ROBECO
The Investment Engineers

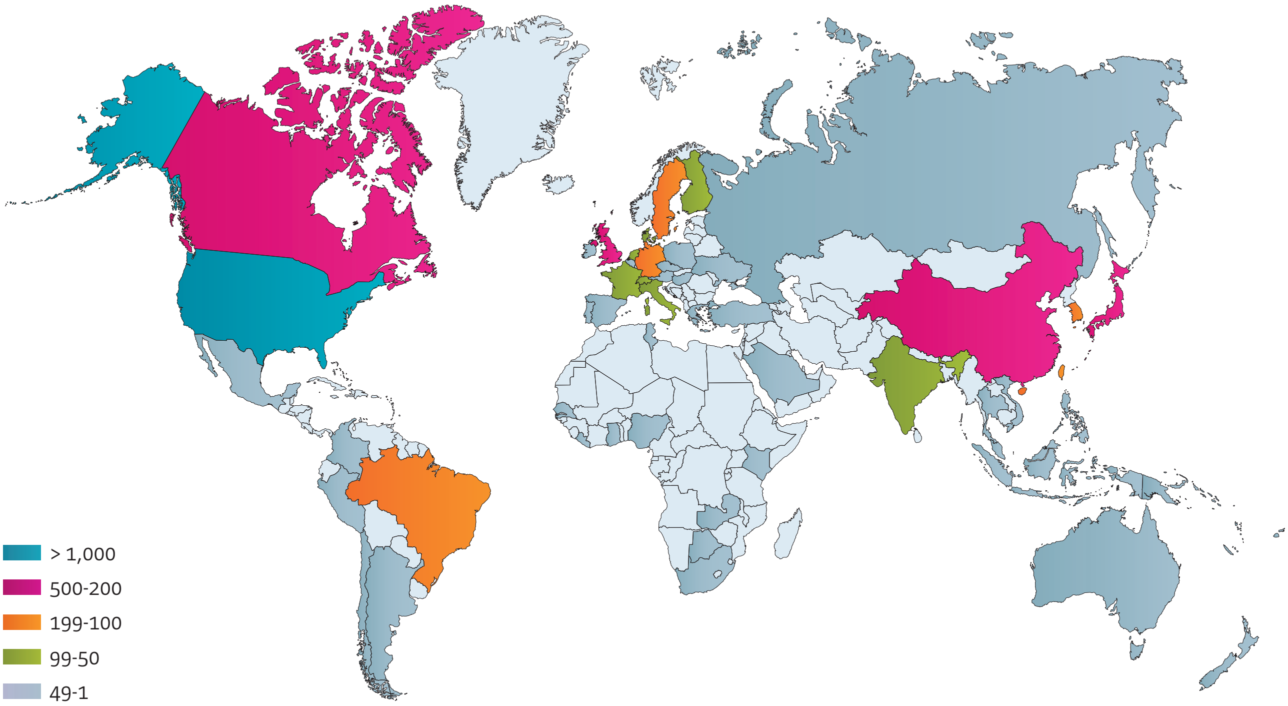
ROBECO

Proxy Voting Season Overview

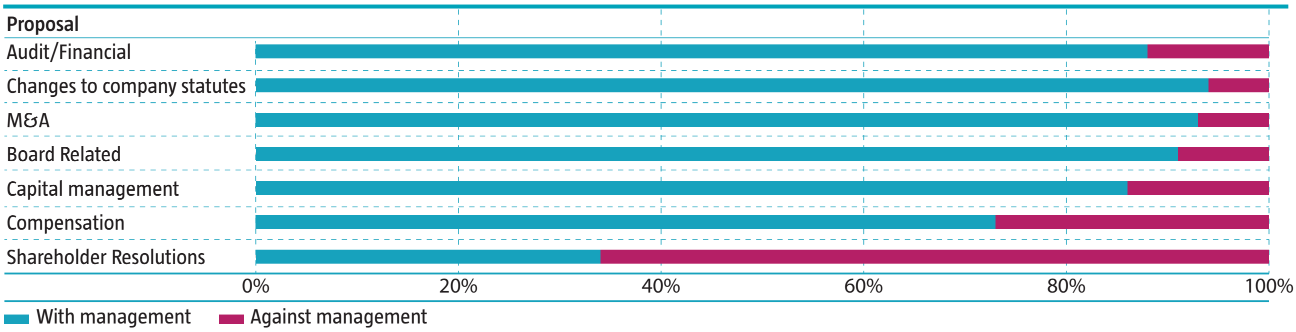
JANUARY – JUNE 2019

4,490	Meetings voted	53,358	Proposals voted
56%	% meetings voted against management	73	Countries where we voted

Shareholder Meetings by Country and Region



Voting Activity per topic



% Votes in favor of shareholder resolutions

64%	Environmental	75%	Social	65%	Corporate Governance

Contents

Every AGM season, a variety of corporate governance topics are addressed by companies and their shareholders. This period always represents a busy time for the Robeco Active Ownership team as we attend several shareholder meetings and cast our votes. In the first half of 2019, we voted upon 50,000 proposals at nearly 4,500 shareholder meetings across 73 countries.

As shareholders, we get to vote on topics such as board nominations, remuneration policies, and capital management practices. Our voting policy is the basis for casting our votes. The policy is designed after the widely recognized International Corporate Governance Principles. In casting our votes, we assess whether internationally recognized corporate governance standards are implemented, whilst accounting for local governance regulations. Accountability and transparency towards shareholders and other stakeholders are important core values of the Robeco voting policy.[1]

In addition to the typical governance related proposals, a broad range of environmental and social issues gains increasing attention through shareholder proposals. Shareholder proposals are used by us and other shareholders in conjunction with engagement efforts to improve a company's ESG performance. This year alone, Robeco has both supported numerous shareholder proposals; in addition we have also co-filed two shareholder proposals.

