ROBECO
The Investment Engineers

ROBECO

Stewardship Approach and Guidelines

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Contents

1. Introduction 4

2. Policy requirements 5

3. Engagement Policy 8

4. Proxy Voting Policy 18

5. Reporting on Stewardship 23

6. Conflicts of Interest 24

7. Other relevant documents 25

1. Introduction

1.1 Policy objectives

Sustainable Investing (SI) is a key pillar of Robeco's corporate strategy and fiduciary duty, protecting our clients' assets and aiming to deliver both financial and sustainable returns. We are convinced that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. Actively exercising our stewardship responsibilities, beyond the integration of sustainability criteria into our investment processes, is an integral part of Robeco's SI approach. This Stewardship Policy outlines the processes and guidelines we follow when putting these responsibilities into practice, including our engagement, voting and exclusion approach.

The Stewardship Policy, including the Engagement Policy and Proxy Voting Policy, is updated annually or more frequently if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach. All changes to policies are approved by the Sustainability Impact and Strategy Committee (SISC).

1.2 Scope

The stewardship policy applies to all listed investment funds managed by Robeco that have direct investments in companies, meaning equity or credit investments, and/or selected sovereign holdings where applicable.

Segregated accounts and overlay accounts (funds managed by other asset managers) are in scope only if the investment agreement specifically mandates Robeco to carry out engagement services.

This policy applies to Robeco Holding B.V. and all its direct and indirect subsidiaries and group companies. This Policy may be supplemented by additional local policies and procedures where deemed necessary, but such local policies may not fall below the standards articulated in this Policy.

2. Policy requirements

2.1 Robeco's Stewardship Approach

Sustainable Investing (SI) is a key pillar of Robeco's corporate strategy. We are convinced that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. Our aim with the integration of environmental, social, and governance (ESG) factors is to achieve better-informed investment decisions. Actively exercising our stewardship responsibilities is an integral part of Robeco's SI approach. This Stewardship Policy outlines the processes and guidelines we follow when putting these responsibilities into practice.

2.1.1 Transparent policy on Robeco's Stewardship

A central aspect of Robeco' s corporate mission statement is to fulfill its fiduciary duty to clients and beneficiaries. Robeco manages assets for a variety of clients with a variety of investment needs. In our activities we always strive to serve our clients' interests to the best of our capabilities. Our fiduciary duty and values are deeply integrated into Robeco's unique sustainability culture. Robeco's Stewardship Policy is closely aligned with our investment mission, which is to use research-based, quality-driven processes to produce the best possible long-term results for our clients. Therefore, our stewardship activities are aimed at long-term value creation in our investee portfolio companies. Even though assets are managed with different strategies and investment objectives to fit clients' needs, there is a companywide philosophy that companies and countries that act in a sustainable way towards the environment, society, and all its stakeholders are more likely to be able to deal with a variety of issues, including systemic risks, in the future.

As an asset manager we give shape to this philosophy via a set of policies, including, but not limited to:

- Sustainability Policy (including ESG Integration and thematic approaches)
- Engagement Policy
- Proxy Voting Policy
- Exclusion Policy
- Code of Conduct

Robeco's Engagement Policy, Proxy Voting Policy and Exclusion approach form part of this Stewardship approach and guidelines document.

The stewardship policy applies to all listed investment funds managed by Robeco that have direct investments in companies, meaning equity or credit investments, and/or selected sovereign holdings subject to our sovereign engagement program. For segregated accounts with a specific investment mandate, the extent and nature of the stewardship activities are tailor made and depend on the beneficial owner's needs. Robeco's stewardship activities are executed within our organization; we do not outsource stewardship activities.

For specific policy related engagement, Investor Associations such as Eumedion or the Asian Corporate Governance Association engages policy makes on behalf of their members. We actively provide input for such policy engagement initiatives.

This Stewardship Policy, including the Engagement Policy and Proxy Voting Policy, is updated annually or more frequently if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach. All changes to policies are approved by the Sustainability Impact and Strategy Committee (SISC).

2.1.2 Governance of Stewardship

The end responsibility for sustainability integration in investments ("SI") lies with the Executive Committee ("ExCo") of Robeco Institutional Asset Management B.V. and/or Robeco Holding B.V. (together "Robeco"), specifically with the Chief Investment Officer. The supervisory board makes sure the right checks and balances are in place.

The Sustainability and Impact Strategy Committee ("SISC"), is a sub-committee delegated by the ExCo of Robeco to advise and assist in the performance of the duties of the ExCo. The SISC advises and prepares decisions on topics like the SI mission and vision, SI strategy and targets, material changes to the exclusion policy and projects with material FTE impact. The committee is mandated to take decisions on matters like the SI approach and guidelines framework on Sustainability Integration and Stewardship, SI memberships and codes and changes in the exclusion list. The Committee is chaired by the Head of Sustainable Investing and consists of the CIO and Head of marketing and sales (ExCo members) and senior executives from investments (including the SI Center of Expertise) and the COO and CFRO domains.

Additionally, seven committees oversee the individual core components of Robeco's sustainable investing activities (Climate, Biodiversity, Human rights, SDGs, SI Research, Controversial Behavior, Country Sustainability). Each committee is composed of senior members of the organization, including senior sustainability experts and members of our investment teams

2.1.3 In-depth ESG knowledge

Robeco has in-depth knowledge of our investee companies and their business environment. With this knowledge we are able to

engage appropriately with companies and make proper judgments in fulfilling our stewardship activities. Steward-ship activities are executed by our team of dedicated engagement specialists and voting analysts in close collaboration with SI research analysts and portfolio managers, and focus on financially material ESG issues. Our knowledge and exper-tise of ESG factors are used to determine what the most material issues are that should be addressed with companies.

2.1.4 Verification of procedures and activities

Robeco's stewardship activities are audited on a regular basis. As part of Robeco's annual ISAE report, the external auditor audits our active ownership controls. During this audit, it is assessed whether these processes are robust enough to miti-gate potential risks and the effectiveness of the controls is tested.

In addition, our internal audit department is intensively involved in SI and stewardship activities due to these topics' stra-tegic importance for Robeco. SI and stewardship themes are fixed elements of the annual internal audit plan. Internal audits are conducted on a risk-based approach through periodic departmental audits, such as on Active Ownership's voting and engagement processes, investment teams' integration of ESG factors, or Investment Restrictions' implementation of our exclusion policy. Project-based internal audits on SI-related projects, such as Robeco's implementation of the European Sustainable Finance Action Plan, are also conducted.
Robeco participates in several governance and sustainability related investor platforms such as the UN Principles for Responsible Investing (PRI), the Asian Corporate Governance Association, the Eumedion Dutch Corporate Governance Platform and many others. Several of these organizations monitor our compliance to their principles or require Robeco to report on the implementation of their active ownership principles. Further, our annual PRI assessment response is audited by our internal audit department each year.

2.1.5 Compliance with regulation and best practices

Compliance with regulation

The amended European Shareholder Rights Directive II ("SRD II") includes transparency obligations for European asset managers to the extent investments in EU equity instruments are made.

Robeco is committed and well positioned to adhere to SRD II, which aims to encourage long-term shareholder engagement. We have a long-standing focus on responsible investing and long-term shareholder engagement. We use our ownership rights to constructively engage with investee companies and to serve the long-term interests of our clients.

