



Proxy Voting Policy

ROBECO INSTITUTIONAL ASSET MANAGEMENT

Proxy Voting Principles

Robeco Institutional Asset Management (hereinafter: Robeco) actively advocates Sustainability Investing and are active owners. Robeco encourages good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy voting is part of Robeco's Active Ownership approach. Robeco has adopted written procedures reasonably designed to ensure that we vote proxies in the best interest of our clients. The Robeco policy on corporate governance relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). The ICGN principles have been revised in June 2014. The proxy voting policy is the standard policy for Robeco and applies to investment funds voted for RobecoSAM. For discretionary mandates Robeco can implement any proxy voting policy a client prefers.

Voting Guidelines

Financial statements and external auditors

1. Vote for approval of financial statements, director reports and auditor reports unless:
 - there are concerns on reliability of accounts or followed procedures
 - the company is unresponsive to shareholders' questions for information
 - there are concerns on the company's performance and shareholders do not have the opportunity to express their dissatisfaction through voting against appropriate proposals as they are not included on the agenda.
2. Vote for the appointment of (statutory) auditors and associated compensation unless:
 - the company is unresponsive to shareholders' requests for information
 - the auditor is changed suddenly and without good reason
 - Vote against when issues regarding the tenure, fees and independence of the audit are not in line with market best practice

Board of Directors

3. Vote for the election of a director nominated by management unless:
 - past performance of the nominee shows clear concerns, including repeated absence at board meetings, criminal behavior or breach of fiduciary responsibilities
 - the nominated director is an insider or affiliate to the company and the board is not sufficiently independent according to local standards
 - the board is not sufficiently independent according to local standards
 - a more suitable director nominated by shareholders is available for election
 - the board repeatedly shows unwillingness to implement good governance standards, such as persistently unacceptable compensation practices.
 - the nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills and external commitments.

- the board fails to meet legal requirements on gender diversity. In markets where there is no regulation, we will refrain from supporting the election of directors if the board has not made reasonable progress towards gender diversity according to local standards.
4. Vote for board directors nominated to the Audit Committee unless:
 - the Audit committee is not sufficiently independent according to local standards
 - the director lacks accounting knowledge or auditing experience, and the committee does not have at least one member with such relevant skills
 - there is concern about the quality of the audit, and the level and/or timing of the verification of the audited accounts.
 5. Vote for the election of a director nominated by shareholders unless:
 - past performance of the nominee shows clear concerns
 - a more suitable director nominated by management is available for election
 - In cases where too little information is disclosed, abstain from voting
 6. Vote for a fixed board size, unless it allows for an excessive number of members.
 7. Vote for declassification of the board
 8. Assess changes in board structure or size case by case
 9. Vote for discharge of board and management unless:
 - there are clear concerns about performance of board and management in the period under review
 - other shareholders take legal action against the board
 10. Vote against indemnification of executive directors or auditors

Remuneration

11. Assess compensation plans for executive directors case by case. Vote in favor for remuneration policy or its implementation unless:
 - the policy fails to align pay with performance
 - the remuneration structure places excessive focus on short term performance
 - disclosure on remuneration practices is insufficient and there are concerns of board accountability
 - remuneration is deemed excessive and bears a significant cost for shareholders

12. Vote against the remuneration policy or its implementation if any of the following occur:
 - performance targets are changed retrospectively
 - substantial one-off payments are made without performance criteria
 - golden handshakes
 - golden parachutes with single trigger
 - sign-on arrangements and severance packages that exceed market best practice
 - pension arrangements significantly out of step with broader workforce
 - bonus payments are made when company has made no profits in last two years
13. Vote for the proposed compensation of non-executive directors unless:
 - the amount of compensation is excessive by country or industry standards
 - the proposal includes retirement benefits
 - remuneration includes inappropriate incentives which might compromise the independent judgment of independent directors

Capital Management

14. Vote for the proposed allocation of income, unless:
 - the payout is not reflective of the company's financial position
 - there is a concern that the return policy is not in the interest of shareholders
 - the company has a history of poor capital management
15. Assess proposals to approve debt issuance secured with company's assets case by case
16. Assess proposals to increase debt or borrowing powers case by case
17. Vote for general issuance requests, unless:
 - issuance exceeds 100% of currently issued capital
 - issuance lacks a sufficient degree of pre-emptive rights
 - Issuance exceeds market best practice guidelines without proper justification
18. Vote for increases in authorized capital unless:
 - new authorization exceeds 100% of current authorization
 - new authorization bears no pre-emptive rights less than 30% of the new authorization is outstanding
 - the issuance exceeds market best practice guidelines without proper justification
19. Vote against issuance request of preferred stock with superior rights to common shares
20. Vote for share repurchase and re-issuance plans, unless:
 - the plan contains no safeguard against selective buybacks or re-issuance
 - there are concerns of abuse of repurchase and (selective) re-issuance plans

