ROBECO | 01.10.2023-31.12.2023

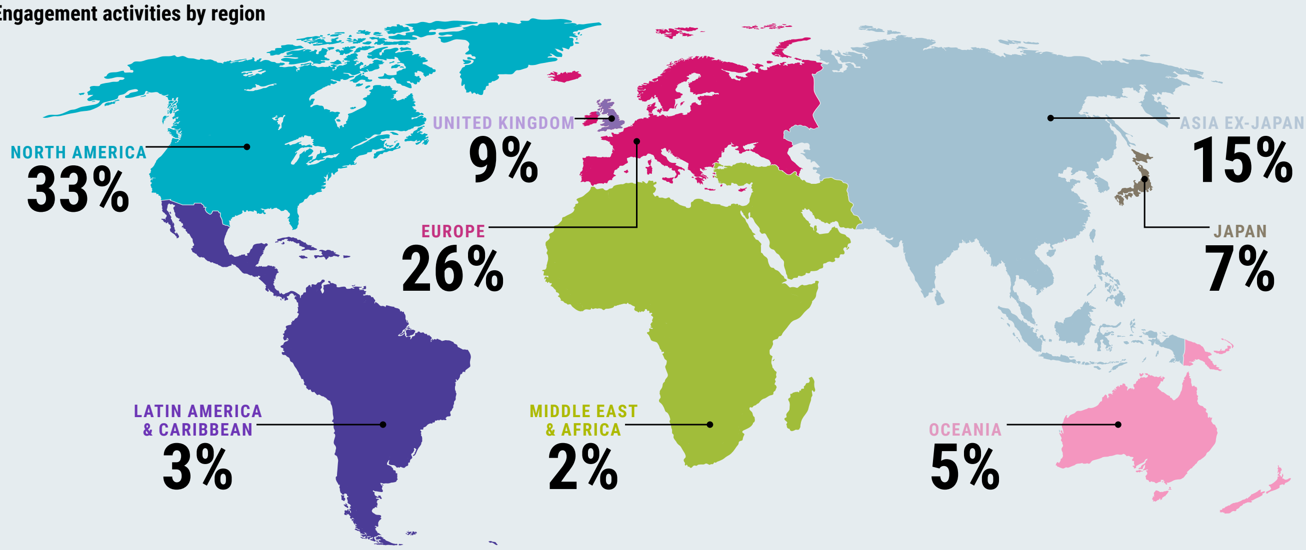
Active ownership report

ROBECO
The Investment Engineers

BORDER TO COAST
PENSIONS PARTNERSHIP

Q4|23 **figures** engagement

Engagement activities by region



Number of engagement cases by topic*

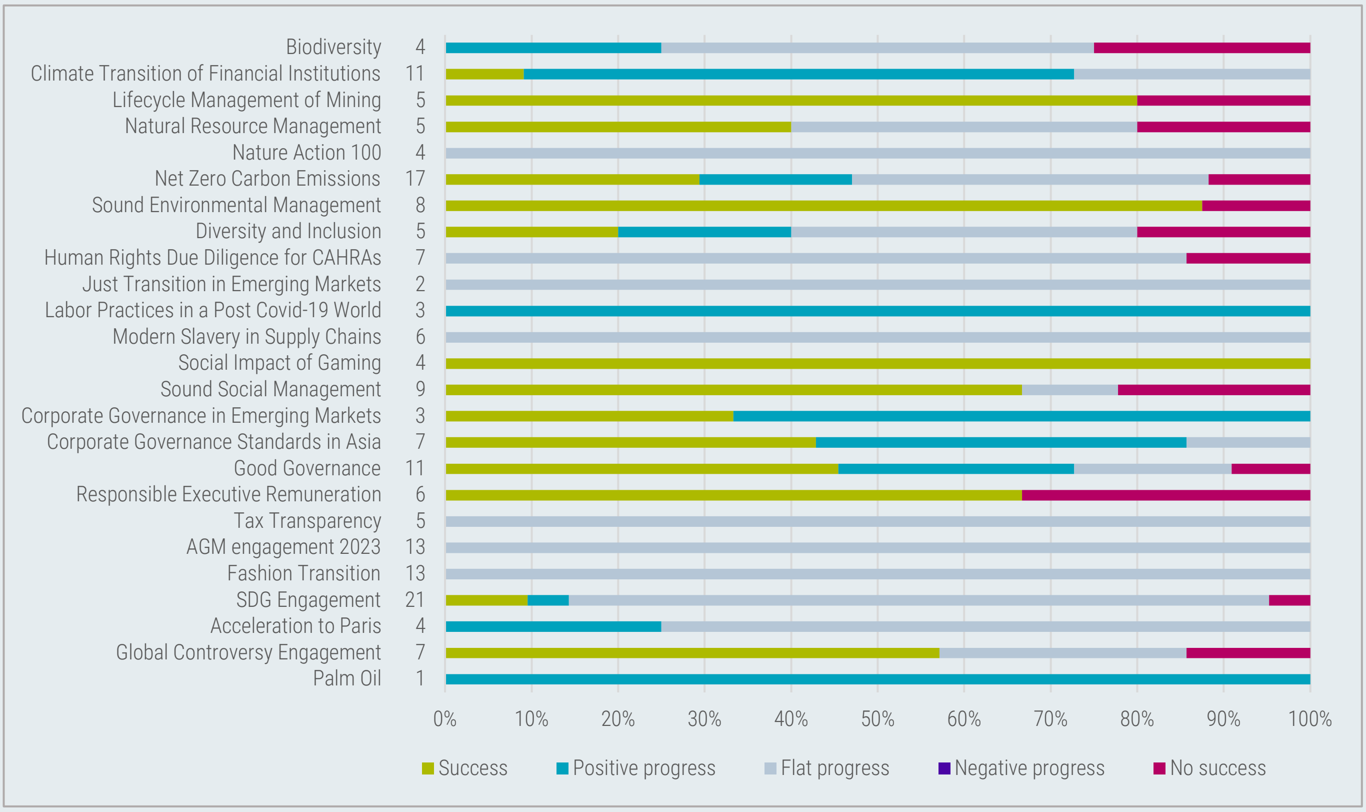
	Q1	Q2	Q3	Q4
Environment	23	28	21	34
Social	11	16	5	25
Corporate Governance	12	12	8	17
Voting Related	7	0	3	2
SDGs	17	10	13	28
Global Controversy	6	2	4	6
Total	**76**	**68**	**54**	**112**

