ROBECO The Investment Engineers

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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.

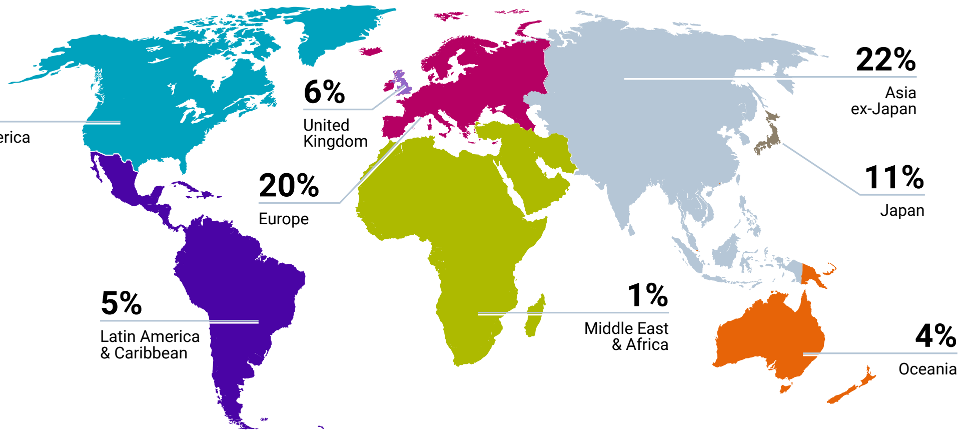
Engagement – Engagement consists of a constructive dialogue between institutional investors and investee companies or sovereigns to discuss how they manage environmental, social and governance (ESG) risks and adverse impacts, as well as seize business and economic opportunities associated with sustainability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

Q1|24 figures engagement

Engagement activities by region

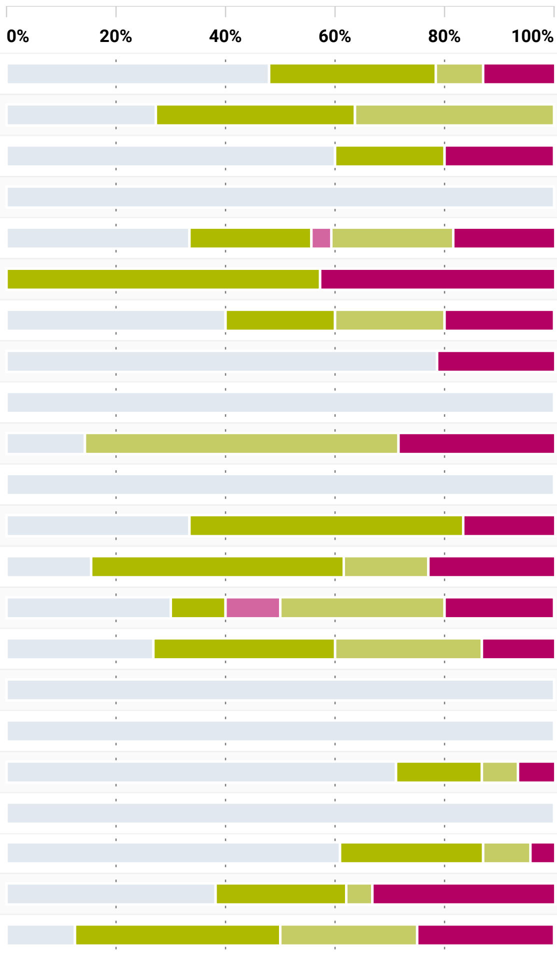


Number of engagement cases per topic*	Q1	Q2	Q3	Q4
Environmental	41	-	-	-
Social	27	-	-	-
Governance	23	-	-	-
Sustainable Development Goals	40	-	-	-
Voting Related	10	-	-	-
Enhanced	18	-	-	-
Total	**159**	**-**	**-**	**-**

Number of engagement activities per contact type	Q1	Q2	Q3	Q4	YTD
Meeting	12	-	-	-	12
Conference call	75	-	-	-	75
Written correspondance	99	-	-	-	99
Shareholder resolution	0	-	-	-	0
Analysis	57	-	-	-	57
Other	1	-	-	-	1
Total	**244**	**-**	**-**	**-**	**244**

Progress per themes
Themes and number of companies under engagement

Biodiversity	23
Climate and Nature Transition of Financial Institutions	11
Natural Resource Management	10
Nature Action 100	8
Net Zero Carbon Emissions	27
Sound Environmental Management	7
Diversity and Inclusion	5
Human Rights Due Diligence for Conflict-Affected and...	14
Just Transition in Emerging Markets	6
Labor Practices in a Post Covid-19 World	7
Modern Slavery in Supply Chains	10
Sound Social Management	12
Corporate Governance Standards in Asia	13
Corporate Governance in Emerging Markets	10
Good Governance	15
Tax Transparency	7
Fashion Transition	40
SDG Engagement	45
AGM engagement 2024	10
Acceleration to Paris	23
Global Controversy Engagement	21
Palm Oil	8

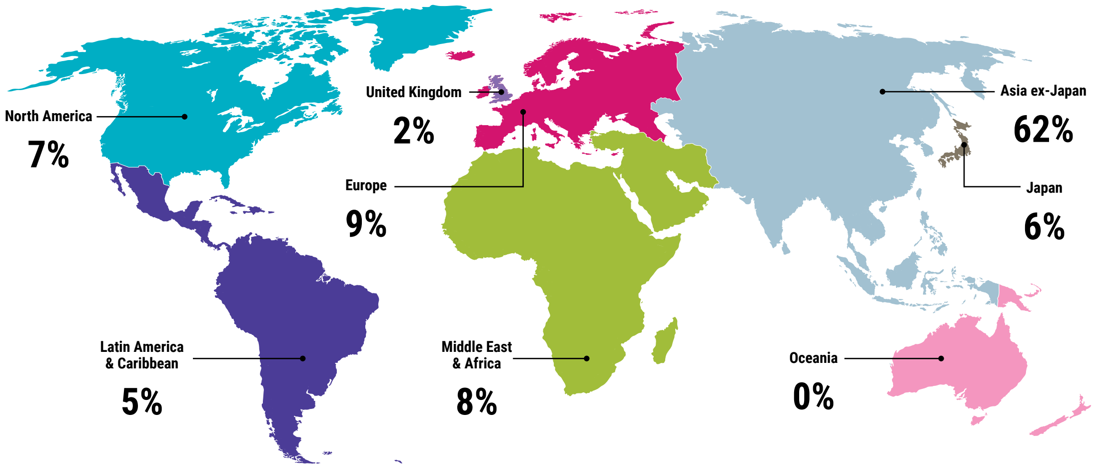


Success • Positive progress • Flat progress • Negative progress • No Success

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

Q1|24 figures voting

Shareholder meetings voted by region



Voting overview

	Q1	Q2	Q3	Q4	YTD
Total number of meetings voted	1,048				1,048
Total number of agenda items voted	8,607				8,607
% Meetings with at least one vote against management	57%				57%

Votes cast per proposal category

Contents

Fashion Transition
The new Fashion Transition engagement theme addresses key social and environmental concerns with companies from across the fashion and cosmetics ecosystem. From dialogues with fragrance producers, to in-depth engagements with clothing brands and third-party sustainability certifiers, the new engagement theme aims to futureproof the fashion sector by shifting towards circular operational structures and minimizing unavoidable social and environmental risks and impacts by aligning and going beyond best practices.

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Tax Transparency
Pushing for greater accountability when it comes to corporate taxes, the new engagement theme 'Tax Transparency' builds on past learnings to encourage companies to be more transparent on their tax practices, in order to help investors identify taxation risks and potential adverse impacts to sustainable development globally. The engagement hopes to instill greater accountability across companies by bringing forward key tax disclosure and governance requests.

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Natural Resource Management
One and a half years into the 'Natural Resource Management' engagement theme, we reflect on the progress achieved across the chemical, oil and gas, pulp and paper, beverage and utility sectors when it comes to managing their water and waste footprints. With a 50% success rate so far, and several engagements ongoing, the article shares key highlights, innovations and next steps.

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Social Impact of Gaming
As the 'Social Impact of Gaming' theme is coming to a close, we explore how investors and companies can take a more pro-active approach to address the often-overlooked adverse impacts of today's video game industry, from worker harassment among game developers to the gaming addiction and gambling behaviors incentivized throughout the end products. After three years of engagement, we share the key highlights and remaining challenges.

