

ROBECO | 01.04.2025-30.06.2025

Active ownership report



ACTIVE OWNERSHIP

A vision for sustainable growth

We actively use our ownership rights to engage investee companies around key sustainability risks, impacts and opportunities, and as such support them in building future-proof business models. We are convinced that companies that adopt sustainable business practices could have a competitive advantage and potentially an improved risk and return profile in the long term. Thus, on behalf of our clients, we use engagement and voting to strengthen corporates' approach towards responsible business conduct and sustainable growth. Exercising our stewardship responsibilities is an integral part of Robeco's approach to sustainability investing, aligning with our mission to use research-based, quality-driven processes to produce the best possible results for our clients over the long term.

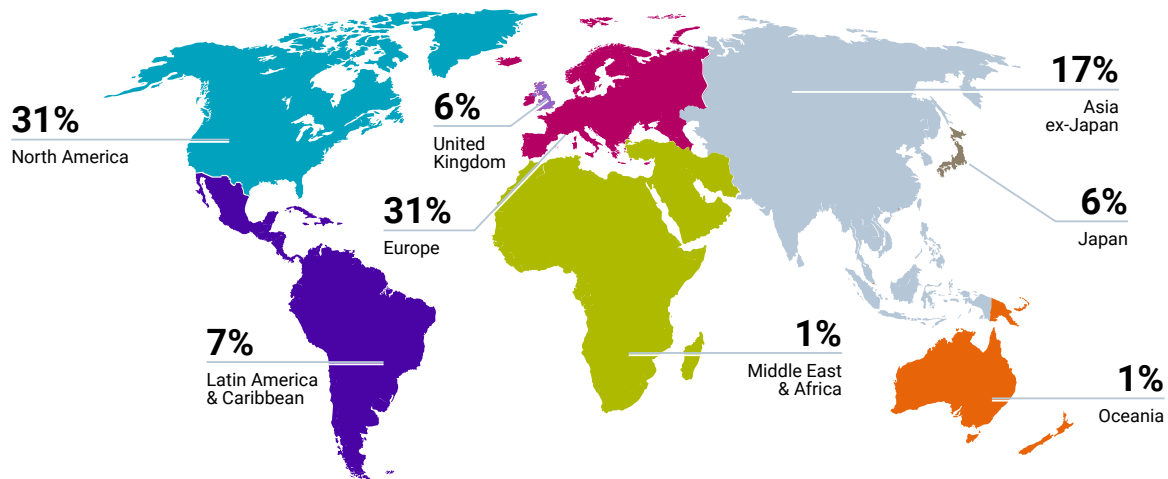
Engagement – Engagement consists of a constructive dialogue between institutional investors and investee companies or sovereigns to discuss how they manage environmental, social and governance (ESG) risks and adverse impacts, as well as seize business and economic opportunities associated with sustainability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

Voting - 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 quarterly Active ownership reports provide regular updates on engagement and voting activities. More details on Robeco's Active Ownership approach can be found in: Robeco's Integrated Report, Robeco's Stewardship Report or Robeco's website.

Q2|25 figures engagement

Engagement activities by region



Number of engagement cases per topic*

Environmental	51
Social	14
Governance	20
Sustainable Development Goals	73
Voting Related	2
Enhanced	19
Total	179

Number of engagement activities per contact type

Meeting	21
Conference call	86
Written correspondence	114
Shareholder resolution	0
Analysis	77
Other	1
Total	299

Progress per themes

Themes and number of companies under engagement

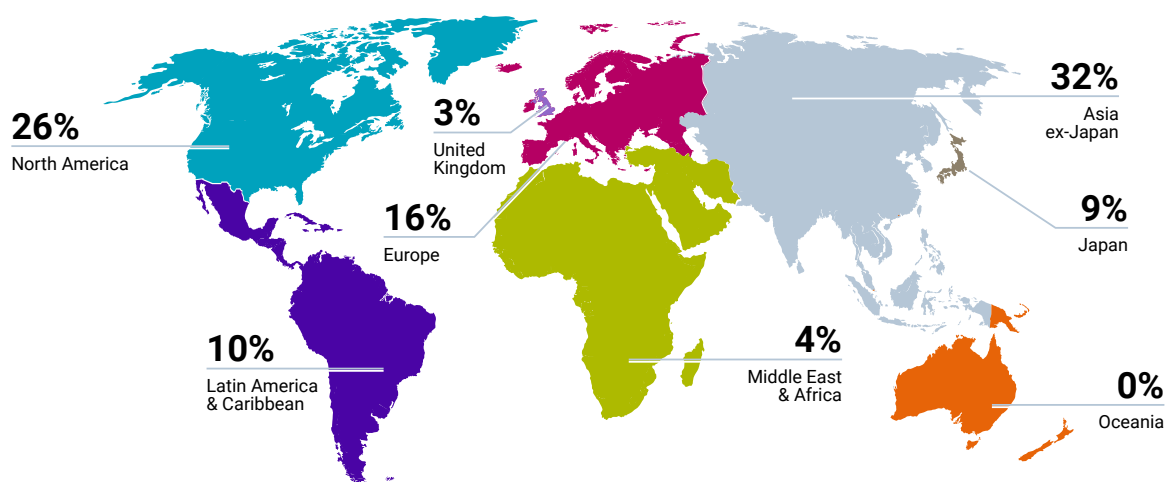
		0%	20%	40%	60%	80%	100%
Biodiversity	23						
Climate and Nature Transition of Financial Institutions	11						
Hazardous Chemicals	5						
Natural Resource Management	10						
Nature Action 100	8						
Net Zero Carbon Emissions	55						
Ocean Health	6						
Sound Environmental Management	8						
Human Capital Management	5						
Human Rights Due Diligence for Conflict-Affected and High-Risk...	14						
Just Transition in Emerging Markets	7						
Modern Slavery in Supply Chains	12						
Sound Social Management	12						
Corporate Governance Standards in Asia	11						
Corporate Governance in Emerging Markets	10						
Good Governance	23						
Tax Transparency	7						
Fashion Transition	46						
SDG Engagement	52						
AGM engagement 2025	9						
Acceleration to Paris	23						
Acceleration to Zero-Deforestation	2						
Global Controversy Engagement	19						

● Success ● Positive progress ● Flat progress ● Negative progress ● No Success

* For more information on Robeco's approach to engagement please refer to the appendix at the end of the report.

