ROBECO
The Investment Engineers

8

ACTIVE OWNERSHIP REPORT

ROBECO | 01.01.2022 - 31.03.2022

Q1 2022

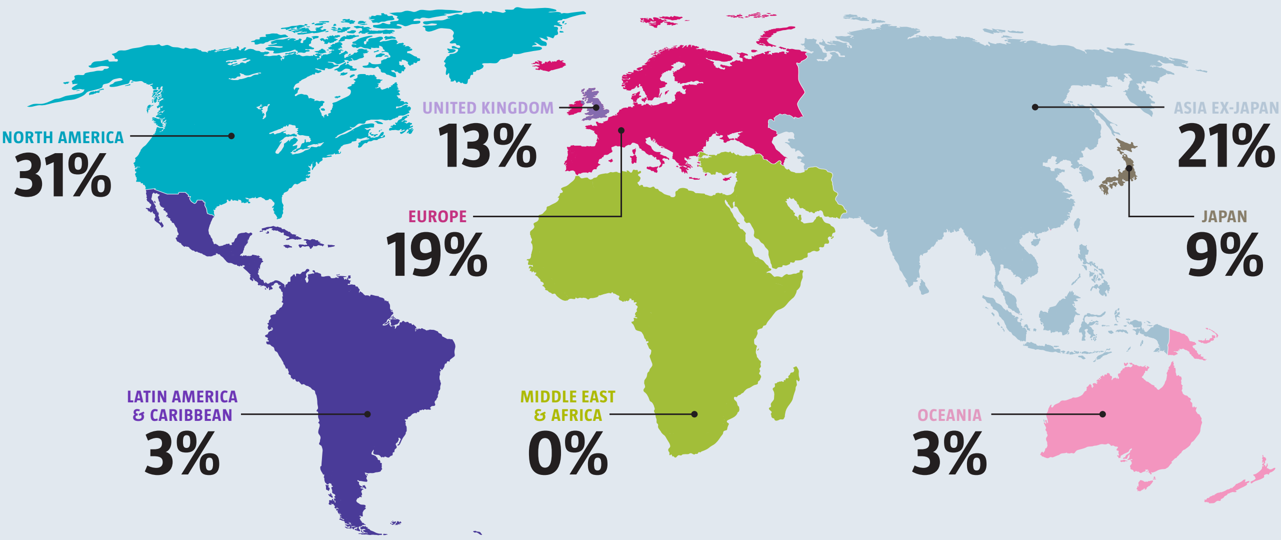
BORDER TO COAST PENSIONS PARTNERSHIP

Sustainable Investing Expertise by ROBECOSAM

8

Q1|22 FIGURES ENGAGEMENT

Engagement activities by region



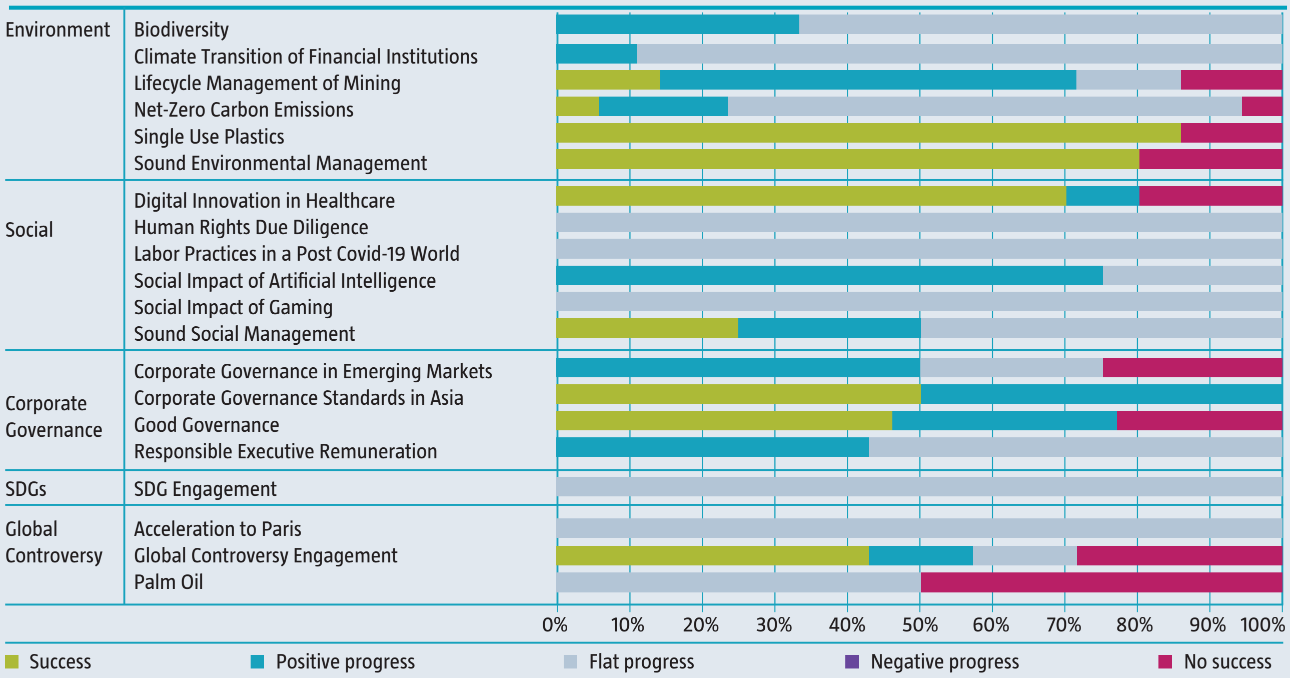
Number of engagement cases by topic

	Q1	Q2	Q3	Q4	YTD
Environment	23				23
Social	12				12
Corporate Governance	13				13
SDGs	10				10
Global Controversy	9				9
Total	67				67

