

Adyen N.V Annual General Meeting 2023

Type of meeting	Annual General Meeting
Date	9:00 CEST, May 11 th , 2023
Location	Double Tree by Hilton Amsterdam Centraal Station, Oosterdoksstraat 4, 1011 DK Amsterdam, the Netherlands,
Speaker	Michiel van Esch (Robeco)
Opt-in members	Robeco, APG
Attendance AGM	72.4% of stock of outstanding stock represented.

		Result (%)	
Agenda items	Vote	F	
1.	Opening and announcements		
2a.	Annual Report for the financial year 2022 (discussion item).		
2b.	Adoption of the Annual Accounts for the financial year 2022 (voting item).	F	96.2%
2c.	Dividend policy and reservation of profits (discussion item).		
2d.	Advise on the Remuneration report over the financial year 2022 (advisory voting item).	F	97.72%
2e.	Determination of the Remuneration policy for the Management Board (voting item).	F	97,85%
2f.	Determination of the Remuneration policy for the Supervisory Board (voting item).	F	99,65%
2g.	Approval of an increased cap on variable remuneration outside the European Economic Area to 200% of fixed remuneration (voting item).	F	99,43%
3.	Discharge of the Management Board members (voting item).	F	98,91%
4.	Discharge of the Supervisory Board members (voting item).	F	98,86%
5.	Reappointment of Ingo Uytdehaage as member of the Management Board with the title co-Chief Executive Officer (voting item)	F	99,99%
6.	Reappointment of Mariëtte Swart as member of the Management Board with the title Chief Risk and Compliance Officer (voting item).	F	100%
7.	Appointment of Brooke Nayden as member of the Management Board with the title Chief Human Resources Officer (voting item).	F	100%
8.	Appointment of Ethan Tandowsky as member of the Management Board with the title Chief Financial Officer (voting item).	F	99,99%
9.	Reappointment of Pamela Joseph as member of the Supervisory Board (voting item).	F	97,34%
10.	Reappointment of Joep van Beurden as member of the Supervisory Board (voting item).	F	92,22%
11.	Amendment to the Articles of Association of the Company (voting item).	F	99,82%
12.	Authority to issue shares (voting item).	F	99,74%

13.	Authority to restrict or exclude pre-emptive rights (voting item).	F	98,75%
14.	Authority to acquire own shares (voting item).	F	98,78%
15.	Reappointment of the Auditor (voting item).	F	99,92%
16.	Any other business and closing.		

Annual Report for the financial year 2022 (discussion item)

My name is Michiel van Esch, I work for Robeco and today I speak on behalf of a group of institutional investors, including Robeco and APG.

Congratulations on the annual report and the results for 2022, another year of strong growth for Adyen. Under this item I have 4 questions.

The company has increased its pace of hiring recently and we understand that the company wants to attract talent to execute the next steps in its growth. As the increases in hiring coincided with a temporary decline of the profit margin from 61% to 53%, market participants faced uncertainty over the margin trend for the company. Adyen aims for a profit margin above 65%, so the guidance for the long term is clear. However, in these circumstances, it is also important to provide shareholders with timely and concrete guidance on the short and intermediate term. Can you elaborate on the expected trajectory for margins over the short and medium term?

Mr Uitdenhaage, who joined the meeting as the CFO of the company, (later to be named Co-CEO) explained the company noticed an opportunity to acquire talent during 2022 and indicated that hiring for 2023 would continue at the same pace. The hiring is an investment and necessary to facilitate steps in new growth. In the management presentation it was mentioned that the first priority of hiring would be engineers. Adyen deliberately does not provide short or intermediate guidance, as they believe it would lead to short term investment decisions. No further margin guidance was provided.

To my second question, we note that Adyen carried out a materiality assessment as a starting point for its sustainability reporting. We applaud the progress made on this front. There are generally two ways to look at the materiality of sustainability. One looks at the impact that environmental and social topics have on the risks and opportunities for the business. The second angle is to see what material impacts are created as a business creates on society and the environment. Adyen seems to address that second angle by allocating 1% of revenue to E&S initiatives and by facilitating crisis payments. My second question (in anticipation of the European CSRD) is on that angle: Can you explain how you will further enhance the assessment (or even measure) of your positive and negative impacts to the environment and society?

On several occasions, it was mentioned that CSRD is an enormous undertaking and that many people in the organization are working on becoming compliant. In addition to a materiality assessment initial impact assessments have also been performed. In terms of next steps, the CFO explained that the company will move into much closer collaboration with the organizations that receive the 1% of revenue allocation and crisis payments to get a better assessment of actual impact.

And then, I have two questions for the members of the audit committee. Becoming compliant with the CSRD will be a significant exercise, first to get all reporting processes in place and secondly to have the right level of (external?) assurance available. Can the audit committee comment on the planning to make that happen, what are key hurdles in your eyes?

Again, the amount of work and effort required was emphasized, but the chair of the audit committee was confident that Adyen will be ready in time to meet all reporting requirements. The report covering 2026 will require reasonable assurance. Next year the auditor will already provide limited assurance over a specific set of indicators.

Besides that, can you explain the audit committee's opinion on auditor rotation? Are there any plans for that? In 2009 the external auditor was appointed, meaning that PWC is moving into their 14th year. We understand that technically companies can start recounting auditor tenure from IPO, but we would like to understand why that was considered necessary?

The Chair of the audit committee explained that there always is a trade off between the benefits of having refreshment of a new auditor and building on a good working relationship with the existing auditor. Therefor this year a new audit partner with a new audit team takes over the audit assignment for the next couple of years. Auditor rotation is expected to happen after the 10-year period since the IPO, at the AGM of 2026.

Advise on the Remuneration report over the financial year 2022 (advisory voting item).

A change is being made to the remuneration policy for the management board, to allow for variable pay and higher pay levels specifically for the Executive team outside of the Netherlands. This change should facilitate the ability to attract and maintain talent in markets that have significantly different remuneration practices compared to the Netherlands. We understand it is not in the culture of Adyen to work with excessive remuneration levels, but can you explain to us, what the bandwidths will be for pay levels outside the Netherlands, does the committee set any ceilings on maximum pay?

The chair of the remuneration committee explained the reasons for the amendments for the policy, specifically the change in international profile of the company and international members to the organization. Therefor a new peer group was assembled. The company wants to target below the median of this new peer group. When we followed up on the question, we were told that the at target base pay would be 1.2 million and target total pay would be 4.0 million. However, the Chair of the Remuneration committee emphasized the board has no intention to set these levels of pay for the current management board any time soon. Moreover, the newly appointed members to the management board will be remunerated in line with the 2020 remuneration policy.

A change is also requested for the remuneration policy to the Supervisory Board. The suggested change to the policy is to allow deviations from the remuneration policy for the Supervisory Board in exceptional circumstances. We would like to understand how this provision might be used, to be reassured we are not giving out a carte blanche. Can you explain what type of exceptional circumstances would allow to make deviations, and what type of deviations could be considered by the remuneration committee?

Thank you for your response.

The main reason (although still presented as an example) would if the work for the supervisory committee would become significantly more. No limits or numbers were presented by the Chair of the Remuneration committee.