

# European Corporate Governance: The Investors' View

Corporate Governance in Europe,  
focussing on Germany

Europe post-crisis continent – post?

- Content :

- Capital

- German
    - EU aspects

- Corporate Governance

- German
    - EU aspects

- cases

- German
    - EU aspects



- Who we are?
- What do we do?

- *VIP eV* Professional AGM - Proxy Service
  - direct involvement in Q & A
  - direct voting
  - direct control of votes
  - 2,200 AGMs/year
  
- *AGMagenda.com* Calendar of AGM-dates and locations
  - 6,500 listed meetings
  - 35,000 hits per month



*VIPsight.EU*

International newsletter on  
Corporate Governance

- monthly
- 80.000 readers (10% from China)
- 22 so called „satellites“ -

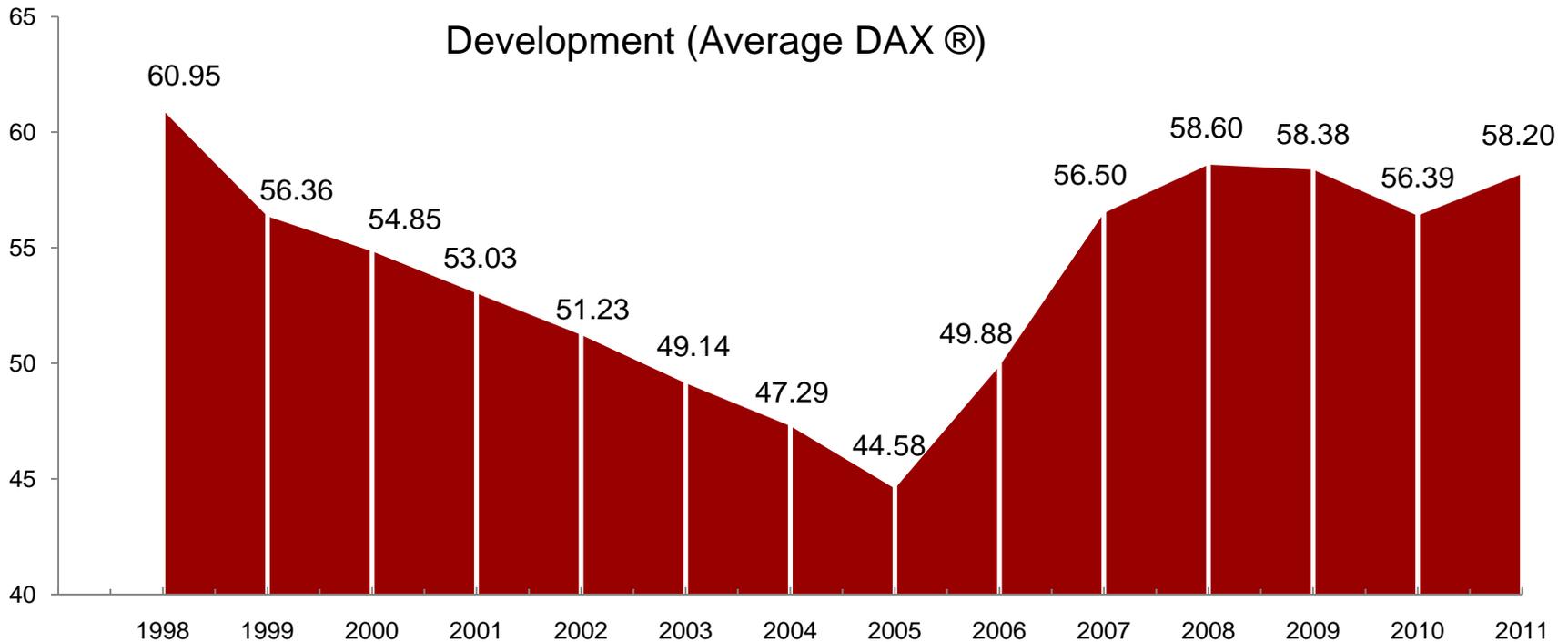
*Club of Florence*

International Institute for  
Good Corporate Governance

- non-profit organization
- CG- think-tank
- seminars

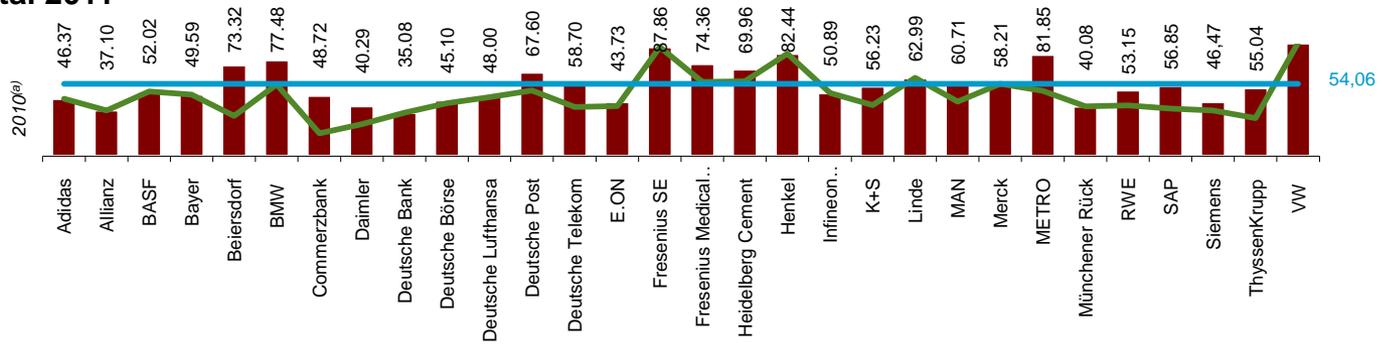
