

Zuger KB

Q2 2025

The purpose of the **reo**[®] (responsible engagement overlay) service is to engage with companies through constructive interactions about environmental, social and governance (ESG) practices that could have a material impact on financial results. The **reo**[®] approach focuses on enhancing long-term investment performance by helping companies ensure continuity in business operations and supply chains and maintain their reputation and social licence to operate.

Companies engaged this quarter

Engagement	Companies Engaged	Milestones achieved	Countries covered
86	57	14	14

Companies engaged by region



Engagement by theme



Milestones achieved by issue

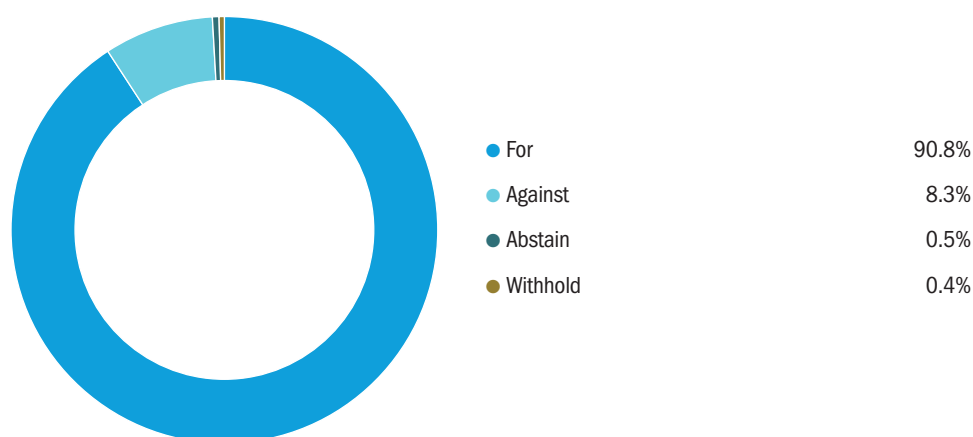


* Companies may have been engaged on multiple issues. Data reflects all engagements recorded during the period. Any additional engagements will be recorded in the following quarter's report.

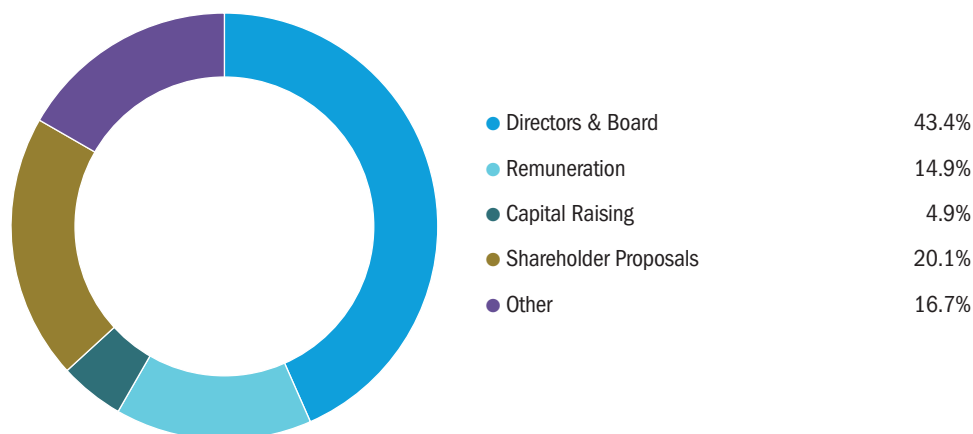
Share voting results **

Company meetings voted	176
Items voted	3,246

Items voted



Votes against and abstentions by category



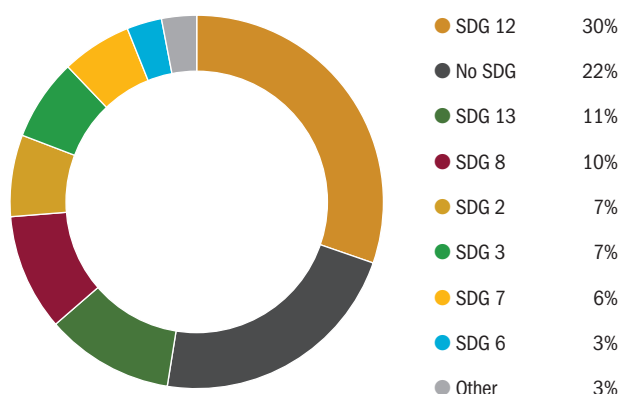
** This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares and re-registration meetings. Meetings/ ballots/proposals are not considered voted if: ballots have been rejected by voting intermediaries (e.g. where necessary documentation (such as Powers of Attorney, beneficial owner confirmation, etc.) was not in place); instructed as "Do not vote" (e.g. in share-blocking markets); or left uninstructed.

Engagements and Sustainable Development Goals (SDGs)

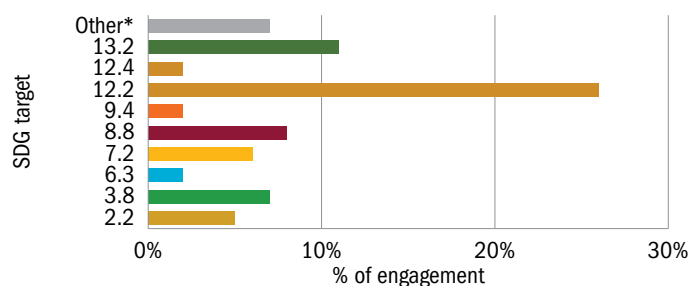
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed underlying SDG targets to frame company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement. Engagements are systematically captured at a target level, to enable greater accuracy and achieve higher impact.

