



Stewardship policy Robeco

ROBECO INSTITUTIONAL ASSET MANAGEMENT

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Sustainability Investing is a key pillar of Robeco's corporate strategy. We are convinced that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. An active approach to the stewardship of the assets in which Robeco invests is an important part of our Sustainability Investing approach. Robeco fully supports the approach of stewardship and has put in place several robust policies to adhere to its responsibilities in this respect.

I. Transparent policy on Robeco's Stewardship

Carrying out stewardship responsibilities is an integral part of Robeco's Sustainability Investing approach. A central aspect of Robeco's corporate mission statement is to fulfill its fiduciary duty to clients and beneficiaries. Robeco manages assets for a variety of clients with a variety of investment needs. In our activities we always strive to serve our clients' interests to the best of our capabilities. Robeco's stewardship policy is closely aligned with our investment mission, which is to use research-based, quality driven processes to produce the best possible long term results for our clients. Therefore our stewardship activities are aimed at long term value creation in our investee portfolio companies. Even though assets are managed with different strategies and investment objectives to fit clients' needs, there is a companywide philosophy that companies (and countries) that act in a sustainable way towards the environment, society and all its stakeholders are likely to be more able to deal with a variety of issues in the future of their business or endeavors.

As an asset manager we give shape to this philosophy via a set of policies: ESG integration, Voting, Engagement with investee companies, Exclusions and Code of Conduct.

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

Different parts of the organization have responsibilities in executing and implementing Robeco's stewardship efforts. To make sure stewardship activities are integrated and aligned throughout the investment process we have set up an ESG materiality framework, defined responsibilities for various teams and installed reporting and collaboration flows within the organization:

- The responsibility for implementing SI is allocated to the most senior level within the investment department. The CIO is ultimately responsible for Sustainability Investing. A dedicated committee called the Sustainability & Impact Strategy Committee (SISC) with members from various departments in our organization allows Robeco to

coordinate sustainability matters from a company wide perspective, and has the authority to approve policies, and set practical guidelines for the implementation of Robeco's sustainability investing strategy.

- Robeco's portfolio managers and investment analysts are responsible for adequate ESG integration into the investment process. Robeco offers clients a variety of investment solutions over various assets classes. Investment processes, risks, opportunities and investment exposures differ between these solutions related to this. As a logical consequence ESG analysis, type of data used and the impact of ESG matters on investment decisions and investment universe differs per investment process. The investment teams have developed and customized ESG integration processes that adds value to their own investment process.
- The Active Ownership team is responsible for voting and engagement activities. The team votes the equity positions for Robeco's equity funds and the equities of our clients. Robeco's voting policy is the leading document for instructing proxy votes on corporate governance related topics. The Active Ownership team consults with different investment teams to make a well informed decision on investment related agenda items. The Active Ownership team takes the lead on Robeco's engagement program. Many engagements are done in collaboration with the different investment teams. On an annual basis the Active Ownership team collects the input from all stakeholders (including investment teams and clients) to prioritize engagement efforts and reports on progress made.
- The final responsibility for the exclusion policy lies with Robeco's Executive Committee. The SISC decides on the implementation of the exclusion policy and is advised by relevant specialists of Robeco.

II. A robust policy on managing conflict of interests and ethical conduct

Robeco Group has a well-developed policy and framework to manage conflicts of interest. Conflicts of interest could arise when executing stewardship activities. Conflicts in relation to our stewardship responsibilities are covered by our 'Conflict of interest procedure' and by our policy 'Regulations regarding private investment transactions'. An outline of Robeco's conflict of interest procedure is published on Robeco's website: <https://www.robeco.com/docm/docu-outline-conflicts-of-interest-policy-2018.pdf>

Several conflicts of interest could arise related to Robeco's stewardship activities. Examples of these potential conflicts of interest are: 1.) A company that is selected for engagement is related to one of our (prospective) clients, 2.) Robeco has voting rights in a company that is related to one of our (prospective) clients, 3.) A company that is selected for engagement or is related to our parent company or related subsidiaries, 4.) Robeco has voting rights in a company that is related to our parent company or related subsidiaries, 5.) Clients have differences in engagement preferences.