Thanks to our extensive experience in proxy voting, having exercised our shareholder right to vote at shareholder meetings for more than a decade, we are able to identify and reflect on both regional and global trends in corporate governance. Through this report, we share our key findings on the 2019 proxy voting season.

Carola van Lamoen
Head of Active Ownership

[1] https://www.robeco.com/docm/docu-robeco-voting-policy.pdf

Voting season: making our voice heard as a shareholder

Sustainability issues have gained more traction in the US, while board composition remains among the most contentious issues in Asia. That was the outcome of the recent voting season at which Robeco uses its rights as a shareholder to try to make companies more sustainable. And there were some remarkable winners and sinners in the annual display of investor opinion, our engagement team says.

Codes of conduct
- ICGN Global Governance Network Principles

Our voting policy is based on the widely accepted principles of the International Corporate Governance Network (ICGN), which provide a broad framework for assessing company's corporate governance practices. We constantly monitor the consistency of our general voting policy with the ICGN principles, with laws and governance codes and systems as well as client specific voting policies. Our voting policy is formally reviewed at least once a year. We also take into account company specific circumstances and best practices when casting our votes.

The 2019 AGM season saw a marked increase in the number of shareholder meetings that Robeco voted at, due mainly to a rise in the number of clients and mandates. We voted at over 5,000 shareholder meetings in 2018, and we expect a hike in this number for 2019. As an asset manager, Robeco votes on behalf of asset owners with the aim of improving environmental, social, and governance (ESG) performance at the companies in which we invest.

"In the US, we've seen a huge increase in the number of social shareholder resolutions; last year the big theme was environmental, but this year the number of environment-related resolutions that made it to the meeting agenda has decreased, and the social ones have taken over," says Engagement Analyst Laura Bosch Ferreté, who has collated all the results from our bustling March-June voting season. Social topics range from gender pay gaps to lobbying expenses. "Several topics that were put forward by shareholders in shareholder proposals were in line with our engagement work. Examples are proposals about the gender pay gap, how pharma companies take drug pricing into account in their compensation practices, and a lot of focus on plastic pollution."

"About 35% of Robeco's votes are in the US, making it an important market for us, and overall we supported about 75% of the social shareholder resolutions this year," adds Carola van Lamoen, Head of Active Ownership.

"We co-filed two shareholder resolutions. The first asked Ford to

by a group of global institutional investors, and it received 99% of votes in favor at the shareholder meeting, van Lamoen says.

Another voting issue that tallies with Robeco engagement themes for 2019 is tackling the dark side of artificial intelligence and the threat it poses to human rights. "We have been quite critical because we think there needs to be better management disclosure on things like facial recognition, how to ensure that customers are not violating human rights, and concerns about racial profiling or targeting segments of society," says Bosch Ferreté. "Several resolutions asked tech companies involved with this to issue reports explaining how AI software protects human rights."

Return of the pay concern

The old chestnut of executive pay that does not reflect past performance reared its head again, along with new national regulations that will set targets for female representation on boards of directors from 2020.

"We voted against 35% of executive remuneration packages in the US, which is higher than our global average of 27%. In terms of board composition, a big topic for investors has been diversity. Having directors with a wide range of backgrounds, different nationalities, ages and gender representation broadens the scope of the discussion taken around the table, and will lead to better decision-making processes. "

Seeking pension parity

"The UK Corporate Governance Code was updated last year – it says executives should have a pension contribution that is a percentage of their base salary, and should be aligned with the rest of the workforce. So, if an employee gets 10% of their base salary put into their pension, then it is expected that executives will have the same. But that's not the case; for the FTSE 350 constituents, it's 25% on average. there is substantial pressure on this now."

"What we expect in Europe from next year onwards is more disclosure on compensation plans due to the EU's Shareholder Rights Directive II (SRD II) coming into force. Companies will have to put up the implementation of their compensation plans for an advisory vote on an annual basis, so we'll have the chance to hold remuneration committees accountable. The design of the compensation plan will have to be formally approved by shareholders every four years."

Asia's corporate governance issues

In the Asia Pacific region, improving corporate governance and capital returns to shareholders remain the two biggest issues. "In Korea, we saw the usual problems with corporate governance practices, such as capital allocation and political influence in board nominations. It is also an ongoing issue that companies publish their audited financial statements just a few days before the AGM," Bosch Ferreté says.

"That's tricky for investors who vote via proxy, because our deadlines tend to be two weeks before the AGM. We need to approve their financial statement, and at that stage we don't know whether it will be audited or not. That led to quite a lot votes against approval of financial statement and the chairmen of audit committees."

Voting strikes back in Japan

Japan has similar issues, resulting in a new tactic that the Active Ownership team adopted this year to improve capital management practices. Many Japanese companies historically fail to optimize capital allocation, often

disclose more on its climate-related lobbying contributions; we wanted to find out how much their contributions to trade associations and political groups was aligned with their business strategy on the environmental front, and whether the cost of it made sense."

Climate change and AI

"The second asked BP to disclose to what extent its business strategy was aligned with the 2-degree climate change scenario, and how they are planning to reduce their greenhouse gas emissions to comply with that. Making sure that a company can remain in business in the long run, and identifies climate change as a major risk for their business, is a very important issue for shareholders."

BP embraced this proposal put forward

leading to low returns, and investments not reaching their value potential. "So, this year we have developed a basic framework to assess the quality of capital efficiency, using a combination of return value measures, balance sheet metrics, and profit distribution," says Bosch Ferreté.

"Companies that did not meet the expectations specified in the framework could expect a vote against the proposed distribution of profits at this year's shareholder meeting, to signal room for improvement. We also combine our voting approach with our engagement work in the country."

A new hope in Brazil?

Another major voting arena is Brazil, where some improvement has been seen in recent years, says Bosch Ferreté. "Brazil is one of the top five markets in which we vote; we have over 200 shareholdings in the country and we voted at approximately 140 AGMs this year so far," she says.