Pursuant to SRD II, Robeco is required to disclose a shareholder engagement policy on a 'comply or explain' basis. This Stewardship Policy document, including the Engagement Policy and Proxy Voting Policy, is fully compliant with the requirements of SRD II. Robeco's reporting on stewardship activities through our Stewardship Report, online voting disclosure, and Proxy Season Overview also fulfil our transparency obligations under SRD II on stewardship.

Meanwhile, to live up to the EU Sustainable Finance Disclosure Regulation (SFDR), Robeco is using voting and engagement activities to address several principle adverse impact indicators (PAI's). More information can be found in Robeco's PAI statement.

Compliance with Stewardship Codes

Robeco is an asset manager and welcomes the attention for stewardship codes, and strongly supports the aim of investors to be active owners in the companies in which they invest. With the Robeco Stewardship policy and through our stewardship reporting, we comply with different Stewardship Codes and Principles:

- Robeco acts fully in accordance with the ICGN Stewardship Guidelines.
- Robeco is a signatory to the UK Stewardship Code.
- Robeco acts fully in accordance with the ISG (Investor Stewardship Group) US Stewardship Principles.
- Robeco is a signatory to the Japanese Stewardship Code.
- Robeco acts fully in accordance with the Dutch Stewardship Code.
- Robeco complies with the Taiwan Stewardship Principles for Institutional Investors.
- Robeco complies with the Hong Kong Principles for Responsible Ownership.
- Robeco is a signatory of the Brazilian Stewardship Code.
- Robeco acts fully in accordance with the Singapore Stewardship Principles.
- Robeco acts fully in accordance with the Korean Stewardship Code.

Compliance with the Dutch Corporate Governance Code

In its capacity of shareholder, Robeco applies the Dutch Corporate Governance Code (IV.4 Shareholder responsibility). The provisions in the Dutch Corporate Governance Code are the generally accepted basic principles of good governance for Dutch companies.
Robeco takes its responsibility as a shareholder seriously. We disclose all voting decisions for our investment funds on our website one day after a shareholder meeting has taken place. Our proxy voting disclosure complies with the requirements of the Dutch Stewardship Code and SRDII. In our annual Proxy

Season Overview, we disclose statistics summarizing our voting activity and our rationale behind vote decisions for significant shareholder meetings. You can find this report on our website. Furthermore, Robeco applies its own voting policy. On our website, in our quarterly Active Ownership report, our annual Proxy Season Overview, and annual Stewardship Report, we report on how the voting policy has been implemented.

In some cases, Robeco uses its own interpretation of the best practice provision IV 4.4 in the interest of its clients. This section proposes limitations for the execution of the right to put proposals on the agenda (response time). The maximum response time of 180 days described in this best-practice provision conflicts with the legal right of shareholders to propose an agenda item for the meeting of shareholders within a maximum of 60 days prior to the meeting. In individual cases, Robeco will assess whether the response time is in the interest of shareholders. Robeco will only exercise the right to propose items for the agenda after discussion with the company's management.

If Robeco has put an item on the agenda or makes a statement at a shareholder meeting (including on behalf of clients or other investors through a lead initiative), Robeco will always be represented at the shareholder meeting to give an explanation and answer any questions.

Compliance with external labels

A number of Robeco funds act in accordance with externals labels, for example the French Socially Responsible Investing (SRI) label and Febelfin 'Towards Sustainability' Quality Standard. The application of regional labels are considered on a case-by-case basis, and are referenced on the product pages of the respective funds.

3. Engagement Policy

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. Robeco's SI Center of Expertise and investment teams work closely together in engagement. We focus on financially material themes, jointly determined by the SI Center for Expertise, investment teams, and our clients.

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. 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.

The outcomes of our engagement efforts are communicated to analysts, portfolio managers, and clients, enabling them to incorporate this information into their investment decisions as part of Robeco's integrated Sustainable Investing framework.

3.1 Monitoring of Investee Companies

Active monitoring of investee companies is an integral part of Robeco's Sustainable Investing approach and strategy. Both the investment teams and the Active Ownership team are monitoring investee companies. Robeco manages various asset classes and has various investment capabilities. As sustainability is an important part of our investment philosophy, Environmental, Social and Corporate Governance (ESG) factors are taken into account throughout these capabilities and asset classes. Robeco considers integrating ESG factors into investment analysis and decision-making processes (in short: ESG integration) to be one of the most important elements of SI. Sustainability is considered as one of the value drivers in our investment process, similar to the way we look at other drivers such as company financials or market momentum. We apply ESG integration in our investment process for equity, credit and sovereign bond portfolios because we believe that it leads to better informed investment decisions. For every publicly traded investment fund we disclose the general approach to the investment process including ESG integration.

As a result of our integrated monitoring, the following types of events may lead to the start of an engagement process for any of our investments:

- An investment is selected as part of our annual focus areas for Robeco's Engagement Program. Such companies are selected based on their exposure to the value engagement topic, the size and relevance in terms of portfolio positions of investment teams and clients, and performance and risk related to the focus area. The UN Sustainable Development Goals (SDGs) and SFDR PAIs form a useful input to define focus areas and monitor companies.
- On a periodic basis, portfolio managers select investments for which engagement may improve the investment case or can mitigate investment risk based related to governance and/or sustainability issues. Monitoring by investment teams identifies situations where there is a risk of loss of value or an opportunity to add significant long-term value through active ownership.
- On a quarterly basis Robeco screens pre-defined data sources on companies that breach the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises. The screening also includes inputs from Robeco's SI analysts and the outlook for any future engagement. Once all the information has been gathered, the Controversial Behavior Committee, a sub-committee of the SISC, will decide whether a new enhanced engagement case should be opened.
- Additionally we provide feedback to a group of relevant companies when we vote against an item on their shareholder meeting. These engagements are often short in nature but can be effective strategy if combined with the use of our voting rights.

3.2 How we engage

3.2.1 Different types of engagement

Engagement consists of a constructive dialogue between institutional investors and investee companies or sovereigns to discuss how they manage ESG risks and adverse impacts, as well as seize business and economic opportunities associated with sustainability challenges.

Robeco carries out three different types of corporate engagement with companies in which we invest; value engagement, enhanced engagement and Portfolio Engagament. In all of these types, Robeco aims to improve a company's behavior on ESG issues in order to improve long-term performance of the company and ultimately the quality of investments for our clients.