- transactions are carried out under unfavorable conditions for shareholders
21. Vote for reduction of capital requests, unless:
 - terms are unfavorable to shareholders
 22. Vote for debt issuance proposals, unless:
 - the issuance is excessive given the company's financial position
 - the issuance bears superior rights to common shares when converted

Mergers and acquisitions

23. Vote for mergers and acquisitions unless:
 - not enough information is available and/or provided to make an informed decision
 - voting rights, earnings distribution or any other shareholder rights are altered disproportionately
 - the structure following the merger or acquisition does not display good governance
 - the merger appears not to be in the best interest of shareholders
24. Assess proposals for reorganization and/or restructuring on a case-by-case basis

Shareholder rights

25. Assess amendments to the articles of associations or company's charter on a case-by-case basis.
 - Vote against proposed changes that are not in the best interests of minority shareholders
26. Assess amendment of quorum requirement case by case
27. Vote for proposals to convert to a "one share, one vote" capital structure
28. Vote against a change of disclosure threshold of stock ownership other than 5% (SEC standard)
29. Vote for resolutions to change a company's fiscal term, unless:
 - the motivation is to withhold shareholders' information or voting power for instance by postponing the AGM
30. Vote against the introduction or renewal of all anti-takeover mechanisms, unless all of the following conditions are met:
 - the mechanism is designed to create long term value and continuity for all stakeholders
 - the mechanism is not permanent in nature
 - the mechanism is not designed to facilitate management entrenchment
 - the mechanism doesn't allow for significant dilution or conflicts with shareholder interest
 - the company has a track record of good governance practices towards minority shareholders
 - a fully independent entity determines or has a veto with regards to the execution of the mechanism

- the company doesn't have any other anti-takeover mechanism in place
31. Vote against approval of items proposed by management for which information has not been disclosed
32. Vote against bundled resolutions if one or more of the items create(s) significant concern for shareholders

Shareholder proposals

33. Assess shareholder proposals case by case:
- Vote for proposals aiming to increase transparency on material ESG issues
 - Vote for proposals which enhance long term shareholder value creation
 - Vote for proposals which address material ESG risks, except when management and the board have demonstrated appropriate efforts to mitigate such risks in a transparent way

Social and environmental topics

Sustainability reporting

Appropriate disclosure of significant social and environmental risk factors that a business is exposed to is crucial for investors. It provides information on matters that might have a present or future impact on companies' value drivers, shareholder value creation and on the society and environment as a whole. Robeco supports sensible shareholder resolutions requesting companies to report on social and environmental policies that are material for their business.

Environmental management and climate change

For companies in high emitting sectors that do not sufficiently acknowledge the impact of climate change on their businesses, we would oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Robeco also generally supports reasonable shareholder proposals that ask companies to prepare and plan for mitigating climate change risks. This includes but is not limited to resolutions requesting companies to review their energy efficiency and consider increasing the use of renewable energies.

Human capital management and diversity

Gender diversity enhances corporate governance, talent attraction and human capital development, which fosters value creation not only within companies, but also for stakeholders and society. Robeco usually supports reasonable shareholder resolutions requesting disclosure of specific diversity targets and disclosure on gender pay gaps within companies.

Political donations and lobbying contributions

Corporate transparency is key in understanding potential legal, reputational and subsequent investment risks which can arise from opaque lobbying practices and political donations. These expenses must be consistent with the company's sustainability strategy and should be aligned with the long-term interests of investors and other relevant stakeholders. Robeco generally supports sound shareholder proposals requesting companies to review their political spending and lobbying activities.

This policy provides a non-comprehensive guideline on how our voting principles are implemented. Proposals not covered by this policy shall be voted on a case-by-case basis.

ICGN Global Governance Principles

The principles stated below are an exact reproduction of the ICGN Global Governance Principles, revised June, 2014 (London, UK).

