - Retail

Agenda Item	% against	ISS Recommendation
Approve Remuneration Report	6%	Against

> FTSE100 - Airline

Agenda Item	% against	Glass Lewis Recommendation
Re-elect Chairman	19%	Against

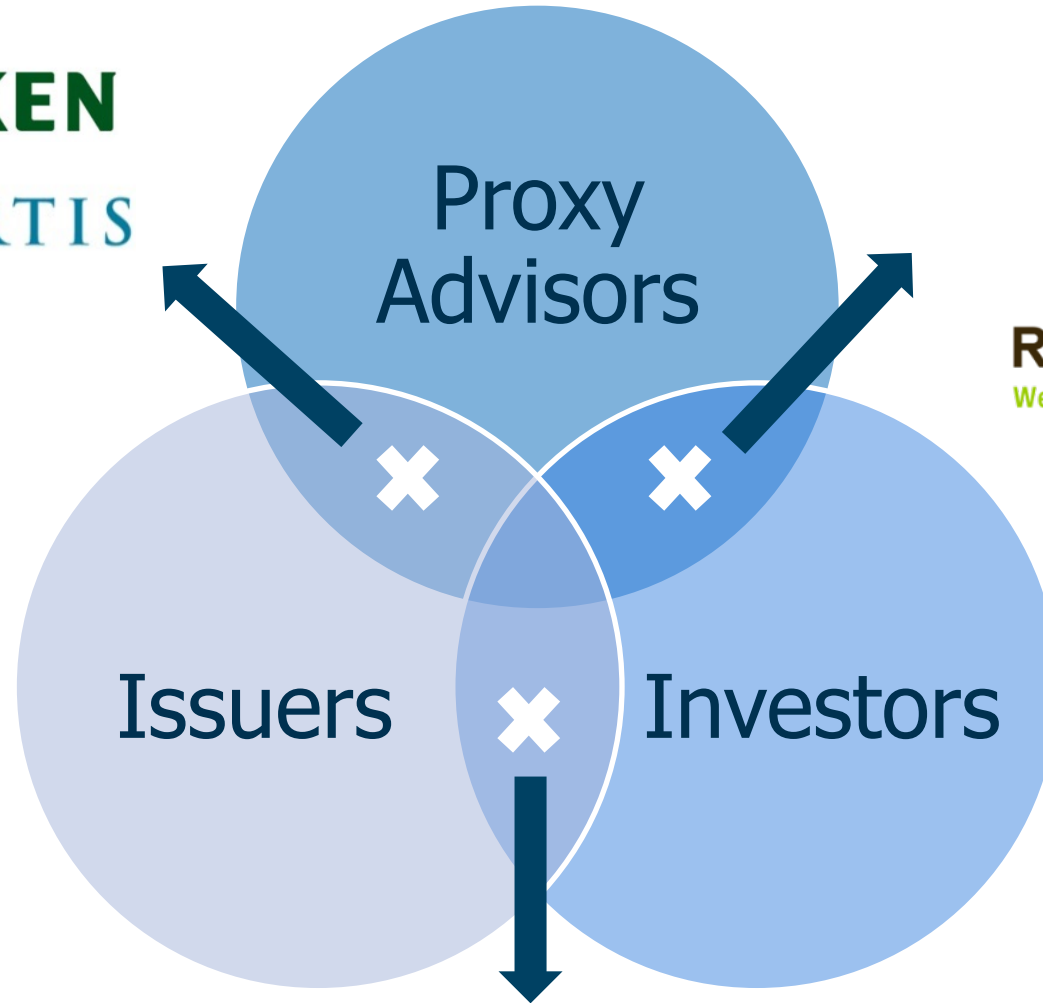
> FTSE100 - Mining

Agenda Item	% against	Glass Lewis Recommendation
Re-elect Director	<1%	Against

What is the disconnect?

