

The cover features a collage of three images: a vibrant coral reef with various fish on the left, an aerial view of a diverse crowd of people in a public square in the center, and a low-angle shot of classical stone columns on the right. A large, semi-transparent teal shape is overlaid on the left side.

**2024**  
**Annual Report**

# Stewardship Report

**Engagement & Voting Report**



**ABN·AMRO**  
Investment Solutions



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# OT

# Voting



# Introduction

**ABN AMRO Investment Solutions (AAIS) is responsible for the funds it manages and, as such, issues proxy voting instructions. AAIS relies on its in-house ESG team, to execute its voting policy. The ESG team oversees the development of the voting rights policy and voting instructions. The terms and resolutions of shareholder meetings are reviewed with the assistance of ISS Governance, which specialises in the processing and execution of votes according to pre-established instructions. AAIS' voting instructions are based on ISS Governance's international SRI proxy voting guidelines as well as AAIS' internal proxy voting guidelines<sup>1</sup>.**

ISS Governance's international SRI proxy voting guidelines have been developed to be consistent with the dual financial and social/environmental objectives of a socially responsible shareholder. Socially responsible investors invest for economic gain, as all investors do, but they also demand that the companies in which they invest operate in a socially and environmentally responsible manner. On issues of social and environmental importance, the guidelines seek to reflect a broad consensus of the

socially responsible investment community. In general, ISS takes as its frame of reference the policies developed by groups such as the Interfaith Center on Corporate Responsibility, the General Board of Pension and Health Benefits of the United Methodist Church, Domini Social Investments, as well as other leading shareholders and socially responsible mutual fund companies. In addition, they incorporate the active ownership and investment philosophies of leading recognised global initiatives, such as the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact and the European Union's Environmental and Social Directives.

AAIS exercises the voting rights attached to securities held on behalf of the UCITs it manages, excluding Employee shareholding funds (FCPEs) and shares held in SICAVs. More details on the exact scope of the policy can be found on AAIS website<sup>2</sup>. All information relating to our AAIS' votes is publicly available online using ISS Vote Disclosure Services tool<sup>3</sup>. The data in this report are from 01/01/2024 to 31/12/2024.

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1. In the event of a potential conflict of interest situation, the voting policy adopted is that of ISS, applied systematically and objectively. Furthermore, in such cases, the ESG team will refer the matter to the Head of Compliance, who will examine any potential conflicts of interest and disagreements regarding the voting policy. The voting policy of AAIS is implemented without consideration of business ties, shareholding, or any type of relationships that may exist between the concerned company and the subsidiaries of ABN AMRO group. However, in the interest of the shareholders and to preserve the reputation of ABN AMRO group in its engagement actions with companies, certain resolutions may be discussed between the AAIS and ABN AMRO teams prior to the vote. It is important to note, however, that AAIS remains the final decision-maker. Moreover, AAIS has decided not to vote on any resolutions issued during the general meetings of ABN AMRO Bank N.V. and its entities to prevent any conflict of interest.

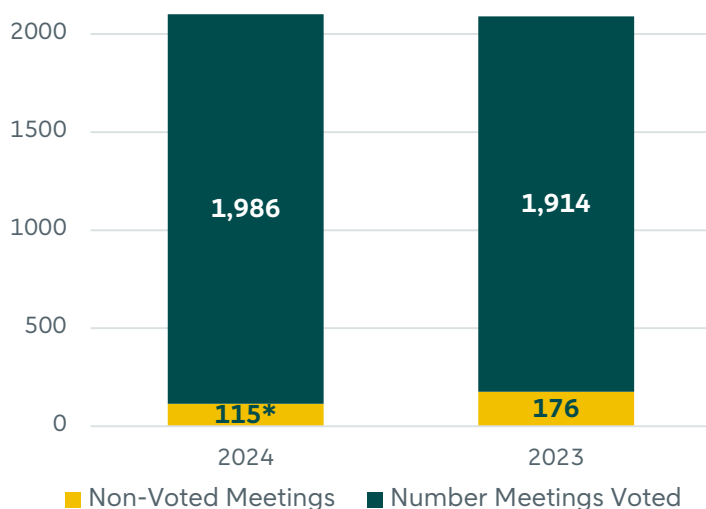
2. <https://www.abnamroinvestmentsolutions.com/fr/index.html>

3. AAIS Proxy Voting Dashboard: <https://vds.issgovernance.com/vds/#/ODg0MA==>



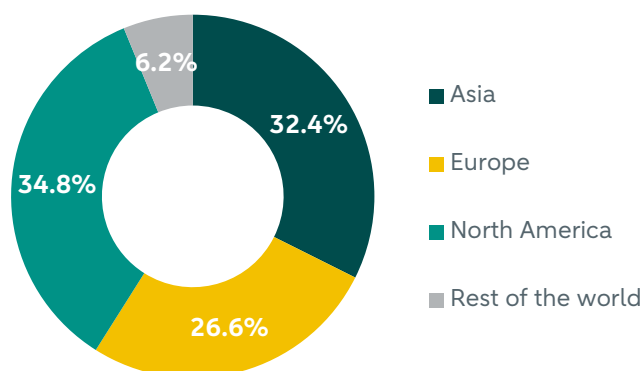
## I/ OVERALL VOTING STATISTICS

## AAIS Voting Participation within Votable Meetings



\*Non-voted meetings refer to those held in jurisdictions where a Power of Attorney is required to participate, which prevents AAIS from voting. This category also includes bondholder meetings and meetings related to OPCVMs and ETFs. In addition, to preserve the necessary flexibility for fund managers to act as needed, AAIS does not participate in shareholder meetings that involve share blocking requirements.

Source: AAIS and ISS

Breakdown of General Meetings Participated in by Geographical Area<sup>4</sup>

Source: AAIS and ISS

1,986

General Meetings  
Participation

95%

Meetings Voted

4. Asia: China, Hong Kong, India, Indonesia, Israel, Japan, Kazakhstan, Kuwait, Malaysia, Philippines, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates. Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Guernsey, Isle of Man, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, United Kingdom. North America: Bermuda, Canada, Cayman Islands, Mexico, United States. Rest of the world: Australia, Brazil, Curacao, Egypt, Liberia, New Zealand, South Africa.



**24,441**  
**RESOLUTIONS**

**79%**

**Votes “For”**

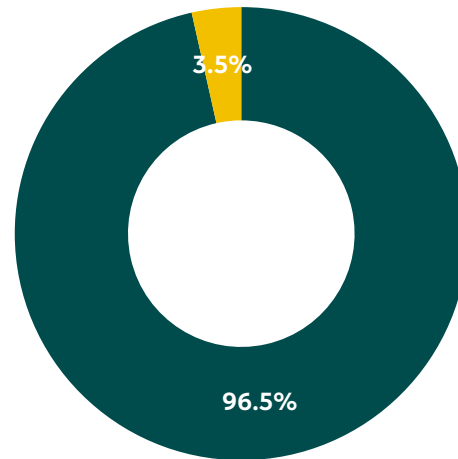
**18%**

**Votes “Against”**

**3%**

**Other Votes<sup>5</sup>**

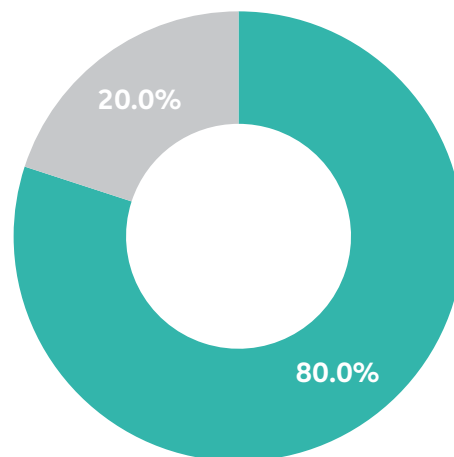
Breakdown of Resolutions by Proposal Category



■ Management Proposals  
■ Shareholder Proposals

Source: AAIS and ISS

Overview of AAIS Votes on all Resolutions



■ In Line with Management Recommendations  
■ Not In Line with Management Recommendations

Source: AAIS and ISS

5. Withhold, Abstain and “One year” (when the resolution has been adopted for 1 year).



## Breakdown of Resolutions Voted on by Resolution Type

Resolution type	Number of Resolutions	% of which AAIS voted FOR
<b>E</b> Environmental	113	67.3%
<b>E S</b> Environmental / Social	142	64.8%
<b>E S G</b> Environmental / Social / Governance	5	60.0%
<b>S</b> Social	275	87.6%
<b>G</b> Governance	23,896	79.0%
<b>S G</b> Social / Governance	10	30.0%
<b>Total</b>	<b>24,441</b>	

Source: AAIS and ISS

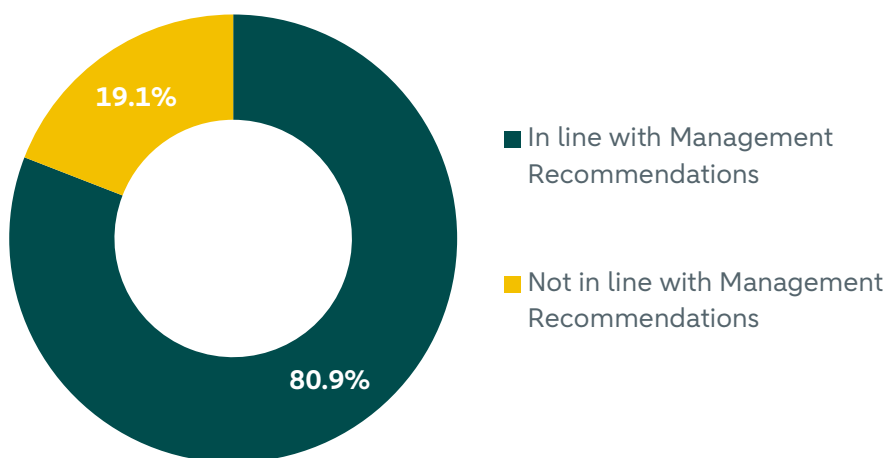
## II/ MANAGEMENT PROPOSALS



23,581

Management Proposals

## AAIS Voting on Management Proposals



Source: AAIS and ISS



## Details of Management Proposals:

<b>E Environmental</b>	<b>16 Resolutions</b>
Reporting on Climate Transition Plan	<0.1%
Management Climate-Related Proposal	<0.1%
<b>S Social</b>	<b>80 Resolutions</b>
Approve Political Donations	0.3%
Approve Charitable Donations	0.1%
<b>G Governance</b>	<b>23,421 Resolutions</b>
Audit Related	5.7%
Capitalisation	7.7%
Company Articles	2.1%
Compensation	12.7%
Director Election	46.5%
Director Related	9.2%
Miscellaneous	1.1%
Non-Routine Business	1.6%
Routine Business	10.8%
Strategic Transactions	1.2%
Takeover Related	0.7%
<b>E S Environmental / Social</b>	<b>64 Resolutions</b>
Accept/Approve CSR Report	0.3%
<b>Total</b>	<b>23,581 Resolutions</b>