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

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

III. Monitoring of investee companies

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

Three different types of events may lead to the start of an engagement process for any of our investments:

- An investment is selected as part of our annual focus areas for value engagement. Such companies are selected based on their exposure to the value engagement topic, the size and relevance in terms of portfolio positions and performance and risk associated related to the focus area.
- On a periodic basis portfolio managers select investments for which engagement may improve the investment case or can mitigate investment risk based related to governance and / or sustainability issues.
- On a quarterly basis Robeco screens pre-defined data sources on companies that breach the UN Global Compact or the OECD Guidelines for Multinational Enterprises. Based on the nature and severity of such cases, it is decided for which cases engagement should be started.

IV. Constructive Engagement

Robeco actively makes use of its ownership rights and engages with companies on behalf of its clients in a constructive way. Robeco's engagement activities cover companies worldwide, in both equity and credit portfolios. Robeco carries out two different types of corporate engagement with companies in which we invest; value engagement and enhanced engagement. In both of these types, Robeco aims to improve a company's behavior on environmental, social and corporate governance related issues.

Value engagement: The primary objective of value engagement is to increase shareholder value through improving sustainability conduct and corporate governance. We identify potential areas for engagement using our knowledge of trends in the sustainability and corporate governance arenas, assisted by RobecoSAM in Zurich and a variety of service providers. Sustainability issues that arise should relate to opportunities and risks with an effect on factors that determine the value of a business. The final selection of engagement areas focuses on financial materiality and engagement impact and is made following consultation with portfolio managers, analysts, and clients. Based on research we set SMART objectives for our engagement cases.

Enhanced engagement: The primary objective of enhanced engagement is to address reported shortfalls against internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency. The UN Global Compact and OECD Guidelines for Multinational Enterprises outline minimal behavioral standards that serve as the basis for the enhanced engagement program. The desired outcome is the identifiable elimination or remediation of any breach and enhancements in management processes aimed at avoiding any repeated breach. An enhanced engagement can finally be escalated with an exclusion from the investment universe of a company that does not improve its ESG behavior after the engagement has concluded.

The process for enhanced engagement is a formal part of Robeco's exclusion policy.

Robeco acts collectively in its engagements with other investors where this is appropriate. Robeco is an active participant of many associations of investors, including the United Nations supported Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN). Robeco often has a steering role in collaborative groups. For topics that Robeco has defined as engagement priority, it assesses if effective collaborative engagement platforms are available. Forms of collaborative engagement includes investor group engagement meetings, co-signing letters to boards of engaged companies or co-filing shareholder proposals. Approximately 30% of our engagements are collaborative in some way.

As an investor we have several rights that can be used for stewardship purposes. The right to voting and to engagement are preferred options for our activities. Other rights such as the right to file a shareholder resolution, to nominate a director, or to take legal action, are considered in the context of our engagement and only used in a secondary or escalated stage of the engagement.

Robeco also conducts engagement on public policy where it is deemed appropriate and transparent. The majority of our engagement activities on this topic are coordinated through the various investor associations and collaborative groups of which we are members.

More detailed information on Robeco's engagement approach can be found in the Robeco Engagement policy, published on the Robeco website: <https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf>

V. Transparent Voting Policy and disclosure of voting activities

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

Our voting policy is based on the International Corporate Governance Network's (ICGN) guidelines. We disclose our voting policy on our website: <https://www.robeco.com/docm/docu-robeco-voting-policy.pdf>

Robeco votes the meetings for all of our publically trading accounts, except when we believe the costs of voting have a significant effect on the fund's performance. We disclose our voting decisions on our website: <https://www.robeco.com/en/about-us/voting-report/>

The Robeco voting policy consists of principles, guidance and example

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

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

Robeco uses a proxy voting platform and proxy voting recommendations for all of the meetings which we vote. Our proxy voting advisor (Glass Lewis, Co) provides voting recommendations based upon Robeco's custom voting policy. A Robeco team of dedicated voting analysts then analyze the merit of each agenda item. This analysis, based upon Robeco's voting policy takes precedence over the recommendations of the proxy voting advisor. This means Robeco's instructions often deviate from the recommendations of both management and the proxy advisor. At least on an annual basis, we evaluate our proxy voting agent, on the quality of governance research and the alignment of (customized) voting recommendations and Robeco's voting policy. This review is part of Robeco's control framework and externally assured.

