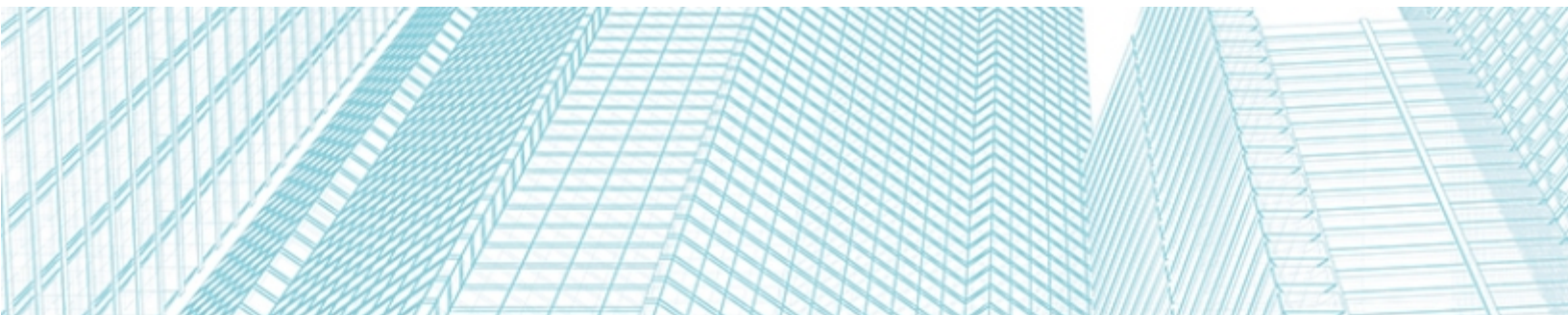




Proxy Voting Report

Period: April 01, 2017 - June 30, 2017

Votes Cast	20745	Number of meetings	1677
For	17775	With management	18198
Withhold	106	Against management	2547
Abstain	26		
Against	2219		
Other	619		
Total	20745	Total	20745

In 1092 (65%) out of 1677 meetings we have cast one or more votes against management recommendation.

General Highlights

Voting on the Sustainable Development Goals

As a responsible investor, Robeco takes into account a broad set of international frameworks, principles and best practices when casting its votes at shareholder meetings. Our voting policy draws extensively from the ICGN Global Governance principles, which we believe sets out the minimum norms companies must abide by in terms of corporate governance. However, as part of our commitment to the achievement of the United Nations Sustainable Development Goals (SDGs) through active ownership, we also make considerable use of this framework, especially when voting on shareholder proposals related to material environmental and social topics.

In Autumn 2015, the United Nations published the Sustainable Development Goals. The 'Agenda for Sustainable Development' was subsequently adopted by 193 countries, who together agreed to contribute to the realization of 17 SDGs by 2030. The 17 goals range from ensuring the availability of water and sanitation for all, food security, achieving gender equality, to access to affordable and sustainable energy within 15 years. To achieve these goals, a measurable contribution is required from the private sector, including from asset owners, asset managers, and investee companies.

On behalf of our clients, Robeco contributes to the achievement of the SDGs through active ownership. First, companies are encouraged to take action on the SDGs through a constructive dialogue. Second, we integrate the SDG's into our analysis when voting on environmental and social proposals, supporting those which promote the creation of long-term, sustainable shareholder value.

For all shareholder proposals on environmental and social issues, we seek to balance the merits of the proposal, the company's present performance on the issue, and the long term impact that adoption of the proposal would have on shareholder value. Our voting instruction always includes, but is not limited to, a detailed assessment of the company's current performance and disclosure on the issue in question; to what extent the proposal is likely to enhance or protect long term shareholder value; and whether the proposal's underlying objective falls within the scope of the company management's influence and control. In recent years, the number of shareholder proposal on environmental and social topics filed at companies shareholder meetings has risen exponentially, with a few topics reoccurring frequently, and gaining ever greater levels of investor support.

For example, an increasing number of proposals have requested companies to expand reporting on the effects which climate change will have on their future business models, such as the stranding of assets or effects of new policy. Recent policy developments such as the Paris Agreement raise a broad range of regulatory and market-based risks to companies. This is predominately the case for companies in the mining, utilities, oil and gas sectors, although in time all companies will be affected. 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.

We have seen a number of proposals in the last few years related to 2°C scenario planning, which aim to address material ESG risks around high greenhouse gas emissions, stranded assets, and business strategies that are unequipped to cope with a low-carbon economy. 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. Robeco believes that the transition to a low-carbon economy is a major global challenge that requires assertive corporate action. We therefore wish to see strategies which adapt their business models and strategies to prepare themselves for a net-zero carbon energy system.

The proposals can in turn be related to the achievement of SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all, and SDG 13: Take urgent action to combat climate change and its impacts. For these proposals, we use data from the Carbon Disclosure project, as well as leveraging knowledge from our engagement program and the knowledge of our sister company RobecoSAM. In general, we are supportive of such proposals when we believe the company's current strategy is deficient in regard to climate change, and when the proposal's underlying objective falls within the scope of the company management's influence and control.

The number of shareholder proposals requesting reports on companies gender equality and gender pay equity has also increased. An increasing amount of studies point to gender diversity as not only a societal issue which should be addressed, but also as a financial material issue for investors to consider. Typically, these proposals request reporting on the company's policies and goals to reduce the gender pay gap. These are typically requested to allow shareholders to assess the Company's strategy and performance would include the percentage pay gap between male and female employees across race and ethnicity, including base, bonus and equity compensation, policies to address that gap, methodology used, and quantitative reduction targets.

