Period: October 01, 2015 - December 31, 2015

Table 1. Statistics

Votes Cast	1981	Number of meetings	272
For	1725	With management	1720
Withhold	20	Against management	261
Abstain	4		
Against	229		
Other	3		
Total	**1981**	**Total**	**1981**

In 121 (44%) out of 272 meetings we have cast one or more votes against management recommendation.

Period: October 01, 2015 - December 31, 2015

General highlights

Vote confirmation pilot. - 12/31/2015

Robeco votes on behalf of clients via proxy. In practice, this means that proposed resolutions are voted from an electronic platform rather than in person at the meeting. For investors with globally diversified holdings, this is a practical way to cast their votes without travelling around the world. However, this also means that other intermediate parties need to process their voting instructions before they can be counted at a company's shareholder meeting. Given the complexities and lack of auditability of most proxy voting chains, it is often uncertain whether an investor’s vote arrives correctly at the Annual General Meeting. The PRI vote confirmation project group consists of a small number of institutional investors that has been running an initiative to improve the proxy voting infrastructure and create a confirmation process for proxy voting over the last several years. Robeco is part of this group.

During the proxy voting season of 2015 a vote confirmation pilot was conducted to see if it is practically possible to execute a vote confirmation process in collaboration with all relevant parties in the proxy voting chain. The pilot is a manual exercise that feeds voting instructions from the issuing company back to the institutional investors via the same route as the voting instructions were sent in.

The most important finding from the project is that vote confirmation is possible, even within the current complex composition of proxy voting chains. The participants received confirmation for their instructions within the scope of the pilot. The voting instructions received were correct for voted agenda items. Only a small deviation was found in the voted number of shares for one participant. Eight institutional investors participated using several hundreds accounts for this exercise. The pilot showed a number of procedural hurdles to provide confirmation. Reconciliation of voting instructions and account identification took fairly long for several of the intermediaries. Also the setup of authorization to release vote confirmations proved difficult, as this this is non-standard procedure. The pilot proved to be an insightful learning experience and showed which practical hurdles need to be overcome to develop a standardized automated procedure.

For vote confirmation to become a standard process, it should be automated and standardized through various markets. This requires actions on several fronts. It will be a challenge aligning the interest and action of all participants in the proxy voting chain.

Participants should also get a better understanding of the costs of automation. Requirements for a vote confirmation format need to be defined and agreed upon by all participants. Additionally, the reconciliation process of votes for various investment holdings for intermediaries need to be more efficient. The PRI vote confirmation project group is making plans to progress with these issues. A planned EU directive related to the topic might create further momentum for this initiative.

Period: October 01, 2015 - December 31, 2015

Voting highlights

Agricultural Bank of China - 12/10/2015 - China

Sino Land Company Limited, an investment holding company, invests in, develops, manages, and trades in properties in Hong Kong. Its property portfolio includes residential properties, offices, industrial buildings, shopping malls, car parks, and hotels.

Robeco has voted against the election of a director due to a potential risk of conflict of interests between this candidate and the company. He is the proprietor of a consultancy firm that received approximately HK$ 1,666,664 from Sino Land Company Limited for consulting services provided during fiscal year 2015. Because of his link with this consultancy firm his individual interests could potentially outweigh shareholders' interests. Therefore we are of the opinion that it is not in shareholders' best interest to vote in favor of the election of this candidate board member. It is also relevant that the company does not have a one-third independent board which is not in line with corporate governance best practice guidelines. The proposal received approval of 83.29 per cent of the votes casted.

We have also voted against the proposal to issue shares without preemptive rights and to issue repurchased shares. The company required shareholder approval to issue shares representing a maximum of 20% of the company's existing issued share. We believe that a maximum limit of 10% protects shareholders' interests and we consider a maximum issuance of 20% is excessive. The company has failed to disclose the issue price discount which makes it difficult for shareholders to evaluate whether shareholders interest have been taken into account in case of issuance of repurchased shares. The proposals received approval of respectively 82.25 and 99.99 per cent of the votes casted.

Period: October 01, 2015 - December 31, 2015

Cisco Systems, Inc. - 11/19/2015 - United States

Cisco Systems, Inc. is an American multinational technology company which designs, manufactures, and sells Internet Protocol (IP) based networking products and services related to the communications and information technology industry worldwide.

We have showed our disapproval on Cisco's executive compensation plan by voting against it. This is based on several reasons. To begin with, we noticed the sizeable equity awards with a value of 1,319% of fixed salary. Usually companies set maximum awards that are significantly lower. Secondly, the equity awards may be granted even if the company's performance relative to peers is below median. The threshold performance is in the 25th percentile, the target performance at the 50th percentile, and maximum performance at the 75th percentile. We do not consider this as sufficient to cover the alignment between pay and performance. Another point of concern we have is that the use of performance multipliers in the annual bonus leads to high payouts. The CEO's annual bonus is 363.3% of fixed salary, while on average companies set the limit at 200%. Lastly one-time awards were granted to three executives which is not in line with corporate governance best practices.