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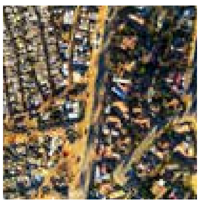

Corporate Governance – Market Insight
In this quarter's corporate governance insight, we reflect on the upcoming corporate governance bill in South Africa, which is putting forward a new strategy to tackle the country's long standing income inequality. Meanwhile, on a broader level, we see a continuous encroachment on minority shareholders rights, as investors have been taken to court upon proposing stronger climate commitments and new share classes with higher say are hitting the market.

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Introduction

Building on the expertise gained throughout our long standing engagements, we are planning to scale up our engagement efforts around climate, biodiversity and human rights over 2024, systematically broadening our clients' coverage of assets under engagement. We have also introduced a new cross-thematic engagement theme, the 'Fashion Transition', opening a dialogue with one of the most polluting, yet often forgotten sectors, the fashion industry. We'll be looking closely at its social, environmental and strategic management choices, hoping to help define the sector's sustainable and increasingly circular transition. In our opening article, we share how the new 'Fashion Transition' engagement theme, which accompanies our new Fashion Engagement Equities investment strategy, aims to push for a holistic and just transition of the fashion and cosmetics value chain.

Zooming into the different themes that we are working on, our active ownership team is delving into the complex world of taxation, aiming to bring transparency into an often overlooked part of companies' ledgers. There are two sides to why taxation is material to investors. On the one hand, taxes affect a company's bottom line, and uncertainties around taxation thus form a risk to profitability. On the other hand, taxes are relevant to sustainable development. If companies shift profits away and deprive countries from taxable income, this might be harmful for investments necessary to promote sustainable development in these markets. Regardless of which side one takes, investors should carefully assess corporate tax practices, whether it is to assess the risks of changing taxation rates and their implications for corporate profits, or whether it is to understand companies' impacts and contribution to sustainable development. Our new engagement theme, 'Tax Transparency', focuses on motivating companies to increase disclosure around their taxation practices to allow investors to assess risks and impacts themselves.

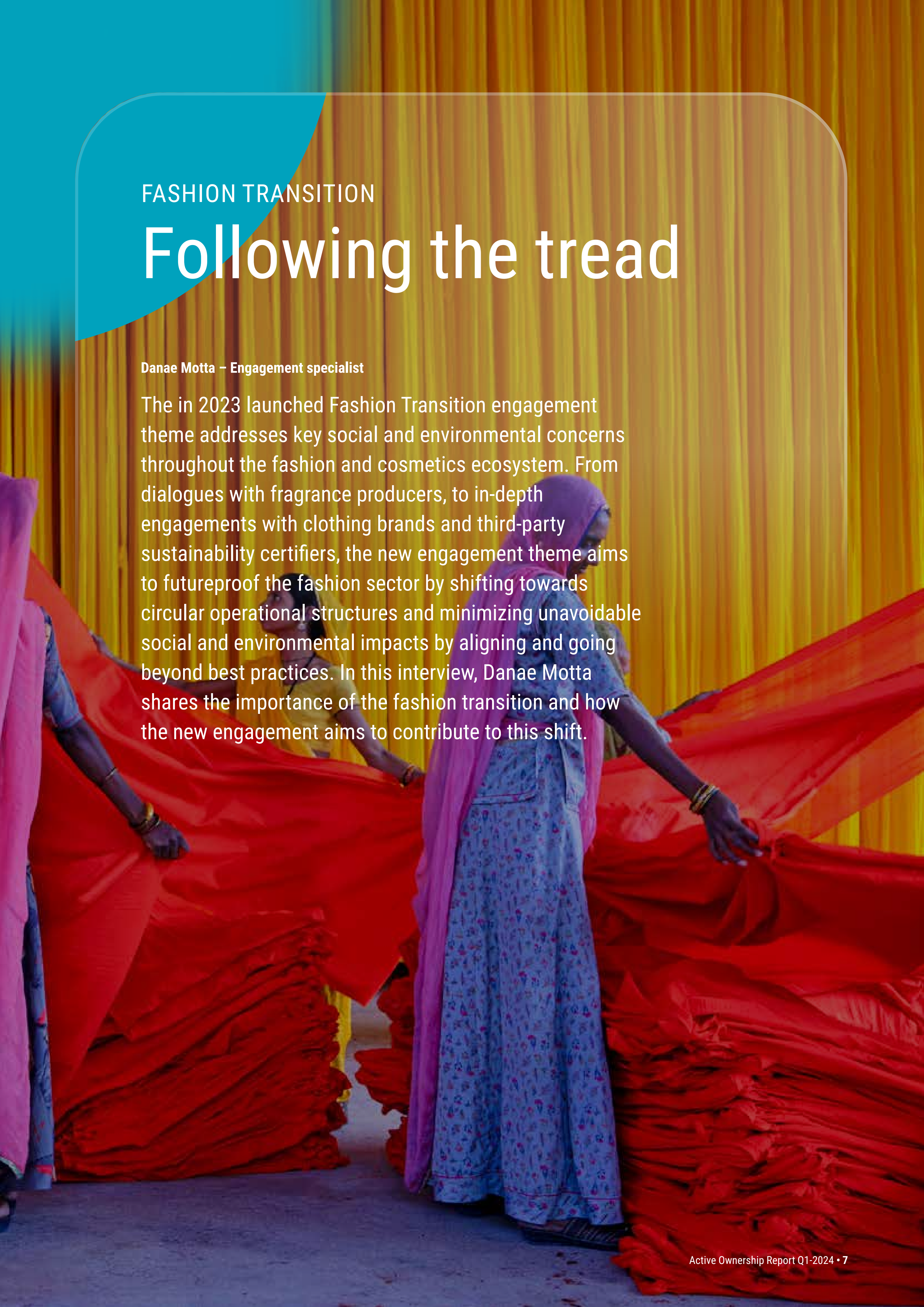
One and a half years into our engagement with some of the chemical, oil and gas, pulp and paper, beverage and utility companies that have the highest water intensity, or are exposed to water scarce regions, we can draw our first conclusions. With a 50% success rate so far, and several engagements ongoing, we recognize the growing awareness around water and waste management. We also applaud the new innovations that are leading the way, such as utilizing waste cement or brick production, or the extraction of valuable minerals and metals from waste waters.

We have closed the engagement we initiated in 2021 with some of the world's largest listed video game publishers, reporting on how they have dealt with some of the systematic negative impacts of video games that came to the forefront during the Covid-19 pandemic. The 'Social Impact of Gaming' theme addressed the often-overlooked issues around player and worker harassment and the risk of gaming and gambling addictions as a consequence of game design. We closed 80% of the engagements successfully, based for instance on gaining added safeguards around children's time and money spent online, or the adoption of clear diversity and inclusion strategies for their workforce.

Lastly, we reflect on the upcoming changes to the corporate governance rules in South Africa, a country long at the forefront of this vital arena, now using this regulation to address the country's stark income inequality. Meanwhile, on a global level, we are noting a growing threat to minority shareholder rights, with investors having been taken to court for filing on stronger climate commitments and new share classes with higher say hitting the market, requiring investor attention.

We look forward to continuing sharing our insights and engagement outcomes with you, and to explore how we can shape our engagements in a meaningful way.

Carola van Lamoen
Head of Sustainable Investing



FASHION TRANSITION

Following the tread

Danae Motta – Engagement specialist

The in 2023 launched Fashion Transition engagement theme addresses key social and environmental concerns throughout the fashion and cosmetics ecosystem. From dialogues with fragrance producers, to in-depth engagements with clothing brands and third-party sustainability certifiers, the new engagement theme aims to futureproof the fashion sector by shifting towards circular operational structures and minimizing unavoidable social and environmental impacts by aligning and going beyond best practices. In this interview, Danae Motta shares the importance of the fashion transition and how the new engagement aims to contribute to this shift.

Engaging 39 companies across the fashion value chain

What is the Fashion Transition engagement about, and why is it relevant to investors?

The fashion industry brings a means of self-expression to millions around the world, employing over 300 million people globally and producing over 100 billion articles of clothing each year. The industry is expected to grow by 40% by 2030. However, due to business models based mostly on the ‘take, make, waste’ linear economy, the industry is grappling with grave social and environmental impacts. Fashion’s record on water, air and soil pollution is far from flattering, and the industry struggles with worker rights and wages throughout many parts of its opaque supply chains.

Ultimately, the unsustainable and obscure operations of the fashion industry create risks for society, the environment and businesses. There is increasing attention on sustainable consumption, a tightening regulatory landscape and a growing threat from climate change on crops and global infrastructure. This means companies – and therefore investors – are increasingly exposed to transition, physical, regulatory, litigation and reputational risks.

