Triodos Investment Management

RELX NV

MEETING DATE	Wed, 19 Apr 2017 13:30 pm	TYPE	AGM	ISSUE DATE	Mon, 08 May 2017
MEETING LOCATION	Sheraton Amsterdam Airport Hotel and Conference Center, Schiphol Boulevard 101, Amsterdam, the Netherlands				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Publishing				

	PROPOSALS	ADVICE
1	**Opening of the Meeting** Non-voting agenda item	**Non-Voting**
2	**Receive Report of Management Board** Non-voting agenda item	**Non-Voting**
3.A	**Amend Remuneration Policy** It has been proposed to amend the remuneration policy of the Company. The target opportunity for the annual incentive which is paid in cash will be maintained at the current level and the maximum possible cash annual incentive payable to executive directors will be reduced from 150% of base salary under the current policy to 133% of base salary under the new policy. deferred share element will be added to the AIP to partly offset the elimination of the executive directors'participation in the BIP and the ESOS. The deferred share element will be 50% of base salary at target and 67% at maximum. This means the total AIP opportunity will be 150% of base salary at target and 200% at maximum. However, together with the LTIs, the total remuneration could exceed 200% of the salary, which exceed guidelines. The Company does not disclose quantified performance criteria and targets for the variable remuneration component which is considered a frustration of shareholder accountability. Triodos Investment Management is pleased to see that a number of our concerns are addressed in the new remuneration policy. We consider it particularly positive that the remuneration policy has been simplified. You are moving from four remuneration schemes to two schemes. Moreover we are pleased that the company will only provide reward shares and no longer options. And the share matching program will be abandoned. Finally the performance targets are strengthened. There are however also some points that are not sufficiently addressed in our view. With regards to the long term incentive plan the vesting period is three years with on top a holding period of 2 years. We would have preferred a longer vesting period of 4 to 5 years. We consider the growth of EPS as a performance indicator a concern considering the buyback programs of the company. Furthermore, the target value of the short term bonus goes from 100% to 150% of base salary which implies a greater focus on the short term in the remuneration policy. Finally we consider it a pity that the maximum remuneration is not lowered. Despite the strengthened performance targets, the maximum remuneration is still excessive. Balancing the positive elements and the recommendations outstanding, we abstain on these agenda items.	**Abstain**

3.B Amend Existing Long Term Incentive Plan **Abstain**

The current LTIs rules, which were previously approved by shareholders, require to be amended to align with the new policy. The effect of the amendment to the LTIs rules which is being put forward for shareholder approval is to amend the annual individual grant limits, with effect from the 2018 annual grants for existing Executive Directors. Under the new policy, the maximum grants under LTIs has been increased from 250% to 450% of base salary for the CEO and 150% to 375% of base salary for other Executive Directors. While the simplification of the long-term arrangements is welcomed (with only one plan instead of three), the maximum potential awards under the plan are still considered excessive. In addition, there are important concerns about the features of this plan. Finally,

Under the new policy, the maximum grants under LTIs has been increased from 250% to 450% of base salary for the CEO and 150% to 375% of base salary for other Executive Directors. Triodos Investment Management is pleased to see that a number of our concerns are addressed in the new remuneration policy. We consider it particularly positive that the remuneration policy has been simplified. You are moving from four remuneration schemes to two schemes. Moreover we are pleased that the company will only provide reward shares and no longer options. And the share matching program will be abandoned. Finally the performance targets are strengthened. There are however also some points that are not sufficiently addressed in our view. With regards to the long term incentive plan the vesting period is three years with on top a holding period of 2 years. We would have preferred a longer vesting period of 4 to 5 years. We consider the growth of EPS as a performance indicator a concern considering the buyback programs of the company. Furthermore, the target value of the short term bonus goes from 100% to 150% of base salary which implies a greater focus on the short term in the remuneration policy. Finally we consider it a pity that the maximum remuneration is not lowered. Despite the strengthened performance targets, the maximum remuneration is still excessive. Balancing the positive elements and the recommendations outstanding, we abstain on these agenda items.

