



**Company: Mylan N.V., Netherlands**

**Meeting Date: June 22, 2017**

**Proposals:**

**Item 1: Appointment of Directors**

**Item 5: Advisory Vote on Executive Compensation**

**Board Recommendations: FOR**

**BlackRock's Votes:**

**AGAINST Appointment of 4 out of 11 Directors**

**AGAINST Advisory Vote on Executive Compensation**

## **Engagement on executive compensation and governance**

At Mylan's<sup>1</sup> June 22, 2017 annual meeting, BlackRock voted against Mylan's advisory vote on executive compensation (also known as "Say on Pay"). BlackRock also voted against the appointment of certain members of the Board of Directors at Mylan, in line with our longstanding policy to hold directors accountable where we have observed governance failures that are not likely to be resolved through regular engagement. For the second consecutive year, we voted against the reelection of members of the Compensation Committee. This year, BlackRock also voted against members of the Nominating and Governance Committee and one of the company's longest tenured directors. These votes express our view that Mylan has been insufficiently responsive to shareholder concerns about governance and compensation.

Over the past several years, BlackRock engaged with members of Mylan's board and the executive team. These meetings included representatives from the Investment Stewardship team as well as members of multiple active investment teams. The engagements focused on a wide range of executive compensation, governance, M&A, and risk oversight issues, including, but not limited to, the regulatory investigations and fines involving Mylan's EpiPen® product. We appreciate the direct and ongoing dialogue we have with the company's independent directors.

As early as 2014, we expressed concerns about executive compensation through this private dialogue. Consistent with our engagement-first approach to stewardship, we gave the Compensation Committee time to address the issues we raised. These issues have not been remediated, and we continue to have concerns about excessive pay relative to peers and performance, leadership structure, succession planning, and board responsiveness to shareholder feedback on other issues. As a result, we have voted against company proposals in 2015 and 2016 related to Say on Pay, the election of directors, and capital structure issues.

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<sup>1</sup> Mylan N.V. (Mylan) is a global pharmaceutical company headquartered in the United States, incorporated in the Netherlands and listed on NASDAQ and TASE.



At Mylan's 2016 annual meeting, 35 percent of the shares represented at the meeting opposed Say on Pay, sending a strong signal to the company that a significant portion of shareholders were not supportive of executive pay policies and/or outcomes at the company. We believe that the board's subsequent decision to retain the services of the non-executive Chairman for an additional five years at executive-level compensation is out of line with shareholder sentiment expressed through the 2016 vote. The Chairman retention and compensation decision also calls into question the effectiveness of the board's executive succession planning and the strength of independent leadership within the boardroom. We continue to believe that the compensation and leadership structure undermines governance quality, including the link between pay and performance, at the company.

We will continue to engage with Mylan on these and other governance issues, and use our vote as we deem necessary to protect long-term shareholder value.