Number of engagement activities per contact type

	Q1	Q2	Q3	Q4	YTD
Meeting	2	3	4	9	18
Conference call	57	47	25	60	189
Written correspondence	52	30	33	44	159
Shareholder resolution	0	0	1	1	2
Analysis	12	25	13	54	104
Other	1	4	0	0	5
Total	**124**	**109**	**76**	**168**	**477**

Progress per theme

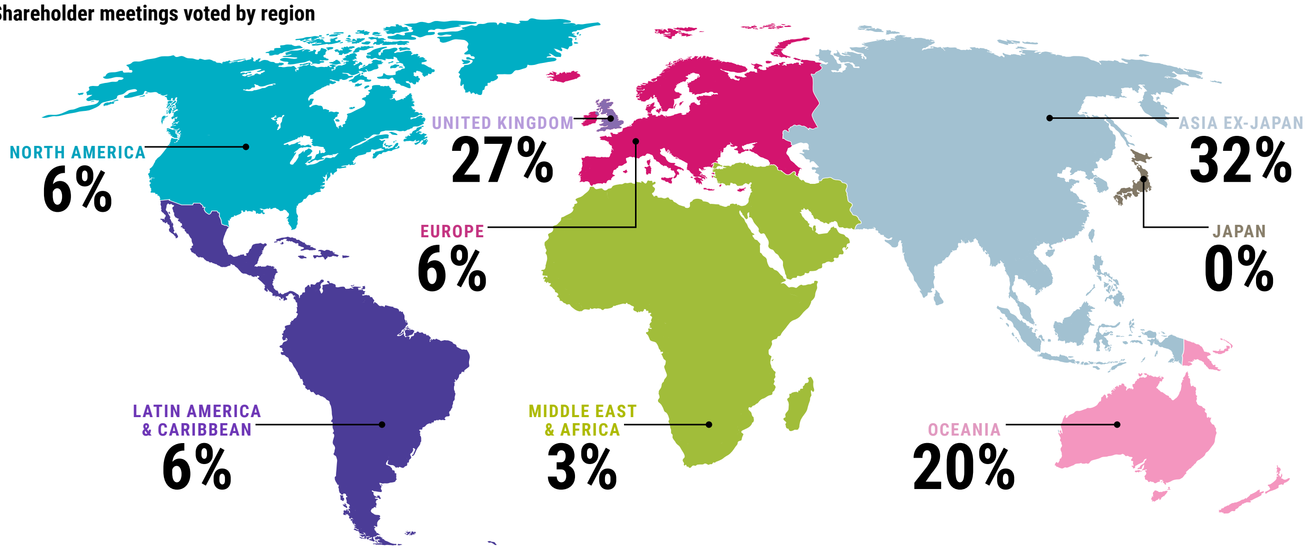
Themes and number of companies under engagement



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

Q4|23 figures voting

Shareholder meetings voted by region



Voting overview

	Q1	Q2	Q3	Q4	YTD
Total number of meetings voted	139	579	191	126	1,035
Total number of agenda items voted	1,703	9,027	1,904	909	13,543
% Meetings with at least one vote against management	65%	72%	58%	38%	64%

Votes cast per proposal category

Contents

Introduction

From the social implications of the energy transition, as presented in the third quarter, to the social risks hidden behind the growingly complex and obscure supply chain models, the concept of social justice has emerged as a guiding principle when speaking about sustainability.

Focusing on the social risks associated with increasingly intricate supply chain structures, we present our new engagement theme 'Modern slavery in supply chains'. The complex web of today's global supply chains makes it extremely difficult for companies to see and address not only environmental concerns, such as biodiversity loss, but also human rights. Our new theme looks at these complexities. It engages with companies across the food and retailing, mining, technology and automotive sectors to try to enhance their effectiveness in identifying and addressing modern slavery risks.

We also remained active on the environmental side. After months of intense collaboration, the Nature Action 100 initiative was formally launched in September 2023 representing more than 200 investors collectively with USD 26.6 trillion of assets under management and advice. As a first step. the 100 companies targeted under what is the world's largest collaborative engagement effort on biodiversity so far have received a letter outlining six actions needed to protect and restore nature. Building on these common asks, we look forward to starting the engagements that we will be leading on behalf of the collaboration.

Meanwhile, we reflect on the achievements made under the 'Net-zero emissions' theme. The evergreen theme, which engages with some of the highest emitting companies in our portfolio, has concluded the first batch of engagements initiated in 2020, closing 62.5% of the initial companies successfully. Our report highlights the key progress made across the steel and cement sectors, such as seeing increasingly detailed decarbonization plans and aligned capital expenditure strategies, along with some disappointments across other sectors.

In corporate governance, we have closed our engagements on 'Responsible executive remuneration', which over the last three years has focused on aligning executive incentives with shareholder interests. Our key challenges related to aligning pay for management performance in a period of economic volatility, prioritizing relevant ESG metrics and creating more accountability for pay practices. We saw some successes, such as companies linking executive pay with equity to align incentives with long-term shareholder creation. We also welcomed companies incorporating ESG metrics in compensation, showcasing the importance of directly tying executive remuneration to sustainability when it comes to the future of companies.

However, in some instances, corporate governance can be a tricky topic to discuss, as our article on engaging with state-owned enterprises (SOEs) reveals. The core problem here is that large stakes are held by a government, and minority shareholder interests are often neglected. Delving into the complexities, we aim to lay out mechanisms that can lead to wider stakeholder value, such as supermajority voting provisions for certain decisions (i.e., requiring more than 75% support hence including minority shareholders votes) or a requirement for independent special committee approval of any conflict of interest matters.

Moving into 2024, we aim to deepen our focus on key topics including human rights, climate change, biodiversity and corporate governance, and hope for another year of successful Active Ownership.

