Report Title:	**Responsible Investment Update**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee 6th December 2021
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

The Pension Fund Committee agreed a Responsible Investment (RI) policy on 22 March 2021 supported by several values, principles, and priorities. The Fund later released an Environmental, Social and Governance (ESG) public statement clarifying its commitment to long-term responsible investment of pension savings.

Whilst responsible investing has always been a guiding principle in the Fund's investment approach, the decision to pool funds with LPPI from 1 June 2018 enabled more active monitoring and consolidation of its responsible investment outcomes.

Climate Change is one of the underlying priorities in the Fund's RI policy and this report sets out to formally acknowledge LPPI's 2050 net-zero commitment as an asset manager, to report on the Fund's responsible investment outcomes and to discuss options for a net-zero asset owner 2050 commitment in the future.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and:

i) Acknowledges LPPI's commitment to net-zero carbon emissions by 2050 as an asset manager.

ii) Acknowledges the Fund's RI dashboard, RI report, active engagement report and achievement of associated outcomes.

iii) Considers the options for a net-zero asset owner commitment.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 Since 1 June 2018, all our investments have been pooled and are actively managed by LPPI. Responsible investing is an underpinning principal of LPPI's investment approach and is documented by a suite of detailed RI policies available on their website.

2.2 LPPI have taken an active decision to declare a 2050 net-zero carbon emission commitment, have joined the Institutional Investors Group on Climate Change ("IIGCC") and intends to become a signatory to the net zero asset manager initiative later this year. Further information can be found in their press-release at Appendix 1 to this report. This decision was following a meeting of LPPI and their clients in early 2021 with the outcome being a consensus viewpoint that LPPI pursue a net-zero commitment as our asset-manager.

2.3 LPPI's commitment to net-zero by 2050 is an active one which demonstrates responsible investment as one of the firm's priorities. Further evidence of this commitment and the subsequent deliverables are found in the RI report and dashboard at Appendix 2 and Appendix 3 to this report.

2.4 LPPI have a team of qualified professionals committed to the task of delivering net-zero carbon emissions by 2050 in its underlying investments held by clients such as the Royal County of Berkshire Pension Fund. The task involves several detailed reporting requirements and plans to be put in place including the first detailed 2030 plan within 12 months of declaring the net-zero commitment.

2.5 A separate commitment by the Fund to net-zero as an asset owner is likely to involve a similar amount, if not more work considering our on-balance-sheet assets. The resourcing requirements of delivering our own net-zero commitment by 2050 are likely to be material and the full requirements are not yet known.

2.6 TCFD (Task force on Climate-Related Financial Disclosures) reporting requirements for LGPS funds are yet to be announced, however, are planned to be in place as a statutory requirement in the 2022/23 financial year. These requirements are likely to be already resource intensive and as a statutory instrument therefore giving TPR (The Pensions Regulator) the power to levy fines and penalties for non-compliance.

2.7 In order of priority, it would be prudent to consider the full requirements of TCFD reporting before making any formal net-zero commitment as an asset owner. Such a commitment to net-zero by 2050 would involve joining the IIGCC as a signatory and immediately having to begin reporting.

2.8 Rather than a commitment to net-zero by 2050 at this time, it would be prudent to commit instead to staying updated on best practice in responsible investment, holding LPPI to account on their RI and net-zero commitments, and reviewing the appropriateness of a net-zero commitment at regular intervals.

2.9 As detailed in the Fund's RI policy, "the RCBPF considers engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behaviour." The Fund has appointed an engagement partner to ensure active engagement with companies across its credit and equity portfolios, seeking to improve a company's behaviour on ESG (Environmental, Social and Governance) related issues. The Fund's active engagement outcomes are reported as at Q3 in Appendix 4.

3. KEY IMPLICATIONS

3.1 The Fund is receiving a growing number of Freedom of Information (FOI) requests regarding how the Fund's investment assets are being managed and invested responsibly. Moreover, the recent focus has been on environmental factors concerning carbon emissions and fossil-fuel exposure. The Fund's RI dashboard acts as a public document to be updated quarterly and aims to address the majority of public requests for information.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 At present, there are no cited financial or investment advantages or disadvantages of aligning investments to net-zero or considering other RI/ESG outcomes. The Fund remains fully compliant in its fiduciary duty to the payment of scheme benefits as they fall due. The Fund's investment performance and expected returns are not mutually exclusive to the achievement of its responsible investment policy.

5. LEGAL IMPLICATIONS

5.1 Reporting against RI metrics and making a net-zero commitment are not legal requirements. TCFD reporting requirements, when published, will be a legal requirement by DLUHC (Department for Levelling up, Housing and Communities) and will likely involve penalties and levies by TPR for non-compliance.

6. RISK MANAGEMENT

6.1 The below table relates to risk "PEN005" from the risk register considered and approved by Pension Fund Committee on 6 December 2021.

Table 1: Impact of risk and mitigation (PEN005)

Risk Description	Gross Risk Score	Mitigating Actions	Net Risk Score
Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019, effect on Pension Fund is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected	**27**	1) Review ISS in relation to published best practice (e.g., Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.	**18**

to come into force during 2022/23.		6) LPPI manage the fund's investments and have their own strict ESG policies in place which align with those of the fund.	

7. POTENTIAL IMPACTS

7.1 Equalities. Equality Impact Assessments are published on the council's website. There are no EQIA impacts as a result of taking this decision.

7.2 Climate change/sustainability. This report is centred around the topic of climate change and sustainability and such impacts are documented in detail through the report and its appendices.

7.3 Data Protection/GDPR. There are no additional data protection/GDPR considerations as a result of taking this decision

8. CONSULTATION

8.1 Not applicable

9. TIMETABLE FOR IMPLEMENTATION

9.1 LPPI have already began to implement their plans for net-zero by 2050 from the date of becoming an IIGCC signatory. Responsible investment outcomes are not subject to any specific timeline and are instead ongoing.

10. APPENDICES

10.1 This report is supported by 3 appendices:

- Appendix 1: LPPI Net-zero 2050 commitment
- Appendix 2: Responsible Investment Report Q3 2021
- Appendix 3: Responsible Investment Dashboard Q3 2021
- Appendix 4: Active Engagement Report Q3 2021

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 2 background documents available at Pension Fund Policies | Berkshire Pension Fund (berkshirepensions.org.uk)

- Responsible Investment Policy (March 2021)
- Environmental, Social and Governance (ESG) Statement (December 2020)

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	23/11/2021	25/11/2021
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	23/11/2021	23/11/2021
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	23/11/2021	25/11/2021
Elaine Browne	Head of Law (Deputy Monitoring Officer)	23/11/2021	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	23/11/2021	
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	23/11/2021	

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

News Release
Wednesday 22 September 2021
For immediate release

LPPI commits to net zero greenhouse gas emissions by 2050

Local Pensions Partnership Investments ("LPPI") today announces its commitment to net zero greenhouse gas emissions by 2050, and to working towards this outcome in partnership with its asset owner clients.

The commitment by LPPI recognises the risks and opportunities that climate change poses to its clients and the role the company needs to play in helping all stakeholders navigate the challenges they face to effectively manage transition risks and maintain the returns required to meet their liabilities.

As a member of the Institutional Investors Group on Climate Change ("IIGCC"), LPPI will be informed by the IIGCC's Net Zero Investment Framework ("NZIF") and intends to become a signatory to the Net Zero Asset Manager initiative later this year.

These commit LPPI to:

- Set net zero targets and measures and reporting on progress towards portfolio decarbonisation
- Set an interim target for 2030 for the decarbonisation of the initial assets in scope
- Seek to progressively increase the share of assets in scope, with a view to reaching 100% by 2050
- A stewardship and engagement programme, which encourages investee companies to set and disclose robust net zero targets
- Advocacy for public policy supportive of net zero as a global outcome.

Chris Rule, CEO, Local Pensions Partnership Investments, says:

"As a manager of large, globally diversified portfolios on behalf of our pension fund partners, we will leverage our scale and influence to ensure we are able to assist our clients to meet their investment objectives, whilst contributing in a meaningful way to the transition to a low-carbon economy and a sustainable climate for the future.

"Net zero by 2050 is an ambitious goal – not least as we all seek better data. We believe it is most likely to be achieved if we collaborate, including with our clients, peers and suppliers. The IIGCC framework is well suited to this collective endeavour, as we manage risks, identify opportunities, and support positive and permanent change."

ENDS

FOR MORE INFORMATION PLEASE CONTACT:

Calum MacDougall / Sophia Samaras
LPP@mhpc.com
+44 (0)7712 536 361

Local Pensions Partnership Investments Ltd (LPPI)

LPPI is a Local Government Pension Scheme investment (LGPS) pool, which currently manages £21.5bn of pension assets, as at 30 June 2021.

As experts in pensions pooling, LPPI focusses on strong investment performance, stewardship and in-house management. A robust operating model and integrated risk management provides clients with the full benefits of consolidated management, advisory and investment services.

LPPI typically manage 100% of clients' assets – enabling a "whole portfolio" view to be taken when making investment decisions. This gives LPPI the holistic view necessary to inform investment management, combined with strategic advisory and liability management services.

LPPI's approach delivers first class investment outcomes aligned to each client's long-term interests and generates substantial cost savings and improved access to sustainable opportunities through efficient systems and economies of scale. This is driven by the collective expertise of the LPPI team, and the spirit of collaboration that sits at the heart of the business.

LPPI is part of LPP Group, which was established in 2016 to enable UK local government and public sector schemes to pool resources and improve management of their assets for members and employers.

LPPI is a signatory to the United Nations' Principles for Responsible Investment (PRI), the Institutional Investors Group on Climate Change and the Climate Action 100+. LPPI is authorised and regulated by the UK Financial Conduct Authority (FRN: 724653).

Please note:

Royal County of Berkshire Pension Fund (RCBPF) Responsible Investment Report – Q3 2021

This report has been prepared by LPPI for Royal County of Berkshire Pension Fund (RCBPF) as a professional client.

1. Introduction

This report on Responsible Investment (RI) is a companion to the LPPI RI Dashboard (Appendix 1) and the Quarterly Active Ownership Report (Appendix 2).

It covers stewardship in the period 1st July - 30th September 2021 plus insights on current and emerging issues for client pension funds.

[R] This symbol indicates a term explained in the reference section at the end of this report.

Key takeaways for the period:

- In Q3 2021 LPPI voted on 100% of company proposals, supporting 89% of these.
- LPPI has joined the Occupational Pensions Stewardship Council (OPSC), a new industry peer group set up by the Department for Work and Pensions (DWP) to promote and facilitate high standards of stewardship for pensions assets.
- The Responsible Investment Team, in cooperation with the Equities team, has developed Shareholder Voting Guidelines for the LPPI Global Equities Fund (GEF).
- LPPI has submitted its Annual Report on Stewardship and Responsible Investment (2020/21) to the Financial Reporting Council (FRC).

2. RI Dashboard – portfolio characteristics

This section of the report shares key takeaways from the RI Dashboard at Appendix 1.

Asset class metrics (*Dashboard pages 1 & 2*) offer insights on the composition of the portfolio and its general characteristics. See the summary for Q3 2021 outlined below.

Listed equities (Dashboard p1)

Sector Breakdown

Categorised by GICS[R] the largest sectoral exposures for the GEF are Information Technology (26%), Consumer Staples (15%), and Financials (12%).

Comparing the GEF with its benchmark (MSCI ACWI)[R] gives insight into how sector exposures for the fund differ from a global market index. The length of each horizontal bar indicates by how much exposures differ in total (+ or –) compared with the benchmark, which is the outcome of active managers making stock selection decisions rather than passively buying an index.

