



Global Corporate Governance Framework

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Introduction

Stichting Pensioenfonds ABP¹ (ABP) is the sector wide pension fund for employers and employees of government and educational institutions in the Netherlands. ABP has a total of approximately 2.9 million participants, former participants and pensioners. As many as 1 in 6 people in the Netherlands now receives or will receive a pension from ABP in the future.

Our aim is to provide a good pension for our participants in exchange for an affordable contribution. This is only possible by investing our pension assets. ABP invests globally with the aim to achieve the highest net return for our beneficiaries while ensuring our pension fund remains strong and future-proof. We believe in the power of collaboration and collectivity - to maximize advantages of scale, but also to share risks and windfalls. In doing so, ABP as a not-for-profit social organization commits itself to building a good pension for everyone who is depositing or has deposited pension contributions. To build a strong relationship with our stakeholders, first and foremost our participants. And to building a better society, now and for the generations to follow.

Good governance and responsible investment are inherent to our investment processes as we believe this contributes to the risk-adjusted returns of our portfolios and to a more sustainable world. Responsible investing is therefore an integral part of our investment beliefs. This entails a comprehensive approach for making a material positive social, economic and

environmental contribution in the real economy by influencing the entities in which we invest, and engaging with policy makers and other stakeholders to help build a sustainable financial system. We invest in over sixty countries worldwide and believe good corporate governance and responsible conduct contribute to the long-term economic value of companies globally. Good governance supports a culture of accountability, the fair and equitable treatment of shareholders', creditors' and other stakeholders' interests, and addresses issues that could affect the long-term performance of the business. It contributes to the alignment of company purpose, strategy and values, and ensures a commitment to high standards of business integrity and oversight of a supporting corporate culture. It is the bedrock of sound management of sustainability risks and opportunities and of long-term value creation. Therefore, good governance is an enabler for companies to contribute to a more sustainable world.

ABP's Board of Trustees outsourced its fiduciary advise function and asset management activities to APG Asset Management. These include carrying out our responsibilities as stewards and providers of capital to companies, and exercising our voting rights as a shareholder whenever possible. Our asset manager engages with public companies on our behalf from the perspective of an equity or debt provider and through entities investing in the private market. ABP and our asset manager are actively involved in a number of investor and multi-stakeholder organizations.² Our asset manager regularly responds to European and international consultations on corporate governance and sustainability matters and pro-actively provides input to regulatory bodies regarding important matters pertaining to the functioning of the financial system as well as responsible corporate conduct.

This document explains ABP's policy framework for corporate governance. It sets out our underlying principles (p. 3) and expectations (p. 6), and explains how we meet our ownership responsibilities (p. 4). From this follows our Voting Policy (Annex), in which we set out our voting standards on main agenda items at companies' annual general shareholders' meetings. This policy should be read in conjunction with ABP's and our asset manager's policies and publications with more detailed guidance on specific topics related to responsible investing such as remuneration, climate change and SDIs.³ It will be regularly reviewed and updated as necessary, based on market trends and public policy developments.

¹ <https://www.abp.nl/english/about-us.aspx>

² Such as ICGN, PRI, CII, Eumedion and ACGA.

³ For ABP's policies, guidelines and reports see: www.abp.nl/english/

Underlying Principles

ABP recognizes that the responsible use of investor rights and our role as stewards of capital involves the monitoring of and engagement with the companies in our portfolio and exercising our voting rights at shareholder meetings. To us it is an integral part of being an active investor. Our asset manager actively exercises our rights as a shareholder and debt investor to protect and enhance the economic value of the companies in which it invests on our behalf and to ensure that sustainability risks and opportunities are properly addressed. Based on our belief that good governance contributes to long-term value creation we set out the underlying principles as the basis for the stewardship activities our asset manager conducts on our behalf.

Our underlying principles of corporate governance are:

1. Enhancement of long-term value

We expect a company and therefore its directors, to create and enhance value for the company in the long-term, taking due account of the best interests of the company, its shareholders and other stakeholders. A company's strategy, policies, risk management and internal controls, reporting, and conduct should reflect and support that goal.