Meanwhile, businesses that pro-actively integrate responsible and transparent supply chain practices, eco-design and circular considerations into their production systems, and adopt appropriate end-of-life management initiatives for their products, are likely to mitigate these risks and identify new cost saving and business opportunities, likely leading to better long-term performance. An example was given in 2023 by the World Business Council for Sustainable Development, which stated that “embracing circular approaches can significantly reduce the fashion industry’s climate and nature impact and create a USD 560 billion economic opportunity”.

The new Fashion Transition engagement theme aims to accompany companies in this transition, pushing them to rethink traditional production models to reduce their negative footprint and tap into the opportunities hidden behind sustainable business models. It is known that the most effective way to reduce corporates’ environmental footprints is reducing absolute volumes, which the three to five year engagements aim to achieve by pushing for more circular and less wasteful production and sales structures. But also, by improving social and environmental management practices, companies can lead meaningful improvements in the real economy.

As we recognize that different businesses across different geographies are at different stages of sustainability integration, we have developed a sustainability framework. This allows us to rank companies under engagement according to a sustainability classification, which reflects the current status and commitment of integrating social and environmental considerations within their business model. The classification goes from Nascent, to Maturing, Pioneering and Advanced. Our vision for the Fashion Transition is to enable positive change on the identified sustainability issues, so as to move companies under engagement towards Advanced status.

Which companies fit under the theme?

The theme engages with publicly listed companies across the entire global fashion value chain and product lifecycle, from raw material cultivation and sourcing, to preparation, garment production, consumption and end-of-life management. Our definition of fashion encompasses clothing, footwear, accessories, jewelry and cosmetics companies across a broad range of price points, from luxury to sportswear and the mass market. We include fiber makers, textile manufacturers and retailers, as well as technology companies enabling the shift to circular economic models such as rental and resale, certification and recycling businesses. Key exposure is however on fashion brands: while they often do not themselves grow the cotton, raise the cattle, or sew together the fabrics which ultimately carry their logos, we consider brands to have direct responsibility over the products they sell. This responsibility extends to having influence over the sustainability practices of their business partners as well as the potential to scale innovative and alternative solutions to the current linear business model.

What are the engagement expectations?

The theme targets the ESG dimensions of the industry that we believe are key to enable a transition towards better practices, as well as mitigate regulatory, transition and reputational risks in the coming years. More specifically, we focus on four main areas covering decent work, natural resources, circular models and stakeholder engagement and governance:

Despite the fashion industry's ongoing efforts to establish respectful and secure working environments, human rights and labor rights abuses remain prevalent in parts of the value chain. The average supply chain worker receives only 55% of internationally agreed living wages. To uphold 'Decent work' among direct and indirect workers, companies must not only have strong social policies covering core human rights and International Labor Organization (ILO) principles. They must also showcase adequate implementation, through due diligence, monitoring and grievance systems, all with a vision to improve terms of employment. We expect companies to work towards strict living wage standards and pay parity across their supply chains, such as by setting up responsible purchasing practices, assessing wage levels and creating targeted action plans to move towards living wage accreditation. For this part of the theme, we are collaborating with Platform Living Wage Financials (PLWF), an alliance of 20 financial institutions, to collectively address the most salient social risks in the fashion industry, including living wages, and the elimination of child labor, gender discrimination and excessive overtime.

Meanwhile, the fashion industry's reliance on fossil fuels and polluting chemicals makes it one of the most polluting sectors, accounting for 10% of global greenhouse gas emissions. It also directly impacts biodiversity and deforestation through dependency on natural resources such as cotton, leather, and rubber. We need to address the sector's highly emitting and polluting sourcing and production practices and ensure compliance with a tightening regulatory landscape (such as the EU CSRDDD and EU Deforestation Directive). Under our 'Natural resource management' objective, we expect companies to have clear, scientific and timebound climate and biodiversity strategies which are backed by adequate financial resources. The engagement will aim to identify and minimize the unavoidable environmental impacts, with a particular focus on climate, water and waste, biodiversity and animal welfare.

As mentioned before, one key objective of the engagement will be to move companies to more 'Circular models'. Through the linear take-make-waste model and its reliance on natural and synthetic materials, the fashion industry is responsible for ecosystem degradation, as well as extraordinary amounts of waste and pollution, as less than 1% of garments are recycled into new fibers. We expect brands and companies to explore and develop relevant circular strategies and targets, applicable to key aspects of the business. Companies that cut waste along the value chain (pre- and post-consumer), increase their share of recycled materials, scale circular business models and explore closed-loop production will be better positioned to reduce their footprint and reliance on natural ecosystems. They will also be better able to respond to regulatory demands such as the EU Circular Textile strategy, as well as differentiate their products, making them more attractive for consumers and more defensible against competition.

In order to drive meaningful change across the organization, however, companies need robust approaches to 'Stakeholder engagement' and 'Governance'. The company should clearly embed responsibility for key sustainability risks and opportunities within its governance structure. In addition, brands and companies should actively engage with their stakeholders – particularly their supply chains – to collaborate on fulfilling their sustainability targets and commitments, while promoting best practices.

What challenges and opportunities lie ahead?

Given the current linear set-up of the industry's business models, we believe fashion companies face two key challenges to move towards more circular and responsible practices: to bring sustainable processes and innovation pilots to scale, and to access quality and reliable sustainability data to facilitate key business decisions. That is the reason we classify this engagement as 'transition' and include – beyond brands and retailers – a share of solution providers that we believe are key to enable scale and access to proper data. We believe that a solution can only be reached through the collective efforts of brands and innovators, governments, civil society as well as responsible investors and active owners alike.

> *" By pushing for more circular and less wasteful production and sales structures companies can lead meaningful improvements in the real economy.*
>
> Danae Motta

TAX TRANSPARENCY

Tumbling over taxes

Manuel Sobral – Active Ownership Analyst

Public expectations around taxation have shifted over recent years. While minimizing tax payments benefits companies and shareholders through higher profits, there is an increasing awareness that aggressive tax planning comes with significant risks and can negatively impact societal development. Additionally, tax authorities have become increasingly concerned with preventing strategies used by multinational companies to artificially “shift” their profits to low-tax jurisdictions, while media and NGOs are critical of tax avoidance.

Engaging with 7 companies across the US healthcare and IT sector

Corporate taxation has become a key point of attention for investors, and we have launched a new engagement theme focusing on tax transparency where we aim to promote better disclosures from companies. This article highlights why tax transparency is relevant for investors and wider society, as well as takes the reader through our expectations towards companies, how we selected the engagement cases, and what challenges we expect.

A rising risk for investors

A company's effective tax rate dictates the level of profit distributions to shareholders, as dividends are distributed on a post-tax basis and affect any modelling of discounted future cash flows. These factors inform the valuation of a company's stock, so the effective tax rate of any portfolio company affects the returns for investors.

Effective tax rates may vary over time for various reasons. This can be due to changes in a company's maturity, the prevailing tax regulations, or the expiration of tax arrangements with authorities, among others. However, companies have a certain degree of discretion over how they deal with corporate taxes, for example through the decisions around how they set up their operations. Transparency around their tax approach therefore helps investors understand the sustainability of their effective tax rate and anticipate likely changes over the coming years.

Without insight into how an investee company approaches this issue, it is hard to estimate how cash flows will be impacted by their effective tax rate over time. This can raise uncertainty, particularly as new legislation and international cooperation between authorities increasingly target corporate structures that have been set up with the main purpose of minimizing tax burdens. A prominent example of this trend is the OECD/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting), where more than 135 jurisdictions are collaborating on the implementation of 15 measures aimed at tackling corporate tax avoidance.

> “ *We will focus on whether the company's disclosure allows for a sufficient understanding of how tax payments align with economic reality.*
>
> Manuel Sobral

A question of redistribution

The impact of tax-related risks on returns and cashflows is not the only consideration for institutional investors. Increasingly, investors are expected to apply a double materiality view, which means that they are expected to not only look at how and why tax is a material topic for an investment case (the outside-in perspective), but also how the investment makes an impact on the wider society (the inside-out perspective).

When profits and taxes are shifted away from countries that have insufficient financial resources to invest in basic healthcare, education, and other necessities, tax optimization strategies can be detrimental to many of the UN Sustainable Development Goals that are closely tied to government spending. The actual impact will depend on which countries' profits are shifted away from, and to what degree.

Pushing for accountability

The goal of the Tax Transparency engagement theme is to push for more accountability and meaningful disclosures on corporate tax practices. Additionally, we aim to further our understanding of modern tax policies, and uncover meaningful best practices. To this end, we have grouped our expectations into three main categories: policy and principles, tax governance and systems, and tax transparency.

