

JUNE 2021

# Engagement Report - 2020

INVESTING FOR BETTER, FOR GENERATIONS TO COME



A SUMMARY OF OUR ENGAGEMENT PROCESS, CLASSIFIED  
BY DIFFERENT PILLARS: ENVIRONMENTAL, SOCIAL,  
GOVERNANCE AND HUMAN RIGHTS

The AAIS engagement guidelines follow the outline of the approach defined by our parent company, ABN AMRO Bank N.V. (ABN AMRO). Our engagement guidelines differ depending on the sustainability classification of the fund. We require engagement to be an integral part of the portfolio management of an ESG<sup>1</sup> or Sustainable fund<sup>2</sup>, whereas this is not a main criterium for so-called other or non-sustainable funds.

The focus of these guidelines is on investment in corporate securities, we do not expect portfolio managers to engage with Governments if they invest in government bonds. We are focusing here on investment in corporate securities.

ESG and sustainable funds are expected to start a dialogue or an engagement trajectory if:

- the company is not already excluded from investment; and
- a company is not acting in line with the sustainable investment goals or sustainability characteristics of the fund; or
- the company breaches ESG (risk) parameters AAIS has set internally.

Non-sustainable funds are expected to engage only on those positions that incorporate a high sustainability risk as these positions may have a negative impact on the financial value of the investment.

ABN AMRO Investment Solutions does not intend to be an activist shareholder. However, whenever we identify serious issues, we will raise these with the portfolio managers (internal or external).

AAIS structures asset (fund) management solutions through delegated management, for the ABN AMRO Group and several external channels.

Our model does not impose a direct relationship between us (the asset management company) and the companies (individual securities) in which our funds are invested (investment portfolio).

Nevertheless, we require our external Portfolio Managers under delegation to make a commitment to improve ESG practices with the companies in which they invest and to report on an annual basis to ABN AMRO Investment Solutions (we subsequently develop our own engagement report).

### **Types and methods of engagement**

Depending on the goal and potential of engagement, the portfolio manager can decide to engage using different approaches and methods. The portfolio manager has to be able to explain how the type of trajectory and method of engagement chosen fits the goal of the engagement trajectory.

We identify several types of engagement:

- Individual engagement trajectories with companies or industries;
- Collaborative engagement trajectories with companies or industries (for instance using the PRI platform, cooperating with other portfolio managers, via NGOs, etc);
- Thematic engagement trajectories, generally with an industry, can be collaborative or individual;

---

<sup>1</sup> Article 8

<sup>2</sup> Article 9

- Engagement via Annual General Meetings (this responsibility lies with AAIS, see voting policy).

The methods of engagement can differ as well:

- In person engagement (face-to-face, by virtual meetings, phone calls etc);
- Written engagement (by letters, emails, etc);
- By filing resolutions on AGMs. Although AAIS coordinates all voting for the funds on our delegation platforms, a portfolio manager is free to file resolutions on an AGM for its own funds. These could be resulting from the types of engagement mentioned before.
- By voting (see voting policy).

## **AAIS Annual Engagement Report**

In line with our internal engagement process, you will find below the main engagement topics carried out by our external delegated portfolio managers. We have summarized the information received. Any omissions or inaccuracies are not intentional. Also, the list of topics is not exhaustive. Please note that our portfolios may no longer hold positions in some of these companies at the time of writing.

The list of companies - on which a commitment is in progress or has been made - is available upon request. Some actions are closed and others are still in progress.



ENGAGEMENT THEMES	MAIN ACHIEVEMENTS
<ul style="list-style-type: none"> <li>• Energy Transition</li> <li>• Climate Change</li> <li>• Climate Resolution</li> <li>• CA100+<sup>3</sup></li> <li>• Water Management</li> <li>• Forest Management</li> <li>• Alignment with Paris Agreement Goals of 1.5 degrees Celsius</li> <li>• Environmental (coal policy)</li> <li>• Eco Efficiency</li> <li>• Low Carbon Future</li> <li>• Water Stewardship &amp; Risk</li> <li>• Responsible sourcing of cobalt</li> <li>• Chemical Footprint Project</li> <li>• Plastic Solutions</li> <li>• Sustainable Protein</li> <li>• EV100<sup>4</sup></li> <li>• WDI<sup>5</sup></li> <li>• Impact of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Change of Coal Policy</li> <li>• Disclosure on water management</li> <li>• Net Zero Plan</li> <li>• Update about plastics progress / member of the US plastic pact</li> <li>• Solar installation</li> <li>• Joining the EP100</li> <li>• Additional chemical safety policy and commitment towards phasing out PFAS<sup>6</sup> and Neonicotinoids</li> <li>• Joining PCAF<sup>7</sup></li> <li>• Setting a SBT<sup>8</sup></li> <li>• Commitment to achieve 100% renewable energy sourcing</li> <li>• Increase the eco-performance of the manufacturing system</li> <li>• Build a pipeline of innovations to help enable sustainable AI</li> </ul>

