

## ENGAGEMENT FACTSHEET

# Unibail-Rodamco-Westfield

### ENGAGEMENT RATIONALE

In December 2017, Unibail-Rodamco announced the acquisition of Australia-based peer Westfield. This transaction was completed in 2018. With the enlarged asset base, the proposal for increased compensation for the executives, as well as the removal of key compensation provisions has been proposed by the board.

### BACKGROUND

Following the acquisition of Westfield, Unibail-Rodamco-Westfield (URW) proposed changes to its remuneration policy that we did not agree with. The changes we disagreed with included: (i) the increase of compensation of the CEO and the CFO that resembled a special bonus awarded for the completion (and not for the accretion) of the Westfield acquisition and (ii) removal of "growth of NAV per share" from the compensation incentives.

### THEME FOR ENGAGEMENT

- x Compensation level and rationale

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### ENGAGEMENT OBJECTIVES

- x We noticed that management received immediate reward for doing the Westfield deal, as base salaries for the management increased in year one. This provides an inappropriate incentive.
- x As the Westfield acquisition was a major strategic decision, we would like to be able to evaluate the accretion of the Westfield acquisition first, and only then address the LTIP. The board of URW should set what criteria management will be tested by in three years, in order to assess if acquiring Westfield was the right strategic decision. If after year three the Westfield deal will have proven accretive, we will agree to change the peer group to include US peers, to reflect operational exposure.
- x We believe that including "NAV growth per share" in the compensation incentive gives the right incentive for shareholders' value creation over the long term. We therefore oppose removal of such a crucial provision.

### DEVELOPMENT



### MILESTONE



### ENGAGEMENT RESULTS

- x In March 2018 we held a conference call with the board members (including chairman Colin Dyer).
- x In March 2019 we met in person with Mr. Dyer and Mrs. Mary Harris (chairman of the Remuneration Committee) and discussed why we believe that "NAV growth per share" is an important aspect and why it should remain a part of the compensation incentive. The board members explained why they made the decision to remove it.
- x After the discussion, we voted against deleting NAV from the compensation, but as the majority of shareholders were in favour of this provision, the change has been approved.
- x We had another follow up call with the company in late 2019 where we reiterated our position.

### NEXT STEPS

- x Awaiting the 2020 AGM agenda and continuing to communicate our position clearly with the company.

### COMPANY

Unibail-Rodamco-Westfield

### COUNTRY

France

### SECTOR

Real Estate

### MARKET CAP

EUR 34bn

### ISSUE

Compensation level and incentives

### MATERIALITY

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### MSCI ESG RESEARCH

UN Global Compact: Pass  
ESG Rating: AAA