Types of Engagement

Engagement type	Purpose and process
Value Engagement	**Purpose**: Value engagement is a proactive approach focusing on long-term issues that are financially material and/or are causing adverse sustainability impacts. The primary objec-tive is to create value for investors by improving sustainability conduct and corporate governance.
	Process: We identify potential areas for engagement using our knowledge of sustainability and corporate governance trends, assisted by the SI Center of Expertise and service pro-viders. The final selection of engagement areas focuses on financial materiality and en-gagement impact and is made following consultation with portfolio managers, analysts, and clients. Based on our research, we set SMART objectives for all engagement cases. While an unsuccessful value engagement does not typically lead to divestment, we take various escalation measures to enhance our leverage (e.g. voting against board members, filing shareholder resolutions, issuing public statements, asking questions at AGM, restrict-ing new investments).
Enhanced Engagement	**Purpose**: Enhanced engagement focuses on companies that severely and structurally breach minimum behavioral norms in areas such as human rights, labor, environment, biodiversity and business ethics. The primary objective of enhanced engagement is to address reported shortfalls against internationally accepted codes of conduct for corpo-rate governance, social responsibility, the environment and transparency.
	Process: In evaluating corporate behavior, we expect companies to comply with interna-tionally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises, which make explicit reference to the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs). A severe and structural breach of such codes of conduct triggers an enhanced engagement with the respective company (under the 'Global controversy' engagement theme), consisting of a high intensity three-year engagement with accelerated escalation processes if the com-pany does not undertake adequate action to eliminate and remediate the breach and does not adequately enhance management processes necessary to avoid repetition of the breach. In the areas of climate change ('Acceleration to Paris' theme) and biodiversity ('Palm Oil' theme), we expect companies to make sufficient progress against Robeco's climate traffic light score or against the RSPO certification, respectively. If this enhanced engagement does not lead to the desired change, the case is presented to Robeco's Con-troversial Behavior Committee, which may decide to exclude a company from its invest-ment universe. For funds with an extended sustainability profile, Robeco excludes compa-nies that have severe breaches of these principles and guidelines without previous en-gagement. The process for enhanced engagement is a formal part of Robeco's Exclusion Policy.
Portfolio Engagement	**Purpose**: The objectives of Portfolio Engagement are associated to the objectives of specific Robeco investment strategies, often with clear impact objectives including promotion of positive societal contribution (such as the Sustainable Development Goals) and mitigation of negative externalities related to the the value creation process.
	Process: Portfolio Engagament uses fundamental research by Robeco's SI Research team (in collaboration with the investment team and the Active Ownership team to develop an a tailored impact strategy for the holdings in the portfolio. For each engagement objective a set of individual SMART milestones are developed.

In addition, Robeco also conducts sovereign engagements. Sovereign engagement is a proactive and collaborative policy engagement approach focusing on strategic and long-term sustainability issues of sovereigns we finance with sovereign debt. Governments have a pivotal role to play in creating sustainable development, as such sovereign engagement aims to create value for both sovereign and corporate investors by improving sustainable business environments within the respective countries. Sovereign engagements follow specific focus areas, aligned with Robeco's sustainable investment strategy and are set up and executed in close consultation with our SI Country experts and global macro investment team.

Finally, Robeco actively provides feedback around its voting decisions for a set of focus companies when it votes against one of the agenda items related to its shareholder meeting." Feedback calls are often conducted together with Robeco's Equity analysts or portfolio managers.

3.2.2 Engagement across asset classes

This engagement policy is designed to provide engagement guidance for any company we are invested in as a shareholder or a credit holder. Robeco's value and enhanced engagement processes are applied across corporate equity and credit holdings, while SDG Engagement is only applied across equity investments.

Our enhanced engagement program does not differentiate between investment styles, applies to both equity and credit holdings and is aimed to set minimal norms for expected behavior in relation to the UN Global Compact and OECD Guidelines for Multinational Enterprises.

For our value engagement approach, our aim is to improve the risk/return profile for our investments and address adverse sustainability impacts. In all cases, we take the approach of a long term investor, either from a shareholder or a credit perspective. The majority of our engagement objectives are intended to add value for a broad set of investment portfolios and stakeholders. Our focus areas for engagement as a long term shareholder and a bondholder are often aligned.

However, in some instances there may be a difference in focus. For example, differences in engagement objectives between different investment styles or asset classes can be identified. At the start of new engagement themes/projects key stakeholders are identified, which include clients and portfolio managers. Depending on the relevant stakeholders, engagements may have a specific portfolio approach. Engagements for credit portfolios are likely to be focused on downside ESG risks whereas engagements for equity portfolios are more likely to focus on both ESG risks and opportunities and shareholder rights.

The SI Center of Expertise is embedded in Robeco's investments domain. This integration allows both equity and fixed income portfolio managers and analysts to routinely join engagement dialogues.

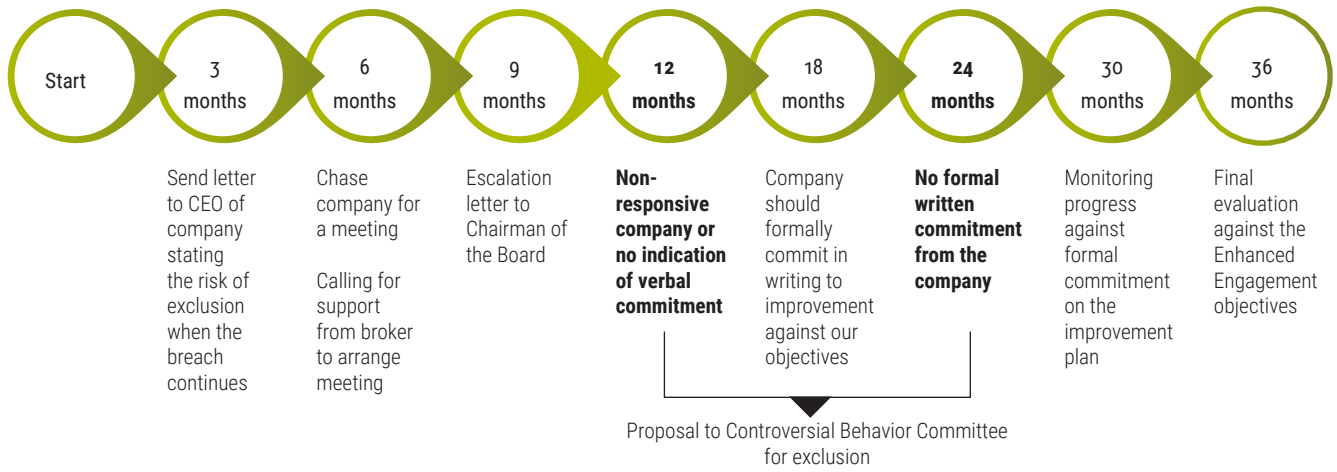
3.2.3 A constructive dialogue with room for escalation

As an investor we have several rights that can be used for stewardship purposes. The rights to voting and to engagement are our preferred options. We believe that a constructive dialogue with the companies in which we and our clients invest is more effective than excluding companies from our investment universe.

However, there are instances where escalation may be necessary. In all engagements, a lack of responsiveness by the company can be addressed by seeking collective engagement, attending a shareholder meeting in person, or sharing written concerns with the board, and can lead to adverse proxy voting instructions on related agenda items at a shareholder meeting. Other rights such as the right to file a shareholder resolution, to nominate a director, or to take legal action, are considered in the context of our engagement and only used in a secondary or escalated stage of the engagement.

For enhanced engagements, a stricter and accelerated escalation process applies, as shown in figure below. We allow a maximum of three years for engagement with a company in this program. If the trajectory of the engagement is not positive, we may propose to the Controversial Behavior Committee that we close the case unsuccessfully and exclude the company from Robeco's investment universe, without waiting for the full three years to elapse. Robeco considers exclusions from the investment universe to be an action of last resort, applicable only after engagement, our first and preferred option, has been undertaken.