- Regular personal AGM-Presence and Voting since 1975
  - Active participation in the international CG - Discussion since 1990
  - Professional physical AGM-Presence and VIP proxy voting since 2000
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- **2011: 9.9 bn € Assets under Voting**

## Quorum of present capital in DAX

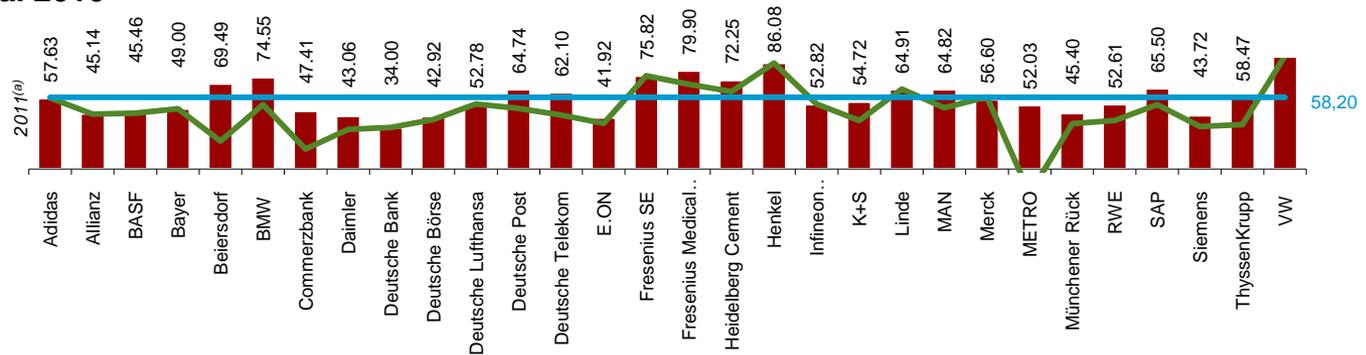


# DAX®30 Present Capital, Development 2010/2011

## Present capital 2011



## Present capital 2010



## AGM-Culture in Europe

- Different national rules and roles
- Complexity of cross-border voting
- Proxy solicitor

## CAPITAL IN AGM

- France 64.2 (61.6) %
- Suisse 53.5 (50.3) %
- Spain (attendance fee) – up to 103%



- AGM - Culture in Germany

- German Corporate Governance Code
  - Commission
  - CG legality /-transparency
  - Comply or Explain
  - 2 tier structure /co-determination

- Agenda of the AGM
  - Presentation
  - Dividend
  - Discharges
  - Auditor
  - By-laws / supervisory board