Q2|25 figures voting

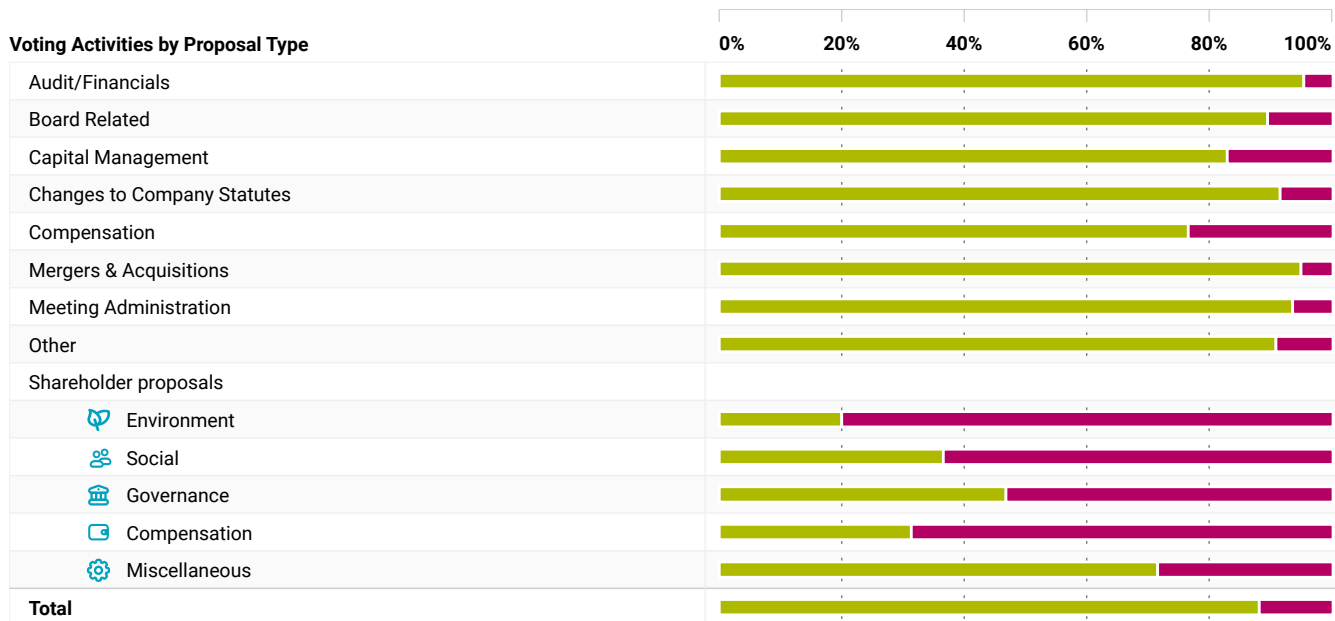
Shareholder meetings voted by region



Voting overview

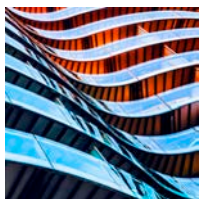
	Q1	Q2	Q3	Q4	YTD
Number of meetings voted	902	3,585	-	-	4,486
Number of proposals voted	7,423	45,387	-	-	52,797
Meetings with one or more votes cast against management recommendation	52%	61%	-	-	59%

Voting Activities by Proposal Type



● With management ● Against management

Contents



Policy Engagement highlights

The Active Ownership team contributes to standard-setting discussions that influence the wider policy landscape. As part of a bi-annual update, we share several highlights of this work from the first six months of the year.

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Sovereign Engagement: Indonesia

In February 2025, Robeco co-led a field trip to Jakarta with the Investor Policy Dialogue on Deforestation (IPDD). We met with Indonesian government agencies and stakeholders to discuss sustainable finance, corporate disclosures, and policy alignment with climate targets. Senior Engagement Specialist Laura Bosch Ferreté reports on how the latest round of discussions went.

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Net-Zero Carbon Emissions

Despite declining shareholder support and fewer climate resolutions, Robeco continues to engage with over 100 high-impact companies, using tools like climate voting, AGM participation, and public statements. Collaborations, such as with Climate Action 100+, remain central. Cluster Lead for Environmental Engagement Cristina Cedillo explains how navigating the headwinds is paying off.

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Good Governance

In recent years, investors have witnessed a shift in shareholder empowerment toward increased corporate control. The rise in anti-ESG sentiment and regulatory changes in the US have exacerbated the declining influence of shareholders in corporate affairs, particularly over climate resolutions. Head of Voting Michiel van Esch looks at how the road to hell is paved with good governance.

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Proxy Voting – General Insight

The thorny issue of executive remuneration remains a hot topic at AGMs. Robeco has long emphasized the need to balance competitive pay, including contentious high-value share options and ‘moonshot’ awards, with shareholder interests and societal expectations. Active Ownership Specialist Lucas van Beek reports on developments in the Spring AGM season.

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Introduction



Robeco's steadfast commitment to climate action amid rising geopolitical challenges, nationalism, and regulatory pushback, remains undimmed. Sustainable investing is taking a knock with a pushback against ESG and events in the US, but Robeco still firmly believes that it facilitates better investment decisions. We therefore open our quarterly report of the activities of the Active Ownership team with two reports on our engagement work, with both countries and companies.

In our first report, we explain how a collaborative investor engagement trip to Jakarta is helping Indonesia to stop deforestation, particularly in its core palm oil industry. Key topics included the green taxonomy, nature-related financial disclosures and the role of domestic banks. As Indonesia's new government reassesses priorities, Robeco aims to influence the updated Nationally Determined Contributions (NDCs) and ensure continued policy support for climate and biodiversity goals.