First, we expect companies to clearly describe their approach to taxation, including the principles and frameworks that inform their decision making. Important topics include how a company aligns its tax payments with its business principles and the economic reality of its operations. The crucial point of 'Policy and principles' is related to how companies report profits compared to where value is added in their operational chain. Companies should provide a clear overview of their value chain, as well as the process of how they assign added value to each operational step, in order to demonstrate that taxes are paid where value is created.

Second, companies need governance systems that allocate sufficient time and resources to review the tax policy and its implementation. Governance should be designed to prevent conflicts of interest and misalignments between the company's tax practices and the principles stated in its policy. Furthermore, we expect companies to have an effective accountability framework for tax, including, for example, board level responsibility for tax.

Finally, we will focus on whether the company's disclosure allows for a sufficient understanding of how tax payments align with economic reality. We will therefore ask for disclosures such as country-by-country reporting, and how the applicable statutory tax rate aligns with the company's effective tax rate. We expect companies to also provide relevant disclosures on how and why certain items impact their effective tax rate.

Picking engagement cases

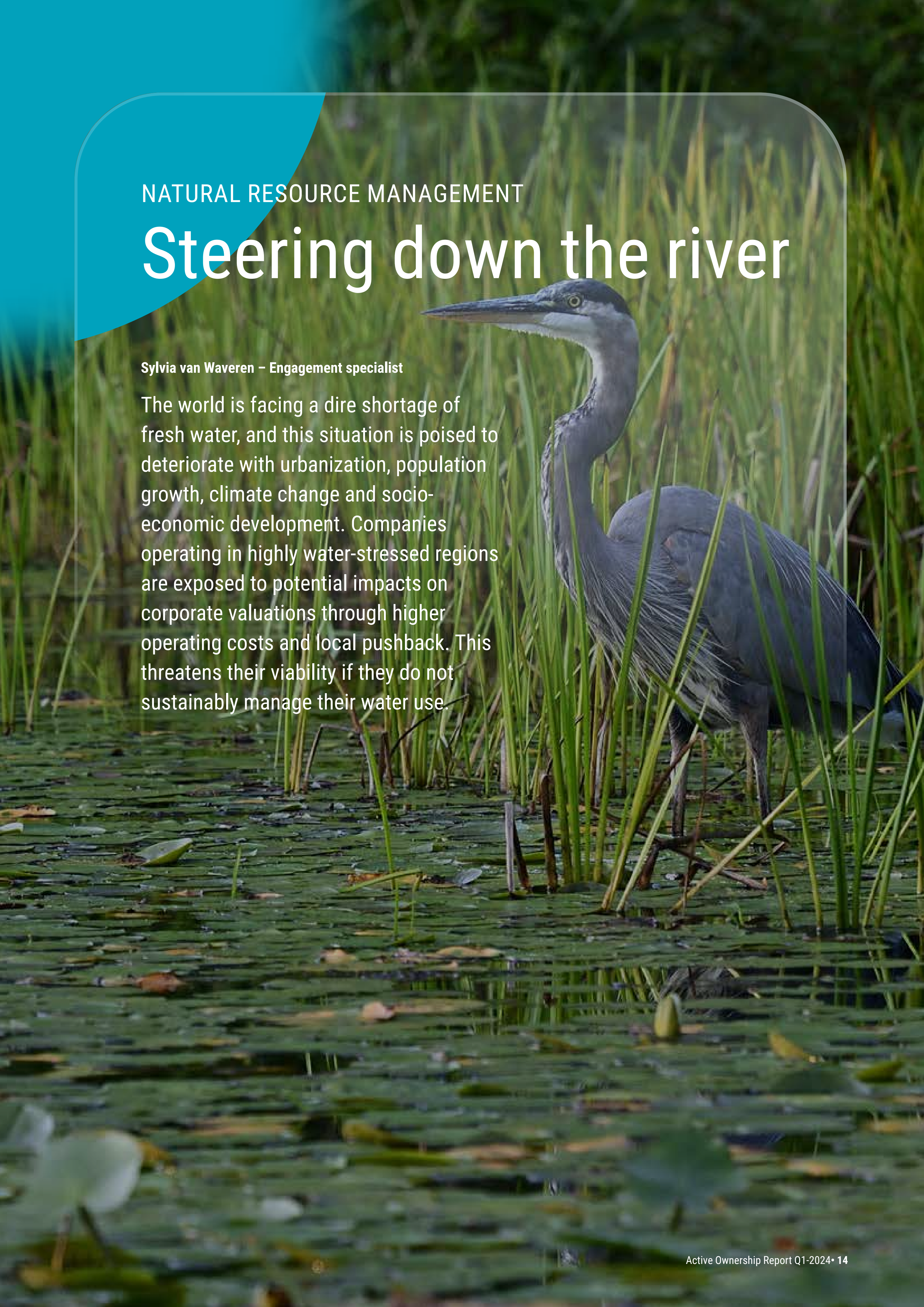
Engagement candidates were selected via a multi-step process. First, we screened our clients and our own investment universe for companies with low effective tax rates of 15% or less, news flow indicating tax disputes or controversies, and relevant investment exposure. We then applied fundamental analysis to narrow down the list of candidates by analyzing their average effective tax rates and trends in recent years, their business models, international presence, and dependency on licensing structures for value creation, which are commonly used in aggressive tax schemes. This list was complemented with key holdings that were nominated by our investment specialists, which may have an effective tax rate above 15% but for which tax constitutes a relevant factor.

Following this process, we initiated engagements with the most relevant and engageable companies. These companies are mainly located in the US, and are operating in the healthcare and information technology sectors.

Building on past learnings

Robeco conducted a similar engagement program on corporate taxation from 2016-2019 with the aim of further enhancing disclosures on tax practices by multinationals. Out of the four objectives that were set at the time, the least progress was made on reporting of tax payments, as most companies were reluctant to disclose their country-by-country reporting publicly unless required by law. Additionally, we learned that companies are not the only ones with a disincentive to publish this information, as governments may also have an interest in not providing full disclosure. We expect to face similar challenges throughout this engagement theme.

However, we also expect to benefit from certain trends, such as the ongoing implementation of the OECD BEPS initiative, and the increasing adoption of corporate taxation reporting frameworks, such as the GRI 207 Tax Standard. We expect that raising awareness of new developments in tax legislation and reporting standards will help us steer companies towards more meaningful disclosures and responsible practices.



NATURAL RESOURCE MANAGEMENT

Steering down the river

Sylvia van Waveren – Engagement specialist

The world is facing a dire shortage of fresh water, and this situation is poised to deteriorate with urbanization, population growth, climate change and socio-economic development. Companies operating in highly water-stressed regions are exposed to potential impacts on corporate valuations through higher operating costs and local pushback. This threatens their viability if they do not sustainably manage their water use.

So far, from the 11 companies engaged, 2 cases were closed successfully, 2 unsuccessfully and 2 were moved to a related theme

Engaging to limit Principle Adverse Impacts

In 2022, we expanded our environmental engagement program to include the responsible management of natural resources and the mitigation of significant Principal Adverse Impacts (PAIs) on the environment. PAIs, as defined under the European Sustainable Finance Disclosure Regulation, refer to any consequence arising from investment decisions or guidance that leads to an unfavorable impact on sustainability factors.

The Natural Resource Management engagement theme focuses on companies for whom the management of water and waste is a financially material issue, or where they have a significant actual or potentially negative environmental impact. The aim is to improve companies' performance by zooming in on several environmental indicators related to water and waste. One of them is that companies need to account for the amount of fresh water that is needed to make certain products, particularly where it is drawn from places where water is already scarce.

More specifically, we expect companies to set adequate, measurable and quantitative targets to avoid or minimize resource use and pollution in line with the policy program, and adopt appropriate time-bound key performance indicators that allow the assessment of progress towards achieving those targets.

Water management: A reactive and proactive approach

Companies that have operations in locations with high water stress or that generate large amounts of (toxic) waste, are more likely to experience production disruptions, regulatory action, stranded assets, community conflicts and higher comparative operational and fixed costs, reducing their overall rate of return. A recent example of this are the UK water utilities that were faced with news headlines raising concerns around the health of the UK's rivers.

In such cases we talk to companies about lifting controversies and preventing future breaches. This means that we expect companies that were previously or are currently involved in a social or environmental controversy related to a serious water or waste issue, to take adequate corrective measures, repair any damage caused, adopt recovery plans, and compensate those affected by the incident.

