

PROXY PAPER™

GUIDELINES

2016 PROXY SEASON

AN OVERVIEW OF THE GLASS LEWIS
APPROACH TO PROXY ADVICE

NETHERLANDS



Table of Contents

INTRODUCTION TO GLASS LEWIS' NETHERLANDS POLICY GUIDELINES.....	1
Corporate Governance Background	1
Summary of Changes for the 2016 Netherlands Policy Guidelines	1
I. A BOARD OF DIRECTORS THAT SERVES SHAREHOLDER INTEREST.....	2
Election of Board Members.....	2
Independence.....	2
Other Considerations for Individual Board Members.....	4
Conflicts of Interest	4
Board Structure and Composition	5
Separation of the Roles of Chairman and CEO	5
Change in Board Structure	5
Board Size.....	5
Board Diversity	5
Board Committees.....	5
Election Procedures.....	6
Classified Boards and Term Limits.....	6
II. TRANSPARENCY AND INTEGRITY OF FINANCIAL REPORTING.....	7
Accounts and Reports.....	7
III. THE LINK BETWEEN COMPENSATION AND PERFORMANCE	8
Vote on Compensation Policy (“Say on Pay”)	8
Severance Payments.....	8
Supervisory Board Compensation Plans.....	9
IV. GOVERNANCE AND FINANCIAL STRUCTURE AND THE SHAREHOLDER FRANCHISE	10
Ratification of Supervisory Board and Management Board Acts	10
Ownership Reporting Requirements	10
V. CAPITAL MANAGEMENT	11
Authority to Issue Shares and/or Convertible Securities.....	11
Authority to Repurchase Shares.....	11
Anti-Takeover Devices	11
Issuance of Protective Preference Shares	11
VI. SHAREHOLDER INITIATIVES AND MANAGEMENT OF THE FIRM	12
Right to Call a Special Meeting	12
Right to Add an Item to the Agenda.....	12

Guidelines Introduction

These guidelines are intended to supplement Glass Lewis' Continental European Policy Guidelines by highlighting the key policies that we apply specifically to companies listed in the Netherlands and the relevant regulatory background to which Dutch companies are subject, where they differ from Europe as a whole. Given the growing convergence of governance regulations and practices across companies subject to European Union rules and directives, Glass Lewis combined our general approach to continental European companies in a single set of guidelines, the Continental European Policy Guidelines, which set forth the underlying principles, definitions and global policies that Glass Lewis uses when analysing continental European companies.

While our approach to issues addressed in the Continental European Policy Guidelines are not repeated here, we will clearly indicate in these guidelines when our policy for Dutch companies deviates from the Continental European Policy Guidelines.

CORPORATE GOVERNANCE BACKGROUND

Company law in the Netherlands is primarily governed by Book 2 of the Dutch Civil Code (Burgerlijk Wetboek), providing the legislative framework for Dutch corporate governance. Best practices for Dutch corporate governance are primarily defined by the Dutch Corporate Governance Code (the "Code") which was first published in December 2003, and updated in 2008 to comply with the Decree on December 26, 2008, implementing European Directive 2007/36/CE on Shareholders' Rights. The Code is published by the Corporate Governance Code Monitoring Committee (also known as the Frijns Committee). The Code contains: (i) legal provisions; (ii) comply-or-explain provisions; and (iii) recommendations.

SUMMARY OF CHANGES FOR THE 2016 NETHERLANDS POLICY GUIDELINES

Following is a summary of the significant changes to the 2016 Netherlands guidelines:

DIRECTOR OVERBOARDING POLICY

In line with changes to our Continental Europe Policy Guidelines, we have updated our guidelines to reflect that going forward we will recommend voting against a supervisory board member who serves as an executive officer of any public company while serving on a total of more than two (previously three) public company boards and any other director who serves on a total of more than five (previously six) public company boards. We expect a chairman of any public company to reduce his or her external commitments appropriately and we may not recommend that shareholders vote against overcommitted directors at companies where the director serves as chairman. Further, we will generally refrain from recommending to vote against a board member who serves on an excessive number of boards within a consolidated group of companies or a board member that represents a firm whose sole purpose is to manage a portfolio of investments which include the company.