Meanwhile, efforts to combat global warming by adhering to net zero initiatives remains a core investment goal, as seen with our engagement with some of the biggest emitters of greenhouse gases. Robeco also supports sustainable finance legislation and engages policymakers to ensure supportive regulatory frameworks. Case studies with BP and Shell highlight efforts to hold companies accountable and promote transparency in climate strategies, while supporting the transition.

We also have two reports on the need to promote good corporate governance, amid the pushback against investor interests that has exacerbated the so-called agency problem. Despite renewed challenges, shareholder engagement remains vital. It is still important for institutional investors to participate in AGMs to promote transparency, accountability, and meaningful dialogue on ESG issues. We cite some examples from major European companies to show how this can work well.

Finally, if there is one subject that is guaranteed to raise eyebrows, it's rising levels of executive pay, and the widening divergence between salaries for directors and their workers. Recent trends such as the rise of restricted stock units (RSUs) and increasing CEO pay raise concerns about governance and fairness. We continue to advocate for transparent, balanced, and performance-aligned remuneration policies that support long-term value creation and stakeholder trust.

As we enter the second half of 2025, we look forward to updating clients and stakeholders with our engagement themes and voting work as we continue our deep commitment to sustainability.

Peter van der Werf

Head of Active Ownership



POLICY ENGAGEMENT

Policy engagement highlights H1 2025

The Active Ownership team regularly contributes to multi-stakeholder discussions that shape the policy landscape in which companies operate. In the process, we leverage our in-house expertise on an array of topics and provide input into standards whose reach goes beyond the companies we directly engage with in our program.

UK Stewardship Code consultation

In February 2025, we responded to a consultation about the UK Stewardship Code. We urged the UK's Financial Reporting Council (FRC) to refrain from implementing changes which would call into question the financial relevance of social and environmental factors. We felt that these changes would also abolish the expectation that signatories need to consider material ESG factors when fulfilling their stewardship responsibilities.

Cement regulations

In the same month, following our engagement with Holcim on climate lobbying, we supported a letter to the EU Commission's Executive VPs regarding cement regulations. The letter highlighted the sector's contributions to climate change and its need to become more competitive and sustainable. Despite progress in energy efficiency and the use of carbon capture and storage (CCS), concerns were raised about stagnating emissions and clinker content. The letter emphasized the need to address EU clinker emissions, which remain above the global average, offering opportunities for reduction in the sector. We advocate for market incentives and performance-based standards to encourage innovation, promoting a technology-neutral approach to meet sustainability standards.

Financing cleantech and the decarbonization of industry in Europe

In March, we participated in a roundtable on the decarbonization of industry in Europe, hosted by the European Policy Center. We urged government officials and industry stakeholders to align investments in decarbonization with Nationally Determined Contributions (NDCs) to ensure that institutional investors can take a long-term investment outlook.

CISL high-level roundtable on Financing European nature

Robeco was invited in March to speak at the Cambridge Institute for Sustainable Leadership roundtable at the European Parliament on financing nature. We presented to MEPs and other stakeholders how Robeco addresses biodiversity as a strategic topic in its investment strategy, and what we require in terms of policy stability to continue to reward companies that perform better in managing nature risks and opportunities.

UK National Wealth Fund

In response to the UK Treasury's consultation on the role of a new National Wealth Fund (NWF), we provided input to a letter from the IIGCC UK Policy Working Group in April. The letter emphasizes the need for the NWF to operate independently while delivering strategic public finance to

catalyse private investment in the green economy. It advocates for targeted investments in key sectors, transparency in risk management, and a focus on creating long-term, stable partnerships to achieve climate goals and economic growth.

SBTi v2.0 consultation

In May, we submitted a response to the SBTi's version 2.0 proposed standard consultation. In our engagement with companies, one of our consistent asks when addressing climate change is that they seek verification of their targets by the SBTi under their current set of requirements, as we consider this to be best practice. While corporate progress on climate action does not stop at target setting, our response to the consultation broadly reflects that we recognize the SBTi's greatest contribution as creating a level of harmony and incentive for how companies should set their ambition level for the short and mid-term, though we support recommendations on how companies take further steps.



SOVEREIGN ENGAGEMENT

Sovereign engagement with Indonesia on deforestation

Laura Bosch Ferreté – Senior Engagement Specialist

Robeco has been actively steering sovereign engagement work with Indonesia under the collaborative Investor Policy Dialogue on Deforestation (IPDD) group since 2020.

12 meetings
scheduled with
government agencies
and other key
stakeholders in
Jakarta, Indonesia.

The collaboration of 82 international investors representing USD 11 trillion in assets under management focuses on coordinating public policy dialogue on halting deforestation. It liaises with government authorities and other key stakeholders in countries with critically important forests and native vegetation. In February 2025, Robeco co-organized an investor field trip to Jakarta, Indonesia, to meet with government agencies, private companies, industry associations and foreign embassies.

Indonesia plays a critical role in the climate transition due to its vast tropical forests, which are essential for carbon sequestration, and its significant efforts to reduce greenhouse gas emissions through sustainable land use and energy policies. The country has made significant progress in reducing deforestation since 2015, largely due to a combination of government policies, international cooperation, and sustainable land management initiatives. It now stands at a critical juncture in its pursuit of environmental goals, which will be defined

by its ability to continue reducing deforestation rates in the next two decades. To reach its 2030 climate targets under Indonesia's National Determined Contributions (NDCs), an estimated USD 285 billion of investment is required, according to the Climate Policy Initiative. As the government budget can only cover 34% of the investment needed, this leaves a sizable climate finance gap to close. Hence, the role of domestic and international financial institutions is key to narrowing this gap.

The investor group's visit to Indonesia was well timed, as the country underwent a change of government by the end of 2024 following elections. Most government agencies are in the process of reassessing their priorities based on the new cabinet's policy focus areas. Meeting with key decision makers within those agencies enabled Robeco to tap into a window of opportunity to provide feedback on their strategic planning. The dialogue focused on strategic topics such as sustainable finance, disclosures, and the alignment of policy priorities with climate targets.