Escalation strategy for enhanced engagements



3.2.4 A focused, extensive engagement approach

Robeco focuses its engagement efforts on a select group of companies on the most material ESG factors and themes. This means we undertake multiple interactions with a company via e-mail, letter, phone call, meetings or shareholder meetings per year, with a view to changing the company's behavior. These engagements are systematic and begin with clear engagement objectives. Our SMART engagement objectives are designed to focus on evidence-based, concrete engagement outcomes.

We avoid engaging with too large a universe of companies at any one time as this allows us to undertake extensive, focused and in-depth engagement with the companies with which we do engage.

3.2.5 A thorough selection of themes and companies

Engagement themes and companies are selected in cooperation with Robeco analysts and portfolio managers and in close consultation with clients, based on an analysis of financial materiality. This materiality analysis is conducted by Robeco's Sustainable Investing Research team and is a key input in prioritizing engagement themes. Before starting a theme, we also involve institutional clients in our thought process, selection and design of engagement themes. We select three to five new engagement themes every year, and for any given engagement theme, a number of companies are selected that have the most exposure to the engagement topic. Sectors and client holdings are a further important input at this stage of the process.

Each theme is refined using baseline research on the engagement topic. This is used to establish the starting point for individual companies, to keep the engagement focused, and to efficiently address the most material ESG factors. For each theme, SMART (Specific, Measurable, Attainable, Relevant, Time-bound) engagement objectives are defined. These are then shared with investee companies. We track progress against the engagement objectives set.

For the quarterly selection of enhanced engagement cases, we screen news flows for breaches of the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises, using data providers' assessments as the first step of the screening. These principles and guidelines cover a broad variety of basic corporate behavior norms around Environmental, Social and Governance topics. Our portfolio holdings (and more broadly our investment universe) are screened for an indication of a breach of the UN Global compact principles or OECD Guidelines, which are then validated considering 1) the severity of the impact on stakeholders or the environment and 2) the company's responsibility for and management of the issue. The selection of companies are presented to the Controversial Behavior Committee for approval. For each enhanced engagement, SMART engagement objectives are defined. Remediation is a key objective for enhanced engagement in all cases.

Both value and enhanced engagements typically run over a three- year period, during which we have regular contact with company representatives, while SDG engagement is run over a period of three to five years. When more than half of the engagement objectives have been achieved, we can close an engagement successfully. Whether we close an engagement case successfully or unsuccessfully, we share this information with the company.

3.2.6 Required organizational level of company engagement

Engagements usually start by explaining our engagement objectives to a companies' Investor Relations department via e-mail, letter or phone call, followed by conference calls or meetings with technical experts. Examples of such experts are the Head of Risk Management, Head of Sustainability, Head of Supply Chain Management and wide variety of operational experts.

Company roadshows are used when available, but in most cases we reach out to companies as opposed to the other way around. Senior executive and non-executive management (Board Secretary, Chairman, CFO, COO, or CEO) is also often involved in our discussions. Finally, if Investor Relations are non-responsive to an engagement invitation, we approach senior management directly.

3.2.7 An experienced multi-disciplinary and multinational team

Effective engagement requires a range of skills, many of which are not traditionally found in asset managers. Robeco's Active Ownership team is comprised of experienced engagement specialists. 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. In addition to engagement specialists, portfolio managers and analysts may also participate in company engagements.

3.2.8 Collaboration with other institutional investors

Recognizing the value of different forms of engagement, Robeco carries out individual engagements as well as collaborative engagements with other investors or institutions. Robeco acts collectively in its engagements with other investors when this is appropriate and is likely to enhance engagement outcomes. Robeco is an active participant of many investor assocations and collaborations, where we often take a steering role.

Most of our engagements are individual engagements. We know from experience, however, that specific collaborative engagements can be very effective. For topics that Robeco has defined as engagement priorities, we assess if effective collaborative engagement platforms are available. Forms of collaborative engagement includes investor group engagement meetings, co-signing letters to boards of engaged companies or co-filing shareholder proposals.

For instance, we believe that the best way to promote improved market practices is through active membership in collaborative platforms such as the International Corporate Governance Network (ICGN), United Nations Principles for Responsible Investment (UN PRI), Eumedion, European Fund and Asset Management Association (EFAMA), and regional Corporate Governance associations. For each of these platforms, we identify and prioritize our collaborative engagement activities within these memberships.

We look for collaborative engagements that are focused and well organized, and which add more power to our engagement approach. Where this is the case, we pursue collaborative engagement where it can improve engagement outcomes within a certain engagement theme. This way, we combine our individual and collaborative engagement efforts to achieve the best possible engagement result. We prioritize collaborative engagement where we can combine these engagements with our individual engagements. Under these circumstances, we will take an active role in collaborative engagement in the form of (co-)leadership, contribution to policy documents, and outreach. Whilst Robeco might use such platforms for collaborative engagement, Robeco will not outsource our engagement responsibilities to third parties for equity or credit investments.

Other stakeholders might be included in our engagement in specific circumstances. NGO's, labor unions and interest groups might be consulted in the research phase of the engagement.

Engagement with governments, government related agencies, or regulators can add value to our engagement program. Therefore we take part in consultations and provide feedback on regulations that facilitate a better or level playing for ESG issues. Engagement is never intended to unduly influence the political process and Robeco only conducts engagement on public policy where it is deemed appropriate and transparent. The majority of our engagement activities on this topic are coordinated through the various investor associations and collaborative groups of which we are members. Policy engagements that are done via these collaborative platforms can be relevant from an equity investor perspective, from a bondholder perspective, or from both perspectives.

3.3 Relevant codes, principles and best practices for engagement

Robeco's clients include institutional investors and private investors of all sizes and from all regions of the world. As they represent a diverse set of profiles, sizes, and geographical footprints, we cannot decide for all our clients what their values and preferences should be. Our first criteria is that engagement needs to be relevant in light of our investment exposure. We have developed a materiality framework that is used as starting point to prioritize our engagements. We use materiality insights to determine the most relevant sustainability risks and

opportunities that need to be addressed for specific investment exposures.

Additionally, to acknowledge the diversity in our client base and the variety in our investee companies, 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. 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 (SDGs)
- 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.

3.4 What do we expect from investee companies?

Robeco focuses its engagement activities with listed companies on material Environmental, Social and Governance issues which create long term shareholder value. 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.

Both the management and board of listed companies are accountable for the company's long term strategy and management of ESG issues. Robeco believes that companies that have strong sustainability and governance policies in place are more likely to act in the best interest of all their stakeholders, and are better positioned to deal with a variety of issues, such as non-financial risks and changing regulation. Subsequently these companies are also better prepared to address long term trends such as climate change. On such issues we believe that a constructive dialogue can enhance accountability between stakeholders and improve the risk/return profile of investee companies.

We also understand that individual companies and industries differ in their business practices and how they deal with different problems. Therefore, we focus on the most material issues a company must address, meaning our engagement focus will differ between various investment exposures. In this section we explain the principles we follow in our engagement activities.

3.4.1 To have a coherent corporate sustainability strategy

We expect companies to have a coherent sustainability strategy, aligned with their corporate strategy. This should ideally be expressed in terms of target markets, the competitive advantage the company has, and the economic, environmental and social impacts caused by its everyday operations. A sustainability policy and strategy also presents the organization's values and governance model, and demonstrates the link between its corporate strategy and its commitment to a more sustainable economy.

