



# Summary document

## Robeco UCITS ICAV - Robeco Climate Euro Government Bond UCITS ETF

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

### The product has the following E/S characteristics:

The Fund promotes the following E/S characteristics:

1. The Fund promotes the reduction of carbon emissions by having an equal or better weighted average Country Transition Score (as defined below) than the FTSE Climate Collective Transition EMU Broad Government Bond Index (the "Benchmark") which in turn promotes investment in countries with stronger climate commitments and progress by financing the development of projects that contribute to one or more environmental objectives (climate change mitigation, climate change and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems).
2. The Fund promotes the development of projects that contribute to one or more environmental objectives (climate change mitigation, climate change and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) by having an equal or better allocation to Green Bonds (as defined in the Supplement) relative to the Benchmark. In addition, the Fund will have a minimum proportion of 4.0% sustainable investments, which will be comprised of Green Bonds.

The Benchmark is designated for the purpose of attaining the E/S characteristics promoted by the Fund under 1 and 2.

### Investment Strategy

Robeco Climate Euro Government Bond UCITS ETF is actively managed to allow for the integration of climate considerations in a portfolio of Euro denominated government bonds while seeking to maintain the risk and return characteristics of the broader market. Specifically, the Fund seeks to maintain an equal or better weighted average Country Transition Score compared to the Benchmark, while aiming to achieve a risk and return profile similar to the FTSE EMU Broad Government Bond Index (the "Parent Index"). This enables the Fund to integrate climate-related considerations into the investment process, while also seeking to match the duration and yield profile of the broader market, as represented by the Parent Index. The portfolio needs to be actively managed to achieve both elements of the strategy and so the portfolio of the Fund will not be consistent with the constituents of either index.

The Fund seeks to integrate climate-related considerations by seeking to allocate capital toward sovereign issuers demonstrating strong commitments and progress toward net-zero emissions. Each country is ranked according to a score ("Country Transition Score") that is based on data from the Assessing Sovereign Climate-related Opportunities and Risks ("ASCOR") project. The Country Transition Score evaluates sovereign bond issuers on their emissions pathways, climate policies, and approach to climate finance, assessing both ambition and evidenced progress toward net-zero. ASCOR is an independent, publicly available framework for evaluating sovereign bond issuers' climate commitments and performance. Further details can be found at [https://www.lseg.com/content/dam/ftse-russell/en\\_us/documents/policy-documents/ftse-climate-collective-transition-assessment-methodology.pdf](https://www.lseg.com/content/dam/ftse-russell/en_us/documents/policy-documents/ftse-climate-collective-transition-assessment-methodology.pdf) and <https://www.ascorproject.org/>.

The Fund primarily invests in Euro denominated government and uses quantitative techniques to actively select a portfolio of Euro denominated government bonds for the Fund that will provide the Fund's portfolio with an equal or better weighted average Country Transition Score than the Benchmark, while still aligning the risk and return of the Fund with the Parent Index.

The Fund does not aim to replicate the composition of either the Benchmark or the Parent Index. Instead, the Fund is actively managed to seek to achieve a risk and return profile that is aligned with the Parent Index while pursuing enhanced environmental outcomes in line with or exceeding those of the Benchmark.

In addition, the Fund will hold an equal or higher allocation to Green Bonds relative to the Benchmark. "Green Bonds" are defined as debt instruments whose proceeds will be used for partial or full financing or pre-financing of new and/or existing projects that have a beneficial impact on the environment, and that pass the five-step analysis of Robeco's ESG Bond Framework (<https://www.robeco.com/files/docm/docu-robeco-esg-bond-framework.pdf>).

The environmental constraints applicable to the Fund are: (i) the weighted average Country Transition Score of the Benchmark; and (ii) the Green Bond allocation of the Benchmark.