Issuer	Proxy Advisor	Investor
No opportunity to engage with Proxy Advisor	Answerable to their Investor Clients	Apply in-house voting criteria
Own Shareholder Meeting is the priority	Producing 40,000 research reports per year	Voting 15,000+ Meetings per year
Legally compliant	Recommendations based on internal policy	Limited internal resources

Panel Discussion: Key Themes



BLACKROCK



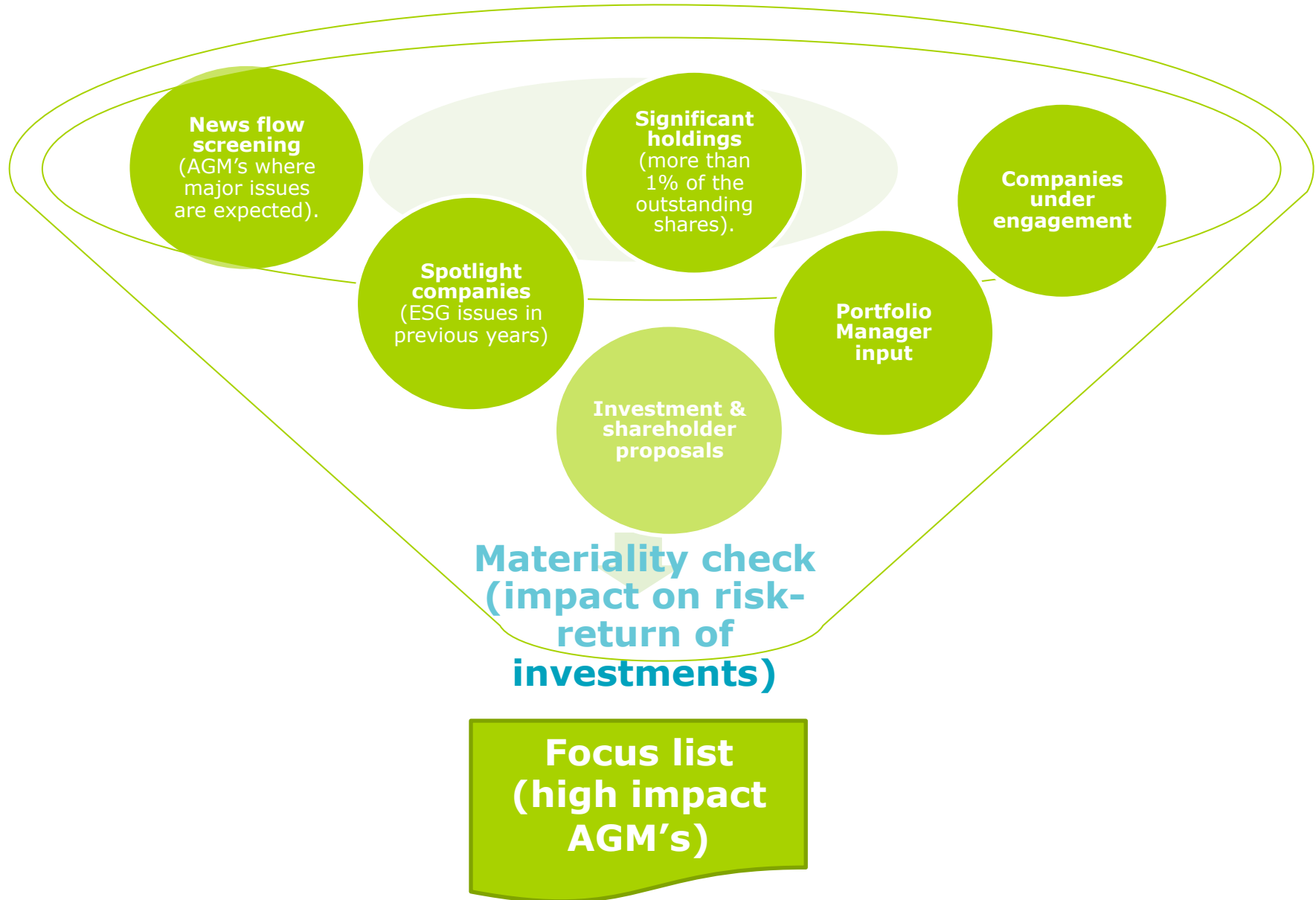
Integrated voting approach

The basis for our voting decisions are internationally accepted corporate governance principles combined with client interest and investor insight.