RATIFICATION OF BOARD ACTS

In line with changes to our Continental Europe Policy Guidelines, we have revised our guidelines to state that we may recommend voting against such ratification where we believe the ratification may prejudice shareholders due to the pending nature of an investigation or if the individual ratification of board members would better serve the interests of shareholders and the vote has been offered only as a bundled item.

I. A Board of Directors that Serves Shareholder Interest

ELECTION OF BOARD MEMBERS

Under Dutch law, companies that meet certain thresholds¹ of share capital and number of employees are considered to be “large companies” (*grote naamloze vennootschappen*) and are required to implement the “structure regime” (*structuurvennootschap*), which stipulates either a one-tier or two-tier board structure.

Under this regime, both shareholders and the works council² may propose candidates to the supervisory board.³ Management board members may be elected either by the supervisory board or by shareholders in the so-called “mitigated structure regime,” which applies only to companies that are subsidiaries of international corporations.⁴ A company that is not required to adopt a two-tier board structure by law may elect to voluntarily implement one.⁵

Unless otherwise provided by these guidelines, any and all rules applicable to a company governed by a two-tier board structure will apply to a company that is governed by a one-tier board structure. Accordingly, in the case of a company governed by a one-tier board structure, the term “supervisory board” will refer to the board of directors.

INDEPENDENCE

In the Netherlands, we put supervisory board members into two categories based on an examination of the type of relationship they have with the company:

1. **Independent Supervisory Board Member** – An independent supervisory board member has no material⁶ financial, familial⁷ or other current relationships with the company,⁸ its executives, or other board members, except for board service and standard fees paid for that service. An individual who has been employed by the company within the past five years is not considered to be independent. We use a three year⁹ look back for all other relationships.
2. **Affiliated Supervisory Board Member** – An affiliated supervisory board member has a material financial, familial or other relationship with the company or its executives, but is not an employee of the company.¹⁰ We will normally consider board members affiliated if they:

1 According to Book 2, Article 153(2) of the Dutch Civil Code, in order to qualify as a “large company,” a company must have an issued capital of at least €16 million, employ at least 100 workers in the Netherlands and must have established a “Works Council” pursuant to the Works Council Act of 1979.

2 The works council is a body composed of employees within an enterprise that represents employees’ interests and rights.

3 Book 2, Article 158(6) of the Dutch Civil Code. Shareholders, however, may reject such nominations by a simple majority of the votes cast if the votes represent at least one third of the issued capital.

4 Book 2, Article 153(3) of the Dutch Civil Code.

5 Book 2, Article 140 of the Dutch Civil Code.

6 Per Glass Lewis’ Continental European Policy Guidelines, “material” as used herein means a relationship in which the value exceeds: (i) €50,000 (or 50% of the total compensation paid to a board member, or where no amount is disclosed) for board members who personally receive compensation for a professional or other service they have agreed to perform for the company, outside of their service as a board member. This limit would also apply to cases in which a consulting firm that is owned by or appears to be owned by a board member receives fees directly; (ii) €100,000 (or where no amount is disclosed) for those board members employed by a professional services firm such as a law firm, investment bank or large consulting firm where the firm is paid for services but the individual is not directly compensated. This limit would also apply to charitable contributions to schools where a board member is a professor, or charities where a board member serves on the board or is an executive, or any other commercial dealings between the company and the board member and the board member’s firm; (iii) 1% of either company’s consolidated gross revenue for other business relationships (e.g., where the board member is an executive officer of a company that provides services or products to or receives services or products from the company); (iv) 10% of shareholders’ equity and 5% of total assets for financing transactions; or (v) the total annual fees paid to a board member for a personal loan not granted on normal market terms, or where no information regarding the terms of a loan have been provided.