2. Accountability

The directors of a company must be accountable to its shareholders and creditors and make themselves available for meaningful dialogue with shareholders and creditors as providers of capital and with other stakeholders as appropriate. Companies should respect the principle of 'one share, one vote' and the rights of all shareholders equally. Directors are accountable to uphold and demonstrate responsible business practices and policies and respond effectively in the event that performance falls short of these standards.

3. Sustainability

We expect companies to act in a sustainable way by focusing on long-term value creation. This includes determining strategy, making company decisions and conducting business in a responsible manner in line with the company's interests and in the wider context in which it operates. We strongly encourage companies to produce an integrated account of how their strategy and governance support value creation over the short, medium and long term.⁴

4. Transparency

Shareholders and creditors demand transparent and meaningful disclosure from companies that enables them to make well-informed investment decisions. We expect companies to disclose operational, financial, sustainability, personnel and governance information in a timely, complete and comprehensible manner, and additional information for social stakeholders where appropriate. We also expect information related to environmental and social matters, and the integrity of the company's conduct to be regularly and clearly disclosed as and when they could have a material impact on the company's long-term performance.

Active Ownership

Voting

Our asset manager's dedicated Global Responsible Investment & Governance team centrally oversees and coordinates the exercise of all equity voting rights globally using an electronic voting system, involving portfolio managers in the decision making. We have developed our own voting policy which, combined with research from a proxy voting service provider, generates custom voting instructions across the portfolios. When deciding how to vote our asset manager takes into account the specific context and market in which the company operates, such as the provisions set out in national corporate governance codes as well as local laws and regulations whilst encouraging the implementation of global best practice corporate governance standards. Our asset manager may seek input from external managers when voting in markets where they have specialist expertise.

ABP strongly supports the principle of 'one share, one vote' since it aligns capital stakes and controlling rights. Where a company issues shares with differing voting rights, we expect the board to critically assess these structures on a regular basis and to establish mechanisms to end or phase out controlling structures.

Companies should enable electronic proxy voting and take into account in their formal voting results all votes, whether cast electronically or in person. Voting records should be reviewed externally and published on the company's website in English shortly following the shareholder meeting and in detail.

⁴ See: <https://integratedreporting.org/>

Our asset manager's ability to exercise voting rights on our behalf requires a well-functioning system allowing shareholders to vote their shares by proxy. There are still impediments to exercising shareholder rights which our asset manager actively seeks to address. These include the practice of share blocking in certain markets whereby one cannot trade in company shares when voting, voting by show of hands, and limited or no information about shareholder meeting results.

ABP does not lend shares and will not borrow shares for the sole purpose of exercising voting rights on these shares.⁵

Our voting decisions are disclosed on our website shortly after each shareholder meeting.⁶ Each year we publish a responsible investment report both in Dutch and English.

Monitoring and engagement

Monitoring of portfolio companies is part of our role as good stewards of capital to gain a better understanding of how they are run. In the most basic terms, monitoring involves all aspects which in our view could impact a company's ability to create long-term value including governance, strategy, performance, sustainability, risks, opportunities and capital structure.

The essence of our asset manager's dialogue and engagement activities is an exchange of views and to use our influence as a capital provider to encourage portfolio companies to uphold certain standards of governance and sustainability. We believe this reduces the risk of sub-optimal capital allocations and creates long-term value. ABP expects its portfolio companies to demonstrate responsible business practices

and have relevant policies in place and to respond effectively in the event their performance falls short of these standards.

There are multiple triggers to initiate an engagement. Primarily, we are guided by investment, market and social responsibility rationales. In the course of company engagement, we make use of in-house expertise, corporate filings, company-specific data provided by our research providers and other external sources such as brokers, NGOs or investor networks. Our asset manager communicates on our behalf with relevant stakeholders of our portfolio companies as needed and may get actively involved in the nomination of directors. Collaborative engagements and co-filing shareholder resolutions with other investors is something which is pursued when we believe it is the most effective way of achieving our objective to advance good governance and sustainability at the companies in our portfolio.