Number of engagement activities per contact type

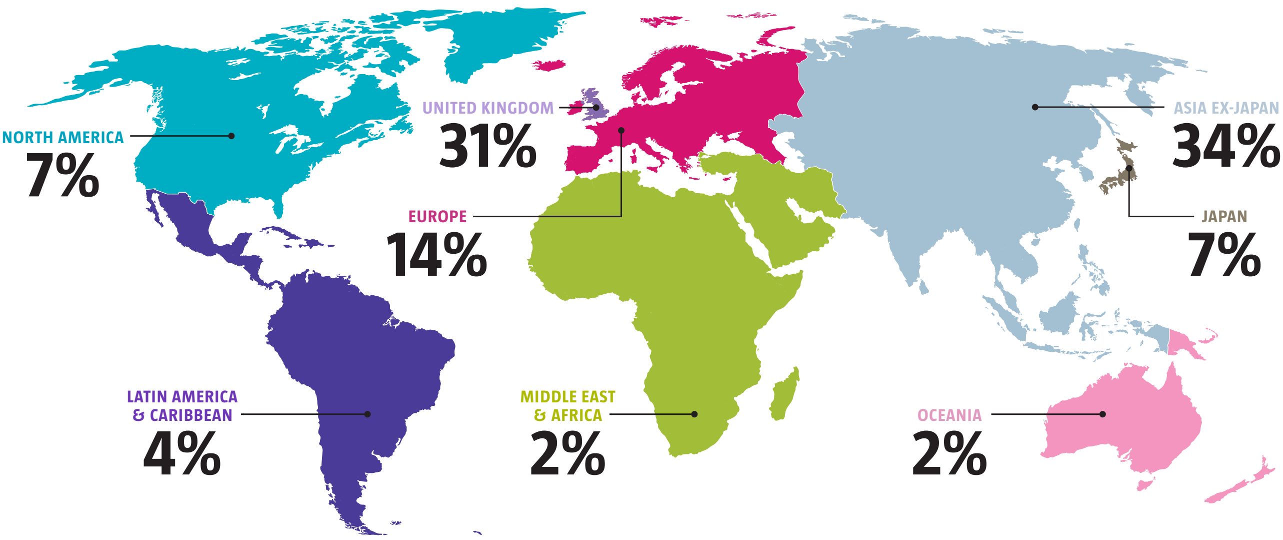
	Q1	Q2	Q3	Q4	YTD
Meeting	1				1
Conference call	42				42
Written correspondence	50				50
Shareholder resolution	0				0
Analysis	9				9
Other	1				1
Total	103				103

Progress per theme



Q1|22 FIGURES VOTING

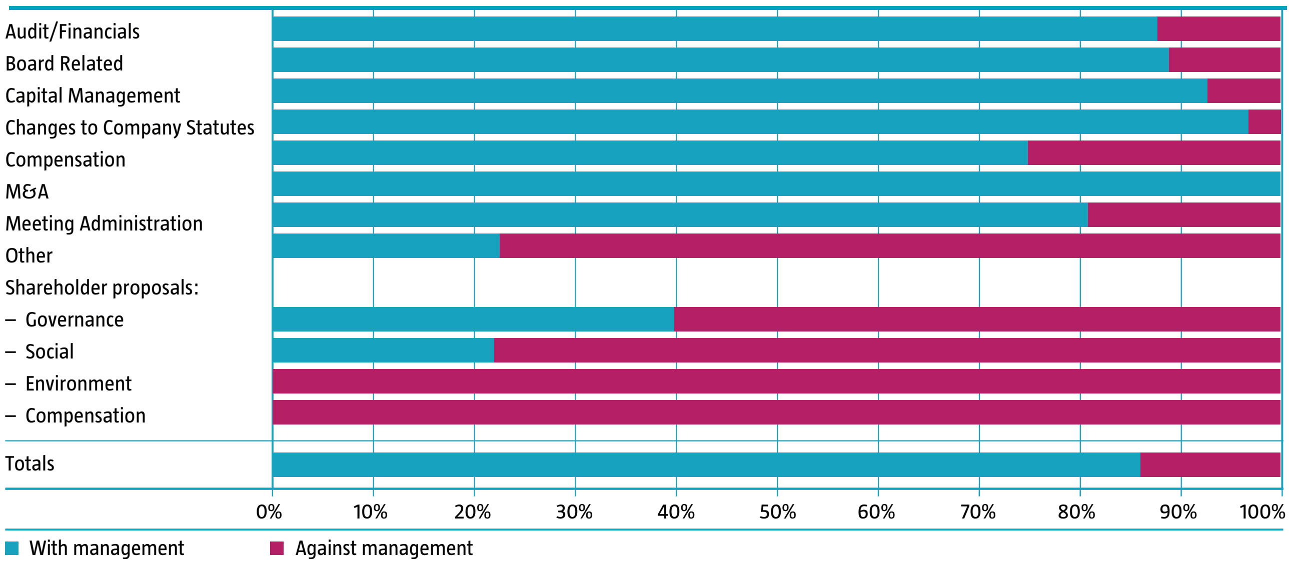
Shareholder meetings voted by region



Voting overview

	Q1	Q2	Q3	Q4	YTD
Total number of meetings voted	121				121
Total number of agenda items voted	1.398				1.398
% Meetings with at least one vote against management	60%				60%

Votes cast per proposal category



8

CONTENTS

INTRODUCTION

The first quarter of 2022 has left many in shock. As the Russia-Ukraine crisis led the news around the world, many investors have been looking how to respond to the Russian invasion of a sovereign state. In this report, we want to provide you with a special insight into how Robeco assesses companies displaying controversial behavior, and explain our strengthened controversy engagement approach.

The newest report by the UN Intergovernmental Panel on Climate Change (IPCC) highlighted how natural ecosystems and biodiversity are being put under increasing threat as climate change advances.

In this context, we want to reflect on our ongoing engagement with the palm oil sector. The engagement, which was formally launched in 2019, asked palm oil producers and traders to raise their share of cultivated land certified by the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder organization fighting deforestation and protecting local communities' rights. Based on the progress around product traceability and certification levels that we have followed over the last three years, we have further raised the bar for our investments in palm oil. We have now entered an ambitious new three-year engagement cycle, encouraging companies to reach 80% RSPO certification by the end of 2024.

Closely linked to biodiversity, our Lifecycle Management of Mining program is entering the last year of its engagement, addressing not just water and tailings dam risks, but increasingly also pushing for adequate asset retirement planning. While acknowledging the differences in asset retirement standards and plans linked to the age and location of each mine, the engagement aims to encourage companies to think about the end-of-life management of their mines, and overcome the wide disclosure gap currently obscuring risk management processes.

Lastly, we are pleased to share the outcomes of our engagements with the Brazilian Stock Exchange, around creating a stronger proxy voting process. The Brazilian proxy voting system has long been a thorn in the side of international investors, limiting investors' ability to challenge director appointments and have a say on last minute agenda additions. Following our collaborative engagement, the Brazilian Securities and Exchange Commission issued new guidelines for publicly traded companies, including several of Robeco's suggestions which will hopefully lead to reducing the administrative burden associated to proxy voting in Brazil.

Amid the turbulent events marking the beginning of 2022, we see that investors' focus on using their power and influence towards invested companies to improve their sustainable practices is gaining even more momentum. We are pleased with the progress we have made throughout this quarter and are looking forward to another year of meaningful engagement.

