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ROBECO

Period: April 01, 2016 - June 30, 2016

Table 1. Statistics

Votes Cast	**20126**	**Number of meetings**	**1735**
For	18118	With management	17976
Withhold	154	Against management	2150
Abstain	27		
Against	1808		
Other	19		
Total	**20126**	**Total**	**20126**

In 972 (56%) out of 1735 meetings we have cast one or more votes against management recommendation.

General highlights

Pay vs. Performance in the Oil and Gas Sector

The 2016 proxy season has so far been characterized by significant shareholder disapproval of executive compensation practices. This has been apparent across all sectors. However, misalignment between pay and performance has been found particularly among oil and gas companies, which in recent years operate in challenging market conditions. Robeco also has voted against pay practices at a substantial proportion of companies within the sector, in those cases where pay and performance are not sufficiently aligned. Levels of opposition to pay were higher across the industry than frequently seen in recent years. At BP, almost 60% of shareholders voted against the executive compensation report, representing one of the largest instances of shareholder opposition to executive pay practices in recent years.

With the significant drop in oil prices since 2014, driven primarily by record high supply, oil companies faced significant challenges, operational slowdowns and waning share prices. Yet, compensation levels within the sector failed to keep pace with this slowdown in performance. One such example occurred at Chevron, where compensation levels for the Company's executive team slightly increased from 2014 levels, despite the company performing worse in certain key areas than it did in 2014. This, in combination with discretionary awards with a total value of $4.5 million made to key executives, ensured a strong misalignment between pay and performance.

At BP, CEO's pay rose almost 20% in 2015, despite the company reporting a record loss for the same period. Overall the company awarded bonus payouts at 100% of maximum opportunity to the executive directors despite reporting a loss for the year of $6.482 billion and a loss per share of $0.35. Although a number of companies, including BP, did use their discretion to reduce bonus payouts in the face of poor performance, these actions generally failed to align pay with performance.

Anadarko Petroleum also failed to appropriately align pay for performance , providing another such example representative of the wider industry. Overall, after thorough analysis, Robeco voted against executive pay at Chevron, Exxon, ConocoPhillips, Anadarko, Tullow Oil, BP and Marathon Oil.

Government Service Golden Parachutes

Equity compensation of retired executives becoming government officials has attracted significant attention in this proxy season. The annual general meetings (AGM) at some of the largest US financial institutions, including Citigroup, Goldman Sachs Group and Bank of America, saw shareholder resolutions asking to ban so-called "government service golden parachutes".

A government service golden parachute consists of direct cash pay out of stock-based incentives schemes to senior executives when they voluntarily resign from their position to enter government service. Government officials that oversee the financial system are usually not allowed to own stock in financial institutions.

Usually, equity or stock incentives are subject to performance metrics or to continued employment for a minimum number of years before executives can receive the monetary benefit. In other words, senior executives who enter government service benefit from equity compensation that they would otherwise give up for failing to meet the employment period or performance vesting requirements of their equity compensation. government service parachutes take place when the termination of employment with the company is voluntary.

Even though we understand the need for government officials to remain independent, we believe the Government Service Parachutes rewards voluntary dismissal with shareholder funds. In our view, government service golden parachutes may harm shareholder interests. Accelerated vesting of equity may lead to sizeable awards that are not related to performance. In view of the potential impacts of government service golden parachutes on the interests of investors and other stakeholders, these shareholder proposals deserve our support.

Navigating Climate Change-related shareholder proposals

Climate change-related shareholder proposals have become increasingly prominent in the proxy season of 2016, seeing a 15 per cent increase in the number of resolutions filed in comparison with last year. About a fifth of shareholder resolutions filed so far raise questions about business continuity in a low-carbon economy.