The materiality of such requests is reinforced by a number of studies, including one by McKinsey & Company which found companies with highly diverse executive teams boasted higher returns on equity, earnings performance, and stock price growth and best practices to address this underleveraged opportunity include "tracking and eliminating gender pay gaps". Furthermore, using the IT sector as an example, a 2016 Glassdoor study found that an 5.9% gender pay gap existed after statistical controls. Therefore, we believe that when such trends are observed at sector level, it is pertinent for companies to increase disclosure on such issues. Besides their materiality, such proposals are also relevant in the context of the SDG's, specifically SDG 5: Achieve gender equality and empower all women and girls. We will therefore also support these proposals, unless the company already offers reporting and disclosure on the issues, such as pay data demonstrating no such gap exists.

On a broader level, it is perhaps harder to draw concrete links between the SDG's and standard shareholder meeting agenda items such as board composition and executive remuneration. However, where the SDG's are material for companies, we expect consideration of performance against these to be included in executive compensation plans. These could include carbon emission performance metrics for oil & gas companies (SDG13), or resource efficiency and waste reduction metrics for manufacturers and retailers (SDG 12).

Virtual Shareholder Meetings

Many new technological developments, which enable shareholders to exercise their voting rights at company shareholder meetings more efficiently and effectively, can be considered positive developments for active ownership. Examples include the potential use of block chain in vote confirmation or shareholder identification. Companies can also use technology to increase transparency and accountability with their shareholders. However, one recent concerning development relates to the rising number of companies holding 'virtual only' shareholder meetings.

In these cases, companies dispense with the in person, physical, shareholder

meeting, and instead hold the meeting 'virtually'. A virtual meeting can be conducted over the phone, online or by using a combination of both. This phenomenon is becoming increasingly more common. In 2016, 154 companies held virtual only meetings, including 14 of the S&P 500. Furthermore, the US Securities and Exchange Commission recently granted tacit approval of such meetings by excluding a shareholder proposal from a company's AGM requesting that they reconsider their decision to hold a virtual only meeting.

The number of virtual only meetings is likely to grow further in the coming years. The US state of Delaware, where many large corporations are incorporated, recently chose to allow virtual only meetings, with more states also taking the step. Companies have argued that cost savings, increased flexibility, and the logistical challenge of getting their board of directors and shareholders together in a physical location justify the move towards virtual meetings. Indeed, many companies frame such a step as a positive move for shareholder rights and participation, arguing that more shareholders are able to take part via the internet.

We agree that every effort should be made to allow as many shareholders as possible to participate in a company's shareholder meeting. We therefore support the development and introduction of so called 'hybrid' shareholder meetings, at which the 'physical' and the 'virtual' are combined. In these cases, shareholders are still able to attend in person should they be able, but if they are not, they can dial in and ask questions of management using a webcast. We believe this is a positive use of technology which acts to strengthen shareholder rights. The same however cannot be said of 'virtual' only shareholder meetings.

We believe virtual shareholder meetings could potentially reduce shareholder rights by amongst other things, allowing companies to avoid calling on shareholders who are likely to ask difficult questions. Indeed, one major provider of virtual meeting technology states that "Issuers can privately view and manage shareholder questions without broadcasting to other attendees". Therefore, we are concerned about companies' abilities to use virtual meetings to revoke shareholders' abilities to meet, question and express views face-to-face with company management.

Therefore, whilst we support the use of technology which strengthens shareholder rights, companies should only include a virtual option as a way to include shareholders unable to attend the in-person meetings.

Voting Highlights

Texas Instruments Inc. - 04/20/2017 - United States

Texas Instruments Incorporated operates as a semiconductor design and manufacturing company. The Company develops analog ICs and embedded processors. Texas Instruments has manufacturing or sales operations worldwide.

The demands placed on board members in recent years are exceptionally broad, encompassing both oversight of the company's executive management, and the responsibility to guide and approve long term corporate strategy. Therefore, board members must be able to dedicate sufficient time to fulfilling their role. This requirement is heightened when directors sit on key board committees such as the audit, compensation or governance committees. This is illustrated in the 2016-2017 NACD Public Company Governance Survey, which found that that directors now spend on average nearly 250 hours per year on board-related matters, a significant rise from 2005, when directors spent 191 hours on average. At the shareholder meeting of Texas Instruments Incorporated, we therefore voted against two nominees proposed to the board, one for election and one for reelection, having sat on the board for 13 years prior to 2017.

The new nominee proposed to the board is currently the combined CEO and Chair or a separate public company, in addition to serving on a total of three public company boards. The 2016 Spencer Stuart Board Index, found that the number of S&P 500 CEO's serving on an outside corporate board in addition to their own board dropped to 43% in 2016, down from 55% ten years ago. In addition, the average number of outside board seats held by CEOs of S&P 500 companies was 0.5 in 2016, down from 0.8 ten years prior. Finally, of S&P 500 CEO's, only 8% serve on two additional outside boards. Our concerns are further heightened in this regard as the director is also proposed to sit on the companies audit committee should they be elected to the board. We therefore believe that the existing board positions and related time commitments may preclude the nominee from participating fully in the activities of the board, and for this reason we vote against his election to the board.

We share similar concerns with regards to other nominee, who we also believe is also over boarded at this time, and therefore also voted against their reelection. In this case, the director serves as executive chair of a public company, while serving on a total of four public company boards. On average, S&P 500 directors have 2.1 outside corporate board affiliations, and whilst, most directors aren't restricted from serving on more, we believe this level of directorships also has the potential to preclude the director from allocating sufficient time to the work of each board. Finally, this director is one of five directors whom have sat on the board from longer than 12 years, raising some questions as to their ongoing ability to exercise independent judgement on matters of the board. However, we do appreciate the company's ongoing efforts to refresh the board, with a number of new nominations having taken place in recent years to significantly lower the boards average tenure.

The two nominees were elected to the board with the support of 90% and 88% respectively.