Integrated voting approach

1. Proxy voting policy based on international corporate governance principles from International Corporate Governance Network (ICGN)
2. Screening on materiality to focus on high profile shareholder meetings
3. Gather input from analysts, portfolio managers and engagement specialists for high impact shareholder meetings
4. Gather input relevant corporate governance research
5. Integrated corporate governance analysis leads to informed proxy voting
6. Corporate governance analysis feeds back into investment analysis

How do we identify high impact AGM's



ROBECOSAM 
We are Sustainability Investing.  20 Years

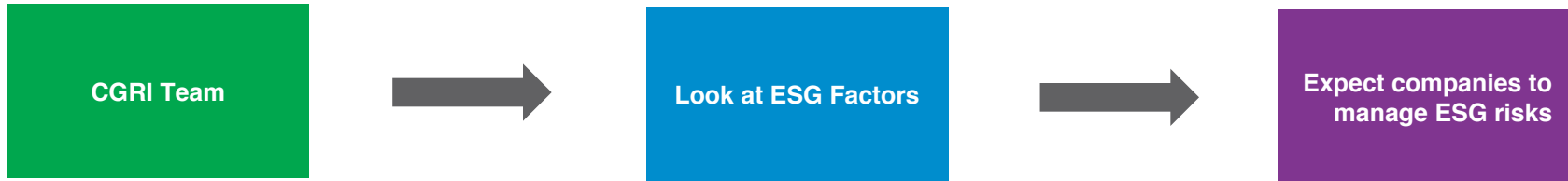
Taking the Long View: Blackrock's Approach to Investor Stewardship

Jennifer Law, BlackRock, Vice President,
Corporate Governance & Responsible Investment

September 29th, 2015

Philosophy behind responsible investing at BlackRock

1. Protect and enhance the economic value of the companies in which we invest on behalf of clients



2. Consider ESG factors because of their impact on long-term shareholder returns or economic value



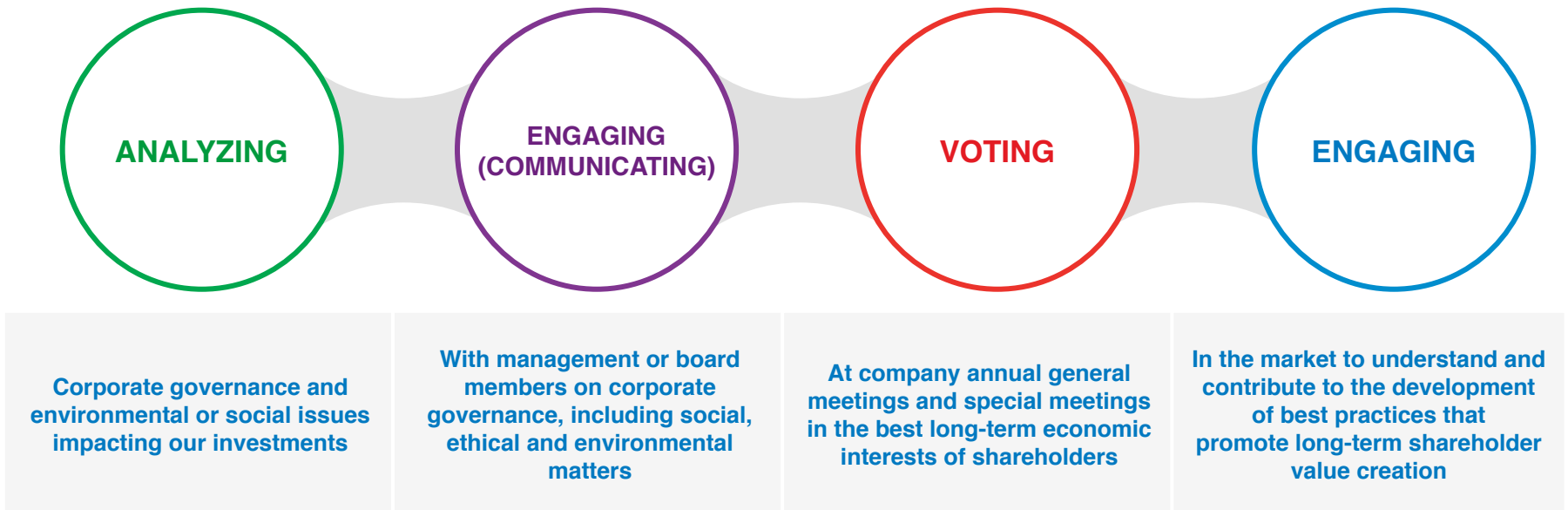
3. BlackRock does not make social, ethical or environmental *value* judgments on behalf of our clients