7 A director is an affiliate if the director has a family member who is employed by the company. According to Provision III.2.2 of the Dutch Corporate Governance Code (“Code”), relatives up to the second degree are considered included in this category. Per Glass Lewis’ Continental European Policy Guidelines, familial relationships include a person’s spouse, parents, children, siblings, grandparents, uncles, aunts, cousins, nieces, nephews, in-laws, and anyone (other than domestic employees) who shares such person’s home.

8 A company includes any parent or subsidiary in a group with the company or any entity that merged with, was acquired by, or acquired the company.

9 According to Provision III.2.2 of the Code, business relationships in the year prior to the appointment are considered current for this purpose.

10 If a company classifies a non-executive board member as non-independent, Glass Lewis will classify that board member as an affiliate.

- Are a member of the management board at a company where a member of the management board of the company they supervise is a supervisory board member;¹¹
- Have temporarily managed the company during the previous twelve months when management board members were absent or unable to discharge their duties;¹² Have served on the board for more than three consecutive terms or for more than 12 years, whichever is longer.¹³
- Have employers who have a material financial relationship with the company;¹⁴
- Own or control 10% or more of the company's share capital or voting rights.¹⁵

Additionally, the following category only applies to companies with a one-tier board structure:

3. **Insider** – An inside director simultaneously serves as a director and as an employee of the company. This category may include a chairman of the board who acts as an employee of the company or is paid as an employee of the company.

Voting Recommendations on the Basis of Board Independence for a Two-Tier Board

In accordance with Dutch governance standards, we generally recommend that all but one member of the board be independent.¹⁶ In the event that more than one supervisory board member is an affiliate, we will typically recommend voting against some of the affiliated supervisory board members in order to satisfy the aforementioned threshold. However, we accept the presence of representatives of significant shareholders in proportion to their equity or voting stake in the company, as detailed in our Continental European Policy Guidelines, so long as a majority of the members of the board are independent.

Voting Recommendations on the Basis of Committee Independence for a Two-Tier Board

We believe that no more than one affiliated board member should serve on a company's audit, compensation and nominating committees.¹⁷ We will take into account the company's ownership structure when evaluating the composition of these committees.

Further, we will generally recommend voting against any chairman of the audit committee who: (i) is also the chairman of the supervisory board;¹⁸ or (ii) was a member of the management board during the previous five years.¹⁹ Likewise, we will generally recommend voting against any chairman of the compensation committee who was a member of the management board during the previous five years.²⁰

Voting Recommendations on the Basis of Board Independence for a One-Tier Board

Glass Lewis believes a board will be most effective in protecting shareholders' interests when at least a majority of board members are independent.²¹ Where 50% or more of the directors are affiliated and/or are insiders, we typically recommend voting against some of the affiliated and/or inside directors in order to satisfy the majority threshold.

Voting Recommendations on the Basis of Committee Independence for a One-Tier Board

Under a one-tier board structure, we believe only non-executive directors should serve on a company's audit, compensation and nominating committees.²² We believe a majority of the shareholder-elect members of the nominating committee should be independent of company management and other related parties. We accept the presence of representatives of significant shareholders on this committee in proportion to their equity or voting stake in the company.

¹¹ Provision III.2.2 of the Code.

¹² *Ibid.*

¹³ Provision III.3.5 of the Code recommends that members be appointed to the supervisory board for a maximum of three terms of four years each.

¹⁴ Provision III.2.2(c) of the Code.

¹⁵ Provision III.2.2(e) of the Code.

¹⁶ Provision III.2.1 of the Code.

¹⁷ Provision III.5.1 of the Code.

¹⁸ Provision III.5.6 of the Code.

¹⁹ *Ibid.*

²⁰ Provision III.5.11 of the Code.

²¹ Provision III.8.4 of the Code.

²² Provision III.8.3 of the Code.