The unanimous approval by UN delegates of the Climate Accord reached in Paris in December 2015 has been a game changer for many companies. This agreement will for the first time bind nearly every country to lowering greenhouse gas emissions to limit the rise in global average temperatures to below 2 degrees Celsius. Several countries are already planning to introduce stricter regulation limiting emissions of carbon and other greenhouse gases. These developments raise regulatory and market-based risks to companies, and investor engagement addressing this topic has intensified in the last years. Although climate change is a material risk for nearly all sectors, companies in the mining, utilities, oil and gas sectors have been the most challenged by investors on how they can succeed in a potential 2°C scenario. Material ESG risks for such companies include high greenhouse gas emissions, stranded assets, and business strategies that are unequipped to cope with a low-carbon economy.

The shareholder proposals on climate change filed in this proxy season address these ESG risks. They make a varying range of requests. On the one hand, most proposals request making an analysis of impacts that climate change will have on corporate operations, or conducting a robust assessment of strategic changes that can facilitate a transition to a low-carbon future. Other proposals request setting of quantitative targets on reduction of greenhouse gas emissions.

Robeco believes that the transition to a low-carbon economy is a major global challenge that requires assertive corporate action. The most intensive fossil fuel producers and users have to prepare themselves for a net-zero carbon energy system in the second half of this century and should adapt their business models and strategies accordingly. For shareholders it is key that this transition is well-managed. We expect that companies consider the issues and options, explain them to the investors, execute the updated strategy and set an indicative timeframe for reaching the ultimate objective of becoming a renewable energy company.

Robeco is supportive of shareholder proposals that reasonably align companies to a potential low-carbon economy. Besides voting in favor of such shareholder proposals, Robeco also decided to become a co-filer of a shareholder proposal at the annual general meeting of Rio Tinto Ltd. that requests the company assess climate change impacts on the company’s operations. This resolution received 99.16% of shareholder support. Similar shareholder proposals were also voted at meetings of Glencore, Chevron and Exxon Mobil with significant support: 98.07%, 41% and 38% of votes in favor, respectively.

Voting highlights

Koninklijke Ahold NV - 04/19/2016 - Netherlands

Koninklijke Ahold NV operated retail food stores. The company operated through three segments: Ahold USA, The Netherlands, and Czech Republic.

On 14 March, Koninklijke Ahold NV held an extraordinary general meeting (EGM) where changes to the executive remuneration policy were proposed. Among the changes was the awarding of a special one-time incentive in relation to the merger with Delhaize Group. Shareholders, including Robeco, voiced their concerns on the proposed remuneration policy. Robeco believes that executive compensation should incentivize long-term performance. We view the execution of transactions, such as mergers and acquisitions, as intrinsic to an executive's duties. As such, we believe they should not be subject to payment of exceptional bonuses.

In response to shareholder feedback, Ahold withdrew the proposal from the agenda of the EGM and the vote on this proposal was postponed to take place at the annual general meeting (AGM) of 19 of April. At the AGM the proposal on amendments to the executive compensation policy removed the one-time incentive award. We believe this is an example of how investors can add value to companies' corporate governance practices by engaging in dialogue with them.

The proposal voted at the AGM of 19 April was adopted with 97,84% of shareholder support.

Citigroup Inc - 04/26/2016 - United States

Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to retail and corporate customers. The company services include investment banking, retail brokerage, corporate banking, and cash management products and services. Citigroup serves customers globally.

A shareholder proposal was presented at the annual general meeting (AGM) of Citigroup this year, requesting that the company prepares a report by September 2016, demonstrating that the company does not have a gender pay gap. Robeco supports gender equality in both hiring and pay practices, believing that this is in the best interest of both investors and the society at large.

A recent report by McKinsey (2015) predicted that close gender equality in the workplace could add as much as 26% to GDP by 2025 whilst a 2013 study by Harvard Business school found that gender diversity in the workplace can increase both returns on equity and net profit margins.

A 2016 study by Morgan Stanley also highlighted the positive effect which gender diversity policies can have on companies and the investment opportunities they represent. The study noted that European and American companies with the most progressive policies on diversity offered both higher returns and less volatility to investors. In fact, the stocks of those American companies with the highest scores on diversity beat those scored the lowest by 2.3 percent on a monthly annualized basis over the last 5 years. Furthermore, a 2015 study by RobecoSAM also found that companies with a more diverse and equal workforce are indeed better positioned to outperform.