Waste Management: Recent trends

In our engagement with companies, we have observed a continuing effort of companies to work across their sites to explore alternative uses for waste to external landfills. Alternative uses for waste found for instance include its use in cement, road base and bricks. Also adding chemicals in water treatment basins are a way of exploring opportunities to extract minerals and metals from waste. This way rare earth materials like scandium and vanadium can be retrieved, turning waste into an opportunity.

Our results midway-through

In July 2022, we started engaging with the first batch of companies from three high water use or water scarce sectors: Chemicals (fertilizers and resource extraction); Oil & Gas (shale gas); and Paper & Pulp (operating in South Africa, a water scarce area). Companies were chosen because of their high vulnerability to water and waste risks, and for their operations in water scarce areas. In November 2022, we nearly doubled the companies under engagement by adding cases from the Breweries sector, because of its high-water consumption rate, and the UK water utilities sector, because of controversies around wastewater management in the UK.

In 2023, we closed the engagement with the first couple of companies; 50% successfully and 50% without success due to them being unresponsive to our outreaches. At the end of 2023, we transferred some cases to a different theme with an aligned but more holistic engagement focus, such as biodiversity and climate change. We will engage with the remaining companies for another one-and-a-half years.

Next steps

Until now, we have engaged the companies on their exposure to water risks, with the focus on those operating in high water-stress areas, as well as those

> *"Companies that have operations in locations with high water stress or that generate large amounts of (toxic) waste, are more likely to experience production disruptions, stranded assets, and higher comparative costs.*
>
> Sylvia van Waveren

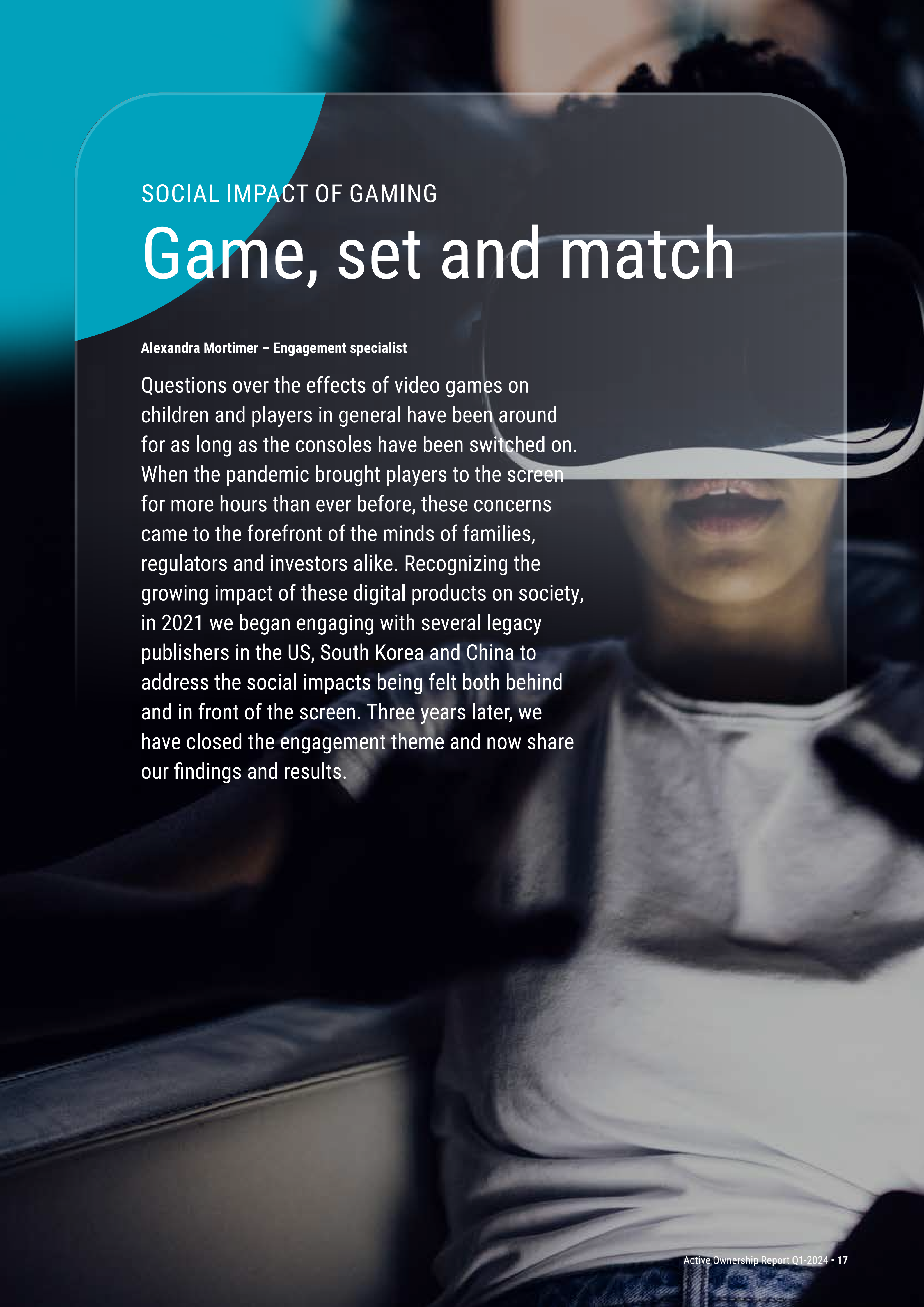
deemed to have high water consumption. We plan to steer our engagement more towards waste issues in the remaining one-and-a-half years, where the focus is on companies that generate hazardous waste and are at risk of polluting the environment and adversely affecting the communities that host them.

CASE STUDY

Sappi Ltd.
Sappi is a diversified wood fiber company producing pulp, packaging and paper products. Its raw material is sourced from forests and plantations, mostly in South Africa. Its operations are highly dependent on water and have an impact on the rivers near corporate sites.

We focused on the topic of water shortages and wastewater discharges, highlighting the potential risks to the business and local stakeholders. In May 2023, the company presented a new Group Water Stewardship Policy, in which Sappi committed to developing water management plans to enhance the protection of water resources and to improve the quality of wastewater discharge.

As more biodiversity topics beyond water and waste should be discussed, we continue our engagement under the biodiversity theme.



SOCIAL IMPACT OF GAMING

Game, set and match

Alexandra Mortimer – Engagement specialist

Questions over the effects of video games on children and players in general have been around for as long as the consoles have been switched on. When the pandemic brought players to the screen for more hours than ever before, these concerns came to the forefront of the minds of families, regulators and investors alike. Recognizing the growing impact of these digital products on society, in 2021 we began engaging with several legacy publishers in the US, South Korea and China to address the social impacts being felt both behind and in front of the screen. Three years later, we have closed the engagement theme and now share our findings and results.

Of the 6 companies engaged, 4 cases were closed successfully, 1 unsuccessfully and 1 moved to a related theme

Progress across the playing board

From 2021 to 2023, Robeco engaged with some of the world's largest listed video game publishers. The engagement aimed to address the social impacts of video games related to depictions of violence and diversity, the safeguards for harassment, and the amount of time and money spent playing them. We also spoke about stakeholder management and human capital management as objectives that more broadly relate to the social impacts of these companies. One company was transferred to the Sustainable Development Goals (SDGs) theme, where we continue to discuss these topics as well as cybersecurity and corporate governance. Of the remaining companies, 80% of cases were successfully closed.

Human capital management saw the most traction

Largely accepted as a male-dominated industry a few years ago, video game publishers were confronted with the results of their workplace cultures when harassment scandals and stories of overwork surfaced in 2021. These concerns, related to employee satisfaction and wellbeing, received a lot of attention from the companies under engagement. Each one implemented one or more of the following initiatives to address weaknesses in their human capital management: workplace conduct and reporting systems, diversity policies, targets, and the appointment of dedicated diversity officers. Overall, 80% of the companies closed this objective successfully, with the remainder concluding the objective unsuccessfully despite positive progress, due to outstanding strained employee relations.

In-game diversity and violence

The importance of game development teams was often highlighted by the companies, as they pointed to their studios as decision makers on creative matters that relate to many of our other objectives. As the issue of diverse representations of characters and depictions of violence is deemed 'creative' as part of the storylines, many companies were hesitant to implement concrete guidelines or measures to address either objective, as they felt it would interfere in a well-established dynamic between studios and publishers.

Nonetheless, a few companies took their first steps towards fostering more in-game diversity by expanding character representation in key titles and developing tools to evaluate diversity in them. Others, made positive progress by clearly stated intentions to address in-game diversity in future titles.