Swiss Re Ltd - 04/21/2017 - Switzerland

Swiss Re AG offers reinsurance, insurance and insurance linked financial market products. The Company offers automobile, liability, accident, engineering, marine, aviation, life, and health insurance. Swiss Re also manages fixed-income and equity investments for itself and other insurance companies.

This year, Swiss Re proposed three new nominees to their board of directors, on which shareholders were able to vote at the annual general meeting. We believe ensuring the right composition at board of director level is critical in enabling the board to provide sufficient oversight and supervision of the underlying business. This requires that the board as a whole has the right skills and competencies to effectively manage risk within the business, and to provide checks and balances against the executive management team. In some cases, investor's expectations of directors can be at times contradictory. For instance, it is important for members to have sufficient insight into the industry in which the company operates in order to understand the operational limits and challenges. But it is also important that non-executive members are sufficiently independent from management. This makes selecting the right nominees of key importance to achieving a balanced and well-equipped board of directors.

Having frequently discussed these issues with the company over the last three years, we believe the current composition of the board is amongst the best practices in the sector. Whilst this has been the case for a number of years, the chairman of the board had indicated that he desired more directors with reinsurance experience to be present on the board. This year, the company addressed this by selecting two candidates with strong experience of the sector including a former member of the Management Committee of AXA Group from 2010 to 2016 as well as a former member of the Board of Management of Allianz SE from 2010 to 2016, who's role previous to that was as Chief Executive Officer of Allianz Re. We are pleased to see the company's most recent nominations, and voted in favor of their election.

With each new nomination a company makes to its board, we also reassess the composition of the board as a whole. Here, we see diversity in terms of skills, nationality and tenure, which we view as important to building a strong board. For example, it is obviously important the company has nominees with strong reinsurance knowledge. However, the company has also made a conscious effort to ensure directors are in place with knowledge of regulation (a Former Deputy Governor of the Bank of England), asset management (Former Chief Operating Officer of Blackrock), academia (Professor of Finance at the University of Geneva and Director of the Geneva Finance Research Institute) and multinational business experience (Chairman of Management Board and Chief Executive Officer at Bayer HealthCare AG).

Combined with a diverse range of tenures (Averaging 5 years) and age (averaging 61), we believe this is a board that is well positioned for the future. We therefore voted for all nominees for election to the board at the annual general meeting.

American Electric Power Company Inc. - 04/25/2017 - United States

American Electric Power Company, Inc. (AEP) operates as a public utility holding company. The Company generates, transmits, distributes, and sells electricity to residential and commercial customers. AEP serves customers in the United States.

In principle, executive compensation should achieve two main goals: Aligning executive pay with company performance and relatedly, aligning the interests of executives with the interests of long term shareholders. It is therefore the role of a company's compensation committee to ensure pay and performance are aligned in the long term, which can only be achieved through the design and implementation of a well-structured and transparent executive compensation policy. At the annual general meeting of American Electric Power Company, we do not believe such a balance has been struck and therefore voted against the advisory vote on executive compensation.

When assessing whether total executive pay at a company is reasonable, a number

of metrics must be used including pay at companies with similar market caps, peer group and financial performance. In this instance, the company paid significantly more compensation to its named executive officers than the median of its market peer group, whilst both ROA, ROE and EPS growth lagged significantly behind the same group of peers.

This is perhaps somewhat surprising, as 75% of the companies short term incentive awards, and 50% of their long term incentive awards, relate to the companies operating earnings per share over 12 months and 40 months respectively. In the first instance, we believe it is against best practice to have such a significant part of each incentive plan related to the one metric, which can encourage executives to focus overly on company performance against this metric.

However, we believe most concerning are the adjustments the compensation committee made to the metrics during the period in review, and that this in turn lead to the identified gap between pay and performance. The company state that they use non-GAAP operating EPS to determine performance award payouts, which leads to a significant jump in payouts under the plan. To illustrate, 2016 saw GAAP EPS of \$1.24, whereas the Company's operating EPS was significantly higher at \$3.94, due to the remuneration committees decision to exclude the impact of impairment charges for certain merchant generation assets.

In total, this led to payouts under the plan of 196% of target for the short term incentive plan, and 200% for the long term incentive. When company performance is considered, it raises questions as to whether the targets set for EPS performance were designed by the compensation committee to be sufficiently stretching and to align pay for performance. In summary, as we do not believe an appropriate balance has been struck between pay and performance, primarily due to the use of non-stretching metrics and targets, we voted against the advisory vote on compensation at the 2017 shareholder meeting.

At the annual general meeting, the advisory vote on executive compensation received the support of 84% of shareholders.

Johnson & Johnson - 04/27/2017 - 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 products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world.

No informed assessment of executive compensation, including measurement of the link between pay and performance, can be made without appropriate disclosure on the company's part. Therefore, it is crucial that shareholders have access to sufficiently detailed information to reach an informed and appropriate voting decision. At the annual shareholder meeting of Johnson & Johnson, shareholders were granted an advisory vote on executive compensation for the year in review, which Robeco voted against due to a lack of disclosure and apparent the high degree of discretion available to the remuneration committee in making awards.

In order to come to an informed assessment of compensation structure, it is therefore important that companies disclose the metrics, thresholds, targets and vesting conditions of equity based compensation in an accurate and transparent manner. In this regard, we see two key issues at the company.

In the first instance, it does not appear that the company utilizes an objective, formula-based approach to setting short-term executive compensation levels. Instead, the company's remuneration committee may consider certain

performance measures to determine awards under the STI plan if a simple performance hurdle (Consolidated net earnings) is achieved during the fiscal year. By not disclosing sufficient information on either the performance hurdle, or on the framework they used to determine executive performance, these awards appear to shareholders to be entirely at the discretion of the committee.

It is also of critical important that targets are set at an appropriately stretching level as to sufficiently incentivize executive management to outperform. However, without understanding the targets, shareholders cannot reasonably judge the awards made under this component of the plan.