Sustainable finance roadmap

One of the key topics prioritized by the group was to support Indonesia's sustainable finance roadmap to attract foreign capital by prioritizing sustainable investments into the country. Robeco met with several government agencies to discuss their green taxonomy requirements and their alignment of corporate disclosures with International Financial Reporting Standards (IFRS) climate metrics, as well as their overall sovereign debt issuance on green and sustainability-linked bonds.

Feedback was provided on the type of environmental metrics that investors prioritize when allocating capital, and how to align these with the country's environmental priorities under its NDCs and National Biodiversity Strategy and Action Plan. When it comes to sovereign debt issuance, Robeco highlighted the importance of greater alignment between the disclosure of the use of proceeds from green bonds and how these activities help the country meet its climate ambitions. The group also encouraged greater interoperability of Indonesia's green taxonomy with ASEAN and EU taxonomies.

Disclosures

Recognizing that domestic listed companies and financial institutions play a key role in contributing to meeting environmental targets, the IPDD group also prioritized capacity-building sessions with industry associations and the stock exchange (IDX) to discuss how to strengthen corporate disclosures and ambitions on nature. Emphasis was given to the importance of aligning these with internationally recognized frameworks such as the Taskforce for Nature-related Financial Disclosures (TNFD).

When engaging with the domestic financial sector, we covered how these institutions manage their nature-related risks across their corporate loan book exposure. The group discussed topics such as client engagement to increase awareness of nature-related issues, as well as improvements in sustainability data collection from them. The role of domestic banks in bringing green and sustainability-linked bonds issued by corporates to the market was discussed in order to increase

“Indonesia now stands at a critical juncture in its pursuit of environmental goals, which will be defined by its ability to continue reducing deforestation rates in the next two decades.”

Laura Bosch Ferreté

financing activities that contribute to the country's climate targets. Domestic banks envision that they could do more in this space once there are more policy incentives for these financial instruments, and as the country's green taxonomy becomes more widely used.

Aligning policy priorities with climate targets

Indonesia's forestry sector plays a critical role in supporting the country's NDC (2022) conditional and unconditional targets. Of all the emissions reductions across sectors that need to be achieved by 2030 in order to meet these targets, 60% of them will come from the forestry sector alone. Hence, Indonesia's ability to manage its emissions from land use change will be pivotal. The new government has maintained its ambition level on its climate targets and efforts.

Policy priorities will need to be further aligned with these climate goals. Firstly, Indonesia's new administration is prioritizing a food and energy security program that may put some strain on the country's land use, as more crops will need to be grown to meet these ambitions. Secondly, the country's critical reserves of nickel have been driving economic growth and significant investments into the market. This means environmental safeguards on land use change and broader impacts on local communities and natural ecosystems will be critical to ensure the sustainable growth of the industry. Finally, Indonesia's newly launched voluntary carbon market will need to converge its standards with international frameworks to ensure that carbon credits are credible and properly accounted for, and could still contribute to meet Indonesia's NDC where relevant.

Looking ahead

After a successful investor trip to Jakarta, following up on our conversations with several of these stakeholders to deep dive into the topics addressed in our introductory meetings will be key. Currently, the new government is reviewing the proposed update of Indonesia's NDC to be submitted to the United Nations Framework Convention on Climate Change (UNFCCC) ahead of COP30 in November 2025. This will be a critical point in our future engagement to ensure that the country's climate ambitions remain ambitious and have a conducive policy environment.



NET ZERO CARBON EMISSIONS

Navigating headwinds to stewardship and climate action

Cristina Cedillo – Cluster Lead Environmental Engagement

The energy crisis and the 2024 elections super-cycle have significantly altered the global geopolitical landscape, ushering in an era marked by fragmentism and nationalism. Net zero goals and governments' and corporates' plans are increasingly being challenged on their costs, timelines and feasibility.

Between 20% and 45% of climate engagement cases were subject to climate votes over 2022-2024, and almost 40% of companies under engagement have improved enough to no longer be in scope of climate voting.

This shift poses a considerable challenge for climate change mitigation efforts, as the collaborative spirit necessary for global climate action is increasingly being undermined by nationalist agendas and fragmented policies. In the face of this complex geopolitical landscape, Robeco is committed to staying the course toward net zero emissions by 2050. Engaging with companies on climate change remains an important part of our strategy to promote emissions reductions in the real economy.

Maintaining the long-term view

The current geopolitical climate is having a profound impact on companies worldwide. Many are scaling back their commitments to climate action at a time when leadership in this area is critically needed. The number of climate shareholder resolutions filed in 2025 is expected to fall significantly due to regulatory and corporate push-back, while the level of shareholder support has started to decline.

Despite these setbacks, climate-related risks and opportunities remain financially material over the medium to long term. The imperative for climate action is only increasing. Global temperatures keep rising and more people are suffering from the physical impacts of climate change. There are also signs that encourage optimism. More and more countries are decoupling economic growth from an increase in emissions, bringing the world economy close to the point where total absolute emissions will start to decline. The competitiveness of renewables, batteries and electric vehicles continue to improve each year. Their success demonstrates how climate solutions can offer alternatives to fossil fueled technologies.

Robeco's response to the changing landscape

In response to these challenges, Robeco has taken several proactive steps to ensure that our commitment to climate action remains strong. In 2024, Robeco expanded its climate engagement coverage with the ambition of reaching 100 companies in high-impact sectors. This expansion is part of the broader engagement strategy, where efforts are made to further apply a full range of engagement tools, including escalation strategies, and collaborate with like-minded investors and clients.

Collaboration with other investors remains key, despite the push-back from various quarters. Robeco continues to actively support the Climate Action 100+ initiative.

Between Q1 2024 and Q1 2025, Robeco has co-led collective engagement under the initiative at 12 companies and contributed to engagements at nine others. Beyond this, Robeco has also built coalitions with like-minded investors to pursue escalation campaigns at targeted companies.

Robeco views AGMs as key opportunities to address expectations on climate transition plans, and reaches out to companies ahead of their shareholder meetings to provide feedback on perceived gaps in their transition plans. This annual exercise reaches out to around 300 companies in high-impact sectors. Companies that fail to address our concerns are subject to the climate voting policy, at which Robeco may vote against the reappointment of key directors to express our concerns.