How a responsible investment program helps protect client assets

We endeavour to integrate responsible investment principles, as applicable to management style, into the investment process across BlackRock's US\$4.72 trillion total assets under management. *
Our Corporate Governance and Responsible Investment program helps us fulfill our fiduciary duty to our clients to protect and enhance the economic value of their assets.

Our responsibilities as a fiduciary to our fund investors include



Implemented through the CGRI team

* As of June 30th, 2015

BlackRock's proxy voting process as an engagement mechanism

Voting is the broadest based level of engagement we have with companies; it provides a routine opportunity for investors to provide feedback to the board and encourages board and management teams to consider and address investor concerns

1 RESEARCH AND ISSUE SPOTTING

Review of research from leading proxy advisory firms, company materials, broker research, and other publicly available news flow

Internally developed guidelines are applied in determining how to vote

Straightforward meetings proceed to vote execution

Remainder are flagged for additional research

2 REVIEW AND ENGAGEMENT

In depth review of particularly complicated or controversial matters

Leverage expertise of portfolio managers as necessary

If warranted, schedule an engagement with the issuer's executives or board members to discuss key questions

3 VOTE EXECUTION

Votes are executed through an electronic platform

Vote positions reconciled against holdings to ensure clean operating environment

For exceptional conflict issues, votes are cast as instructed by independent fiduciary

Oversight committees receive monthly vote reports and generally meet quarterly to review voting

Investor transparency on voting and engagement

BlackRock Voting:

- ▶ Aim to vote all our holdings
- ▶ Voting in 94 markets
- ▶ Voting guidelines published
- ▶ Voting records published annually

Region	Number of meetings voted	Number of proposals	% of meetings voted against one or more management recommendations	% of proposals voted against management recommendation
United States	3,970	31,599	28%	5%
Americas (ex-US)	2,008	15,065	54%	14%
United Kingdom	907	12,069	13%	2%
EMEA (ex UK)	2,430	33,215	42%	8%
Japan	2,101	23,315	62%	11%
Asia Pacific (ex Japan)	3,970	32,137	40%	10%
Total	15,386	147,400	40%	8%

Preliminary figures. From July 1st, 2014 to June 30th, 2015

Corporate Governance & Responsible Investment – where to find us

<http://www.blackrock.com/corporate/en-zz/about-us/responsible-investment>

What to find:

- Engagement, Proxy Voting & ESG Investment Integration
- Global Proxy Voting Guidelines and Proxy Voting History
- Responsible Investment Reports
- CGRI Quarterly Commentary Reports

BLACKROCK®



Amundi's approach to proxy-voting and engagement



Cédric Lavérie, Head of Corporate Governance

Plenary Session: The role of proxy advisory agencies in shareholder-issuer dialogue

4th Pan-European IR Conference
Euronext Amsterdam, September 28-30, 2015

Our organization

Corporate Governance team, part of the equity department, in charge of

- Updating Amundi's voting policy (validated by voting and executive committees)
- Monitoring the voting perimeter (holding threshold: 0,05% of issued capital)
- Coordinating the expertises/resources for informed decisions
 - Internal : Fund managers, financial analysts, extra-financial/SRI analysts
 - External : Proxy-advisors, sell-side research, extra-financial providers
- Organizing voting committees for sensitive AGMs and/or when fund managers disagree
- Managing dialogues with companies on governance issues
- Participating to working groups related to corporate governance (AFG, ICGN ...)