Shareholder litigation

Globally, lawsuits may be filed against companies for alleged violations of securities laws. These lawsuits may concern e.g. fraud, deceit, misrepresentation, disregard of disclosure obligations and breach of fiduciary duties. In cases where ABP has suffered and has a claim that represents a certain value, and if within its powers, ABP will take reasonable steps to pursue and realize such a claim and thus recover damages suffered. Where possible and appropriate, ABP will seek to introduce corporate governance reforms, and under certain circumstances may take an active role in a securities case as a means to improve corporate governance at a company involved in litigation. Corporate governance reforms can thus be made part of the confidential settlement agreement.

⁵ ABP supports the ICGN policy regarding share lending.

⁶ <https://www.abp.nl/over-abp/duurzaam-en-verantwoord-beleggen/stemrecht.aspx>

Corporate Governance Expectations

This part sets out our corporate governance expectations of portfolio companies across all markets. It forms the basis for our voting and engagement activity. However, in assessing portfolio companies' governance, evaluating issues and making our voting decisions we will take into account specific company characteristics and circumstances as well as local laws, regulations and standards.

Board

Boards have a critical role to play in the long-term success of the company. The structure and composition of boards may vary depending on the complexity of the business, its size, country of incorporation and ownership structure. Whilst we recognize this, we expect the listed companies in which we invest to take all the necessary measures to ensure the effective functioning of their board.

We expect directors to make themselves available for meaningful dialogue with shareholders and creditors as providers of capital. Directors should be open to the views of other stakeholders as appropriate and listen to their points of view. Non-executive directors should exercise management oversight and be willing to constructively challenge and hold management to account when necessary. We expect boards to identify and oversee all material risks over the short, medium and long term and report key risks and ensure that they are effectively controlled and managed in order to safeguard a sustainable future for the company. The board defines the company's purpose, strategy and values and is responsible for building a corporate culture that upholds high standards of business integrity and supports long-term value creation.

Broadly speaking, the two most prevalent board types are the unitary boards, with both executive and non-executive directors as members, and the two-tier boards, comprising two bodies, the management board and the supervisory board. The following principles apply regardless of the structure in place. We expect boards to be well balanced on the whole and set up committees to ensure effective running of the board.

Composition

An effective and well-led board contains a mix of individuals with diverse but relevant experience, expertise and backgrounds. We strongly believe that well-balanced and diverse boards contribute to board effectiveness and ultimately value creation over the long-term. Board appointments should be made on the basis of merit. ABP expects a board to recruit from the greatest pool of talent. In our view, diversity has several dimensions including social and ethnic background, gender, education, personality, nationality, sexual orientation, experience and age. The board nomination process should take these into account in order to achieve an optimal board composition. Companies should have a clear governance structure in place to foster diversity throughout the organisation and to explain how this is linked to the company's general approach to human resource management. We expect the board to report on its approach to, its performance and progress with regard to diversity on the board, among executive management and the entire employee population.

At larger companies and those in high impact sectors in particular, we expect that responsibility be allocated at the board level for relevant sustainability issues. This could be, for example, in the form of a director or several directors with relevant sustainability or governance experience or a designated committee of the board.

Digital and cybersecurity is another key area of expertise we expect many companies to require. It is important that sufficient board expertise is available so that opportunities and risks associated with innovation in business models and technologies can be identified and, if needed, considered in a timely manner.

Independence

Unitary boards should have a majority of independent directors.⁷ Supervisory boards of companies with two governing bodies should comprise non-executive directors only, of which the majority should be independent. Former executive directors should not normally become chairman of the board. When a company makes an exception to this, the case should be explained and justified by the board.

⁷ The non-executive chairman will be included for the purpose of assessing the independence threshold.

We expect companies with a controlling shareholder⁸ to have a majority of independent directors. However, at family-owned companies and in markets where a lower independence threshold is either best practice, legally required or rule of the listing standards, we may accept the board to be composed of at least three (or one-third) independent directors only if the chairman is an independent non-executive director.⁹

If a minority shareholder is represented on the board, the number of board seats should be proportionate to the economic interest the shareholder represents.