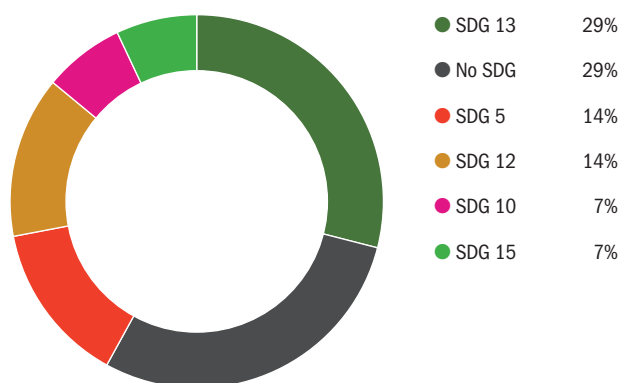
Engagement: SDG level



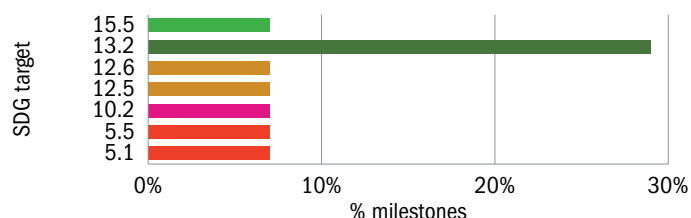
Engagement: SDG target level



Milestone: SDG level



Milestone: SDG target level



*Other represents SDG targets less than 2% of the relevant SDG Goal.



Engagement case studies

Company: Microsoft Corp	Mailing Country: United States	Sector: Information Technology
Priority Company: ✓	ESG Risk Rating: <div></div>	Response to Prior Engagement: Good
Theme: Human Rights	Engagement Case Study Name: Balancing AI innovation with responsible governance, healthcare transformation	
SDG: <div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div> 3.8		

Background

Microsoft is addressing two critical priorities in the healthcare AI landscape: implementing robust AI governance while advancing healthcare innovation through their commercial cloud platform. On the governance front, they maintain comprehensive oversight frameworks for sensitive technologies, with accountability at the executive level under President Brad Smith. Their responsible AI approach was recently validated when an independent third-party human rights expert confirmed their internal investigation finding no evidence of Microsoft cloud offerings being used in Gaza surveillance operations. Simultaneously, they are tackling the healthcare knowledge explosion challenge—where medical information doubles every 73 days, exceeding human cognitive capacity—by positioning their commercial cloud platform with specialized AI solutions to improve workflow efficiency and clinical decision support.

Action

Our engagement focused on Microsoft's approach to healthcare AI innovation and governance. The company maintains strict controls over AI deployment, particularly in sensitive contexts, with mandatory impact assessments and enhanced scrutiny for sensitive use cases. In healthcare specifically, they are enhancing their cloud platform with specialized solutions, notably through the Dragon acquisition for ambient clinical documentation. This technology directly addresses frontline healthcare worker productivity challenges by automating clinical note-taking and evidence summarization, allowing providers to spend more time with patients. Their differentiated approach combines broad cloud capabilities with industry-specific solutions, positioning them within our "AI in Healthcare: Workflow Efficiency" and "Clinical Decision Support" investment categories. The company remains committed to responsible AI deployment while addressing both clinical outcomes and sustainability goals.

Verdict

Microsoft balances healthcare AI innovation with responsible governance. Their investments in ambient clinical intelligence and workflow automation align with our view that AI will increasingly support healthcare, potentially improving diagnostics and reducing administrative burdens. The Dragon Copilot solution fits our near-term focus on workflow efficiency. The company's proactive governance frameworks and transparent handling of sensitive issues indicate effective management of both opportunities and risks in AI deployment. Their approach aligns with our investment framework's emphasis on solutions that integrate validated AI into existing healthcare workflows while ensuring regulatory compliance and measurable outcomes.

ESG Risk Rating:	Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.						
Top quartile:	GREEN	Second quartile:	YELLOW	Third quartile:	ORANGE	Bottom quartile:	RED

Appendix



SDG	Target	Target Summary
SDG2	2.1	End hunger and ensure access to safe and nutritious food
SDG2	2.2	End all forms of malnutrition, particularly for children and women
SDG2	2.4	Implement climate-resilient and sustainable food production
SDG3	3.8	Access to medicines and health-care
SDG5	5.1	End all forms of discrimination against women and girls
SDG5	5.5	Ensure full equality of opportunity for women, including at leadership levels
SDG6	6.3	Improve water quality by reducing pollution
SDG6	6.4	Increase water-use efficiency to address water scarcity
SDG7	7.2	Substantially increase the global share of renewable energy
SDG8	8.2	Achieve greater productivity through innovation.
SDG8	8.5	Achieve full and productive employment for all
SDG8	8.8	Protect and promote safe working environments for all workers
SDG9	9.4	Upgrade and retrofit industries to increase sustainability
SDG10	10.2	Empower and promote inclusivity for all
SDG12	12.2	Sustainably manage and make efficient use of natural resources
SDG12	12.4	Manage chemical usage and waste throughout their life cycle
SDG12	12.5	Reduce waste through prevention, reduction, recycling and reuse
SDG12	12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting
SDG13	13.2	Integrate climate change plans into policies and strategies
SDG15	15.5	Take urgent action to reduce degradation of natural habitats

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