Top 10 Positions

The top 10 companies (10 largest positions) make up 24% of the total LPPI GEF.

In Q3 2021 Microsoft remains the largest holding in the GEF, Nestlé has overtaken Visa to become the second largest holding in the GEF, and Visa remains in the top 3 as the third largest holding. Below the top 3 holdings, Accenture moved above Colgate-Palmolive, becoming the 4th largest holding, with Colgate-Palmolive becoming 5th largest holding. There were also changes to the bottom 2 positions. Nike and Waters Corporation (9th and 10th in Q2) have been replaced by Experian and Costco respectively. Starbucks, Pepsi, and Alphabet's positions remain unchanged (6th, 7th, and 8th respectively) between Q2 and Q3.

Portfolio ESG Score

The GEF's Portfolio ESG score increased from 5.2 to 5.3 between Q2 and Q3. In the same period the equivalent score for the benchmark remained unchanged at 5.1.

Transition Pathway Initiative (TPI)

Monitoring against TPI[R] Management Quality ratings confirms the GEF continues its relatively low exposure to highly carbon intensive activities with minimal changes in ratings since Q2. By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment remains unchanged from Q2, at 12%.

The number of GEF companies in scope of TPI scoring has not changed since Q2 2021, remaining at 24.

Of the 24 companies in TPI scope:

- 90% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI3) and into their strategic planning (TPI 4). This is unchanged from Q2 2021.
- 7 companies are scored below TPI 3 and under monitoring.

<u>Other asset classes (Dashboard p2)</u>

Private Equity

Geographical exposures within Berkshire's PE portfolio have changed from Q2 2021. The portfolio still has a strong presence in Sweden but this has decreased from 46% to 34%. Exposure to assets in the US and UK both increased by 8% to 28% and 8% respectively. Sectoral exposures observed fewer changes with the largest sector exposure remaining in Health Care, making up 47% of the portfolio.

The Real-World Outcomes section of the dashboard features examples of socially positive investments and this quarter the focus is on Private Equity. Pages 6-7 share information on a selection of investments within the Berkshire Fund portfolio which are developing solutions for sustainable consumption, production, and development.

Infrastructure

The geographical exposure to UK based infrastructure continued to increase, moving from 43% exposure in Q2 to 47% in Q3. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 37% of the portfolio. Please note, we continue to use updated categorisation from Q2, which reflects amendment made by the Infrastructure Team to align with the ACM limits applied to LPPI Infrastructure.

Real Estate

Sectoral and geographical exposures remained similar to those reported in Q2 2021. The portfolio continued to be largely deployed in the UK, with 71% of assets here. The largest sectoral exposure continued to be in Industrial assets, making up 29% of the portfolio.

3. Core Stewardship

This section of the report gives an overview of stewardship activities in the last quarter. Client pension funds delegate day to day implementation of the Partnership's approach to RI to Local Pensions Partnership Investments Ltd (LPPI). Ongoing stewardship activities by LPPI include portfolio and manager monitoring and the exercise of ownership responsibilities via shareholder voting, and engagement.

<u>Shareholder Voting - LPPI Global Equity Fund (GEF) *(Dashboard page 3)*</u>

Shareholder voting is overseen centrally by LPPI rather than by individual asset managers. LPPI receives analysis and recommendations from an external provider of proxy voting and governance research. We follow Sustainability Voting Guidelines focussed on material ESG considerations and liaise with providers and asset managers as needed to reach final voting decisions.

Full details of all shareholder voting by LPPI are publicly available from the LPP website within quarterly shareholder voting reports.

The period 1st July - 30th September 2021 encompassed 48 meetings and 383 proposals voted. LPPI voted at 100% meetings where GEF shares entitled participation.

a) Company Proposals

LPPI supported 89% of company proposals in the period.

Opposition voting concentrated on:

- non-salary compensation (addressing inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards), 47% of votes against company proposals.
- the election of directors (addressing individual director issues, overall board independence, and over-boarding), 42% of votes against company proposals.

Case study – Election of directors

LPPI voted against 11 directors across eight companies due to a lack of Board independence. At AARTI Industries Limited (India: Specialty Chemicals) for example, LPPI voted against two executive directors who served on the majority non-independent Audit Committee (results not disclosed).

At Titan Company Limited (India: Apparel, Accessories & Luxury Goods), LPPI voted against one director due to poor attendance without satisfactory explanation. Result: 17.5% Against.

At Berkeley Group Holdings (UK: Homebuilding), LPPI voted against the Chair of the Nomination Committee due to the lack of gender diversity on the Board. Result: 12.8% Against.

Case study – Non-salary compensation

LPPI voted against 18 out of 49 (37%) compensation votes across 23 companies.
At Prosus NV (Netherlands: Internet & Direct Marketing Retail), LPPI voted against the remuneration policy and report. This was due to factors including a significant portion of long-term incentives that were not performance related, early vesting of the long-term performance grant, and excessive remuneration from an insufficiently transparent incentive plan. Results: 15.0-16.0% Against.

At Godrej Properties Limited (India: Real Estate Development), LPPI voted against the CEO's remuneration plan. This was due to a lack of transparency in the context of weak financial performance. Result: 11.1% Against.

Shareholder proposals

There were no shareholder proposals at companies in the global equities fund during the quarter.

Shareholder Engagement

Company and manager engagements are underway on an ongoing basis, directly through board seats and Limited Partner Advisory Committees (LPAC) for private market assets, and more conventionally through shareholder engagement with listed companies.

LPPI's engagement partner Robeco has completed a fifth full quarter of engagement activity. The RI Dashboard (page 4) presents engagement headlines for the quarter which confirm the Robeco Active Ownership Team undertook 36 activities in total, and the predominant focus (by topic) was Human Rights.

Page 5 of the Dashboard summarises the status of each live engagement theme (as it stood at the end of Q3 2021).

The Active Ownership Report at Appendix 2 provides detailed narrative on thematic engagements underway with listed companies (representing shares held by the Global Equities Fund, or corporate bonds held by the LPPI Fixed Income Fund).

Each quarter, we provide further insights into one of the live themes underway by the Robeco Active Ownership Team.

Robeco Active Ownership case study – Food Security

Food insecurity stems from economic and social conditions that hinder sufficient availability of and access to food. This differentiates food insecurity from the personal state of hunger and creates an important link to investors. Agricultural input providers and food companies play an important role in shaping the circumstances that could foster food security. Therefore, investors in these companies have a significant opportunity to contribute to SDG[R] 2: End Hunger, achieve food security and improved nutrition and promote sustainable agriculture.

The persistent concern for food insecurity in civil society is reflected in an increased awareness of the issue among regulators. There is widespread recognition of food security as a defining development challenge for the 21st century. With that in mind, agricultural policy is being stretched in new dimensions. New factors and challenges that need to be considered by policymakers are as diverse as poverty, food price volatility, climate change, the role of gender in rural areas, and developing agricultural technology. All of these strands make concerted action for food security an imperative. Regulators will expect international agricultural companies to make valuable contributions to retain their social, or even legal, license to operate.

Progress so far for LPPI's companies under engagement has been positive. An agricultural machinery producer managed to adapt its conventional tractors to service the needs of smallholder farmers. India constitutes a hub for the company's small tractor business, which manufactures tractors of 20-35 horsepower. Sales of tractors with lower horsepower represent 10-15% of global tractor sales. The same company has been allocating research and development (R&D) expenditures for developing products tailored to low- and middle-income countries. Our engagement objective focused on 'innovation management' was successfully closed due to evidence of the company's efforts to support farmer productivity and incomes in food-insecure region.

Robeco Active Ownership case study – Cyber Security

At theme launch in 2018, the significance of cybersecurity had come of age: research showed the annual cost of cybercrime had reached approximately $500bn. Furthermore, an increasing body of evidence pointed to the materiality of cybersecurity in relation to stock prices. One study found an average negative stock price reaction of 5% as a result of companies' cyber breaches, with the negative impact in the cases of 'mega breaches' reaching far higher levels. The growing number of cyberattacks has prompted companies to dramatically increase spending on products to counter the threat among governments, corporations, and individuals alike. The scale of the recent SolarWinds breach suggests this is a trend that will not be reversing soon.

One company in our engagement group scored well on most engagement objectives, showing an exemplary approach to cyber governance & oversight. This approach is embodied in the Audit & Risk committee overseeing related risks and the significant technology experience on the board. Over the course of our engagement, the company committed to improve its reporting on how cyber risks are addressed throughout the company, including details on how cybersecurity is included in the executive compensation criteria. Another best practice is that the company holds third party assessments on the maturity of its program, with high scores compared to its peers.

4. Collaborations and Partnerships

LPPI participates in a range of investor groups and partnerships which provide opportunities for shared learning and a platform for collective action. The following are headlines for 2021 Q3 2021.

IIGCC Net Zero Announcement

LPPI was confirmed as a new signatory to the Institutional Investor Group on Climate Change (IIGCC) Net Zero Asset Manager Commitment within announcements made by IIGCC on the first day of COP26 (1st November 2021). The Net Zero Asset Manager commitment forms part of the IIGCC's Net Zero Investment Framework, which sets a range of requirements for the development and disclosure of net zero strategy, targets, and activities. LPPI will continue to keep client funds updated as our work on net zero evolves.

Stewardship Code Submission

LPPI has submitted its Annual Report on Stewardship and Responsible Investment (2020/21) to the Financial Reporting Council, ahead of the October 2021 deadline. The report is our submission to be a signatory to the revised UK Stewardship Code (2020) and reflects LPPI's commitment to high standards of stewardship defined as the responsible allocation, management, and oversight of capital.

The Code comprises a set of 12 'apply and explain' Principles for asset managers and asset owners. The Principles are supported by reporting expectations which indicate the extensive information organisations must publicly disclose.

The Code has four main sections:

- Purpose and Governance
- Investment Approach
- Engagement
- Exercising Rights and Responsibilities

The FRC will assess LPPI's Report and confirm (in early 2022) whether it meets the standard required for gaining signatory status.

PRI Reporting – Update

For the 2021 reporting cycle, PRI piloted a new reporting system for signatories, which resulted in issues with specific areas in the reporting system. These issues resulted in some investor and service provider signatories not being able to submit a full and complete dataset, affecting the 2021 data quality.

As a result of this, PRI have decided to take a staged approach to release the 2021 outputs.

The first stage commenced in October 2021, with the release of the Private Transparency Reports. Given the issues with the submission, signatories (including LPPI) have a period of four weeks to communicate any changes needed to the indicators affected by the issues. The PRI will then make the changes.

The second stage will be the release of the Public Transparency Reports and the Private Assessment Reports in the summer of 2022.

Finally, PRI have delayed the next reporting cycle until 2023, to allow for improvements to be made to the process and reduce the occurrence of issues in the future.

For more information, please see here.

Local Authority Pension Fund Forum (LAPFF) Annual Holdings Exercise Completion

LPPI has supported client funds to share information on listed equity holdings with LAPFF. This exercise is completed annually to support the planning of engagement activities by the Forum. LAPFF's engagement activity on behalf of LGPS pension funds is summarised in 'Quarterly Engagement Reports', available here.

Occupational Pensions Stewardship Council (OPSC)

LPPI has become a member of the newly launched OPSC (the Council). The Council is a new industry peer group set up to promote and facilitate high standards of stewardship of pensions assets.

The Council has been created by the Department for Work and Pensions (DWP) to provide schemes with a forum for sharing experience, best practice, research, and providing practical support. Through this, the DWP aims to develop a stronger overall trustee voice within the market, especially in relation to service providers. It also hopes to enable opportunities for schemes to collaborate on stewardship activities such as shareholder resolutions, climate change, corporate governance, and other topics.