Carola van Lamoen
Head of Sustainable Investing

The search for Global Ethics

GLOBAL CONTROVERSY ENGAGEMENT

YUMI FUJITA – *Controversy Engagement Specialist*

The war in Ukraine, the military regime in Myanmar, the climate crisis and various other human rights and geopolitical events that have shaped the world over the last years have all triggered debates on the role of companies during these difficult times. Triggered by these events and growing regulation around sustainable finance, we have seen renewed emphasis on adhering to some of the commonly accepted international norms and ethical standards, such as the UN Global Compact (UNGC).

Robeco acts in accordance with the UNGC, the OECD Guidelines for Multinational Enterprises (OECD Guidelines), and the UN Guiding Principles on Business and Human Rights (UNGPs). We have also been guided by international treaties underlining these standards to assess the behavior of companies over recent years. Given Robeco's strong commitment to sustainable investing and the growing importance of these standards, we have updated our approach to assessing companies' controversial behavior and our means of dealing with it using our enhanced engagement program.

Updated approach to controversial behavior

The updated approach is designed to ensure robust governance around decision making, as well as comprehensive, timely and consistent assessment of companies' behavior and engagement with them when required. Some of the most important features of this improvement include:

- A strengthened oversight and decision making process by establishing the Controversial Behavior Committee
- Acquiring robust data on UNGC and OECD Guidelines breaches
- Implementation of a stricter escalation strategy for our enhanced engagement program
- Onboarding a dedicated controversy engagement specialist who leads the renewed process and enhanced engagements with companies.

Controversial Behavior Committee

Establishing the Controversial Behavior Committee in 2021 was a key milestone for the updated approach. The committee meets on a quarterly basis and has oversight and decision-making responsibilities related to the controversial behavior of corporates, focused on:

1. The assessment of controversial behavior that is (potentially) in breach of UNGC and OECD guidelines
2. The implications of this for Robeco's active ownership activities and investment strategies, and
3. Any changes that become necessary to the framework and processes related to controversial behavior assessments.

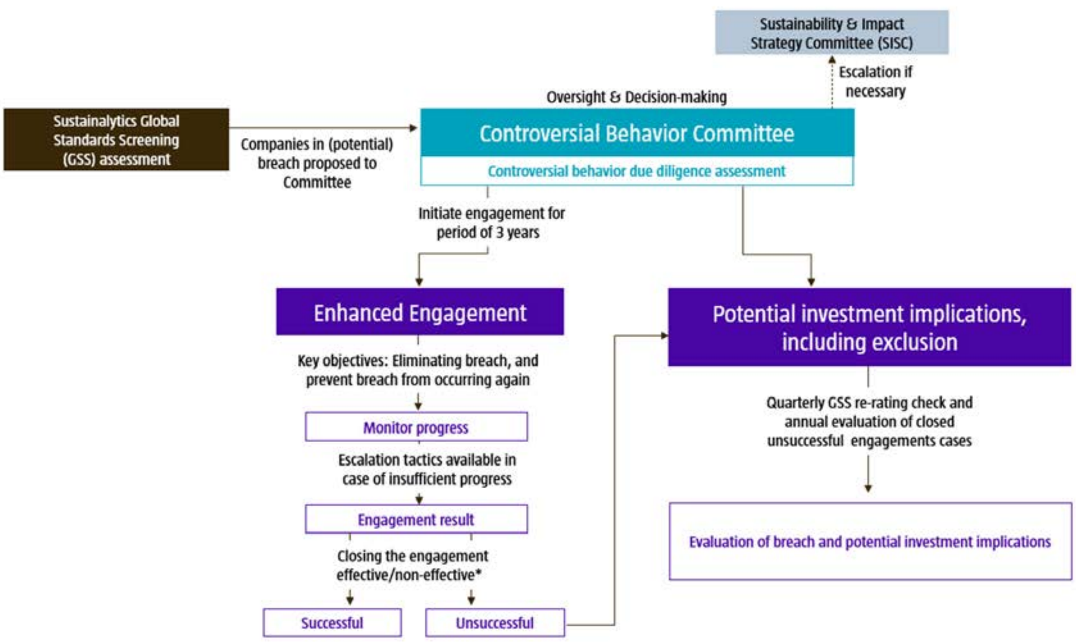
The committee is chaired by Robeco's controversy engagement specialist and consists of representatives from the investment teams, including the domains for Chief Investment Officers, sustainable investing, risk management and Compliance. As a severe breach of UNGC and OECD Guidelines triggers an enhanced engagement process with potential investment implications that could include exclusion, all assessments and proposals for opening and closing engagements require approval from the committee.

We believe that this will all lead to increased accountability and transparency with regards to our assessment of UNGC and OECD Guidelines breaches. These have gained further significance over the recent years, due to the EU Sustainable Finance regulations and a number of human rights and geopolitical events around the world.

Screening and assessment

Robeco uses Sustainalytics' Global Standards Screening (GSS) research as a source for our analysis of breaches of the UNGC and

Figure 1: Overview of the updated controversial behavior process



* Initial assessment is conducted by the responsible engagement specialist, and will be proposed to the Committee. Final decision to close the engagement case effective/non-effective lies with the Committee.

OECD guidelines. This data source covers a large number of issuers and provides clear reporting by flagging (potential) breaches of the UNGC, OECD, UNGP and other international conventions.

We will review the list of potential breaches on a quarterly basis and conduct our own assessments in terms of the nature and severity of their impact, the response of company management and their accountability for the issue. These assessments also include inputs from Robeco's SI analysts and the outlook for any future engagement. Once all the information has been gathered, the committee will decide whether a new enhanced engagement case should be opened.

Most companies that are assessed as 'non-compliant' by Sustainalytics are typically included in our enhanced engagement program, subject to our own assessment and whether the company's securities are held in our or our clients' portfolios. In addition, we monitor all companies that are assessed as potential breaches on the Sustainalytics Watchlist , a process which is described in figure 1.

Engagement approach and a stricter escalation strategy

An enhanced engagement process is applied to companies that have severe breaches of these principles and guidelines. Once a new case is opened, the enhanced engagement is aimed at eliminating the breach, followed by implementing proper management systems to prevent such a breach from reoccurring.

For all cases, the following five objectives are set:

1. Elimination of the breach
2. Development and implementation of policy in the relevant area
3. Establishing a constructive dialog with stakeholders
4. The implementation of effective risk management systems
5. Transparency on the breach and remediation efforts

When an engagement leads to a successful closure of the first objective (i.e. elimination of the breach) and at least two additional objectives, the committee will decide whether to close the engagement case successfully, based on an overview of the dialog. It is also important to note that an engagement case closed unsuccessfully is reviewed by the committee at least once a year in order to ensure a timely (re-)assessment of a breach.

We allow a maximum of three years for engagement with a company in this program. With the updated approach, we also apply a stricter escalation strategy compared to before, where the engagement trajectory is assessed at the end of one and two years. The enhanced escalation strategy is represented in figure 2. If the trajectory is not positive, we may propose that the committee closes the case unsuccessfully with potential investment implications that could include exclusion, without waiting for the full three years to elapse. We believe that this creates more accountability for companies face up to what they have done, and to improve their management of the issue to prevent a reoccurrence.