Carola van Lamoen
Head of Sustainable Investing

MODERN SLAVERY IN SUPPLY CHAINS

An estimated 50 million people are trapped in modern slavery

Yumi Fujita – Engagement specialist

Modern slavery refers to situations of exploitation that a person cannot leave because of threats, violence, coercion, deception, or the abuse of power. It is crucial for companies to identify and address modern slavery conditions – which can be hidden deep within their supply chains – to meet their obligation to respect human rights, avoid reputational risks and prevent disruptions. Failing to comply with an increasing number of regulations over modern slavery and human rights issues also poses direct consequences to companies' operations.

What is the engagement about and why is it relevant for investors?

An estimated 50 million people are trapped in modern slavery, of which over 28 million are in forced labor, where a person's freedom to accept or refuse a job, or to leave one employer for another, is non-existent. Common elements of modern slavery and forced labor include threats, debt bondage, deceptive contracts, the withholding of wages, and abusive working or living conditions. Over 85% of cases are found in the private sector, and they are often linked to industries such as manufacturing, construction and agriculture.

It is so deeply embedded in our economic activities – from raw material sourcing to manufacturing, assembling, packaging and transportation – that the goods and services we consume every day are often tainted with forced labor somewhere along the supply chain. Moreover, crises in recent years such as the Covid-19 pandemic, armed conflicts and structural damage from climate change have exacerbated the situation. Such events have disrupted labor markets and access to education, and have increased extreme poverty and forced migration, as well as leading to an upsurge in gender-based violence.

The situation is difficult to monitor because supply chains are often highly complex, spanning multiple countries and involving several layers of business relationships. Aside from companies' and investors' obligations to avoid human rights violations, it is essential that they identify and address modern slavery conditions in order to avoid reputational risks and operational disruptions.

Furthermore, regulations that aim to address modern slavery and broader human rights issues are becoming more prevalent and stringent across various jurisdictions. Breaching them – even unknowingly – would have direct consequences and could lead to import bans, and fines or business closures, not to mention the reputational damage. This means companies must not only disclose information about modern slavery that they become aware of, but also effectively address the risks and prevent recurrence.

What are the engagement expectations?

As modern slavery issues are often hidden behind formal processes of social audits, contractual stipulations, and information gaps, we aim to enhance companies' effectiveness in identifying and addressing the risks, going beyond formal human rights policies and processes. The engagement will also focus on how companies provide impacted stakeholders with effective remediation measures and prevent future recurrence by working closely with suppliers and establishing the right accountability structures within the organization.

For any company, developing appropriate management oversight and policies is an essential first step to tackling modern slavery as well as addressing wider human rights risks in their operations and supply chains. One of the most important actions is to conduct human rights due diligence. We expect companies to identify risks according to aspects like sourcing from conflict regions, workplace characteristics and the types of raw materials sourced, and to take appropriate actions.

Our engagement objectives also emphasize whether remediations to affected workers are carried out effectively, and if corrective measures are taken to prevent future recurrence, in collaboration with suppliers, workers and other stakeholders. Collaboration with various players is crucial in understanding the different contexts of each case, and is necessary for creating solutions for the workers at risk, while providing them with alternative means for decent work.

Remediation and corrective actions are areas where we believe companies are the least advanced in adhering to the United Nations General Principles (UNGPs) of human rights. In all of the above aspects, transparent reporting to investors and stakeholders is critical, not to mention also being a requirement under most modern slavery or human rights due diligence legislations.

How did we choose the companies to engage with?

Modern slavery is present in almost every country in the globalized world economy. The Middle East shows the highest prevalence of it, while the Asia-Pacific region has the largest absolute number of forced labor cases, at over 15 million cases. On the other hand, the main beneficiaries of modern slavery are the major developed economies. It is estimated that around USD 468 billion of products that are linked with modern slavery were consumed by G20 countries in 2023. The agriculture, garment, technology, mining and manufacturing sectors are often highlighted as those industries at the highest risk of modern slavery.

With this in mind, we selected a list of companies to engage with based on their multi-layered supply chains, the nature of operations for raw materials production, and the geographical areas in which they and their suppliers operate. We analyzed publicly available documents and research pieces from international organizations, NGOs and news sources to gain a good understanding of sectors and commodities that face a higher risk.

We also looked into companies' involvement in related controversies, sourced from our data providers such as Sustainalytics. Moreover, we consulted research findings from organizations such as the World Benchmarking Alliance and KnowTheChain in order to assess companies' current performance specific to the human rights and modern slavery aspects.

What are the anticipated challenges?

One of the challenges we expect to face is lack of quality information regarding lower-tier suppliers. These are needed to assess whether the companies under engagement are well positioned to identify and remediate modern slavery risks and impacts. Although companies often have a supplier code of conduct, certification and social audits in place, these may be limited in scope, and are often mere box-ticking exercises applying only to direct suppliers.

Companies may fear that disclosing too much information about suppliers or outcomes from the supplier audits would undermine their competitive advantage, or expose them to criticism, especially in countries with weak labor laws. Moreover, implementing effective mechanisms to meaningfully identify, remediate and prevent modern slavery can take time and resources.

For example, dedicated resources are required in order to identify high-risk regions and populations, track raw material sourcing, and compensate wages for affected workers, as well as to develop responsible recruitment policy and procurement practices. Companies also require close collaborations with suppliers' workers and management teams, civil society, and multiple departments within the company, which can be time consuming and costly to set up. However, these short-term costs will be outweighed by the long-term benefits of strong supply chain management and risk oversight, supplier resilience and efficiency, as well as reputational goodwill.