There are circumstances which can give rise to concern about the ability of a director to exercise independent judgement. These include but are not limited to:

- Existence of material business relationships;
- Former employee or executive;
- Long board tenure;
- Family ties;
- Representation of a significant/ controlling shareholder;
- Interlocking board relationships;
- Employee representation.

If based on the above expectations and in the event that any of the above conditions exist and we believe the level of independence of a board member or candidate is compromised we may not support the re-/election of the non-independent members of the board.

CEO/chairman

The leadership of the board and the management should not vest in one individual because they require distinctly different skills and qualifications and a combination of the roles causes an undesirable concentration of power. The chairman of the board should be independent at the time of his/her appointment. We recognize that in exceptional circumstances there may be reasons why the roles are temporarily combined. These cases require justification. We expect a truly independent senior (or lead) independent director to be appointed with clear responsibilities to act as a balancing power for the temporarily combined CEO/chairman role and as a direct conduit to investors if needed.

Board committees

Boards (or the supervisory boards in a two-tier structure) should set up remuneration, nomination and audit committees. A least two thirds of the members of the remuneration and the nomination committees should be independent. The audit committee should comprise only independent directors.

Appointment and (re-)election of directors

The appointment of directors should be guided by a pre-defined and disclosed process led by the nomination committee. Selection should be based on all the factors that could contribute to the effectiveness of the board as a whole. This includes competencies, experience, skills and diversity. We expect the board to have a robust succession plan in place which is reviewed regularly and gives due regard to the optimal composition of the board. Directors should stand for re-election by shareholders at regular intervals. We do not support board structures in which a proportion of directors serve for different terms.¹⁰ The board should have a formal and robust process for the induction of new directors.

Relevant biographical details should be disclosed for all directors to allow shareholders to assess their suitability prior to a vote. ABP expects directors to be proposed for individual election and thereafter re-election at regular intervals. We do not support bundled votes on a slate of directors as we believe this undermines the principle of accountability.

Board size

We expect boards to have a number of directors that is optimal given the company's complexity and size. Overall, the size of the board should enable high-quality decision making and promote active involvement by all members, thereby avoiding a subset of the members having undue influence or an imbalanced time commitment.

Time commitment of directors

Directors need sufficient time for the preparation, attendance and participation in board and committee meetings. When accepting additional board appointments, directors should consider if they have sufficient capacity to effectively exercise their duties and responsibilities on all the boards on which they sit.

Evaluation and refreshment

Boards should conduct board effectiveness reviews to assess collective and individual performance, conduct and composition. We expect these reviews to be performed annually and at regular intervals (every 3 years) by an external party. The board should report on the general outcomes of the evaluation in the company's annual report. Regular board refreshment contributes to the efficient and effective functioning of the board and we therefore expect individual board terms to be limited to a maximum of twelve years.

⁸ Majority control is defined in terms of economic interest and not voting rights, and is considered to be any shareholder or group of shareholders acting collectively that control at least 50 percent + 1 share of the company's equity capital.

⁹ Taking into account factors such as governance model, size of the company, shareholding structure and free float.

¹⁰ Also known as classified or staggered board.

Shareholder Rights

Shareholder rights are a fundamental element of corporate governance, enabling the owners of companies to protect their investments.

Issuance and buyback of shares

Companies issue new shares from time to time to raise fresh capital. This may be in order to fund internal investments, external acquisitions or perhaps to reduce leverage. A company can issue shares with or without pre-emption rights to existing shareholders.

ABP expects requests to issue new shares to be fully explained and in the best interest of shareholders, both in the short and long run whilst avoiding any unreasonable shareholder dilution. In addition, when seeking authority to issue shares, the company should explain the conditions and circumstances under which this authority will be exercised. At the very least, the explanation should include the maximum number of shares to be issued, the duration of the authority sought and how the exercise price will be determined. Separate authority should be sought for different share classes.