Our objectives

What are we trying to achieve ?

- Protect the interest of our clients / minority shareholders
- Improve the ESG practices of companies
- Build a constructive relationship with issuers

How are we trying to achieve it ?

- No automatic voting :
 - We do not use customized recommendations from proxy advisors
 - Our analysts are better suited to apply our own voting policy to the available information
- No box ticking :
 - We take into account good local practices
 - We take into account the situation of the company
 - We take into account the explanations of the company
- Transparency :
 - We are available for disclosing voting intentions and discuss them with all issuers interested
 - We publish twice a year a voting report (with the list of all AGM voted, and if there was an opposition or not)

Proxy-Voting at Amundi

Voting statistics		
	2014	2013
AGMs at which votes were cast	2 576	2 697
<i>of which France</i>	253	230
<i>of which International</i>	2 323	2 467
AGMs at which votes were cast with at least one opposition vote	74%	73%
<i>of which France</i>	79%	74%
<i>of which International</i>	74%	73%
Resolutions voted on	31 237	31 399
Opposition votes/resolutions	17%	16%
Breakdown of opposition votes		
Board balance and directors	38%	41%
Compensation	30%	27%
Capital operations (+poison pills)	16%	17%
Shareholder proposals	7%	8%
Others	9%	7%

Pre-AGM dialogues

■ Pre-AGM alerts sent to companies

- For our ~300 major holdings (French SBF120 and 150-200 European issuers)
- Voting intentions sent 2-4 weeks before the AGM in order to initiate a dialogue

■ Issuers initiatives

- Issuers contacting us directly to get feedback on their corporate governance or AGM agenda
- Growing trend : 18 in 2010 , 66 in 2012, 95 in 2014

Shareholder dialogue statistics		
	2014	2013
Pre AGM Alert	171	146
Issuer initiatives	95	92
Number of alerts + issuer initiatives	266	238
<i>France</i>	<i>106</i>	<i>109</i>
<i>International</i>	<i>160</i>	<i>129</i>
Dialogue rate	73%	68%
<i>France</i>	<i>74%</i>	<i>63%</i>
<i>International</i>	<i>71%</i>	<i>71%</i>
Dialogue impact rate (change/dialogue)	30%	31%
<i>France</i>	<i>32%</i>	<i>33%</i>
<i>International</i>	<i>29%</i>	<i>29%</i>

Proxy-advisors : correlation is not causality

For ESMA consultations on proxy-advisors (PA) in 2012 and 2015, we tried to evaluate the correlation between our votes and ISS recommendations :

Correlation	2011	2014
on all resolutions	89%	89%
on resolutions where we voted negatively	56%	59%

Why correlation must not be interpreted as causality :

- Common governance principles shared by proxy-advisors and investors (and issuers)
- Only 2 possible outputs so similar results can come from different analyses/issues

Our “protections” against potential causality :

- No automatic voting / No customized recommendations
- Multiple resources to ensure informed voting (3 PA, fund managers, analysts ...)
- Majority of dialogues happens before the release of PA recommendations