For more information, please see here.

CDP Non-disclosure Campaign

LPPI participated in the 2021 CDP (formerly Carbon Disclosure Project) non-disclosure campaign which targets persistent non-respondents to their questionnaires in industries the CDP has identified as high impact across the themes of climate, water, and forests. At the headline level, LPPI was one of 168 investors participating (a 56% increase in the year before). LPPI co-signed letters to nine companies requesting their participation in the 2021 cycle. The results of this engagement can be found below.

	Total engaged		
	Total engaged	Total disclosed	%
Distinct companies	9	3	33%
Climate change	5	2	40%
Forests	3	0	0%
Water security	4	1	25%

5. Other News and Insights

Shareholder Voting Guidelines

The Responsible Investment Team, in cooperation with the Equities team, have drafted Shareholder Voting Guidelines for the LPPI Global Equities Fund. Recognising evolving market practices and the desire for additional detail and colour from a range of stakeholders (such as clients, beneficiaries, and asset managers) on how we approach shareholder voting, we have produced a public document that can be shared with all interested parties. The Guidelines have been approved by the LPPI Stewardship Committee and are now in operation.

Creation of the TPI Global Climate Transition Centre

From early 2022 the Transition Pathway Initiative (TPI), of which LPPI is a supporter and Steering Committee member, will begin to dramatically scale up its work through the creation of a TPI Global Climate Transition Centre. This change will allow a significant increase in the number of companies being assessed, moving from 400 to 10,000 over time. It will also enable TPI to begin assessing corporate and sovereign bonds.

The centre will support investors in:

- Aligning their portfolios with net zero targets covering three major asset classes (listed equites, corporate bonds and sovereign bonds)

- Support global investor engagement initiatives such as Climate Action 100+ (which targets real world emissions reductions by the 167 most carbon intensive companies).

- Enable much more detailed analysis of the most carbon intensive companies and sectors as demonstrated by the recently launched Net Zero Standard for the Oil and Gas Sector that details exacting standards of disclosure intended to create a level playing field in corporate reporting.

- Place transparency and independent analysis at the heart of investor decision making within public equity, corporate debt and sovereign debt markets.

The increase in coverage will enhance and strengthen LPPI's responsible investment practices and considerably expand the amount of data available for reviewing transition planning by investee companies and presenting an objective evaluation of this to clients.

For Reference

CDP (formerly Carbon Disclosure Project) – A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. The world's economy looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action.

GICS - Global Industry Classification System
The most widely used approach to categorising activities into industry sectors. The main standard in use for public markets with growing use for other asset classes.
For more information on GICS and the activities that fall into each sector see:
https://www.spglobal.com/marketintelligence/en/documents/112727-gics-mapbook_2018_v3_letter_digitalspreads.pdf

GRESB – Global Real Estate Sustainability Benchmark. GRESB Assessments capture information on ESG performance and sustainability best practices for real estate and infrastructure funds, companies, and assets worldwide, based on detailed information submitted by organisations applying to be assessed.

IIGCC – Institutional Investor Group on Climate Change. LPPI is a member.

INVESTOR AGENDA – The Investor Agenda is a common leadership agenda on the climate crisis that is unifying, comprehensive, and focused on accelerating investor action for a net-zero emissions economy. It draws expertise from across the investor landscape to clearly set out joint expectations. The founding partners are seven major groups working with investors: Asia Investor Group on Climate Change, CDP, Ceres, Investor Group on Climate Change, Institutional Investors Group on Climate Change, Principles for Responsible Investment and UNEP Finance Initiative. https://theinvestoragenda.org/

LONG-TERM INCENTIVE PLAN (LTIP) – A company policy that rewards employees for reaching specific goals that lead to increased shareholder value.

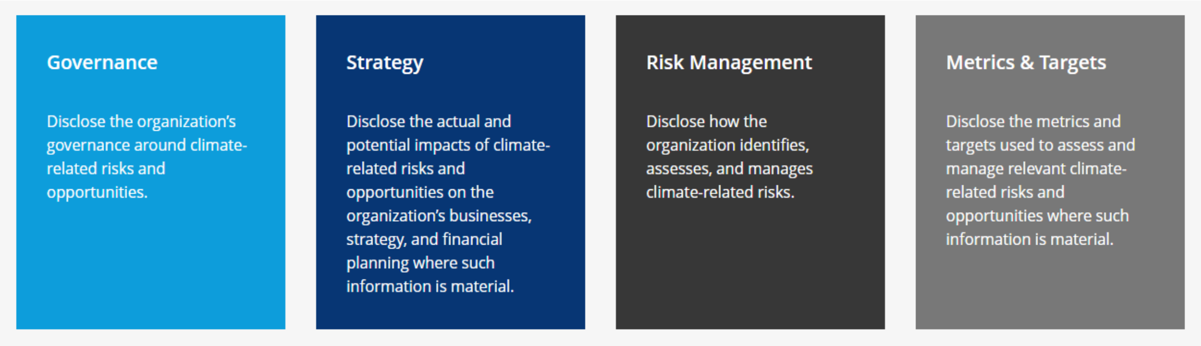
MSCI ACWI - MSCI All Country World Index
A stock index designed to track broad global equity-market performance.
The LPPI Global Equity Fund's benchmark.

MSCI - **Morgan Stanley Capital International** A global index provider.

SHARE BLOCKING – The share-blocking system requires investors who intend to vote at a company meeting to surrender the right to dispose of their shares for a period in advance of the meeting. LPPI submit a DNV (Do Not Vote) where share-blocking is in place, to maintain control, flexibility, and liquidity.

TCFD - Taskforce on Climate Related Financial Disclosure
The Financial Stability Board created the Task Force on Climate-related Financial Disclosure (TCFD) to improve and increase reporting of climate-related financial information by companies and investors.

Recommendations include annual disclosure under 4 pillars:



TOTAL SHAREHOLDER RETURN (TSR) – (or simply total return) is a measure of the performance of a company's stocks and shares over time.

TPI - **Transition Pathway Initiative** https://www.transitionpathwayinitiative.org/
The TPI assesses highest emitting companies globally on their preparedness for transition to a low carbon economy. 368 companies are rated TPI 0-4* for Management Quality based on 19 separate datapoints. TPI Management Quality scores provide an objective external measure of corporate transition readiness.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG) – The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Responsible Investment Dashboard Q3 2021

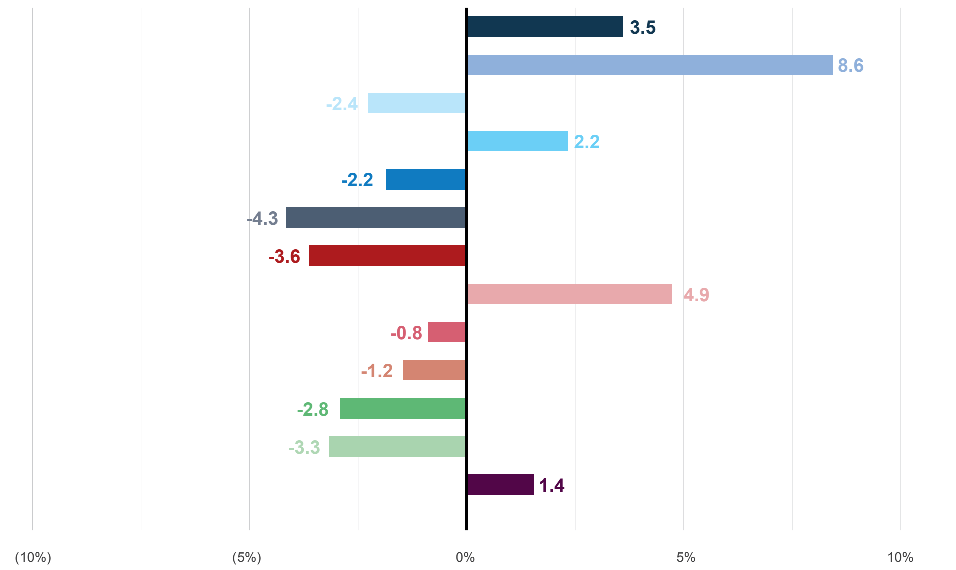
1. Portfolio Insights

Listed Equities (LPPI Global Equity Fund)

Sector breakdown (%)

Information Technology	26
Consumer Staples	15
Financials	12
Industrials	12
Consumer Discretionary	10
Health Care	7
Communication Services	6
Cash	5
Real Estate	2
Utilities	2
Energy	1
Materials	1
Others	1

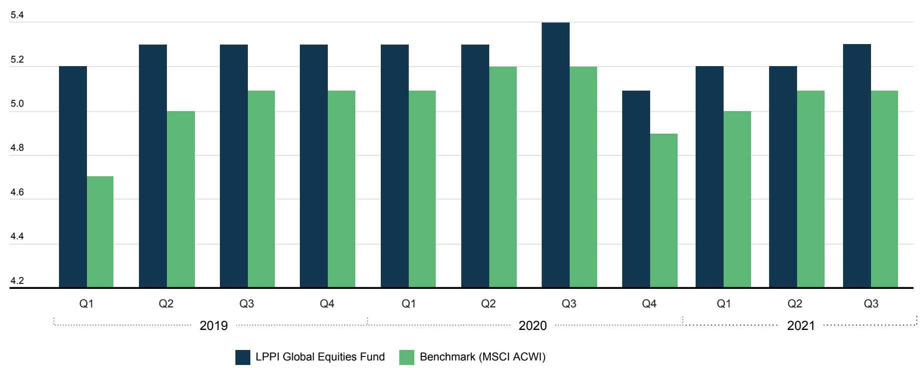
LPPI Global Equities Fund sector weights VS MSCI ACWI ND (%)



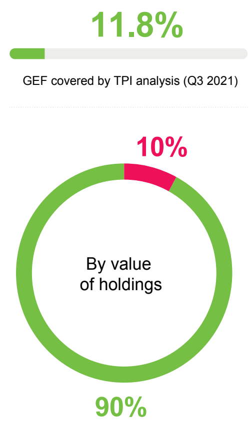
Top 10 positions

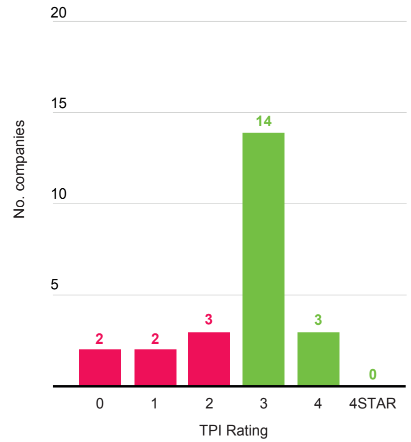
	Portfolio (%)
1. Microsoft	4
2. Nestle	3.3
3. Visa	3.2
4. Accenture	2.5
5. Colgate-Palmolive	2.4
6. Starbucks	2.1
7. Pepsico	1.9
8. Alphabet	1.5
9. Experian	1.4
10. Costco Wholesale	1.4

Portfolio ESG Score (MSCI ESG Metrics)



Transition Pathway Initiative – Management Quality Headlines





TPI Management Quality Rankings

0 - Unaware
1 - Aware
2 - Building capacity
3 - Integrated into operational decisions
4 - Strategic assessment

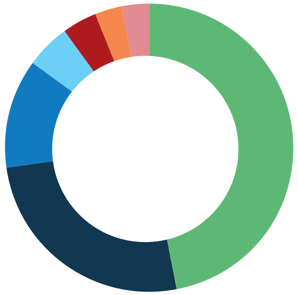
Responsible Investment Dashboard Q3 2021