"Brazil will change its corporate governance regulations next year, and we're positive about the direction of change it because it aims to increase the independence at board level, increase transparency about remuneration practices, and lift corporate governance standards to international guidelines."

"There is still room for improvement, but it is a very positive first step for a market like Brazil, where bribery and corruption have been a constant in many listed companies. This year we had a few engagement cases with Brazilian companies over some bribery and corruption cases."

"We have already spoken to the regulators to better understand the scope of the new legislation, and this year we sent a letter to our most important Brazilian holdings outlining our expectations in terms of corporate governance practices from 2020."

Tackling the voting chain

However, technical problems can act as an impediment to effectively raising a voice, particularly in complex voting chains – an issue that SRD II aims to resolve. In common with other asset managers, Robeco needs to use proxy advisors as middlemen to be able to vote at thousands of shareholder meetings all over the world, since a physical presence at all of them is impossible.

"The entire voting chain is very opaque, and there are a lot of challenges there," says Bosch Ferreté. "We've always been open to join industry initiatives that aim to enhance transparency and efficiency throughout the voting chain, and we participate in a number of pilots, including one this year in the Netherlands. This aims to enhance transparency and get so-called vote confirmation, where you cast your vote at an AGM and the company confirms what you have voted. It seems quite straightforward, but it can be challenging in practice."

Hybrid AGMs

Meanwhile, advances in livestream technology are ushering in a new phenomenon – the hybrid AGM, combining a physical presence with virtual attendance and voting. "This is becoming a thing in the US – companies have a livestream channel where management present the figures and then shareholders can vote, and anyone can participate in the AGM from anywhere in the world," Bosch Ferreté says.

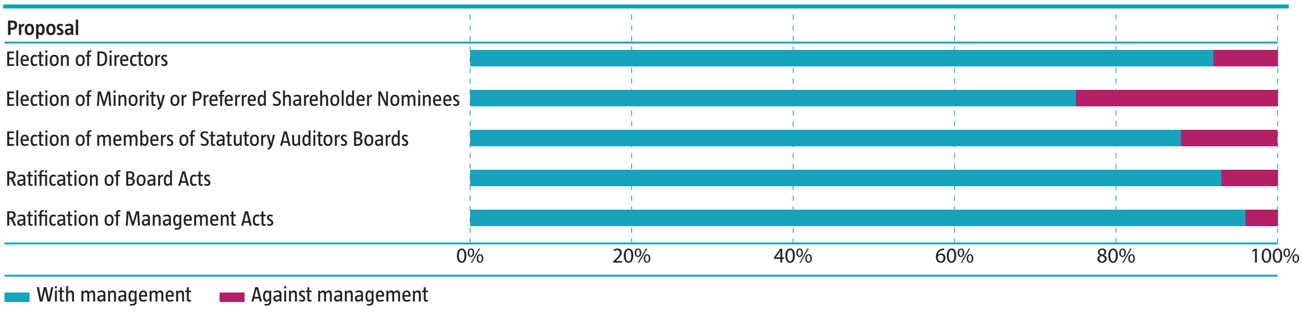
"At a conventional AGM, you either go in person, or vote by proxy two weeks in advance. With a hybrid, you get to postpone this decision to vote the shares, as you vote during the session instead. Shareholders can consider the presentations during the AGM, and the explanations that management give for their proposals."

"So, it's positive in the sense that this facilitates the participation of shareholders; but there are some issues around constraining shareholder rights – how do you ensure that all shareholders can pose questions to the management if they control the livestream? We attended a hybrid AGM in the Netherlands, and we gave feedback to the company with some areas of improvement."

Board Composition

Directors bear a duty to represent the interests of the shareholders who elected them. To do so effectively, boards require independence, diversity, and relevant skillsets and backgrounds. Even when these prerequisites appear to be satisfied, boards can fail to live up to shareholders' expectations in other areas, as shown by Robeco's voting on director elections during the 2019 Proxy Voting Season.

Voting activity by a selected sample of proposal types



Tyson Foods

Tyson Foods, Inc. produces, distributes, and markets chicken, beef, pork, prepared foods, and related allied products. The Company's products are marketed and sold to national and regional grocery retailers, regional grocery wholesalers, meat distributors, warehouse club stores, military commissaries, and industrial food processing companies.

Meeting date: 7th February 2019
At Tyson's AGM in 2018, we supported a shareholder proposal requesting the company to adopt and implement a water stewardship policy designed to reduce risks of water contamination at facilities owned by Tyson and its suppliers.

Water is a critical resource for Tyson's meat production but represents a wide range of material sustainability issues for the company and society at large. These issues include excessive wastewater discharges at slaughtering facilities, unmanaged livestock manure at animal facilities, and excess fertilizer runoff associated with growing animal feed. Since many of Tyson's competitors started tackling these issues, and not doing so poses a reputational risk, creating and abiding to a water stewardship policy has become increasingly urgent.

Approximately 64% of unaffiliated shareholder votes were cast in support of the proposal. However, due to the companies dual-class share structure, whereby Tyson Limited Partnership controls approximately 70% of the Company's total voting power, the proposal only received 15% votes in favor. As institutional investors we support the 'one share one vote' principle: that voting rights are proportional to the capital contribution used to purchase shares. Companies can deviate from this principle by using dual-class shares with different voting rights, such as loyalty or preference shares. Despite the overwhelming support for the proposal by all shareholders, Tyson has been silent on the matter.

The directors on the governance committee are responsible for overseeing and implementing corporate governance practices within the board and company. Given the company's neglect towards shareholder concern, Tyson's governance committee should be held accountable. As the number of pressing shareholder proposals increases, so does the urgency of resolving the company's governance issues. Since this is an ongoing issue at the company and has yet to be acknowledged, during the 2019 AGM we voted against the re-election of all directors serving on the governance committee.