Looking ahead

While concrete outcomes of the updated approach and the engagement are likely to become clearer in the next few quarters, we expect to see an increase in the number of companies that we engage with on the global controversy engagement theme. As Robeco takes such a strong stance on breaches of international standards, we hope to see more companies' themselves taking a proactive approach to mitigating and/or addressing their impact on their stakeholders. ■

Figure 2: Escalation strategy for enhanced engagements

The Journey to Sustainable Palm Oil

PALM OIL

PETER VAN DER WERF – *Engagement specialist*

8

It's a substance that we use every day in thousands of different foods and household products. Palm oil is an ingredient in almost half of all the packaged products found in supermarkets, from pizza and chocolate to shampoo and toothpaste. Its usefulness cannot be understated – yet few people realize that the production of palm oil can come at an enormous cost to the environment, and to the people harvesting it.

The environmental, social and governance (ESG) issues associated with palm oil, led by extensive deforestation to create new plantations, have been subject to one of the longest running engagement programs at Robeco. The Active Ownership team has engaged with plantation owners in Malaysia and Indonesia in various ways for more than 12 years; almost as far back as when the team was founded in 2005.

Diligent engagement

In 2019, Robeco stepped up its process around palm oil, requiring all investee companies to become a member of the Roundtable on Sustainable Palm Oil (RSPO) and to have at least 20% of their plantations already certified, with a clear roadmap to moving to 100%. From January 1 this year, this threshold for RSPO certification was raised to 50%, with a clear pathway to having at least 80% certification by the end of 2024.

For those companies that fell just above the original 20%, and now 50% RSPO certification threshold, Robeco set up a structured enhanced engagement program to support them in achieving the certification target.

Renewed scope, same issues

Over the last three years, the team has been engaging with six companies based in Malaysia, Indonesia and Singapore. The 2019-initiated enhanced engagements came to an end in December 2021, with four companies successfully reaching the 50% certification threshold. As Robeco's updated palm oil policy came into place during this quarter, the engagement program is addressing the three companies in our investments that remain below the 80% certification level.

Fragmented production

By far the biggest issue has been with producers clearing forestry – sometimes pristine rainforest – to make way for new palm trees needed to meet the growing Western demand. Part of the problem occurs because palm oil production is highly fragmented in countries such as Indonesia, where 40% of the crop comes from two groups of smallholders.

The first group is organized small-scale farmers that sell their palm oil to the processing facilities of the large listed companies. The second group is the independent smallholders who sell to whoever is paying the best price. Palm oil is an important means of earning their livelihood for these producers, giving those small farmers access to global supply chains. However, their small scale renders it difficult for them to pay the certification costs compared to the large industrial companies.

Furthermore, we are seeing a new problem arising, as quite a few of these companies have expanded into Africa, where it is very difficult to usefully engage, as those tend to be smaller companies that are not in scope for investment. So, it's been the bigger companies in Indonesia and often Singapore-based firms that we invest in and engage with.

We expect the companies we are engaging with to use their role to support these groups of smallholders to actually get organized and certified, as well as press their governments for higher standards and higher risk management systems.

A fine line to walk

In a way, palm oil is a victim of its own usefulness, in the same way that crude oil can be broken down into so many valuable products. The profitability of palm oil is excellent compared to other oils in terms of how much oil it can produce per hectare, with very little need for fertilizers.

It is important to recognize the sheer value of palm oil to the growing areas, and try to strike a balance between sustainability and much-needed economic activity in emerging markets that need income.

The RSPO: describing a journey

Having clear global, minimum sustainability production standards that we adhere to is the critical puzzle piece that connects these things. That's why Robeco actively contributes to further improving how the certification system works as a member of the RSPO, and through collaborations with other institutions.

While being a powerful tool in aligning and ensuring minimum production practices, the RSPO certification does not mean that un-certified land is bad. Instead, it might just mean that a company has not yet gone through the certification process to give external assurance that all the land meets the standards. To ensure this gradually growing guarantee of sustainability, the RSPO requires every member company to have a time-bound plan to move to 100% certification within five years after they joined the RSPO and began the certification process.

Covid took its toll

Covid-19 took its toll on improving palm oil sustainability and the engagement program itself, as travel was banned for almost two years. Before the pandemic, engagement was reinforced by periodic travel to palm oil plantations in Malaysia and Thailand, allowing engagement specialists to see how things were actually operating on the ground. As the pandemic struck in 2020, not only engagement specialists but more importantly, RSPO auditors were not allowed to travel anymore.

‘THE CHALLENGES OUTLINED ABOVE SHOW THE URGENCY FOR COORDINATED CHANGE, FROM A COMPANY, REGULATORY AND INVESTOR PERSPECTIVE, IN ORDER TO MAKE SUSTAINABLE AND DEFORESTATION-FREE PALM OIL AN ECONOMICALLY ATTRACTIVE NORM.’

PETER VAN DER WERF

CASE STUDY: WILMAR INTERNATIONAL

With 75% of plantations RSPO-certified in 2019 and a clear roadmap to achieve a 100% certification status by 2023, our engagement with Wilmar International started strongly. Wilmar’s certification ambitions were hampered by the Covid-19 travel and audit restrictions, leaving the company with 77% RSPO-certified land at the end of 2021.

In the absence of site visits, the company instead maintained a clear overview over suppliers concession maps and enforced a strict ‘Suspend, then engage’ approach to when ‘No Deforestation, No Peat and No Exploitation’ policy violations were detected. This sent a clear message to suppliers, while giving investors’ confidence over non-certified farmers’ responsible harvesting practices.

8

RSPO assessments and audits had to be done from a distance, posing a challenge to environmental and especially social aspects, which requires talking to villagers, finding out if plantations are affecting communities, and whether workers are being treated properly.

The spy in the sky

There were other means of keeping in touch though, led by standard communications such as video calls and emails. In 2019, the engagement was enhanced with ‘spy in the sky’ satellites that can spot deforestation from orbit.

The Sentinel-1 satellite, launched by the European Space Agency in 2014 as part of the Copernicus scientific program, is so powerful it can pinpoint and precisely photograph pieces of land five meters in diameter through the clouds. The imagery is analyzed by Satelligence, a Dutch company with more than 20 years’ experience in leveraging satellite imagery on deforestation. Despite progress both on the certification and monitoring side, the palm oil supply chain still has a long way to go to become sustainable. The challenges outlined above show the urgency for coordinated change, from a company, regulatory and investor perspective, in order to make sustainable and deforestation-free palm oil an economically attractive norm.