1.0 Responsibilities

1.1 Duties

The board should act on an informed basis and in the best interests of the company with good faith, care and diligence, for the benefit of shareholders, while having regard to relevant stakeholders.

1.2 Responsibilities

The board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board members should:

- a) guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- b) monitor the effectiveness of the company's governance practices, environmental practices, and social practices, and adhere to applicable laws;
- c) embody high standards of business ethics and oversee the implementation of codes of conduct that engender a corporate culture of integrity;
- d) oversee the management of potential conflicts of interest, such as those which may arise around related party transactions;
- e) oversee the integrity of the company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control, and the independence of the external audit process;
- f) oversee the implementation of effective risk management and proactively review the risk management approach and policies annually or with any significant business change;
- g) ensure a formal, fair and transparent process for nomination, election and evaluation of directors;
- h) appoint and, if necessary, remove the chief executive officer (CEO) and develop succession plans;
- i) align CEO and senior management remuneration with the longer term interests of the company and its shareholders; and
- j) conduct an objective board evaluation on a regular basis, consistently seeking to enhance board effectiveness.

1.3 Dialogue

The board should make available communication channels for periodic dialogue on governance matters with shareholders and stakeholders as appropriate. Boards should clearly explain such procedures to shareholders including guidance relating to compliance with disclosure and other relevant market rules.

1.4 Commitment

The board should meet regularly to discharge its duties and directors should allocate adequate time to board meeting preparation and attendance. Board members should know the business, its operations and senior management well enough to contribute effectively to board discussions and decisions.

1.5 Directorships

The number, and nature, of board appointments an individual director holds (particularly the chair and executive directors) should be carefully considered and reviewed on a regular basis and the degree to which each individual director has the capacity to undertake multiple directorships should be clearly disclosed.

1.6 Induction

The board should have in place a formal process of induction for all new directors so that they are well-informed about the company as soon as possible after their appointment.

Directors should also be enabled to regularly refresh their skills and knowledge to discharge their responsibilities.

1.7 Committees

The board should establish committees to deliberate on issues such as audit, remuneration and nomination. Where the board chooses not to establish such committees, the board should disclose the fact and the procedures it employs to discharge its duties and responsibilities effectively.

1.8 Advice

The board should receive advice on its responsibilities under relevant law and regulation, usually from the company secretary or an in-house general counsel. In addition, the board should have access to independent advice as appropriate and at the company's expense.

2.0 Leadership and independence

2.1 Chair and CEO

The board should have independent leadership. There should be a clear division of responsibilities between the chairmanship of the board and the executive management of the company's business.

2.2 Lead independent director

The chair should be independent on the date of appointment. If the chair is not independent, the company should adopt an appropriate structure to mitigate any potential challenges arising from this, such as the appointment of a lead independent director. The board should explain the reasons why this leadership structure is appropriate and keep the structure under review. A lead independent director also provides shareholders and directors with a valuable channel of communication should they wish to discuss concerns relating to the chair.

2.3 Succession

If, exceptionally, the board decides that a CEO should succeed to become chair, the board should communicate appropriately with shareholders in advance setting out a convincing rationale and provide detailed explanation in the annual report. Unless extraordinary circumstances exist there should be a break in service between the roles, (e.g. a period of two years).

2.4 Effectiveness

The chair is responsible for leadership of the board and ensuring its effectiveness. The chair should ensure a culture of openness and constructive debate that allows a range of views to be expressed. This includes setting an appropriate board agenda and ensuring adequate time is available for discussion of all agenda items. There should also be opportunities for the board to hear from an appropriate range of senior management.

2.5 Independence

The board should identify in the annual report the names of the directors considered by the board to be independent and who are able to exercise independent judgement free from any external influence. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- a) is or has been employed in an executive capacity by the company or a subsidiary and there has not been an appropriate period between ceasing such employment and serving on the board;
- b) is or has within an appropriate period been a partner, director or senior employee of a provider of material professional or contractual services to the company or any of its subsidiaries;
- c) receives or has received additional remuneration from the company apart from a director's fee, participates in the company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme;
- d) has or had close family ties with any of the company's advisers, directors or senior management;
- e) holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- f) is a significant shareholder of the company, or an officer of, or

- otherwise associated with, a significant shareholder of the company;
- g) is or has been a nominee director as a representative of minority shareholders or the state;
- h) has been a director of the company for such a period that his or her independence may have become compromised.