The Fund is actively managed and constructs its portfolio by selecting a portfolio of Euro denominated government bonds, as outlined in

the Supplement under "Investment Strategy", in order to achieve an equal or higher environmental profile than that of the Benchmark while achieving a similar risk and return profile as the Parent Index.

The Fund may invest up to 10% of its Net Asset Value in the units/shares of Eligible Collective Investment Schemes where such investments satisfy the requirements of the Central Bank.

The Fund may use FDIs for investment purposes as well as for hedging, liquidity management and efficient portfolio management. Interest rate futures, bond futures, interest rate swaps and FX forwards are permitted.

## **Benchmark**

Yes, the Fund aims to achieve an equal or better weighted average Country Transition Score compared to the Benchmark.

The Fund will hold an equal or higher allocation to Green Bonds relative to the Benchmark.

The Benchmark builds upon the Parent Index by incorporating Country Transition Scores, which assess sovereign issuers based on their emissions pathways, climate policies, and approach to climate finance. Based on industry-leading and science-based insights from the ASCOR tool, the Benchmark scores countries systematically on their emission targets, climate policies, and evidence of decarbonisation, culminating in a ranking of climate transition leaders and laggards. The ranking seeks to reflect both current and future climate performance, providing a forward-looking, balanced and transparent evaluation of each country's efforts.

The ASCOR indicators are categorised into three pillars: Ambition, Policy, and Evidence, assigning a higher weight to Evidence over time. The 'Ambition' pillar includes indicators related to the decarbonisation targets countries have set. The 'Policy' pillar focuses on the specific policy levers countries have in place to deliver on these targets, specifically looking at climate legislation, carbon pricing and the phase out of fossil fuels. Finally, the 'Evidence' pillar considers the real-world outcomes of these targets and policies by assessing countries' most recent emissions, the trend in these emissions, and whether these are aligned with the country's 1.5°C emission pathway and 'fair share' of the global emission budget.

These scores influence country weightings, leading to a higher allocation to bonds from higher-scoring countries and a lower allocation to those from lower-scoring issuers relative to the Parent Index. This ensures that countries with stronger climate credentials receive proportionally higher allocations and conversely, countries with weaker scores are underweight. Additionally, Green Bonds have their weights doubled in the Benchmark compared to the Parent Index. This directly increases exposure to bonds financing environmentally beneficial projects.

## **Planned asset allocation**

The product plans to make a minimum amount of 4.0% sustainable investments. All investments are aligned with the E/S characteristics, with the exception of investments in the category "other" which are mostly cash and cash equivalents.

## **Monitoring and due diligence**

Robeco has incorporated the sustainability aspects of the investment strategies into adequate investment due diligence processes and procedures for the selection and monitoring of investments, amongst others taking into account Robeco's risk appetite and sustainability risk management policies. Portfolio managers and analysts are primarily responsible for conducting investment due diligence on their strategies on a daily basis. They are supported by independent monitoring, performed by the Financial Risk Management and Investment Restrictions departments.

## **Data sources, methodologies and limitations**

The product uses several sources for gathering sustainability data. Robeco scrutinises the data quality of each provider during due diligence assessments, that includes reviewing the data model, performing statistical checks and evaluating coverage. Data processing takes place in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

Robeco maintains comprehensive methodology documents of our proprietary analytical frameworks on our website. In addition, for some social and environmental characteristics, Robeco relies on externally sourced content for which we aim to select the best of breed vendor for each of our target characteristics. The primary limitation to the methodology or data source is the lack of corporate disclosure. Like many other financial market participants, we struggle to find adequate information on the principal adverse indicators. To overcome this issue, Robeco has resorted to using multiple data providers, since each has its own respective strengths and weaknesses.

## **Engagement strategy**

The holdings of the fund are subject to the selection process of Robeco's value engagement program, that consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Although this type of engagement is not directly related to the sustainable investment objective of the fund, it can be that adverse sustainability impacts are addressed via the value engagement program.

More information can be found in Robeco's Stewardship Policy.