Source: AAIS and ISS





## CASE STUDY: GOVERNANCE RESOLUTION

Case Study <sup>6</sup>	Proposal	Management Recommendation	AAIS Vote	Vote Result
<b>Essilorluxottica</b>	Approve Remuneration Policy	 For	 Against	 Approved (86%)

In 2024, EssilorLuxottica submitted its CEO François Milleri's remuneration policy for shareholder approval. This proposal had already been presented in 2023, when it had received a significant level of dissent, with over 30% of shareholders voting against it. The primary concerns expressed at the time related to the substantial increase in the CEO's compensation, which lacked a compelling justification. Investors also called on the company to revise the structure of the long-term incentive plan (LTIP), which was based solely on share price growth, and to reconsider the problematic termination agreement that could lead to disproportionate payouts. In response, the 2024 remuneration policy incorporated some changes. The LTIP was amended to include a corporate social responsibility (CSR) performance condition linked to the company's "Eyes on the Planet" sustainability program, representing 20% of the overall performance metrics. Additionally, the Board was granted the discretion to waive the CEO's non-compete agreement, a change intended to increase flexibility and allow for governance decisions better aligned with shareholders' interests.



Despite these partial improvements, several critical issues remained in the 2024 proposed remuneration policy. For the third consecutive year, the company proposed a significant increase in the CEO's compensation, without further rationale compared to 2023. If approved, the CEO's fixed salary would rise by 40% over two years, and his total potential remuneration (including bonuses and long-term incentives) would grow by 142%. To justify the increase, EssilorLuxottica cited a benchmarking exercise involving 19 peer companies in the same sector, noting that the CEO's pay fell between the median and the third quartile of the peer

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group, similar to the company's market capitalization and workforce size. The company also argued that the increase was a way to reward strong performance during a period of economic and geopolitical uncertainty.

However, AAIS viewed this rationale as insufficient. The peer group used for the benchmark included three U.S.-based companies, whose executive pay practices are typically far more generous than those in Europe. Including them in the comparison thus inflated the perceived competitiveness of the CEO's pay. Moreover, rewarding performance is the purpose of variable compensation schemes; it should not be used to justify a rise in fixed salary. As a result, AAIS voted against the 2024 remuneration policy. Although the resolution was approved by shareholders, it received a significant level of dissent (27%), indicating that our concerns regarding remuneration practices were shared by a meaningful portion of shareholders.



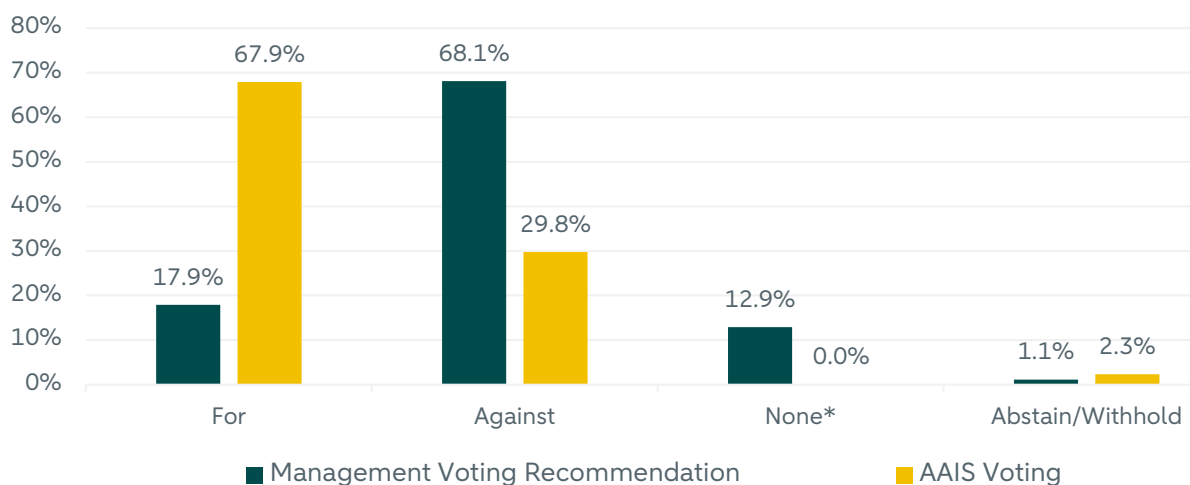
## III/ SHAREHOLDER PROPOSALS



860

Shareholder proposals

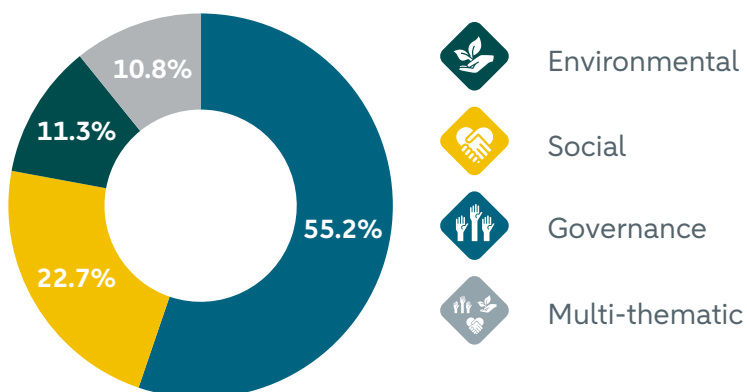
## Alignment of AAIS Votes with Management Recommendations on Shareholder Proposals



*\*In some governance-related proposals, particularly those concerning proxy access, board declassification, or the expansion of shareholder rights, management may choose not to provide a voting recommendation. This typically occurs when the implications of the proposal are still under review or when internal discussions have not yet concluded. Such situations are more common in extraordinary general meetings (EGMs) or special meetings convened at the request of one or more shareholders, where proposals may be unexpected or sensitive.*

Source: AAIS and ISS

## Shareholder Proposals Environmental, Social and Governance Breakdown

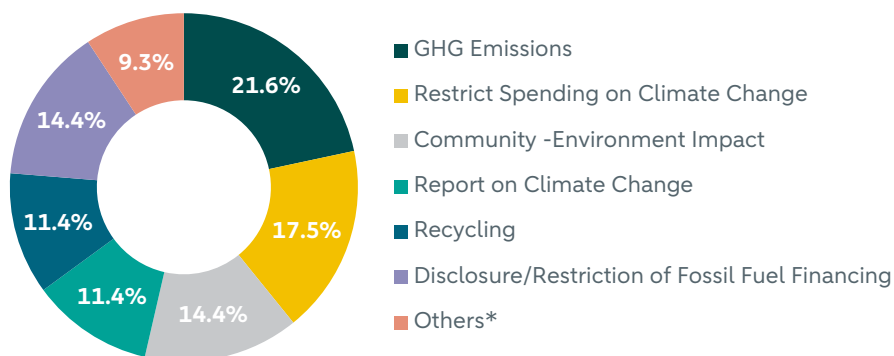


Source: AAIS and ISS





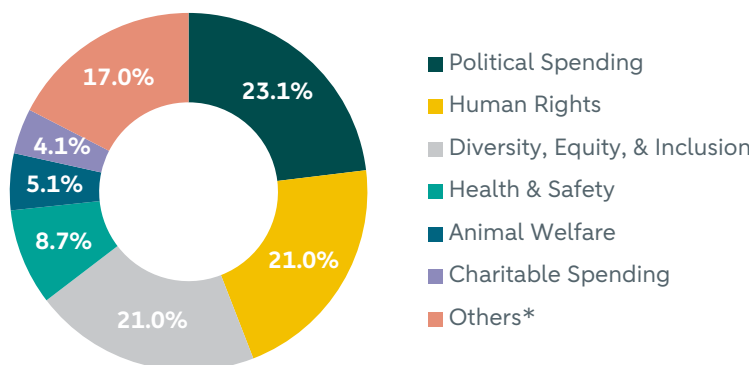
### Focus: Environmental Shareholder Proposals



\*Others: Proposals Requesting Non-Binding Advisory Vote On Climate Action Plan, Climate Action Plan, Miscellaneous.

Source: AAIS and ISS

### Focus: Social Shareholder Proposals

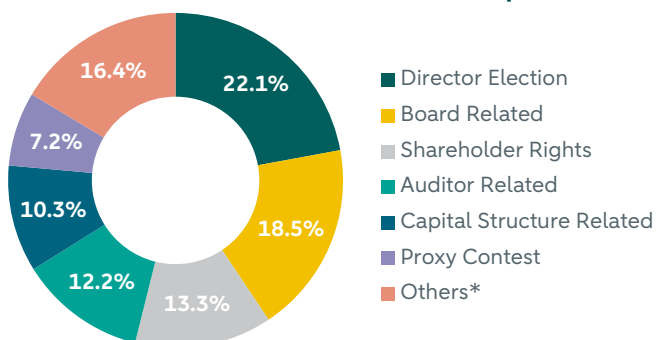


\*Others: Human Capital Management, Data Privacy & Security, Weapons.