None of the companies produced a compellingly concrete plan to manage the risks that come with including depictions of violence in games. However, this risk was addressed by most of the companies by either local regulations, or because their key titles did not include content that warranted outsized concern. We therefore only closed this objective unsuccessfully for one company that routinely includes controversial and graphic content, without making any notable progress on our objectives, and concluded it as being flat for the remaining companies.

Safeguarding players' well-being

Companies have taken concrete steps towards safeguarding players' well-being, instilling features in their games to combat inappropriate behavior between players, or to better control the time and money spent, often with a focus on children. We closed the objective 'safeguarding online communities' successfully for just above half of the companies after they demonstrated a concrete approach that included automated and human-monitored anti-harassment features. There remains room, however, for a more proactive and structured application of principles and features in games.

Our discussions on 'spending and time management' sought tools for players – and especially parents – to be able to manage the time and money spent in games. The industry is increasingly shifting towards live revenues, meaning money is being spent within the game, such as on feature packs, rather than the purchase price of the game itself. Companies were therefore defensive of discussing loot boxes – chance-element items purchased with real currency – opting to increase transparency on the odds associated with these items and disabling them in certain strictly regulated markets, instead of removing them outright.

“ *Largely accepted as a male-dominated industry a few years ago, video game publishers were confronted with the results of their workplace cultures when harassment scandals and stories of overwork surfaced in 2021.*

Alexandra Mortimer

Stakeholder management

All of the dynamics described above do not occur in a vacuum, and so we encouraged companies to join and actively participate in industry roundtables to better inform themselves and stakeholders alike on relevant matters. We also invited them to report transparently on their progress on ESG issues, and on our objectives in particular. This was especially relevant to the Chinese companies, which were subject to stringent regulations in their local market regarding minors' playing time and access to their products. We learned in our engagements that the companies' continued dialogue with regulators eventually made way for games in development to be allowed onto the market, after a period of stagnant game license approvals by the regulators.

CASE STUDY

Activision Blizzard (recently acquired by Microsoft)
Activision Blizzard, an American video game holding company, faced prominent allegations of employee misconduct towards the end of 2021, generating wide media coverage and employee outrage. Since then, the company has settled an investigation with a state regulator and implemented a multi-pronged initiative of diversity personnel, targets, and strengthened employee protection policies. We have discussed this at length with the company as part of our engagement, and provided feedback on how Activision can progress the resolution of the issue by increasing confidence in the efficacy of its new measures. We were pleased to see this feedback reflected in a comprehensive report, which we see as a positive example on this issue that we will refer to in similar future situations.

CORPORATE GOVERNANCE

Market insight

Diana Trif - Engagement specialist
Lucas van Beek - Active ownership specialist
Michiel van Esch - Engagement specialist

In this corporate governance insight, we reflect on the upcoming corporate governance bill in South Africa, which is putting forward a new strategy to tackle the country's long standing income inequality. Meanwhile, on a broader level, we see a continuous encroachment on minority shareholders rights, as investors have been taken to court upon proposing stronger climate commitments and new share classes with higher say are hitting the market.

Value in social equality

South Africa has long been recognized as a pioneer in the field of corporate governance. It was one the first countries to adopt not only a corporate governance code, but also a stewardship code, and is currently regarded as being at the forefront of developments in this area. Nowadays, however, the country is grappling with an inequality crisis. This has placed the spotlight on executive pay, which is viewed as one of the key factors behind the widening income inequality.

Against his backdrop, the country is set to roll out the long-awaited Companies Amendment Bill which is currently going through Parliament. The Bill will introduce far-reaching changes to provisions governing beneficial ownership, a company's social and ethics committee, auditor appointments and more. It is set to overhaul the country's executive compensation regime and tackle "the gross injustice of excessive pay".

Tackling inequality

South Africa continues to rank as the most unequal country in the world, with 10% of the population owning more than 80% of the country's wealth, according to the World Bank.

In light of this, one of the main policy objectives of the Bill is to "achieve equity between directors and senior management on the one hand, and shareholders and workers on the other hand, as well as addressing public concerns regarding high levels of inequalities in society".

To tackle this objective, the Bill introduces a legal requirement for wage gap disclosure. The remuneration report must include disclosure on, amongst others:

- The total remuneration of the employee with the highest and lowest pay levels,
- The average and median remuneration of all employees,
- The gap between the total remuneration of the top 5% highest paid and lowest paid employees.

This disclosure would ensure increased transparency and accountability. In addition, it would complement the recommendation of the local corporate governance code (King IV) that the remuneration of executive management is fair and responsible in the context of the overall employee pay levels.

The Bill nonetheless faced criticism for failing to introduce a requirement for gender pay gap disclosure. We view this as a missed opportunity, as it is an important tool to strengthen transparency and promote equitable pay practices. As some South African companies listed in the UK are already reporting on gender pay gaps, we encourage companies to provide this disclosure on a voluntary basis.

More accountability

The Bill is also set to introduce a much-debated 'two-strike rule' to ensure that companies take action in response to Say-on-Pay votes. The rule is reminiscent of a similar rule in Australia whereby a company board may be removed from office if 25% or more of the votes are cast against the remuneration report for two years in a row.

Nevertheless, there are key differences between the existing Australian and the proposed South African rules. According to the Bill, if the remuneration report fails to garner at least 50% of the votes in favor at the Annual General Meeting (AGM), the non-executive members of the remuneration committee are required to stand for election at the next AGM. If the report then fails to achieve at least 50% of votes in favor at this next AGM, the committee members are required to step down for a period of two years thereafter, though they would still be able to continue as board directors.

This change addresses concerns that significant opposition to executive pay currently fails to lead to adequate consequences. King IV recommends that companies engage with shareholders following substantial votes cast against their remuneration policies and implementation reports to understand the reasons for the dissent, requiring disclosure on the steps being taken to address the concerns raised. The two-strike rule would give more teeth to the country's Say-on-Pay regime, granting shareholders more power to curb excessive executive pay.

Shareholder Rights Under Pressure

Over the past decade institutional investors received additional rights and responsibilities in relation to the public companies in which they own shares. For example, Say on Pay votes in the United States (US) and the amendments to the Shareholder Rights Directive in the European Union (EU), have granted shareholders a right to vote in remuneration topics. These mechanisms allow shareholders to signal feedback on the right incentives for management. Recently in the US, universal proxy cards were introduced, making board contests easier for shareholders. Moreover, shareholders in the US can file resolutions with a relatively low amount of capital, making it a useful tool for shareholder proposals.

In the EU, regulators mandated institutional shareholders with a responsibility to be responsibility stewards, asking to make use of their influence in the long-term interests of their beneficiaries. Investors are making increased use of these rights, reflected in higher AGM attendance in many European markets.

Turning point for shareholder proposals in the US?

And even though expectations towards investors to actively carry out their stewardship duties are still paramount, several events for the 2024 AGM season, indicate signs of pushback towards active stewardship. Examples of such pushback came to the fore when the US oil giant Exxon Mobil sued its shareholders Follow This and Arjuna Capital to prevent their proposal calling for stronger climate targets from going to a vote. While the shareholders withdrew their proposal, Exxon continued to moved ahead with the lawsuit, arguing that "the current process to get proxy proposals excluded is flawed".

Stewardship responsibilities and shareholder rights are often introduced with the intent that they should be used by investors to address risks and facilitate dialogue with management. In that light, we view the shareholder proposal process as a key means of engagement between companies and their shareholders, allowing for a variety of ESG issues to reach the ballot and contribute to governance reform and accountability. Defending a shareholder proposal in court is prohibitively expensive, so it is reasonable to assume that many US investors will start to think twice before submitting one. Besides that, a favorable ruling for Exxon could set a dangerous precedent for future engagement between investors and investees, potentially marking the beginning of a new era where companies sue investors to prevent shareholder proposals from reaching ballots.

Listing or listening in the EU?

In Europe, several regulatory changes intended to make the listing environment more attractive for listed companies. However, these changes may also make it more difficult for investors to make use of their shareholder rights, and may be a disadvantage for minority shareholders. In the UK, often seen as a front runner for stewardship best practices and corporate governance guidelines, discussions were triggered on changes proposed by the Financial Conduct Authority to replace premium and standard listing segments into a single segment. These changes would allow for the creation of dual share classes and investors would no longer be granted a vote on significant (related party) transactions in all cases.

In Italy we see similar trends, where a Capital Markets Bill was passed by the senate in October of last year, which will change legislation on multiple voting rights, board nominations and participation in shareholder meetings. For share classes with higher voting rights, ratios will change from maximum double rites to ten times the voting rights for normal shares. As institutional investors, often minority shareholders, are hardly ever in a position to obtain these share classes with higher voting rights, their position might get deteriorated. At the same time, companies may decide that all voting has to be done exclusively via a representative of the company, potentially preventing shareholders to attend shareholder meetings.