Novozymes A/S

Novozymes A/S produces and sells industrial enzymes and microorganisms worldwide. Amongst others, the company offers agriculture solutions, ingredients for the food and beverage industry, and cleaning solutions for the household care industry. The company was founded in 1925 and is headquartered in Bagsvaerd, Denmark.

Meeting date: 27th February 2019
Fulfilling the duties of a director at a public company requires a significant time investment – especially if a director simultaneously assumes a (Vice-)Chairmanship or lead director role. Shareholders are well-advised to analyze the external commitments of board nominees, especially if they are appointed to serve in a leadership capacity, requiring a more substantial time commitment. Bearing this in mind, we opposed the re-election of Novozymes' incumbent Vice Chairwoman.

Novozymes presents good disclosure on corporate governance topics. The company lists additional public company directorships held by its board nominees, in line with the Danish Committee on Corporate Governance Recommendations. Shareholders benefit greatly from this level of transparency, as it ensures that they are able to form a well-informed opinion on the ideal composition of their board.

Multiple directorships offer possible benefits. The Harvard Law School Forum for Corporate Governance and Financial Regulation points out that early-stage companies in sectors prone to disruption can benefit from more experienced directors holding several board memberships. The prospect of useful networking opportunities that bolster director expertise also speaks in favor of a certain degree of leniency on directors serving on several boards. Nonetheless, we found the Novozymes Vice Chair to be overcommitted on various counts. The nominee holds positions on both of Novozymes' board committees, and would therefore be expected to make a considerable contribution to governance, audit, and remuneration oversight. We were concerned by the nominee's additional commitments as Chairwoman of both Arkil Holding AS and Brødrene Hartmann AS, as well as board and audit committee member of Aktieselskabet Schouw & Co. We believe this level of overboarding is likely to preclude the nominee from dedicating the necessary time to her roles at Novozymes. In order to encourage focus on directors' most consequential responsibilities, we believe it best to address overcommitment at companies where these directors hold positions with fewer responsibilities. In this case, we opposed the nominee's re-election to Novozymes' board, as we believe her other Chairmanships should take precedence over her Vice Chair role at the company.

Hyundai Motor Company

Hyundai Motor Company manufactures and distributes motor vehicles and parts worldwide, and offers vehicle financing, credit card processing, marketing, and insurance services, amongst others. The company was founded in 1967 and is headquartered in Seoul, South Korea.

Meeting date: 22nd March 2019
Hyundai Group is facing increasing shareholder pressure to improve its corporate governance and capital allocation practices. Elliot Management, one of the largest US hedge funds, raised the stakes by initiating a proxy fight against the South Korean carmaker.

At Hyundai Motor's AGM, shareholders were presented with clashing agenda items proposed by both parties regarding board nominations and dividend plans. We discussed the proposals up for vote with the company and Elliot prior to the shareholder meeting date.

Shareholder concern regarding the company's falling profitability did not fade away after it published its strategic investment plan and commitment to enhance shareholder value. Hyundai's financial strategy needs to be improved to deliver the ambitious business strategy ahead. Elliot requested a return of substantial excess of capital to shareholders through a special dividend.

We supported this resolution as we believe the retained cash generated by the current overcapitalization of the company is not in the best interest of shareholders. Moreover, it is a compelling message to the supervisory board signaling shareholders' discomfort with the capital management status quo, encouraging them to drive the necessary reforms. Three independent directors were proposed by each party with only three available board seats for outside directors. Our support towards the election of directors was mixed, endorsing candidates appointed both by the company and the shareholder dissident. We supported Mr. Yoon, proposed by management, due to his strong background in finance and positive reputation in the market. A vote in favor of two directors nominated by the shareholder dissident, namely Mr. Liu and Ms. Billson, was warranted. These candidates have extensive experience as board members and executives of large companies, as well as strong backgrounds ranging from telecommunications to aviation that can broaden the industries represented on the board.

Although at the AGM investors in Hyundai Motor rejected Elliott Management's demands for a special dividend and board seats, the proxy contest represented a clear signal from shareholders that the company needs to prioritize shareholder friendly policies and an improved management system.

Netflix Inc.

Netflix Inc. is an Internet subscription service for watching television shows and movies. Subscribers can instantly watch unlimited television shows and movies streamed over the Internet to their televisions, computers, and mobile devices.

Meeting date: 6th June 2019
Despite the rights bestowed upon shareholders, regulation still affords public companies significant leeway in implementing corporate governance structures and procedures. Recently listed companies, for instance, often seek to formulate bylaws that allow influential executives and board members to retain control over decision making after going public. Within reason, such measures can help visionary founders execute strategies that have proven successful. The most obvious protection of founder control are multiple share classes with different voting rights. Whilst Netflix has refrained from instituting such a barrier to shareholder democracy, other elements of its corporate governance continue to draw scrutiny and disapproval from investors seeking to exercise their rights at AGMs. Shareholder proposals aiming to install shareholder safeguards have been a recurring feature of Netflix AGMs for nearly a decade. Incessantly, these proposals sought declassification of the board, implementation of a majority voting standard for director elections, and removal of supermajority requirements for votes on certain matters. We have consistently voted in favor of these improvements in corporate governance. Strikingly, nearly

all these proposals received a majority of votes in favor, when excluding abstentions and broker non-votes. In some cases, support levels topped 85%. Nonetheless, Netflix's board of directors has failed to implement the requests approved by an overwhelming majority of shareholders.

Whilst this does not violate any regulations, as most shareholder proposals operate on a precatory basis and are not binding, it exposes a gulf between governance standards at Netflix and best practice. Shareholders are left with no alternative but to hold directors accountable by opposing their election. We withheld our votes from all four directors up for vote in 2019. They either served on the Nominating and Governance Committee or have been directors for several years and have not represented shareholders' interests, due to their failure to implement the mandate given the majority of shareholders.