2.6 Independent meetings

The chair should regularly hold meetings with the non-executive directors without executive directors present. In addition, the non-executive directors (led by the lead independent director) should meet as appropriate, and at least annually, without the chair present.

3.0 Composition and appointment

3.1 Composition

The board should comprise a majority of non-executive directors, the majority of whom are independent, noting that practice may legitimately vary from this standard in controlled companies where a critical mass of the board is preferred to be independent. There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making.

3.2 Diversity

The board should disclose the company's policy on diversity which should include measurable targets for achieving appropriate diversity within its senior management and board (both executive and non-executive) and report on progress made in achieving such targets.

3.3 Tenure

Non-executive directors should serve for an appropriate length of time to properly serve the board without compromising the independence of the board. The length of tenure of each director should be reviewed regularly by the nomination committee to allow for board refreshment and diversity.

3.4 Appointment process

The board should disclose the process for director nomination and election / re-election along with information about board candidates which includes:

- a) board member identities and rationale for appointment;
- b) core competencies, qualifications, and professional background;
- c) recent and current board and management mandates at other companies, as well as significant roles on non-profit/ charitable organisations;
- d) factors affecting independence, including relationship/s with controlling shareholders;
- e) length of tenure;
- f) board and committee meeting attendance; and
- g) any shareholdings in the company.

3.5 Nominations

The board should ensure that shareholders are able to nominate candidates for board appointment. Such candidacies should be proposed to the appropriate board committee and, subject to an appropriate nomination threshold, be nominated directly on the company's proxy.

3.6 Elections

Board members should be conscious of their accountability to shareholders. Accountability mechanisms may require directors to stand for election on an annual basis or to stand for election at least once every three years. Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted.

3.7 Evaluation

The nomination committee should evaluate the process for a rigorous review of the performance of the board, the company secretary (where such a position exists), the board's committees and individual directors prior to being proposed for re-election. The board should also periodically (preferably every three years) engage an independent outside consultant to undertake the evaluation. The non-executive directors, led by the lead independent director, should be responsible for performance evaluation of the chair, taking into account the views of executive officers. The board should disclose the process for evaluation and, as far as reasonably possible, any material issues of relevance arising from the conclusions and any action taken as a consequence.

3.8 Nomination committee

The board should establish a nomination committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the nomination committee should be described in the committee's terms of reference. This includes:

- a) developing a skills matrix, by preparing a description of the desired roles, experience and capabilities required for each appointment, and then evaluating the composition of the board.
- b) leading the process for board appointments and putting forward recommendations to shareholders on directors to be elected and re-elected;
- c) upholding the principle of director independence by addressing conflicts of interest (and potential conflicts of interest) among committee members and between the committee and its advisors during the nomination process;
- d) considering and being responsible for the appointment of independent consultants for recruitment or evaluation including their selection and terms of engagement and publically disclosing their identity and consulting fees;
- e) entering into dialogue with shareholders on the subject of board nominations either directly or via the board; and
- f) board succession planning.

4.0 Corporate culture

4.1 Codes of conduct /ethics

The board should adopt high standards of business ethics through codes of conduct/ ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.

4.2 Bribery and corruption

The board should ensure that management has implemented appropriately stringent policies and procedures to mitigate the risk of bribery and corruption or other malfeasance. Such policies and procedures should be communicated to shareholders and other interested parties.

4.3 Whistleblowing

The board should ensure that the company has in place an independent, confidential mechanism whereby an employee, supplier or other stakeholder can (without fear of retribution) raise issues of particular concern with regard to potential or suspected breaches of a company's code of ethics or local law.

4.4 Political lobbying

The board should have a policy on political engagement, covering lobbying and donations to political causes or candidates where allowed under law, and ensure that the benefits and risks of the approach taken are understood, monitored, transparent and regularly reviewed.

4.5 Employee share dealing

The board should develop clear rules regarding any trading by directors and employees in the company's own securities. Individuals should not benefit directly or indirectly from knowledge which is not generally available to the market.

4.6 Behaviour and conduct

The board should foster a corporate culture which ensures that employees understand their responsibility for appropriate behaviour. There should be appropriate board level and staff training in all aspects relating to corporate culture and ethics. Due diligence and monitoring programmes should be in place to enable staff to understand relevant codes of conduct and apply them effectively to avoid company involvement in inappropriate behaviour.