Secondly, while the company states that its long term incentive program is based upon three equally weighted metrics of annual operational sales, earnings per share and total shareholder return, for the two latter metrics the company fails to disclose the threshold, target and maximum performance levels against which grants are made. Taking into account the considerable size of the payouts made under this plan, we do not believe that it is unreasonable for the company to disclose such information in the public domain.

It must be said that either of these issues in themselves would not necessarily lead to us opposing this plan, however in combination, we see that they create a larger issue with compensation at the company. Due to a lack of disclosure on the long term award, combined with the lack of a formula based approach to setting compensation under the short term awards, the compensation committee appears to enjoy an extremely high level of discretion when setting total pay for senior executives. We therefore voted against the advisory vote at the shareholder meeting.

At the annual general meeting, the advisory vote on executive compensation passed with 94% of the vote.

AT&T, Inc. - 04/28/2017 - 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 annual general meeting of AT&T Inc., a shareholder proposal was voted on requesting the company to publish a lobbying report, focusing specifically on how they align their policies and procedures governing lobbying, both directly and indirectly through their trade association. In this case, we believe companies should disclose payments made, including grants made to trade associations, in order to allow shareholders to evaluate the use of such grants as well as the oversight provided over the making of such grants. This would allow shareholders to evaluate and assess any discrepancy between a company's publicly stated position and the activities of their trade association, for instance with regards to climate change.

According to the CDP, 61% of all companies responding to CDP, and 77% of the largest 500 companies in the world, said that they utilized trade associations to lobby on climate policy. In addition, a recent academic study by Fagan-Watson et al., (2015) identified trade associations as the lobbying method of choice for companies, because they represent the 'voice of business', or of particular industrial sectors and act as a convenient, accessible aggregator of opinion for those sectors. Furthermore policy makers tend to give greater weight to the opinions of trade associations over individual companies, they allow companies to utilize their specialist knowledge and contacts in policy arenas, whilst also allowing companies access to more sophisticated and better resourced lobbying

departments. The views of trade associations therefore carry significant weight with policymakers across the world.

AT&T Inc. disclose that they spent \$62.5 million between 2012 and 2015 on federal lobbying activities, not including lobbying expenditures to influence legislation in states where the Company also lobbies. However, the company also sits on the board of the Chamber of Commerce, which has spent over \$1.2 billion on lobbying since 1998, who's position on issues such as climate change is in direct contract to those publically sated by the company.

We understand that the Company provides some information on its trade association memberships, however we do not believe the company's current level of disclosure allows shareholders to again a full understanding of the risks posed by the Company's indirect political spending. We therefore believe the adoption of this resolution would help shareholders better assess the reputational risks of being seen to actively lobby via a trade association against stricter climate legation in the markets in which they operate.

At the annual shareholder meeting, the proposal received the support of 35.47% of shareholders.

Pepsico Inc. - 05/03/2017 - United States

PepsiCo, Inc. operates worldwide beverage, snack, and food businesses. The Company manufactures or uses contract manufacturers, markets, and sells a variety of grain-based snacks, carbonated and non-carbonated beverages, and foods in countries throughout the world.

Achieving sufficient balance in executive compensation is critical to ensuring that executive and shareholder interests are aligned, and the executives are rewarded primarily for long term performance. At the annual general meeting of PepsiCo Inc., we voted against the advisory vote on compensation, due in part to an over emphasis on rewarding short term, as opposed to long term performance.

On the one hand, an excessive ratio between fixed and variable pay can over incentivize risk taking by executives, leading to biased decision making, for example by over incentivizing executives to consider only short term performance. On the other hand, the majority of pay should be granted for long term performance with the granting of long term awards made over a sufficiently long time period as to fully capture long term shareholder value creation, or the lack thereof. For this reason, we believe awards should be made with a minimum performance period of 3 years, and ideally using a period of 5 years.

Achieving an appropriate balance in the types of awards granted as compensation is important to set a responsible incentive structure. We do not believe such a balance was struck at PepsiCo this year. In addition to the CEO's fixed salary, she also received total bonus payments of \$14.4 million granted in cash, and a further \$8.9 million in performance shares. We believe the over emphasis on cash payments for the year in review, in addition to the fact that almost half of that award relates to performance over a single year, can overly reward executives for short term performance, at the expense of long term value creation.

Furthermore, despite the size of the cash grants made under the short term incentive plan, it remains difficult for investors to calculate under which conditions the grants were made. Whilst the company discloses the five financial metrics used to calculate total awards, only target and actual performance are disclosed. Considering all targets were either met or significantly exceeded, it raises questions as to whether the targets set were stretching enough to encourage the significant outperformance against peers suggested by the size of the payouts made under the short term incentive program. The same can be said of the long term incentive plan, where the company provides the two metrics used for

calculating awards, but no pre disclosed information on the threshold, target and maximum performance for the plan.

When we assess these awards against the 23 companies with which the company constructs its peer group, we see that whilst total pay lies at the 78th percentile, the company is in fact between the 61th and 68th percentile for revenue and market cap respectively. In light of the lack of disclosure as to how awards have been calculated, it is therefore difficult to come to a reasoned assessment of the link between pay and performance.

In total, we therefore see too many issues related to short term focus and lack of disclosure to support the executive compensation practices of the company at this time. For this reason, we voted against the advisory vote on executive compensation at the annual general meeting, which received the support of 93.20% of shareholders.

Advanced Energy Industries Inc. - 05/04/2017 - United States

Advanced Energy Industries, Inc. provides engineered precision power conversion, measurement, and control solutions. The Company designs, manufactures, sells and supports power conversion products and solutions that transform power into various usable forms in a variety of applications ranging from manufacturing and industrial processes to instrumentation and measurement.