This policy covers high-emitters and banks with poor transition plans, and companies with thermal coal exposure lacking a phase-out plan. For a select number of priority companies, Robeco attends AGMs and raises concerns directly with top management and the board. Recent examples include engagements with Shell and TotalEnergies.

Publicly voicing concerns is another tool to use in a strategic way. While most of the time a constructive dialogue benefits from confidentiality, public statements can help bring momentum to an engagement when used carefully. From pre-declaring votes at contentious shareholder meetings, to

“ In the face of this complex geopolitical landscape, Robeco is committed to staying the course toward net zero emissions by 2050. Engaging with companies on climate remains an important part of our strategy to promote emissions reductions in the real economy.

Cristina Cedillo

publishing engagement requests to companies, Robeco is carefully incorporating more visible tools in our strategy at a select group of engagement cases.

Finally, corporate engagement cannot be successful without supportive policy frameworks. Therefore, Robeco is also seeking opportunities to engage with policymakers on ensuring that regulation is supportive of the energy transition and the role of investors in it. One of the actions taken this year has been in response to the EU's review of its sustainable finance legislation in response to ongoing concerns about regional de-industrialization and the impact of sustainability measures on the competitiveness of European companies in global markets.

While there is room for streamlining sustainability (reporting) requirements, Robeco has voiced its support for sustainable finance legislation, as we believe it remains a critical building block to promote capital allocation towards climate solutions. We supported the public investor statement regarding the EU Omnibus legislation prepared by the European Sustainable Investment Forum

CASE STUDY

Using our collective voice at BP

Since late 2024, Robeco has been working with nearly 50 institutional investors to publicly voice concerns about BP's decision to drastically change its decarbonization strategy without sufficient shareholder consultation, and to remove the 'Say on Climate' vote from its AGM. In a joint investor letter, Robeco called on BP to re-instate a Say on Climate vote at the annual shareholder meeting, and to enhance transparency on the assumptions and guardrails guiding their capital allocation. The message to BP's board and top management gained significant media attention and helped balance the narrative surrounding the sector, providing an alternative perspective to calls for increased fossil fuel production.

(Eurosif) and the Institutional Investors Group on Climate Change (IIGCC), which advocated for preserving the principles, aims, and core substance of the sustainable finance legislations in scope of the review.

Conclusion

The post-2024 geopolitical landscape presents significant challenges for climate change mitigation. The rise of fragmented ambition levels and nationalism, coupled with push-back and debates over sustainable finance, has created an

unfavorable environment for global climate action. However, despite these challenges, Robeco's commitment to climate action remains unwavering. Robeco continues to expand its engagement efforts, collaborate with investors, and use every tool at their disposal to drive meaningful change. By maintaining a strong dialogue with companies and holding them accountable, Robeco aims to navigate the complexities of the energy transition and contribute to a sustainable future.

CASE STUDY

Statement at Shell's 2025 AGM

Robeco attended the 2025 AGM of Shell in order to voice support for a shareholder resolution requesting disclosures around the consistency of aligning the company's liquified natural gas (LNG) demand scenarios and production plans with their climate targets and commitment to achieve net zero emissions by 2050. In addition, Robeco also called on the company to clarify its strategy to decarbonize the LNG value chain and the carbon capture and storage (CCS) strategy implied by the expansion in LNG production. Robeco lent its public support to the resolution, with the objective of ensuring that the company's plans to produce the requested information actually deliver a set of disclosures that can strengthen investor confidence and reinforce Shell's leadership in the energy transition.

GOOD GOVERNANCE

Good governance, from panacea to scapegoat

Michiel van Esch – Head of Voting

Effective corporate governance provides balance to the corporate universe. It is a set of rules and guidelines that define the rights and influence of different stakeholders in an organization.



Attending an AGM often is the conclusion of discussions on a wide range of ESG topics and underlines the importance of our engagement and creates additional momentum for our dialogue.

Good governance, from panacea to scapegoat

Good governance can provide the necessary stability for stakeholders to align and help minimize the agency problem, where the interests of the shareholder differ from those of the company's management. This balance seems to be shifting. After decades of more checks, balances, rights and protections for shareholders, the pendulum now seems to be swinging back to corporate management.

One important component of governance is to provide shareholders with the right to vote at AGMs, and to file (often advisory) resolutions. Since the financial crisis of 2008, regulators have encouraged institutional investors to make more use of these rights, in order to address risks and promote long-term value creation.

Institutional investors have been making use of their voting rights and have implemented stewardship policies, including those relating to non-financial risks. In the US, it is relatively straightforward to file resolutions, and it's possible for special interest groups to also file resolutions on a plethora of topics across the ESG spectrum. Some companies (especially mega-caps) have around 10 ESG-related shareholder resolutions on the ballot for their AGMs almost every year.

The rise of anti-woke

In recent years, push-back on ESG has become more prominent at AGMs, as special interest groups filed an increasing

number of so-called anti-ESG resolutions, and as asset managers faced increasing accusations of climate collusion. The push-back became even more evident last year, when a major oil and gas company sued its shareholders to exclude their resolution asking for climate-aligned targets from the proxy statement.

This year, stewardship may be curbed in a more formal manner, specifically in the US. In February, the Securities and Exchange Commission (SEC) announced new guidance that will make it easier for companies to exclude shareholder proposals from their proxy statement via the so-called no-action letter process. No-action requests are a mechanism to keep certain shareholder proposals off the ballots. Under specific conditions, the SEC will allow companies to dismiss resolutions such as when they are considered to be micro management, or if a resolution was already filed in earlier years and support for the subject has since fallen.

The US Department of Labor is also expected to change its guidance on what is allowed for investors managing pension assets. Specifically, the definition of fiduciary duty will probably make it less likely that investors can consider ESG factors in their investment decisions and voting policies. The Federal Trade Commission and Department of Justice accused large passive investors of climate collusion that was driving up energy prices as a result of their efforts to reduce coal production.