Although ABP is aware that local legislation and regulation may vary, ABP will in principle not support buyback programmes that request authority to purchase more than 10% of outstanding share capital. If companies repurchase shares, they must ensure that all shareholders receive equal financial treatment.

Amendments to articles of association

We will normally vote against amendments of the articles of association that aim to limit shareholders' rights.

As a rule, we expect each amendment to be submitted to a separate vote. We will in principle not support combined proposals if any of the individual amendments would negatively affect our position as providers of capital.

Remuneration

Remuneration is a key determinant to ensure that management delivers results consistent with company strategy and purpose by defining specific targets. The company should set out clearly in its annual report its approach to remuneration, covering the policy and its structure, details of targets and the performance against those targets when making awards. The remuneration committee should submit a proposal to the (supervisory) board concerning the remuneration policy for executives including severance payments.

Remuneration policy

Pay policies should support long-term value creation for shareholders by aligning management interests with the strategy and risk objectives of shareholders and other stakeholders, and with its business cycle (time alignment). Pay levels should not be excessive and should reflect consideration of the pay relativity within the company and the societal context that the company operates in.

Variable elements should be based on clear performance targets which are aligned with long-term shareholders' interests and that are relevant to the company. Consideration should be given to financial as well as other factors that have an impact on long-term company value, such as measures related to human capital, customers and HSE (Health, Safety and Environment). ABP does not support targets linked to rankings in sustainability indexes because of the limited visibility of the underlying performance assessment. We expect boards to take into account societal considerations when setting individual executive pay levels and consider the alignment with the general remuneration policy of the company's employees. When variable remuneration is awarded, we prefer executive directors to receive shares rather than options. We support guidelines for executives to build up and retain a meaningful interest in the shares of the company they manage to further align the interests of executives with those of the company and its shareholders. We expect companies to have clawback provisions in place.

Non-executive directors should not be awarded remuneration in the form of shares and/or rights to shares. We expect any shares acquired and held by a non-executive director to be long-term personal investments.

Severance payments and change-of-control provisions

In our view, remuneration in the event of dismissal should not exceed one year's base salary. Termination payments should not be awarded in the event of culpable or negligent behaviour.

In a change-in-control situation we expect vested awards to be time pro-rated up to the change in-control. For those awards where vesting is subject to performance, we expect awards to vest only to the extent that these performance goals are attained at the time of the change-in-control. A change in control should only affect pay-out if it leads to termination of employment without cause.¹¹

¹¹ Also known as a 'double trigger'.

Our asset manager has issued more detailed remuneration guidance which is available on its website and should be read in conjunction with this document.¹²

Annual Accounts and Audit

The annual report and accounts are an important source of information for stakeholders to gain a true and fair picture of the financial performance and health of a company. As providers of capital, investors are the primary audience of the accounts. Shareholders and creditors provide capital and bear the residual risk of the company and therefore their interests need to be understood.

Investors expect the annual report to include information on the management, risk profile and risk management of the company. Companies should provide clear insight into current and future strategy; how strategic, operational, financial, and compliance risks are managed, and how companies address key social, environmental and integrity matters. We strongly encourage companies to give an integrated account of how their governance, performance, sustainability, strategy and prospects support value creation over the short, medium and long term.

Whistleblowing mechanism

Companies should set up a confidential and anonymous information alert route ('whistleblowing') enabling employees or business partners to report misconduct or other business concerns without fear of retribution. The board should monitor the operation of the whistleblowing mechanism, appropriate and independent investigations into signs of misconduct or irregularities, and adequate follow-up of any recommendations for remedial actions. Companies should publicly report on the whistleblowing policy's implementation, the number and types of complaints that have been made and how many of those have led to follow-up action.

Audit Committee

The audit committee, as a sub-committee of the board of companies we invest in, is given the authority to supervise the integrity and quality of financial reporting. It also typically assesses the effectiveness of the internal risk management and control systems. At least one or more members of the audit committee should be designated as having recent and relevant financial expertise including risk management. The range of risks monitored by the committee should include those relating to information and communication technology as well as cybersecurity.