3.4.1.1 Maximize Sustainability Operating Performance

We want companies to maximize the sustainable operating performance of their businesses, and to ensure that their investment plans have been critically tested in terms of environmental, social and governance impact and their ability to create long-term shareholder value.

3.4.1.2 Focus on Materiality

We expect companies to conduct a materiality assessment to identify key focus areas around ESG in order to optimize their efforts towards sustainability. Based on the output of this assessment, a sustainability policy and strategy should be developed to measure, understand and communicate their performance and progress. Measurable qualitative and quantitative goals and targets should be set to manage change more effectively. Companies should also publish a sustainability report that includes its progress towards addressing material topics, preferably as an integrated part of their annual report to link sustainability with company strategy and long-term value creation. A sustainability report should be a platform for communicating sustainability performance and impacts, both positive and negative, and incorporate standardized sustainability metrics. ESG data in reports should be independently verified.

3.4.1.3 Contribute to the SDGs

We expect companies to identify their impacts on the UN Sustainable Development Goals (SDGs) and their sub-targets. Companies should consider impacts throughout their value chain and disclose where they contribute to the SDGs or are at risk of harming progress towards them. The most material SDGs and sub-targets should be identified in their sustainability report where we expect companies to report progress on their contribution to these SDGs over time. Business procedures and policies should have regard for potential positive or negative impacts on the SDGs.

3.4.2 To manage environmental issues effectively

We expect companies to address and manage the environmental factors that affect their operations and are material for their business. In addition, we expect companies to explain the procedures in place to manage related risks and demonstrate how they identify and benefit from related business opportunities. We use the OECD Guidelines for Multinational Enterprises as a starting point and encourage companies to implement these guidelines to the best of their ability.

3.4.2.1 Implement an Environmental Management System

We expect companies to establish and maintain an Environmental Management System (EMS) in order to collect relevant environmental data, set meaningful objectives and monitor progress. In most cases it adds value to verify the EMS through an international standard such as ISO 14001 or EMAS and opt for third party audits by specialized companies.

3.4.2.2 Assess and disclose environmental impact

Companies should systematically assess and address the potential environmental impact of their activities when making business decisions. In cases where the company's activities have a significant environmental impact and/or are under regulatory scrutiny we request an appropriate Environmental Impact Assessment (EIA) accompanied by a formal system to ensure that the EIA recommendations are implemented and followed up on.

We also want companies to be transparent about their environmental impact. Companies should report on the environmental impact of their activities in a measurable, comparable, verifiable and timely fashion. In addition, companies need to communicate and consult with the local stakeholders affected by these activities.

3.4.2.3 Prepare for environmental incidents and prevent or minimize environmental damages

We want companies to maintain contingency plans to prevent, mitigate and control serious environmental damage resulting from accidents and spills related to the company's activities, including immediate reporting to the relevant authorities.

Companies should take immediate action in case of serious environmental damage or threat in order to prevent or minimize such damage.

We want companies to systematically educate and train their employees on environmental health and safety matters such as the handling of hazardous substances and the prevention of environmental accidents.

3.4.2.4 Innovate to improve environmental performance

Companies should continually improve their environmental performance in areas such as emission reductions, resource efficiency, recycling, substitution or reduction of toxic substances and biodiversity. The main drivers entail the adoption of improved technologies and operating procedures, the development of eco-friendly products and services and raising customer awareness.

3.4.2.5 Contribute to environment-friendly public policy

We want companies to support the development of meaningful public policies focused at enhancing environmental awareness and protection.

3.4.2.6 Take action on climate change

A special subject within the management of environmental issues is the subject of climate change. We request that companies have a climate policy and strategy which are aligned with the Paris Agreement, including a process to integrate climate change risks and opportunities into the company's centralized risk management framework and a governance structure which ensures sufficient oversight over the management of climate change related risks. We expect companies to set time-bound de-carbonization targets to support their transition to net zero emissions and the low carbon economy. We expect companies to be transparent about their efforts to address climate change by disclosing in line with recognized frameworks, such as the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. We apply an enhanced engagement approach towards the highest emitting companies in our portfolios that are lagging the most in their efforts to de-carbonize. In our voting policy we define escalation steps if companies do not meet our expectations.

3.4.2.7 Manage water risks

Water-related risks are an important issue with a number of environmental and social implications. Depending on the company's exposure to water stressed areas, we want companies to track fresh water use and quality, set ambitious reduction and recycling targets, and appropriately manage conflicts with local stakeholders concerning fresh water resources. Major water pollution issues are treated as UN Global Compact environmental breaches and we will engage accordingly.

3.4.3 To manage social relationships effectively

We expect companies to manage their social relationships with all stakeholders. We use the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles as a starting point for our engagements. In line with these expectations, we request companies implement the guidelines below to the best of their ability.

3.4.3.1 Contribute to and protect human rights

We support the human rights principles described in the Universal Declaration of Human Rights (UDHR) and detailed in the Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines for Multinational Enterprises and the eight fundamental International Labour Organization (ILO) conventions. Our commitments to these principles means we will expect companies to formally commit to respect human rights, have in place human rights due diligence processes, and, where appropriate, ensure that victims of human rights abuses have access to remedy.

3.4.3.2 Engage with stakeholders

Issues where companies show shortcomings with regard to social management receive much attention from stakeholders (i.e. clients, employees, suppliers and NGOs). Companies should therefore engage in a constructive dialogue with stakeholders regarding their social responsibility.

3.4.3.3 Respect labor rights

Companies should observe and abide by the conventions of the International Labour Organization (ILO) relating to child labor, forced labor, discrimination, freedom of association and collective bargaining, both within the company and in their supply chain.

3.4.3.4 Guarantee health and safe working environment for employees

Managing risks and maintaining safe working conditions is important for companies, as workplace accidents can have a severe impact on employees and consequently negatively impact the reputation of a company. Large-scale incidents involving fatalities can be a major cost factor as a result of claims filed by dependents and due to interruptions to production and supply chains. Companies should have effective rules in place in the field of health and safety and also guarantee a good working environment for their own employees and employees in their supply chains.

3.4.3.5 Develop human capital management policy to attract and retain employees

Companies whose employees are happy and healthy achieve stronger operational and financial performance in the long term. We want companies to develop a human capital management policy which should cover how they attract and retain talent, provide training and courses, and establish workforce diversity.

3.4.3.6 Promote Diversity and Inclusion (D&I)

Companies should establish a clear D&I corporate strategy supported by their broader human capital management policy. They should strive for having sufficient diversity levels across their leadership, supervisory board and broader workforce. Companies should disclose their adjusted and unadjusted gender pay gap whilst defining a clear strategy to minimize unjustifiable pay divergences. An inclusive corporate culture needs to be fostered to ensure companies can benefit from having a diverse workforce.

3.4.3.7 Stimulate innovation

Innovation is a key element for future growth and we want companies to provide guidance on how they foster a culture where innovation thrives. We analyze the systems that a company uses to obtain maximum return from developing new products. In this context, we consider Research & Development (R&D) expenditure of companies over the last year, staffing for R&D, and the product categories they focus on, together with the community needs that these innovations aim to meet. We want companies to focus their investments on developing innovative products.