CSRD; corporate sustainable reporting in swing

In Europe, large corporations have continued to prepare to report in line with the EU Corporate Sustainability Reporting Directive (CSRD). Reporting under this new directive requires companies with over 500 employees with regulated listings in the EU to disclose their most material sustainability topics from a double materiality perspective. This means they must define which sustainability topics are most likely to impact their business, and (the other way around), the areas where the company makes the most operational impact.

The implementation of this directive was a major topic in many discussions with companies that were planning their AGMs. Companies complained that it created a significant increase in reporting work, especially as many corporations are reporting under this methodology for the first time this year. At the same time, in many cases it triggered discussions throughout the organization on the prioritization of sustainability topics and what should be disclosed to stakeholders. An often-heard frustration relates to the rigidity of the reporting framework, especially for companies that have a unique line of business.

Despite the fact that many companies have been able to provide clear and meaningful reporting, it is evident that sustainable reporting is nowhere near the maturity of financial reporting. Almost all companies report their sustainability information with limited assurance rather than reasonable assurance. We even saw that companies that had previously reported with reasonable assurance often changed back to limited assurance because the reporting set-up for external auditors was such a new thing. In the Netherlands, we also suggested that companies offer shareholders an advisory vote on its sustainability disclosures, as is the case in several European countries. Until it becomes mandatory, there seems to be no appetite for such accountability.

Speaking out at AGMs

AGMs are a recurring occasion in which all shareholders can vote and raise issues with management. In recent years, the AGMs of large companies have become a platform for protest for many different stakeholders. The changed nature of the discussions has made institutional investors unlikely to show up at such events. Yet, there are plenty of well-run meetings in which shareholders have meaningful discussions.

Robeco believes it is important that institutional shareholders also contribute to these open forum discussions rather than only voicing their position in confidential one-on-one dialogues. Therefore, Robeco attended several annual shareholder meetings this year.

At Ahold Delhaize, we asked questions about the execution of its new growth strategy and encouraged the company to take the next steps in relation to its impact assessment on nature and biodiversity. At Unilever, we encouraged the company to keep its sustainability strategy on course after it announced that business execution needs to speed up under the new CEO. We also asked about the likely impact of the new US tariff regime.

At Arcadis, we discussed potential changes to be made on its diversity targets due to its US contracting. At Signify, we asked the company to submit its sustainability reporting to a shareholder vote. We also joined the shareholder meeting of Adyen, where we encouraged the company to continue to disclose and find additional relevant pieces of guidance

in order to reduce stock volatility. We also asked how Ayden aims to deal with the potential increased complexity of financial crimes, data privacy and security.

We attended the AGM of Shell in London, asking for a better explanation of its LNG strategy and how the company expects to deliver on its long-term climate ambitions. We also joined the annual meeting of TotalEnergies, in which we asked for a more independent oversight of its climate transition strategy.

Attending these meetings often is the conclusion of discussions on a wide range of ESG topics and underlines the importance of our engagement and creates additional momentum for our dialogue.

A blurred background image showing a crowd of people with their hands raised, suggesting a voting or public meeting. The image is dark with a blue gradient on the left side.

VOTING

Executive remuneration – a balancing act

Lucas van Beek – Active Ownership Specialist

There are many topics that go in and out of fashion for discussion during the annual general meeting (AGM) season, but executive remuneration is certain to cause friction every year. It remains a prime focus in broader conversation around corporate governance, business performance, and wider societal acceptance.

Ultimately, remuneration for management (just like remuneration for all corporate employees) are costs incurred by companies and shareholders. Finding a level of pay that is acceptable in terms of costs but sufficiently attractive to recruit talent is a complex balance, especially in more volatile economic and regulatory environments.

The public debate often focuses on the total size of pay and the ever-increasing wage gaps between top management and average employees. Board directors on the other hand, continue to point to the intense competition among companies to attract and retain skilled and valuable employees.

The corporate agency problem

From an investor point of view, the discussion focuses on remuneration in light of the corporate agency problem between shareholders and management. The main question is how to align the interests of management with those of shareholders in order to achieve long-term value creation and meet stakeholder expectations.

However, instead of acting in the best interest of shareholders (principals), executives (agents) may be motivated to act in their own self-interest. For decades, shareholders have tried to eliminate this problem by aligning pay with performance, introducing share ownership guidelines and recovery provisions, and ensuring that remuneration decisions are made without conflicts of interest by independent compensation committees.

“By embracing best practices, staying attuned to trends and participating in shareholder engagement, boards can ensure that executive pay supports long-term value creation while building trust with all stakeholders.”

Unfortunately, attempts to evolve and improve remuneration practices over time seem to bring new, unintended challenges, as markets move through economic cycles and changes in political culture.

Developments in compensation practices

For example, options became the preferred award type in the mid-20th century, mainly because they provide an inexpensive way to incentivize management to increase the share price. However, the drawback of options is that there is no downside exposure, and they may therefore incentivize management to take on excessive levels of risk. Moreover, stock options without any underlying performance elements may focus management's attention on a single target that does not provide a more holistic image of the company's performance.

As a result, over the last decade, most companies have made efforts to simplify remuneration practices by establishing one short-term incentive plan (STIP), often a cash-based award, and one long-term incentive plan (LTIP), often an equity-based award. The LTIP is therefore the main vehicle to create alignment of management with the experience of shareholders.

Equity-based incentives can be subject to performance metrics or time-based vesting. Performance share units (PSUs) are stock grants that vest if certain performance targets are met, while

restricted stock units (RSUs) are restricted to a pre-defined period, intending to align management's incentives with shareholders, and vesting solely based on retention.

Companies most commonly rely on PSUs as the dominant mechanism to create alignment with shareholders. However, with increased societal scrutiny, economic uncertainty and regulatory volatile environment, we notice several questionable trends in recent years.

1. Return of the RSUs

While PSUs continue to be a significant element in variable remuneration, there is a trend of including RSU awards as part of the LTIP. These sometimes replace PSU awards, but in other cases are awarded on top of existing PSU arrangements. While acknowledging the importance for executives to build up an equity stake, Robeco believes that focus on strategy execution is insufficiently captured by RSU programs.