At numerous shareholder meetings in the last two years, a number of companies have requested shareholders to approve proposals to designate the Court of Chancery of the State of Delaware the sole and exclusive forum for derivative legal actions. In essence, the provision requires that should certain lawsuits be brought by shareholders against the company, these must be litigated in Delaware, and by judges familiar with Delaware law, and in practice by Delaware's business-focused Court of Chancery.

The company states that the provision is necessary for a number of reasons, amongst which:

- The Delaware courts are appropriate and efficient as an exclusive forum as they have developed considerable expertise in dealing with corporate law issues, as well as a substantial and influential body of case law construing Delaware's corporate law and long-standing precedent regarding corporate governance, which will provide the Company and shareholders with more certainty about the outcome of intra-corporate disputes;
- The Amendment will help the Company and shareholders avoid duplicative lawsuits in multiple jurisdictions relating to such disputes, thus saving the significant costs and effort in addressing duplicative cases brought in multiple jurisdictions;

We are not unsympathetic to such arguments, and are cognizant that such an amendment would not alter the application of Delaware law to any derivative lawsuit. Furthermore, a number of other companies have adopted such proposals without first putting them to a shareholder vote. For many companies, such provisions can be implemented in their bylaws solely by action of their board of directors, and therefore without shareholder approval. We believe that when making significant changes to a company's articles of association, shareholder approval should always be sought. We therefore applaud the company in asking for shareholder approval on this matter.

Despite this, we voted against the adoption of the exclusive forum provision at the 2017 shareholder meeting. Shareholder derivative lawsuits are a key way in which shareholders can hold directors accountable should they fail to fulfill their fiduciary duties to the Company. Therefore, any attempt to make them more costly or

difficult than at present represents a negative step for shareholder rights. Many other legal jurisdictions have also taken the step of creating specialized courts, with intricate understanding of Delaware law, to deal with such disputes. We therefore do not believe that the company presented a strong enough rationale as to why the adoption of this proposal would be necessary, nor has it addressed any potential negative impact to shareholder rights should the proposal pass. We therefore voted against the proposal at the 2017 shareholder meeting, which passed with the support of 53% of shareholders.

Reckitt Benckiser Group Plc - 05/04/2017 - United Kingdom

Reckitt Benckiser Group PLC manufactures and distributes a wide range of household, toiletry, health, and food products on a global basis. The Company's products include fabric treatments, disinfectant spray and cleaners, dishwashing detergent, personal care, food, and over the counter drugs.

The metrics used and types of award made under an executive compensation plan can drastically affect the extent to which pay and performance are aligned. Finding an appropriate ratio between fixed, short term and long term compensation is also a prerequisite to achieving this link. The majority of companies therefore set the maximum total payment opportunity under their short and long term incentive plans as a percentage of total fixed salary, with amounts payable therefore capped in relation to an executives fixed salary.

One of the few companies to use a different approach is Reckitt Benckiser Group PLC. Instead of using a fixed ratio to determine maximum possible payouts, the company uses allocates awards using a fixed, round number of shares based on the Black Scholes expected value, rather than as a percentage of salary.

Using this approach the company determined to award the CEO over GBP 13 million in vested incentives for 2016, representing a ratio of 14:1 when compared against the fixed salary component of the plan. Such a ratio vastly outpaces grants made at other similar British and European companies in the consumer staples sector.

Whilst these awards are based upon a three year period, which we view as positive, they are measured against performance on a single metric, EPS Compound Average Annual Growth. We are therefore concerned that remuneration may be artificially inflated should the company engage in a share repurchase program, as they also requested to do at the AGM. We believe that the combination of a sold, EPS based metric for the majority of awards, combined with a share repurchase program, may undermined the link between pay and performance. Furthermore, using a single, absolute metric, may also reward executives for economic factors out with their control.

We therefore do not believe that an appropriate link has been demonstrated between pay and performance, primarily because of the companies rather uncommon method for determining long term incentive awards, and voted against the plan at the 2017 annual meeting. The proposal passed with the support of 87% of shareholders.

Verizon Communications Inc - 05/04/2017 - United States

Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, Internet services, and published directory information. The Company also provides network services for the federal government including business phone lines, data services, telecommunications equipment, and payphones.

Executive compensation has become an increasingly complex and contentious

topic for shareholders in recent years. Companies increasingly construct incredibly complicated compensation policies with the aim of aligning pay with performance in the long term, when in practice the opposite is often true. Simplification, whilst still maintaining a focus on achieving pay for performance, is therefore always appreciated. In fact, one of the best ways in aligning an executive's interests with that of shareholders is also one of the simplest, that is to have the executive hold significant equity in the company by which they are employed.

For this reason, we supported a shareholder proposal at the 2017 annual general meeting of Verizon Communications Inc. requesting the company to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until reaching normal retirement age or terminating employment with the Company. The shareholder proponent defined this as a share retention percentage requirement of at least 50 percent of net after-tax shares.

When voting on shareholder proposals, we take into account, amongst other factors, the company's current performance on the issue in questions. Here, we see that under the Company's current executive stock ownership guidelines, the CEO must maintain share ownership equal to at least seven times his base salary and other named executive officers must maintain share ownership equal to at least four times their base salaries.

However, in the US it is customary for fixed salaries to be small in comparison to an executives total annual pay, with multiples of 10 times not uncommon. In fact, in 2015 alone, the CEO's equity awards payable for that year exceeded the Company's long-term share ownership guidelines. Therefore, after these guidelines are met, the executive is free to sell all additional vested equity in the company without restriction, thereby undermining the very reason for awarding shares in the first place.

Furthermore, we do not feel that adoption of this proposal would significantly disadvantage executives. In fact, should the executive, and correspondingly the company as a whole, perform well during their tenure, they would receive an additional benefit through the increase in value for the shares they hold. Subsequently, increasing the percentage of shares which an executive holds up until leaving the company has a corresponding increase in aligning the interests between the senior management of a company and its shareholders.

