

DSM Case Study

The Broadridge International Shareholder Communications Programme



DSM in the Netherlands supports Broadridge's International Shareholder Communications programme to enhance governance and improve voting rates at their general meetings.

Royal DSM NV (DSM) is active worldwide in nutritional and pharma ingredients, performance materials and industrial chemicals. They create innovative products and services that help improve the quality of life. DSM's products are used in a wide range of markets and applications such as human and animal nutrition and health, cosmetics, pharmaceuticals, automotive and transport, coatings, housing and electrics and electronics (E&E). The group has annual sales of over EUR 8 billion and employs some 22,000 people worldwide. DSM ranks among the global leaders in many of its fields. The company is headquartered in the Netherlands, with locations in Europe, Asia, Africa and the Americas. More information about DSM can be found at www.dsm.com.

DSM's strategy, named Vision 2010 - Building on Strengths, focuses on accelerating profitable and innovative growth of the company's specialties portfolio. Market driven growth, innovation and increased presence in emerging economies are key drivers of this strategy.

As with many leading international corporates, DSM is constantly striving to increase its level of corporate governance and position itself also as a leader in this field. In recognition of this, DSM identified a need to increase shareholders participation at their general meetings.

DSM had been struggling to raise voting rates at its AGM and EGM's. "Attempts to bring this about by hiring proxy solicitation service providers had yielded poor results, certainly set against the costs involved" said Dries Ausems of DSM Investor Relations. DSM noted that, in particular, votes that had been promised by US investors did not reach the final custodian bank.

"Broadridge's International Shareholder Communications programme sounded very attractive to me, in this respect. I hoped that Broadridge could raise investors' participation in our AGM's and EGM's" said Ausems.

Broadridge worked with DSM to analyse its needs and composed a solution to incorporate the following:

- Accurate, electronic and timely distribution of all the information surrounding any general meetings, to the right and ultimate investor contacts.
- Access to corporate information (e.g., annual report, chairman's letter, agenda of the meeting and documents relating to the items on the agenda) via multiple links to DSM's website displayed on Broadridge's voting platform.
- Collection of votes and delivery via the custody pipeline for the authentication of share positions, the registration of shares for the meeting and execution of vote instructions.
- Electronic alert to all investors of un-voted accounts prior to the general meeting deadline.
- Email and/or telephone contact to the investors that fail to report votes, prior to the meeting deadline.
- Reporting of voting account details to DSM when vote instructions are submitted via the custody pipeline.
- Communication of general meeting results and post-general meeting corporate news and financial statements, as provided by DSM.
- Notification to the investment community that the transactions completed via our programme are paid for by DSM and free of charge to the investors.
- Compilation and reporting of exclusive statistical data.

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DSM was understandably keen not to disrupt business when moving on to Broadridge's system. "The service was implemented very smoothly, from the contract negotiation stage through to service delivery. Daily vote updates and instant help and clarification is provided by Broadridge when needed. Assistance is also offered in the general meeting and agenda notification process," said Ausems.

Since the implementation, DSM's investors' participation has increased significantly, from below 30% to over 40%. Furthermore, by cross checking daily vote progress reports, generated by Broadridge, against the registry of the final agent bank, DSM and the bank were able to trace votes that got stuck in the custody pipeline and remedy any anomalies in good time for the votes to be received at the meeting.

Ausems was so pleased with the higher voting rates at DSM's AGMs and EGMs and with the improvement in communications with shareholders, that he, being also a member of the Steering Committee of the European Council on Investor Relations, invited Broadridge to present the International Shareholder Communications programme to this forum in January 2006. Other companies attending this event have now joined the programme provided by Broadridge.

To learn more about our products and services, call us at: **+1 (631) 374 1878** or visit our website at **www.broadridge.com/investor-communications/international**.