Next to the proposal on executive compensation, it is also worth mentioning that we have supported the Shareholder proposal regarding Proxy Access. Focus of this proposal is that large, long-term shareholders, who at least beneficially owned 3% or more of the company's outstanding common stock for three years continuously, should be able to nominate a director. We believe that this fosters the alignment between management and shareholders of the company. The potential abuse, by shareholders acting only in their own interest, of proxy access is eliminated, because of the minimum ownership size and time requirements limit. We have confidence in a fair election process because a shareholder director nominee would still need to be supported by the majority of shareholders to be elected as director.

The proposal on executive compensation as well as the Shareholder proposal regarding Proxy Access obtained a majority of shareholder approval.

Period: October 01, 2015 - December 31, 2015

Mediobanca - Banca Di Credito Finanziario Spa - 10/28/2015 - Italy

Mediobanca Banca di Credito Finanziario S.P.A., together with its subsidiaries, provides retail, corporate, and investment banking services in Italy and internationally.

During this meeting, the company asked shareholder approval of changes to the severance package for executives, senior management and head of Business units. According to the guidelines of the Italian Central Bank, Italian companies are required to submit all new or renewed severance agreements for corporate officers to shareholders for approval at the annual general meeting. The rationale of the company to add these new provisions to the severance package is to retain the targeted group.

Currently the company's severance policy caps termination and non-compete payments at two years of total pay. Total pay is calculated as fixed salary and average variable remuneration paid, generally, over the three years prior to termination. The maximum severance payment set by the company is €5 million. However this is not including indemnity in lieu of notice, and other amounts in case of a leave of an employee. Furthermore the board may apply exceptions to the aforementioned provisions for executive directors, senior management and heads of business units.

In our evaluation of this proposal we have taken into account the Italian corporate governance best practice standards and the recommendations of the Italian Securities and Exchange Commission (CONSOB). Our analysis shows that the proposal grants the board discretionary power to award payments which are exceeding the settled cap for the CEO and other key executives. The proposal is not in line with the best practice that severance payments in general should not exceed two years of base salary.

Taken the above into account we have decided to vote against this agenda item because it is not in the best interest of shareholders.

The proposal on changes of the severance package for executives, senior management and head of business units obtained a majority of shareholder approval.

Period: October 01, 2015 - December 31, 2015

Medtronic Plc. - 12/11/2015 - United States

Medtronic plc. Manufactures and sells device-based medical therapies worldwide.

At the Annual Meeting of Medtronic plc. Robeco voted against the election of a board director who is chair of the compensation committee, and member of the audit, governance and nomination committee. The vote against was granted mainly due to two reasons. Firstly, in our opinion he has not fulfilled his role as chair of the compensation committee. The executive compensation practices of the company failed to align pay with performance. Besides voting against the proposal on executive compensation plan, we believe that the chair should be held accountable for the weaknesses in implementing the remuneration policy. Some of the weaknesses identified include short-term incentives that are larger than long-term incentives, and using similar metrics at both the annual bonus and the equity awards. The implementation of the compensation policy also led to a significant disconnect between pay and performance. Based on our analysis, the CEO was paid significantly more than the median CEO compensation of peers, but Medtronic performed worse than its peers.

A second concern we have about this director are his affiliations with the company. Considered as independent by the company, following our analysis we concluded that the director is affiliated with Medtronic due to a couple of circumstances. His daughter is employed at the company and received compensation of approximately $158,200 during fiscal year 2015. In addition, the director is also serving at the board of Greater Twin Citis United Way, to which Medtronic contributed in excess of $1 million or 1% of the organization’s consolidated gross revenues in fiscal year 2013. We believe these relationships could have an effect in the director’s objectivity and be subject to conflicts of interests. We prefer board committees that are entirely composed of truly independent directors.

At the date of writing of this piece, Medtronic had not yet disclosed voting results on the proposals of the Annual Meeting.

Oracle Corp. - 11/18/2015 - United States

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports database and middleware software, application software, cloud infrastructure, hardware systems, and related services worldwide.

Robeco has withheld its votes this year for five candidates to the board of directors due to several reasons. First of all three of the five candidates served as members of the compensation committee during the past fiscal year. They failed to develop a compensation policy that aligns pay with performance. Many shareholders, including Robeco, had concerns about last year’s compensation program for the executive directors of the company. At last year’s annual meeting, the advisory resolution on executive compensation received 45.8% of the votes cast. This year the company did not implement relevant changes in the compensation policy to better align pay for performance. Secondly three of these candidates received compensation over $ 1 million during fiscal year 2015 for their additional services to the company as committee chairs. This is twice as much as independent directors in other companies. We believe that the pay is negatively impacting the independence of these directors from management. Furthermore external business relationships exist between the company and three of the five concerning candidate board members. This could cause potential conflicts of interests which is undesirable.

An agenda-item on this year’s agenda which received our support is the shareholder proposal regarding Proxy Access. Focus of this proposal is that large, long-term shareholders, who at least beneficially owned 3% or more of the company’s outstanding common stock for three years continuously, should be able to nominate a director. We believe that this fosters the alignment between management and shareholders of the Oracle Corporation. The potential abuse, by shareholders acting only in their own interest, is eliminated, because a minimum ownership size and time requirements limit are part of the proposal.