We also believe the 50% threshold to be appropriate, as well as the provision that executives are freed from such provisions should they depart the company and therefore no longer have the ability to positively or negatively impact the value of the shares which they own. We have opposed similar resolutions at other companies where such a provision is not in place. However, in this instance, due to these provisions being in place, we support this proposal.

The proposal received the support of 30% of shareholders at the 2017 annual general meeting.

Entergy Corp. - 05/05/2017 - United States

Entergy Corporation is an integrated energy company that is primarily focused on electric power production and retail electric distribution operations. The Company delivers electricity to utility customers in Arkansas, Louisiana, Mississippi, and Texas. Entergy also owns and operates nuclear plants in the northern United States.

The electric utilities sector faces major challenges in the coming years. It is likely that the business models of power generators will significantly change by the end of the decade, moving from a centralized generation structure to a decentralized

one. Environmental concerns are one of the main drivers behind this trend. Companies must therefore design new strategies and seize investment opportunities across the value chain. This includes a sharper focus on cleaner power generation, customer retention, and the provision of greater networks and services.

For this reason, we supported a shareholder proposal at the annual general meeting of Entergy Corporation requesting that the company prepare a report describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources.

In a recent survey, 97% of international electric power industry representatives expect the power utility business model to experience medium to high levels of disruption by 2020. This is in part because in some cases distributed solar is becoming economical quicker than utility-scale renewable installations when taking into account the all-in delivered cost of energy. This, combined with low demand due to energy efficiency and low GDP growth, necessitates that utilities explore new business models, and find new sources of revenue to maintain profitability.

The recent Paris agreement also heightens the need for utilities to take action in this area. In order to comply with the IEA scenario of maintaining temperatures at a maximum of two degrees Celsius above the 1880 level, all new-build power plants will need to carbon neutral by 2020. The need for action is therefore clear if utilities are to maintain their license and ability to operate.

At present Entergy is the 7th largest U.S. utility, with the 16th highest level of carbon emissions among U.S. power producers. Its exposure to the emerging trends within the sector however is largely negative. It has very little distributed and renewable energy, and a recent study of U.S. investor-owned utility clean energy deployment ranked the Company 26th of 30 on clean energy sales, 28th of 30 on incremental annual energy efficiency, and 29th of 30 on lifecycle energy efficiency.

We are aware that the company has taken some action in recent years to begin the process of business model innovation, including the disclosure of extensive disclosure on environmental performance and conduction an evaluation of alternatives that would help optimize reliability, preserve affordability and mitigate greenhouse gas emissions beyond traditional supply-side resources and energy efficiency and demand response programs. However, we believe further steps are now required to ensure shareholder value creation in the long term. In addition, this proposal is in line with the goals of SDG 13: Take urgent action to combat climate change and its impacts, and SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

We therefore believe that adoption of this proposal will help shareholders understand the company's ability to innovate its business model for the future, to identify new revenue streams and to preserve and grow shareholder value in the long term. The shareholder proposal received the support of 33,45% of shareholders at the 2017 annual general meeting.

McDonald's Corp - 05/24/2017 - 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 countries around the world.

Of the many ways in which shareholders can influence the strategic direction of the companies in which they invest, filling and co-filling shareholder proposals is

perhaps the most impactful. Robeco will therefore file and co-file shareholder proposals in a limited number of cases where we believe they will have strong material impact on long term shareholder value creation. At the shareholder meeting of McDonald's Corporation we therefore co-filed a proposal requesting the company adopting the following policy regarding use of antibiotics by its meat suppliers:

- Globally in the poultry supply chain prohibit the use of antibiotics in classes of drugs used in human medicine for purposes other than treatment or non-routine control of veterinarian-diagnosed illness (e.g. for growth promotion and routine disease prevention), allowing only for use in treatment of veterinarian-diagnosed illness in a flock, and;
- Set global sourcing targets with timelines for pork and beef raised without the non-therapeutic use of medically-important antibiotics.

The reason for filing such a proposal was two pronged. Firstly, the use of antibiotics in meat production has the potential to create a global health crisis due to a worrying rise in antibiotic resistance seen in recent years. Recent studies by The World Health Organization and the U.S. Centers for Disease Control and Prevention have highlighted that many of the medical advances made over the last century could be overturned due to antibiotic resistance, in part caused by the use of antibiotic use in food production. In fact, over 70% of medically important antibiotics in the U.S. are sold for livestock use, often given to promote animal growth or to prevent rather than to treat illness.

Secondly, changing consumer preferences towards sustainably reared, food products has the potential to negatively impact sales at fast food restaurants such as McDonalds in the coming years. Numerous recent surveys and studies outline such a trend, with one example finding that at least 34 percent would be more likely to eat at McDonald's if they served meat raised without antibiotics and hormones. This is a view shared widely by many investors. In April 2016, investors holding over \$1 trillion in assets called on McDonald's to set timelines to prohibit the use of medically important antibiotics in its global meat and poultry supply chains as they view its use as a risk to public health as well as the brand.

Subsequently, given growing health concerns, changing consumer preferences and industry trends, we believe shareholders would benefit from more detailed plans to set McDonald's on a course to phase-out the non-therapeutic use of medically important antibiotics in meat production. For these reasons, we co-filed and voted for this proposal at the 2017 shareholder meeting. The proposal received the support of 29,7% of shareholders at the annual general meeting.

Exxon Mobil Corp. - 05/31/2017 - United States

Exxon Mobil Corporation operates petroleum and petrochemicals businesses on a worldwide basis. The Company operations include exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals.

Over the course of the last two years, a number of the large oil majors, including BP, ConocoPhillips, Royal Dutch Shell and Total have endorsed 2 degree scenario analysis as a means to increase transparency on the effect which limiting climate change to below 2 degrees will have on the value of their portfolios, through reduced demand for oil and gas. Such proposals are in line with the Financial Stability Board's Task Force on Climate-Related Financial Disclosures which indicated that it favors two degree scenario analysis when formulating appropriate action on climate change.