5.0 Risk oversight

5.1 Proactive oversight

The board should proactively oversee, review and approve the approach to risk management regularly or with any significant business change and satisfy itself that the approach is functioning effectively. Strategy and risk are inseparable and should permeate all board discussions and, as such, the board should consider a range of plausible outcomes that could result from its decision-making and actions needed to manage those outcomes.

5.2 Comprehensive approach

The board should adopt a comprehensive approach to the oversight of risk which includes all material aspects of risk including financial, strategic, operational, environmental, and social risks (including political and legal ramifications of such risks), as well as any reputational consequences.

5.3 Risk culture

The board should lead by example and foster an effective risk culture that encourages openness and constructive challenge of judgements and assumptions. The company's culture with regard to risk and the process by which issues are escalated and de-escalated within the company should be evaluated at intervals as appropriate to the situation.

5.4 Dynamic process

The board should ensure that risk is appropriately reflected in the company's strategy and capital allocation. Risk should be managed accordingly in a rational, appropriately independent, dynamic and forward-looking way. This process of managing risks should be continual and include consideration of a range of plausible impacts.

5.5 Risk committee

While ultimate responsibility for a company's risk management approach rests with the full board, having a risk committee (be it a stand-alone risk committee, a combined risk committee with nomination and governance, strategy, audit or other) can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's risk management approach.

6.0 Remuneration

6.1 Alignment

Remuneration should be designed to effectively align the interests of the CEO and senior management with those of the company and its shareholders. Remuneration should be reasonable and equitable and the quantum should be determined within the context of the company as a whole.

6.2 Performance

Performance measurement should integrate risk considerations so that

there are no rewards for taking inappropriate risks at the expense of the company and its shareholders. Performance related elements should be rigorous and measured over timescales, and with methodologies, which help ensure that performance pay is directly correlated with sustained value creation. Companies should include provisions in their incentive plans that enable the company to with-hold the payment of any sum, or recover sums paid ('clawback'), in the event of serious misconduct or a material misstatement in the company's financial statements.

6.3 Disclosure

The board should disclose a clear, understandable and comprehensive remuneration policy which is aligned with the company's long-term strategic objectives. The remuneration report should also describe, on an individual basis, how awards granted to senior management and the CEO were determined and deemed appropriate in the context of the company's underlying performance in any given year. This extends to non-cash item such as director and officer insurance, fringe benefits and terms of severance packages if any.

6.4 Share ownership

The board should disclose the company policy concerning ownership of shares by the CEO and senior management. This should include the company policy as to how share ownership requirements are to be achieved and for how long they are to be retained. The use of derivatives or other structures that enable the hedging of an individual's exposure to the company's shares should be discouraged.

6.5 Shareholder approval

Shareholders should have an opportunity to vote on the remuneration policies, particularly where significant change to remuneration structures is proposed or where significant numbers of shareholders have opposed a remuneration resolution. In particular, share-based remuneration plans should be subject to shareholder approval before being implemented.

6.6 Employee incentives

The board should ensure that the development of remuneration structures for company employees reinforce, and do not undermine, sustained value creation. Performance-based remuneration for staff should incorporate risk, including measuring risk-adjusted returns, to help ensure that no inappropriate or unintended risks are being incentivised. While a major component of most employee incentive remuneration is likely to be cash-based, these programmes should be designed and implemented in a manner consistent with the company's long-term performance drivers.

6.7 Non-executive director pay

The board should ensure that pay for a non-executive director and/or a nonexecutive chair is structured in a way which ensures independence, objectivity, and alignment with shareholders' interests. Performance-

based pay should not be granted to non-executive directors and non-executive chairs.

6.8 Remuneration committee

The board should establish a remuneration committee comprised of non-executive directors, the majority of whom are independent. The main role and responsibilities of the remuneration committee should be described in the committee terms of reference. This includes:

- a) determining and recommending to the board the remuneration philosophy and policy of the company;
- b) designing, implementing, monitoring and evaluating short-term and long-term share-based incentives and other benefits schemes including pension arrangements, for the CEO and senior management;
- c) ensuring that conflicts of interest among committee members and between the committee and its advisors are avoided;
- d) appointing any independent remuneration consultant including their selection and terms of engagement and disclosing their identity and consulting fees; and
- e) maintaining appropriate communication with shareholders on the subject of remuneration either directly or via the board.