We expect the audit committee to be composed exclusively of independent non-executive directors. The existence of a fully independent audit committee is of particular importance where companies are involved in related-party transactions that represent potential risks to minority shareholders. Such transactions should always be carried out at arm's length, preferably subject to shareholder approval, and be fully disclosed.

Internal Audit

ABP believes in the merits of a robust internal audit function with the responsibility to assess the design and the operation of the internal risk management and control systems. The audit committee should have direct access to the internal audit function, maintaining regular direct contact to key personnel. Smaller companies may find the setting up of a dedicated audit control function to be inappropriate for their business and may instead use more suitable internal audit controls.

External Audit

The appointment of the external auditor and the proposal to approve their remuneration should be approved by shareholders, typically at the annual general meeting. We expect the audit committee to annually assess the independence of the external auditor and the quality and cost of the audit. The audit committee should advise the board on the (re-) appointment of the external auditor and should lead and manage the auditor selection process as needed. We expect the role of the external auditor to be put out to tender on a regular basis.

Audit fees

The fees paid to the auditor for both audit and non-audit work performed separately should be disclosed in the annual report. To prevent conflicts of interests or concerns about the independence of the auditors, we expect the fees paid to an auditor from non-audit related work not to exceed the total of fees for audit plus audit-related services.

Political and charitable donations

Companies should avoid making donations to political parties or organisations closely associated with political parties. In markets where this is common practice we expect companies to disclose their political contributions and trade association spending policies and activities. Charitable donations can help build stakeholder relationships, but a company should have a clear policy in place to avoid potential conflicts of interests and publish its donation record.

¹² <https://www.apg.nl/pdfs/apg-remuneration-guidelines-to-listed-european-companies.pdf>

Annex:

Voting Policy

ABP votes at all shareholder meetings whenever practically possible. Our voting policy applies globally. In making our voting decisions we take into account the specific context and market of the company, national corporate governance codes as well as local laws and regulations. Our detailed voting policy is described below.

Board

ABP will generally support board candidates proposed by the company taking into account the following considerations:

- Existence of a majority of independent non-executive directors. Where this is not the case, we may vote against the election or re-election of a non-independent director.
- Where the positions of chairman and chief executive are combined, we may vote against the election or re-election of the chair of the nomination committee, or where she/ he is not up for election, against another non-independent director.
- The attendance record of directors. If a director attends fewer than 75% of relevant meetings and no satisfactory justification is provided, ABP may decide to not support her/his re-election.
- Lack of timely biographical details. ABP may oppose or withhold support from board candidates if insufficient information is available on the candidate ahead of a vote.
- We expect directors to have no more than five board positions at publicly listed companies or fewer if they are chairing any of the boards. If a nominee is a member of several boards, deemed as excessive under our policy or based on our research or following discussion with the company, APG may not support the proposed candidate.
- The directors' performance at other companies, past or present.
- Restatements of the annual report and accounts that raise doubts about the quality of supervision and risk management by the board. If a material restatement of the figures occurs that suggests a failure of internal controls, ABP may vote against the election or re-election of the directors on the audit committee.
- Exercising our rights to hold directors accountable for concerns related to areas of committee responsibilities (for example remuneration) may ultimately lead to voting against directors.

- Sustainability expertise on the board. If at larger companies and those in high impact sectors the board lacks responsibility for relevant sustainability issues, ABP may withhold support from the director(s) on the nomination committee.
- Corporate reporting. If a company's reports and accounts lack information to make well-informed investment decisions we may not support the re-election of members of the audit committee.
- Where a company regularly sponsors the activities of a director, and/ or does not publish the amounts involved, ABP is concerned that the independence of the director in question may be affected. On these grounds, ABP could consider not supporting the re-appointment of the director.

Annual Accounts and Audit

ABP will generally vote in favour of the annual report and accounts, unless:

- An audited annual report is not available at the time of voting;
- The external auditor issues a qualified audit opinion or raises material concerns in the key audit matters report on the annual results or the relevant audit procedures;
- Sustainability risks are not taken into account which may result in future financial implications not accounted for.
- There is a material restatement of accounts.