Yet, diversity remains a goal many companies are struggling to achieve, with pay equality a key component of the equation. At present, the median income for a woman working full-time in the U.S. is reported to be 78% of that of their male counterparts, with the financial services sector routinely found to have one of the widest gaps in pay levels by gender relative to other parts of the economy. Further, women represent only one third of the workforce in the sector, further emphasizing the importance of the issue.

This has led to a number of large banking institutions including Morgan Stanley, Wells Fargo, Bank of America and Citigroup settling recent gender discrimination lawsuits ranging from $32 - $46 million. We therefore believe that reporting on any potential gap in gender pay is a first step to reducing and subsequently closing it. This will not only allow the company to reduce its risk of gender bias problems and subsequently costly lawsuits, but also to benefit from the potential outperformance as outlined above. The shareholder proposal was rejected by a majority of shareholders at the AGM.

In addition to supporting the shareholder proposal on gender pay equality report, Robeco voted against the executive remuneration report, as the company did not align pay with performance. The advisory report on remuneration was passed with the approval of 63.6% of votes.

Johnson & Johnson - 04/28/2016 - United States

Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The company sells products such as skin and hair care, acetaminophen, pharmaceuticals, diagnostic equipment, and surgical equipment globally.

Robeco expects companies to be transparent on their lobbying activities, on both the national and international level, and on their positions on matters of public policy, such as relevant environmental legislation. This includes ensuring consistency with the company's views on themes such as climate change and those which are advocated for on their behalf by their representative trade associations. With this in mind, Robeco supported a shareholder proposal filed at the annual general meeting (AGM) of Johnson & Johnson, asking the company to report on its lobbying activities.

We believe companies should be transparent in the way in which they use their power to influence legislation and regulation. Between 2013 and 2014, the company disclosed that it spent $11.6 million in direct federal lobbying activities. This is in addition to the lobbying undertaken at US state level. However, whilst the company is fairly transparent in this regard, what is not clear is how the company's trade association membership align with their own publicly stated views. An example of this is the company's membership of the US Chamber of Commerce who has in the recent past aggressively lobbied against the Environmental Protection Agency and its new Clean Power Plan to address climate change.

Ensuring that companies are transparent on how they are represented by trade associations is important due to the huge influence trade associations have. The previously mentioned Chamber of Commerce for example spent over $124 million lobbying in 2014 and has spent over $1 billion on lobbying since 1998. Yet, the companies do not reveal payments made to the trade association of which they are members, removing an important level of accountability which we believe should be present.

This shareholder proposal received 8% of shareholder support.

AT&T, Inc. - 04/29/2016 - United States

AT&T Inc. is a communications holding company. The Company, through its subsidiaries and affiliates, provides local and long-distance phone service, wireless and data communications, internet access and messaging, IP-based and satellite television, security services, telecommunications equipment, and directory advertising and publishing.

At the 2015 and 2016 annual general meetings (AGM) of AT&T Inc., Robeco voted against the advisory vote on executive compensation. In 2015, the company received approximately 24% disapproval for their executive compensation practices prompting the company to make a number of positive changes. These include implementing a short-term incentive program with pre-defined performance targets to calculate pay awards from 2016 onwards.

However, as with all advisory votes on executive compensation they reflect the pay practices of the previous year. Robeco decided to vote against the say on pay proposal due to the continued disconnect between pay and performance and the way both the short and long term components of the plan were calculated. We will continue to monitor the changes made in the structure of the plan over 2016, and hope to see a stronger link between pay and performance at next year's AGM.

We also supported a shareholder proposal at this year's AGM requesting the company ensure the Chair of the Board of Directors, whenever possible, be an independent member of the Board. The chairman plays a critical role in shaping the activities of the board, and in setting their priorities and procedures. We believe boards chaired by an independent member are better placed to be able to supervise management without a conflict of interest when the CEO takes a self-oversight role.