At the 2017 annual general meeting of the company, a shareholder proposal was filed requesting that, "beginning in 2018, ExxonMobil publish an annual assessment of the long-term portfolio impacts of technological advances and

global climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyze the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. This reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond, and address the financial risks associated with such a scenario."

The proposal is similar to that filed by the Aiming for A coalition at Royal Dutch Shell in 2015, which passed with near unanimous support. However, unlike many of its peers, the company has not provided investors with any analysis of how its portfolio performs under a two degree scenario. This is despite the company themselves acknowledging in their 2015 10k filing that "a number of countries have adopted, or are considering adoption of, regulatory frameworks to reduce greenhouse gas emissions," and that such policies, regulations, and actions could make its "products more expensive, lengthen project implementation timelines, and reduce demand for hydrocarbons;"

Furthermore, in terms of wider performance the company received 'E' grades from the Carbon Disclosure Project on Climate governance and strategy and Emissions and resource management. ExxonMobil therefore performs below its peers in its emissions performance and wider climate governance and strategy considerations. In the wider context, the materiality of climate change, environmental management, and 2 degree scenario planning for the company has been highlighted with recent legal action in the United States. The company is currently under investigation by the US Securities and Exchange Commission over its reserve reporting and asset valuation, as well as wider climate governance at the company.

This is in addition to a legal class action filed by numerous investors relating to the booking of company proved reserves. Due to a persistent low oil price environment, the company further disclosed that approximately 4.6bn barrels of oil equivalent may be required to be de-booked as proved reserves. Arguably, the company is also likely to be amongst the most affected by regulatory frameworks aimed at limiting carbon emissions, in that the company has the highest absolute level of proved reserves of any of their peers.

We therefore believe that adoption of this proposal will help shareholders gain a better understanding as to the risks presented to the company's current business model by climate change. For these reasons, we strongly supported the shareholder proposal filed at the 2017 shareholder meeting. The proposal subsequently received the support of 62% of shareholders.

Exxon Mobil Corp. - 05/31/2017 - United States

Exxon Mobil Corporation operates petroleum and petrochemicals businesses on a worldwide basis. The Company operations include exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals.

Whilst most of the focus of recent debates on the impact of climate change have focused on carbon dioxide emissions, significant focus is now being placed on the role which methane plays in contributing to global warming. With an impact roughly 86 times that of carbon dioxide over a 20 year period, and 28-34 over a 100-year time span, methane emissions contribute significantly to driving climate change. For this reason, we supported a shareholder proposal at Exxon Mobil Corporation requesting the company report annually on efforts to minimize methane emissions using quantities indicators comparable to other companies in the sector.

A 2013 report by the International Energy Agency identified minimizing methane emissions from upstream oil and gas production as one of four key global greenhouse gas mitigation opportunities to keep the world below a 2° Celsius temperature increase. The oil and gas sector also represents the single largest source of industrial methane emissions globally, with emissions predominantly grouped within a handful of country, with the United States representing the second largest emission of methane globally.

A 2016 study by the Centre for American Progress also identified the company as the second highest methane emitter from onshore production in 2014, whilst they received a zero score in a second study on methane leak detection and repair related questions for their hydraulic fracking activities. The company's performance on methane is therefore a significant issue upon which investors should be concerned. Remediating this issue has also become significantly easier in recent years, with advances in infrared, drone, and leak detection technology.

The materiality of this issue is also clear. Aside from the debate around stranded assets related to keeping global warming below 2 degrees, a recent bilateral agreement between the United States and Canada outlined a commitment to cut methane emissions from the oil and gas sector by 40-45% from 2012 levels by 2025. Whilst recent political changes in the United States have resulted in the Environmental Protection Agency no longer requesting data from companies on emissions of methane, future legislation on the issue cannot be discounted due to the key importance of reducing methane emissions in the global push to limit dangerous levels of climate change. As such, adoption of this shareholder proposal becomes of even greater importance in light of recent regulatory reversals.

A strong link also exists between the adoption of the proposal, and fulfilment of the UN Sustainable Development Goals. Specifically, SDG 7 requests stakeholders to ensure access to affordable, reliable, sustainable and modern energy for all, whilst SDG 13 stipulates taking urgent action to combat climate change and its impacts. Exxon's relative under performance on emissions management versus its sector peer, combined with the need to take urgent action under the framework of the UN SDG's therefore make adoption of this proposal necessary.

For the reasons above, we strongly supported the shareholder proposal filed at the 2017 shareholder meeting, which received the support of 39% of shareholders.

Facebook Inc - 06/01/2017 - United States

Facebook, Inc. operates a social networking website. The Company website allows people to communicate with their family, friends, and coworkers. Facebook develops technologies that facilitate the sharing of information, photographs, website links, and videos. Facebook users have the ability to share and restrict information based on their own specific criteria.

Robeco believes that a diverse workforce at all levels of the organization with equality of opportunity for all should support business performance, and therefore financial performance, over time. Therefore, we prefer boards and workforces which are not only diverse across a range of metrics, but also reflect the diversity of the business, the challenges and the economic context within which it operates. We also believe that companies with people from different backgrounds are more likely to approach issues from various perspectives, leading to more comprehensive decision-making and more effective supervision.

Gender diversity is therefore one area which we believe should be an important focus for investors. Robeco's own studies indicate that companies with more diverse boards being better positioned to outperform, whilst research by Morgan Stanley found that 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. We therefore believe that when considering overall board and workforce composition, assessing gender diversity is important, and subsequently that any potential gender pay gap would represent a sizable barrier to achieving overall gender diversity at organizations. We therefore supported a shareholder proposal filed at Facebook, Inc. requesting that they prepare and publish a report demonstrating that no gender pay gap exists at the company.