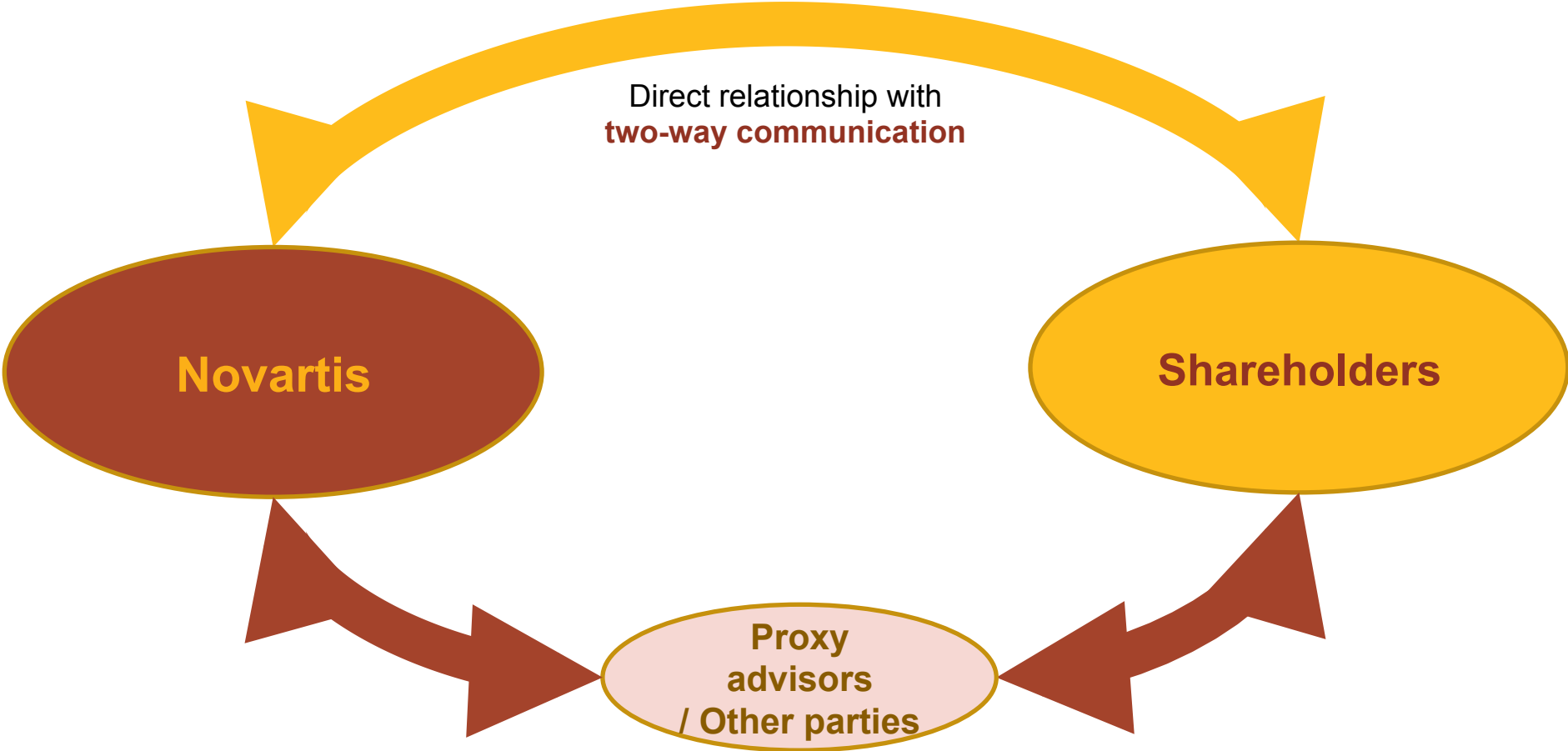
Novartis' approach to engagement with shareholders and proxy advisors

Bruno Heynen

Secretary to the Executive Committee & Senior Advisor Governance of Novartis

September 2015

Engagement overview



Novartis' Shareholder and Proxy Advisor Engagement

■ Why do we engage:

- To establish a collaborative, rather than adversarial, relationship between the company and investors (discuss / “negotiate” early to avoid “public proxy fight”)
- Develop mutual trust and understanding
- Widely considered best-practice and recommended by numerous stewardship codes (e.g. UK, Switzerland)
- There is growing desire by institutional investors to increase their influence
- Binding “say-on pay”; de facto forcing “pre-negotiation” with key investors
- Avoid the unexpected

■ How do we engage:

- Which investors, and which contact?
- The “content, non-voting investors”
- Organisation (use of “proxy solicitation firms”)
- How to meet; one-on-one meetings/TCs, group meetings, conference
- When to meet and what to discuss
- How to make sure investors do vote
- Legal boundaries of differential disclosing (“selective disclosure”, Reg. FD)