Source: AAIS and ISS



### Focus: Governance Shareholder Proposals






\*Others: Severance Agreement, Compensation, Article Amendment, Non-Routine Business, Miscellaneous.

Source: AAIS and ISS



## CASE STUDY: ENVIRONMENTAL RESOLUTION

Case Study <sup>7</sup>	Proposal	Management Recommendation	AAIS Vote	Vote Result
<b>Nike</b>	Report on Environmental Targets	 Against	 For	 Declined (73% of votes against)

At its 2024 annual meeting, Nike received a shareholder proposal filed by Trium Sustainable Innovators Funds requesting a report on the company's sustainability strategy. The proposal asked the Board to analyse Nike's failure to meet its self-imposed FY2015–2020 sustainability targets, assess whether reinstating such targets would be advisable, review the company's governance around sustainability, and suggest additional measures to ensure future objectives are met. The proponent emphasized Nike's significant underperformance against 7 of its 19 environmental targets for 2020, such as those related to carbon emissions, renewable energy use, and supplier wastewater practices. The proponent expressed concern about inconsistent communication and a lack of transparency, which cast doubt on Nike's accountability and the credibility of its sustainability commitments. The company discontinued many of the missed targets and has failed to clearly explain what went wrong in areas it could control, such as product design choices and supply chain strategies.



Nike's board argued that the company already discloses sufficient information in its annual Impact Report, making this additional report unnecessary. While the company acknowledged missing several targets, it attributed this failure mostly to external challenges, particularly the COVID-19 pandemic, shifts in consumer demand, and increased carbon intensity of regional electricity grids. In response, the company adjusted its Q4 FY20 performance figures to avoid what it described as "artificial reductions" in reported progress, giving a more conservative view of its environmental performance.

However, AAIS found this response insufficient. While external challenges undoubtedly played a role, Nike has provided limited analysis of how internal strategic decisions, such as product offerings, logistics planning, or supplier

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engagement, may have contributed to its failure to meet targets. For instance, the company noted that consumer preference for more complex and carbon-intensive footwear designs impacted its emissions and waste goals. However, it did not clarify how or whether sustainability considerations were integrated into such product decisions. Moreover, Nike has not explained how its sustainability targets are set, whether they are binding, or how they are reconciled with broader commercial priorities. This raises concerns that sustainability goals may be subordinate to short-term business interests, undermining their effectiveness and credibility. By failing to address these internal dynamics, Nike, in our opinion, has missed an opportunity to demonstrate accountability and improve shareholder confidence in its long-term environmental strategy. The proposal's request for a dedicated report would help ensure that Nike thoroughly assesses both external and internal factors affecting its sustainability performance, ensuring the company evaluates its strategies effectively and avoids falling short of its targets again in the future.

Given these gaps, AAIS believes the requested report is a reasonable and necessary step toward increased transparency and improved sustainability governance. For these reasons, AAIS voted in favour of the shareholder proposal. The resolution was ultimately supported by 27% of shareholders.





## CASE STUDY: SOCIAL RESOLUTION

Case Study <sup>8</sup>	Proposal	Management Recommendation	AAIS Vote	Vote Result
<b>Alphabet</b>	Adopt Targets Evaluating YouTube Child Safety Policies	 Against	 For	 Declined (86% of votes against)



At Alphabet's 2024 annual general meeting, a shareholder proposal filed by Boston Common Asset Management requested the company to adopt specific performance targets and publish an annual report with quantitative metrics assessing how effectively it is protecting children on its YouTube platform. The proposal focused on the need for clearer, measurable information about the company's impact on issues such as child mental health, online exploitation, cyberbullying, and data privacy. This request reflects growing concern from investors, regulators, and the public about how social media and digital platforms affect young users.

Alphabet's board opposed the proposal, stating that the company already provides strong protections and disclosures. It pointed to its policies and content moderation practices such as its YouTube Kids app, its Google SafeSearch feature, and its Child Safety Toolkit helping organizations identifying child sexual abuse material. Alphabet also highlighted its partnerships with child safety organizations, as well as its compliance with relevant laws such as the U.S. Children's Online Privacy Protection Act (COPPA), and the new Online Safety Act in the U.K. Furthermore, it emphasized its recently established YouTube Youth Principles and ongoing collaboration with external stakeholders, including lawmakers and child safety organizations.

Despite these initiatives, the company has faced repeated allegations, lawsuits, and regulatory actions that challenge the effectiveness of these measures. Examples include a \$170 million fine in 2023 for violating child data privacy laws, lawsuits from school districts and parents, and criticism that platform design choices may contribute

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to addictive behaviour and harmful content exposure. More generally, there is also rising concern about the impacts of social media on the mental health of young people. While Alphabet has since provided updates on its efforts and commitments regarding child safety, much of its reporting focuses on process, such as how much content it removes, rather than outcomes, like whether kids are actually safer. The shareholder proposal does not seek to dictate product design or enforce specific policy changes, it simply calls for the company to set clear goals and share meaningful data on how it's reducing harm to children. This would help investors evaluate whether the company is making meaningful progress in reducing harm, beyond anecdotal evidence and policy statements.

While we acknowledge progress made by Alphabet, we believe that current policies rely more on parental discretion and lack clear performance targets for children's online safety. We believe stronger reporting on the effectiveness of child safety measures is in the best interest of both investors and the broader public. It represents a practical step toward helping a major technology company better protecting some of the most vulnerable users on its platforms and giving shareholders the tools to hold it accountable. For these reasons, we supported this shareholder proposal, which eventually received 14% approval.





# Engagement



# Introduction

**As a responsible asset manager, we recognise our engagement responsibilities and aim to use our position of influence to drive positive change. Engagement is an effective means of initiating positive change on ESG issues and encouraging the implementation of new approaches and solutions.**

**Engagement refers to interactions between the investor and actual or potential investees (which may be companies, governments, municipalities, etc.) to address and improve practices related to environmental, social and governance (ESG) issues.**

Engagements are conducted as part of a constructive dialogue, through interactions with companies. Engagement can range from formal letters or emails to calls or meetings with the company. Interaction may take place at different levels of the organisation being engaged, including with the board of directors, senior management, investor relations, sustainability teams, operational specialists, or other representatives. Engagement is not just about receiving information, but it is also about formally communicating to companies where improvements are needed and monitoring their progress over time.

As a specialist in sub-advisory services, AAIS has decided to entrust the management of our portfolios to External Investment Managers whom we have selected for their sustainability performance. Due diligence is conducted on the strategies selected. The due diligence team focuses on all elements of an investment strategy including those related to sustainability. When selecting sustainable strategies, we favour asset managers who fully integrate responsible investment into their process and lead the market towards best practice.

These are asset managers who are leading sustainable initiatives and actively raising their voice through engagement to influence companies and drive positive change. We require engagement to be a cornerstone of the investment process for our range of ESG, sustainable and impact investment products. This includes products that promote environmental and/or social characteristics (SFDR Article 8 products, or ESG products) and products whose objective is sustainable investment (SFDR Article 9 products, or sustainable or impact products).

External Investment Managers managing ESG, sustainability and impact products on behalf of AAIS are expected to engage in dialogue or develop an engagement plan if (i) a company is not acting in accordance with the sustainable investment objectives or ESG characteristics of the fund, (ii) the company is in breach of the ESG (risk) parameters that AAIS has set internally.

As long-term investors, we seek to build a relationship of trust with investee companies and support them on their journey towards more sustainable business practices. For this reason, in addition to the above engagement process we collaborate with our parent company ABN AMRO Bank N.V., which has contracted EOS, an external party, to carry out engagement. On behalf of AAIS and a number of other parties, EOS engages with companies on sustainability issues to promote the interests of investors.

Throughout this section, AAIS reports on the engagement work carried out on its behalf, both by the External Investment Managers and the external party EOS.