7.0 Reporting and audit

7.1 Comprehensive disclosure

The board should present a balanced and understandable assessment of the company's position and prospects in the annual report and accounts in order for shareholders to be able to assess the company's performance, business model, strategy and long-term prospects.

7.2 Materiality

The board should disclose relevant and material information on a timely basis so as to allow shareholders to take into account information which assists in identifying risks and sources of wealth creation. Issues material to shareholder should be set out succinctly in the annual report, or equivalent disclosures, and approved by the board itself.

7.3 Affirmation

The board should affirm that the company's annual report and accounts present a true and fair view of the company's position and prospects. As appropriate, taking into account statutory and regulatory obligations in each jurisdiction, the information provided in the annual report and accounts should:

- a) be relevant to investment decisions, enabling shareholders to evaluate risks, past and present performance, and to draw inferences regarding future performance;
- b) enable shareholders, who put up the risk capital, to fulfil their responsibilities as owners to assess company management and the strategies adopted;

- c) be a faithful representation of the events it purports to represent;
- d) generally be neutral and report activity in a fair and unbiased way except where there is uncertainty. Prudence should prevail such that assets and income are not overstated and liabilities and expenses are not understated. There should be substance over form. Any off-balance sheet items should be appropriately disclosed;
- e) be verifiable so that when a systematic approach and methodology is used the same conclusion is reached;
- f) be presented in a way that enables comparisons to be drawn of both the entity's performance over time and against other entities; and
- g) recognise the 'matching principle' which requires that expenses are matched with revenues.

7.4 Solvency risk

The board should confirm in the annual report that it has carried out a robust assessment of the state of affairs of the company and any material risks, including to its solvency and liquidity that would threaten its viability. The board should state whether, in its opinion, the company will be able to meet its liabilities as they fall due and continue in operation for the foreseeable future, explaining any supporting assumptions and risks or uncertainties relevant to that and how they are being managed. In particular, disclosure on risk should include a description of:

- a) risk in the context of the company's strategy;
- b) risk to returns expected by shareholders with a focus on key consequences;
- c) risk oversight approach and processes;
- d) how lessons learnt have been applied to improve future outcomes; and
- e) the principal risks to the company's business model and the achievement of its strategic objectives, including risks that could threaten its viability.

7.5 Non-financial information

The board should provide an integrated report that puts historical performance into context, and portrays the risks, opportunities and prospects for the company in the future, helping shareholders understand a company's strategic objectives and its progress towards meeting them. Such disclosures should:

- a) be linked to the company's business model;
- b) be genuinely informative and include forward-looking elements where this will enhance understanding;
- c) describe the company's strategy, and associated risks and opportunities, and explain the board's role in assessing and overseeing strategy and the management of risks and opportunities;
- d) be accessible and appropriately integrated with other information that enables shareholders to obtain a picture of the whole company;
- e) use key performance indicators that are linked to strategy and facilitate comparisons;
- f) use objective metrics where they apply and evidence-based estimates

- where they do not; and
- g) be strengthened where possible by independent assurance that is carried out annually having regard to established disclosure standards.

7.6 Internal controls

The board should oversee the establishment and maintenance of an effective system of internal control which should be measured against internationally accepted standards of internal audit and tested periodically for its adequacy. Where an internal audit function has not been established, full reasons for this should be disclosed in the annual report, as well as an explanation of how adequate assurance of the effectiveness of the system of internal controls has been obtained.

7.7 Independent external audit

The board should publish the report from the external auditor which should provide an independent and objective opinion whether the accounts give a true and fair view of the financial position and performance of the company. The engagement partner should be named in the audit report and the company should publish its policy on audit firm rotation. If the auditor resigns then the reasons for the resignation should be publicly disclosed by the resigning auditor.

7.8 Non-audit fees

The audit committee should, as far as practicable, approve any non-audit services provided by the external auditor and related fees to ensure that they do not compromise auditor independence. The non-audit fees should be disclosed in the annual report with explanations where appropriate. Non-audit fees should normally be less than the audit fee and, if not, there should be a clear explanation as to why it was necessary for the auditor to provide these services and how the independence and objectivity of the audit was assured.