Looking out for shareholder rights

If institutional investors are expected to be stewards of capital and have a positive long term effect on markets, they should have the right tools to hold management to account. Are recent developments a start of a new trend or a race to the bottom in shareholder rights? Whatever the answer, shareholders would be wise to carefully review any changes to articles of association during the upcoming AGM season, before approving them. During a proxy season that is likely to include heated debates around climate change, remuneration and shareholder proposals on all aspects across the ESG spectrum, shareholders should not overlook the threat of losing their influence as active stewards like sliding down a slippery slope.

Companies under engagement in 2024

Theme	Company
ENVIRONMENT	
Biodiversity	Arcadis NV
Biodiversity	Axfood AB
Biodiversity	Compagnie Generale des Etablissements Michelin SCA
Biodiversity	Cranswick PLC
Biodiversity	Kimberly-Clark Corp
Biodiversity	Leroy Seafood Group ASA
Biodiversity	Procter & Gamble Co.
Biodiversity	Ryohin Keikaku Co Ltd
Biodiversity	Sappi Ltd.
Biodiversity	Signify NV
Biodiversity	Unilever
Biodiversity	VF Corp
Climate and Nature Transition of Financial Institutions	Australia & New Zealand Banking Group Ltd.
Climate and Nature Transition of Financial Institutions	Bank of America Corp.
Climate and Nature Transition of Financial Institutions	Barclays Plc
Climate and Nature Transition of Financial Institutions	BNP Paribas SA
Climate and Nature Transition of Financial Institutions	Citigroup, Inc.
Climate and Nature Transition of Financial Institutions	DBS Group Holdings
Climate and Nature Transition of Financial Institutions	HSBC
Climate and Nature Transition of Financial Institutions	ICICI Bank Ltd
Climate and Nature Transition of Financial Institutions	ING Groep NV
Climate and Nature Transition of Financial Institutions	JPMorgan Chase & Co., Inc.
Climate and Nature Transition of Financial Institutions	Sumitomo Mitsui Financial Group, Inc.
Natural Resource Management	Ambev SA
Natural Resource Management	CF Industries Holdings, Inc.
Natural Resource Management	OCI NV
Natural Resource Management	PepsiCo, Inc.
Natural Resource Management	Tronox Holdings Plc
Nature Action 100	Ahold
Nature Action 100	Alibaba Group Holding Ltd.
Nature Action 100	Archer Daniels Midland
Nature Action 100	Britannia Industries Ltd
Nature Action 100	Corteva, Inc.
Nature Action 100	LG Chem
Nature Action 100	Sociedad Quimica y Minera SA
Nature Action 100	Wens Foodstuffs Group Co Ltd
Net Zero Carbon Emissions	Anglo American
Net Zero Carbon Emissions	BHP Billiton
Net Zero Carbon Emissions	BP
Net Zero Carbon Emissions	CEZ as
Net Zero Carbon Emissions	Chevron
Net Zero Carbon Emissions	China National Building Material Co. Ltd.
Net Zero Carbon Emissions	Ecopetrol SA
Net Zero Carbon Emissions	ExxonMobil
Net Zero Carbon Emissions	Hyundai Motor

Theme	Company
Net Zero Carbon Emissions	JFE Holdings, Inc.
Net Zero Carbon Emissions	Marathon Petroleum Corp.
Net Zero Carbon Emissions	Petroleo Brasileiro
Net Zero Carbon Emissions	Phillips 66
Net Zero Carbon Emissions	Repsol
Net Zero Carbon Emissions	Royal Dutch Shell
Net Zero Carbon Emissions	Saudi Arabian Oil Co.
Net Zero Carbon Emissions	Valero Energy Corp.
SOCIAL	
Diversity and Inclusion	Eli Lilly & Co.
Diversity and Inclusion	Netflix Inc
Diversity and Inclusion	Oracle Corp
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Booking Holdings, Inc.
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Cemex SAB de CV
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Fast Retailing
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	HeidelbergCement AG
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Hon Hai Precision Industry Co. Ltd.
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Inditex
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	International Paper Co
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	IPG Photonics Corp
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	PTT Exploration & Production
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Sinotruk Hong Kong Ltd.
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	SolarEdge Technologies, Inc.
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Volkswagen
Human Rights Due Diligence for Conflict-Affected and High-Risk Areas	Wacker Chemie AG
Just Transition in Emerging Markets	Ganfeng Lithium Group Co Ltd
Just Transition in Emerging Markets	Impala Platinum Holdings Ltd
Just Transition in Emerging Markets	Pertamina Persero PT
Just Transition in Emerging Markets	Reliance Industries Ltd
Just Transition in Emerging Markets	SK Innovation Co Ltd
Just Transition in Emerging Markets	Tenaga Nasional Bhd
Labor Practices in a Post Covid-19 World	Accor SA
Labor Practices in a Post Covid-19 World	Delivery Hero AG
Labor Practices in a Post Covid-19 World	InterContinental Hotels Group Plc
Labor Practices in a Post Covid-19 World	Marriott International, Inc.
Labor Practices in a Post Covid-19 World	Meituan Dianping
Labor Practices in a Post Covid-19 World	Uber Technologies, Inc.
Labor Practices in a Post Covid-19 World	Wal-Mart Stores
Modern Slavery in Supply Chains	Associated British Foods Plc
Modern Slavery in Supply Chains	Canon
Modern Slavery in Supply Chains	General Mills
Modern Slavery in Supply Chains	Glencore Plc
Modern Slavery in Supply Chains	Kia Motors Corp.
Modern Slavery in Supply Chains	Mondelez International

Theme	Company
Modern Slavery in Supply Chains	Tesla Motors, Inc.
Modern Slavery in Supply Chains	The Kroger
Modern Slavery in Supply Chains	Wal-Mart Stores
Modern Slavery in Supply Chains	Wesfarmers Ltd
Sound Social Management	Baidu, Inc.
Sound Social Management	Post Holdings Inc
Sound Social Management	Tencent Holdings Ltd.
Sound Social Management	Weibo Corp
CORPORATE GOVERNANCE	
Corporate Governance in Emerging Markets	Companhia de Concessoes Rodoviarias SA
Corporate Governance in Emerging Markets	Cosan SA
Corporate Governance in Emerging Markets	CPFL Energia SA
Corporate Governance in Emerging Markets	ENN Energy Holdings
Corporate Governance in Emerging Markets	Haier Smart Home Co., Ltd.
Corporate Governance in Emerging Markets	Hyundai Motor
Corporate Governance in Emerging Markets	Midea Group Co. Ltd.
Corporate Governance Standards in Asia	Hynix Semiconductor, Inc.
Corporate Governance Standards in Asia	INPEX Corp.
Corporate Governance Standards in Asia	Panasonic Corp.
Corporate Governance Standards in Asia	Resonac Holdings Corp
Corporate Governance Standards in Asia	ROHM Co. Ltd.
Corporate Governance Standards in Asia	Shin-Etsu Chemical Co. Ltd.
Good Governance	Adyen NV
Good Governance	Ahold
Good Governance	Arcadis NV
Good Governance	Avantium NV
Good Governance	DSM-Firmenich AG
Good Governance	Heineken Holding
Good Governance	Signify NV
Good Governance	Unilever
Tax Transparency	AbbVie, Inc.
Tax Transparency	Amgen
Tax Transparency	Apple
Tax Transparency	McDonalds
Tax Transparency	Microsoft
Tax Transparency	Stellantis NV
Tax Transparency	Thermo Fisher Scientific, Inc.
VOTING RELATED ENGAGEMENTS	
AGM engagement 2024	Airbus SE
AGM engagement 2024	Ampol Ltd.
AGM engagement 2024	Ballard Power Systems Inc
AGM engagement 2024	Dolby Laboratories Inc