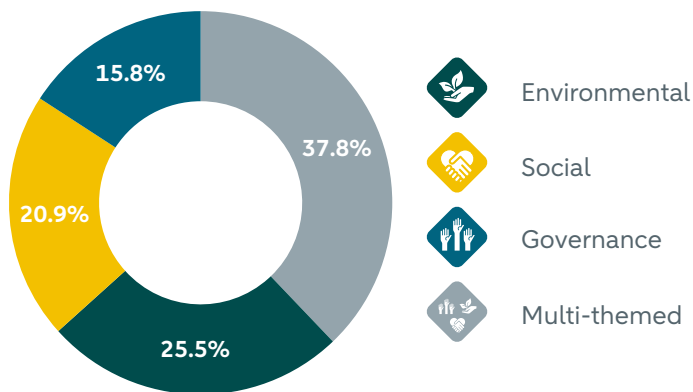


## I/ EXTERNAL INVESTMENT MANAGERS

## A. Direct Dialogue

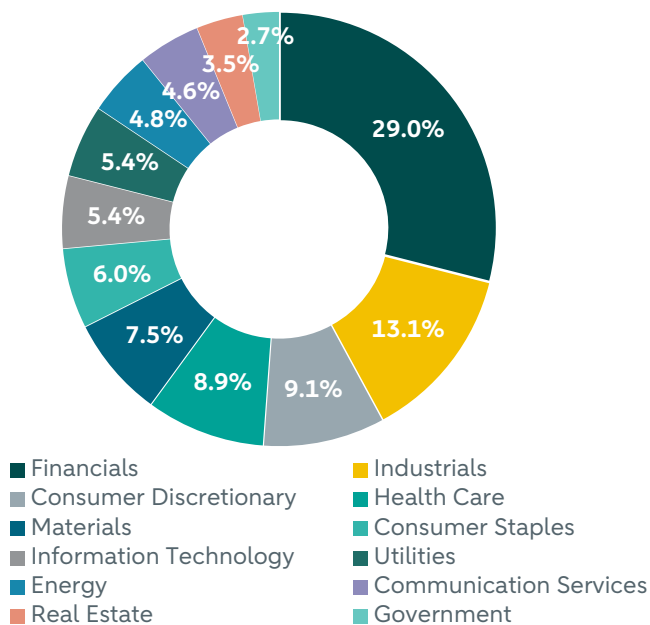
## 1. Key Highlights

Thematic Split of Direct Engagement Topics from External Investment Managers



Source: AAIS and External Investment Managers

Sectorial Split of Companies Engaged by External Investment Managers



Source: AAIS and External Investment Managers

24

External Investment  
Managers Engaged  
on our Behalf in 2024

518

Companies Engaged  
through Direct  
Dialogue

## 2. Case Studies



### ENVIRONMENTAL CASE STUDIES

#### Bank BRI

Initiated by:  
**AEGON Asset Management**

PT Bank Rakyat Indonesia (BRI)<sup>9</sup> operates through various segments including Micro Business, Retail Business, Corporate Business, and Subsidiary Business, providing essential financial services. Despite their diverse offerings, BRI maintains some legacy exposure to coal-fired power plants. While this exposure is relatively small, its significance is magnified due to the carbon-intensive nature of coal. AEGON Asset Management<sup>10</sup> believes financial institutions should limit their financing of coal, and thus their continued investment in BRI hinges on their commitment to phasing out coal financing and establishing a clear roadmap for this transition.

Since 2020, AEGON Asset Management has engaged with BRI regularly, through email communication and annual calls with the bank's Investor Relations and Sustainability teams. A pivotal advancement occurred in 2022 when BRI established an ESG desk dedicated to developing an ESG Implementation Strategy Roadmap, underpinned by a sectoral policy on coal financing.

In 2023, BRI reinforced its commitment by sending a letter to the Science Based Targets initiative (SBTi), pledging adherence to adopt science-based greenhouse gas emissions reduction targets that are aligned with the global objective of limiting temperature rise to 1.5°C above pre-industrial levels.

Throughout 2023 and 2024, AEGON Asset Management encouraged BRI to expedite its reduction of coal exposure by crafting a well-defined phase-out strategy. BRI has acknowledged that transitioning away from coal is complex, given its role in expanding electricity supply in Indonesia, a developing nation.

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10. Aegon Asset Management is a Partner of ABN AMRO Investment Solutions.

Following further discussions where AEGON Asset Management reinforced their objectives, BRI published a sectoral policy for the power generation segment in 2024, outlining a trajectory for coal reductions and establishing limits for coal lending.

Despite these challenges, the trend since their engagement commenced has been encouraging. BRI's direct coal financing exposure is minimal, and while indirect coal financing is more substantial, it remains relatively small and below the ABN AMRO Aegon mandate fund's revenue threshold for thermal coal power generation. BRI's total loan book exposure to coal decreased from 3.7% in 2020 to 2.4% in 2024.

The engagement process has now reached its final milestone. While AEGON Asset Management will continue to monitor BRI's coal exposure annually, the bank has successfully achieved the objective of developing a comprehensive phase-out plan.

**Johnson Matthey**

Initiated by:  
**EdenTree IM**



The chemical sector faces significant water-related risks, impacting both operational efficiency and environmental health. Chemical manufacturing is notably water-intensive, potentially elevating operating expenses if water costs rise due to scarcity. Furthermore, chemical production can degrade water quality through emissions and thermal discharges, with stricter regulations possibly increasing penalties. Additionally, Manufactured chemicals which include persistent chemicals like PFAS, pose pollution risks to waterways and thus threaten human and environmental health.

In 2024, EdenTree IM<sup>11</sup> engaged with Johnson Matthey<sup>12</sup> to discuss their approach to water stewardship. Johnson Matthey's manufacturing can be very water intensive, and their production can affect water quality through emissions to water and increased temperature of water

11. EdenTree IM is an External Investment Manager managing product(s) on behalf of ABN AMRO Investment Solutions.

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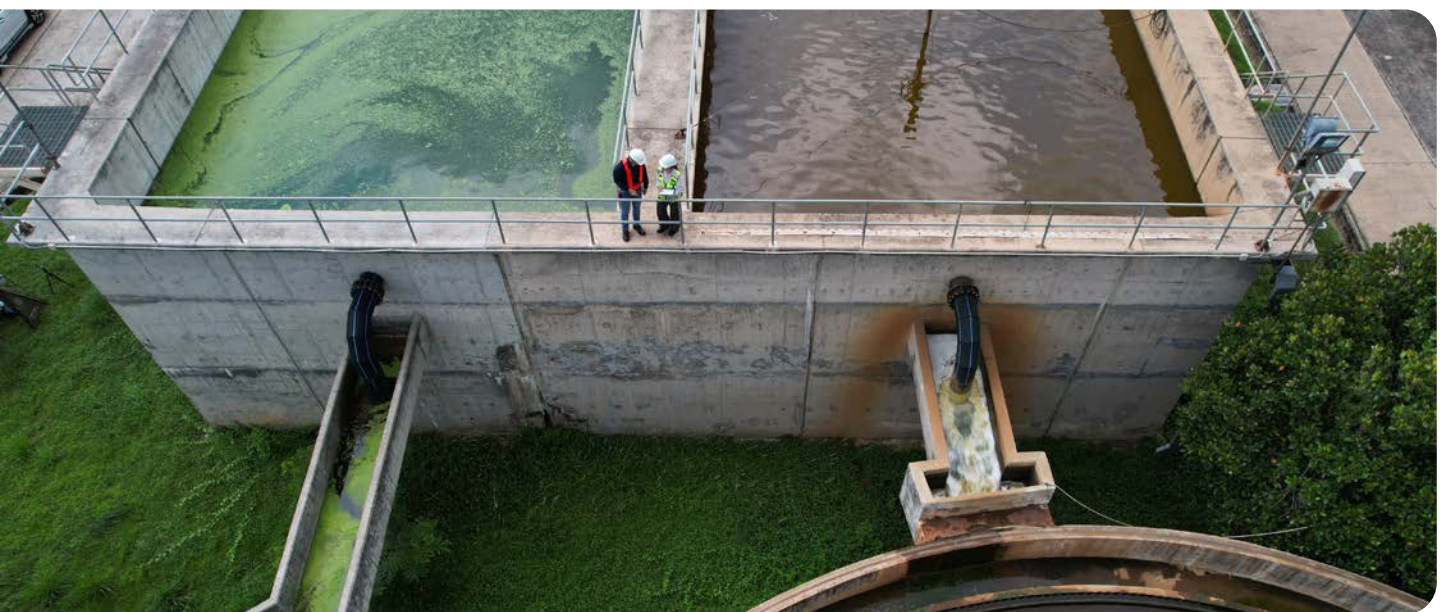


discharged. To reinforce their engagement, EdenTree IM also signed a letter coordinated by the Investor Initiative on Hazardous Chemicals, specifically addressing the reduction of the issuer's portfolio of hazardous chemicals.

EdenTree IM has established three key objectives during their engagement with Johnson Matthey:

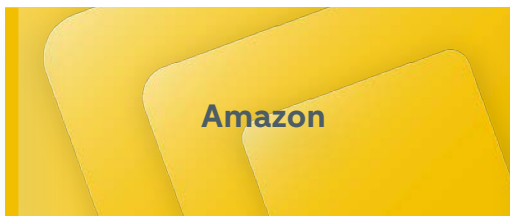
- 1 Set timebound site-specific water withdrawal targets.
- 2 Introduce appropriate board-level expertise on water stewardship.
- 3 Reduce their hazardous chemical portfolio.

During this engagement, EdenTree IM was pleased to discover that Johnson Matthey is developing a robust nature strategy. For the first objective, the company has committed to addressing this concern by planning to create site-level water action plans and is considering integrating time-bound water withdrawal targets into this framework. Regarding the second objective, Johnson Matthey has implemented a strategy to address the concern by initiating the education of the board on water-related risks and enhancing accountability at the executive level. Concerning hazardous chemicals, the company has committed to addressing this concern by expanding efforts in this area moving forward. The dialogue was constructive, with Johnson Matthey showing openness to proposals. Given these outcomes, EdenTree IM is satisfied with the progress but aims to re-engage with Johnson Matthey over the next two years to encourage continued action and advancement toward the established objectives.





## SOCIAL CASE STUDIES



Initiated by:  
**Parnassus Investments**



Parnassus Investments<sup>13</sup> engaged with Amazon<sup>14</sup> starting in 2024 and continuing into 2025. In addition to meetings, Parnassus Investments toured a fulfillment center in Tracy (California) to learn more about the company's safety initiatives, including ergonomics, ongoing safety training and how they're using automation to reduce musculoskeletal injuries.

Parnassus Investments engaged with Amazon on worker rights and safety. Discussions focused on the measures Amazon is taking to reduce injury rates and improve safety conditions at its warehouses, as well as the methods used to monitor employee productivity. Parnassus Investments underscored the importance of increased transparency regarding safety conditions, including by advocating for through a third-party assessment, which would enable shareholders to better understand how Amazon is managing and mitigating risks associated with worker injuries and safety-related controversies at its warehouses.

The company has disclosed the following initiatives:

- The company's Recordable Incident Rate (RIR)—which includes any work-related injury that requires more than basic first aid treatment—has improved 34% over the past five years and over 6% year over year (YoY).
- Their Lost Time Incident Rate (LTIR)—which includes any work-related injury that requires someone to take time away from work (the most serious injuries)—has improved 65% over the past five years and 13% YoY.

13. Parnassus Investments is an External Investment Manager managing product(s) on behalf of ABN AMRO Investment Solutions.

14. Securities presented in this Report should not be considered as a recommendation to buy or sell. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. All investments involve risk, including the risk of losing principal.

