Period: January 01, 2016 - March 31, 2016

Table 1. Statistics

Votes Cast	3761	Number of meetings	380
For	3191	With management	3191
Withhold	16	Against management	570
Abstain	12		
Against	540		
Other	2		
Total	**3761**	**Total**	**3761**

In 232 (61%) out of 380 meetings we have cast one or more votes against management recommendation.

General highlights

Good Stewardship

As part of an ever growing trend, many countries have introduced stewardship codes over the last few years. This has in part been driven by an increasing number of asset owners requiring their asset managers to sign these codes as a prerequisite to doing business.

The first stewardship code, implemented in 2010 by the UK's Financial Reporting Council, grew out of criticism of the role which institutional investors had played in the financial crisis. While corporate governance codes target companies to promote good governance, stewardship codes target institutional investors, encouraging them to be good stewards. This in practice means investors should be transparent about their investment process, engage with investee companies and vote at shareholder meetings. It is hoped that institutional investors adopting these codes will be of great benefit not only to investors and investee companies, but also to the sustainability of the economy as a whole.

However, there is often a lack of clarity regarding what these codes involve. Furthermore, it is important to recognize when designing and implementing new stewardship codes, the legal frameworks and cultural values of the country for which the code is designed.

Robeco signed the UK stewardship code when we established our UK office last year. Robeco also signed the Japanese stewardship code in 2015, when the country became the first in Asia to introduce such a code. The International Corporate Governance Network (ICGN) has recently taken the initiative to create a Global Stewardship Code. Whilst it is not compulsory to sign these new stewardship codes, they are increasingly seen as a license to operate. For example GPIF, Japan's largest pension fund, requires all its asset managers to be a signatory to the Japanese Stewardship code.

At Robeco, we take our stewardship responsibility very seriously. We have our own stewardship policy, which explains how we fulfill our duties as a good steward by engaging, voting and reporting about our sustainability investing strategy in a transparent way. This policy complies with all of the current stewardship codes. We also continue to monitor and provide input on the development of new stewardship codes and view the increasing number of countries adopting such codes as a positive step.

Market highlights

Recent Developments: Increase in voting by poll in Australian companies

In 2015, Robeco reported that it co-signed the 'vote by show of hands' initiative in Australia, which was put forward by one of our peer investors under the initiative. This year, we are happy to share the remarkable results of this campaign. In February this year, TIAA-CREF and the Australian Council of Superannuation Investors announced that two-thirds of 38 large Australian issuers targeted by the initiative have adopted AGM poll voting, instead of a show-of-hands.

Robeco welcomes the impressive results of the show of hands initiative which demonstrates the power of global investor collaboration. It is also remarkable how investor engagement is met with openness and willingness from companies. Robeco continues to encourage those companies still using votes by show of hands to adopt voting by poll.

The initiative targeted a selection of companies listed in ASX100 who were requested to remove a provision in their articles of association that allowed them to vote by show of hands and instead require voting by poll on all resolutions. Australian corporate law allows companies to choose for voting by show of hands in shareholder meetings, and this voting method is still widely practiced in that country. Approximately 25% of ASX200 firms still make use of voting by show of hands. Voting by show of hands disenfranchises shareholders' right to equal voting power. This voting method violates the "one-share one-vote" principle by counting each shareholder as one vote regardless of how much stock they hold.

Proxy Access

Proxy access consists of the right of qualifying long-term shareholders to nominate a limited number of directors and to include them in the ballot of shareholder meetings. Although this right has certain limitations, such as ownership requirements and a maximum number of directors that shareholders can nominate, it is an important right because it allows shareholders to dismiss under-performing directors.

After almost seventy years of debate, in 2010 the Securities and Exchange Commission (SEC) adopted a new rule mandating universal proxy access. A 2011 court ruling effectively invalidated the new rule before it ever went into effect. Proxy access became a relevant topic in the US as shareholders saw their ability to submit shareholder proposals requesting companies to adopt proxy access as an alternative way to ensuring this right. It is estimated that over 100 proxy access proposals were submitted to public companies during the 2015 proxy season. Currently, over a fifth of S&P 500 companies have adopted proxy access, up from almost zero last year. In 2015, nearly 130 embraced proxy access. This trend has gained momentum as companies have begun to receive proxy access proposals for the 2016 proxy season.

Proxy access proposals usually ask for the same requirements: 3% ownership to qualify as a nominating shareholder, a maximum requirement of 3 years of continuous holding period for each nominating shareholder, a maximum of 20 shareholders aggregation limit, and a maximum of 20% of the board could be nominated by shareholders.