At the AGM, the advisory vote on executive compensation received 90% support, whilst the shareholder proposal requesting that the board appoint an independent chairman received 23.75% support.

Occidental Petroleum Corp. - 04/29/2016 - United States

Occidental Petroleum engages in the acquisition, exploration, and development of oil and gas properties in the United States and internationally.

Climate change related proposals had a prominent place at the annual general meeting (AGM) of Occidental Petroleum. Shareholders requested the company to stress-test its operations in a potential 2°C scenario, and to report quantitative performance and targets on methane emissions and flaring.

Robeco supported both the shareholder proposals. First, we believe, that the company could provide more information concerning its plans to ensure continuity of operations, should emissions regulations become more stringent or market forces lower demand for the company's products. At present, the company does not provide details regarding how climate change-related regulations will impact the company's portfolio, nor does it discusses how these regulations account for, in its capital investment decisions. We believe, that the shareholders would benefit from more comprehensive information about the impact that climate change regulation designed to limit global warming to no more than 2 degrees celsius might have on the company, given its continued significant investment of capital in carbon-intensive projects.

Secondly, although methane emissions have not received as much attention as other climate change related proposals, we believe they are an equally important topic for the oil and gas industry. Contrary to oil spills, methane is not easily detected by the human senses of sight and smell. Instead, identifying methane emissions requires more advanced technologies such as infrared imaging and malodorous additives. For this reason, Robeco supports adequate reporting and reduction targets of methane emissions and flaring. The shareholder proposal on methane emissions is particularly relevant for Occidental Petroleum because reporting quantitative performance on methane emissions and flaring is common practice among major peers, including Exxon Mobil. Moreover, reporting on such emissions is considered as best practice according to industry organizations such as the International Petroleum Industry Environmental Conservational Association (IPIECA) and the American Petroleum Institute (API). Occidental is a member of both IPIECA and API.

At the time of writing this highlight, the vote results of this meeting remain undisclosed.

Entergy Corp. - 05/06/2016 - United States

Entergy Corporation, together with its subsidiaries, engages in the electric power production and retail electric distribution in the United States. It operates in two segments, Utility and Entergy Wholesale Commodities.

Robeco supported a shareholder proposal at the annual general meeting (AGM) of Entergy Corp. The proposal requested that the company publishes a report by October 2016 (at reasonable cost and omitting proprietary information) describing how it could adapt its business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources to reduce its greenhouse gas emissions and protect shareholder value.

It is known that utilities companies’ business model face unprecedented disruptions driven by demand of non-carbon-emitting sources of electric power, whilst also moving from a centralized generation structure to a decentralized one. In this context, companies need to design new strategies and seize investment opportunities by focusing on cleaner power generation, customer retention, networks, and services. The right balance between security of supply, environmental impact, and costs must be established for electric utilities to be sustainable. Due to long lifecycles of power generation assets, utilities should take measures to future-proof their strategies.

A recent survey by PricewaterhouseCoopers found that 94% of international electric power industry representatives believe that the power utility business model will be transformed by 2030. Many other companies also acknowledge that factors that could affect market prices for electricity and fuel include the availability of competitively priced alternative energy sources and the requirements of a renewable portfolio standard. With this in mind we assessed the merits of the shareholder proposal and found it to be reasonable without having to incur huge costs on the company’s part. Therefore, we supported the proposal. The shareholder proposal received 30% of votes cast at the AGM.

Chubb Limited - 05/19/2016 - United States

Chubb Limited (formerly ACE Limited) provides property and casualty insurance and reinsurance products worldwide.

In several markets, including the US, it is customary for shareholders to have an advisory vote on the executive compensation practices at the company. This year, Robeco voted against this proposal in order to show our disapproval of the company's executive pay structure.