- Conducted 7.8 million inspections globally—a 24% increase from the 6.3 million conducted in 2023—and audited 331 sites across Amazon.
- Since 2019, they have invested more than \$2 billion safety efforts, including new technologies and programs to protect employees.

Through these ongoing engagements with Amazon, Parnassus Investments will continue to press the company to improve its workforce safety initiatives.



### Regeneron

Initiated by:  
**BNP Paribas Asset  
Management**

The dependency of the pharmaceutical industry on horseshoe crab blood for endotoxin testing is a critical issue affecting biodiversity and human health. Every injectable drug, including vaccines, must first be tested for endotoxin contamination, and the standard test, globally, is derived from horseshoe crab blood. However, the four key horseshoe crab species—three in Asia and one in the United States—are declining due to unsustainable harvesting practices. The Asian population is considered endangered, and a petition is currently pending to list the North American horseshoe crab as endangered as well. If these populations cannot be sustained, then ecological systems reliant on horseshoe crabs are put at risk. This is the case of the red knot migratory shorebird, which is threatened with extinction.

As global demand for endotoxin testing continues to rise, pressure increases on these fragile ecosystems. Thankfully, there is a synthetic alternative that is just as good, if not better, than the horseshoe crab-derived reagent. Company profitability and human health remains at risk, however, if companies fail to adopt the alternative with sufficient speed. BNP Paribas Asset Management<sup>15</sup> has been engaging the pharmaceutical sector since 2021, urging companies to make the switch to synthetics.

15. BNP Paribas Asset Management is an External Investment Manager managing product(s) on behalf of ABN AMRO Investment Solutions.



In 2024, BNP Paribas Asset Management, in collaboration with the Physicians Committee for Responsible Medicine, Eli Lilly, and other members of the Horseshoe Crab Recovery Coalition, co-hosted an event in Cape May (New Jersey), during the annual horseshoe crab spawn and red knot migration. Regeneron<sup>16</sup> was among five pharmaceutical companies that attended the event. Presentations covered various dimensions of the issue, leading to active discussions among participating companies about tackling regulatory obstacles to synthetic adoption. Participants also went to observe horseshoe crabs first hand in their natural habitat and learned how local scientists, with volunteer support, track the health of the horseshoe crab and red knot populations. Building on the success of that event, BNP Paribas Asset Management co-hosted another Cape May event in 2025, with seven companies.



#### What is a horseshoe crab ?

Horseshoe crabs are ancient arthropods related to spiders, not true crabs. They have a unique body structure with a horseshoe-shaped cephalothorax. Found along the east coasts of North America and South Asia, their populations are declining due to habitat loss and overharvesting.

In medicine, horseshoe crab blood is crucial for detecting bacterial endotoxins, thanks to special cells called amoebocytes. Efforts to conserve horseshoe crabs include habitat protection and breeding programs. Additionally, synthetic alternatives for their blood are being developed to reduce reliance on these critical species in the pharmaceutical industry.



## GOVERNANCE CASE STUDIES



### Australian Government

Initiated by:  
**Robeco**

Robeco's<sup>16</sup> engagement strategy extends beyond corporate entities to include sovereign engagement, which is a proactive and collaborative approach focusing on strategic and long-term sustainability issues with governments financed through sovereign debt. Recognizing the crucial role governments play in fostering sustainable development, sovereign engagement seeks to enhance sustainable business environments, benefiting both sovereign and corporate investors. These engagements target specific focus areas aligned with Robeco's sustainable investment strategy, executed in close collaboration with their sustainable investment country experts and global macro investment team.

Australia<sup>17</sup>, with one of the highest greenhouse gases (GHG) intensities per capita globally, ranks poorly on the "Climate & Energy" component within Robeco's Country ESG Framework. Despite recent advancements, there remains a significant gap between Australia's projected climate trajectory and the requirements for Paris Agreement alignment. Considering the Climate Change Act and other reforms, a Robeco-advised and PRI-coordinated investor initiative has earmarked Australia for sovereign engagement to expedite climate change mitigation through policy action. This dialogue spans multiple levels, including federal government

16. Robeco is an External Investment Manager managing product(s) on behalf of ABN AMRO Investment Solutions.

17. Securities presented in this Report should not be considered as a recommendation to buy or sell. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. All investments involve risk, including the risk of losing principal.

(sovereign), individual states, national regulators, and other authorities. Robeco co-leads the sub-sovereign working group, collaborating with representatives from Australian states and territories. In 2023, Robeco conducted 36 meetings with federal, state, and regulatory agencies engaged in climate policy decision-making, establishing a robust foundation for the second round of meetings which were held in 2024. The primary objective is to influence the National Defined Contribution (NDC) climate policy-setting process that the Australian government is undertaking. In August, Robeco visited Parliament House in Canberra to engage with ministers, including the Treasurer of Australia, the Minister for Climate Change and Energy, and climate policy advisors, discussing the NDC target-setting for 2035, relevant to countries pledging new targets ahead of COP 30 in Brazil in 2025.

During the meeting with the Treasurer, Robeco articulated the criteria used to assess sovereign engagement progress, which include the transparency of government actions in green bond impact reporting and budget publications, the design of climate policy interventions, and, critically, whole-of-government policy integration leading to definitive target-setting. Robeco stressed the necessity of an ambitious NDC target. The Treasurer acknowledged efforts over the past two years to organize various government departments for effective policy coordination on climate change, highlighting The Treasury's leadership role in this process as vital for delivering a budget that supports all climate policies. The proactive involvement of The Treasury is a strong indicator of whole-of-government coordination, a key engagement objective for Robeco, showing clear progress in Australia.





The Hilcorp logo is displayed within a blue rectangular box that features a stylized, layered mountain range graphic in the background.Initiated by:  
**Principal**

Principal's<sup>18</sup> engagement strategy encompasses a comprehensive approach to corporate sustainability, focusing on governance practices within companies that influence environmental and social outcomes. Recognizing the critical role corporations play in driving sustainable development, Principal engages with companies to enhance governance frameworks, aiming to foster sustainable business practices and facilitate value creation for investors and stakeholders. These engagements are aligned with Principal's sustainable investment strategy and executed in collaboration with industry experts and governance specialists.

Hilcorp Energy<sup>19</sup>, a leading energy company, has attracted attention due to its operational practices in the energy sector. Principal has identified governance as a key area for engagement, seeking to ensure that Hilcorp's practices align with sustainable business principles and investor expectations. Despite some progress in recent years, challenges remain in aligning its governance practices with industry standards. In 2023, Principal initiated a series of engagements with Hilcorp's leadership, focusing on improving transparency in decision-making processes, enhancing board oversight, and integrating sustainability into corporate strategy. The purpose of these engagements was to establish a robust governance framework that supports long-term sustainability goals.

During the meetings with Hilcorp's executive team, Principal emphasized the importance of transparency in reporting, the development of comprehensive governance policies, and the integration of sustainability into strategic planning. Hilcorp's leadership acknowledged these priorities and expressed a commitment to enhancing governance practices. They highlighted ongoing efforts to improve board oversight and transparency, recognizing the need for continuous improvement. Principal views these developments as positive steps toward achieving alignment with sustainable governance principles and will continue to engage with Hilcorp to drive progress.

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Looking Forward, Principal anticipates further advancements in Hilcorp's governance practices, contingent upon continued dialogue and collaboration. The focus will remain on strengthening transparency, enhancing board oversight, and integrating sustainability into corporate strategy. Principal is committed to supporting Hilcorp in achieving these objectives, ensuring alignment with industry standards and investor expectations. As Hilcorp progresses in its governance journey, Principal will closely monitor developments and provide guidance to facilitate sustainable business practices.



## B. Collaborative Engagements

In some instances, Direct Engagement is not the most efficient option for an Asset Manager to engage with investee companies. Indeed, when engaging a company “alone”, an Asset Manager may lack leverage to make its voice heard and prompt relevant changes within the company.

In such situations, the Asset Manager may resort to joining collaborative initiatives, hence joining a group of Asset Managers that want to engage together on issues (i) within a company that they are all invested in (e.g., requiring a change in the company’s remuneration policy), or (ii) relating to a specific topic pertaining to several companies (e.g., thematic engagement requiring multiple companies to disclose information on their carbon emissions).

When joining such initiatives, as Asset Managers are putting together their assets, their leverage on the engagement process with investee companies finds itself significantly increased. In addition, Asset Managers may have complementary skills and expertise within their teams which, when put together, may help strengthening the engagement process, as well as the credibility and efficiency of the initiative.

Finally, when engaging collaboratively, Asset Managers may also expect to generate more significant outcomes from the engagement project, benefitting all stakeholders.

### 1. Key Highlights

Over the year 2024, fifteen of our External Investment Managers have participated in collaborative engagements:





148 individual issuers were engaged through these engagements.

Those engagements contributed to different themes:



Environmental

**32.4%**



Social

**21%**



Governance

**11.5%**



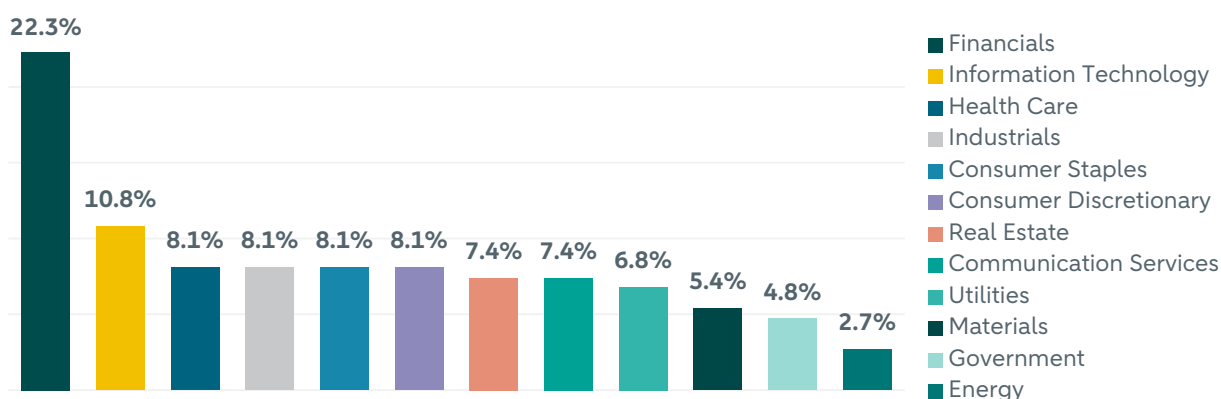
Multi-themed

**35.1%**

Source: AAIS and External Investment Managers

The issuers concerned belonged to the following sectors:

#### Sectorial Split of Companies Engaged by External Investment Managers in Collaborative Engagements



Source: AAIS and External Investment Managers

Overall, the fifteen External Investment Managers participated in 32 collaborative initiatives, with a variety of objectives, some of which were directed more towards environmental, social or governance concerns.