We will recommend voting against any chairman of the audit committee who: (i) is also the chairman of the board;²³ or (ii) is currently or was an executive director during the previous five years.²⁴

OTHER CONSIDERATIONS FOR INDIVIDUAL BOARD MEMBERS

Our policies with regard to performance, experience and conflict-of-interest issues are not materially different from our Continental European Policy Guidelines, with the following exception.

CONFLICTS OF INTEREST

In line with our Continental European Policy Guidelines, we generally recommend voting against a supervisory board member who serves as an executive officer or management board member of any public company while serving on more than two public company boards and any other supervisory board member who serves on more than five public company boards.²⁵ In deviation from our Continental European Policy Guidelines, we will typically recommend voting against a supervisory board chairman who is also a member of the management board of a listed company.²⁶ We count board chairmanships as two directorships. We adopt a case-by-case approach when making voting recommendations based on external commitments, as described in our Continental European Policy Guidelines.

Management board members of a large company (grote naamloze vennootschappen) cannot hold more than two supervisory board positions in other large companies, or one chairmanship of a supervisory board or board of directors of another large company. Any supervisory board member or non-executive at a one-tier board is limited to five supervisory board memberships or non-executive positions at other large companies. Chairmanships count as two supervisory board positions.²⁷

Foundations (Stichtingadministratiekantoor or “STAK”) and Depository Receipts

Dutch law authorises the establishment of an administrative foundation (“STAK”), which is governed by a board of directors, to administer the shares in a company on behalf of the beneficial owners. STAKs issues depository receipts for the shares to the beneficial owners but retain the actual shares. As the voting rights are attached to the shares and not the depository receipts, STAKs are empowered to vote the shares directly without authorisation from the beneficial owners. The economic rights also lie with the shares; however, STAKs are obliged to pass on all financial benefits received from the shares to the depository receipt holders. In order for depository receipt holders to exercise their voting rights at general meetings, they must proactively request the right to do so.

As STAKs are generally obliged to cast all unclaimed voting rights in favour of management at general meetings, we view STAKs’ interests to be aligned with the company. As such, in general, we consider any member or former member (within the last three years) of a STAK’s board, who has served in such a position for at least 12 years or has any other evident relationship to the company, as not independent. Additionally, when a company has not provided clear disclosure of the STAK’s activities and remuneration, in accordance with best practice in the Netherlands, we will not consider such a candidate to be independent. Further, we will recommend voting against any board nominee who would remain serving simultaneously on the company’s STAK while serving on the board of directors or supervisory board.

Finally, given that the STAK structure makes it inefficient for shareholders to exercise their rights, we generally favour proposals that seek to repeal depository receipts or restrict the functions of the STAK to minimise the potential for a conflict of interest for the board vis-a-vis unaffiliated shareholders.

²³ Provision III.5.6 of the Code.

²⁴ *Ibid.*

²⁵ Provision III.3.4 of the Code specifies a limit of six external board mandates for supervisory board members.

²⁶ Provision II.1.8 of the Code.

²⁷ These limitations took effect on January 1, 2013, with the implementation of the Act of Management and Supervision of NV and BV Companies. The definition of a large company for this purpose differs from the one detailed in Footnote 1 above. To be considered a large company for the purpose of determining external board limitations, the value of a company’s assets must exceed €17.5 million, net turnover must exceed €35 million, and the average number of employees in the Netherlands must be at least 250.

BOARD STRUCTURE AND COMPOSITION

Our policies with regard to board-level risk management oversight, board size and board diversity are not materially different from our Continental European Policy Guidelines. In deviation from our Continental European Policy Guidelines, we apply different standards for the election of former management board chairmen to the supervisory board.

SEPARATION OF THE ROLES OF CHAIRMAN AND CEO

According to the Code, the chairman of the supervisory board should not be a former member of the company's management board.²⁸ Therefore, we will typically recommend voting against the new appointment of a chairman who was a member of the management board during the previous five years, absent a compelling rationale from the company and an otherwise sufficiently independent board.