These engagements have impacted the following Sustainable Development Goals:

- GOAL 7: Affordable and Clean Energy
- GOAL 9: Industry, Innovation and Infrastructure
- GOAL 12: Responsible Consumption and Production
- GOAL 13: Climate Action
- GOAL 14: Life Below Water
- GOAL 15: Life on Land

<sup>3</sup> Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

<sup>4</sup> EV100 is a global initiative, led by The Climate Group, bringing together forward looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030.

<sup>5</sup> Workforce Disclosure Initiative

<sup>6</sup> Per- and polyfluoroalkyl substances

<sup>7</sup> Partnership for Carbon Accounting Financials

<sup>8</sup> Science Based Targets show companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change

ENGAGEMENT THEMES	MAIN ACHIEVEMENTS
<ul style="list-style-type: none"> <li>• Workplace Racial Equality</li> <li>• Gender Equality</li> <li>• Workforce Disclosure Initiative</li> <li>• The Just Transition</li> <li>• Worker Health &amp; Safety</li> <li>• ESG topics as fleet, accidents and union rights</li> <li>• Labour rights &amp; wages</li> <li>• Human rights and labour rights in supply chains</li> <li>• Employee satisfaction &amp; Compensation</li> <li>• Ethical business practices</li> <li>• Race and sex-discrimination lawsuit</li> <li>• EEO1<sup>9</sup> Disclosure</li> <li>• Social Impact of Artificial Intelligence</li> <li>• Impact of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• A decrease in turnover</li> <li>• Improvements on workplace equality</li> <li>• Disclosing the turnover rates for people of colour</li> <li>• Creation of a DEI<sup>10</sup> Advisory Council</li> <li>• Publication of the EE01 data</li> <li>• Conducting a pay equity analysis</li> <li>• Reassurance about union position</li> <li>• Reassurance about policies and processes of supply chain and indirect impacts</li> <li>• Completing the CDP<sup>11</sup> survey for investors</li> <li>• Good employee satisfactions scores during the COVID period</li> <li>• Constant dialogue on employee safety</li> <li>• Working from home with special conditions</li> <li>• Take part in the Workforce Disclosure Initiative</li> <li>• Providing the impact of the pandemic at customer service levels</li> <li>• Work partnering with emerging markets</li> <li>• Establishing actions to improve employee security</li> </ul>

These engagements have impacted the following Sustainable Development Goals:

- GOAL 8: Decent Work and Economic Growth
- GOAL 9: Industry, Innovation and Infrastructure
- GOAL 12: Responsible Consumption and Production

<sup>9</sup> The EEO-1 Component 1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees, and federal contractors with 50 or more employees meeting certain criteria, to submit demographic workforce data, including data by race/ethnicity, sex and job categories

<sup>10</sup> Diversity, Equity, and Inclusion Advisory

<sup>11</sup> Customer Data Platform



## GOVERNANCE

ENGAGEMENT THEMES	MAIN ACHIEVEMENTS
<ul style="list-style-type: none"> <li>• Cyber Security</li> <li>• Responsible Executive Remuneration</li> <li>• Duty of Vigilance Law &amp; related concerns</li> <li>• Investors - Transparency</li> <li>• Board Diversity</li> <li>• Voting related</li> <li>• Tax Responsibility</li> <li>• Impact of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Improving the disclosure in the political activity report</li> <li>• Improving board diversity</li> <li>• Increasing racial and gender diversity at the board level</li> <li>• Prioritizing stakeholder well-being throughout the pandemic</li> </ul>