Among collaborative initiatives, we identify two main types. The first type, which we might describe as large network initiatives, takes the form of a structured and supervised group of investors. The second type, which we might define as small group initiatives, takes the form of a less formal network of investors.

Large network initiatives bring together a large number of investors (asset managers and/or owners), pooling substantial amounts of assets under management. A characteristic of this type of collaborative engagement is the presence of a supervisory body, or in some cases a steering committee, whose role is to define specific scopes, objectives, and action points throughout the process. These supervisory bodies can be formal investor associations, not-for-profit organisations, etc. In this more organised, top-down type of engagement, asset managers may choose to take on different roles, with different responsibilities. From being a supporter to being a leader, asset managers can be involved from committing their assets to the campaign to engaging directly

and initiating discussions with the company on behalf of all members of the initiative. Another characteristic of these initiatives is that they tend to be focused on a specific theme.

During 2024, the External Investment Managers with whom we worked participated in 24 of these large network initiatives.

Initiative Name	Focus Type	Engagement Topic
30% Club Germany		Female Representation in Executive Management
Access To Medicine Index (ATMI)		Risks and opportunities for essential healthcare companies
Asian Corporate Governance Association (ACGA)		Supporting improvements in corporate governance practices throughout Asia
Carbon Disclosure Project (CDP)		Risks and opportunities linked to climate change, water security, and deforestation
Ceres		Sustainable investment practices, policies, and regulation
ChemSec - Investor Initiative on Hazardous Chemicals (IIHC)	 	Encouraging chemicals producers to avoid toxic chemicals, and opt for safer alternatives
Climate Action 100+		Efforts amongst largest GHG emitters
Dutch Climate Coalition		Implementation of 2050 Climate-neutral policies in companies and organisations
Eumedion		Implementation of sustainability and good governance policies in listed Dutch companies
Emerging Markets Investors Alliance - EMIA	 	Support good governance, promote sustainable development, and improve investment performance in the emerging markets
Farm Animal Investment Risk & Return (FAIRR)		ESG risks and opportunities for global food companies
Finance Sector Deforestation Action (FSDA)		Encouraging financial institutions in divesting agricultural commodity-driven deforestation
Forum de l'Investissement Responsable (FIR)	  	Addressing circular economy, Biodiversity and Fiscal transparency via the French Sustainable Investment Forum
Institutional Investors Group on Climate Change (IIGCC)		Investors' path to Net Zero (investments, stewardship, policies, practices...)
Interfaith Center on Corporate Responsibility (ICCR)	 	Integration of social values into companies' and investors' actions
Investor Environmental Health Network (IEHN) including Investors for Sustainable Solar		Reducing the financial consequences of chemical risks, through a switch to safer chemicals
Investors Policy Dialogue on Deforestation (IPDD)		Promotion of sustainable land use, forest management, and human rights
Nature Action 100		Supporting companies in reversing nature and biodiversity loss, hereby mitigating the associated financial risk.
Platform Living Wage Financials (PLWF)		Enabling living wages and living incomes in global supply chains
ShareAction	  	Improvement of investors ESG-related corporate behaviours (climate change, natural world, good work, people's health)
UNPRI including Advance	  	Integration of ESG factors into investors' investment and ownership decisions

VBDO		Advocating for more sustainable capital through research, dialogue, and AGM attendance and questioning
Workforce Disclosure Initiative (WDI)		Disclosure of workforce management data (operations, supply chain) for transparency and accountability on workforce issues
World Benchmarking Alliance (WBA)		Specific benchmarks assessing 2,000 very influential companies' contribution to a sustainable future (e.g., Corporate Human Rights Benchmark)

Source: AAIS and External Investment Managers

Separately, small group initiatives typically consist of groups of investors who decide to team up with other investors to help a company improve in particular aspects. These groups tend to take a more 'bottom-up' approach, much less centralised than the type of initiative described above. They are usually independent and are therefore not overseen or managed by an external party or supervisory body.

In 2024 several of these small group initiatives were held by delegates of AAIS. These included signing joint letters to question an issuer's approach to AI development and subsequently requesting a meeting to discuss the subject. In a similar manner, delegates also participated in roundtables with small groups of investors to discuss sustainability reporting with issuers from the pharmaceutical sector. An other example of this would be a delegate who joined other asset managers on tours of issuer facilities to see how the company tackled social risks such as reducing health and safety incidents. These examples showcase the decentralized approach asset managers can take on our behalf to create moments of exchange with issuers to tackle important extra-financial issues.





## 2. Case Studies



### SOCIAL COLLABORATIVE INITIATIVE

#### Ethical AI Thought Leadership & Collaboration

Co-led by:  
**Boston Common**

Boston Common<sup>20</sup>, a founding co-lead investor of the World Benchmarking Alliance (WBA) Ethical AI Collective Impact Coalition (CIC), has been at the forefront of advocating for ethical AI practices. This initiative is among the earliest investor-led efforts focusing on corporate accountability within the realm of ethical AI. Ethical AI involves the development of artificial intelligence systems that prioritize transparency, accountability, and privacy, while aligning with ethical business practices, human rights, and minimizing societal harm. As AI rapidly integrates across diverse industries, it brings significant risks, such as bias, discrimination, and privacy invasion. Thus, companies are encouraged to implement ethical AI principles and governance mechanisms to mitigate these risks.

The coalition's efforts began in 2022 with the engagement of 44 companies, urging them to adopt public ethical AI policies. During the first phase (September 2022 – February 2024), significant progress was made, with 14 of these companies adopting ethical AI policies, increasing the total number to 47 out of 200. In February 2024, the initiative entered its second phase, broadening the scope to include 74 companies and focusing on the practical implementation of AI principles, the reflection of AI risks in human rights assessments, and the establishment of governance mechanisms.

As of December 2024, the WBA Ethical AI initiative encompassed 58 investors, managing \$8.5 trillion in assets, and 12 NGOs, research institutions, and other entities, forming a robust civil society arm. The International Corporate Governance Network (ICGN) recognized the coalition's efforts by shortlisting it for an Excellence in Stewardship Award in 2024. By the end of 2024, Boston Common had engaged with all 74 companies, with 36 actively responding and 25 participating in active dialogues. By September 2024, the number of companies with public ethical AI principles had grown to 71 out of 200.

20. Boston Common is an External Investment Manager managing product(s) on behalf of ABN AMRO Investment Solutions.

In 2024, Boston Common led or co-led engagements with major companies such as Alibaba<sup>21</sup>, Broadcom<sup>21</sup>, SK Hynix<sup>21</sup>, and SK Telecom<sup>21</sup>, and actively participated in engagements with Samsung<sup>21</sup>. Noteworthy outcomes include SK Telecom adopting public policies, while Samsung focused on enhancing governance mechanisms. Additionally, Boston Common played a prominent role in global discussions, including speaking at a formal side event at the UN Summit for the Future about the Global Digital Compact. This compact established the first global governance framework for AI design, use, and governance, emphasizing human rights, international law, online child safety, and agreements to make data more open and accessible.

Engagement with companies under Phase 2 continues through early August 2025, with a progress report expected in the late third quarter of 2025.



## ENVIRONMENTAL COLLABORATIVE INITIATIVE

### AAIS Collaborative Initiative



As long-term investors, we endeavour to build strong relationships with our investee companies and support their transition toward more sustainable investment practices. To advance this goal, we have joined the Net zero Engagement Initiative (NZEI), launched by the Institutional Investors Group on Climate Change (IIGCC) in 2023. This investor-led initiative aims to assist IIGCC members in aligning a greater portion of their investments with a net zero pathway through collaborative corporate engagement. The NZEI initiative complements AAIS's commitment to the NZAM initiative by ensuring effective engagement with investee companies, resulting in more impactful outcomes.

In 2024, the NZEI, with the support of over 100 investors, including us, sent letters to more than 150 focus companies, urging them to commit to net zero targets and develop transition plans.

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We engaged AstraZeneca<sup>22</sup> with another asset manager in the name of this initiative. AstraZeneca is a leading European pharmaceutical company which primarily focuses on oncology, biopharmaceuticals, and rare diseases. During the meeting with AstraZeneca, key discussions centred around their sustainability initiatives, focusing on emissions performance, capital allocation, and decarbonization actions. AstraZeneca is committed to reducing Scope 1 and 2 emissions by 98% by 2026 from 2015 levels, making significant progress through electric vehicle transitions and energy supply decarbonization. Their ambitious climate targets also include reducing scope 3 emissions by 50% by 2030 and by 90% by 2045 from a 2019 baseline which will allow them to reach science based net zero. Despite growth-related increases in absolute Scope 3 emissions, they aim to achieve their objectives via reducing transport emissions, transitioning toward lower life cycle impact products and advocating for supplier adherence to SBTi targets. A notable investment is the \$1 billion directed towards sustainability, with a substantial part allocated to next-generation propellant technology.

