Bijlage 1 - Stemrichtlijnen (ENG)

Voting Guidelines

Financial statements and external auditors

1. Vote for approval of financial statements, director reports and auditor reports unless:
   - there are concerns on reliability of accounts or followed procedures
   - the company is unresponsive to shareholders' questions for information
   - there are concerns on the company's performance and shareholders do not have the opportunity to express their dissatisfaction through voting against appropriate proposals as they are not included on the agenda.

2. Vote for the appointment of (statutory) auditors and associated compensation unless:
   - the company is unresponsive to shareholders' requests for information
   - the auditor is changed suddenly and without good reason
   - Vote against when issues regarding the tenure, fees and independence of the audit are not in line with market best practice

Board of Directors

3. Vote for the election of a director nominated by management unless:
   - past performance of the nominee shows clear concerns, including repeated absence at board meetings, criminal behavior or breach of fiduciary responsibilities
   - the nominated director is an insider or affiliate to the company and the board is not sufficiently independent according to local standards
   - the board is not sufficiently independent according to local standards
   - a more suitable director nominated by shareholders is available for election
   - the board repeatedly shows unwillingness to implement good governance standards, such as persistently unacceptable compensation practices.
   - the nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills and external commitments.
   - the board fails to meet legal requirements on gender diversity. In markets where there is no regulation, we will refrain from supporting the election of directors if the board has not made reasonable progress towards gender diversity according to local standards.

4. Vote for board directors nominated to the Audit Committee unless:
   - the Audit committee is not sufficiently independent according to local standards
   - the director lacks accounting knowledge or auditing experience, and the committee does not have at least one member with such relevant skills
   - there is concern about the quality of the audit, and the level and/or timing of the verification of the audited accounts.

5. Vote for the election of a director nominated by shareholders unless:
   - past performance of the nominee shows clear concerns
   - a more suitable director nominated by management is available for election

- In cases where too little information is disclosed, abstain from voting

6. Vote for a fixed board size, unless it allows for an excessive number of members.

7. Vote for declassification of the board

8. Assess changes in board structure or size case by case

9. Vote for discharge of board and management unless:
   - there are clear concerns about performance of board and management in the period under review
   - other shareholders take legal action against the board

10. Vote against indemnification of executive directors or auditors

Remuneration

11. Assess compensation plans for executive directors case by case. Vote in favor for remuneration policy or its implementation unless:
    - the policy fails to align pay with performance
    - the remuneration structure places excessive focus on short term performance
    - disclosure on remuneration practices is insufficient and there are concerns of board accountability
    - remuneration is deemed excessive and bears a significant cost for shareholders

12. Vote against the remuneration policy or its implementation if any of the following occur:
    - performance targets are changed retrospectively
    - substantial one-off payments are made without performance criteria
    - golden handshakes
    - golden parachutes with single trigger
    - sign-on arrangements and severance packages that exceed market best practice
    - pension arrangements significantly out of step with broader workforce
    - bonus payments are made when company has made no profits in last two years

13. Vote for the proposed compensation of non-executive directors unless:
    - the amount of compensation is excessive by country or industry standards
    - the proposal includes retirement benefits
    - remuneration includes inappropriate incentives which might compromise the independent judgment of independent directors

Capital Management

14. Vote for the proposed allocation of income, unless:
    - the payout is not reflective of the company's financial position
    - there is a concern that the return policy is not in the interest of shareholders
    - the company has a history of poor capital management

15. Assess proposals to approve debt issuance secured with company's assets case by case

16. Assess proposals to increase debt or borrowing powers case by case

17. Vote for general issuance requests, unless:
    - issuance exceeds 100% of currently issued capital
    - issuance lacks a sufficient degree of pre-emptive rights
    - Issuance exceeds market best practice guidelines without proper justification
18. Vote for increases in authorized capital unless:
    - new authorization exceeds 100% of current authorization
    - new authorization bears no pre-emptive rights less than 30% of the new authorization is outstanding
    - the issuance exceeds market best practice guidelines without proper justification

19. Vote against issuance request of preferred stock with superior rights to common shares

20. Vote for share repurchase and re-issuance plans, unless:
    - the plan contains no safeguard against selective buybacks or re-issuance
    - there are concerns of abuse of repurchase and (selective) re-issuance plans
    - transactions are carried out under unfavorable conditions for shareholders

21. Vote for reduction of capital requests, unless:
    - terms are unfavorable to shareholders

22. Vote for debt issuance proposals, unless:
    - the issuance is excessive given the company's financial position
    - the issuance bears superior rights to common shares when converted

Mergers and acquisitions

23. Vote for mergers and acquisitions unless:
    - not enough information is available and/or provided to make an informed decision
    - voting rights, earnings distribution or any other shareholder rights are altered disproportionately
    - the structure following the merger or acquisition does not display good governance
    - the merger appears not to be in the best interest of shareholders

24. Assess proposals for reorganization and/or restructuring on a case-by-case basis

Shareholder rights

25. Assess amendments to the articles of associations or company's charter on a case-by-case basis.
    - Vote against proposed changes that are not in the best interests of minority shareholders

26. Assess amendment of quorum requirement case by case

27. Vote for proposals to convert to a "one share, one vote" capital structure

28. Vote against a change of disclosure threshold of stock ownership other than 5% (SEC standard)

29. Vote for resolutions to change a company’s fiscal term, unless:
    - the motivation is to withhold shareholders’ information or voting power for instance by postponing the AGM

30. Vote against the introduction or renewal of all anti-takeover mechanisms, unless all of the following conditions are met:
    - the mechanism is designed to create long term value and continuity for all stakeholders
    - the mechanism is not permanent in nature
    - the mechanism is not designed to facilitate management entrenchment
    - the mechanism doesn’t allow for significant dilution or conflicts with shareholder interest
    - the company has a track record of good governance practices towards minority shareholders
    - a fully independent entity determines or has a veto with regards to the execution of the mechanism
    - the company doesn’t have any other anti-takeover mechanism in place

31. Vote against approval of items proposed by management for which information has not been disclosed

32. Vote against bundled resolutions if one or more of the items create(s) significant concern for shareholders

Shareholder proposals

33. Assess shareholder proposals case by case. On behalf of PFI, Robeco uses an assessment framework to judge the merits of shareholder proposals. The framework evaluates the following overarching components:
    1) Spirit
    2) Materiality
    3) Investor engagement outcomes
    4) Current company performance
    5) Required company action

As stated earlier in this document, the Fund's SRI policy focuses on five themes: anti-corruption, labor rights, health, human rights, and environment and climate. The Fund supports shareholder proposals that positively promote these topics, unless the company performs well under current reporting obligations or a topic is not material.