The Sustainable Mine Cycle

LIFECYCLE MANAGEMENT OF MINING

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SYLVIA VAN WAVEREN – *Engagement specialist*

Clean technologies are leading to booming demand for minerals. There's been a lot of talk in the energy world about whether mineral supply problems might pose a threat to the clean energy transition.

To limit warming to 1.5°C relative to pre-industrial levels, the world must cut greenhouse gas emissions in half by 2030 and reach net zero by 2050. To do that, it must radically ramp up production of green technologies such as solar panels, wind turbines, batteries and electric vehicles.

These technologies are far more mineral intensive than equivalent fossil fuel technologies. A typical electric car requires six times the mineral inputs of a conventional car, according to the International Energy Agency (IEA). An onshore wind plant requires nine times more mineral resources than a gas-fired plant of the same capacity. This soaring demand for minerals will potentially have significant adverse impacts on ecosystems and communities. Mining activities often have negative impacts on natural landscapes, disrupt ecosystems, and divert scarce water resources to the detriment of local communities. For that reason, as investors in the mining industry, we launched an engagement program in 2020 with the objective of encouraging our investee mining companies to assess, manage and minimize their environmental footprints.

First key issues: water and tailings

In the first years of our engagement, we reached out to the mining companies to discuss two of the most material sustainability issues for the mining industry: water management and tailings safety risks.

Our engagement has found that the majority of companies (77%) in the peer group have adopted adequate water management policies, while 53% are disclosing the performance of their operations on water-related metrics. Robeco has participated in the CDP's Non-Disclosure campaign, where we asked five mining companies to disclose their water practices and performance in the CDP's annual Water Security assessment.

As a result, three of them have responded for the first time, significantly enhancing their disclosures. However, more work needs to be done on setting targets. Only two companies (15%) in the peer group have set targets to improve their water use efficiency, while two others are planning to do so.

When we look at the issue of tailings safety, we see that the industry has responded positively to the call for enhanced disclosures. The Investor Mining and Tailings initiative has played an important role in bringing this topic to the attention of top management across all mining companies. In our peer group, all companies with the exception of one (92%) now disclose information about all their tailings storage facilities under operation.

Moreover, nine companies (70%) have committed to implementing the Global Industry Standard on Tailings Management, which sets best practice on integrating environmental, social and technical considerations to enhance the safe management of tailings facilities. Our objective on phasing out high-risk tailing storage structures has seen less traction, with only two companies (15%) committing to developing dry-tailings storage for any new facilities, and five others (38%) considering measures mitigate safety risks from dams classified as high risk.

As we are entering in the last year of our engagement, we are now focusing on another important and financially material issue. Recent research shows that in addition to water and tailings issues, asset retirement planning and their financial provisions are also a material concern in the mining industry.

Asset retirement planning has quickly become a key topic

Minimizing the environmental impacts of mining activities is most successful when they are anticipated before operations have even started, and are subsequently managed throughout the entire life of a mine. In our engagement, we expect companies to identify, access and manage environmental risks, impacts and opportunities in a structured and ongoing manner throughout the lifecycle of mines.

Companies need to integrate closure activities into the mine business plan, including the short, medium and end-of-life planning processes throughout the mine's life, considering environmental, social and economic considerations. Moreover, the closure plan should include a vision and objectives that articulates what the company wants to achieve post-closure, and the legacy it will leave behind. The closure objectives should provide concrete, site-specific and typically measurable statements of what closure activities or measures aim to achieve.

Financial assurances for mine closure need to be better disclosed in the annual report

The financial assurances for mine closure must cover the operator's cost of reclamation and closure as well as redress any impacts that a mining operation causes to wildlife, soil and water quality. In addition, during mining, assurance levels should be subject to periodic reviews, in order to allow regulators to adjust operators' assurance amounts upwards or downwards as clean-up needs, environmental risks or economic factors dictate. So, we expect companies to disclose in their annual reports cost estimates at an asset level, along with the level of liquidity of their financial assurance and the accessibility of these funds.

Our engagement findings so far are mixed and depend on the location of the mines

Our engagement so far has found that mining companies often follow different asset retirement standards depending on their age and location. More importantly, disclosures on this important matter do not provide investors with sufficient information to assess the extent to which companies have appropriate financial assurances to finance the costs of mine closures and land rehabilitation.

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This is the main reason our engagement is focused on enhancing transparency and setting targets at the asset level. We have already seen progress on the adoption of an asset-level approach in water use management and tailings dam safety. We are now calling on the companies for a comprehensive approach that helps investors gain a good understanding of the asset retirement risks across assets, the actions being taken to mitigate them, and the financial provision that guide these actions. ■

CASE STUDY 1: ANGLO AMERICAN

Anglo American showed us that there are active initiatives in place at the company to ensure appropriate mine closures and post-closure efforts. The company established a mine closure toolbox in 2019 that is used to outline how these efforts are conducted. The company adequately identifies environmental risks and integrates mine closures into its business plans, and provides some closure-related objectives and targets. Furthermore, financial provisions are illustrated in how they are provided (i.e., in bonds, equity and cash) and how the company's responsibilities for safeguarding provisions are contingent towards government regulations. We are using Anglo American in our engagement with peers to illustrate our expectations regarding the management of asset retirement issues.

'MINIMIZING THE ENVIRONMENTAL IMPACTS OF MINING ACTIVITIES IS MOST SUCCESSFUL WHEN THEY ARE ANTICIPATED BEFORE OPERATIONS HAVE EVEN STARTED.'

SYLVIA VAN WAVEREN

CASE STUDY 2: FORTESCUE

Fortescue is operating relatively young mines and none of them are expected to close within the next decade. Nevertheless, Fortescue has recently enhanced transparency around the processes required by its mine closure policy, publishing the closure plans for all of its mines. These plans include a detailed overview of the stakeholders consulted, the post-land use objectives, and the key actions that will need to be taken to rehabilitate the land. Despite the long-term horizon for the mine closures, Fortescue has established a closure steering committee that reports annually to the board's Audit & Risk Management and Sustainability Committees, ensuring that top management and the board pay enough attention to this matter.

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Improving the Brazilian Proxy Process

CAROLINA VERGROESEN – *Active ownership analyst*
LUCAS VAN BEEK – *Active ownership analyst*

Brazil has long been a thorn in the side of everyone involved in the proxy voting chain. The country has a complicated proxy voting system that is especially unsuitable for international investors. Robeco joined forces with Brazil's Stewardship Association to engage with Brazil's stock exchange and regulator to seek improvements. These joined efforts achieved the desired result in early March as both the stock exchange and regulator showed steps towards significant improvement.

As a responsible investor, Robeco believes that executing voting rights at Annual General Meetings (AGMs) is an essential part of our stewardship responsibilities. Increasingly, clients and the public at large also want to see more transparency on the matter.