Future engagement will focus on deepening understanding of their capital allocation strategy and how they expect to manage their Scope 3 emissions effectively.



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## II/ EOS

As long-term investors, we seek to build a relationship of trust with investee companies and support them on their journey towards more sustainable business practices. For this reason, in addition to the above engagement process we collaborate with our parent company ABN AMRO Bank NV, which has

contracted EOS, an external party to carry out engagement. On behalf of AAIS and a number of other parties, EOS engages with companies on sustainability issues to promote the interests of investors.

EOS is a leading stewardship service provider with a purpose to promote the long-term performance and fiduciary interests of its global institutional investor clients. Their engagement activities enable investors to be more active owners of their assets, through dialogue with companies on environmental, social and governance issues. Their services were created specifically to meet the needs of investors that have a strong commitment to stewardship, consistent with the vision to contribute to a more sustainable form of capitalism.

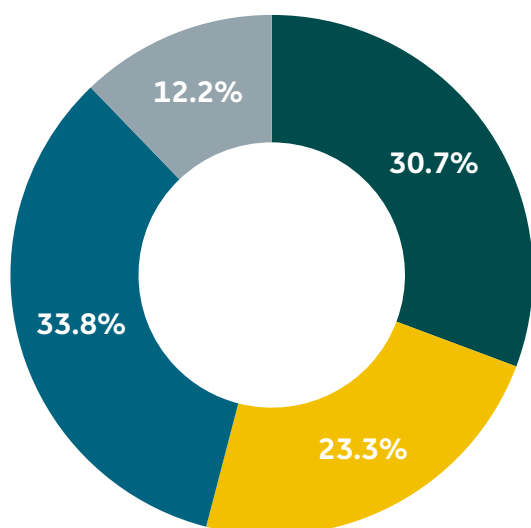
EOS' team works on behalf of long-term global investors who entrust them with the stewardship of approximately €2.059tn (as of 31 December 2024) invested in over 25,000 listed equity, corporate debt, and money market holdings worldwide, working collectively in support of shared goals. This pooling of assets increases the influence EOS can have with companies, which means they can have a more meaningful impact on the issues of most collective importance. EOS uses a constructive, objectives-driven, and continuous dialogue, developing engagement strategies specific to each company based on its individual circumstances. Their understanding is informed by a range of research and their deep knowledge across themes, sectors, and regions.



## A. Key Highlights

**598**Companies Engaged  
through Direct Dialogue**1,338**

Engagements



## Thematic Split EOS Engagement Trajectories



Environmental



Social



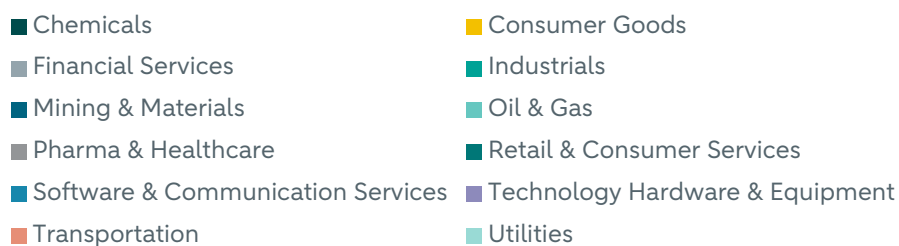
Governance



Strategy, Risk &amp; Communication

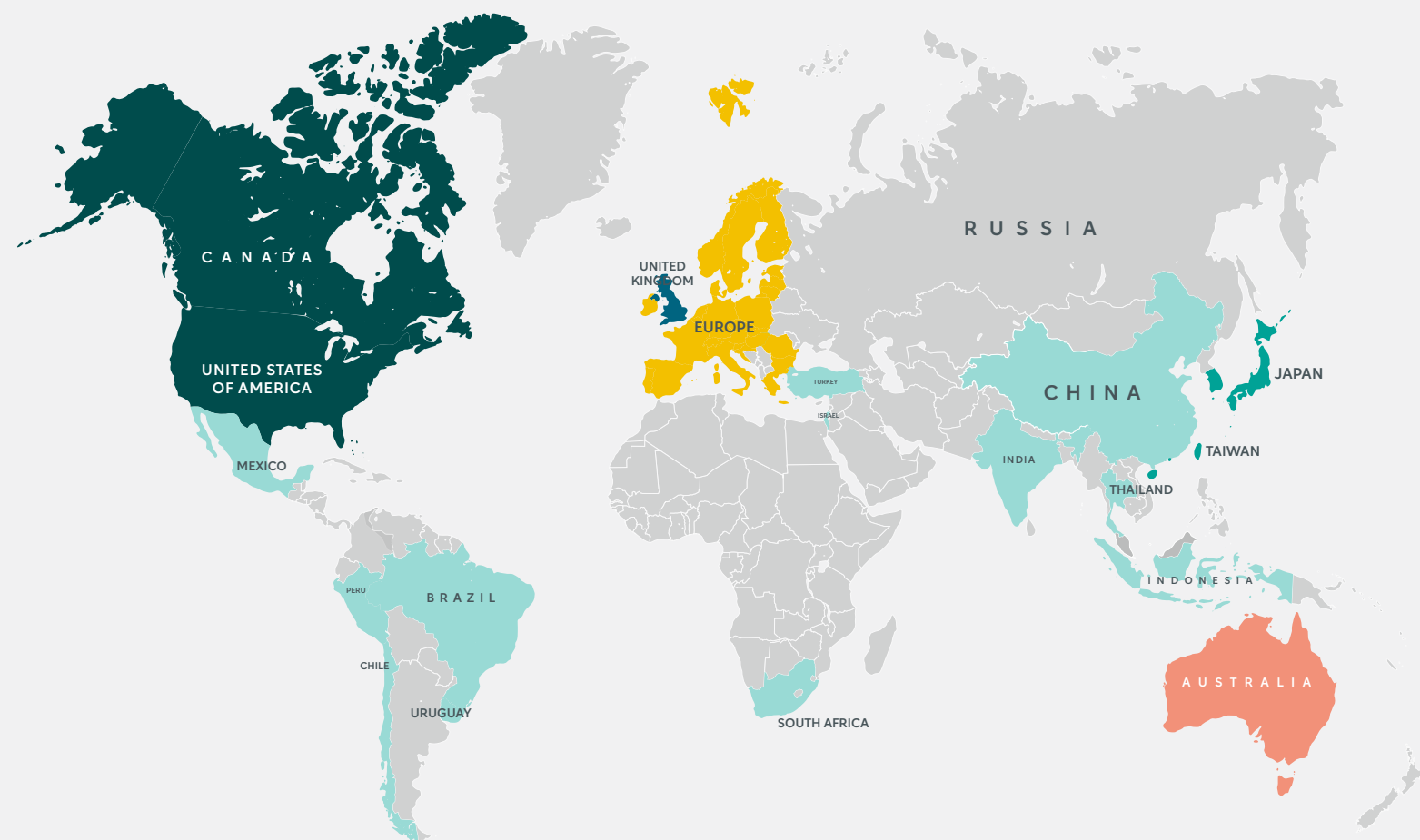
Source: AAIS and EOS

## Sectorial Split Companies Engaged by EOS



Source: AAIS and EOS

## Breakdown Engagements by Geographies



43.8%

Canada  
United States of America

25.4%

Europe

9.1%

United Kingdom of Great  
Britain and Northern Ireland

9.1%

Hong Kong Special  
Administrative Region  
Japan  
Republic of Korea  
Taiwan

8.4%

Brazil  
China  
Czechia  
Hungary  
India  
Indonesia  
Israel

Mexico  
Peru  
Poland  
South Africa  
Thailand  
Turkey  
Uruguay

4.2%

Australia

Source: AAIS and EOS



Number of Engagements by SDG<sup>23</sup>

Source: AAIS and EOS

23. An engagement can be held relative to numerous SDGs.



## B. Case Studies



### ENVIRONMENTAL CASE STUDY

#### Diageo

Diageo<sup>24</sup>, a leading drinks producer with operations in nearly 180 countries and over 200 brands such as Guinness, Smirnoff, and Johnnie Walker, has been the focus of EOS's engagement on natural resource stewardship. EOS targeted food and beverage companies due to their reliance on biodiversity and ecosystem services for supply chain resilience. In 2020, Diageo identified climate-related resource scarcity as a key financial risk in its annual report but lacked a clear strategy for managing natural capital to mitigate this risk.

EOS began engagement with Diageo in 2020, emphasizing the potential of regenerative agricultural practices to build resilience against climate change and nature loss in its supply chain. Concerns such as water scarcity, poor soil health, and loss of ecosystem services were highlighted as threats to yields and profitability. Given Diageo's focused commodity supply chains, EOS believed the company was in a strong position to explore ways to enhance supply chain resilience by reviewing impacts on natural capital. In a meeting with the sustainability director, EOS encouraged Diageo to integrate regenerative agricultural solutions into its 2030 sustainability strategy, aligning targets with the UN 2050 biodiversity goals and the 2030 action targets. Recognizing the early stage of regenerative agriculture, EOS advised maintaining flexibility in approach due to unknown financial returns from different investments.

In 2021, Diageo set a target to develop regenerative agriculture pilot programs in five key sourcing landscapes. EOS maintained engagement over 2021-2023, culminating in a 2023 meeting with the executive committee member responsible for global supply chains and acting as chief sustainability officer (CSO). EOS requested evidence of progress towards the regenerative agriculture target, including quantification of biodiversity improvements and financial benefits.

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By 2024, Diageo's annual report disclosed successful execution of regenerative agriculture pilots in three key sourcing landscapes: barley, wheat, and agave in Scotland, Ireland, and Mexico, respectively. That same year, the issuer's CSO confirmed progress towards developing pilot programs in five key sourcing landscapes by 2030. Diageo improved its nature- and climate-related financial modelling capabilities, including value-at-risk and annual expected losses. EOS questioned board reviews of these investments and received reassurance about the board's commitment to addressing supply chain disruption and commodity price risk, with plans to deliver £1 billion in sustainability capital expenditure, including regenerative agriculture.