Engagement process

Shareholder engagement

		Focus	Method	Purpose
	<p>1</p> <p>Direct <i>(asset managers as well as governance officers)</i></p>	<p>Top 10</p> <p>Top 50</p> <p>Top 100</p> <p>Top 400</p>	<p>As appropriate:</p> <p>Face-to-face meetings</p> <p>Scheduled or ad-hoc TCs</p> <p>Letters/ email</p>	<p>Build relationships and trust</p> <p>Listen to feedback</p> <p>Clarify information</p>
	<p>2</p> <p>Indirect via proxy advisors</p>	<p>3 advisors serving a large portion of our shareholders</p> <p>Other advisors and interested parties</p>	<p>As appropriate:</p> <p>Face to face meetings</p> <p>TCs</p>	<p>Ask specific questions to understand policy</p> <p>Clarify information</p>

Corporate governance engagement timeline

Quarter 1

January – March

Release of Annual Report and year-end results

(January)

- TCs with top 100 investors and key proxy advisors prior to AGM (IR, Governance and Comp&Ben)

AGM (February)

Quarter 2

April – June

- Analysis of outcome / results
 - Board/Board Committee debrief of AGM season
-

Quarter 3

July – September

- Drafting of Corporate Governance Report / Compensation Report
 - Working on adjustments/ changes of governance practices
-

Quarter 4

October – December

Q3 results

- Meetings of Governance & Nomination Committee, Compensation Committee, full Board; decisions on potential changes
- Corporate Governance Roadshow with top shareholders and proxy advisors (Chair Comp. C. IR, Governance, Comp& Ben)

What do discuss during Corp. Gov. Roadshow

Governance

Board structure and functioning
Committee operation
Independence, selection and diversity

Compensation

Board and Executive Committee systems
Policies, processes
Disclosure

New legal requirements

Minder implementation
Changes to our Articles of Incorporation
Other international requirements

AGM preparation

Proposed agenda
Any other items for discussion

Basic issue of issuers with proxy advisors

- The growing importance of ratings and voting recommendations (obligation to vote)
 - “super-shareholders”
 - pressure for issuers to meet proxy advisor rules
- Some proxy advisors have their own, more aggressive rules than the local-market standard (e.g.: 12-year-independence rule)
- The requirement to assess governance against all policies of important proxy advisors (and key investors)
- The „one size fits all“ approach to agenda items (e.g. on “overboarding” or on “independence”)
- They limit their assessment to „measurable“ corporate governance