3.C Amend Existing Annual Incentive Plan **Abstain**

It has been proposed to approve the amendments to the existing Annual Incentive Plan. A deferred share element will be added to the AIP to partly offset the elimination of the executive directors' participation in the BIP and the ESOS. The deferral period under the Annual Incentive Plan (AIP) is welcomed, but the amount to be deferred (1/3 of AIP) is still below the acceptable limit.Triodos Investment Management is pleased to see that a number of our concerns are addressed in the new remuneration policy. We consider it particularly positive that the remuneration policy has been simplified. You are moving from four remuneration schemes to two schemes. Moreover we are pleased that the company will only provide reward shares and no longer options. And the share matching program will be abandoned. Finally the performance targets are strengthened. There are however also some points that are not sufficiently addressed in our view. With regards to the long term incentive plan the vesting period is three years with on top a holding period of 2 years. We would have preferred a longer vesting period of 4 to 5 years. We consider the growth of EPS as a performance indicator a concern considering the buyback programs of the company. Furthermore, the target value of the short term bonus goes from 100% to 150% of base salary which implies a greater focus on the short term in the remuneration policy. Finally we consider it a pity that the maximum remuneration is not lowered. Despite the strengthened performance targets, the maximum remuneration is still excessive. Balancing the positive elements and the recommendations outstanding, we abstain on these agenda items.

4 Discuss the Remuneration Report **Non-Voting**

Non-voting agenda item

5 Approve Financial Statements **For**

Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.

Triodos supports this resolution.

6	**Approve the Dividend** The Board proposes a dividend of EUR 0.301 per share which, together with the interim dividend of EUR 0.122 per share, brings the total dividend for the year to EUR 0.423. The dividend is covered by earnings. Acceptable proposal.	**For**
7.A	**Discharge the Management Board** Standard proposal. No serious governance concerns have been identified. Triodos supports this resolution.	**For**
7.B	**Discharge the Supervisory Board** Standard proposal. No serious governance concerns have been identified. Triodos supports this resolution.	**For**
8	**Appoint the Auditors** EY proposed. Non-audit fees represented 16.98% of audit fees during the year under review and 23.84% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. Acceptable proposal.	**For**
9.A	**Elect Anthony Habgood** Independent Non-Executive Chairman.	**For**
9.B	**Elect Wolfhart Hauser** Senior Independent Director.	**For**
9.C	**Elect Adrian Hennah** Independent Non-Executive Director.	**For**
9.D	**Elect Marike Van Lier** Non-Executive Director. Not considered to be independent as she was appointed as part of the agreement with Relx Group plc. However, there is sufficient independent representation on the Board.	**For**
9.E	**Elect Robert Macleod** Independent Non-Executive Director.	**For**
9.F	**Elect Carol Mills** Independent Non-Executive Director.	**For**
9.G	**Elect Linda Sanford** Independent Non-Executive Director.	**For**
9.H	**Elect Ben Van Der Veer** Independent Non-Executive Director.	**For**
10.A	**Elect Erik Engstrom** Chief Executive Officer	**For**
10.B	**Elect Nick Luff** Executive Director.	**For**
11.A	**Authorise Share Repurchase** Authority sought to allow the Board to repurchase and use capital stock within legal boundaries. The authority exceeds 5% of the share capital. For a number of years the company has been engaged in share buybacks. Although the strategy the company follows is clear 1. Invest in organic development, 2. to support this growth with targeted acquisitions 3. to grow dividends predictably 4. to maintain its leverage in a comfortable range and 5. to use the remaining cash to buy back shares. It seems that number 5 is used very often. We are not a proponent of share buybacks as it does not stimulate shareholder value on the long term but on the short term only and it also influences the variable remuneration of the directors. We rather see that the company invests in organic development and targeted acquisitions. Therefore we vote against this resolution.	**Oppose**
11.B	**Reduce Share Capital** The Board requests authorisation to reduce capital stock by up to 10%. It is not considered that this has a negative effect on shareholder rights. Triodos supports this resolution.	**For**

12.A Issue Shares with Pre-emption Rights **Oppose**

The Board of Management seeks authorisation for a period of 18 months to issue shares with pre-emptive rights up to a maximum of 10% and, in the event of a merger or an acquisition, to increase this authorisation with a maximum of 10%. The board requests shareholder approval to grant rights to acquire shares and to restrict pre-emptive rights. The 10% plus 10% rule is in line with Dutch market practice. However the second part related to the rights to acquire shares in the capital of the company is not best practice. Market practice is to have this fall under the first 10%. So Triodos Investment Management votes against these resolutions.

12.B Authorise the Board to Waive Pre-emptive Rights **Oppose**

The board requests shareholder approval to exclude pre-emption rights on shares issued over a period of 18 months. The corresponding authority for issuing shares without pre-emptive rights requested in proposal 12.A of potentially 20%, is not within guidelines The board requests shareholder approval to grant rights to acquire shares and to restrict pre-emptive rights. The 10% plus 10% rule is in line with Dutch market practice. However the second part related to the rights to acquire shares in the capital of the company is not best practice. Market practice is to have this fall under the first 10%. So Triodos Investment Management votes against these resolutions.

13 Other Business **Non-Voting**

Non-voting agenda item

14 Close Meeting **Non-Voting**

Non-voting agenda item

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 5 - Approve Financial Statements

In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

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