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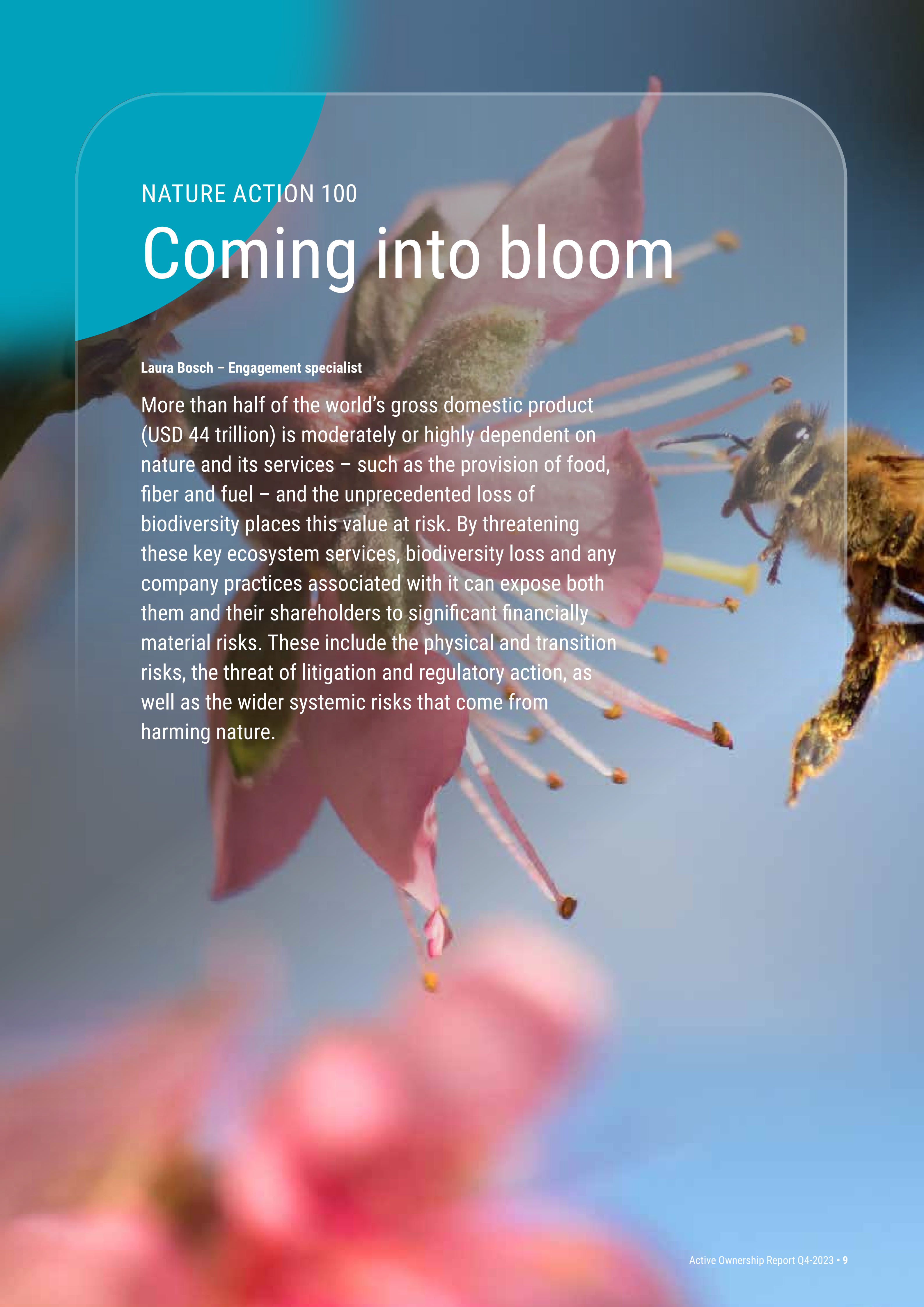
>
> Yumi Fujita



NATURE ACTION 100

Coming into bloom

Laura Bosch – Engagement specialist

More than half of the world's gross domestic product (USD 44 trillion) is moderately or highly dependent on nature and its services – such as the provision of food, fiber and fuel – and the unprecedented loss of biodiversity places this value at risk. By threatening these key ecosystem services, biodiversity loss and any company practices associated with it can expose both them and their shareholders to significant financially material risks. These include the physical and transition risks, the threat of litigation and regulatory action, as well as the wider systemic risks that come from harming nature.

The interconnection of climate change and nature means that action taken on one directly influences the other. Global warming, triggered by greenhouse gas emissions, influences the stability of the climate, which prevents Earth's natural systems from functioning as expected. Changes in climatic conditions can threaten nature's provision of ecosystem services, affecting the goods and services that societies, companies and subsequently financial institutions rely on.

At the same time, nature is key to help fighting climate change. Around half of the emissions released remain in the atmosphere whilst nature absorbs the rest, holding it within carbon sinks such as soil, oceans and vegetation. These natural storage solutions slow climate change far more effectively than any human technology.

Increased momentum for action

The current need for economic transformation, underpinned by the climate and nature crises, presents significant risks and opportunities for financial institutions and corporations alike. Hence biodiversity loss is moving up the agenda of governments, companies, financial institutions, and more broadly across civil society.

Adopted at COP15, the Kunming-Montreal Global Biodiversity Framework (GBF) provides a blueprint for bold action and policy alignment across economic sectors to halt and then reverse biodiversity loss by 2030. Private sector companies, including financial institutions, must play a key part in realizing this goal by aligning their portfolios with the GBF targets, and rapidly shifting financial flows towards a sustainable and just biodiversity transition.

Purpose of the initiative

Nature Action 100 was launched against the backdrop of aligning investor action to contribute to the GBF. It mobilizes institutional investors to establish a common high-level agenda for engagements, and a clear set of expectations to drive greater corporate ambition and action to stem biodiversity loss.

The initiative targets 100 companies in eight key sectors that are deemed to be systemically important in reversing biodiversity loss by 2030, such as chemicals, food, and metals and mining. These sectors are major drivers of damage to nature due to their large impacts on habitat loss and the overexploitation of resources, as well as their contribution to water and land pollution.

Nature Action 100 was formally launched in September 2023 with more than 200 investors representing collectively USD 26.6 trillion assets under management and advice. As a first step, the 100 companies targeted for engagement have received a letter from the group outlining six timely and necessary corporate actions needed to protect and restore nature. Dialogues will be held from 2024 onwards.

Engagement objectives

In terms of engagement expectations, companies are encouraged to set a public commitment to minimize biodiversity impacts and to conserve and restore ecosystems by 2030. They should set time-bound, science-based targets that are based on assessments of their nature-related dependencies, impacts, risks and opportunities. These should be followed by an inclusive implementation plan taking into account any local communities that are affected.

External stakeholder engagement with entities such as trade associations and policy makers are crucial to create an enabling environment for achieving those targets. Finally, clear governance structures should be in place, formalizing the board's oversight and management's role in assessing and managing nature action.