Furthermore, the chairman of the board of directors of a one-tier board structure may not be a current or former executive director.²⁹ Therefore, we will typically recommend voting against the new appointment of a chairman who was an executive director during the previous five years, absent a compelling rationale from the company and an otherwise sufficiently independent board. When the chairman is also currently an executive, we may recommend voting against the chairman of the nominating committee, absent a compelling rationale from the company and an otherwise sufficiently independent board or a lead independent director.

CHANGE IN BOARD STRUCTURE

Dutch companies are allowed to change their board structure from a two-tier to a one-tier board.³⁰ We will review any proposals to migrate from a two-tier to a one-tier board structure on a case-by-case basis. We may recommend voting against the proposal when we have serious concerns regarding the independence of the chairman or the overall independence of the board following the change.

BOARD SIZE

Under Dutch law, companies with a two-tier system must have supervisory boards consisting of at least three members.³¹ Companies with a one-tier system must have a board consisting of at least five members.³²

BOARD DIVERSITY

Dutch legislation, in line with local corporate governance recommendations, requires that at least 30% of directorships be held by women and at least 30% by men, by the close of the 2016 general meeting.³³

BOARD COMMITTEES

In the Netherlands, audit committees are mandatory for listed companies, although the board as a whole may serve in the capacity of the audit committee.³⁴ The Code recommends that at least one member be a financial expert, with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.³⁵ The Code also specifically recommends that boards comprising more than four individuals have separate audit, compensation and nominating committees.³⁶ In line with our Continental European Policy Guidelines, in the absence of compensation or nominating committees,³⁷ we will generally recommend voting against the chairman of the board on this basis; provided, however, that this will generally not apply to small-cap companies with boards composed of fewer than four members.

Our policies with regard to the formation of committees and committee performance are not materially different from our Continental European Policy Guidelines.

²⁸ Provision III.4.2 of the Code.

²⁹ Provision III.8.1 of the Code.

³⁰ Royal Decree of June 6, 2011, amending Book 2 of the Dutch Civil Code. The law took effect on January 1, 2013.

³¹ Book 2, Article 158.2 of the Dutch Civil Code.

³² Book 2, Article 297(b) of the Dutch Civil Code.

³³ Book 2, Article 166 of the Dutch Civil Code.

³⁴ Royal Decree of July 26, 2008.

³⁵ Provisions III.3.2 and 5.7 of the Code.

³⁶ Provision III.5 of the Code.

³⁷ Principle III.5 of the Code recommends that companies with boards consisting of at least four members establish an audit committee, a compensation committee and a nominating committee.

ELECTION PROCEDURES

Our policies with regard to election procedures are not materially different from our Continental European Policy Guidelines. The following are clarifications regarding best practice recommendations in the Netherlands.

CLASSIFIED BOARDS AND TERM LIMITS

Dutch law requires that supervisory board members either resign or stand for re-election at least every four years.³⁸ As a result, most Dutch companies appoint supervisory board members for the full term allowable by law. Pursuant to the Code, the supervisory board should draw up a retirement schedule in order to avoid, as much as possible, a situation in which many supervisory board members retire at the same time.³⁹

As further explained in our Continental European Policy Guidelines, Glass Lewis supports the declassification of boards and the annual election of directors. Nevertheless, given market practice, we will generally accept the presence of staggered boards. We further note that the Code recommends that members be appointed to the supervisory board for a maximum of three terms of four years each.⁴⁰

³⁸ Book 2, Article 161 of the Dutch Civil Code.

³⁹ Provision III.3.6 of the Code.

⁴⁰ Provision III.3.5 of the Code.

II. Transparency and Integrity in Financial Reporting

In the Netherlands, shareholders are required to approve a company's financial statements and the allocation of profits and dividends annually. Shareholders are also required to approve a company's choice of independent auditor. Our policies for these issues in the Netherlands do not deviate materially from Glass Lewis' Continental European Guidelines.