Robeco analyzed proxy access proposals on a case by case basis and voted in favor of 90% of them. This is in contrast with other fund managers. Data from the SEC on proxy access votes cast by mutual funds indicates that the industry is deeply divided in its approach to proxy voting as a shareholder right. Whereas 7 out of the top ten mutual funds companies in the US supported proxy access proposals the majority of the time, other funds showed low or no support for proxy access. According to this data, had these funds voted in favour of proxy access, the proposals would have likely passed at 17 additional companies in 2015, including Exxon Mobil.

Overall, Robeco supported these shareholder proposals except in the following cases: (i) when the company proposed its own proxy access proposal with similar provisions to those of the shareholder proposals; and (ii) when the shareholder proposal contained a problematic provision, which were restrictions that severely undermine the proxy access right. Examples of such provisions include the imposition of post-meeting shareholding requirements for nominating shareholders and prohibitions to resubmit failed nominees in subsequent years.

Voting highlights

Visa Inc - 02/03/2016 - United States

Visa Inc., a payments technology company, operates an open-loop payments network worldwide.

At the annual shareholder meeting of this year, the company submitted a proposal for shareholder ratification of its executive compensation policy and practices. Following a careful analysis, Robeco decided to vote against the executive compensation proposal. This outcome reflects an assessment on the adequacy of the compensation package structure, quality of disclosure and reasonableness of payouts. We found concerns particularly on the structure of the remuneration plan and on the reasonableness of payments.

Regarding the structure of the compensation plan, we believe that a balance is missing between the fixed and variable payments to the CEO as the variable pay (including annual bonus and equity incentives) was 1000% of the fixed compensation. The equity incentives alone amount to approximately 740% of the CEO's base salary. Although we believe that equity awards can effectively incentivize management to create long-term value, such awards should be reasonable and well-balanced with the rest of the components of the compensation policy. Moreover, the equity awards are based on annual EPS targets over a three-year period. Although the awards vest at the of the three-year period, the focus on short performance periods for the EPS metric may fail to fully capture the long-term performance of the company. Finally, regarding the reasonableness of the payouts, we have concerns about the sign-on payment to the recently-recruited CFO of USD$17.5 million, which in our opinion is excessive.

This proposal was approved on an advisory basis by 97.2% of shareholders.

SGS S.A. - 03/14/2016 - Switzerland

SGS SA provides inspection, verification, testing, and certification services in the Asia Pacific, the Americas, Europe, Africa, and the Middle East. The company's line of business includes provide clinical laboratory testing services.

During the annual shareholder meeting of SGS Societe Generale de Surveillance SA, Robeco voted against a number of the candidates up for election on the ballot. In accordance with Swiss law, the chairman and all other directors are up for election to serve a one-year term. We are specifically concerned by the lack of independent directors in the proposed board composition for the coming year with eight of the ten current and proposed directors either affiliated with the Company or insiders. Specifically, we believe Groupe Bruxelles Lambert SA and the von Finck family, which beneficially own 15.00% and 15.03% of the Company's total share capital respectively, have a disproportionate amount of seats on the board relative to their holdings. This leads us to believe that minority shareholders in the company are therefore under represented. We also believe nominees Desmarais, Gallienne, Lamarche and Marchionne serve on too many other boards, precluding them from spending sufficient time to discharge their duties as board members, with nominee Paul Desmarais in particular holding an additional seven public company directorships.

As a result of the overall lack of independent members on the board, the composition of the audit, nominating and remuneration committees do not meet our standards of independence. We believe it is important that both the audit and remuneration committees contain a majority of independent directors. We also view the current composition of the board as a failure of the nomination committee to nominate a sufficient amount of independent directors to the company's board. However, as the chair of the nomination committee is one of the few independent members of the board, we have chosen not to vote against his nomination at this time. As a result of these concerns, we voted against the nomination of nominees Marchionne, Desmarais, Gallienne, Lamarche and August François von Finck with the aim of increasing board independence.

All of the proposed nominees were re-elected to the board at the annual shareholder meeting.

Nordea Bank AB - 03/17/2016 - Sweden

Nordea Bank AB is a financial services group that provides banking services, financial solutions, and related advisory services in the Scandinavian countries and the Baltic Sea region. The Group offers credit, investment banking, securities trading, and insurance products to private individuals, companies, institutions, and the public sector.