2. Moonshot awards and retention strategies

A striking development is the emergence of so-called 'moonshot' awards. These are large, multi-year equity grants tied to ambitious, long-term targets. They are designed to retain key executives and incentivize transformational performance. However, they also raise governance concerns, particularly around dilution, goal rigor and the potential for windfall gains.

3. Rising CEO pay and widening pay ratios

Despite ongoing economic headwinds, median CEO total compensation continues to grow, which contributes to an increasing CEO to median employee pay ratio. Such disparities are likely to continue to fuel further debate around income inequality and corporate responsibility.

4. Shift away from ESG metrics

Companies are refocusing on financial and strategic performance measures, possibly in response to the sustainability pushback and investor skepticism about

Lucas van Beek

the effectiveness and objectivity of these metrics. Robeco continues to believe that a balanced set of metrics which represent financial, strategic and sustainability targets of companies are best able to capture a company's wider performance.

Navigating the road ahead

Clearly, there is no simple one size-fits all solution to executive remuneration. It's important for company boards and remuneration committees to make balanced decisions, ensuring that performance metrics are ambitious, achievable and reflective of the company's strategic priorities.

Moreover, they have to balance innovation with prudence while monitoring external developments such as regulatory changes,


investor expectations and peer practices. Providing clear and concise explanations of compensation decisions becomes even more critical in turbulent economic times. That also means that if management does not meet the requirements in their incentive program, this should be reflected in payout levels.





It is not encouraged for companies to offer additional awards outside of their approved remuneration policy. If companies do want to update their remuneration practices, they should put their executive remuneration policy up for a vote first. By embracing best practices, staying attuned to trends and participating in shareholder engagement, boards can ensure that executive pay supports long-term value creation while building trust with all stakeholders.


A photograph of a modern building with a glass facade and a green wall. Two men in suits are walking away from the camera on a sunny day, carrying briefcases. The scene is bright and clear, with shadows cast on the ground. A large blue graphic element is in the top left corner.




Companies under engagement in 2025

Companies under Engagement

 Environmental
Biodiversity
<i>Axfood AB</i>
<i>Cranswick PLC</i>
<i>Kimberly-Clark Corp</i>
<i>Unilever</i>
<i>VF Corp</i>
Climate and Nature Transition of Financial Institutions
<i>Bank of America Corp.</i>
<i>Citigroup, Inc.</i>
<i>DBS Group Holdings</i>
<i>ICICI Bank Ltd</i>
<i>ING Groep NV</i>
<i>JPMorgan Chase & Co., Inc.</i>
Hazardous Chemicals
<i>3M Co</i>
<i>AkzoNobel</i>
<i>Albemarle Corp</i>
<i>Honeywell International</i>
Natural Resource Management
<i>Ambev SA</i>
<i>CF Industries Holdings, Inc.</i>
<i>PepsiCo, Inc.</i>
<i>Tronox Holdings Plc</i>
Nature Action 100
<i>Ahold</i>
<i>Corteva, Inc.</i>
<i>Sociedad Quimica y Minera SA</i>
Net Zero Carbon Emissions
<i>A O Smith Corp</i>
<i>Air Liquide SA</i>
<i>Celanese Corp</i>
<i>CEZ as</i>
<i>Cheniere Energy Inc</i>
<i>Cummins, Inc.</i>
<i>Darling Ingredients Inc</i>
<i>Doosan Bobcat Inc</i>
<i>Dow Inc</i>
<i>Duke Energy Corp.</i>
<i>Fortescue Metals Group Ltd.</i>
<i>Haier Smart Home Co., Ltd.</i>
<i>Hynix Semiconductor, Inc.</i>
<i>JSW Group</i>
<i>Linde Plc</i>
<i>Mando Corp.</i>
<i>Petroleo Brasileiro</i>
<i>Repsol</i>
<i>Shell PLC</i>
<i>Siemens Energy AG</i>
<i>Sumitomo Forestry Co Ltd</i>
<i>Ternium SA</i>
<i>Veolia Environnement SA</i>
<i>Yutong Bus Co Ltd</i>
Ocean Health
<i>Evergreen Marine Corp Taiwan Ltd</i>
<i>Leroy Seafood Group ASA</i>
<i>MISC Bhd</i>
<i>Thai Union Frozen Products Public Co. Ltd.</i>

 Environmental
Sound Environmental Management
<i>Rio Tinto</i>
 Social
Human Capital Management
<i>Eli Lilly & Co.</i>
<i>Netflix Inc</i>
Just Transition in Emerging Markets
<i>Ganfeng Lithium Group Co Ltd</i>
<i>Impala Platinum Holdings Ltd</i>
<i>Reliance Industries Ltd</i>
Modern Slavery in Supply Chains
<i>Associated British Foods Plc</i>
<i>Canon</i>
<i>General Mills</i>
<i>Giant Manufacturing Co Ltd</i>
<i>Hon Hai Precision Industry Co. Ltd.</i>
<i>Wal-Mart Stores</i>
<i>Wesfarmers Ltd</i>
Sound Social Management
<i>Baidu, Inc.</i>
<i>Tencent Holdings Ltd.</i>
 Governance
Corporate Governance Standards in Asia
<i>INPEX Corp.</i>
<i>Panasonic Corp.</i>
<i>ROHM Co. Ltd.</i>
Corporate Governance in Emerging Markets
<i>CPFL Energia SA</i>
Good Governance
<i>Adyen NV</i>
<i>Ahold</i>
<i>Arcadis NV</i>
<i>Avantium NV</i>
<i>DSM-Firmenich AG</i>
<i>FUJIFILM Holdings Corp</i>
<i>Grifols SA</i>
<i>New Oriental Education & Technology Group Inc</i>
<i>Northland Power Inc</i>
<i>Philips</i>
<i>Prosus NV</i>
<i>Signify NV</i>
<i>TravelSky Technology Ltd</i>
<i>Unilever</i>
Tax Transparency
<i>Microsoft</i>
<i>Thermo Fisher Scientific, Inc.</i>
 Sustainable Development Goals
Fashion Transition
<i>Adidas</i>
<i>Beiersdorf AG</i>
<i>Brunello Cucinelli SpA</i>
<i>Bureau Veritas SA</i>
<i>Cintas Corp.</i>
<i>Compagnie Financiere Richemont</i>
<i>Cosmecca Korea Co Ltd</i>
<i>Crocs Inc</i>