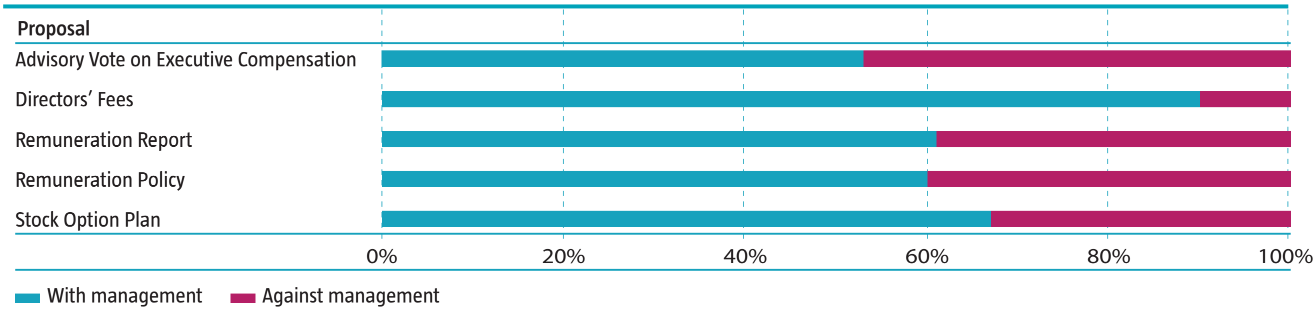
At the AGM, the majority of shareholders casting their votes withheld support for all nominees. However, due to the plurality standard, the directors with the most number of votes fill the available board seats. With the number of candidates matching the number of open seats, even a single vote in favor would suffice in securing another term.

Another area where the company has not responded to investor disapproval is its poor executive compensation structure. This was reflected in Netflix's failed 2019 advisory vote on executive compensation, which we also voted against. Going forward, we will also continue to oppose the re-election of Compensation Committee members, should they fail to substantially restructure the remuneration policy.

Executive Remuneration

Robeco's holistic executive compensation analysis framework informs our vote decisions on remuneration. Executive compensation proposals in 2019's proxy season once again highlighted US companies as most problematic in this regard. Nonetheless, weak structures and poor disclosures mar remuneration plans globally, meaning that shareholders are unable to gain a full understanding of how executives are incentivized and why.

Voting activity by a selected sample of proposal types



Accenture plc

Accenture Plc. provides consulting, technology, and outsourcing services internationally. The company operates in the following five segments; Communications, Media & Technology; Financial Services; Health and Public Services; Products; and Resources. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Meeting date: 1st February 2019
The executive compensation plan is one of the main instruments companies use to guide, evaluate, and reward the behavior and achievements of executives. Therefore, it is in the interest of stakeholders to have a compensation policy in place that satisfies both executives as well as shareholders. While US companies come under fire for their executive pay most often, culprits can also be found in other markets. For instance, the highest median European CEO compensation in 2018 was found at companies based in the Netherlands, with Irish companies coming in a close second.

At Accenture, there has been a steady increase in the compensation received by the CEO over the last few years. Moreover, there is inadequate disclosure on how this increase in pay was calculated and whether it is aligned with shareholder returns and company performance. We voted against the executive compensation plan at the company's 2019 AGM. At 68% of total pay, the largest component of CEO compensation in 2018 was performance-based. The majority of this component was based on cumulative total shareholder returns (TSR), which is a common performance metric in compensation plans. However, the specific thresholds and targets used to determine the amount of pay based on this metric are not disclosed. Furthermore, over a quarter of total compensation received by the CEO was discretionary, which means there is no evidence on how this component was calculated. Although some portion of compensation may be discretionary, the remuneration committee should explain their use of discretion.

Total compensation increased by 12% in 2018, and could increase further in 2019 since the maximum bonus attainable by the CEO has been raised. While we do not expect companies to disclose information that is commercially sensitive, increases in executive pay and their underlying business metrics should be explained to shareholders.

Even though executive compensation has been an ongoing and contentious topic throughout several markets, its ultimate purpose is to appropriately incentivize management to deliver long-term shareholder value, thus aligning pay and performance. At Accenture, the importance of this alignment is underscored by the CEO to median employee pay ratio of over 1200:1. As executive compensation may continue to rise in the future, an acceptable pay gap between management and the company's wider workforce must be found.

F5 Networks, Inc.

F5 Networks, Inc. develops and sells application delivery networking products that optimize performance of network applications, servers, and storage systems. F5 Networks, Inc. was founded in 1996 and is headquartered in Seattle, Washington.

Meeting date: 14th March 2019
The discussion around executive compensation often centers on the seemingly ever-rising amounts deposited in CEO's bank accounts. Whilst the height of total compensation is an important element to consider, it is vital not to lose sight of how remuneration committees arrive at a final figure.

Shareholders should consider whether pay packages are sufficiently competitive to attract talented managers and appropriately incentivize them to outperform. As a result, our executive compensation analysis looks at over 40 indicators that cover structure, transparency, and non-financial targets, in addition to the total quantum. We found sufficient evidence to vote against F5 Networks' executive compensation for 2018. In the case of F5 Networks, our structural analysis identified weaknesses in the balance between fixed and variable pay and the fact that both short and long term incentive plans (STIP and LTIP, respectively) heavily depended on revenue targets. This is compounded by a one-year performance period for awards under the LTIP, resulting in the same performance being rewarded under both STIP and LTIP.

A diversified set of metrics and performance periods across remuneration components better rewards executives for overall company performance and avoids an excessively narrow focus on certain targets. We welcomed the addition of a relative total shareholder return (TSR) metric to the LTIP. However, the plan allowed vesting of awards at performance levels below the peer group median, thereby rewarding underperformance.