ACCOUNTS AND REPORTS

As a routine matter, Dutch law requires that shareholders approve a company's annual and consolidated financial statements, within the four months following the close of the fiscal year, in order for them to be valid.⁴¹

⁴¹ Book 2, Article 101 of the Dutch Civil Code.

III. The Link Between Compensation and Performance

Under Dutch law, it is not mandatory for public companies in the Netherlands to place their compensation policy up for a shareholder vote on an annual basis. However, Dutch law does require a binding vote from shareholders if a company has adopted a new compensation policy or has proposed a material amendment to the current policy.⁴² Our policies regarding these matters do not differ materially from our Continental European Policy Guidelines. However, we do account for a company's compliance with best practice in the Netherlands, as described below, when evaluating these proposals.

VOTE ON COMPENSATION POLICY (“SAY ON PAY”)

Due to the nature of the say on pay vote in the Netherlands, Glass Lewis bases its recommendations primarily on any and all significant changes or modifications made to a company's compensation structure or award amounts, including base salaries. We will recommend voting for a proposed compensation policy only when we believe the positive aspects of the proposed amendments overwhelmingly outweigh any potential negative effects that the changes may have on the overall compensation structure.

In general, there is a high level of compliance by Dutch companies with corporate governance recommendations and best practice regarding executive compensation. It is common for variable compensation at Dutch companies to be based on multiple performance metrics. Furthermore, sign-on bonuses and guaranteed bonuses are rare, and on average individual limits for variable compensation are low when compared with the rest of Europe. In addition, the Code emphasises the following best practices in the Netherlands, with which we believe most companies should comply:

- Stock options or other performance-based equity awards are expected to have a vesting period of at least three years;⁴³
- The exercise price may not be lower than a verifiable price or average price, in a period of the five trading days prior to the granting of the option;⁴⁴
- The supervisory board should be authorised to recover any variable pay awarded based on incorrect data or reporting (i.e., “clawback provision”); and⁴⁵
- There should be clear disclosure of the costs of all remuneration and the breakdown of those costs, the value and number of equity-based remuneration, the composition of the peer group used (if any), a detailed description of performance criteria, any pension related plans, and other important information.⁴⁶

Please see our Continental European Policy Guidelines for further information regarding what we view as positive modifications to a compensation policy.

SEVERANCE PAYMENTS

In general, we believe that severance payments should be limited to one year's fixed salary and should not be paid in the event of inadequate performance or voluntary departure.⁴⁷

⁴² Book 2, Article 135 of the Dutch Civil Code.

⁴³ Provision II.2.4 of the Code.

⁴⁴ Provision II.2.6 of the Code.

⁴⁵ Provision II.2.11 of the Code.

⁴⁶ Provision II.2.13 of the Code.

⁴⁷ Provision II.2.8 of the Code.

SUPERVISORY BOARD COMPENSATION PLANS

We are generally opposed to the introduction of variable share-based awards for supervisory boards, given that these awards may align the interests of supervisory board members with those of management.⁴⁸

As such, we will generally recommend against any supervisory board compensation plan that includes shares and/or rights to shares to supervisory board members. Otherwise, we will generally support these proposals if the proposed fees are reasonable and in line with those paid by the company's peers.

⁴⁸ Provision III.7.1 of the Code.

IV. Governance and Financial Structure and the Shareholder Franchise

In the Netherlands, shareholders may be asked to approve the ratification of board and management acts or amendments to a company's articles of association. Our policy on these issues does not deviate materially from Glass Lewis' Continental European Guidelines.

RATIFICATION OF SUPERVISORY BOARD AND MANAGEMENT BOARD ACTS

In the Netherlands, companies routinely request that shareholders ratify the acts of the supervisory board and management board for the past fiscal year. Moreover, shareholders can be asked to release resigning board members from liability.