1. Portfolio Insights

Other asset classes

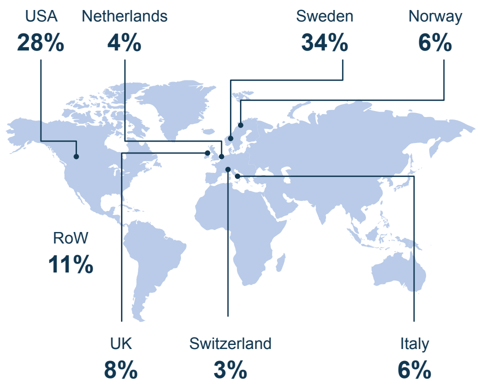
Private Equity

Industry Breakdown (%)



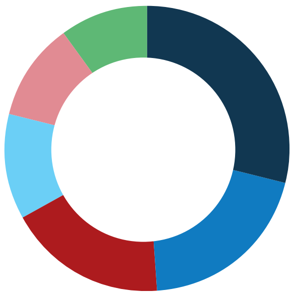
- Healthcare 47
- I.T. 26
- Industrials 12
- Consumer Discretionary 5
- Financials 4
- Remaining Industries 3
- Consumer Staples 3

Region Breakdown (%)



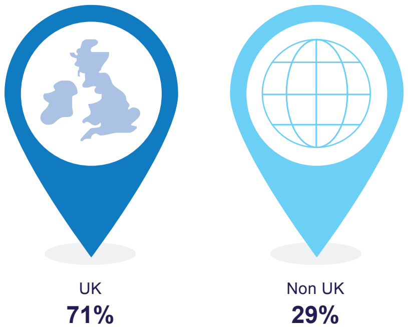
Real Estate (LPPI Real Estate Fund)

Sector Breakdown (NAV %)



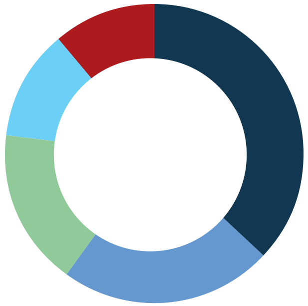
- Industrial 29
- Office 20
- Residential 18
- Retail 12
- Agriculture 11
- Other 10

Geographical Exposure (NAV %)



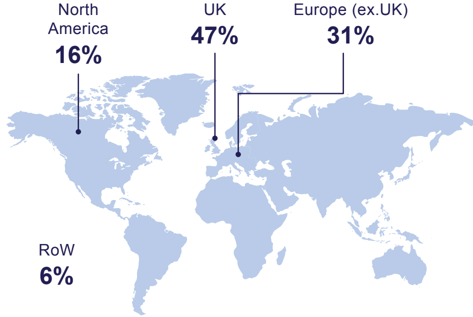
Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



- Traditional Energy, Renewable Energy, Waste 37
- Transport and Distribution 23
- Regulated Assets 17
- Social (incl PFI) 12
- Other 11

Region Breakdown (%)



Responsible Investment Dashboard Q3 2021

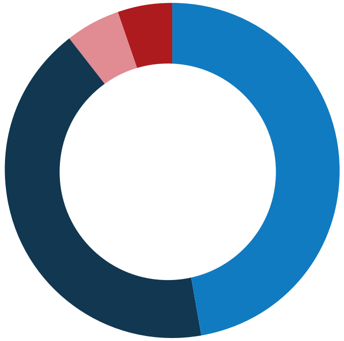
2. Stewardship Headlines

Shareholder Voting

Shareholder Voting Statistics (LPPI Global Equity Fund)

Headlines

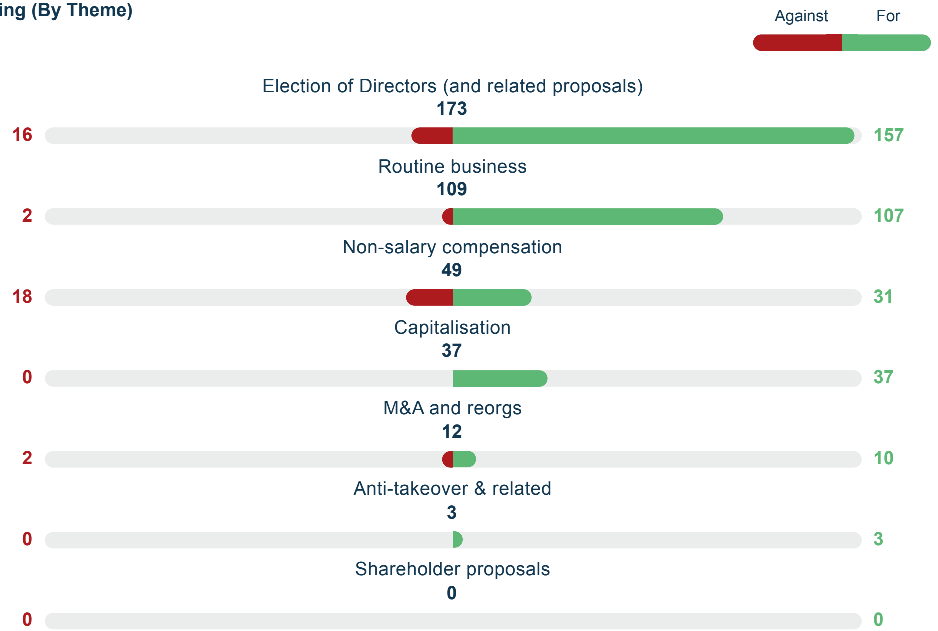
			Supported 89%	Supported N/A	
48	**48**	**383**	**383**	**0**	**40%**
Total Votable Meetings	Meetings Voted	Proposals Voted	Company Proposals	Shareholders Proposals	Meetings with a vote against Management



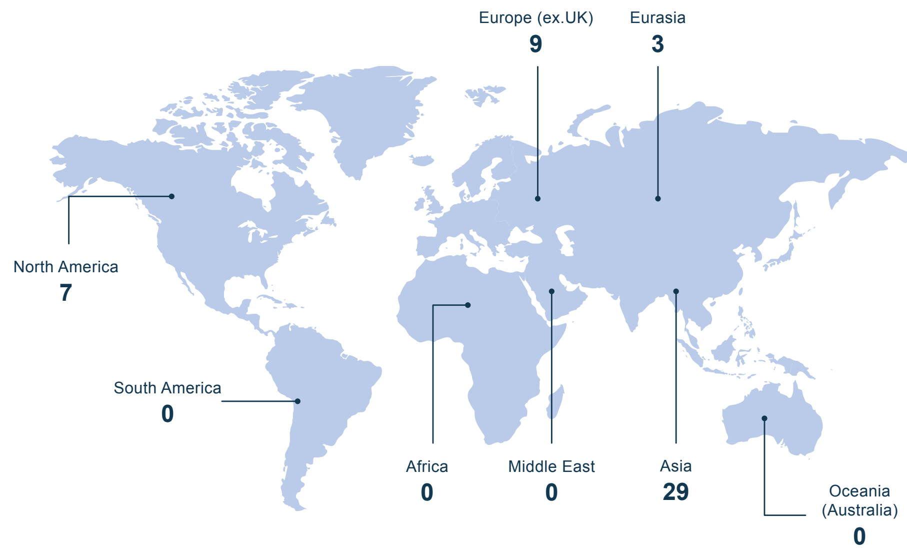
Votes Against Management (By Theme)

- Non-salary compensation **18**
- Election of Directors (and related) **16**
- Mergers, acquisitions and reorganisations **2**
- Routine business **2**
- Anti-takeover (and related proposals) **0**

Voting (By Theme)



Voting (By Region)



Responsible Investment Dashboard Q3 2021

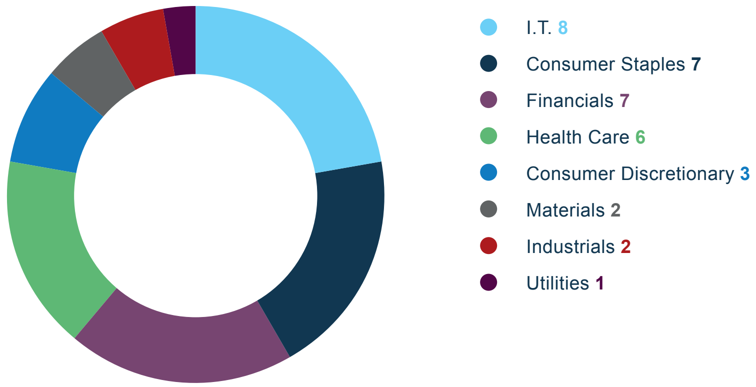
2. Stewardship Headlines

Engagement (Public Markets)

Activity (by Topic)

Human Rights	10
Corporate Governance	8
Environmental Management	5
Environmental Impact	3
Global Controversy Engagement	3
Social Management	3
SDG Engagement	2
Healthy Living	1
Human Capital	1

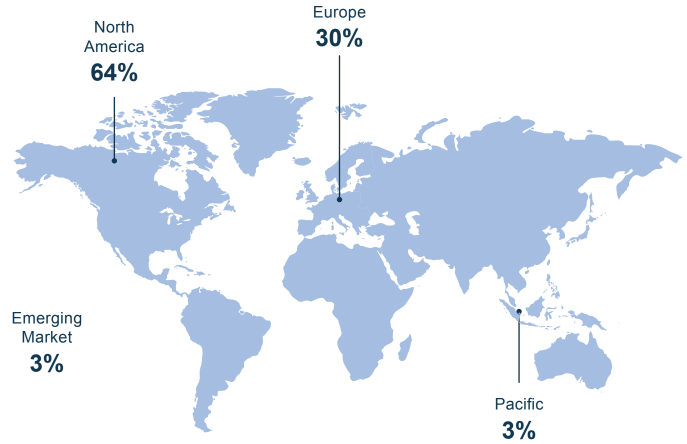
Activity (by Sector)



Activity (by Method)

Conference call	23
E-mail	17
Analysis (no actual contact with company)	4
(Open) Letter	3
Meeting at company offices	0
Active voting	0
Shareholder resolution	0
Speaking at a shareholder meeting	0
Meeting at Robeco offices	0
Speaking at conferences	0

Activity (by Region) (%)