In the period under review, several F5 Network executives received significant sign-on bonuses, without clarification of whether these compensated previously forfeited awards. Furthermore, the compensation committee granted a discretionary cash retention award in 2018. It should be noted that the recipient left the company before becoming eligible for the bonus.

Nonetheless, the same officer and another executive had also received restricted stock unit (RSU) retention awards in 2016, the vesting of which was accelerated in 2018 at a value of over USD 2 million. We strongly oppose these discretionary compensation practices, as the subversion of plan-based awards and their vesting conditions undermines the integrity of performance-based incentives. Based on multiple concerns around structure and exercised discretion, we voted against the advisory vote on executive compensation, along with nearly 19% of shareholders.

Verizon Communications Inc

Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, Internet services, and published directory information.

Meeting date: 2nd May 2019
Even though aggregate executive compensation figures in the US are often at significantly inflated levels compared to other markets, a detailed analysis is still required to decide on the (de-)merits of compensation plans. We consider four overarching principles: sound structure, reasonable height, accountability and transparency, and the judicious use of non-financial metrics and targets. Underlying these elements is the fundamental expectation that executive compensation provides the right incentives for long-term value creation. At Verizon's 2019 AGM, we opposed the advisory vote on executive compensation for the second year running. Whilst total remuneration was fairly aligned with peers in 2018, we found some considerable deficiencies in the structure and transparency of executive compensation.

It is vital that shareholders understand how the final payouts to executives are determined under the individual elements of the regular compensation plan. In Verizon's case, there is fair disclosure explaining why certain metrics are included in the short-term (STIP) and long-term (LTIP) variable portion of pay. However, investors are unable to fully appreciate the scales against which performance is measured.

For the STIP, the company did not disclose the threshold performance level for bonuses or the maximum performance target. This means that shareholders are unaware of how the Compensation Committee members determine payout levels, should performance be outside the target range.

The company made several awards to executives that are not strictly related to standard plan-based grants. With an executive transition having been completed, several significant severance payments and promotion grants were awarded. We are most troubled by the sizeable equity grants to the new CEO and an EVP.

With already high target payouts, these extraordinary grants allowed for excessive outcomes should performance exceed expectations. Further, these awards are based solely on a single performance measure. This fails to replicate a well-designed incentive program that rewards balanced performance. Should the existing plan-based mechanisms insufficiently incentivize executives towards key strategic goals, Compensation Committees are better advised to redesign their LTIP structures, rather than granting one-off awards.

In combination with several other shortcomings, the above precluded a positive vote on Verizon's executive compensation proposal. Nonetheless, the resolution passed with 9.6% of votes against.

Intel Corporation

Intel Corporation designs, manufactures, and sells computer components and related products. The Company major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory, graphic, network and communication, systems management software, conferencing, and digital imaging products.

Meeting date: 16th May 2019
Executive compensation in the US has been known to be excessive but in 2018, CEO pay decreased by an average of 7% for companies with revenues over $25 billion. Nonetheless, other aspects of compensation such as the ratio between CEO-pay and median

employee-pay remain a concern. In the case of Intel, where this ratio amounts to 156:1, these concerns are warranted. In June 2018, Brian Krzanich stepped down from his role as CEO of Intel due to an ongoing investigation. Thereafter, Robert Swan left his position as CFO to be appointed interim CEO and eventually took the position permanently in January 2019. Following Mr. Swan's promotion, he was granted several one-off awards outside of the usual compensation policy. In addition to the increase in his fixed salary, the target value of Mr. Swan's remuneration for 2019 equals approximately $53 million USD. In light of this excessive remuneration, we voted against Intel's proposal on executive pay during the Company's recent AGM.

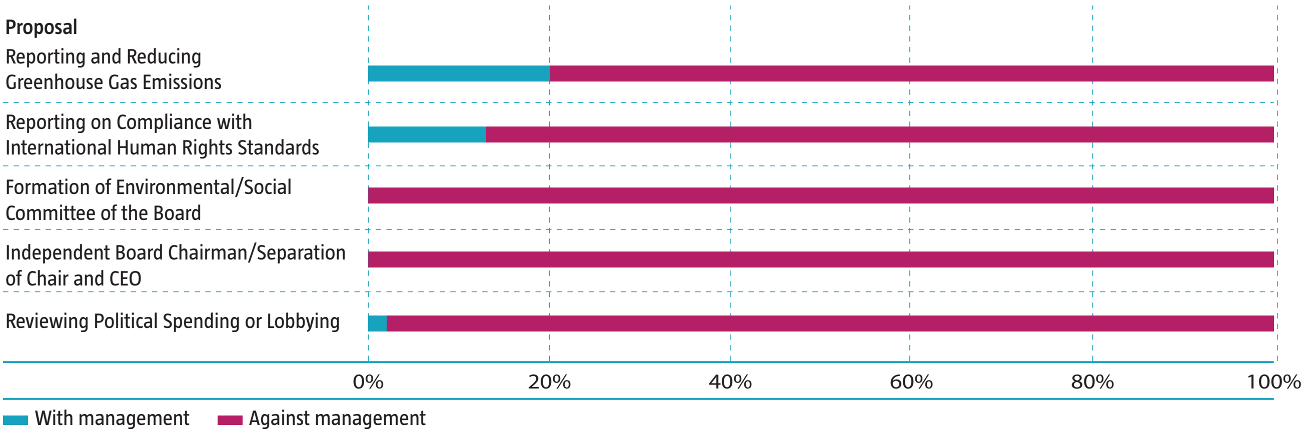
The largest component of Mr. Swan's compensation is the 450,000 performance-based stock units (PSUs) he received. For this award to fully materialize, Intel's stock will have to trade at least 50% higher than its closing price on February 1, 2019 for a period of 30 days. Mr. Swan must achieve this trading target within 5 years, or he will not receive the entirety of this award. While this one-off award is linked to performance criteria, it seems somewhat redundant given that similar PSUs are already awarded under the long-term incentive plan of the existing pay package.