7.9 Audit committee

The board should establish an audit committee comprised of non-executive directors, the majority of whom are independent. At least one member of the audit committee should have recent and relevant financial experience. The chair of the board should not be the chair of the audit committee, other than in exceptional circumstances which should be explained in the annual report. The main role and responsibilities of the audit committee should be described in the committee's terms of reference. This includes:

- a) monitoring the integrity of the accounts and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- b) maintaining oversight of key accounting policies and accounting judgements which should be in accordance with generally accepted international accounting standards, and disclosing such policies in the notes to the company's accounts;

- c) agreeing the minimum scope of the audit as prescribed by applicable law and any further assurance that the company needs. Shareholders (who satisfy a reasonable threshold shareholding) should have the opportunity to expand the scope of the forthcoming audit or discuss the results of the completed audit should they wish to;
- d) assuring itself of the quality of the audit carried out by the external auditors and assessing the effectiveness and independence of the auditor each year. This includes overseeing the appointment, reappointment and, if necessary, the removal of the external auditor and the remuneration of the auditor. There should be transparency in advance when the audit is to be tendered so that shareholders can engage with the company in relation to the process should they so wish;
- e) having appropriate dialogue with the external auditor without management present and overseeing the interaction between management and the external auditor, including reviewing the management letter provided by the external auditors and overseeing management's response; and
- f) reporting on its work and conclusions in the annual report.

8.0 General meetings

8.1 Shareholder identification

The board should ensure that the company maintains a record of the registered owners of its shares or those holding voting rights over its shares. Registered shareholders, or their agents, should provide the company (where anonymity rules do not preclude this) with the identity of beneficial owners or holders of voting rights when requested in a timely manner. Shareholders should be able to review this record of registered owners of shares or those holding voting right over shares.

8.2 Notice

The board should ensure that the general meeting agenda is posted on the company's website at least one month prior to the meeting taking place. The agenda should be properly itemised and include the date and location of the meeting as well as information regarding the issues to be decided at the meeting.

8.3 Vote deadline

The board should clearly publicise a date by which shareholders should cast their voting instructions. The practice of share blocking or requirements for lengthy share holdings should be discontinued.

8.4 Vote mechanisms

The board should promote efficient and accessible voting mechanisms that allow shareholders to participate in general meetings either in person or remotely, preferably by electronic means or by post, and should not impose unnecessary hurdles.

8.5 Vote disclosure

The board should ensure that equal effect is given to votes whether cast in person or in absentia and all votes should be properly counted and recorded via ballot. The outcome of the vote, the vote instruction (reported separately for, against or abstain) and voting levels for each resolution should be published promptly after the meeting on the company website.

If a board-endorsed resolution has been opposed by a significant proportion of votes, the company should explain subsequently what actions were taken to understand and respond to the concerns that led shareholders to vote against the board's recommendation.

9.0 Shareholder rights

9.1 Share classes

The board should disclose sufficient information about the material attributes of all of the company's classes and series of shares on a timely basis. Ordinary or common shares should feature one vote for each share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power disproportionate to their economic interests should be disclosed and explained. Dual class share structures should be kept under review and should be accompanied by commensurate extra protections for minority shareholders, particularly in the event of a takeover bid.

9.2 Major decisions

The board should ensure that shareholders have the right to vote on major decisions which may change the nature of the company in which they have invested. Such rights should be clearly described in the company's governing documents and include:

- a) amendments to governing documents of the company such as articles or bylaws;
- b) company share repurchases (buybacks);
- c) any new share issues. The board should be mindful of dilution of existing shareholders and provide full explanations where pre-emption rights are not offered;
- d) shareholder rights plans ('poison pills') or other structures that act as anti-takeover mechanisms. Only non-conflicted shareholders should be entitled to vote on such plans and the vote should be binding. Plans should be time limited and put periodically to shareholders for re-approval;
- e) proposals to change the voting rights of different series and classes of shares; and
- f) material and extraordinary transactions such as mergers and acquisitions.

9.3 Conflicts of interest

The board should ensure that policies and procedures on conflicts of interest are established, understood and implemented by directors,

management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.

9.4 Related party transactions

The board should disclose the process for reviewing and monitoring related party transactions which, for significant transactions, includes establishing a committee of independent directors. This can be a separate committee or an existing committee comprised of independent directors, for example the audit committee. The committee should review significant related party transactions to determine whether they are in the best interests of the company and, if so, to determine what terms are fair and reasonable. The conclusion of committee deliberations on significant related party transactions should be disclosed in the company's annual report to shareholders.

