

COMBINED PROXY SOLICITATION CAMPAIGN FOR EGM

CMi2i ANALYSED, ENGAGED & STRATEGICALLY COMMUNICATED WITH SHAREHOLDERS TO MAXIMISE VOTER PARTICIPATION IN THE DELHAIZE GROUP & AHOLD N.V. MERGER

SITUATION

Dutch grocer Ahold AHLN.AS agreed to buy Belgian rival Delhaize DELB.BR in a €36 billion merger that would create one of the biggest food retailers in the United States and a major player in Europe.

A contentious compensation resolution was proposed in order to approve performance grants to the CEO of Delhaize, Frans Muller, for retention purposes at the new entity.

The approval of the merger required 50 percent of the Issued Share Capital to be voted. This level of voting participation had only been met once in the last three AGMs. And even in that AGM, voting participation barely reached 53 percent.

CMi2i was appointed to maximise participation at the EGM and offer corporate governance advisory services when engaging Proxy Advisory Agencies (PAA) & institutional shareholders.

CMi2i'S EXPERTISE

Corporate Governance Risk Assessment

CMi2i flagged up issues the PAAs and institutional shareholders would see with respect to the compensation resolution. Recommendations were provided as to the level of disclosure Delhaize should provide to shareholders in relation to the performance targets surrounding the performance grants.

PAA Risk / Analysis of Engagement

CMi2i executed a comprehensive risk assessment and analysis of engagement. CMi2i quantified the level of influence the various PAAs had over the voting behaviour of the Delhaize investor base and briefed Delhaize on the pushback they were likely to receive from Institutional Shareholder Services (ISS).

Proxy Campaign

Following the "Against" vote recommendation from ISS, CMi2i, along with Delhaize, proposed a strategy to mitigate this risk.

Proxy Strategy

CMi2i proposed that Delhaize compose a letter in response to the ISS vote recommendation, which highlighted errors made in calculating Frans Muller's total direct compensation. Furthermore, rationale behind the grants was expanded upon to clarify misconceptions. CMi2i then circulated the letter to the corporate governance teams at the institutional

investors which followed ISS's research.


CMi2i followed up the ISS response letter with further engagement to discuss the rationale behind the performance grants and offer meetings with the chairman of the remuneration committee where beneficial.

Retail Engagement

CMi2i set up dedicated call centre to target ADR holders in the US to assist with them voting. Shareholders were able to execute their vote via telephone from the outbound call centre using the 'Quick Vote System'.

THE RESULTS

All the resolutions passed at the EGM. Accordingly, the **merger was approved** and supported by 96.2 percent of the votes cast. The **voting participation reached 62 percent** of the issued capital.



"This is a true merger of equals, combining two highly complementary businesses to create a world-leading food retailer. The transaction delivers a compelling value proposition for our shareholders, a superior offering for our customers and attractive opportunities for our associates."

- Jan Hommen, Chairman of Ahold, and Mats Jansson, Chairman of Delhaize