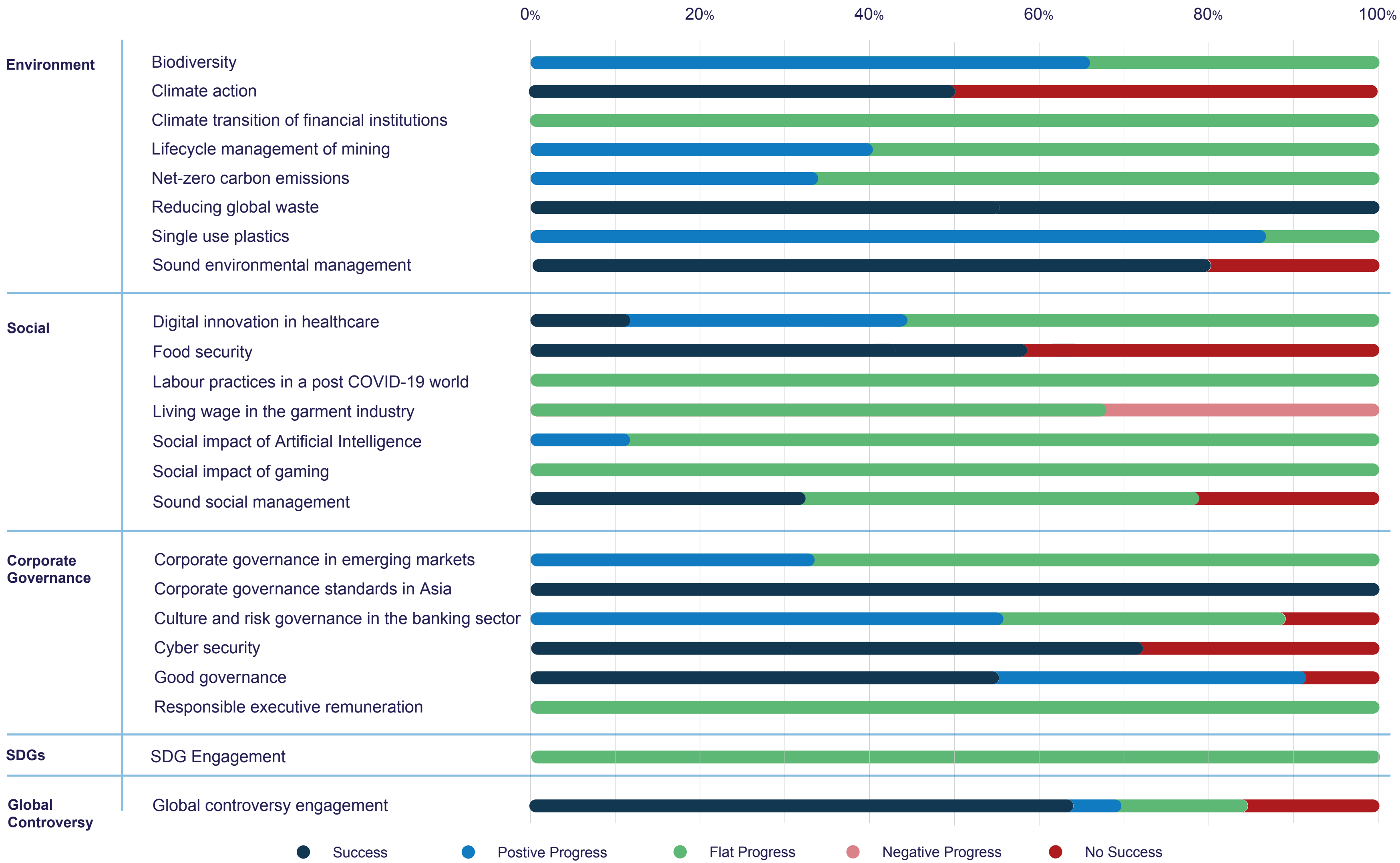
Source: Robeco Active Ownership Report Q3 2021

Responsible Investment Dashboard Q3 2021

2. Stewardship Headlines

Engagement (Public Markets)

Engagement Results (by Theme)



Source: Robeco Active Ownership Report Q3 2021

Responsible Investment Dashboard Q3 2021

3. Real World Outcomes - Private Equity

The Fund's Private Equity portfolio includes investments in privately owned (unlisted) companies that are developing solutions for sustainable:

- **consumption**
- **production**
- **development patterns.**

Production

Consumption

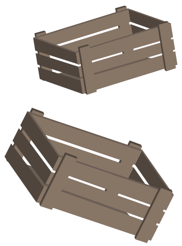
LAMINAM
SUPERIOR NATURAL SURFACES

Laminam are the world leading manufacturer of high-end large-size ceramic slabs used in furnishing, design, cladding, and flooring.

Many aspects of the Laminam production process and resulting products such as ceramic slabs have been developed to utilise the circular economy model to increase resource efficiency and reduce waste.

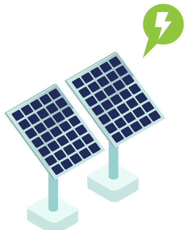
20-60%
recycled material

Laminam products contain **20-60% recycled material.**



736
tonnes

In 2020, Laminam **recovered 736 tonnes of materials** directly from customers, including metal A-frames and wooden boxes.



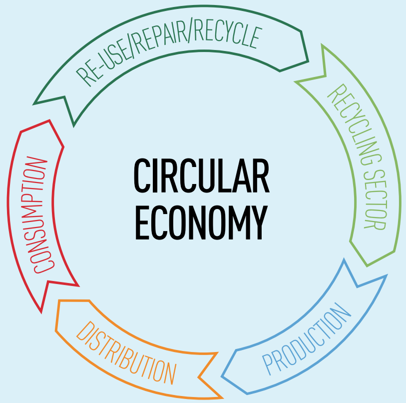
1MW
energy production

Produce 1MW of energy for production processes via an onsite photovoltaic solar energy plant. There are plans to increase this by 20% to 1.2MW by the end of 2021.

95%
returned material

In 2020, **95% of non-sintered (raw) material was returned** to the production cycle - a figure that is up from 91% in 2019

Circular Economy



"A circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the end-of-life concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse and return to the biosphere, and aims for the elimination of waste through the superior design of materials, products, systems, and business models."

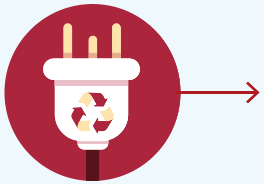
WORLD ECONOMIC FORUM'S DEFINITION

At its core, a circular economy model has the intention of designing out waste.

The Fund's Private Equity portfolio includes investments in privately owned (unlisted) companies that are developing solutions for sustainable:

- **consumption**
- **production**
- **development patterns.**

Production



Consumption

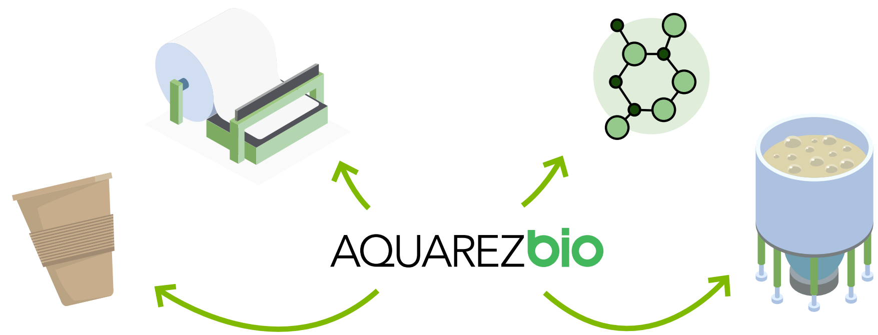
AQUAREZbio

Aquaspersions Limited is a manufacturer of high-quality, water-based additives, for the polymer latex, paints and adhesive industries.

Building on 47-years of experience in this industry they are now producing water-based, compostable, barrier coatings to fight plastic waste and enhance sustainable consumption.

Applications

Development of biodegradable, compostable packaging that can be used to avoid the creation and use of single use plastic food packaging.



AquarezBIO solutions

Aquarezbio solutions can be applied to various substrates, including **paper, cellulose film and biopolymer films,** to impart barrier properties to the likes of beverage cups, food-to-go packaging, and laminates.

The solutions are:

- Certified compostable polymers
- Renewably sourced sustainable biopolymers
- Excellent repulp-ability (recyclability) profiles

aquaspersions.co.uk/aquarezbio

ROBECO
The Investment Engineers

ACTIVE OWNERSHIP REPORT

ROBECO | 01.07.2021 - 30.09.2021

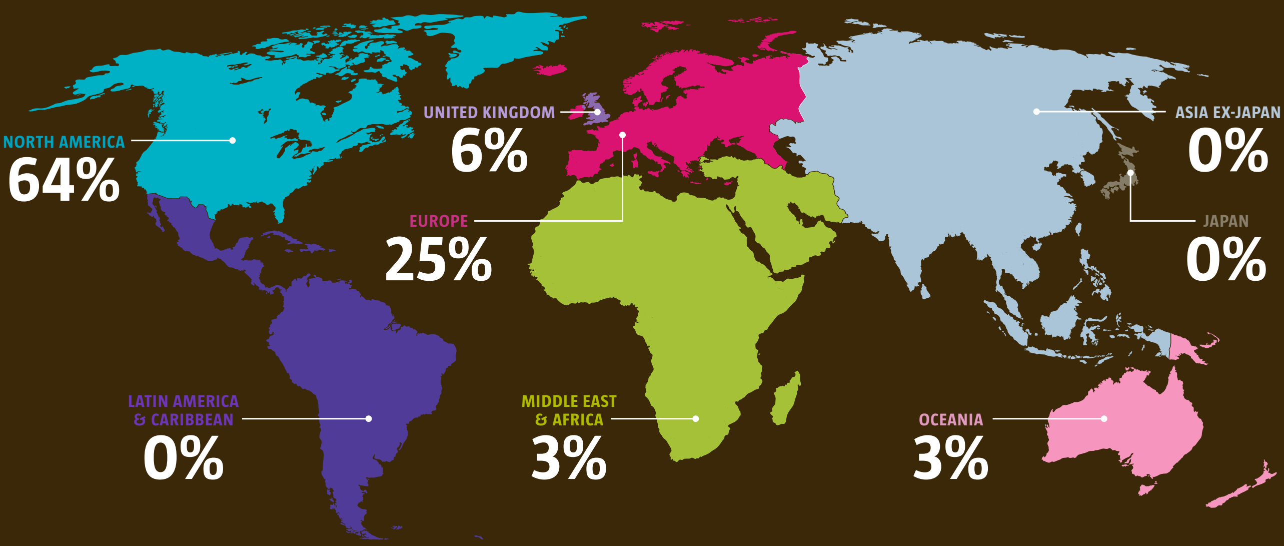
Q3
2021

LPP
Local Pensions Partnership Investments

Sustainable Investing Expertise by
ROBECOSAM

Q3|21 FIGURES ENGAGEMENT

Engagement activities by region



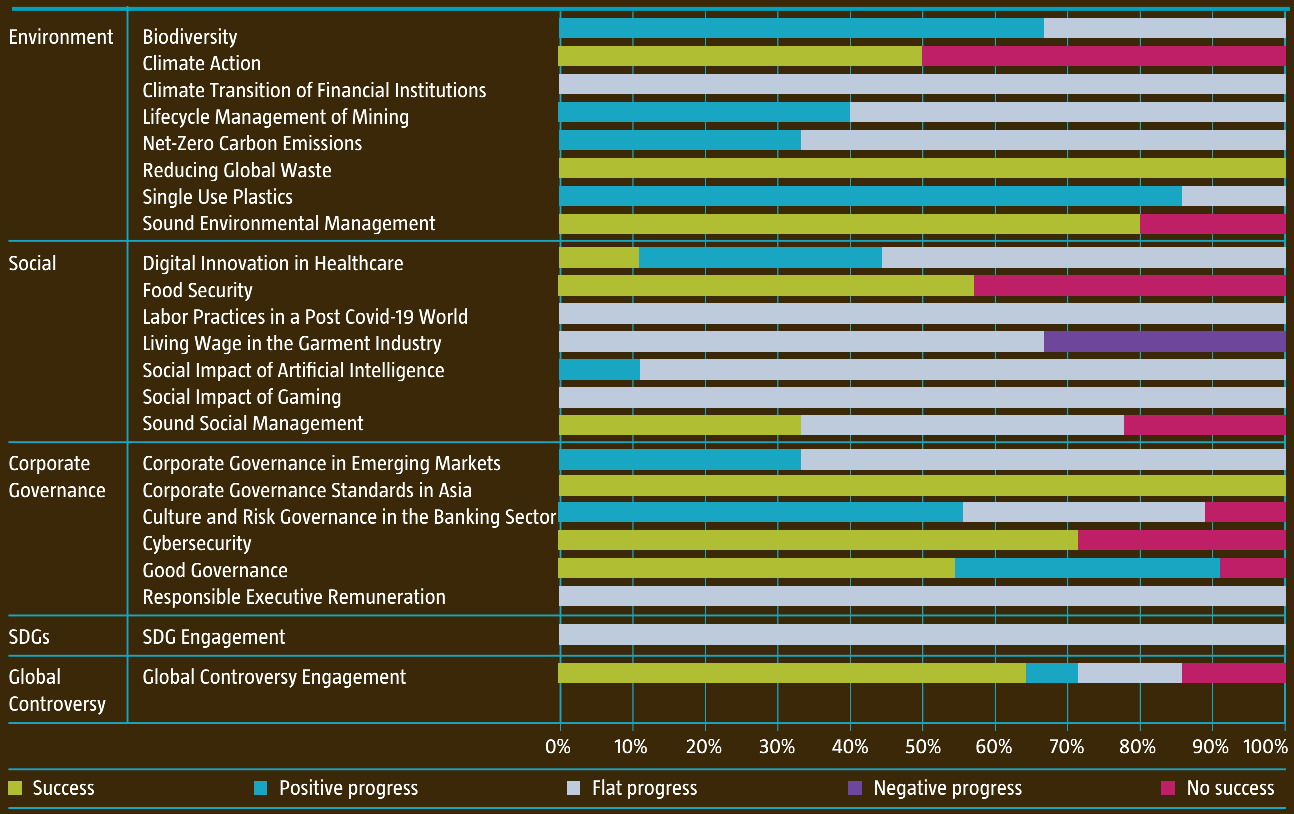
Number of engagement cases by topic

	Q1	Q2	Q3	Q4	YTD
Environment	25	17	8	-	34
Social	18	24	15	-	32
Corporate Governance	9	12	8	-	17
SDGs	-	-	2	-	2
Global Controversy	1	4	3	-	4
Total	53	57	36	-	89