9.5 Shareholder approval

Shareholders should have the right to approve significant related party transactions and this should be based on the approval of a majority of disinterested shareholders. The board should submit the transaction for shareholder approval and disclose (both before concluding the transaction and in the company's annual report):

- a) the identity of the ultimate beneficiaries including, any controlling owner and any party affiliated with the controlling owner with any direct / indirect ownership interest in the company;
- b) other businesses in which the controlling shareholder has a significant interest; and
- c) shareholder agreements (e.g. commitments to related party payments such as licence fees, service agreements and loans).

9.6 Shareholder questions

The board should allow a reasonable opportunity for the shareholders at a general meeting to ask questions about or make comments on the management of the company, and to ask the external auditor questions related to the audit.

9.7 Shareholder resolutions

The board should ensure that shareholders have the right to place items on the agenda of general meetings, and to propose resolutions subject to reasonable limitations. Shareholders should be enabled to work together to make such a proposal.

9.8 Shareholder meetings

The board should ensure that shareholders, of a specified portion of its outstanding shares or a specified number of shareholders, have the right to call a meeting of shareholders for the purpose of transacting the legitimate business of the company.

9.9 Thresholds

Any threshold associated with shareholder resolutions, shareholder proposals or other such participation, should balance the need to ensure the matter under consideration is likely to be of importance to all shareholders and not only a small minority.

9.10 Equality and redress

The board should ensure that shareholders of the same series or class are treated equally and afforded protection against abusive or oppressive conduct by the company or its management, including market manipulation, false or misleading information, material omissions and insider trading. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress. Proper remedies and procedural rules should be put in place to make the protection effective and affordable. Where national legal remedies are not afforded the board is encouraged to ensure that sufficient shareholder protections are provided in the company's bylaws.

Proxy Voting Execution

The proxy voting process imposes several practical issues, that are considered by Robeco to determine if casting proxy votes is in the best interest of the beneficial owner. The most important considerations are discussed below.

1.0 Costs associated with proxy voting

Robeco exercises its voting rights for all of its listed funds that have direct equity investments. Only when the costs of proxy voting incur direct significant costs that could affect portfolio performance, proxy voting might not be exercised. Direct costs are those that are directly charged to an investment fund and affects the performance of the fund. For Robeco listed fund cost estimations are performed on an annual basis. The RIAM executive committee approves for which funds voting should be implemented taking these cost considerations into account. For discretionary investment mandates voting preferences are discussed with beneficial owner.

2.0 Share blocking markets

In several markets proxy voting requires share blocking. This means that trading shares is prohibited after sending a voting instruction for an equity position. In these markets Robeco votes proxies when the agenda contains a controversial item and the number of stocks have a noticeable effect on the approval percentages. In these cases, on a general basis Robeco votes 80% of the equity position. The remaining 20% facilitates ad-hoc trading, if necessary.

3.0 Securities lending

Robeco has a securities lending program for several of its listed mutual funds. When shares are on loan, Robeco is contractually unable to exercise voting rights for these shares.

For our public funds we review if shares are out on loan for upcoming shareholder meetings. The decision to recall shares, depends on two main guidelines. 1) In principle we aim to vote all of our equity position, with at least the majority of that stake. 2) In certain cases recalling shares for an even higher percentage is desired when

1. The company is a significant holding
2. The company is subject to our engagement program and / or engagement has proven unsuccessful thus far and
3. The agenda for the shareholder meeting contains a controversial proposal.

Robeco's securities lending program is monitored by our lending agent for the misuse of voting rights.

4.0 Use of Proxy Advisors

Robeco uses a proxy voting platform and proxy voting recommendations for all of the meetings which we vote. Our proxy voting advisor (Glass Lewis. Co) provides voting recommendations based upon Robeco's custom

voting policy. A Robeco team of dedicated voting analysts then analyze the merit of each agenda item. This analysis, based upon Robeco's voting policy takes precedence over the recommendations of the proxy voting advisor. This means Robeco's instructions often deviate from the recommendations of both management and the proxy advisor.

On a at least annual basis, we evaluate our proxy voting agent, on the quality of governance research and the alignment of (customized) voting recommendations and Robeco's voting policy. This review is part of Robeco's control framework and is externally assured.

Contact

Robeco Institutional Asset Management B.V.

Carola van Lamoen
Head Governance and Active Ownership
Weena 850
3014 AD Rotterdam
The Netherlands

c.van.lamoen@robeco.nl
www.robeco.com