

Water Risk Research

An Investor Perspective

7 June 2010

London

Agenda

- 1. Introductions**
- 2. Robeco's approach to mitigating corporate water risk**
- 3. Water risk and the investment strategy- the missing link**
- 4. Conclusions**

Robeco's Approach to Water Risk

- 1. Engagement**
- 2. ESG integration**

Robeco's engagement proposition

- Taking responsibility attached to shareholder rights
- Responding to beneficiaries' expectations
- Responding to societal expectations
- Expecting performance enhancements
- Fulfilling fiduciary duty driven by legislation and soft coded law
- Seeking alignment with the fund's raison d'être

Engagement on Water Risk

1. Why engage on water?

1. Reputation
2. Licence to operate
3. Disruption in operations
4. protecting shareholder value

Research is the first step in engagement

- 1. Identify companies in portfolio**
- 2. Identify issues through research**
- 3. Propose engagement topics**
 1. Benchmark using sector leaders, laggards

The engagement process

1. **What do we ask?**
 1. Standard risk assessment
 2. Policy, management, systems, analysis of risk, responsibility, disclosure, link with other ESG issues
2. **Example: water in the textile sector, water in the food and beverage sector**

Water risk research- the missing link

- 1. Water risk in investment decision making**
- 2. Communication with financial analysts**
- 3. Additional water risk research**



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Thank you!

For further information contact: l.yacob@robeco.nl



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