Sectors under scope

We reviewed our investment exposure to biodiversity risks across sectors and markets, as well as took into account our clients investment exposure, before selecting sectors and companies that we wanted to engage with under Nature Action 100. Our results suggested that biodiversity risks are concentrated in three sectors in our portfolios, which are exacerbated in our investment strategies with allocations to emerging markets.
As a result, we prioritized our engagement coverage with eleven companies across these three sectors: Materials (chemicals), Consumer Staples (retail, food and beverage, household and personal products) and Consumer Discretionary (retail). More than half of these companies are based in emerging markets.

When it comes to the chemicals sector, most of the impacts on nature in their operations and value chains are linked to water use, pollution and greenhouse gas

> *“ The initiative targets 100 companies in eight key sectors that are deemed to be systemically important in reversing biodiversity loss by 2030.*
>
> Laura Bosch

emissions. Chemical companies generate an estimated 7% of global and 20% of industrial emissions. Most of the sector's impacts and dependencies, however, are embedded in its supply chains, with more than half of them highly or moderately dependent on nature, led by the use of fresh water, minerals and biomass.

The Consumer Staples and Discretionary sectors are linked to numerous impacts throughout their value chain. Agriculture, which is a key concern for Consumer Staples, has been a material topic for many years as it drives 70% of terrestrial and 50% of freshwater biodiversity loss. Impacts stem mainly from the soft commodities produced and consumed, whilst the sector is at the same time highly dependent on the environmental assets used during the production process, such as water and soil quality.

Risks related to the business practices in the sector, such as water over-use and pollution by pesticides, are threatening the quality and availability of the natural assets that these companies fundamentally depend on. Our engagement approach aims to be holistic and targeted to each company's footprint and sets of impacts and dependencies.

Tailored to each company, the engagements will push for a better understanding and strategy to address corporates' biodiversity footprints, including the establishment of meaningful targets and reporting frameworks, such as adopting the Taskforce for Nature-Related Financial Disclosures.

NET-ZERO CARBON EMISSIONS

The 1.5°C goal

Sylvia van Waveren – Engagement specialist

Investor engagement is a critical tool to ensure that companies are on a transition pathway that limits global warming to 1.5°C. In order to more effectively achieve this, in 2020 we grouped all our ongoing climate change engagement efforts under our consolidated 'Net-Zero Carbon Emissions' engagement program.

Since the start of this journey three years ago, several governments have made pledges to achieve net-zero carbon emissions by 2050 or 2060. Companies have also acted accordingly. While it has been encouraging to see an increasing number of business leaders committing to a low carbon future and setting targets to achieve net-zero by mid-century, more immediate action and urgency is certainly needed. Many sectors have postponed emission reductions until after 2030, locking in short-term emissions that would push us past the 1.5°C threshold.

In March 2022, we expanded the Net-Zero Carbon Emissions theme, doubling the number of companies under engagement. These companies have been selected following an assessment of the transition readiness of the top-200 emitters in our investment universe.

Aims of the Net-zero theme

The engagement theme encourages companies to embrace a decarbonization strategy and thereby ensure their long-term viability, competitiveness and license to operate. Research by the Intergovernmental Panel on Climate Change (IPCC) has warned of the devastating impacts of not meeting the Paris Agreement goals, with significantly higher levels of physical and economic damage occurring at 2°C of warming compared to pre-industrial levels, versus the lower goal of 1.5°C.

Our engagement activities set the expectation for companies to set long-term net-zero targets, and to substantiate them with credible short- and medium-term emissions reduction strategies, implementing transition plans that ensure a reduction in real-world emissions over the next decade.

A credible climate strategy is difficult to define as each company will have its own challenges and approaches to decarbonization. Nevertheless, we leverage external means of measurement such as the Climate Action 100+ Net Zero Benchmark when defining our objectives. We consider this approach to be well-rounded and thoughtful in terms of driving credible transition strategies. Moreover, we are closely involved in the evolution of the Climate Action 100+ process, co-leading several engagements, and will continue to contribute to the development of metrics and indicators within the benchmark.

Relevance for investors

The relevance of our engagement program hinges on the systemic risks that climate change poses to the global economy and financial system. Companies face significant transition risks encompassing legal and regulatory issues and technology and market changes, which weaken the viability of existing technologies and practices.

Companies also face physical risks from more frequent extreme weather events such as hurricanes, droughts and floods, and the longer-term issue of rising sea levels. This may cause damage to assets or bring cost increases and supply chain disruptions.

Besides these risks, there are also opportunities for companies. Indeed, they can spur growth by pursuing efforts to mitigate or adapt to climate change, using the consequences of the transition to their advantage. This includes exploiting opportunities for resource efficiency and cost savings, switching to lower-emission energy sources, seeking product and service developments, and pursuing new lower-carbon markets.

The International Energy Agency's updated net zero pathway has recently reinforced the message that the cost savings from achieving net zero emissions far outweigh the expense of delivering decarbonization goals. There are corresponding benefits to society as well, such as increased employment, lower energy costs and improved air quality.

In short, the financial benefits of mitigating climate risk and seizing the opportunities from decarbonizing in line with a 1.5°C pathway will be felt at the enterprise, portfolio and societal levels, and are firmly in line with our goals as an investor.

Our results after three years of engagement

Overall, we registered positive progress for almost all the companies under engagement. The industries which registered the highest level of progress were the steel and cement sectors. Considered to be the hard-to-abate industries, these companies showed meaningful improvements, especially in disclosing detailed capital alignment and decarbonization strategies.

Although the oil and gas industry has taken several initiatives to address the net-zero transition, we feel that there is room for improvement, especially in outlining reduction targets for Scope 3 emissions, and reallocating capex away from potentially stranded fossil fuel assets. Indeed, as we witnessed in the last three years, setting targets for Scope 3 emissions has been one of the main challenges on the net zero pathway for oil and gas companies.

> *“The International Energy Agency reinforced the message that the cost savings from achieving net zero emissions far outweigh the expense of delivering decarbonization goals.*
>
> Sylvia van Waveren

Having originally witnessed early progress coming from this sector, some companies unfortunately have reached a standstill at best in their decarbonization pathways after the global energy crisis. Therefore, we plan to intensify and escalate our engagement efforts with them in the next year to seek more improvements.