## Q & A - Session

- Gender balance / men quota
- Say on Pay
- Authorized capital
- Board elections
- Separation of CEO /Chair
- Economic situation
- Corporate Governance in general

# Curiosities and other issues

- National shareholders versus global NGOs
- Purpose of sustainability - ESG, CDP, CSR, GRI
- Sharing of principles - ICGN, UN-PRI, reco.
- Transparency of voting processes
- SEC-discussion
- Custody-chain /service-provider

- example SoP
  - Born in USA through post-dated options
  - Consultative: G, BE, No, UK
  - No rule at all: CH / 45% consultative vote
  - Binding: DK, NL, SE, IT
- Acting in concert

- Lufthansa 2003
  - 12/2002 closed airport by firemen walk-out
  - AGM 2003 VIP counter-motion >60%
  - Deputy chair non-discharged
  - Deputy chair 2011 still board member
  - Union-leader in codetermination

- ThyssenKrupp 2007
  - Dr. Gerhard Cromme, chair
  - Right of designation / secondment
  - 24.9% attending capital
  - 4/5 minority capital inline with VIP counter-motion
  - Terms of voting disclosed/ fixed at 5 p.m. CET
  - Krupp privilege – no change by AGM possible
  - Result: DAX tool to German Corp. stopped





- Infineon 2010
  - 56% in favor to minority proposal
  - 27% followers after ballot-transformation
  - In 2011 : chairman replacement in line with counter motion

- 2011 Germany
  - RWE
    - HERMES and VIP: 29% no-votes
  - METRO
    - Forgotten voting-box, no change in result
  - MAN
    - 51% abstain in board election

**Item 6** Elections to the Supervisory Board - Berkenhagen - **accepted**

	<b>Votes</b>		<b>Percent</b>
Presence	91,378,777		
Abstention	46,594,972		
Number of valid votes	<b>44,783,805</b>	This corresponds to 31.77% of the voting share capital	
Against	641,716	=	1.43%
For	44,142,089	=	98.57%

**Item 6** Elections to the Supervisory Board - Kremer - **accepted**

	<b>Votes</b>		<b>Percent</b>
Presence	91,378,777		
Abstention	12,740,199		
Number of valid votes	<b>78,638,578</b>	This corresponds to 55.78% of the voting share capital	
Against	1,406,143	=	1.79%
For	77,232,435	=	98.21%

**Item 6** Elections to the Supervisory Board - Bruse - **accepted**

	<b>Votes</b>		<b>Percent</b>
Presence	91,378,777		
Abstention	46,589,358		
Number of valid votes	<b>44,789,419</b>	This corresponds to 31.77% of the voting share capital	
Against	639,014	=	1.43%
For	44,150,405	=	98.57%

- 2011 non-German
  - IBERDROLA
    - More votes per custodian
  - Vodafone
    - No entrance after „stille Post“
      - » “Chinese whispers”
      - » Amer. „telephone“
  - Swiss
    - SoP urging in lettering, media and Q&A
  - France
    - Double compensation – RENAULT
    - Separation chair and CEO
  - Italy
    - Golden share in ENI, Enel & Co

- Highlight of European AGMs 2011
- TNT company split
- Hochtief (owner of Leighton Holdings) ACS merger
- BP versus TransOcean
- BritishSkyBroadcasting (UK) / NewsCorp (US)
- “As the main arena for communication between shareholders, management and the Board of Directors, the AGM is a very important element of corporate governance. AGMs should provide an opportunity for some discussion of substance.”



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- Quoted from :
  - South-European CG-codex
  - North-European CG-codex
  - Bangladesh CG-codex
  - Brazilian corporate law
  - SEC-rule in Dodd-Frank Act

- Tools [VIPsight.EU](http://VIPsight.EU)  
[AGMagenda.com](http://AGMagenda.com)
- Pleasure [Club of Florence: CoF@cg](mailto:Club of Florence: CoF@cg)
- Business [VIP: VIP-CG.com](http://VIP: VIP-CG.com)
  
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- You are welcome!
  - With all items in Corp.Gov.
  - With comments to VIPsight
  - With data for AGMagenda
  - Most: votes to engage & execute
- You are VIP!