At the annual shareholder meeting of Nordea Bank AB, Robeco voted against the compensation guidelines presented by the company. The Swedish Companies Act gives shareholders the right to decide upon the principles for executive remuneration, making this a binding vote. When analysing compensation and remuneration frameworks, we look closely at both their structure and the level of disclosure by the company to ensure that incentives offered to executives in terms of the award structures and metrics used are closely aligned with the interests of shareholders. Our analysis of these elements found a number of deficiencies.

The company fails to disclose the peer group used when benchmarking executive compensation. When remuneration is not sufficiently benchmarked against an appropriate group of the companies peers we believe this increases the likelihood that compensation levels do not accurately reflect what is appropriate to the Company's size and scope. We also believe that a lack of disclosure on share ownership guidelines for executive directors could lead to the interests of executives and shareholders not being sufficiently aligned. Our concerns about this alignment are further enhanced by a lack of a clear description of targets and vesting conditions under which the company’s variable incentive plan matures. Furthermore, under the Company's variable incentive plan all of the performance-based awards granted have a performance period of one year which we do not feel sufficiently incentives a long term strategy at the company. These concerns led us to vote against the proposed compensation guidelines at the company’s annual shareholder meeting.

The compensation guidelines were subsequently approved by shareholders at the AGM.

Novo Nordisk - 03/18/2016 - Denmark

Novo Nordisk A/S develops, produces, and markets pharmaceutical products with a focus on diabetes care offering insulin delivery systems and other diabetes products. Novo Nordisk also works in areas such as haemostatis management, growth disorders, and hormone replacement therapy.

At the annual shareholder meeting, the company asked for shareholder approval on a number of proposed amendments to its remuneration policy through an advisory vote. 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. Whilst we have in the past voted for amendments to the company’s remuneration policy on the basis that they were beneficial to shareholders, we believe the amendments proposed at this year’s AGM represent a negative step for the company. Specifically, the proposal to stop peer benchmarking for base salary and overall pay against the upper quartile level for Denmark, combined with a lack disclosure on what new benchmark would be used, lead us to vote against this proposal.

In addition, we believe that a number of other parts of the remuneration guidelines could be improved. We believe the company should increase disclosure on the performance metrics used to evaluate performance, as well introducing a compulsorily deferral on a portion of the annual cash bonus into shares. To further align the interests of shareholders and the company’s executives, share ownership guidelines for executive directors should be introduced. For the long term component of the remuneration policy, we believe a move towards using less absolute metrics when calculating long-term incentives would ensure that executive pay is more in line with company performance rather than being reflective of trends in the wider economy. For these reasons we voted against the amendments to the company´s remuneration guidelines at the AGM.

The amendments to the company’s remuneration guidelines were approved by shareholders at the AGM.

Sk Holdings Co. Ltd - 03/18/2016 - South Korea

SK Holdings, through its subsidiaries, engages in energy, chemicals, information technology (IT), semiconductors, marketing, and services businesses in South Korea and internationally.

During this meeting SK Holdings requested shareholder approval for the re-election of former chairman Tae Won Chey to the position of chairman of the board despite being criminally convicted twice for various accounts of misconduct. Whilst serving as the executive chairman and CEO of the company in 2003, Mr Chey was found guilty of illegal trading and accounting fraud involving SK Group's inflation of its 2001 earnings by $1.2 billion. Having been sentenced to three years in jail (later reduced to five years of probation), Mr Chey returned to the position of chairman and CEO in 2008.

In 2013, Mr Chey was convicted for a second time after being found guilty of embezzling KRW 49.7 billion from SK Group affiliates, using the money for personal investments in stock futures and options. He was convicted and sentenced to four years in prison. Also jailed were his brother Jae Won Chey and Jin Won Jang, SK Holdings' financial executive. Having fulfilled the parole requirements of his sentence, Mr Chey received a special pardon granted by President Park at the end of 2015.

Subsequently his name appeared on the ballot for election to the position of chairman at the 2016 annual shareholder meeting. Robeco believes the past misdeeds of Tae Won Chey as well as other executives at the group during their previous tenures highlight worrying issues in corporate governance at the group. It is therefore essential that the company strives to strengthen its corporate governance regime to better protect the interests of shareholders. Given his past embezzlements, we have concerns about Mr Chey's appropriateness for a position as chairman of the board. We therefore voted against his election to the board.

Mr Chey's election to the board was approved by shareholders at the AGM.