Number of engagement activities per contact type

	Q1	Q2	Q3	Q4	YTD
Meeting	-	1	0	-	1
Conference call	34	38	23	-	95
Written correspondence	37	49	20	-	106
Shareholder resolution	1	0	0	-	1
Analysis	19	9	4	-	32
Other	2	4	0	-	6
Total	93	101	47	-	241

Progress per theme



CONTENTS

INTRODUCTION

Over the course of the third quarter, environmental, social, and governance (ESG) topics continued to be in the spotlight, and the pressure to act on a variety of issues is growing steadily.

The publication of the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report, as well as the recent string of natural disasters in the form of major floods, heatwaves, wildfires and storms emphasize the urgency of climate action. Robeco's Active Ownership program continues to build on our long history of climate engagement. While climate action remains a major focus, this Q3 report highlights our engagement efforts on other key ESG fronts.

Besides climate change, another major environmental challenge is the rapid global decline in biodiversity. In 2020, Robeco initiated an engagement with several companies producing commodities closely linked to biodiversity loss. As we near the halfway mark of this engagement theme, this report explains how we are pushing companies to make biodiversity management a priority.

In this report we also introduce our new Enhanced Human Rights Due Diligence engagement theme. The engagement will focus on the challenges of protecting human rights while operating in conflict areas. Companies operating in these markets need to have robust human rights due diligence systems in place to navigate the challenging market environments.
As digitalization expands far beyond the tech realm, so do its associated cyber threats. In 2018, Robeco initiated an engagement to gain better insights into how companies across industries manage these increasing risks related to cybersecurity. After concluding our three-year engagement, we share our main insights and results.

During our three-year food security engagement with the agricultural supply chain, we saw incremental improvements, some of which were however significantly impacted by the pandemic. Despite this recent setback, we have seen progress of companies' sustainability governance, corporate contribution to the UN's Sustainable Development Goals (SDGs), and around public-private partnerships. As the theme comes to a close, we reflect on the progress achieved and the challenges that remain.

A brand-new addition to our engagement universe is the launch of our SDG theme. The engagements under this theme will tackle the most material ESG issues in order to improve the companies' impact on the SDGs.

The breadth of our active ownership program demonstrated in this report underpins our commitment to being responsible stewards.

Carola van Lamoen
Head of Sustainable Investing

‘Conflict-affected or high-risk areas pose challenges to continuously act responsibly and safeguard human rights’

HUMAN RIGHTS DUE DILIGENCE

INTERVIEW WITH DANIËLLE ESSINK – *Engagement Specialist*

This quarter marks the launch of our engagement project on human rights due diligence, being an important topic for Robeco and our clients. To prevent providing capital to companies exposed to human rights violations, we have carried out an in-depth research project focused on companies active in conflict-affected or high-risk areas, aiming to minimize the adverse impact of their business activities on people. In this Q&A, Daniëlle Essink describes why we are launching this theme and what our goals are.

Why are we launching this engagement theme?

Over the past years, human rights have become increasingly at risk around the world. This development has further emphasized the importance of the 'S' in ESG and the obligations of companies and investors to respect human rights. Especially conflict-affected or high-risk areas pose challenges to continuously act responsibly and safeguard human rights. Our engagement theme aims to highlight human rights risks in our portfolio and strengthen risk management systems. For the financial year 2021, the World Bank has determined a non-exhaustive list of at least 39 countries that are in either a fragile or conflict-affected state[1]. This list includes, for example, Myanmar, which experienced a coup d'état in 2021 and deteriorated in Freedom Houses' democracy ranking – which measures countries and territories civil liberties and political rights – from 'partly free' to 'not free', increasing the concerns in the international as well as in the business community[2]. Most public services in the country are shut down and hundreds of pro-democracy protesters have been killed by military forces. Due to the military's broad involvement in the private sector, companies need to closely evaluate how their products or services may be tied to the military and thus might impact human rights. Generally, the OECD Guidelines for Multinational Enterprises distinguish between companies that are causing, contributing, or that are directly linked to doing harm. There are multiple ways in which companies can have an impact on human rights considering their sector, business model, products or services.

How will you assess which companies should be under engagement?

Robeco has developed a proprietary methodology to evaluate the human rights risk exposure and due diligence efforts of our portfolio companies. We analyze companies human rights policies, their grievance mechanisms and remediation measures as well as the presence of a context analysis of high-risk regions in which they operate, among other things. Input from our data providers and in-house research further points us towards the most salient human rights issues in our portfolio. We will engage with these companies to continuously ensure alignment with the best practices laid out in the UN Guiding Principles on Business and Human Rights. Additionally, we will maintain a watchlist to persistently monitor companies that are active in these regions.

1. The World Bank (2021), FY21 List of Fragile and Conflict-affected Situations.
2. Freedom House (2021), Freedom in the World – Myanmar.

'COMPANIES THAT ARE INVOLVED WITH STAKEHOLDERS LINKED TO HUMAN RIGHTS ABUSES MAY SEE THEIR PRODUCTS BOYCOTTED AND THEIR FUTURE SOCIAL LICENSE TO OPERATE IN JEOPARDY'

DANIËLLE ESSINK

Do some sectors or operating environments result in higher human rights risks?

Although the definition of conflict-affected or high-risk areas is frequently used to bundle all risks that stem from these regions, we specifically analyze and recognize the different risks that some sectors or business models may expose a company to.

We identify red flags in countries or regions with ongoing conflicts, reports of forced labor in the supply chain of specific industries or instances of humanitarian or international law breaches. Although these risks may seem decoupled from the overall business operation, it is important to recognize that risks may first materialize over time. Countries such as Myanmar highlight how businesses may, even unknowingly, be linked to human rights impacts. The military has broad economic interests and has captured many parts of the private sector through their own conglomerates, exposing companies that are engaged with them to significant risks.

Furthermore, sectors with complex supply chains such as the apparel sector have been exposed to increased risks. Allegations of forced labor in specific geographical locations in which companies' supply chains are active, such as Xinjiang, increase the urgency of companies to implement robust human rights due diligence measures, and to meet rising regulatory demands as well as satisfy consumer demands for transparency.

Ongoing and complex conflict dynamics such as between Israel and Palestine also expose businesses to a variety of risks. Multiple UN resolutions have deemed the occupation of parts of the West Bank to be in breach of international law and of the UN Human Rights Treaty, for example. Although this might appear to be a matter that needs to be solved between nations and international institutions, the Human Rights Council has laid out a diverse range of sectors and activities in which businesses may also be directly linked or contribute to human rights impacts. Examples include supplying materials that aid the expansion of settlements, or the use of natural resources such as water and land for business purposes.

Why should investors address human rights concerns (and what risks may stem from neglecting this)?

We believe that all companies have a responsibility to respect human rights, uphold policy commitments and act upon the guidance laid out in the UN Guiding Principles on Business and Human Rights and other international standards. Poor and inadequate management of human rights risks could have an impact on people and expose businesses as well as investors to legal, operational and reputational risks. This can have a direct negative impact on their license to operate.

In many industries, supply chains may span multiple countries and involve several layers of commercial relationships. A growing concern is that parts of these supply chains are located in conflict-affected or high-risk areas with low labor standards and a lack of transparency. Laws targeting increased disclosure of supply chains are becoming more prominent, with a German supply chain law commencing in 2023 as well as proposals by the UK and Australia which would require companies to disclose issues related to modern slavery and forced labor. Furthermore, the US has placed suppliers who have alleged ties to forced labor on their entity list, and have also banned the import of products from places that are suspected of using forced labor. The liability of companies involved in human rights impact is harder to gauge as it is still uncommon for firms to be prosecuted, yet the economic impact of these import halts is significant.

But even without legal action, reputational risks are almost always present when a company's operations have a negative impact on people. Companies that are involved with stakeholders linked to human rights abuses may see their products boycotted and their future social license to operate in jeopardy. Additionally, consumers may specifically avoid products of a company linked to allegations of forced labor.

What challenges do you expect to face when engaging with companies in conflict-affected or high risk areas??

Due to the specific context of conflict-affected and high-risk areas, some engagements may have increased hurdles due to the political landscape. Israel and the US, for example, have laws which may constrict companies in their ability to disengage through their anti-boycott laws. Furthermore, some companies that have acknowledged the increased risks they may potentially face by producing or sourcing from Xinjiang have faced consumer backlash in the Chinese market. Additionally, lack of reliable information may increase the difficulties of building an effective engagement case.

In many cases engagement with companies on adverse impact on human rights takes place in a reactive manner. With this engagement theme we aim to collaborate with our portfolio companies to highlight the importance of a more proactive approach. This includes carrying out enhanced human rights due diligence when entering new markets or engaging in joint ventures. Through the different processes embedded in an enhanced due diligence approach such as a thorough contextual analysis, we believe companies will have the necessary tools to perceive risks before they materialize and avoid contributing to negative impacts on human rights and associated legal, reputational and operational repercussions.

What are the outcomes you expect to achieve through this engagement theme?