As a result, it becomes even more important that we can guarantee our voting practices across all markets. While we acknowledge that emerging markets in general are raising corporate governance standards and shareholder rights, we continue to experience issues with exercising our voting rights in Brazil.

Complex proxy voting issues

The Brazilian market is notorious for its proxy voting mechanisms. There are two major concerns. The first is the system for electing directors which in most jurisdictions offer a key opportunity for shareholders to hold individual directors of the board accountable, and to express dissent where necessary such as by voting against them.

However, the election method in Brazil that enables directors' appointments to be challenged is only adopted at less than 5% of AGMS. Moreover, this method of election often leads to confusion and comes with a large administrative burden for asset managers and proxy advisors, as it cannot be accommodated through the electronic voting infrastructure.

The second major issue concerns last-minute additions or amendments to the agenda of the meeting when international investors can no longer alter the votes they have previously cast. All in all, it is worrying that international investors are not able to correctly perform their stewardship responsibilities for such a vital part of corporate governance.

Raising the issues

Given the ongoing issues experienced with proxy voting in Brazil, Robeco decided to take action in the fourth quarter of 2021. Our proxy advisor Glass Lewis provided us with analysis that showed our frustrations were also experienced by other investors.

We synthesized all the information we were able to gather into a letter. This letter summarized the main issues we experienced and requested a meeting with both the Brazilian Stock Exchange (B3) and the Brazilian Securities and Exchange Commission (CVM).

To ensure that the letter would get the desired attention, we leveraged our partnership with Brazil's Stewardship Association, the Associação de Investidores no Mercado de Capitais (AMEC). AMEC brings together around 60 foreign and domestic institutional investors representing assets under management of around 700 billion Brazilian reals in the Brazilian stock market.

Since its establishment in 2006, AMEC has played a key role in pushing for minority shareholder rights and good corporate governance in the Brazilian market. Daniela da Costa-Bulthuis, Portfolio Manager in Robeco's Emerging Markets Equities and Global SDG Equities, has been a member of AMEC's board of directors since 2019. AMEC embraced our call for change and sent the letter to both CVM and B3 on behalf of all its members.

Initiating a dialogue

B3 accepted the invitation to hold a call with AMEC, Robeco and other institutional investors soon after receiving the letter, and we were pleased to see the stock exchange so receptive to hearing our concerns.

During the call, B3 showed us an overview of all the issues they had gathered from market participants. This showed they were aware of some of the problems and were already taking initial steps to improve the system. For example, B3 said it was in the process of aligning with major custodians in the market to solve the issue regarding the incompatibility of the alternative election system with the electronic proxy infrastructure.

Although it was good to hear that B3 was aware of the issues, it also emphasized the importance of getting the CVM on board, as the stock exchange indicated the limitations to change that it faced due to the current legislation in place.

The AMEC board also represented investors in a call with CVM. During this call, CVM welcomed any suggestion to be submitted to them in writing, even when they involved regulatory changes, but warned that such changes could not be implemented until 2023 at the earliest. B3 had also earlier warned that any regulatory changes would be unlikely in 2022 due to the country's national elections. Robeco submitted several concrete suggestions to AMEC and the Association delivered investor's suggestions to CVM both for the short- and long-term.

Initial steps to progress

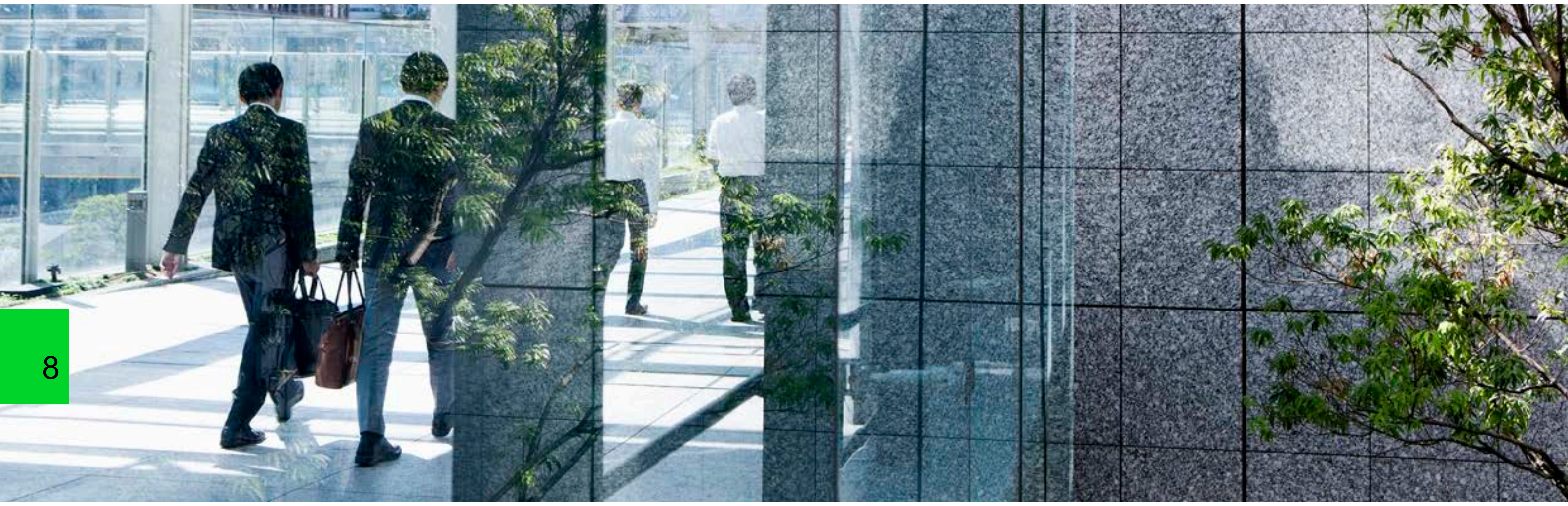
The initiative has yielded some results. Each year at the end of February, CVM publishes an official letter with guidelines on procedures to be observed by publicly traded companies. This year the letter included several of the suggestions raised by Robeco and AMEC.

Especially encouraging was the commitment from CVM to create a working group to focus on the issues related to the exercise of voting rights by national and foreign shareholders at AGMs to enable the necessary regulatory improvements for the effective protection of minority shareholders. Furthermore, the letter urges issuers to adhere to the timely disclosure of documents in both English and Portuguese.

Additionally, Glass Lewis confirmed that the stock exchange's efforts in solving the incompatibility of infrastructure problem were successful. This is a major step in reducing the administrative burden of international investors in Brazil.

We are pleased to see these steps towards a more structural and permanent improvement of the Brazilian proxy voting system and will closely monitor the regulatory changes in the upcoming years.