These engagements have impacted the following Sustainable Development Goals:

- GOAL 8: Decent Work and Economic Growth
- GOAL 10: Reduced Inequality
- GOAL 12: Responsible Consumption and Production



## HUMAN RIGHTS

ENGAGEMENT THEMES	MAIN ACHIEVEMENTS
<ul style="list-style-type: none"> <li>• Medicine Access</li> <li>• Nutrition Access</li> <li>• Drug Pricing Transparency</li> <li>• Human Rights</li> <li>• ICCR<sup>12</sup> Retailers/ Banks/ Pharma &amp; COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Updating the Velkury<sup>13</sup> Pricing</li> <li>• Disclosure on the development of COVID treatments and commits to accessibility</li> <li>• Launching more healthy offerings and practices to protect employee and community</li> <li>• Creation of a framework to deploy \$1b to help African Americans gain access to capital</li> <li>• Governments have covered the cost of COVID 19 treatment</li> </ul>

These engagements have impacted the following Sustainable Development Goals:

- GOAL 3: Good Health and Well-being
- GOAL 8: Decent Work and Economic Growth
- GOAL 12: Responsible Consumption and Production

<sup>12</sup> Interfaith Center on Corporate Responsibility

<sup>13</sup> Veklury is a brand-name drug that's used to treat COVID-19 from coronavirus in hospitalized people

## ABN AMRO Investment Solutions - AAIS

Public limited company with a board of directors and a supervisory board  
with a share capital of 4,324,048 euros  
registered with the Paris trade and companies registry with no 410 204 390,  
Registered office: 3 avenue Hoche, 75008 Paris, France.  
Authorised by the Autorité des Marchés Financiers (French Financial Markets  
Authority) on 20/09/1999  
as a portfolio management company with no GP99027

This promotional document prepared by ABN AMRO Investment Solutions (“AAIS”) does not constitute a solicitation to buy, an offer to sell or legal or tax advice. On no account does it constitute a personalised recommendation or investment advice. Before making any investment decision, the investor is responsible for assessing its risks and for ensuring that the decision is consistent with his objectives, his experience and his financial circumstances.

The investor’s attention is drawn to the fact that information on the products featured in this document is no substitute for the completeness of the information contained in the fund’s legal documentation that you have been given and/or that is available free of charge on request from AAIS or on the website <http://www.abnamroinvestmentsolutions.com>.

Before making any investment, the investor must pay particular attention to the risk factors and carry out his own analysis that takes into account the need to diversify investments. All investors are encouraged to take advice on this matter from their regular legal, tax, financial and/or accounting advisors before making any investment.

The information and opinions contained in this document are for general information only. They are taken from sources that AAIS considers trustworthy, but no guarantee can be given as to their accuracy, reliability, validity or completeness. Past performance is not a guide to the future performance of the fund and/or the financial instruments and/or the financial strategy described therein. Performance data do not take into account any commissions paid on the subscription or acquisition of financial instruments. No guarantee can be given that the described products will achieve their objectives. Investing in financial instruments carries risks and investors may get back less than the amount of their investment. When a financial investment is denominated in a currency other than your own, the exchange rate may have an impact on the amount of your investment. The tax treatment differs according to each client’s particular circumstances. It is therefore strongly recommended that, before investing, you take advice on the appropriateness of the investment to your objectives and your legal and tax circumstances.

It is your responsibility to ensure that the regulations to which you are subject, depending on your status and your country of residence, do not prevent you from investing in the products or services described in this document. Access to products and services may be restricted for certain persons or in certain countries. For additional information, you should contact your regular advisor.

Complaints may be sent free of charge to the AAIS customer service department using the following email address: [ais.contact@fr.abnamro.com](mailto:ais.contact@fr.abnamro.com) or by post to: Service Client AAIS - 3 avenue Hoche 75008 Paris.

This document is intended only for its original addressees and may not be used for anything other than its original purpose. It may not be reproduced or distributed, in whole or part, without the prior written consent of AAIS and AAIS shall not be held responsible for any use made of the document by a third party.

The names, logos or slogans identifying AAIS’s products or services are the exclusive property of AAIS and may not be used for any purpose whatsoever without the prior written consent of AAIS.