Better Finance Voting Guidelines

Better Finance Voting Guidelines have been developed in order to provide a clear and transparent guidance to European shareholders as well as to support the EuroVote project. They constitute a European-wide set of general guidelines according to which proxy votes will be executed in the framework of EuroVote, if no specific voting instructions have been received from shareholders. It is important to underline that in addition to Better Finance Voting Guidelines, EuroVote relies as well on the advice, expertise and guidelines of the national member organizations. Therefore, the final voting decision is up to the representative of Better Finance member organization at the respective AGM.

We underline that Better Finance Voting Guidelines are of purely indicative character and do not interfere in the freedom of voting.

1. Distribution of profit

<u>AGAINST the management proposal, at least ABSTENTION:</u>

- The dividend is repeatedly being paid not out of the operative profit, but out of the substance
- The use of the net profit and the distribution of a dividend appear inadequate because of the financial situation of the company

2. Discharge of the board of directors (or of the management board[1])

<u>AGAINST the management proposal, at least ABSTENTION:</u>

- If shareholders' questions during the AGM concerning important issues are not answered satisfactorily
- Well-known and substantial conflicts of interests of board members
- If there are considerable doubts about the credibility of the information given to the shareholders before or during the AGM
- Serious deficiencies in corporate governance
- Lasting deteriorating business progress in comparison to a peer group
- Clear and repeated errors in the forecasts (earnings)
- Fundamental errors in the information policy, for instance violation of the duty to release price sensitive information immediately
- (Obviously) criminal behaviour (for instance defalcation), especially after opening of the main proceedings

[1] In case of two –tier board of directors' system

3. Discharge of the supervisory board[2]

AGAINST the management proposal, at least ABSTENTION:

- Inadequate control of the board
- Well-known and substantial conflicts of interests of supervisory board members
- A supervisory board member participates in less than half the meetings of either the supervisory board or the committee
- Inadequate remuneration of the management
- Unreasonable early extension of management contracts

4. Elections to the board[3]

AGAINST the management proposal, at least ABSTENTION:

- Well-known and substantial conflicts of interests of proposed candidates
- Audit, Nominating, and/or Compensation committees include a majority of non – independent members
- Incumbent board member failed to attend at least 75% of meetings in the previous year.
- Actions of committee(s) on which nominee serves are inconsistent with other guidelines (e.g. excessive option grants, inappropriate remuneration for executives/management board members, disproportion of audit/non-audit fees, lack of board independence)
- Not enough independent[4] shareholder representatives are present in the board in relation to the shareholder structure
- Better Finance does not favour the same person holding the chairman and CEO position. Actual vote will take the specific issuer's situation into account.

5. Elections to the supervisory board[5]

In addition to guidelines no 4:

AGAINST the management proposal, at least ABSTENTION:

- No regular self-evaluation within the supervisory board
- The information on the proposed candidates is insufficient
- The former CEO is elected to the supervisory board without a convincing explanation

[2] In case of two –tier board of directors' system
[3] In case of one –tier board of directors' system
[4] We refer to the EU definition of "independent" directors or members of the supervisory board (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:052:0051:0063:EN:PDF)
[5] In case of two –tier board of directors' system

6. **Election of the auditor**

AGAINST the management proposal, at least ABSTENTION:

- Disproportion of audit fees and consulting fees, lack of auditors fees disclosure
- Missing/ late declaration of independence
- Reasonable suspicion about concrete misdemeanours
- No internal rotation for more than five to seven years

7. **Capital measures**

AGAINST the management proposal, at least ABSTENTION:

- Pre-emptive right exclusion is not sufficient objectively justified
- Inappropriate dilution of equity of the existing shareholders
- In case of a cash capital increase: the sum of all pre-emptive right exclusion (including all outstanding authorisations) exceeds 10% of share capital
- No pre-emption for shareholders of the parent company in case of an IPO

8. **Stock option programmes**

AGAINST the management proposal, at least ABSTENTION:

- Unacceptable performance hurdles (for instance: negative performance)
- Only an absolute or rather no further relative performance objective
- Relative performance objectives not transparent or insufficient (e.g. incomprehensible basket or unsuitable benchmark)
- Intransparent display of the programme in the agenda
- Calculation example is missing
- No cap set
- New placement of so-called under-water options
- Total potential dilution (including all stock-based plans) exceeds 15% of shares outstanding
- Annual option grants have exceeded 2% of shares outstanding
- Plan permits repricing or replacement of options without shareholder approval
- Plan provides for the issuance of reload options
- Plan contains automatic share replenishment ("evergreen") feature

9. **Repurchase of shares**

AGAINST the management proposal, at least ABSTENTION:

- Repurchase at more than 10 % above the current share price
- Preferential treatment of single “chosen” investors at the expense of minority shareholders
- Critical liquidity situation of the company

The European Federation of Investors and Financial Services Users
76, rue du Lombard, 1000 Brussels - Belgium
Tel. (+32) 02 514 37 77 - Fax. (+32) 02 514 36 66
E-mail: info@betterfinance.eu - http://www.betterfinance.eu

10. Shareholder rights plans ("poison pills")

AGAINST the management proposal, at least ABSTENTION:

- Plan is long-term (>5 years)
- Renewal of plan is automatic or does not require shareholder approval
- Ownership trigger is less than 15%
- Classified board
- Board with limited independence

11. Remuneration related decisions

AGAINST the management proposal, at least ABSTENTION:

Non -executive/supervisory board members:

- Inappropriately high share of the variable remuneration
- Variable remuneration is only connected to short-term parameters
- Parameters for variable remuneration of supervisory board and management board are identical

Executive/management board members

- Remuneration does not follow the “pay for performance” principle
- Significant concerns over remuneration disclosure
- Significant concerns over content/structure of remuneration
- Significant concerns over termination/pension provisions

12. Amendments to the Articles of Association

AGAINST the management proposal, at least ABSTENTION:

- Whenever shareholders rights are reduced significantly

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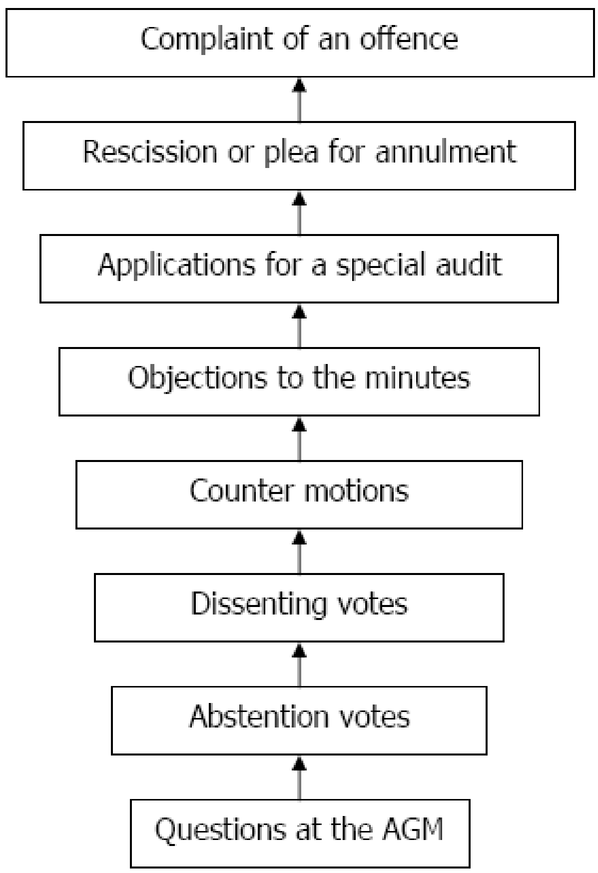
Escalation strategy

Better Finance advocates a constructive dialogue with the companies. To point out deficits within a company in an appropriate way, Better Finance adopted the following escalation strategy developed by our German member organisation DSW:

Here, Better Finance opines that basically the mildest instrument should be applied, like for instance questions at the AGM. If no solution can be found, we recommend further, more intensive steps, like for instance the abstention or the opposition up to the initiation of a rescission or a plea for annulment. In doing so, Better Finance s priority objective is always the strengthening of the shareholders it represents.



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