In the end, we were not alone in our disapproval of Intel's executive pay since nearly 40% of all votes cast were against the say on pay proposal.

Shareholder Proposals

We support shareholder proposals on ESG topics if they support long-term, sustainable shareholder value creation. Every AGM season, there are several key issues that become the focus of most shareholder proposals. In 2019, climate change continued to be top of mind. Social issues, such as plastic pollution, received significant attention, as well.

Voting activity by a selected sample of proposal types



Starbucks Corporation

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. It offers coffee and tea beverages, roasted whole bean and ground coffees, and food and snacks. Starbucks Corporation was founded in 1971 and is based in Seattle, Washington.

Meeting date: 20th March 2019
Plastic pollution on land and water has risen in prominence dramatically as an environmental issue recently, as new studies showed far higher rates of plastic ending up in oceans than previously estimated. Environmental issues arising from the use of resources are considered a financially material topic for the restaurant sector. We supported a shareholder proposal filed at Starbucks' shareholder meeting asking the company to report on how they plan to reduce their environmental impact through sustainable packaging initiatives.

The company identified as its main environmental liability the waste generated by its single use drinking packages. To tackle this matter, in 2008 the company pledged that 25% of beverages would be served in reusable containers by 2015. The target was decreased to 5% in 2011 and the last figure reported in 2016 indicates that only 1.4% of beverages are served in reusable cups. We want the company to improve its strategy to promote reusables by establishing more ambitious targets and monitoring the use of these reusable containers throughout their stores.

Even though the company operates in 75 countries, the current reusability and recycling goals apply only to North America and parts of Western Europe. Starbucks is lagging peers such as McDonald's, who published an industry-leading commitment to recycle all on-site packaging at 37,000 locations globally by 2025. Taking into account that Starbucks operates more than 3,000 stores in China and plans to double this figure by 2021, we supported this resolution as the company shall step up its global recycling commitments and extend it to all its stores, with a special focus on the fast-paced growing Asian market. This resolution was also filed last year and received 29.2% of votes in favor. Shareholders would benefit from management discussions on how the company intends to minimize its environmental impact and avoid reputational risks. We would expect a detailed plan to achieve high reusable container goals and to provide recycling opportunities globally.

Barclays Plc

Barclays PLC is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services.

Meeting date: 2nd May 2019
When businesses underperform, each shareholder will hold some conviction around the best strategic direction to attain improvement. The end goal tends to be the same – better shareholder returns – but the path there can vary greatly. Barclays plc saw Sherborne Investors take on the role of dissident shareholder at its 2019 AGM, seeking the election of its partner, Edward Bramson, to the board of directors. According to the dissident, Mr. Bramson's presence on the board would help drive urgent reductions in the scale of Barclay's Corporate and Investment Banking operation, shoring up the group's balance sheet and raising its share price. Mr. Bramson's candidacy is inextricably linked to Barclays' subpar performance, a trend which has not been reversed by significant restructuring since 2016.

Seeking the nomination of a dissident director to the board is a drastic measure that highlights severe concerns with the board's current oversight of management. A proxy fight where the dissident's name appears on the ballot is usually the last resort, after engagement and negotiations prove unfruitful. Analysis from Sullivan & Cromwell on the last three US proxy seasons shows that only around 20% of shareholder activist campaigns culminated in a full proxy contest where company and shareholder face off on a key vote, of which two-thirds are settled before going to a shareholder vote.

Nonetheless, 2018 saw a drastic increase in US activists' success rates in gaining board seats. In 59% of contests that went to a final shareholder vote, the activist won outright or at least gained some of the desired board representation. Perhaps spurred on by recent activist success stories, Mr. Bramson fought for his seat on Barclays' board.

Our analysis of Sherborne's proposal

focuses on whether it offers a clear path to improvement, and how the nominee's election would practically influence the board's decision making. We seek definitive disclosure outlining the proponents' rationale and plans. In this case, we found Sherborne's commentary insufficiently outlined the desired consequences of Mr. Bramson's election. Besides highlighting the company's shortcomings, the dissident failed to provide persuasive arguments suggesting that its nominee had a transparent agenda for improvement. Therefore, we voted against the shareholder proposal seeking Mr. Bramson's addition to the board. The lack of a compelling theory of change behind Mr. Bramson's proposed election also failed to convince other shareholders. When disregarding Sherborne's own stake, the proposal only received the support of 7% of voted shares.

BP Plc

BP plc is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals. BP's chemicals include terephthalic acid, acetic acid, acrylonitrile, ethylene, and polyethylene.

Meeting date: 21st May 2019
The investor-led initiative, Climate Action 100+ (CA100+), has put another achievement behind its name with the passing of a shareholder resolution at BP's recent annual shareholder meeting. Since it was launched in 2017, the members of this initiative have grown to more than 320 investors representing over USD 33 trillion in assets under management. The group aims to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change by both minimizing risk and maximizing opportunities presented by climate change.

The resolution filed at BP requested that the company report on the alignment between its strategy and the goals set out by the Paris Agreement. Included in this report is an evaluation of how BP's capex investments, energy products, and other operations contribute to total greenhouse gas emissions. Furthermore, the resolution asked the company to report on its progress towards reaching emission reduction targets in addition to any links between these targets and executive remuneration.

At BP's annual meeting, the resolution received overwhelming shareholder support with 99.14% of votes in favor. Prior to the vote, an extensive dialogue was carried out between the company and various engagers. Throughout this dialogue, co-filers such as ourselves also provided input, allowing the company to engage with a larger audience of investors. Other factors such as UK regulation and public scrutiny also played a role in passing the resolution, but perhaps greatest contributor was that management themselves recommended to vote in favor. BP's support for this proposal is likely due to the collaborative dialogue between the company and the CA100+ group, which demonstrates the value of engagement and voting.

