

## Triodos Meerwaarde Fonds Proxy Voting Activities First Half 2005

In the first six months of 2005, votes were cast at 45 company meetings. On the total of 897 resolutions put forward, Triodos Meerwaarde Fonds (TMF) voted 628 times with management (70%), and 389 times either abstained (14%) or voted against management (23%). Most resolutions dealt with regular agenda items such as the nomination of directors, remuneration and share capital. Resolutions dealing specifically with sustainability issues represented like in 2004 not more than a handful of cases and these were always resolutions put forward by shareholders in the United States. In total there were 29 shareholder resolutions put forward at the meetings where the TMF voted and we supported all of these. We note that in 2005, many of these shareholder resolutions addressed concerns over executive pay, which reflects the growing concern of SRI investors in the US and elsewhere that ill-designed and exorbitant pay schemes may harm the reputation and long-term business success of companies. Three particularly interesting resolutions in 2005 included the following:

- A shareholder resolution was put forward at Avon Products Inc. asking the company to remove chemicals banned by the European Union from its products worldwide. Proponents argued that the company only removed these chemicals in products sold in the European Union. The resolution was put forward by Domini Investments in the US, a leading SRI investment fund with which Triodos has cooperated in the past.
- A shareholder resolution on diversity was put forward at Home Depot Inc. where proponents requested that the company prepare a diversity report within four months of the annual meeting, including various details on gender and race in nine major job categories for the last three years; related affirmative action policies and programs to improve performance; and a description of any policies and programs oriented specifically toward increasing the number of managers who are qualified females or minorities. Proponents argued that Home Depot needs to show more leadership on workplace equality and honour its previous commitment to comprehensive disclosure on this topic.
- Finally, there was a shareholder resolution at 3M Inc. where proponent requested that the Board of Directors make all efforts to implement and/or increase activity on each of the 11 principles of the International Labour Organization in its operations in the People's Republic of China. Although the application of internationally accepted norms are largely in line with the company's own principles, the company's principle with respect to suppliers make considerable reference to "local" laws and standards.

As to the regular resolutions at shareholder meetings, the TMF was relatively critical as to remuneration and share-option related resolutions of which there were 62. The TMF supported only about 23% of these proposals and either opposed (63%) or abstained (10%) on the remainder. Concern about auditor independence was also a concern due to the high share of fees that companies often pay to audit firms for non-audit work. Support for the election of auditors were withheld in about 30% of the 55 related resolutions. We note however that companies seem to respond to investors concern on this issue given that in 2004, the TMF withheld support on more than 60% of auditor related resolutions.