The discharge from liabilities is binding for all shareholders and can hinder legal claims against board members. In fact, it protects board members against claims for damages from the company. It does not, however, release them from their fiduciary duties owed to the company and its shareholders. They will still be held liable for any tortious or negligent act committed in the performance of their duties. Moreover, if the information provided to shareholders prior to the meeting was incorrect or incomplete, shareholders can still bring proceedings against the board. Lastly, the discharge granted by shareholders does not release board members from liabilities toward third parties.⁴⁹ Therefore, we will evaluate each proposal on a case-by-case basis.

In line with our Continental European Guidelines, we may recommend voting against ratification where we believe the ratification may prejudice shareholders due to the pending nature of an investigation or in cases where we believe that the individual ratification of board members would better serve the interests of shareholders and the vote has been offered only as a bundled item.

OWNERSHIP REPORTING REQUIREMENTS

The Disclosure of Major Holdings in Listed Companies Act of 1996 requires any shareholder whose ownership in a company rises above or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% to immediately notify the company and the Financial Markets Authority, specifying the number of shares and corresponding voting rights held.

On July 1, 2013, the minimum disclosure threshold was lowered to 3% ownership and any shareholder having reached this threshold must notify the company within four months of this new standard taking effect.⁵⁰ We recommend that shareholders support amendments to a company's articles of association that align with the new provisions of the law, as long as they do not attempt to introduce any additional ownership reporting requirements beyond what is legally required.

⁴⁹ Book 2, Articles 139 and 150 of the Dutch Civil Code.

⁵⁰ Article 5(38) of the Act on Financial Supervision.

V. Capital Management

Shareholders of Dutch companies may be asked to approve capital-related proposals, namely the issuance of ordinary or preference shares and/or convertible debt instruments and the authority to repurchase shares. Our policies with regard to these matters do not differ materially from our Continental European Policy Guidelines.

AUTHORITY TO ISSUE SHARES AND/OR CONVERTIBLE SECURITIES

In the Netherlands, shareholders are required to approve all proposals related to the issuance of shares and/or convertible securities. According to Dutch law, shareholders may delegate the power to authorise share issuances to the board or management.⁵¹ The authority to issue shares must have a specified length, which in no event may be greater than five years, as well as a specified maximum number of shares that may be issued under the authority. In addition, the company may determine to issue the shares and/or convertible securities with or without preemptive rights. However, in the event that it wishes to waive such rights, the board must request shareholder approval given that issuing additional shares may dilute existing holders.⁵² We will generally recommend voting against any authority to issue shares without preemptive rights in excess of 20% of current issued share capital.

AUTHORITY TO REPURCHASE SHARES

Under Dutch law, companies can repurchase their own stock if: (i) shareholders' equity less the payment required to make the purchase does not fall below the sum of paid-up capital and any reserves required by Dutch law and the articles of association; and (ii) the company would thereafter not hold shares with an aggregate nominal value exceeding one-half of the issued share capital. Furthermore, the authority granted by shareholders applies for a maximum period of 18 months and must specify the number of shares that may be acquired and the price within which the shares may be acquired.⁵³

Our policy on this matter does not differ materially from our Continental European Policy Guidelines. Dutch companies may seek the authority to repurchase shares above 20% of current issued share capital. We will recommend voting against such a proposal when the company does not explicitly state that the shares will be cancelled.

ANTI-TAKEOVER DEVICES

ISSUANCE OF PROTECTIVE PREFERENCE SHARES

We apply heightened scrutiny to verify whether a management friendly foundation ("Stichting") has been granted a call option to purchase preference shares from the company, since the exercise of the call option may result in delaying or preventing a takeover bid. We will vote against the issuance of protective preference shares under almost all circumstances. Nevertheless, we will consider making an exception in cases where a company has combined the authority to issue common shares and preference shares into a single proposal. While we view bundled proposals as depriving shareholders the opportunity to weigh the merits of each aspect of the proposal, we will support the proposal if we believe that a vote against it might hinder the company's ability to access the capital market in a timely and efficient manner through the issuance of the common shares.

