

For professional investors only



Using shareholder rights to maximize shareholder value

Investors increasingly wish to have a say in how companies in their investment portfolios are managed – particularly when it comes to ESG issues. Robeco's Active Ownership team enables institutional investors to become active owners of listed companies.

What is active ownership?

Active ownership is about exercising your rights and using your influence as an investor. Moreover, investors have a fiduciary responsibility to address ESG-related issues associated with their investments. A constructive and effective active ownership program consisting of proxy voting and engagement can encourage companies to improve their management of environmental, social and corporate governance (ESG) risks, which in turn helps decrease costs, enhancing competitiveness and profitability. As a result, active ownership helps you maximize shareholder value and enhance long-term returns.

Engagement

Engagement consists of a constructive dialogue between institutional investors and investee companies to discuss how they manage ESG risks and seize business opportunities associated with sustainability challenges.

We engage with companies on behalf of institutional investors to maximize the value of their investments, using two engagement overlay options:

- Value engagement: a proactive approach focusing on material sustainability themes that have the most potential to create value for shareholders. These themes are selected in cooperation with Robeco's analysts and portfolio managers located around the globe, based on the financial materiality analysis conducted by RobecoSAM's Sustainability Investing Research team.
- Enhanced engagement focuses on companies that severely and structurally breach principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption.

For both types of engagement, we establish concrete, measurable objectives for both types of engagement. Our engagements typically run over a three-year period, during which we have

Why active ownership?

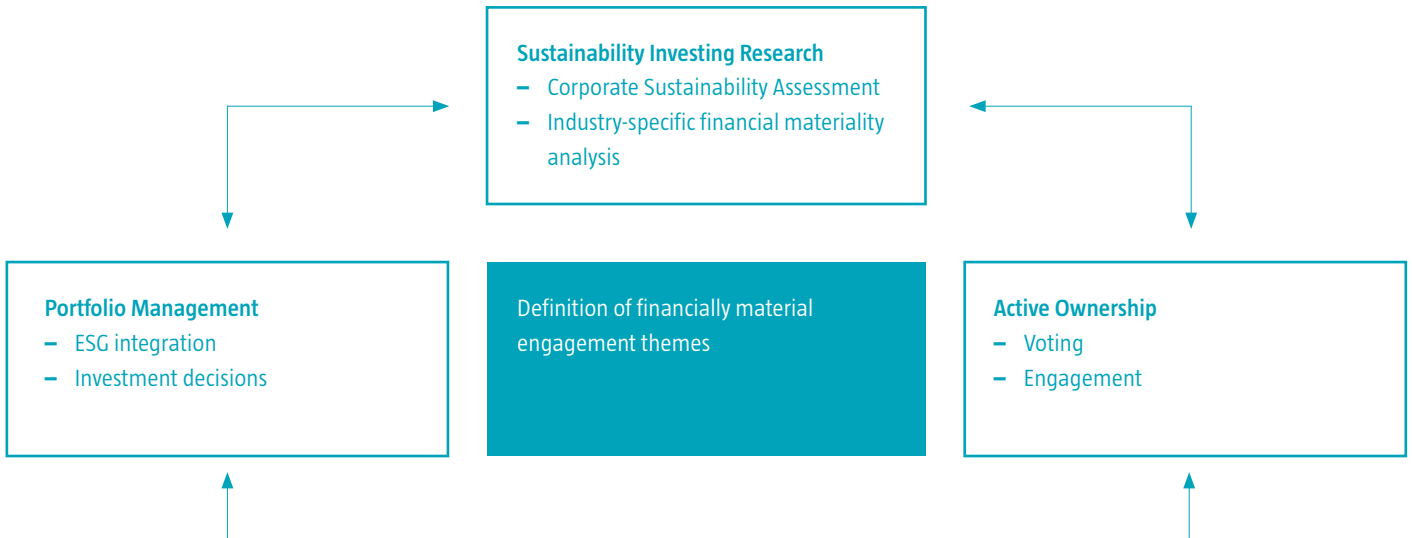
Engagement and voting on ESG topics offers institutional investors a range of benefits:

- Financially material ESG issues are important drivers of shareholder value and contribute to an improved risk / return profile
- Enables investors to use their investments to generate a positive environmental and social impact and contribute to the UN Sustainable Development Goals
- Helps investors comply with regulatory requirements and commitments to industry codes and initiatives
- A constructive dialogue with companies is more effective than exclusion
- Enhances investors' reputation.

VOTES at approximately
4,800 shareholder
meetings in **73** countries

ENGAGES with
200 companies
in **35** countries

45 (87%) out of 52
engagement cases closed
successfully in 2016



We work closely with our colleagues in Robeco offices throughout the world. Based on RobecoSAM Sustainability Investing Research team's financial materiality analysis and input from analysts and portfolio managers, we determine financially material engagement themes and objectives. The results of our engagement efforts are then communicated to the analysts and portfolio managers throughout the Robeco Group so that they can incorporate this information into their investment decisions.

regular contact with company representatives. We track progress against the engagement objectives set.

Proxy Voting

Our voting service overlay enables investors to exercise their shareholder rights and has a positive influence on the corporate governance of the companies in their portfolio. Our voting policy is based on the internationally recognized International Corporate Governance Network (ICGN) principles, which provide a comprehensive framework for assessing companies' corporate governance practices.

Why Robeco?

Structured process: proven engagement method based on financial materiality analysis, clear engagement objectives, intense dialogues and transparent reporting.

Credibility: Robeco's active ownership activities have been recognized as industry best practice and were awarded the highest possible score (A+) by the 2016 UN PRI assessment.

Transparency: clients receive detailed reports outlining the results of our engagement and voting efforts.

Robeco at a glance

- Voting introduced in 1998 and engagement in 2005
- Active Ownership team of 11 permanent staff supported by 8 researchers*
- EUR 231 billion in assets under engagement and EUR 55.5 billion in assets under voting on behalf of more than 40 institutional investors*

* Numbers as of December, 2016

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