The adoption of such a comprehensive climate change resolution by one of the world's largest oil and gas companies marks a positive change in industry. While many industry players could still improve their climate strategy and disclosure, this successful resolution at BP should encourage them to follow suit.

Exxon Mobil

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.

Meeting date: 29th May 2019
Whereas some oil majors are confronting shareholder pressure on climate-related topics head-on, other companies appear to be turning a blind eye. ExxonMobil falls into the latter category as the Company failed to address the climate-related concerns raised in the ramp-up towards its recent AGM.

The investor group Climate Action 100+ filed a shareholder proposal calling on Exxon to issue a report on the alignment between its strategy and the Paris Agreement. The company alleged that the resolution was micromanaging the decision-making process within the executive team and sought non-action relief from the US Securities and Exchange Commission (SEC). Considering this development, the investor group sent a letter to the SEC highlighting the relevance of the topic for the business and the society, requesting the organization to reconsider endorsing the company's claims. In the end the proposal was not put up for vote because the SEC ruled in favor of the company and allowed it to remove the resolution from the meeting agenda. Many investors who supported the removed proposal ended up voting against the election of board members. We took the decision to vote against the Chairman and Lead Director due to the revoked resolution. The underlying rationale for such a vote was that the board did not execute its responsibility to hold management accountable to shareholders. We voted in favor of another shareholder proposal filed at ExxonMobil that sought to establish a specialized board committee to oversee the Company's climate change strategy. In lieu of the removed shareholder proposal, such a committee would help to ensure that a material issue like climate change is properly addressed at the board level. Currently, environmental issues are only discussed via Exxon's Public Issues and Contributions Committee, which is also tasked with reviewing all significant public issues. While climate change is certainly a public issue, it is of particular material relevance to the Company's future in the energy sector. In the end, the proposal to form this committee only received support from 7.4% of all votes.

Compared to its peers, ExxonMobil is a perpetual laggard in its climate approach. Several the Company's competitors have already established climate change committees and acknowledged them as necessary for navigating the energy transition. Additionally, a similar proposal filed by the Climate Action 100+ that ExxonMobil removed was also filed at BP, where it received overwhelming support from both management and shareholders. Overall, oil and gas companies seem to be slowly acclimating to a changing industry, but the pressure they face from shareholders is likely to increase.

Robeco's Proxy Voting Approach

About Robeco

Our Active Ownership team has been voting on behalf of Robeco's clients since 1998, when proxy voting emerged as an instrument for promoting responsible investing. Robeco's dedicated voting team offers a comprehensive proxy voting service and currently votes on behalf of clients at more than 5,000 meetings per year. All proxy voting activities are carried out by dedicated, in house, voting analysts in the Active Ownership team. We provide our clients with an integrated and cutting edge voting product, built up of 20 years of experience

Voting Policy

The basis of any well informed proxy voting decision starts with the development of a proxy voting policy designed to ensure that we vote proxies in the best interest of our clients. Our voting policy is based on the widely accepted principles of the International Corporate Governance Network (ICGN), which provide a broad framework for assessing companies corporate governance practices. The ICGN principles offer scope for companies to be assessed according to local standards, national legislation and corporate-governance codes of conduct. We constantly monitor the consistency of our general voting policy with the ICGN principles, laws, governance codes and systems as well as client specific voting policies. Our voting policy is formally reviewed at least once a year. We also take into account company specific circumstances and best practices when casting our vote. With our voting and engagement practices, we aim to encourage the management teams of companies in which we invest to implement good corporate governance and responsible policies to increase long-term shareholder value while encouraging responsible corporate behavior.

External Credibility

With 20 years of experience in proxy voting on which to draw, Robeco's integrated approach to active ownership is widely recognized as best practice in the asset management industry. The quality of our approach was confirmed in the UN PRI assessment, where we attained the highest possible score (A+) for active ownership, and in a recent survey by Share Action, who ranked Robeco amongst the top performers in their survey 'Responsible Investment Performance of European Asset Managers'.


ROBECO

Robeco's Active Ownership Team

Robeco's voting and engagement activities are carried out by a dedicated Active Ownership Team, working in close collaboration with Robeco's Investment Teams, and RobecoSAM's Sustainability Investing Research team. This team was established as a centralized competence centre in 2005. The team consists of 14 qualified active ownership professionals based in Rotterdam, the Netherlands, and Hong Kong. As Robeco operates across markets on a global basis, the team is multi-national and multi-lingual. The team is headed by Carola van Lamoen.

About Robeco

Robeco Institutional Asset Management B.V. (Robeco) is a global asset manager, headquartered in Rotterdam, the Netherlands. Robeco offers a mix of investment solutions within a broad range of strategies to institutional and private investors worldwide. As of June 2019, robeco had EUR 186 billion in assets under management. Founded in the Netherlands in 1929 as 'Rotterdamsch Beleggings Consortium', Robeco is a subsidiary of ORIX Corporation Europe N.V. (ORIX Europe), a holding company which also comprises the following subsidiaries and joint ventures: Boston Partners, Harbor Capital Advisors, Transtrend, RobecoSAM and Canara Robeco. ORIX Europe is the centre of asset management expertise for ORIX Corporation, based in Tokyo, Japan.

Robeco employs about 757 people at 17 offices worldwide (June 2019). The company has a strong European and US client base and a developing presence in key emerging markets, including Asia, India and Latin America.

Robeco strongly advocates responsible investing. Environmental, social and governance factors are integrated into the investment processes, and there is an exclusion policy is in place. Robeco also makes active use of its voting right and enters into dialogue with the companies in which it invests. To service institutional and business clients, Robeco has offices in Bahrain, Greater China (Mainland, Hong Kong, Taiwan), France, Germany, Japan, Luxembourg, Singapore, Spain, Switzerland, Sydney and the United States.

More information is available at www.robeco.com

The Investment Engineers

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