⁵¹ Book 2, Article 96(1) of the Dutch Civil Code.

⁵² Book 2, Article 96a of the Dutch Civil Code.

⁵³ Book 2, Article 98 of the Dutch Civil Code.

VI. Shareholder Initiatives and Management of the Firm

In the Netherlands, shareholders may exercise their right to call a special meeting and/or propose additional items to the meeting agenda. Our policies regarding these matters do not differ materially from our Continental European Policy Guidelines.

RIGHT TO CALL A SPECIAL MEETING

Under Dutch law, a shareholder or a group of shareholders holding at least 10% of the issued share capital, or a lower percentage if provided for by the articles of association, can be authorised by a court to convene a general meeting.⁵⁴

Glass Lewis strongly supports the right of shareholders to call special meetings. However, in order to prevent abuse and waste of corporate resources by a very small minority of shareholders we believe that such rights should be limited to 5% of a company's share capital. A lower threshold may leave companies subject to meetings whose effect might be the disruption of normal business operations in order to focus on the interests of only a small minority of owners. However, we will evaluate proposals to lower the threshold on a case-by-case basis.

RIGHT TO ADD AN ITEM TO THE AGENDA

Under Dutch law prior to July 2013, shareholders and holders of depositary receipts, who alone or together represent more than 1% of the outstanding share capital, or individually or jointly own shares with a market value of at least €50 million, have the right to add items to the agenda of a shareholder meeting.

As of July 1, 2013, the ownership threshold was raised from 1% to 3% and the €50 million threshold was removed.⁵⁵ Companies are however permitted to set a lower threshold in their articles of association. As such, the previous legally mandated threshold will continue to apply to companies in cases in which they have stated the threshold in their articles of association. Given that the law requires companies to seek shareholder approval of an amendment to the articles of association in order to implement the new threshold, we generally recommend that shareholders vote against such amendments in order to preserve existing shareholder rights.⁵⁶ However, we will evaluate these proposals on a case-by-case basis, taking into account a company's ownership structure and the history of shareholder proposals presented at general meetings.

⁵⁴ Book 2, Article 110 of the Dutch Civil Code.

⁵⁵ Book 2, Article 114a of the Dutch Civil Code.

⁵⁶ Book 2, Article 121 of the Dutch Civil Code.

DISCLAIMER

This document is intended to provide an overview of Glass Lewis' proxy voting policies and guidelines. It is not intended to be exhaustive and does not address all potential voting issues. Additionally, none of the information contained herein should be relied upon as investment advice. The content of this document has been developed based on Glass Lewis' experience with proxy voting and corporate governance issues, engagement with clients and issuers and review of relevant studies and surveys, and has not been tailored to any specific person.

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SAN FRANCISCO

Headquarters
Glass, Lewis & Co., LLC
One Sansome Street
Suite 3300
San Francisco, CA 94104
Tel: +1 415-678-4110
Tel: +1 888-800-7001
Fax: +1 415-357-0200

• • • • •

NEW YORK

Glass, Lewis & Co., LLC
44 Wall Street
Suite 2001
New York, NY 10005
Tel: +1 212-797-3777
Fax: +1 212-980-4716

• • • • •

AUSTRALIA

CGI Glass Lewis Pty Limited
Suite 8.01, Level 8
261 George St
Sydney NSW 2000
Australia
Tel: +61 2 9299 9266
Fax: +61 2 9299 1866

• • • • •

IRELAND

Glass Lewis Europe, Ltd.
15 Henry Street
Limerick, Ireland
Phone: +353 61 292 800
Fax: +353 61 292 899

• • • • •

GERMANY

IVOX Glass Lewis GmbH
Maximilianstr. 6
76133 Karlsruhe
Germany
Phone: +49 721-35 49 622
Fax: +49 721-35 49 621