Diageo reported productivity returns through supply chain sustainability initiatives, particularly in water management and regenerative agriculture. EOS encouraged quantifying the sustainability strategy's contribution to commercial goals, potentially prompting further ambition on regenerative agriculture. The company highlighted internal efforts to quantify returns from regenerative agriculture investments, utilizing satellite monitoring of soil carbon, biodiversity, and water.

As pressures on yields from climate change and nature loss intensify, Diageo's investments in regenerative agriculture are expected to bolster supply chain resilience by reducing business interruptions and limiting commodity price risk exposure. EOS plans to continue engagement on Diageo's strategy to scale regenerative agriculture and its strategic benefits across all supply chains.







## SOCIAL CASE STUDY

## Sainsbury's



Sainsbury's<sup>25</sup>, the UK's second-largest food retailer, has been engaged by EOS since 2008. A 2018 Oxfam report highlighted systemic issues in global food supply chains, revealing risks related to human and labour rights, such as unsafe working conditions and inadequate wages, which posed legal, reputational, and operational threats to UK food retailers. In 2019, EOS brought this supply chain risks to Sainsbury's attention, leading to consistent engagement over four years with key company figures, including the director of Sainsbury's own brand, human rights lead, the director of corporate responsibility and sustainability, and the chair.

Early in the engagement, EOS suggested Sainsbury's endorse the United Nations Guiding Principles on Business and Human Rights. By 2020, EOS urged a human rights impact assessment, a best practice for uncovering supply chain risks. Meetings with the chair supported embedding sustainability across the business rather than isolating it within one function. EOS emphasized advancing work on human rights in supply chains, which lagged behind net-zero commitments. In 2022, Sainsbury's unveiled its updated sustainability action plan, Plan for Better, and EOS underscored tackling salient issues effectively, emphasizing the need for long-term business commitment and regular reporting on progress, including quantitative impact metrics on living wages, forced labour, and grievance mechanisms.

Sainsbury's demonstrated sector leadership by endorsing the UN Guiding Principles and conducting a human rights saliency assessment in 2020. The chair's readiness to discuss human rights and living wages indicated progress and commitment. Effective governance is crucial for addressing complex social issues, and EOS noted the board's attentiveness to supply chain issues and regular human rights training as determinants of governance effectiveness. Sainsbury's translated saliency assessment findings into its Plan for Better and joined the Sustainable Trade Initiative

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(IDH) Roadmap on Living Wages, a platform to secure living wages in food supply chains. Significant progress was made in the banana supply chain, with a commitment to pay living wages to all workers by 2027. In 2022, Sainsbury's set the goal of paying living wages across all priority supply chains by 2030.

The company identified priority action areas for other human rights issues in supply chains, including forced labour, health and safety, discrimination, and grievance mechanisms. A new whistleblowing policy was rolled out in 2022, focusing on tier 1 supplier compliance. Sainsbury's has actively engaged suppliers through initiatives like Unseen, the Ethical Trading Initiative, and the University of Nottingham's Rights Lab, which supports monitoring human rights risks in the supply chain.

Subsequent to their Plan for Better, the next step for the issuer is to continue rolling out its action plan and demonstrate success. Identifying industry partners is crucial for achieving critical mass on living wages in complex supply chains beyond bananas. Collaboration is key to fulfilling the commitment to pay living wages in all priority supply chains. As an indication of further progress, Sainsbury's has publicly tackled garment and tea supply chains in 2024 through industry partnerships.





## GOVERNANCE CASE STUDY

## Astrazeneca

AstraZeneca<sup>26</sup>, a leading European pharmaceutical company, primarily focuses on oncology, biopharmaceuticals, and rare diseases. In 2014, as part of its defence against Pfizer's takeover bid, AstraZeneca announced an ambitious ten-year target to almost double its revenue to \$45 billion. EOS identified robust succession planning for both the CEO and the chair as integral to achieving this long-term strategy, as well as the alignment of incentives with long-term revenue targets. Engagement with the company began in 2014, focusing on this ambitious revenue target and ensuring management incentives were tied to long-term shareholder value creation. Regular meetings were held from 2015 to 2024, including with the chair, to ensure progress was being made. By 2019, notable improvements were observed, including the simplification of the bonus structure and greater disclosure on targets and outcomes.

Succession planning for the CEO and chair became crucial as the CEO's tenure suggested a likely medium-term transition. Concerns were raised about the senior independent director's capacity to support CEO succession due to his additional roles. EOS emphasized the importance of robust succession planning to maintain strategy consistency toward the revenue target. Despite earlier concerns, the company expressed confidence in its internal talent pool and the CEO's focus on ensuring business performance post-departure. In 2023, EOS sought clarity on CEO succession progress, especially with the CEO's 11-year tenure receiving media attention. The appointment of Michel Demaré as the new chair in 2023 was welcomed, as he had been on the board since 2019 and brought valuable experience.

EOS raised issues over the high level of variable pay at the 2024 AGM, questioning whether such significant pay increases were warranted, given the company's claimed robust internal CEO pipeline. This led to recommending votes against the proposed remuneration policy but post-AGM, reassurance was obtained that future CEO remuneration would be more balanced. In April 2023, AstraZeneca achieved its revenue goal, announcing annual revenues of \$45.8

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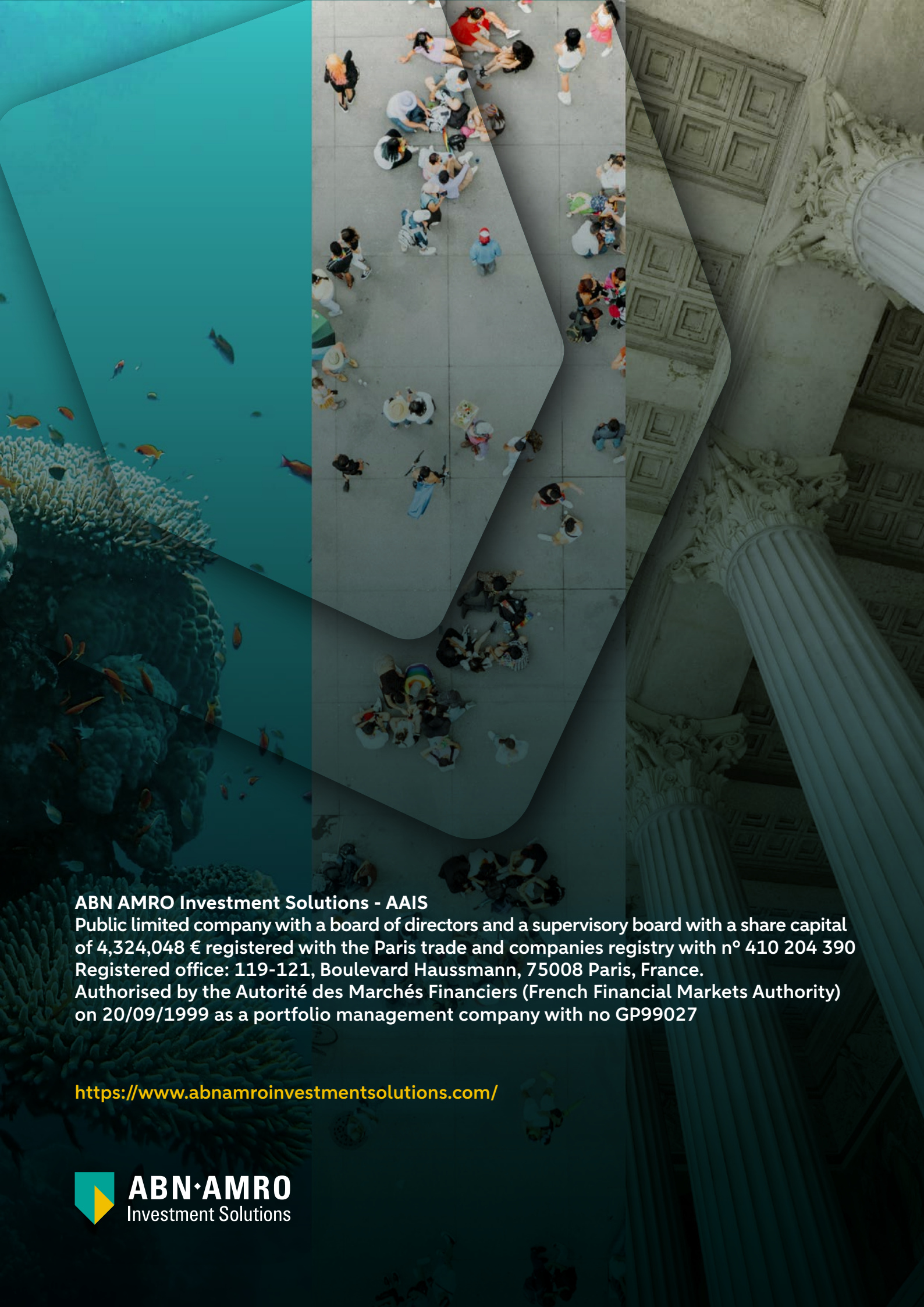


billion. By April 2024, AstraZeneca became the UK's largest public company by market capitalization. EOS continued to engage with the new chair early in 2024 to understand the strength of the internal pipeline now that CEO succession was likely under his tenure. The chair expressed a strong message of continuity and set another stretching revenue target of \$80 billion for 2030.

Throughout engagement on CEO succession planning, EOS probed the chair on how the company would approach its next phase of growth while ensuring risk management practices remain grounded by a well-articulated culture and robust ethics. EOS remains committed to engaging with AstraZeneca on these fronts, ensuring governance of the company's ambition while focusing on CEO succession strategies.







## **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 € registered with the Paris trade and companies registry with n° 410 204 390  
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