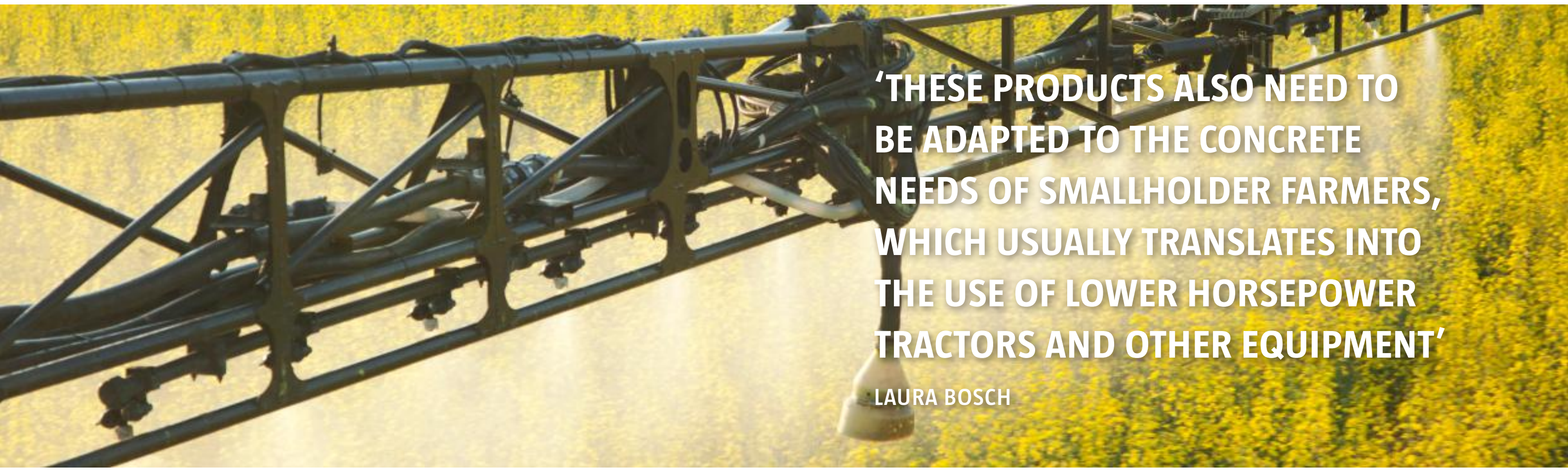
Assessing companies with a pre-defined methodology will allow us to compare performances, analyze shared difficulties and gain a better understanding of best practices. Our engagements are focused on the gaps we identify for each company such as a lack of reporting, undisclosed performance measures or lack of access to appropriate remediation. We believe this combination of proactive improvements to human rights management systems and responses to conflict-affected and high-risk situations that respect human rights will help mitigate risk and minimize the negative impact on people.

Addressing food insecurity at its roots

FOOD SECURITY

LAURA BOSCH – *Engagement specialist*

The world is facing ever-growing pressure on our global food system. With the global population set to reach 9.7 billion by 2050, demand for food is projected to grow between 25% and 70% over the next 30 years. Climate change and crop productivity are just a few of the factors that exacerbate the challenge of feeding tomorrow's population. As a result, food security has become a priority for sustainable development.



Improvements in food security have been reversed due to the disruptions caused by Covid-19 in our economies, job markets and remittances from overseas workers to low- and middle-income countries. Acute food insecurity has increased by 82% compared to the pre-pandemic period, impacting 270 million people by now. A decline in crop productivity due to soil degradation and climate change, and the productivity challenges faced by smallholder farmers are some of the key reasons behind ubiquitous food insecurity rates. Malnutrition weighs heavily on economic development and public health, at an estimated annual cost of USD 3.5 trillion to the global economy. Achieving SDG 2 of 'Zero Hunger' remains one of the key global challenges for the decade to come.

Engagement focus

Investors need to consider the topic of food security in the light of broader sustainable development, which companies in the food value chain can influence significantly and benefit from. In 2018, we initiated an engagement program focused on advancing the corporate contribution to food security, targeting companies in the agrochemical, commodity trading, agricultural mechanization, and irrigation sectors. Our dialogues were framed around engagement objectives on sustainability reporting and transparency, product portfolios and the geographic distribution of operations, innovation management and public-private partnerships.
Nearly two-thirds of the dialogues were successfully closed after our three-year engagement period concluded in September 2021. The most progress was achieved in formalizing the companies' sustainability governance, measuring their corporate contribution to the SDGs, and exploring new market opportunities in food-insecure regions through public-private partnerships.

Winners and losers

One of the most important factors contributing to food insecurity is farmer productivity, or the lack thereof. Productivity depends in large part on farmers' access to advanced farming inputs such as machinery and seeds. There are differences in input quality and availability across markets as farmers in low- and middle-income countries struggle to access high-quality farming machinery, crop protection products and seed varieties.

Agrochemical and irrigation system companies in our engagement group managed to demonstrate the most progress against our engagement objectives. The affordability and accessibility of their products place these companies in a better position when it comes to promoting their products in food-insecure regions. Key challenges for these sectors relate to effectively penetrating a market comprised by smallholder farmers, for which public-private partnerships are a useful tool to connect with this customer base.

On the other hand, food processors and commodity trading companies were not able to increase their impact on tackling food insecurity. These sectors have the potential to be an active participant in developing economies' agricultural sectors by giving smallholder farmers access to their offerings. However, limited evidence was found on how smallholder farmers are tied into the offerings of these companies. Our engagement dialogues with the two companies operating in these sectors were closed unsuccessfully.

For agricultural machinery companies, progress against our engagement objectives was more mixed, as we managed to successfully close two-thirds of the dialogues. Agricultural machinery requires a sizeable investment, and it takes a long period to reap a profit, which in many cases is not economically feasible for smallholder farmers.

Despite this challenge, most companies identified the business opportunities that will materialize in low- and middle-income countries if the mechanization gap is closed in the coming decades. Being able to partner up with local players to provide financial support to farmers is crucial for ensuring accessibility to their products. These products also need to be adapted to the concrete needs of smallholder farmers, which usually translates into the use of lower horsepower tractors and other equipment.

Progress and areas for improvement

Companies' ability to contribute to food security depends in large part on the internal sustainability structures and processes they have in place. One-third of the companies in our engagement group were very open to explore how they can enhance their reporting practices and requested our feedback on how to do this, along with how to create concrete SDG mapping and reporting tools.

Yet, only one-quarter of companies under engagement managed to incorporate their contribution to food security in their business strategy and to set timebound and measurable SDG 2-linked targets, as well as to adapt their business and marketing models to the needs of food-insecure regions. Progress in this area was concentrated among agrochemical and irrigation companies.

What's next

Food security is fundamentally linked to biodiversity and agricultural production. The benefits of healthy ecosystems, such as superior soil quality or pollination, are critical to ensuring sustainable crop productivity. Yet, predominant patterns of agricultural growth such as the application of monocultures or the overuse of agrichemicals have eroded biodiversity, are causing economic loss, jeopardizing productivity and food security, and are leading to broader social costs.

In the coming year, the 15th meeting of the Conference of the Parties (COP 15) to the Convention on Biological Diversity will negotiate a framework equivalent to the one that the Paris Agreement provided for climate change for all member states. This would provide a clear roadmap for how to reverse nature loss in the next decade. While climate change and carbon emissions have found their way into companies' standard accounting over recent years, there will be a clear need to measure the impacts and dependencies of companies on biodiversity. This level of transparency would help organizations to act on their biodiversity footprint, helping to tackle other interconnected global challenges such as climate change or food security.

CASE STUDY

The agricultural machinery producer Deere & Co. managed to adapt its conventional tractors to service the needs of smallholder farmers. India constitutes a hub for the company's small tractor business, which manufactures tractors of 20-35 horsepower. Sales of tractors with lower horsepower represent 10-15% of global tractor sales.

Deere & Co. has been allocating R&D expenditures for developing products tailored to low- and middle-income countries. Our engagement objective focused on 'innovation management' was successfully closed due to evidence of the company's efforts to support farmer productivity and incomes in food-insecure region.

Safeguarding the natural balance

BIODIVERSITY

PETER VAN DER WERF – *Engagement specialist*

Biodiversity loss is increasingly being recognized as a global systemic risk by investors, in addition to climate change. The concept and value of biodiversity have long been overlooked by the global financial industry. Defined as the diversity within and between species and their ecosystems, biodiversity is at the core of the delicate natural balance which for millions of years has ensured that Earth has remained habitable for us and the other species with whom we share the planet.

Without biodiversity, nature cannot provide goods and services that are worth trillions of euros. Strong ecosystem health is indispensable for food security, disease prevention, clean water provision, and much more. Yet in the Anthropocene, both climate change and biodiversity loss are accelerating faster than ever before: the current rate of extinction is tens to hundreds of times higher than the average over the past 10 million years. As a result, the World Economic Forum ranks biodiversity loss as the third most impactful risk facing the global economy, and the fourth most likely to occur.

Commodity-driven deforestation as a key driver of biodiversity loss

The habitat destruction caused by land-use change for agricultural purposes is one of the major contributors to biodiversity loss. Thus, in order to reduce the current rate of extinction and preserve biodiversity, it is critical to halt commodity-driven deforestation. Our biodiversity-focused engagement work aims to improve the sourcing and production practices of companies whose supply chains are exposed to high-risk commodities. These key agricultural and livestock products – natural rubber, soy, beef, tropical timber, and pulp – are closely linked to deforestation and environmental degradation.

First steps towards traceability in the Brazilian beef industry

The beef industry in Brazil has a track record of high deforestation. However, our long-standing dialogue with some of the main beef producers is starting to bear fruit. These companies used to have a defensive approach when discussing their involvement in deforestation and the negative environmental footprint of their products. Recently, however, we have started to see a shift, as companies are beginning to hold themselves more and more accountable and are committing to achieve full traceability in their supply chain by 2025.

To reduce biodiversity loss, it is crucial for companies to have oversight of whether deforestation occurs at the farmer-level, where calves are raised, or at any other parts of the supply chain before the cattle are sold to the slaughterhouse. Both beef producers in our program have adopted blockchain technology to develop proprietary platforms for their suppliers to track all supply chain movements of their cattle. However, for now this is only on a voluntary basis as the companies operating slaughterhouses globally find that mandatory transparency would be a financial risk due to the potential loss of access to cattle on the spot market.

Tire manufacturers struggle to prevent deforestation by rubber producers

In Southeast Asia, progress in achieving a reduction in deforestation rates is still minimal. This is mainly linked to the rubber supply chain of car tire manufacturers. These companies continue to struggle with implementing transparency practices that are more widely used in other supply chains, such as enhanced traceability and monitoring of suppliers. Nevertheless, most tire manufacturers are now part of the Global Platform for Sustainable Natural Rubber (GPSNR), an international, membership-driven platform set up to define sustainability standards for the natural rubber value chain. This platform is helping companies to start setting up concrete policies and commitments to tackle the environmental and social challenges in the natural rubber supply chain.

Robeco to champion the launch of Nature Action 100

In addition to our engagement work on halting deforestation, Robeco is actively participating in various global efforts to prevent biodiversity loss. We contributed to the informal working group to prepare the launch of the Taskforce Nature-related Financial Disclosure (TNFD), we joined the Platform Biodiversity Accounting Financials (PBAF), and collaborated with the Cambridge Institute for Sustainable Leadership's (CISL) biodiversity risk working group to advance academic research. All of these efforts contribute towards our commitment to the Finance for Biodiversity pledge which we signed in September 2020. Through this pledge, Robeco

> **'THROUGH [THE FINANCE FOR BIODIVERSITY] PLEDGE, ROBECO HAS COMMITTED TO ALIGN ITS INVESTMENTS WITH THE GLOBAL BIODIVERSITY FRAMEWORK [WHICH] CALLS FOR NO NET LOSS IN BIODIVERSITY BY 2030 AND TO BE NATURE-POSITIVE BY 2050'**
>
> PETER VAN DER WERF

has committed to align its investments with the Global Biodiversity Framework that will be negotiated by governments around the world in April 2022 in Kunming, China. This framework calls for no net loss in biodiversity by 2030 and to be nature-positive by 2050.

Furthermore, the Finance for Biodiversity pledge calls upon signatories to seek collaborative engagements to safeguard biodiversity. That is why Robeco, together with a core group of investors, is driving the development of Nature Action 100. This program, building on the lessons learned from Climate Action 100+, seeks to work with research organizations and conservation NGOs to develop a list of the 100 companies with the largest impacts and dependencies on biodiversity. Global investors will be invited to sign up to the program and lead individual dialogues on behalf of the global investor community.