CASE STUDY

Heidelberg Materials

German building materials company Heidelberg Materials has historically had a large climate footprint due to its activities in the hard-to-abate cement sector. Having engaged with the company both individually and as a supporting investor under the Climate Action 100+ initiative, the company has showcased not only good awareness of climate-related risks, bit also a very pro-active approach to addressing them.

Over the course of the engagement, the company's emissions reduction targets were validated by the Science-Based Targets initiative against a 1.5°C pathway, and the company presented a detailed decarbonization strategy to meet its medium- and long-term targets. Among this were the in July 2023 announced plans to open its first fully decarbonized cement plant in Germany. The company furthermore included climate change performance elements it its executive remuneration and appointed a sustainability officer to the Executive Board. We successfully closed the engagement in the fourth quarter of 2023.

RESPONSIBLE EXECUTIVE REMUNERATION

Incentivizing sustainable value

Michiel van Esch – Engagement specialist

Discussions on executive remuneration are as old as the first publicly listed company and the separation of management and ownership. Whenever management gets a mandate to lead a company on behalf of its shareholders, incentive structures are put in place to make sure the leadership keeps track with the key priorities of its owners. How the alignment of these incentives takes shape has been a recurring debate throughout the 'Responsible executive remuneration' engagements.

The financial crisis of 2008 made regulators realize that institutional investors, with their long-term investment horizon, could play a role in providing stability and long termism in the economy. It was believed that if they were provided the right tools, they would be able to start making use of their potential influence.

In Europe, amendments to the EU's Shareholder Rights Directive (SRD2) aimed to give institutional shareholders a set of responsibilities and rights across the 27-nation bloc. One of these rights gave shareholders a binding vote on the remuneration policy at least every four years, and an advisory vote on the implementation report of the policy on an annual basis. This followed common practice in the US, where non-binding 'Say on Pay' votes had been in place for several years.

The EU regulations were introduced in a Zeitgeist in which institutional investors and regulators increasingly favored compensation structures that incentivized management for the long run, instead of maximizing short-term gains. It also encouraged them to look beyond financial priorities only, for example by also considering relevant non-financial (environmental, social and governance - ESG) metrics.

In 2020, Robeco launched its 'Responsible executive remuneration' engagement theme which is now coming to a close. Throughout the three years of engagement, we reviewed the remuneration policies and disclosures, relevant key performance indicators (KPIs), and incentive structures at a set of European and American companies. Our project focused on four broad objectives: equity compensation; pay for performance; quantum (i.e., height of pay) and the link to equity; as well as structure and oversight.

Equity compensation

One of our priorities was to align incentive structures with those of shareholders. This means that we expected a certain degree of remuneration to be paid in equity, and that adequate shareholding requirements were in place for executives, requiring them to retain holdings over a longer term. We have been able to close this objective successfully in the majority of cases.

Shareholding requirements are becoming commonplace, and the use of shares in remuneration schemes is becoming more straightforward. Although options and multiplier schemes are becoming less common, small-cap or younger companies often have legacy option plans in place from before their initial public offering. However, as companies mature, they gradually look for different incentive structures.

We also urged companies to maintain a different pay structure for supervisory board members, specifically to refrain from option structures, and to make sure that no incentive structures could jeopardize their independence.

Pay for performance

Another engagement objective addressed the relationship between pay and performance. In our view, variable pay should be aligned with long-term value creation and reward management, meaning that companies use KPIs (both financial and non-financial) that create value for stakeholders and align with corporate strategy.

The fact that our engagement was started at the onset of the Covid-19 pandemic led to several problems in the relationship between pay and performance. Many companies had either fully cancelled their variable salary schemes, or had dismissed poor performance as a result of market conditions and decided to be lenient and pay out annual bonuses nonetheless. In several cases, low share prices and the start of the pandemic created windfall gains when stock prices picked up again once vaccines started to be rolled out in 2021.

We also asked companies to set relevant ESG targets for their variable pay. In recent years, many investors have become cynical on the use of ESG metrics, claiming that their measurement is not clear, and that they are often used as a cushion to make up for poor performance on the financial KPIs. We continue to be in favor of using ESG-related KPIs, but the problem often is that they do not stand to the same scrutiny as financial indicators. Yet, if concrete measures are used that make a difference to a company's stakeholders and stand up to scrutiny by the auditor, pay for ESG-related performance can provide additional safeguards ensuring that management focuses on financially material ESG issues.

Quantum and pay equity

Another topic of heated debate tends to be the overall size of remuneration for executive management, including CEOs. Generally, executive pay levels have spiraled up – an effect that has been most prevalent in the US – partially driven by the fact that most companies want to pay executives attractive (above median) packages in order to retain and attract talent. This trend has been less apparent across the average workforce, hence not necessarily reflecting an increase in productivity.

> *"Executive pay levels have spiraled up [but] this trend has been less apparent across the average workforce, hence not necessarily reflecting an increase in productivity.*
>
> Michiel van Esch

We therefore asked companies to take disparities in pay ratios into account when they set remuneration, and to use pay benchmarks that reflect the size and complexity of the company, rather than focusing on much bigger or higher-paying competitors in the same industry. Generally, European companies were more receptive to suggestions for moderation than those in the US. In some cases, we have been able to convince remuneration committees to lower total payouts and apply moderation going forward.

Structure and oversight

Our final objective is concerned with securing an appropriate level of independent oversight, and incorporating consideration for shareholder feedback. Many companies in our engagement program had seen significant shareholder opposition to their pay for performance plans, often because they had not anticipated shareholder concern on their pay practices at the first required vote, and because of discretion applied during the Covid-19 pandemic. Almost all companies followed up very constructively and conducted consultations with key shareholders to get a sense of what they wanted to see improved. For most of the engagement cases, we saw meaningful improvements on the inclusion of relevant KPIs, better accountability on the use of discretion, and even some cases where target pay levels were brought down.

Even though we bring 'Responsible executive remuneration' to a close as a dedicated engagement topic, we will continue to work on remuneration more generally. For instance, the inclusion of ESG metrics in executive remuneration is a common part of most of our conversations with companies. Remuneration and incentive structures remain a critical tool for shareholders and a key discussion in the field of corporate governance. It has been so for decades, and will probably continue to be so for the decades to come.