3.4.3.8 Reduce environmental, health, and safety impacts of products

The effect that a companies' products can have on society is an important element of product stewardship. In this context, we consider product safety and recycling, but also the undesirable effects on society of products such as the risk of obesity for producers of products containing sugar. Product stewardship extends this responsibility to everyone involved in the life-cycle of a product. This includes not only manufacturers, but also the retailers, consumers and recyclers of the product as well. We want companies to have safe production methods and responsible product management.

3.4.3.9 Implement a supply chain management program

Many of the above mentioned risks in the field of human rights, employment standards and health and safety do not manifest within the companies themselves, but rather in their supply chains. Because suppliers are inextricably linked to the product that the company makes, and thus with the company's reputation, we want companies to have a comprehensive supply chain management program in place.

3.4.4 To manage corporate governance issues effectively

We expect companies to have a well-defined corporate governance system that balances the interests of all stakeholders. Corporate governance refers to a set of rules or principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations. It can enhance the stability and performance of a company and support a company's long term strategy. Corporate governance provisions can differ strongly between regulatory markets. Our engagement policy is based on internationally

accepted guidelines, such as the principles set by the International Corporate Governance Network (ICGN), the UN Global Compact principles, and several OECD principles including the Guidelines for Multinational Companies and Base Erosion Profit Shifting (BEPS).

We want companies to implement the guidelines below to the best of their ability and within the limits of any applicable local corporate governance framework. We recognize that sustainable and well-governed companies must satisfy the basic and legitimate requirements of its capital providers. Therefore, we expect prudent capital allocation as a basis for responsible company management.

3.4.4.1 Improve board quality and functioning of the board
Corporate boards have the task to monitor and guide the management of the company in the best interest of shareholders. In order to fulfill that task, the majority of the board should be independent, have sufficient knowledge of the industry and relevant supervisory skills. We want companies to have nomination processes in place that define core capabilities for new members and the required qualities for the board as a whole. Independent board members should have sufficient access to information about the daily activities of the company. Shareholders should be able to judge if a nominated member possesses such qualities and if incumbent members have carried out their supervisory tasks adequately. We want companies to share sufficient information about these board members prior to an annual shareholder meeting.

3.4.4.2 Improve corporate culture
Companies should engender a corporate culture which ensures that employees understand their responsibility for appropriate behavior. We want companies to have a code of ethics and code of conduct, and select and train their employees accordingly.

3.4.4.3 Improve risk oversight and management
We want companies to have an adequate risk management policy, risk oversight and appropriate risk management systems in place. The board should report the main risks which have been identified and what policies and other measures have been implemented to minimize these risks.

3.4.4.4 Implement appropriate executive remuneration policy
A companies' executive remuneration policy is one of the main instruments to guide, evaluate and reward the behavior and achievements of executives. It is therefore in the interest of a company, its shareholders and other stakeholders to have an appropriate remuneration policy for executives. We want companies to be transparent about their remuneration policy, including the height of compensation, its structure and key performance targets. Remuneration policies should be structured in such a way that the interest of executives and shareholders are aligned towards the same end; value creation in the long term. The inclusion of non-financial targets (environmental, social and governance) is encouraged. We want companies to give shareholders a say on pay, for example by approving changes in the remuneration policy or via an annual vote on the remuneration report.

3.4.4.5 Improve audit function
We want companies to have robust and efficient audit processes in place. Companies should be transparent in how their financial statements have been constructed and if material weaknesses have been detected. In order to ensure auditor independence, companies should be clear on their auditor rotation and tendering procedures. In case of substantial payment of non-audit fees to the auditor, we want companies to provide sufficient information to assure shareholders that the auditor can be regarded as independent.

3.4.4.6 Improve disclosure and transparency
We want companies to be transparent and open about their aims, challenges, achievements and failures. This starts with clear financial accounting, including accounting and tax policies. This also includes transparency on the company's sustainability strategy via their sustainability report or integrated report. We want companies to publish their annual and sustainability reports on time and announce their shareholder meetings in a timely manner.

3.4.4.7 Allow shareholders to use their rights over companies and enhance those rights where necessary
Shareholders should have appropriate rights to ensure that boards are accountable for their actions. We want companies to treat shareholders fairly in terms of voting rights, dividend distribution and the allocation of other rights. We want companies to give shareholders a say in major decisions, significant transactions, mergers, and changes in company bylaws. Appropriate means should be available to shareholders to address issues within the company; for example the filing of shareholder resolutions. We want companies to clearly state all shareholder rights in their charter. When the company changes its capital structure, shareholder value and shareholder rights should not be negatively affected or diluted.

3.4.4.8 Prevent all forms of corruption
We want companies to work against all forms of corruption, including extortion and bribery. In case of significant exposure to bribery risk, we want companies to have a relevant code of conduct in place and a risk management system to prevent all forms of corruption. In case a company has experienced bribery

related issues, we want companies to be transparent to its stakeholders on how it will prevent such issues in the future. We expect companies to comply with applicable law and not to engage in dishonest and fraudulent activities.

3.4.4.9 Accountable tax practices

Companies should be accountable for and transparent about their international taxation practices. This means that companies should have clear policies and disclosures for investors, enabling them to understand how they decide on allocating their tax responsibilities over different jurisdictions, to which degree tax payments are aligned with economic substance, and if the effective tax rate is sustainable over the long run.

3.4.4.10 Capital Allocation

Companies should have clear policies for capital allocation, including a shareholder returns policy, and meaningful disclosures on how companies prioritize between investments for M&A, capital expenditures and shareholder returns. Companies should disclose how they aim to create long term financial value over the long run

4. Proxy 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 International Corporate Governance Network (ICGN) Global Governance Principles. The proxy voting policy is the standard policy for all Robeco investment funds. For discretionary mandates Robeco may implement a client's own proxy voting policy.

4.1 Transparent Voting Policy and disclosure of voting activities

As a shareholder Robeco is co-owner of many companies and has a right to vote on shareholder meetings for those companies. We use our voting rights with the aim to influence company's corporate governance and other relevant investment related decisions in the best interest of our clients.

The Robeco voting policy consists of principles, guidance and example scenarios to assist in determining our voting instructions. Broadly, Robeco votes against management recommendations in case of poor corporate governance practices, when proposals are not in the best interest of long term shareholders and on any other proposal that is out of line with our policy principles.

As these Voting Guidelines form part of our Stewardship Policy, they are publicly available on our website.

4.2 Voting Guidelines

4.2.1 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
   - there are issues regarding the tenure, fees and independence of the audit, not in line with market best practice.

4.2.2 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 and board refreshment.
   - 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 incorporate basic considerations for gender diversity. Boards should comply with best practices or legal requirements where these exist. In other developed markets, we expect the least represented gender to comprise at least 30% of the board. In all markets an against vote is warranted if there is no gender diversity.
4. Vote for board directors nominated to the audit committee unless:
   - the audit committee is not sufficiently independent according to local standards. We require a fully independent audit committee, unless market practices require otherwise. In all cases the chair and the majority of the members of the committee should be independent.
   - 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 board directors nominated to the nomination and/or remuneration committee unless:
   - the Committee is less than 50% independent.
   - the Committee does not have an independent Chair
   - the company has repeated remuneration or nomination issues.
6. 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

7. Vote for a fixed board size, unless it allows for an excessive number of members.
8. Vote for declassification of the board
9. Assess changes in board structure or size case by case
10. 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
11. Vote against indemnification of directors of auditors if there are concerns regarding the terms of the agreement.