Robeco has a securities lending program for several of its listed mutual funds. When shares are on loan, Robeco is contractually unable to exercise voting rights for these shares.

For our public funds we review if shares are out on loan for upcoming shareholder meetings. The decision to recall shares, is dependent on two main guidelines. 1) In principle we aim to vote all of our equity position, with at least the majority of that stake. 2) In certain cases recalling shares for an even higher percentage is desired when

1. The company is a significant holding
2. The company is subject to our engagement program and / or engagement has proven unsuccessful thus far and
3. The agenda for the shareholder meeting contains a controversial proposal.

VI. Periodic reporting on stewardship responsibilities

Robeco discloses activities related to voting and engagement on its website.

<https://www.robeco.com/en/key-strengths/sustainability-investing/>

Robeco's Sustainability Investing efforts including status updates on voting and engagement are reported on a quarterly basis. Robeco's Voting decisions are disclosed on an ongoing basis on our website. With these reports clients are informed periodically on Robeco's stewardship responsibilities. Clients with customized stewardship requirements also

receive detailed confidential reports as part of the stewardship agreements.

Robeco also discloses its exclusion policy and exclusion list. Exclusions are part of our stewardship responsibility. The option to exclude certain investments from our investment universe is a measure of last resort. Robeco has implemented an exclusion policy for those companies that are involved in the production of, or trade in, tobacco, unsustainably sourced palm oil, controversial weapons such as cluster munitions and anti-personnel mines and companies that structurally and severely breach the UN Global Compact or the OECD Guidelines for Multinational Enterprises. Robeco's exclusion policy and list of exclusions are published on our website:

<https://www.robeco.com/docm/docu-exclusion-policy-and-list.pdf>

Robeco is active member of the United Nations Principles for Responsible Investment (UNPRI) and discloses its sustainability investing approach in the annual assessment of the UNPRI. Robeco is also a member of the United Nations Global Compact and discloses its sustainability investing approach via the Communication on Progress of the UNGC.

VII. In-depth ESG knowledge

Robeco and its subsidiary RobecoSAM have in-depth knowledge of the investee companies and their business environment. With this knowledge we are able to engage appropriately with companies and make proper judgments in fulfilling our stewardship activities. Robeco's stewardship activities focus on financially material ESG issues. Stewardship activities are executed by our team of dedicated engagement specialists and voting analysts in close collaboration with sustainability investing research analysts and portfolio managers. RobecoSAM's knowledge and expertise of ESG factors are used to determine what the most material issues are that should be addressed with companies. Our in-depth knowledge of investee companies and their business environment is essential to appropriately engage with companies we are invested in.

VIII. Verification of procedures and activities

Robeco's active ownership activities are audited on a regular basis. Robeco's external auditor audits our active ownership controls on an annual basis. During this process, it is assessed whether these processes are robust enough to mitigate potential risks. This audit is part of the annual ISAE control. In addition, our internal audit department audits the quality of the active ownership processes (including voting processes, engagement processes and the exclusion policy) at least every three years.

Robeco participates in several governance and sustainability related investor platforms such as the UN Principles for Responsible Investing, the Asian Corporate Governance Association, the Dutch corporate governance platform and many others. Several of these organizations monitor our compliance to their principles or require Robeco to report on the implementation of their active ownership principles.

With the Robeco Stewardship policy we comply with different Stewardship Codes and Stewardship Principles:

- Robeco is a signatory to the UK Stewardship Code.
- Robeco acts fully in accordance with the ISG (Investor Stewardship Group) US Stewardship Principles.
- Robeco is a signatory to the Japanese Stewardship Code.
- Robeco acts fully in accordance with the Dutch Stewardship Code.
- Robeco complies with the Taiwan Stewardship Principles for Institutional Investors.
- Robeco complies with the Hong Kong Principles for Responsible Ownership.
- Robeco is a signatory of the Brazilian Amec (Associação de Investidores no Mercado de Capitais) Stewardship Code
- Robeco acts fully in accordance with the Singapore Stewardship Principles.
- Robeco acts fully in accordance with the Korean Stewardship Code.
- Robeco acts fully in accordance with the ICGN Stewardship Guidelines.

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