CASE STUDY

Nike
In response to the effects of the pandemic, US athletic footwear company Nike implemented a "more flexible" short-term incentive structure based on two equally weighted, six-month performance periods. We flagged our concern regarding the lack of transparency on certain adjusted performance goals, and were satisfied that the company has since transitioned back to the historical design whereby short-term incentive payouts are earned based on year-long targets.

Tesco
One of the aims of our recently concluded engagement with UK food retailer Tesco was the inclusion of ESG metrics in their executive remuneration. The company has done this by including quantifiable, financially material pre-set ESG metrics in the compensation plan, which links executive pay to three of the sustainability areas assessed as being the most material. For Tesco's 2023 Performance Share Plan awards, the areas identified were carbon and food waste reduction, and enhancements to diversity and inclusion.

PROXY VOTING – MARKET INSIGHT

Corporate Governance in State-Owned Enterprises

Diana Trif – Engagement specialist

Many people think that corporate governance is an abstract concept and that its impact on our everyday lives is difficult to grasp. Think again. Only a few months ago, in March 2023, financial stability was tested by a crisis attributed to a large extent to poor corporate governance at US private sector banks. And the crucial importance of good governance becomes even more apparent when we look at State-Owned Enterprises (SOEs).

Working to improve corporate governance at state-owned enterprises

SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. The OECD reports a staggering statistic – the ratio of SOEs in the list of top 500 global companies has tripled over the last two decades. The public sector held almost 11% of the listed companies' global market capitalization at the end of 2022. On top of that, in many countries, SOEs are the sole or main providers of essential services such as water or electricity.

Given their size and positioning in high-impact sectors, SOEs play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom. The figures speak for themselves – the International Monetary Fund highlighted in a 2020 publication that the maximum annual support provided by governments to financial and nonfinancial SOEs reached 18% and 16% of GDP, respectively, with the debt of SOEs exceeding 20% in some countries.

Far from a simple matter

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. State ownership adds to the known corporate governance challenges faced by listed firms for a number of reasons. For one, as noted by the OECD, "the accountability for an SOE's performance is often dispersed across the public administration and among different state bodies with inherently different policy interests". Secondly, SOEs have the hard task of walking a fine line when balancing different – and sometimes conflicting – objectives.

Listed SOEs have the advantage of being subject to the much stricter requirements applicable to publicly listed firms, as well as monitoring from external investors. However, minority shareholders often have limited rights and therefore little power to hold management to account. Governance challenges are very present – and some argue, even exacerbated – in these firms.

Recent scandals stand testament to this. Telecoms giant Telia, which is partly-owned by the Swedish state, agreed to pay nearly USD 1 billion in 2017 to settle allegations that it paid major bribes in Uzbekistan in a case labeled as "one of the largest criminal corporate bribery and corruption resolutions ever" at the time.

Brazilian oil giant Petrobras was embroiled in the major 'lava jato' (car wash) scandal that triggered an SOE reform in the country. While Petrobras rolled out significant corporate governance improvements following the scandal, the company has recently come under intense scrutiny over proposed bylaw changes that are perceived to increase the risk of undue government interference.

OECD guidelines can help

The growing awareness of the importance of SOEs to our economies and the governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform. Nonetheless, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which are currently undergoing a review expected to be completed in 2024, are widely regarded as the golden standard for SOE reform.

The guidelines provide a multitude of tailored recommendations for SOEs, from encouraging governments to evaluate and disclose the policy rationale that motivates state ownership, to clearly identifying which part of the public administration is responsible for exercising the state ownership function. That said, the guidelines also say that:

> *" The state should strive toward full implementation of the OECD Principles of Corporate Governance when it is not the sole owner of SOEs, and of all relevant sections when it is the sole owner of SOEs.*

Concerning shareholder protection this includes:

1. The state and SOEs should ensure that all shareholders are treated equally.
2. SOEs should observe a high degree of transparency, including as a general rule, equal and simultaneous disclosure of information towards all shareholders.
3. SOEs should develop an active policy of communication and consultation with all shareholders.
4. The participation of minority shareholders in shareholder meetings should be facilitated so they can take part in fundamental corporate decisions such as board elections.
5. Transactions between the state and SOEs, and between SOEs themselves, should take place on market-consistent terms.

Investors can use their voting rights to push for these companies to adopt good governance and sustainable corporate practices. At Robeco, votes are guided by a robust policy which sets out our approach to a wide variety of issues ranging from director elections and remuneration to capital management and shareholder rights.

We expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or 'majority of minority' voting provisions, and a transparent process for board nominations. If we see that insufficient safeguards are in place, we will hold companies accountable. For example, we would oppose article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, we would oppose related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where we conclude that a company has not ensured adequate minority shareholder protections, we will consider escalation via a vote against the most accountable board member or via engagement. Because poor corporate governance does make a difference – even in our day-to-day lives.

Companies under engagement in 2023

ENVIRONMENT

Biodiversity
Compagnie Generale des Etablissements Michelin SCA
Mondelez International
Procter & Gamble Co.
Unilever

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

Natural Resource Management
Ambev SA
Diageo
PepsiCo, Inc.
Severn Trent PLC
United Utilities Group PLC

Nature Action 100
Ahold
Alibaba Group Holding Ltd.
LG Chem
Sociedad Quimica y Minera SA

Net Zero Carbon Emissions
Anglo American
ArcelorMittal
Berkshire Hathaway
BHP Billiton
BP
Chevron
CRH Plc
Enel
HeidelbergCement AG
Hyundai Motor
Petroleo Brasileiro
Phillips 66
Rio Tinto
Royal Dutch Shell
Saudi Arabian Oil Co.

Sound Environmental Management
Alexandria Real Estate Equities Inc

SOCIAL

Diversity and Inclusion
Eli Lilly & Co.
Netflix Inc
Oracle Corp
Taiwan Semiconductor Manufacturing Co. Ltd.
Thermo Fisher Scientific, Inc.