4.2.3 Remuneration

Assess compensation plans for executives case by case. Robeco uses an assessment framework to judge the merits of a remuneration policy or report, generally seeking alignment of management incentives with shareholder interests and adherence to basic best practices such as clawback provisions. The framework evaluates the following overarching components:

1) Remuneration structure and incentives
2) Inclusion of relevant ESG metrics
3) Quantum
4) Accountability and Transparency

We support the inclusion of material, measurable, and clearly disclosed ESG performance metrics in executive remuneration.

12. 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
13. 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
    - no clawback provisions are in place for the long term incentive plan (unless this is restricted by law)
14. 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 for markets where this is not mandatory
    - remuneration includes inappropriate incentives which might compromise the independent judgment of independent directors

4.2.4 Capital Management

15. 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
16. Assess proposals to approve debt issuance secured with company's assets case by case
17. Assess proposals to increase debt or borrowing powers case by case
18. Vote for general issuance requests, unless:
    - issuance lacks a sufficient degree of pre-emptive rights
    - issuance exceeds market best practice guidelines without proper justification
19. 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
20. Vote against the introduction of new share classes that are not in the best interest of minority shareholders.
21. 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
22. Vote for reduction of capital requests, unless:
    - terms are unfavorable to shareholders
23. 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

4.2.5 Mergers and acquisitions

24. 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
25. Assess proposals for reorganization and/or restructuring on a case by case basis

4.2.6 Shareholder rights

26. 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
27. Assess amendment of quorum requirement case by case
28. Vote for proposals to convert to a "one share, one vote" capital structure
29. Vote against a change of disclosure threshold of stock ownership other than 5% (SEC standard)
30. 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
31. 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
32. Vote against approval of items proposed by management for which information has not been disclosed
33. Vote against bundled resolutions if one or more of the items create(s) significant concern for shareholders

4.2.7 Shareholder proposals

34. Assess shareholder proposals case by case. Robeco uses an assessment framework to judge the merits of shareholder proposals. The framework evaluates the following overarching components:
    1) Spirit
    2) Materiality
    3) Investor engagement outcomes
    4) Current company performance
    5) Required company action

Robeco votes for shareholder proposals which:

- aim to increase transparency on material ESG issues
- enhance long term shareholder value creation
- address material ESG risks, except when management and the board mitigated such risks in a transparent way
- aim to enforce appropriate conduct, except when their implementation would additionally reward fundamental behavioral norms.

4.2.8 Social and environmental topics

4.2.8.1 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.

4.2.8.2 Environmental management and climate change

The management of climate-related risks and opportunities is essential for all companies as we transition to a net zero economy. We expect that those companies that are more exposed to climate-related risks, such as high emitting companies and those that provide operational or financial services to these companies, should have relatively more robust transition plans, giving more detail around how they will manage the transition. More specifically, we expect that companies should have in place:

- Short-, medium- and long-term greenhouse gas targets that are aligned with the goals of the Paris Agreement;
- Targets covering all material scopes of emissions and all relevant types of greenhouse gases;
- A decarbonization strategy, including appropriate capital allocation, for how greenhouse gas targets will be met;
- A clear governance structure for managing climate-related risks and opportunities;
- Supporting disclosures, including in financial reports, on the company's decarbonization strategy, aligned with the goals of the Paris Agreement.

In addition, we expect companies to stop expanding thermal coal capacity and that financial institutions will develop robust transition strategies following sectoral best practice frameworks. Those companies that are not taking action towards aligning with the goals of the Paris Agreement create undue risks to our portfolios. Where companies fall materially short of these expectations, we will vote against the election of the chair of the board, or other relevant board member or meeting item.

The above expectations also form the basis for voting on so-called Say-on-Climate resolutions. As climate transition strategies differ for different industries, sector assessment frameworks based on the a forementioned principles will inform our decision if a climate transition strategy is of sufficient quality to support.

Climate related shareholder proposals will be assessed on their merit. Generally, proposals will be supported that ask for reporting, risk management and requests for target setting in line with the Paris Agreement. Exceptions may occur if companies have met all our requirements based in our climate assessment (Robeco Traffic Light on Climate Change).

4.2.8.3 Deforestation risk management

We expect companies that have high exposure to deforestation risk commodities (namely; palm oil, soy, beef, and timber, paper and pulp) to take action to address those risks within their operations and supply chains. For companies that have such exposure based on the results from our deforestation risk assessment, but either don't have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked social or environmental controversies, Robeco would oppose the agenda item most appropriate for that issue. Assessments of the quality of mitigating actions are based on external benchmarks such as the Forest500 benchmark.

Robeco also generally supports reasonable shareholder resolutions requesting increased disclosures on biodiversity risk management and proposals that ask companies to mitigating deforestation risks.

4.2.8.4 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.

4.2.8.5 Adherence to human rights

For companies that are faced with significant human rights issues, we expect companies to conduct a due diligence in order to adhere to human rights. For companies that are not taking adequate steps to mitigate their human rights impacts and are linked to social controversies, we would oppose the agenda item most appropriate for that issue. To that end, the nomination of the most accountable board member takes precedence.

4.2.8.6 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.

4.2.8.7 Generally supported shareholder proposals

In general, Robeco supports shareholder proposals requesting the following:

- Race and/or Gender Pay Equity Report
- Report on Ratio Between CEO and Employee Pay
- Report on Antibiotics in Animal Agriculture
- Adoption of Comprehensive Recycling Strategies
- Formation of Environmental/Social Committee of the Board
- Sustainability or Environmental Reports
- Independent Board Chairman/Separation of Chair and CEO
- Facilitation of Shareholder Proposals
- Trained, Qualified Directors on Board Committees
- Board Independence
- Reporting on Company's Compliance with International Human Rights Standards
- Reporting on Responsible Drug Pricing/Distribution
- Company Product Responsibility
- Improving Labor Practices
- Inclusion of relevant Social and Environmental Performance criteria in executive remuneration
- Report on executive retirement benefits
- Right for shareholders to a special meeting

Shareholder proposals that are aimed to oppose further company progress on relevant ESG issues (so-called anti ESG proposals) are generally not supported.

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.

4.3 Proxy Voting Execution

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

The Active Ownership team carries out proxy voting at Robeco. As Active Ownership is part of the investments domain's SI Center of Expertise, voting decision-making integrates the perspectives of portfolio managers and analysts, as well as SI Research analysts, SI Strategists, and clients in discretionary mandates. The Active Ownership team coordinates voting instructions reflecting a consistent view for the organization in line with the voting guidelines and executes voting decisions for all shareholder meetings.

4.3.1 Costs associated with proxy voting

Robeco votes the meetings for all of our publicly trading accounts, except when the costs of voting are significant.

Robeco exercises its voting rights for all of its listed funds that have direct equity investments. Only if direct costs incurred or required resources are too great (in relation to the size of the assets in a fund), proxy voting might not be exercised. Robeco's Sustainability and Impact Strategy Committee (SISC) reviews the funds in scope for voting on an annual basis.