COMPANIES UNDER ENGAGEMENT



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Lifecycle Management of Mining
Newcrest Mining
BHP Billiton
Anglo American
Fortescue Metals Group Ltd.
Grupo Mexico SAB de CV
Polymetal International Plc

Net-Zero Carbon Emissions
BP
ArcelorMittal
CRH Plc
Neste Oil Oyj
POSCO
PTT Public
Royal Dutch Shell
Anglo American
Berkshire Hathaway
BHP Billiton
Chevron
Hyundai Motor
Petroleo Brasileiro
Phillips 66
Rio Tinto

Climate Transition of Financial Institutions
Bank of America Corp.
Barclays Plc
Citigroup, Inc.
HSBC
ING Groep NV
BNP Paribas SA
Sumitomo Mitsui Financial Group, Inc.
DBS Group Holdings
Australia & New Zealand Banking Group Ltd.

Sound Environmental Management
Royal Ahold Delhaize N.V.
Danone
McDonalds
Mondelez International
Nestlé
Tesco Plc
Wal-Mart Stores
BHP Billiton
Origin Energy Ltd.

Biodiversity
Compagnie Generale des Etablissements Michelin SCA
Mondelez International
Top Glove Corp. Bhd.

Single Use Plastics
Henkel AG & Co. KGaA
Nestlé
PepsiCo, Inc.
Procter & Gamble Co.
Danone

Labor Practices in a Post Covid-19 World
Amazon.com, Inc.
InterContinental Hotels Group Plc
Meituan Dianping
Wal-Mart Stores

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas
Bharat Electronics Ltd.
Booking Holdings, Inc.
Inditex

Social Impact of Artificial Intelligence
Microsoft
Booking Holdings, Inc.
Visa, Inc.
Accenture Plc

Digital Innovation in Healthcare
Abbott Laboratories
CVS Caremark Corp.
Fresenius SE
Philips
Roche
Quintiles IMS Holdings, Inc.
HCA Holdings, Inc.
UnitedHealth Group
Anthem, Inc.
Eli Lilly & Co.

Social Impact of Gaming
Activision Blizzard, Inc.
NCsoft Corp.
NetEase.com, Inc.
Tencent Holdings Ltd.

Sound Social Management

Glencore Plc
Procter & Gamble Co.
Thermo Fisher Scientific, Inc.
Aon Plc
Reckitt Benckiser Group Plc
Tesco Plc
Bayerische Motoren Werke

Corporate Governance in Emerging Markets

Anhui Conch Cement Co. Ltd.
Midea Group Co. Ltd.
Hyundai Motor
Samsung Electronics

Corporate Governance Standards in Asia

Hyundai Motor
Samsung Electronics
China Mobile Ltd.
Hynix Semiconductor, Inc.
OMRON Corp.
SK Holdings Co. Ltd.
INPEX Corp.
Shin-Etsu Chemical Co. Ltd.

Good Governance

DSM
Heineken Holding
Royal Dutch Shell
Samsung Electronics
Sun Hung Kai Properties Ltd.
Hon Hai Precision Industry Co. Ltd.
Persimmon Plc
Royal Mail plc
Schneider Electric SA
Sumitomo Mitsui Financial Group, Inc.
SoftBank Corp.

Responsible Executive Remuneration

Henkel AG & Co. KGaA
Linde Plc
NIKE
Schneider Electric SA
Tesco Plc
Walt Disney
Booking Holdings, Inc.

SDG Engagement

Adobe Systems, Inc.
Alphabet, Inc.
Amazon.com, Inc.
Anthem, Inc.
Apple
Charter Communications, Inc.
eBay
Electronic Arts, Inc.
Facebook, Inc.
JPMorgan Chase & Co., Inc.
L Oréal
Neste Oil Oyj
Novartis
Rio Tinto
Salesforce.com, Inc.
Samsung Electronics
Sony
Union Pacific
Total

Acceleration to Paris

Anhui Conch Cement Co. Ltd.
Formosa Plastics Corp.
ITOCHU Corp.
Mitsubishi
Lukoil Holdings OAO
PetroChina
POSCO

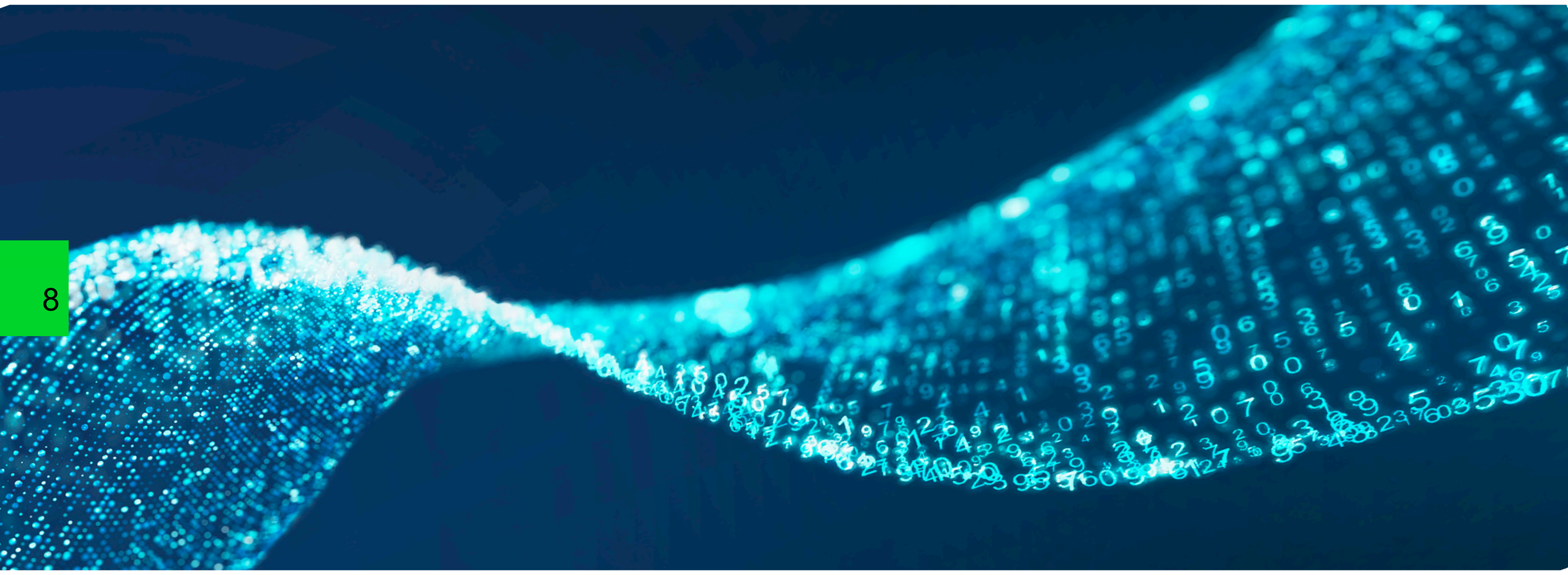
Palm Oil

Wilmar International

Global Controversy Engagement

During the quarter, 5 companies were under engagement based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

CODES OF CONDUCTS



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Robeco's Engagement Policy

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. We believe improvements in sustainable corporate behavior can result in an improved risk return profile of our investments. Robeco engages with companies worldwide, in both our equity and credit portfolios. Robeco carries out two different types of corporate engagement with the companies in which we invest; value engagement and enhanced engagement. In both types of engagement, Robeco aims to improve a company's behavior on environmental, social and/or corporate governance (ESG) related issues with the aim of improving the long-term performance of the company and ultimately the quality of investments for our clients.

