

RobecoSAM Communication on Progress (COP)

General

Period covered: *FY2015-FY2016*

Background and Scope of COP: RobecoSAM is a specialized investment manager, focusing exclusively on Sustainability Investing with about 110 employees based in Zurich, Switzerland. Given the nature of our business and our size, the direct impact of our operations on environmental or human rights matters is negligible. However, RobecoSAM has been assessing companies on environmental, social and economic criteria since 1995.

RobecoSAM's Corporate Sustainability Assessment (CSA), which forms also the backbone of our investment activities, evaluates and rates publicly listed companies on the basis of public information as well as information provided directly by those companies. The overall market capitalization of all companies assessed amounts to over 37 trillion US dollars, which represents over 55% of the world global market capitalization of publically traded stocks. Many of these companies use the results of RobecoSAM's assessment as a benchmark to improve their own corporate sustainability performance. RobecoSAM's indirect impact on global corporates behavior is therefore infinitely more significant than its direct impact due to its own operations. Hence, in the following report, we mostly address our indirect impact.

While one of the outputs of this assessment is widely known as the Dow Jones Sustainability Indices, RobecoSAM also puts together an annual review of the assessment, the RobecoSAM Yearbook, which we attach to this COP. Since September 2016, the results of our research are also available as industry-specific percentile rankings for all covered firms on Bloomberg platforms with the objective of increased transparency and as additional incentive for firms to address ESG topics pro-actively. Finally, our investment activities are focused on identifying firms with superior corporate sustainability practices and that offer products and services that support sustainable development. If we identify investment opportunities with unsatisfactory track records, we engage with the companies to improve their performance and may divest if the issues are not resolved in a reasonable amount of time (generally three years).

Statement of continued support by the Chief Executive Officer (CEO)

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017, USA

Zurich, December 9, 2016

Dear Mr. Secretary-General,

We are pleased to confirm that RobecoSAM continues to support the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to further advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals (SDGs). RobecoSAM will continue making a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement or to help implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy.

Sincerely yours,



Reto Schwager
Chief Executive Officer a.i.
RobecoSAM

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Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, Policy and Goals

Description of the relevance of human rights for the company. Description of policies, public commitments and company goals on Human Rights.

RobecoSAM believes that all companies should follow Principle 1 and 2. We also believe that companies that have systems in place which ensure that such issues won't take place in their own global operations as well as in their supply chain will outperform those of their peers which do not have such systems in place. Hence, we evaluate for all of the companies which we assess annually if they follow principles 1 and 2 and are continuously monitoring latest developments in global standards and company reporting to ensure our evaluation reflects current best practices. In 2015, we redesigned the Human Rights criteria of our corporate assessment, updating questions on company commitments, due diligence and assessment efforts, and disclosure.

Implementation

Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

As mentioned above, companies are asked to answer specific questions about human rights and processes in place and to provide documents demonstrating their internal and external human rights policy, assessment processes and due diligence practices. Violations are identified and tracked through our Media- and Stakeholder Assessment Process, which leads to score reductions in our rating system. Severe cases are escalated to a dedicated committee, which takes decisions on active exclusions from our investment processes and index constituent lists.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores in the form of a benchmarking scorecard, and they try to improve year over year versus their peers.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Description of the relevance of labour rights for the company. Description of written policies, public commitments and company goals on labour rights.

RobecoSAM believes that employees are a company's most important resource. As such, it is important to treat its workforce with respect and dignity. Companies which don't follow recognized international standards will eventually lose their employees to companies which do, and expose themselves to reputational risks and liabilities thereby underperforming their peers in the long run. Hence, RobecoSAM asks questions to all of the companies assessed that are related to labour conditions, standards and management practices related to the workforce.

Implementation

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

As mentioned above companies are asked to answer specific questions about labour

indicators, rights and processes in place. In addition, RobecoSAM reviews cases involving accusations and violations of labour rights by companies in our Media & Stakeholder Analysis (MSA), and confirmed violations detract from Companies' total score or lead to exclusion from our investable universe as described above. In severe cases, we will engage with companies to ensure corrective actions taken and performance improves over time.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, and they try to improve year over year versus their peers.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Description of the relevance of environmental protection for the company. Description of policies, public commitments and company goals on environmental protection.

RobecoSAM believes it is critical that companies take into consideration global trends in running their businesses. Climate change, water scarcity, energy scarcity, resources scarcity, pollution of the biosphere and decreasing biodiversity are trends which are likely to have significant impact on the risk profiles of companies in the decades to come. At the same time, companies bringing solutions to these environmental challenges will benefit from those higher growth opportunities. RobecoSAM assesses companies on their ability to manage such environmental risks and opportunities.

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.

As mentioned above companies are asked to report on environmental KPIs, and processes in place, such as climate strategy, CO2 emissions, energy usage, water usage, water related risks, toxic waste, recycling of products, life cycle analysis, etc.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, and they try to improve year over year versus their peers.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company. Description of policies, public commitments and company goals on anti-corruption.

Corruption represents high transaction cost for companies and limits fair competition, hence RobecoSAM believe that companies should do all they can to combat corruption in their spheres of influence. Processes put in place by companies to minimize corruption are assessed looking at companies' codes of conducts, educational systems, whistle blowing policy, historical cases of violations of the company's codes of conduct, and reporting on breaches.

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

As mentioned above companies are asked to answer specific questions about corruption, KPIs, and processes in place.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, which they try to improve year over year versus their peers.