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas
Bharat Electronics Ltd.
Booking Holdings, Inc.
HeidelbergCement AG
Hon Hai Precision Industry Co. Ltd.
Inditex
Volkswagen
Wacker Chemie AG

Just Transition in Emerging Markets
Reliance Industries Ltd
SK Innovation Co Ltd

Labor Practices in a Post Covid-19 World
InterContinental Hotels Group PLC
Meituan
Walmart Inc

Modern Slavery in Supply Chains
Associated British Foods Plc
Glencore Plc
Mondelez International
The Kroger
Walmart
Wesfarmers Ltd

Social Impact of Gaming
Activision Blizzard Inc
NCSoft Corp
NetEase Inc
Tencent Holdings Ltd

Sound Social Management
Tencent Holdings Ltd
Tesco PLC

GOVERNANCE

Corporate Governance in Emerging Markets
Hyundai Motor Co
Midea Group Co Ltd
Samsung Electronics Co Ltd

Corporate Governance Standards in Asia
Hynix Semiconductor, Inc.
INPEX Corp.
Panasonic Corp.
Shin-Etsu Chemical Co. Ltd.

Good Governance
Adyen NV
Ahold
DSM-Firmenich AG
Heineken Holding
Unilever

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

Tax Transparency
Apple
McDonalds
Microsoft
Stellantis NV
Thermo Fisher Scientific, Inc.

VOTING RELATED ENGAGEMENT

AGM engagement 2023
Aegon NV
Airbus SE
Cheniere Energy Inc
Compagnie de Saint-Gobain
Deutsche Bank
Johnson & Johnson
Morgan Stanley
NextEra Energy Inc
Prosus NV
Sendas Distribuidora S/A
Sociedad Quimica y Minera SA
Wells Fargo & Co.
Xylem, Inc.

SDGS

Fashion Transition
Beiersdorf AG
Bureau Veritas SA
Compagnie Financiere Richemont
EssilorLuxottica SA
Estee Lauder Cos Inc/The

Kering
L Oréal
LVMH Moet Hennessy Louis Vuitton
NIKE
PRADA SpA
Shiseido Co Ltd
Symrise AG
Watches of Switzerland Group PLC

SDG Engagement

Adobe Systems, Inc.
Alphabet, Inc.
Amazon.com, Inc.
Apple
Bank of Montreal
Capital One Financial Corp.
eBay
Electronic Arts, Inc.
Elevance Health Inc
Hitachi Ltd.
L Oréal
Meta Platforms Inc
Neste Oil Oyj
Novartis
Rio Tinto
Salesforce.com, Inc.
Samsung Electronics
Sony
Total
Trane Technologies PLC
Union Pacific

GLOBAL CONTROVERSY ENGAGEMENT

Acceleration to Paris

Berkshire Hathaway
ITOCHU Corp.
Mitsubishi
POSCO

Global Controversy Engagement

During the quarter, 2 companies were under engagement based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

Palm Oil

Wilmar International Ltd

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).

Additional information for investors with residence or seat in Australia and New Zealand
This document is distributed in Australia by Robeco Hong Kong Limited (ARBN 156 512 659) ("RIAM BV"), which is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order 03/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not intended for distribution or dissemination, directly or indirectly, to any other class of persons. In New Zealand, this document is only available to wholesale investors within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). This document is not intended for public distribution in Australia and New Zealand.

Additional information for investors with residence or seat in Austria
This information is solely intended for professional investors or eligible counterparties in the meaning of the Austrian Securities Oversight Act.

Additional information for investors with residence or seat in Brazil
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.

Additional information for investors with residence or seat in Brunei
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.

Additional information for investors with residence or seat in Canada
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.

Additional information for investors with residence or seat in the Republic of Chile
Neither Robeco nor the Funds have been registered with the Comisión para el Mercado Financiero pursuant to Law no. 18.045, the Ley de Mercado de Valores and regulations thereunder. This document does not constitute an offer of or an invitation to subscribe for or purchase shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on their own initiative. This may therefore be treated as a "private offering" within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

Additional information for investors with residence or seat in Colombia
This document does not constitute a public offer in the Republic of Colombia. The offer of the fund is addressed to less than one hundred specifically identified investors. The fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign funds in Colombia. The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The information contained in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves of any applicable legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile

Additional information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates
This material is distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority ("DFSA") and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

Additional information for investors with residence or seat in France
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.

Additional information for investors with residence or seat in Germany
This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

Additional information for investors with residence or seat in Hong Kong
The contents of this document have not been reviewed by the Securities and Futures Commission ("SFC") in Hong Kong. If there is any doubt about any of the contents of this document, independent professional advice should be obtained. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the SFC in Hong Kong.

Additional information for investors with residence or seat in Indonesia
The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

Additional information for investors with residence or seat in Italy
This document is considered for use solely by qualified investors and private professional clients (as defined in Article 26 (1) (b) and (d) of Consob Regulation No. 16190 dated 29 October 2007). If made available to Distributors and individuals authorized by Distributors to conduct promotion and marketing activity, it may only be used for the purpose for which it was conceived. The data and information contained in this document may not be used for communications with Supervisory Authorities. This document does not include any information to determine, in concrete terms, the investment inclination and, therefore, this document cannot and should not be the basis for making any investment decisions.

Additional information for investors with residence or seat in Japan
This document is considered for use solely by qualified investors and is distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No.2780, Member of Japan Investment Advisors Association].

Additional information for investors with residence or seat in South Korea
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.

Additional information for investors with residence or seat in Liechtenstein
This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying

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.

Additional information for investors with residence or seat in Spain
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.

Additional information for investors with residence or seat in Switzerland
The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Leutschenbachstrasse 50, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Information Documents (PRIIP), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

Additional information relating to RobecoSAM-branded funds/services
Robeco Switzerland Ltd, postal address Josefstrasse 218, 8005 Zurich, Switzerland has a license as asset manager of collective assets from the Swiss Financial Market Supervisory Authority FINMA. The RobecoSAM brand is a registered trademark of Robeco Holding B.V. The brand RobecoSAM is used to market services and products which entail Robeco's expertise on Sustainable Investing (SI). The brand RobecoSAM is not to be considered as a separate legal entity.

Additional information for investors with residence or seat in Taiwan
The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

Additional information for investors with residence or seat in Thailand
The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Additional information for investors with residence or seat in the United Arab Emirates
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.

Additional information for investors with residence or seat in the United Kingdom
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

The Investment Engineers