PROXY ADVISOR ENGAGEMENT

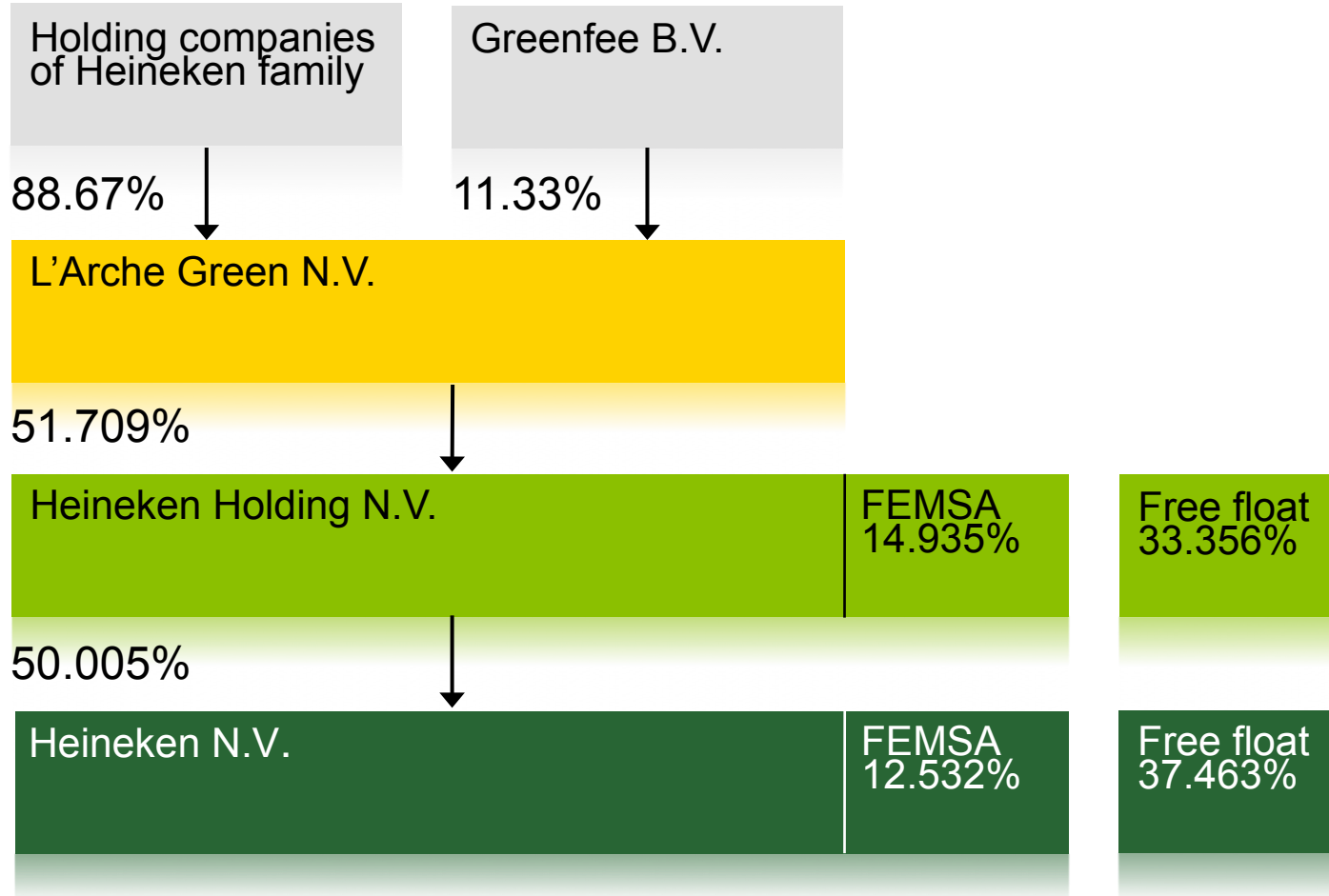
SEPTEMBER 2015

HEINEKEN NV



HEINEKEN shareholding structure

HEINEKEN N.V. SHARES HELD BY HEINEKEN HOLDING N.V.
EQUALS THE NUMBER OF SHARES ISSUED BY HEINEKEN HOLDING N.V.



Institutional Shareholders Heineken N.V.

- Top 50 institutional shareholders represent around 25% of HEINEKEN's issued share capital.
- 60% of these top institutional shareholders will utilize reports of a proxy advisor
 - 45% of these investors use these recommendations as a reference guide to back up their own internal analysis
 - 15% of these investors are highly dependent on advisor recommendations
- 23% of these top institutional shareholders have tailor-made reports written for them by proxy advisors, based on their own internal guidelines
- 17% of these top institutional shareholders do not use advisor reports (and will either abstain from voting or making any voting decision in-house)

Engagement Policy

- Exposure to Proxy Advisors (based on 2015 figures)
 - ISS (45%)
 - Glass Lewis (20%)
 - Eumedion (10%)
- Engagement with Proxy Advisors
 - ISS: brief correspondence to submit comments on draft report
 - Glass Lewis: none
 - Eumedion: annual face-to-face meeting in advance of AGM
- Engagement with top ten institutional shareholders



Observations on Proxy Advisors

- Seemingly little competition among proxy advisors
- Proxy Advisors appear to be influential
 - Investors who rely heavily on their recommendations
 - Sets the tone for our one-on-one with investors
- Proxy Advisors use global / regional approach to policy-making
 - Their policy can conflict / be more strict than national legislation
- Challenging to engage with ISS and Glass Lewis, good level of engagement with Eumedion

nicholas.laugier@georgeson.com