For discretionary investment mandates voting responsibilities are discussed with the beneficial owner.

4.3.2 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.

4.3.3 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. In principle we aim to vote all of our equity positions.

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

4.3.4 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 an at least annual basis, we monitor and evaluate our proxy voting agent, on the quality of governance research and the alignment of (customized) voting recommendations and Robeco's voting policy. We will take action to resolve any issues that are identified through this annual review process. The review is part of Robeco's control framework and is externally assured.

4.3.5 Notifying management of votes

Robeco tracks the percentage of shareholder meetings where we vote against management and where we abstain. For a pre-selected set of priority shareholder meetings, we notify companies when we vote against management recommendations and explain the rationale behind our decision.

5. Reporting on Stewardship

Robeco acts on our stewardship responsibilities in our investments, the activities of our SI Center for Expertise, and our collaborations. Keeping clients and stakeholders informed of our stewardship activities is an important element of exercising our responsibilities.

5.1 Periodic reporting on stewardship responsibilities

Robeco discloses activities related to voting and engagement on its website. Robeco's SI efforts, including status updates on voting and engagement, are reported on a quarterly basis. Annually, we summarize the progress Robeco has made on stewardship in our Stewardship Report. Robeco's voting decisions are disclosed on an ongoing basis on our website. With these reports clients and stakeholders are informed periodically on Robeco's stewardship responsibilities. Clients with customized stewardship requirements also receive detailed confidential reports on voting and engagement as part of the stewardship agreements.

Robeco also discloses its exclusion policy and exclusion list. Robeco's exclusion policy and list of exclusions are published on our website. Robeco is an active member of the PRI and discloses its SI approach in the annual PRI assessment. Robeco is also a member of the United Nations Global Compact and discloses its SI approach via the Communication on Progress of the UNGC.

5.2 Communicating our progress on engagement

Robeco reports information on engagement to our clients and our broader stakeholders. Our reporting is focused on the Active Ownership team's engagement activities, the trends we observe, and the outcomes of engagement.

5.2.1 Client reporting on engagement

As publicly disclosing details of ongoing engagements may harm the dialogue's potential for success, we have different types of reporting available which can be shared with clients or the wider public. To clients we provide full and detailed confidential reporting on engagements on a quarterly, semi- and/or annual basis. Clients for whom we provide dedicated stewardship services also receive near-live reporting on current engagements in their portfolios.

In addition, we provide public reports that are suitable for reporting to the client's own stakeholders, for example a pension fund's beneficiaries.

5.2.2 Public reporting on engagement

We recognize that communicating our engagement activities and outcomes to external stakeholders is an important responsibility. We disclose new engagement themes, specific trends and engagement showcases in our quarterly Active Ownership Report. These reports are available on our website. Whilst these quarterly Active Ownership Reports are not as detailed and exhaustive as confidential engagement reports to clients and investment teams, they do include summaries of engagement progress across our program, key statistics, and engagement case studies. Our engagement case studies describe an issue, our engagement objectives and activities, and engagement results for an individual company.

Robeco's annual Stewardship Report is also available on our website and summarizes our progress on stewardship in the past year. The report brings together insights from the four pillars of the SI Center of Expertise and our investment teams. Our annual Stewardship Report also complies with several of the Stewardship Codes of which we are signatories. In the report, we provide a full list of companies under engagement.

5.3 Ensuring transparency on proxy voting

All of Robeco's voting decisions for our funds, including voting rationales, are disclosed on an ongoing basis on our website. Our further reporting contains votes on behalf of clients, analysis of trends, and rationales for votes cast at significant shareholder meetings.

5.3.1 Client reporting on proxy voting

We recognize the importance of transparency towards our clients regarding votes cast on their behalf. On a quarterly, semi- and/or annual basis, we provide client reporting on voting. Our client reporting on proxy voting includes voting statistics, analysis of trends, significant shareholder meeting highlights, as well as itemized lists of all votes cast on their behalf.

Depending on client preferences and stewardship requirements, our clients may publish these reports, use them to inform stakeholders such as beneficiaries, or use them internally.

5.3.2 Public reporting on proxy voting

Transparency is key when exercising our right to vote on behalf of Robeco's funds. We disclose all voting decisions, including voting rationales, on our website one day after a shareholder meeting has taken place. Our proxy voting disclosure complies with the requirements of the Dutch Stewardship Code and SRDII. In our annual Proxy Season Overview, we disclose statistics summarizing our voting activity and our rationale behind vote decisions for significant shareholder meetings.

Finally, our quarterly Active Ownership Reports and annual Stewardship Reports include voting statistics and analyses of trends observed. These reports are publicly available on our website.

6. Conflicts of Interest

In the course of exercising our stewardship responsibilities, conflicts of interest may arise. Preventing and controlling these conflicts are important elements protecting the best interests of clients and the integrity of financial markets. Robeco is committed to ethical conduct and responsible management of conflicts of interest.

6.1 A robust policy on managing conflict of interests

Robeco has a well-developed policy and framework to manage conflicts of interest. Conflicts of interest could arise when executing stewardship activities. Conflicts in relation to our stewardship responsibilities are covered by our 'Conflict of interest procedure' and by our policy 'Regulations regarding private investment transactions'. An outline of Robeco's conflict of interest procedure is published on Robeco's website.

Several conflicts of interest could arise related to Robeco's stewardship activities. Examples of these potential conflicts of interest are:

1. A company that is selected for engagement is related to one of our (prospective) clients;
2. Robeco has voting rights in a company that is related to one of our (prospective) clients;
3. A company that is selected for engagement or is related to our parent company or related subsidiaries;
4. Robeco has voting rights in a company that is related to our parent company or related subsidiaries;
5. Clients have differences in engagement preferences.

In these instances, Robeco will execute its voting and engagement policy, as normal on behalf of our ultimate investors following our standard voting policy and engagement guidelines. In case a business relationship might threaten the objectivity or the nature of stewardship activities, Robeco's compliance department is consulted. If, after consultation with Robeco's compliance department, voting and engagement activities are to be pursued, different stakeholders including the Robeco Executive Committee and clients are informed.

6.2 Ensuring ethical conduct

Several other aspects of ethical conduct are relevant in relation to our stewardship activities. Stewardship activities are exercised with the aim to influence company behavior; they are not intended to obtain non-public information. In case material non-public information is obtained through stewardship activity, Robeco's compliance department is informed and a information barrier is installed for insiders. Stewardship professionals that are considered insiders are subject to a information barrier until public dissemination of the material information. During the application of the information barrier, stewardship professionals are not allowed to act upon or share the non-public material information. With this approach Robeco takes into account its stewardship responsibilities and acts in the best interest of clients.

6.3 Complaints & Grievance handling policy

Robeco has a Complaints & Grievance handling policy that prescribes a process for dealing with complaints from clients as well as allegations, issues or problems, whether perceived or actual, related to Robeco's sustainability commitments, brought forward by one or more external stakeholders of Robeco. The complaints and grievances channel can be found on our website.

7. Other relevant documents

Robeco recognizes the importance of transparency regarding our sustainability and stewardship processes. All relevant policies and documents can be found on our website.

ROBECO
The Investment Engineers

Please visit the Robeco website
for more information

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