Robeco will represent its clients in this effort and seeks to complement its existing engagement program on biodiversity, as the common goal of these dialogues will be to prepare companies to proactively address biodiversity loss by establishing strong governance structures and committing to biodiversity policies. The engagements should ultimately lead the way for companies to adopt the TNFD when it is launched in 2023. The urgency and magnitude of biodiversity loss calls for comprehensive global action, and the financial industry can play a pivotal role in harnessing the corporate support for the Global Biodiversity Framework.

Fortifying digital assets

CYBERSECURITY

CAROLINA VERGROESEN – *Engagement specialist*

As digitalization expands far beyond the tech realm, so do the associated cyber threats. Cybercrime can include anything from small, local security incidents with minor consequences to cyberattacks which can disturb significant parts of the global economy. In recent years, the costs related to cybercrime have grown exponentially from USD 500 billion in 2017 to an estimated USD 6 trillion globally for 2020. Any company with digital operations should therefore fortify and protect its digital assets, or risk losing big time.

Lax cybersecurity practices represent a clear and present threat to company business models. Whilst these risks have become distinct in recent years, less clarity exists on the steps taken by companies to mitigate such risks. In 2018, Robeco's Active Ownership team started to engage with companies on these issues, with the aim of promoting best practices in cyber-risk management and better understanding the approaches taken by a peer group of portfolio companies. We started out with 11 companies in the payments, telecom, and household products sectors, as these companies operate using sensitive customer data or have experienced significant data breaches. Two companies were dropped due to either poor financial results leading to divestment or mergers/acquisitions. In the end, we concluded our engagement with nine companies, out of which seven cases were concluded successfully.

Companies remain reluctant to provide full transparency on cybersecurity

The theme focused on five topics: governance & oversight, policy & procedure, risk management & controls, transparency & disclosure, and privacy by design. Most companies in our engagement peer group acknowledged the risks related to cybercrime, but their approaches to this risk differed vastly. Whereas some companies considered it to be a top priority and an essential part of their license to operate, others saw it as merely one of many business risks. This variety resulted in clearly different success rates for our various objectives.

The governance and oversight objective focused on the highest tier of cyber management at the board and executive level. Nearly 80% of all companies had a clear strategy and governance hierarchy in place for managing cybersecurity. However, several transparency topics proved more challenging as most companies preferred to keep their cards close to their chest. This is understandable given that hackers can more easily circumvent barriers if they know exactly which security systems are in place. This hesitancy to provide information affected our success rate for our policy & procedure (56%) and transparency (56%) objectives in particular, where we closed only slightly more than half of the companies successfully.

Progress visible in operationalizing cybersecurity risk management

Although companies hesitated to disclose their particular response to cyber threats, they were more open to discussing the sensitivity and integrity of their security controls. Several companies have dedicated teams that regularly test their company's defenses in order to identify possible gaps in their current practices. We found this especially encouraging as the threat landscape is continuously changing and companies should be prepared to adapt their security accordingly and respond quickly to emerging threats.

Legislation increasingly protects sensitive customer data

Not every data breach is created equally and those involving personally identifiable information (PII) are especially harmful not only for companies but especially for those individuals whose data has been leaked. Companies need to be clear to their customers what type of data is collected and for what purpose, as well as inform their customers when there has been an accidental breach. This has become increasingly important as data privacy has received global attention in recent years and has led to the introduction of the EU's General Data Protection Regulation (GDPR), which is applicable to all companies globally if they serve EU customers. We therefore expected companies to have robust privacy policies in place, but although most companies had some form of privacy policy in place, the quality of these policies varied substantially. Whereas some were global and very detailed, others were local and only met legal requirements rather than being truly informative for clients. Overall, we closed 67% of companies successfully for the privacy by design objective.

Cybersecurity becomes more material for all sectors, given the trend of digitalization

In the past three years of engagement, cybersecurity has continued to garner global importance and we expect this trend to continue as companies across the globe expand their digital presence. We are encouraged to see that nearly 80% of countries worldwide have cybersecurity legislation in place. Continued expansion of this legislation is crucial in ensuring clear standards for companies to adhere to. Although several of the companies under engagement

'SEVERAL TRANSPARENCY TOPICS PROVED MORE CHALLENGING AS MOST COMPANIES PREFERRED TO KEEP THEIR CARDS CLOSE TO THEIR CHEST. THIS IS UNDERSTANDABLE GIVEN THAT HACKERS CAN MORE EASILY CIRCUMVENT BARRIERS IF THEY KNOW EXACTLY WHICH SECURITY SYSTEMS ARE IN PLACE'

CAROLINA VERGROESEN

went far beyond legal requirements, many cyber strategies were directly linked to specific legislation. As cyber standards are raised globally, companies will have to vie for talent. A global report from the Information Systems Security Association shows that the gap between demand and supply for cybersecurity skills is persisting, for the fifth consecutive year in 2021. We believe companies should therefore focus on the development of cyber skills within their organizations, as simply acquiring outside talent might prove to be a difficult challenge. Although this engagement has come to a close, we continue to see the importance of cybersecurity across industries. Specifically, our engagement themes on the digitalization of healthcare and the social impact of AI continue to focus on companies' diligent implementation of cybersecurity and data privacy practices. ■

CASE STUDY

One of the companies in our peer group that scored well on most engagement objectives is Visa. An exemplary approach to cyber governance & oversight is embodied in the Audit & Risk committee overseeing related risks and the significant technology experience on the board. Over the course of our engagement, Visa committed to improve its reporting on how cyber risks are addressed throughout the company, including details on how cybersecurity is included in the executive compensation criteria. Another best practice is that the company holds third party assessments on the maturity of its program, with high scores compared to its peers.

COMPANIES UNDER ENGAGEMENT

Lifecycle Management of Mining
Newcrest Mining
Barrick Gold Corp.
Fortescue Metals Group Ltd.
Grupo Mexico SAB de CV
Polyus Gold OAO

Net-Zero Carbon Emissions
CRH Plc
WEC Energy Group Inc
Enel

Reducing Global Waste
Waste Management, Inc.

Climate Action
Chevron
Cummins, Inc.
Duke Energy Corp.
Enel
Southern Co.

Climate Transition of Financial Institutions
Bank of America Corp.
Barclays Plc
Citigroup, Inc.
HSBC
JPMorgan Chase & Co., Inc.
ING Groep NV
BNP Paribas SA
Sumitomo Mitsui Financial Group, Inc.

Sound Environmental Management
Kinder Morgan, Inc.
Royal Ahold Delhaize N.V.
Colgate-Palmolive Co.
Danone
Grupo Bimbo SAB de CV
McDonalds
Mondelez International
Nestlé

Biodiversity
Mondelez International
Suzano Papel e Celulose SA

Single Use Plastics
Berry Plastics Group, Inc.
Henkel AG & Co. KGaA
Nestlé
PepsiCo, Inc.
Procter & Gamble Co.
Danone

Labor Practices in a Post Covid-19 World
InterContinental Hotels Group Plc
Meituan Dianping

Food Security
Bayer
CNH Industrial NV
Deere & Co.
Syngenta AG
Yara International

Living Wage in the Garment Industry
NIKE
Gap

Social Impact of Artificial Intelligence
Alphabet, Inc.
Adobe Systems, Inc.
Microsoft
Apple
Facebook, Inc.
Booking Holdings, Inc.
Visa, Inc.
Accenture Plc

Digital Innovation in Healthcare
AbbVie, Inc.
CVS Caremark Corp.
Fresenius SE
Quintiles IMS Holdings, Inc.
HCA Holdings, Inc.
Anthem, Inc.

Social Impact of Gaming
Tencent Holdings Ltd.

Sound Social Management
Henkel AG & Co. KGaA
Teva Pharmaceutical Industries Ltd.
Bayer
Syngenta AG
Procter & Gamble Co.
Thermo Fisher Scientific, Inc.

Aon Plc
Reckitt Benckiser Group Plc

Corporate Governance in Emerging Markets

Midea Group Co. Ltd.
Samsung Electronics

Corporate Governance Standards in Asia

Samsung Electronics

Good Governance

Samsung Electronics
Persimmon Plc
Nissan Motor
Sumitomo Mitsui Financial Group, Inc.

Responsible Executive Remuneration

Henkel AG & Co. KGaA
Linde Plc
NIKE
Wolters Kluwer

Culture and Risk Governance in the Banking Sector

Wells Fargo & Co.
HSBC
ING Groep NV
Barclays Plc
JPMorgan Chase & Co., Inc.
Citigroup, Inc.
Bank of America Corp.
BNP Paribas SA

Cybersecurity

Reckitt Benckiser Group Plc
Booking Holdings, Inc.
Visa, Inc.
Altice NV
Vodafone
Fidelity National Information Services, Inc.

SDG Engagement

Anthem, Inc.
JPMorgan Chase & Co., Inc.
Novartis

Global Controversy Engagement

During the quarter, 3 companies were engaged based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

ENGAGEMENT BY ASSET CLASS

AbbVie, Inc.	Credit
Accenture Plc	Equity
Adobe Systems, Inc.	Equity
Alphabet, Inc.	Equity
Anthem, Inc.	Equity
Aon Plc	Equity
Apple	Credit/ Equity
Atlantia SpA	Credit
Bank of America Corp.	Credit
Barclays Plc	Credit
Barrick Gold Corp.	Equity
Bayer	Credit
Berry Plastics Group, Inc.	Credit
BNP Paribas SA	Credit
Booking Holdings, Inc.	Credit/ Equity
Boston Scientific Corp.	Credit
Citigroup, Inc.	Credit
CNH Industrial NV	Credit
CRH Plc	Equity
Cummins, Inc.	Equity
CVS Caremark Corp.	Credit
Danone	Equity
Danske Bank AS	Credit
Deere & Co.	Equity
Duke Energy Corp.	Credit
Enel	Credit
Facebook, Inc.	Equity
Fidelity National Information Services, Inc.	Equity
Fortescue Metals Group Ltd.	Credit
Fresenius SE	Credit
Gap	Credit
Grupo Mexico SAB de CV	Equity
HCA Holdings, Inc.	Credit/ Equity
Henkel AG & Co. KGaA	Equity
HSBC	Credit
ING Groep NV	Credit
InterContinental Hotels Group Plc	Credit
JPMorgan Chase & Co., Inc.	Credit
Linde Plc	Credit/ Equity
Meituan Dianping	Equity
Microsoft	Credit/ Equity
Midea Group Co. Ltd.	Equity
Mondelez International	Credit
Nestlé	Equity
Newcrest Mining	Equity
NIKE	Equity
Novartis	Equity
PepsiCo, Inc.	Equity
Polyus Gold OAO	Equity
Procter & Gamble Co.	Credit/ Equity
Quintiles IMS Holdings, Inc.	Credit
Reckitt Benckiser Group Plc	Equity
Samsung Electronics	Equity
Southern Co.	Credit
Sumitomo Mitsui Financial Group, Inc.	Credit
Suzano Papel e Celulose SA	Credit/ Equity
Syngenta AG	Credit
Tencent Holdings Ltd.	Equity
Teva Pharmaceutical Industries Ltd.	Credit
Thermo Fisher Scientific, Inc.	Credit
Union Pacific	Equity
Visa, Inc.	Equity
WEC Energy Group Inc	Equity
Wells Fargo & Co.	Credit/ Equity
Wolters Kluwer	Credit/ Equity

CODES OF CONDUCTS

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 two different types of corporate engagement with the companies in which we invest; value engagement and enhanced engagement. In both 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.

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 is available at: https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf

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/

CODES OF CONDUCTS

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 at: https://www.robeco.com

IMPORTANT INFORMATION

Contact

Robeco
P.O. Box 973
3000 AZ Rotterdam
The Netherlands

T +31 10 224 1 224
I www.robeco.com

1318-0921