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CC

Mr H. Kamp
Minister of Economic Affairs
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31 May 2017

Dear Sirs

Proposals regarding anti-takeover law

We have had the opportunity to review the letter of Minister Kamp to Parliament dated 20 May 2017, regarding how best to react to a perceived increase in takeover activity in the Netherlands. We understand the Committee of Economic Affairs will meet to discuss this on 1 June 2017.

We are pleased to provide comments as experienced long term investors with a long history of both investing in Dutch companies and managing assets for Dutch investors. Franklin Templeton Investments ("Franklin") is a global investment management organisation. Headquartered in San Mateo, California, we employ over 9,000 people (including around 650 investment professionals) and offices in more than 30 countries. We have clients in over 180 countries and manage assets worth over €660 billion.

We understand the proposals you are considering include a law that allows a Dutch target company to have a one-year "time-out" period where shareholder rights would be limited. We understand this as a proposal to protect against unwelcome takeovers.

We have invested over a number of years in well known Dutch companies, such as Akzo Nobel N.V., Royal Dutch Shell plc, ING Groep N.V. and others, who we understand support the proposals. We have benefited, as shareholders of these multinational companies, from their ability to acquire companies all over the world. The shareholder value we, and our clients, enjoy from investing in the Netherlands, in part, arises from the value creation these companies have been able to deliver from merger and acquisition activity, which has not been constrained by such anti-takeover proposals.

The success of these companies has been funded in part by foreign investors, including those we represent. The investment process includes assessing companies and jurisdictions for corporate governance and shareholder rights. By restricting shareholder rights to protect against foreign bidders, this also makes Dutch companies less attractive to foreign investors, and will harm their ability to raise capital.

Investment management, at a philosophical level, is fundamental to the free market economy. The managers act to allocate capital. Strong, well governed companies attract capital, poorly managed companies do not. This process is of course part of the free movement of capital, but it also stimulates the free movement of labour, as companies attracting capital are then able to attract the workforce they need, which causes them to generate the productivity which feeds the nation's GDP. Whilst we understand the State's role in regulating the market, protectionist measures which interfere in this process can be damaging.

We also note that the current laws of the Netherlands provide companies with protection from activist shareholders. The recent decision in the Amsterdam Court of Appeal Enterprise Division, case number: 200.215.330/01 OK on 29 May 2017 in the matter of (1) Elliott International, L.P. and (2) The Liverpool Limited Partnership versus Akzo Nobel N.V., in which we were an interested party, provides considerable guidance. In particular, we note:

"3.3 ...AkzoNobel was not required to comply with the Shareholder Request in any other way..."

"3.4...The decision-making process on PPG's proposals are strategic choices that are reserved for the management board, under the supervision of the supervisory board. The supervisory board rejected the EGM request on good grounds and in a substantiated manner."

"3.10 Determining the position of a target company following proposals of a potential bidder falls within the scope of setting out the strategy of the target company. Indeed, when determining one's position, it will have to be considered how the proposals compare to alternatives, including a stand-alone scenario, whether or not with an adjustment of the existing strategy in place, and which financial and non-financial conditions an offer will have to satisfy to be eligible for the support of the target company."

3.11 In short: deciding on a response to PPG's proposals is the primacy of AkzoNobel's management board, with the supervision of the supervisory board."

The management board and the supervisory board can, in principle, suffice with rendering account – in retrospect – to the general meeting on the position it adopted following PPG's proposals and the shareholder cannot lay claim to any prior say in this regard. In terms of the standard that the management board has to apply when determining."

"3.14 In the opinion of the Enterprise Division, there is no general rule of law that requires a target company to conduct substantive discussions with a serious potential bidder that makes a serious, unrequested takeover bid."

"3.16 No obligation to negotiate exists vis-à-vis the potential bidder. While the standards of reasonableness and fairness do determine the legal relationship between the target company and the

potential bidder to such an extent that the management board of the target company is required, under certain circumstances, to respect the legitimate interests of potential ('serious') bidders and to refrain from taking measures that can frustrate potential offers and that disproportionately prejudice the interests of the relevant bidders (Supreme Court 13 July 2007, ECLI:NL:HR:2007:BA7972 (ABN AMRO)), this does not entitle the party making an offer without being requested to do so to negotiations with the target company."

Given the laws of the Netherlands presently provide, per 3.11, the management board and supervisory board of a target company with primacy over its shareholders to consider how to respond to a takeover approach, additional legislative protection is not required. We recommend you do not introduce additional measures restricting shareholder rights as this will harm the reputation of the Netherlands for shareholder rights, deterring investors and in so doing harm the ability of its companies to raise capital.

Please preserve the Netherlands' reputation as a place to do business.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Norman J. Boersma', with a long horizontal flourish extending to the right.

Norman J. Boersma, CFA
Chief Investment Officer | Templeton Global Equity Group
President | Templeton Global Advisors Limited