 Sustainable Development Goals
Fashion Transition
<i>Deckers Outdoor Corp</i>
<i>DSM-Firmenich AG</i>
<i>Eclat Textile Co Ltd</i>
<i>Ermenegildo Zegna NV</i>
<i>Galderma Group AG</i>
<i>Global Blue Group Holding AG</i>
<i>Hermes International SCA</i>
<i>Inditex</i>
<i>Intercos SpA</i>
<i>JD Sports Fashion PLC</i>
<i>Kering</i>
<i>L Oréal</i>
<i>Levi Strauss & Co</i>
<i>LVMH Moët Hennessy Louis Vuitton</i>
<i>Marimekko Oyj</i>
<i>MercadoLibre Inc</i>
<i>Moncler SpA</i>
<i>NIKE</i>
<i>Novozymes</i>
<i>On Holding AG</i>
<i>Pandora A/S</i>
<i>Proya Cosmetics Co Ltd</i>
<i>Puma</i>
<i>Ross Stores Inc</i>
<i>Shopify Inc</i>
<i>Silgan Holdings Inc</i>
<i>Stella International Holdings Ltd</i>
<i>The TJX Cos.</i>
<i>Unilever</i>
<i>Watches of Switzerland Group PLC</i>
<i>Zalando SE</i>
<i>Zebra Technologies Corp</i>
SDG Engagement
<i>AbbVie, Inc.</i>
<i>Adobe Systems, Inc.</i>
<i>Amazon.com, Inc.</i>
<i>Amgen</i>
<i>AutoZone Inc</i>
<i>Banco BTG Pactual S.A.</i>
<i>Broadcom Inc</i>
<i>Capital One Financial Corp.</i>
<i>CB Richard Ellis Group, Inc.</i>
<i>Deutsche Boerse</i>
<i>Deutsche Telekom</i>
<i>Elevance Health Inc</i>
<i>Haleon PLC</i>
<i>Hitachi Ltd.</i>
<i>Infosys Ltd</i>
<i>Jeronimo Martins</i>
<i>Lowe's Cos Inc</i>
<i>LyondellBasell Industries NV</i>
<i>Meta Platforms Inc</i>
<i>Mr. Price Group Ltd.</i>
<i>NASDAQ OMX Group, Inc.</i>
<i>Novartis</i>
<i>OTP Bank Nyrt</i>
<i>PayPal Holdings, Inc.</i>
<i>Salesforce.com, Inc.</i>

 Sustainable Development Goals
SDG Engagement
<i>Sandvik AB</i>
<i>Sony</i>
<i>STMicroelectronics NV</i>
<i>Sumitomo Mitsui Financial Group, Inc.</i>
<i>Tencent Holdings Ltd.</i>
<i>Total</i>
<i>Trane Technologies PLC</i>
<i>Volvo Group</i>
 Voting Related
AGM engagement 2025
<i>Doosan Bobcat Inc</i>
<i>Schneider Electric SA</i>
 Enhanced
Acceleration to Paris
<i>Aluminum Corp of China Ltd</i>
<i>Anhui Conch Cement Co. Ltd.</i>
<i>Berkshire Hathaway</i>
<i>Caterpillar, Inc.</i>
<i>China Longyuan Power Group Corp Ltd</i>
<i>China National Building Material Co. Ltd.</i>
<i>China State Construction Engineering Corp Ltd</i>
<i>Continental Resources, Inc.</i>
<i>Hunan Valin Steel Co Ltd</i>
<i>Sany Heavy Industry Co Ltd</i>
<i>Toyota Industries Corp</i>
<i>WH Group Ltd. (HK)</i>
Acceleration to Zero-Deforestation
<i>JBS SA</i>
<i>WH Group Ltd. (HK)</i>
Global Controversy Engagement
<i>Adani Ports & Special Economic Zone Ltd.</i>
<i>Lockheed Martin Corp</i>
<i>Mattel</i>
<i>Raytheon Technologies Corp</i>
<i>Zijin Mining Group Co. Ltd.</i>

APPENDIX

Robeco's approach to Active Ownership

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 three different types of corporate engagement with the companies in which we invest;

Value engagement

a proactive engagement approach focusing on long-term environmental, social or corporate governance issues that are financially material or are causing adverse sustainability impacts. Engagements typically last for three years, after which progress against initially set objectives are evaluated, with unsuccessful closures being communicated to clients and investment teams but no divestment decision to follow.

Voting Related AGM engagement: Voting at the Annual General Meetings (AGM) of shareholders offers shareholders the opportunity to provide direct feedback to a company - either in advance or after a company's AGM. These dialogues are not recurring long-term engagements, but unique opportunities to amplify the impact of our voting decisions. Corporate governance as well as other sustainability topics that may arise during a shareholder meeting are covered under this section, if they are not covered in other parts of the engagement program.

SDG engagement

a proactive engagement approach focusing on driving clear and measurable improvements in a company's contribution to one or multiple of the Sustainable Development Goals. The engagement, lasting for three to five years, has its starting point within Robeco's SDG framework, identifying companies with the potential to meet key societal needs and works with timebound milestones to fulfil this potential.

Enhanced engagement

a reactive engagement approach, focusing on companies that severely and structurally breach minimum behavioral norms in areas such as human rights, labor, environment, biodiversity and business ethics, as defined by the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises. If after two to three years, the enhanced engagement does not lead to the desired change, exclusion from the investment universe may be a potential option. Clients may use their own discretion on whether to exclude a company from their investment universe. In all three 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.

More information can be found on our website.

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 can be found on our website.

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/>

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 CO₂ 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.

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 on our website.

Important information

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UNITED KINGDOM

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