Period: October 01, 2015 - December 31, 2015

Pernod Ricard - 11/06/2015 - France

Pernod Ricard produces and sells wines and spirits worldwide. It is the owner of brands such as Absolut vodka, Beefeater gin, and Ballantine's whisky.

At the annual shareholder meeting of Pernod Ricard, Robeco voted against the election of two board directors. Following our assessment, we found that only four out of 14 board members are independent. The directors in question are a Ricard family member (she is the Great-granddaughter of the company's founder Paul Ricard), and an independent director chairing the nominations committee. The election of the second nominee mentioned was not supported because, as chair of the nominations committee, she is accountable for the appropriate composition of the board.

According to French legislation and best practice in corporate governance, boards of directors should be composed of a majority of independent members. The company was originally family-owned. Pernod Ricard was created in 1975 through the link-up of two French anise-based spirits companies: Pernod, which was founded in 1805, and Ricard, founded by Paul Ricard in 1932. The Ricard family does not have a controlling stake, with 14% of ownership. However, the Ricard family has been at the front of management, and five (36%) board directors are affiliated to the Ricard family. The remaining non-independent members include the CEO, two representatives of Groupe Bruxelles Lambert – a significant shareholder of the company, and two employee representatives. We do not believe that the level of representation of the founding family represents its stake in the company. In our opinion, more independent directors should be appointed to the board to ensure the protection of interests of all shareholders.

The resolution on the election of these two directors obtained a majority of shareholder approval.

Period: October 01, 2015 - December 31, 2015

Sky Plc. - 11/04/2015 - United Kingdom

Sky plc. Operates as a home entertainment and communications company in the United Kingdom and Ireland.

Public companies in the UK must submit their remuneration report for non-binding approval on an annual basis. In the AGM of 2015, Robeco voted against the remuneration report of Sky plc. Robeco has also voted against remuneration reports in the past years since 2012.

When voting on remuneration plans, Robeco pays close attention to their structure. It is essential that executives are being incentivized with the adequate award structures and metrics that are most appropriate for the company, based on their sector and strategy. In the case of Sky plc. Robeco found several shortcomings in its remuneration plan. Firstly, the metrics used in the equity awards are not challenging enough. There are three metrics used, and a full payout is granted if minimum performance of one of the targets is achieved together with the achievement of maximum performance of the other two targets. Robeco believes that a full payout should be granted only when a company has outperformed in all of its targets.

A second shortcoming identified in the compensation report is that the structure of the equity awards is not aligned with best practice and is likely to determine payout levels that are disconnected to performance. The company determines the levels of awards by setting a number of shares (e.g. 600,000 for the CEO), rather than by setting limits as a percentage of base salary – which is in line with UK market practice. According to the company, this method to determine the size of awards is justified because "awarding a fixed number of shares each year with no correlation to salary means that year-on-year growth in total compensation can only be achieved through share price appreciation". We believe that such an approach does not necessarily reward management for good performance, as fluctuations in share price may be due to market forces over which executives have little control.

A third concern we have with the remuneration plan is the matching-shares plan. Under this plan, executives are incentivized to take up to half of their annual bonus in company shares, rather than being paid up in cash. They can be rewarded with up to 1.5 shares for every 1 share invested. Vesting is based on identical EPS performance targets used under the equity awards, which brings the potential of two sets of payouts for the same performance. When companies use share matching schemes, we believe that they should use additional performance criteria that is not already being used by other elements of the remuneration plan.

The resolution was approved by 92.8% of votes casted. It is important to mention that Sky plc. has a block holder, Twenty-First Century Fox, Inc., which owns 39.48% of issued capital.

Period: October 01, 2015 - December 31, 2015

Tatts Group Ltd - 10/30/2015 - Australia

Tatts Group Limited is an Australia-based company that provides gambling services in Australia and the United Kingdom.

At the 2015 Annual Shareholder Meeting of Tatts Group, Robeco voted against the executive remuneration report. There were a number of concerns with the structure of the remuneration policy. First, the remuneration emphasizes incentives on short-term term performance, as the amounts paid under the fixed salary and annual bonus are larger than the long term equity-based awards. This concern becomes more worrisome as in fiscal year 2016 the CEO's fixed salary has been increased by 29 per cent in comparison to fiscal year 2015. It is also noteworthy that the fixed salary of executives is slightly higher than that of than of the company's peers. For instance, the salary is 7 per cent higher than peers per market capitalization, and almost 50 per cent higher than other consumer discretionary companies in the same sector group. We believe that executive remuneration should be aligned with performance, and as such we are skeptical about Tatts Group's focus on fixed remuneration.

A second concern is the board's discretion to determine pay level and composition of the annual bonus. Although the company has established a number of quantitative financial metrics, the board may still determine bonus payouts based on metrics outside of the formula and/or market related benchmarks. This includes discretion to determine an incentive where performance against performance metrics is strong.

The proposal on executive remuneration report received approval of 88.64 per cent of the votes casted.

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