Recent research by Morgan Stanley showed that the tech sector ranked below average in terms of the percentage of female employees, managers, executives and board members. In terms of representation of women, the Tech sector ranks 5th lowest on gender composition at the Board level, and lowest or second to lowest at all other levels. It should be stated that, in the sector as a whole, data suggests that virtually no pay gap between men and women exists in the tech sector. However, due to a lack of disclosure, data on a company level is harder to come by. Facebook themselves have claimed that no gender pay gap exists at the company, and that systems and procedures are in place to ensure no gap can occur. However, without the data behind it, it is hard to verify such a claim. We therefore support increased disclosure in this area, in the belief that eliminating any gender pay gap, if one does exist, will in turn help gender diversity at the company.

When making voting decisions, Robeco also considers the framework of the United Nations Sustainable Development Goals (SDG's), which we believe all companies, including ourselves and the companies in which we invest, have a role in implementing. In this case, the requests of the shareholder proposal are in line with the aims of SDG 5, Achieve gender equality and empower all women and girls. Therefore, for the reasons above, we supported the shareholder proposal at the 2017 annual general meeting. The proposal failed to gain the support of a majority of investors at the 2017 shareholder meeting.

Masimo Corp - 06/01/2017 - United States

Masimo Corporation designs, develops, and licenses medical signal processing and sensor technology for the non-invasive monitoring of physiological parameters. The Company's products are designed to improve the effectiveness of pulse oximetry by overcoming the inability of current monitors to precisely measure the levels of arterial blood oxygen saturation and low arterial blood flow.

When assessing compensation plans, two important aspects to consider are the companies track record of aligning pay for performance through reasonable payout levels, and the companies willingness to engage with shareholders following high levels of shareholder votes against. Based on such engagement, the company should aim to make sufficient changes to its compensation policy and structure to align pay for performance, and subsequently receive higher levels of shareholder support at the following annual general meeting.

Prior to voting at the annual general meeting of Masimo Corp., we spoke with the Chairs of the Remuneration, Nomination and Audit committees, the Chair of the Board of Directors, and the Chief Financial Officer, regarding compensation practices at the company. In each of the last two years, the company has faced high levels of shareholder opposition to pay practices at the company, and in both years failed to receive majority support for its advisory vote on executive compensation. When this is the case, we expect to see high levels of shareholder outreach. We were therefore pleased to talk with a significant portion of the board prior to instructing our votes.

However, in light of the high levels of shareholder opposition previously faced, we also expected the company to be transparent regarding the changes made to its pay policy, particularly on the new 2017 Equity Incentive Plan to be voted on at the

shareholder meeting. In this instance, we note that a number of positive changes have been made, such as the removal of an evergreen provision allowing automatic renewal of the plan without a shareholder vote, and the introduction of performance criteria. However, without further disclosure we are unable to support this plan at the time.

Whilst the company states that performance criteria will now be used to calculate awards made under the plan, the company fails to disclose what these metrics will be, how they will be calculated, or against which peer group performance will be measured. At this point, it is also unclear as to the mix of awards types to be used, as the plan allows for Stock options, Stock appreciation Rights, Restricted stock, Restricted Stock Units. Without knowledge of either the performance targets against which awards are made, combined with the type of award made, it is therefore impossible to come to an informed assessment of the reasonableness of the plan.

Furthermore, a number of other features included in the plan can be considered contrary to best practice, such as a provision to allow for accelerated vesting, and a burn rate which seems excessive relative to peers. For these reasons, and those outlined above, we decided to vote against both the advisory vote on executive compensation, and the approval of the new 2017 Equity Incentive Plan at the 2017 annual general meeting. At the shareholder meeting, the proposal won the support of a small majority of shareholders.

NTT DoCoMo Inc - 06/20/2017 - Japan

NTT DoCoMo, INC. provides various types of telecommunication services including cellular phones, satellite mobile communication, and wireless LAN Network. The Company also sells cellular phones, and other related equipment.

Whereas in most developed markets it is expected that at least half of directors in corporate boards are independent, in Japan this expectation is typically reduced to having only one or two outside directors. As of May 1, 2015, Japanese companies have been recommended by the Companies Act to appoint at least one outside (independent) director to their boards. The Japanese Corporate Governance Code of June 2015, took this one step further by recommending that companies appoint at least two independent outside directors. Yet both the Companies Act and the Code operate on a comply or explain basis. As a result, boards in Japan therefore typically have few independent representatives in a position to supervise executives responsible for day-to-day management on behalf of shareholders.

At the annual general meeting of NTT DoCoMo, Inc., shareholders were asked to vote on the election of two new directors for election to the board. Both nominees can be classed as 'insiders' in that both are current executive positions at the company. Therefore, when deciding how to instruct our votes, the overall composition of the board were these nominees to be elected must first be considered. At present, the company state that two of the existing directors on the board are considered by them to be independent. However, upon closer inspection, one of these nominees previously received compensation for services rendered for the company in the past, and is expected to receive compensation from the company in the future. Due to the potential conflicts of interest which could arise from such a relationship, we do not therefore class this nominee as independent.

By our assessment, the company therefore only has one director who at this moment in time can be considered as independent. This is contrary to best practice, and the recommendations of the Japanese Corporate Governance Code (2015). We therefore believe that at least one to the two directors proposed for election at the annual general meeting should be independent from the company, which in the instance is not the case. Robeco's voting policy, based upon the

principles of the International Corporate Governance Network (ICGN), states that we will vote against the election of a director nominated by management when the board is not sufficiently independent according to local standards. For this reason, we there voted against one nominee for election to the board of directors. However, at the annual general meeting, both nominees were elected to the board with the support of a majority of shareholders.

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