ABP will usually vote in favor of the appointment of the external auditor and the proposal that the board or non-executive directors determine their remuneration unless:

- There are concerns around the independence and quality of the auditor selection process;
- There are doubts whether the auditor selection process was led by non-executive directors;
- The audit committee disregarded, without a satisfactory explanation, an explicit wish by shareholders regarding the selection process or the contents of the engagement letter;
- There are concerns with regards to the veracity of the financial data or the quality of the audit work;
- The non-audit related fees are greater than the audit fees, raising questions about the independence of the auditors and possible conflicts of interests;
- There are doubts as to the integrity and quality of the audit firm or an individual team member, for example due to concerns expressed by the regulator;
- The appointment carries excessive restrictions regarding the legal liability of the auditor;
- There is no clear justification provided for the change of the auditor.

Remuneration

ABP will generally vote in favour of a company's remuneration report and policy unless we have concerns. Reasons for not supporting remuneration proposals include:

- The company does not disclose its remuneration policy in a timely fashion;
- The company has not set out clear targets for determining the variable components;
- Application of discretionary judgment by the remuneration committee that is insufficiently justified;
- Bonus or other variable payments are excessive and/or not closely aligned with company performance and/or not consistent with the shareholder approved policy;
- The company reprices share options, retests performance conditions or otherwise retrospectively and unjustifiably intervenes with pay outcomes;
- The company allows pledging of shares;
- Severance pay exceeds one year's base pay.

Shareholder Rights

ABP will consider the following criteria when deciding whether to approve a share issue:

The maximum number of shares to be issued and the duration of the authority

- Permission to issue shares with pre-emption rights may only be granted for up to 20% of the issued share capital. This is the case in markets where local laws and regulations may permit a larger issuance. This also applies to the time period for which authority is requested. Preferably this authority should not exceed 18 months, with a maximum time period of 24 months.

Pre-emption rights

- Where pre-emption rights are excluded, the authority to issue shares should be limited to a maximum of 10% of the issued share capital of the company.

Share buybacks

- Although local legislation and regulations may vary, ABP will normally not support buyback programmes that request authority to purchase more than 10% of issued shares. If companies repurchase shares, they must ensure that all shareholders receive equal financial treatment and take the valuation of the company into account. Share buybacks should not be used to fend off a potential takeover.

Mergers, acquisitions and other major transactions

ABP will generally support proposals for a merger, acquisition or major transaction if the transaction contributes to the company's ability to create long-term value, is aligned with the company's strategy, and serves the interest of (minority) shareholders.

Defence mechanisms

In general, ABP will reject a company's request to implement defence mechanisms aimed at blocking possible changes to the control structure of the company. We acknowledge that certain defence mechanisms can be beneficial to long-term shareholder value, for example where it gives management some time to assess different strategic options.

We will assess every case individually and will normally only support one but not multiple defence mechanism. This should be subject to a time limit (a maximum of six months) and the circumstances under which the defence mechanism could be triggered should be clearly defined.

ABP will generally only consider to consent to the issue of shares as an anti-takeover measure if they are issued:

- (i) as a temporary, necessary and proportionate protection against a specific threat to the continuity or interests of the company, its business, the shareholders, the employees and other stakeholders and its business and after careful consideration of these interests;
- (ii) up to a maximum which may not exceed 100% of the nominal amount of the previously subscribed shares;
- (iii) with the objective to enable the directors of the company to enter a constructive dialogue with the bidder, to explore possible alternatives, to inform the shareholders of the company or to protect the continuity of the company or its policy and the interests described under (i).

Shareholder proposals

We vote on all proposals and support those that we consider to be in the interest of the company and its shareholders. We support proposals where they help to address significant governance and sustainability issues not currently adequately addressed by the company or that otherwise could have a positive impact on the company's ability to create long-term value.

In general, ABP supports resolutions that seek to generate greater transparency and accountability when we deem this to be reasonable and practical and especially in cases where problems have already arisen, suggesting risks are not adequately managed.

More information? Visit www.abp.nl/english/about-us.aspx