Theme	Company
AGM engagement 2024	Nexans SA
AGM engagement 2024	Schneider Electric SA
AGM engagement 2024	Terna - Rete Elettrica Nazionale
AGM engagement 2024	WEC Energy Group Inc
AGM engagement 2024	Woodside Energy Group Ltd
AGM engagement 2024	Yaskawa Electric Corp
SUSTAINABLE DEVELOPMENT GOALS	
Fashion Transition	Beiersdorf AG
Fashion Transition	Birkenstock Holding Plc
Fashion Transition	Brunello Cucinelli SpA
Fashion Transition	Bureau Veritas SA
Fashion Transition	Cintas Corp.
Fashion Transition	Compagnie Financiere Richemont
Fashion Transition	Crocs Inc
Fashion Transition	Deckers Outdoor Corp
Fashion Transition	Eclat Textile Co Ltd
Fashion Transition	Ermenegildo Zegna NV
Fashion Transition	EssilorLuxottica SA
Fashion Transition	Estee Lauder Cos Inc/The
Fashion Transition	Etsy Inc
Fashion Transition	Hermes International SCA
Fashion Transition	HUGO BOSS AG
Fashion Transition	Inditex
Fashion Transition	JD Sports Fashion PLC
Fashion Transition	Kering
Fashion Transition	L Oréal
Fashion Transition	Levi Strauss & Co
Fashion Transition	L'Occitane International SA
Fashion Transition	Lojas Renner SA
Fashion Transition	Lululemon Athletica Inc
Fashion Transition	LVMH Moet Hennessy Louis Vuitton
Fashion Transition	Marimekko Oyj
Fashion Transition	MercadoLibre Inc
Fashion Transition	Moncler SpA
Fashion Transition	NIKE
Fashion Transition	On Holding AG
Fashion Transition	Pandora A/S
Fashion Transition	PRADA SpA
Fashion Transition	Proya Cosmetics Co Ltd
Fashion Transition	Puma
Fashion Transition	Ross Stores Inc
Fashion Transition	Shiseido Co Ltd
Fashion Transition	Shopify Inc
Fashion Transition	Silgan Holdings Inc

Theme	Company
Fashion Transition	Symrise AG
Fashion Transition	Watches of Switzerland Group PLC
Fashion Transition	Zebra Technologies Corp
SDG Engagement	AbbVie, Inc.
SDG Engagement	Adobe Systems, Inc.
SDG Engagement	Alphabet, Inc.
SDG Engagement	Amazon.com, Inc.
SDG Engagement	Amgen
SDG Engagement	Apple
SDG Engagement	AutoZone Inc
SDG Engagement	Banco BTG Pactual S.A.
SDG Engagement	Bank of Montreal
SDG Engagement	Capital One Financial Corp.
SDG Engagement	CB Richard Ellis Group, Inc.
SDG Engagement	Deutsche Boerse
SDG Engagement	eBay
SDG Engagement	Electronic Arts, Inc.
SDG Engagement	Elevance Health Inc
SDG Engagement	F5 Networks, Inc.
SDG Engagement	Grupo Bimbo SAB de CV
SDG Engagement	Haleon PLC
SDG Engagement	Hitachi Ltd.
SDG Engagement	Infosys Ltd
SDG Engagement	Jeronimo Martins
SDG Engagement	LyondellBasell Industries NV
SDG Engagement	Meta Platforms Inc
SDG Engagement	Mr. Price Group Ltd.
SDG Engagement	NASDAQ OMX Group, Inc.
SDG Engagement	Novartis
SDG Engagement	OTP Bank Nyrt
SDG Engagement	Rio Tinto
SDG Engagement	Salesforce.com, Inc.
SDG Engagement	SalMar ASA
SDG Engagement	Samsung Electronics
SDG Engagement	Sandvik AB
SDG Engagement	Sony
SDG Engagement	STMicroelectronics NV
SDG Engagement	Sumitomo Mitsui Financial Group, Inc.
SDG Engagement	Total
SDG Engagement	Trane Technologies PLC
SDG Engagement	United Parcel Service, Inc.
SDG Engagement	Volvo Group

Theme	Company
GLOBAL CONTROVERSIES	
Acceleration to Paris	African Rainbow Minerals Ltd
Acceleration to Paris	Aluminum Corp of China Ltd
Acceleration to Paris	Anhui Conch Cement Co. Ltd.
Acceleration to Paris	Berkshire Hathaway
Acceleration to Paris	Caterpillar, Inc.
Acceleration to Paris	China Longyuan Power Group Corp Ltd
Acceleration to Paris	China National Building Material Co. Ltd.
Acceleration to Paris	China State Construction Engineering Corp Ltd
Acceleration to Paris	Continental Resources, Inc.
Acceleration to Paris	Formosa Plastics Corp.
Acceleration to Paris	Hunan Valin Steel Co Ltd
Acceleration to Paris	ITOCHU Corp.
Acceleration to Paris	Marubeni Corp.
Acceleration to Paris	Mitsubishi
Acceleration to Paris	Mitsui & Co Ltd
Acceleration to Paris	POSCO
Acceleration to Paris	SAIC Motor Corp Ltd
Acceleration to Paris	Sany Heavy Industry Co Ltd
Acceleration to Paris	Sumitomo Corp.
Acceleration to Paris	Toyota Industries Corp
Acceleration to Paris	WH Group Ltd. (HK)
Global Controversy Engagement	Adani Enterprises Ltd.
Global Controversy Engagement	Adani Ports & Special Economic Zone Ltd.
Global Controversy Engagement	Elswedy Cables Holding Co.
Global Controversy Engagement	Lockheed Martin Corp
Global Controversy Engagement	Mattel
Global Controversy Engagement	Raytheon Technologies Corp
Global Controversy Engagement	United Phosphorus Ltd.
Global Controversy Engagement	Vale SA
Global Controversy Engagement	Zijin Mining Group Co. Ltd.
Palm Oil	MP Evans Group PLC
Palm Oil	REA Holdings PLC
Palm Oil	Wilmar International

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 measurables 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 CO_2 emissions from companies, and the ICCR. Another important initiative to which Robeco is a signatory is the United Nations Principles for Responsible Investment. Within this context, institutional investors commit themselves to promoting responsible investment, both internally and externally.

ROBECO'S ACTIVE OWNERSHIP TEAM

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

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

Additional information for US investors
Robeco is considered "participating affiliate" and some of their employees are "associated persons" of Robeco Institutional Asset Management US Inc. ("RIAM US") as per relevant SEC no-action guidance. Employees identified as associated persons of RIAM US perform activities directly or indirectly related to the investment advisory services provided by RIAM US. In those situations these individuals are deemed to be acting on behalf of RIAM US, a US SEC registered investment adviser. SEC regulations are applicable only to clients, prospects and investors of RIAM US. RIAM US is a wholly owned subsidiary of ORIX Corporation Europe N.V. and offers investment advisory services to institutional clients in the US.

Additional information for US Offshore investors – Reg S
The Robeco Capital Growth Funds have not been registered under the United States Investment Company Act of 1940, as amended, nor the United States Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly in the United States or to any US Person. A US Person is defined as (a) any individual who is a citizen or resident of the United States for federal income tax purposes; (b) a corporation, partnership or other entity created or organized under the laws of or existing in the United States; (c) an estate or trust the income of which is subject to United States federal income tax regardless of whether such income is effectively connected with a United States trade or business. In the United States, this material may be distributed only to a person who is a "distributor", or who is not a "US person", as defined by Regulation S under the U.S. Securities Act of 1933 (as amended).

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The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission (CVM), nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

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The Prospectus relates to a private collective investment scheme which is not subject to any form of domestic regulations by the Autoriti Monetari Brunei Darussalam ("Authority"). The Prospectus is intended for distribution only to specific classes of investors as specified in section 20 of the Securities Market Order, 2013, and must not, therefore, be delivered to, or relied on by, a retail client. The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus and has no responsibility for it. The units to which the Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the units offered should conduct their own due diligence on the units.

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No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

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Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

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The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

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agent in Liechtenstein. The prospectus, the Key Information Documents (PRIIP)the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website.

Additional information for investors with residence or seat in Malaysia
Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

Additional information for investors with residence or seat in Mexico
The funds have not been and will not be registered with the National Registry of Securities or maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

Additional information for investors with residence or seat in Peru
The Superintendencia del Mercado de Valores (SMV) does not exercise any supervision over this Fund and therefore the management of it. The
information the Fund provides to its investors and the other services it provides to them are the sole responsibility of the Administrator. This Prospectus is not for public distribution.

Additional information for investors with residence or seat in Singapore
This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important information for Singapore Investors") contained in the prospectus. Investors should consult their professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the Sub-Funds listed in the appendix to the section entitled "Important information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and invoke the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

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Robeco Institutional Asset Management B.V., Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

Additional information for investors with residence or seat in South Africa
Robeco Institutional Asset Management B.V. is registered and regulated by the Financial Sector Conduct Authority in South Africa.

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Additional information relating to RobecoSAM-branded funds/services
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Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority ("the Authority"). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

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Robeco Institutional Asset Management B.V (FRN: 977582) is authorised and regulated by the Financial Conduct Authority.

Additional information for investors with residence or seat in Uruguay
The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except under circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated 27 September 1996, as amended.

ROBECO
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