Robeco adopts a holistic approach to integrating sustainability. We view sustainability as a long-term driver of change in markets, countries and companies which impacts future performance. Based on this belief, sustainability is considered as one of the value drivers in our investment process, like the way we look at other drivers such as company financials or market momentum.

More information is available at: https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf

The UN Global Compact

One of the principal codes of conduct in Robeco's engagement process is the United Nations Global Compact. The UN Global Compact supports companies and other social players worldwide in stimulating corporate social responsibility. The Global Compact became effective in 2000 and is the most endorsed code of conduct in this field. The Global Compact requires companies to embrace, support and adopt several core values within their own sphere of influence in the field of human rights, labor standards, the environment and anti-corruption measures. Ten universal principles have been identified to deal with the challenges of globalization.

Human rights

1. Companies should support and respect the protection of human rights as established at an international level
2. They should ensure that they are not complicit in human-rights abuses.

Labor standards

3. Companies should uphold the freedom of association and recognize the right to collective bargaining
4. Companies should abolish all forms of compulsory labor
5. Companies should abolish child labor
6. Companies should eliminate discrimination in employment.

Environment

7. Companies should adopt a prudent approach to environmental challenges
8. Companies should undertake initiatives to promote greater environmental responsibility
9. Companies should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Companies should work against all forms of corruption, including extortion and bribery.

More information can be found at: https://www.unglobalcompact.org/

CODES OF CONDUCTS

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries, and are another important framework used in Robeco's engagement process. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards.

The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates and which are home to many of the largest multinational enterprises. The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide.

More information can be found at: http://mneguidelines.oecd.org/

International codes of conduct

Robeco has chosen to use broadly accepted external codes of conduct in order to assess the ESG responsibilities of the entities in which we invest. Robeco adheres to several independent and broadly accepted codes of conduct, statements and best practices and is a signatory to several of these codes. Next to the UN Global Compact, the most important codes, principles, and best practices for engagement followed by Robeco are:

- International Corporate Governance Network (ICGN) statement on
- Global Governance Principles
- United Nations Global Compact
- United Nations Sustainable Development Goals
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Business Conduct for Institutional Investors (OECD)

In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices. In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices.

Robeco's Voting Policy

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). By making active use of our voting rights, Robeco can, on behalf of our clients, encourage the companies concerned to increase the quality of the management of these companies and to improve their sustainability profile. We expect this to be beneficial in the long term for the development of shareholder value.

Collaboration

Where necessary, Robeco coordinates its engagement activities with other investors. Examples of this includes Eumedion; a platform for institutional investors in the field of corporate governance and the Carbon Disclosure Project, a partnership in the field of transparency on CO_2 emissions from companies, and the ICCR. Another important initiative to which Robeco is a signatory is the United Nations Principles for Responsible Investment. Within this context, institutional investors commit themselves to promoting responsible investment, both internally and externally.

Robeco's Active Ownership Team

Robeco's voting and engagement activities are carried out by a dedicated Active Ownership Team. This team was established as a centralized competence center in 2005. The team is 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. This diversity provides an understanding of the financial, legal and cultural environment in which the companies we engage with operate. The Active Ownership team is part of Robeco's Sustainable Investing Center of Expertise headed by Carola van Lamoen. The SI Center of Expertise combines our knowledge and experience on sustainability within the investment domain and drives SI leadership by delivering SI expertise and insights to our clients, our investment teams, the company and the broader market. Furthermore, the Active Ownership team gains input from investment professionals based in local offices of the Robeco around the world. Together with our global client base we are able leverage this network to achieve the maximum possible impact from our Active Ownership activities. ■

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ROBECO

Robeco Institutional Asset Management B.V. (Robeco) is a pure play international asset manager founded in 1929. It currently has offices in 15 countries worldwide and is headquartered in Rotterdam, the Netherlands. Through its integration of fundamental, sustainability and quantitative research, Robeco is able to offer institutional and private investors a selection of active investment strategies, covering a range of asset classes.

Sustainability investing is integral to Robeco's overall strategy. We are convinced that integrating environmental, social and governance (ESG) factors results in better-informed investment decisions. Further we believe that our engagement with investee companies on financially material sustainability issues will have a positive impact on our investment results and on society.

More information can be found at:
https://www.robeco.com

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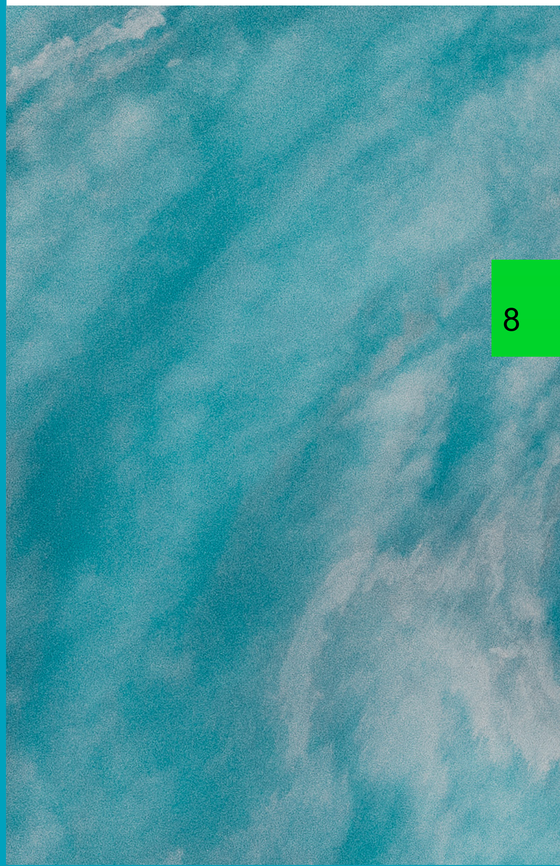
IMPORTANT INFORMATION

ROBECO
The Investment Engineers



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