According to our assessment, there are several issues with the company's executive compensation program. When considering the structure of the plan, it becomes apparent that the company does not utilize an objective, formula-based approach to setting short-term executive compensation levels. Instead, this is determined on a purely discretionary basis, which is out of line with best practice norms. In the past year, the CEO was granted an annual bonus amounting to approximately 470% of his annual base salary. It also appears there is no upper cap in place to limit the size of annual bonus grants to the CEO. This can also be considered as an important reason for the misalignment between pay and performance at the company, whereby pay awards at the company significantly outpaced those of the relevant peer group. Additionally, due to the short performance period of the long term component of the plan, we have serious concerns as to the alignment between executive pay and long term, sustainable shareholder value creation.

This is the third consecutive year where Robeco has voted against pay practices at the company. For this reason, we also took the decision this year to vote against the reelection of three members of the companies compensation committee, which has consistently failed in its duty to sufficiently align executive pay with the best interests of shareholders.
The advisory vote on executive compensation was approved by 59.42% of shareholders.

McDonald`s Corp - 05/26/2016 - United States

McDonald's Corporation franchises and operates fast-food restaurants in the global restaurant industry. The company's restaurants serve a variety of value-priced menu products in globally.

At the annual general meeting (AGM) of McDonalds Corp. we supported a sharehodler proposal requesting that the company adopt a policy to prohibit use of antibiotics in the meat supply chain other than for therapeutic purposes.

A 2014 report by the World Health Organization highlighted that overuse of antibiotics when rearing livestock was contributing to the growth of dangerous antibiotic-resistant bacteria and other pathogens, creating a situation whereby high levels of resistance to antibiotics can now be seen. This is in addition to recent warnings by the U.S. Centers for Disease Control and Prevention, and the President's Council on Science and Technology, stating that antibiotic resistance is an immediate and global public health crisis which, if unchecked, threatens to overturn many of the medical advances made over the last century. The crossover between antibiotics used in rearing livestock and those used to treat human illness has further complicated the issue, with over 70% of antibiotics in classes important for human medicine also being sold for use in food producing animals.

This makes the issue particularly significant for those companies involved in the livestock supply chain, in which companies such as McDonalds are important parties. The shareholder proposal therefore asks McDonalds to "prohibit the use of antibiotics important to human medicine globally in the meat supply chain, for purposes other than disease treatment or non-routine control of veterinarian-diagnosed illness, and; identify timelines for global implementation of vision including for meats currently not supplied by dedicated suppliers."

As well as voting for this shareholder proposal, Robeco will be engaging with companies within the meat supply chain over the coming three years, with a view to changing practices within the sector.

The proposal gained support of 26.3% of shareholders.

WPP Plc - 06/08/2016 - Jersey

WPP plc operates a communications services group. The Company's operations encompass advertising, media investment management, information and consultancy, public relations and public affairs, healthcare and specialist communications, and branding and identity services.

Robeco voted against the advisory report on remuneration at the annual general meeting of WPP Plc, due to the highly excessive remuneration package granted to the chief executive officer during the past year. British companies are required to seek non-binding shareholder approval of their remuneration practices annually, in addition to a binding vote on the remuneration policy every 3 years.

The remuneration report presented at this year’s AGM showed the chief executive’s annual compensation greatly outpaces the compensation awarded to chief executives at similar firms, without proper justification. We are also concerned at the high limit placed upon the long term incentive (LTI) component of the plan, which allows for awards of up to 975% of base salary for the CEO and 400% for other executives.

We are alarmed that these remuneration practices have been ongoing for a significant period of time. Robeco has consistently opposed remuneration practices at the company, voting against the advisory vote since 2012, as well as opposing the remuneration policy when it was presented to shareholders in 2014. Last year alone approximately 20% of shareholders voted against the advisory remuneration report. We therefore believe that the members of the compensation committee have failed to sufficiently take into account shareholder disapproval when formulating remuneration practices at the company. For this reason we also voted against the reelection of the two members of the remuneration committee up for reelection.

The advisory vote on executive compensation was approved by 66.5% of shareholders