

FIVE THINGS YOU NEED TO KNOW ABOUT

# BIODIVERSITY INVESTING



FIVE THINGS YOU NEED TO KNOW ABOUT

# BIODIVERSITY INVESTING

1. What is biodiversity?	3
2. Why is it relevant for investors?	6
3. Five things you need to know about biodiversity investing:	9
– Urgency	10
– Challenges	11
– Responsibility	13
– Opportunities	15
– Solutions	17
4. RobecoSAM Biodiversity Equities	20

Marketing materials for professional investors only, not for onward distribution

November 2022

# 1. What is biodiversity?

**It's all living things – and it's diminishing every year**

Biodiversity is all around us. It is the sum of life on Earth in all its forms, from simple genetic structures, plants and trees, to animals, sea creatures and humans. The Convention on Biological Diversity defines it as the variability among organisms from all sources, including terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part. This includes diversity within species, between species, and of ecosystems.



Ecosystem services are the goods and services that biodiversity provides. They include the provisioning services that supply the goods we harvest and extract, such as food, water, fibers, timber and medicines, along with cultural services such as the gardens, parks and coastlines. Nature's processes also preserve and regenerate soil, control floods, filter pollutants, assimilate waste, pollinate crops, maintain the hydrological cycle, regulate the climate, and fulfil many other functions.

Without these regulating and maintenance services, our economy and society as we know it would not be possible. On a wider scale, the interactions between a multitude of biological elements that create a food chain have ensured that the planet has been habitable for its multitude of species on land and sea for millions of years. But now it is under threat.

### Biodiversity loss – up to one million species at risk

Research shows that biodiversity is now declining faster than it has at any other time in human history: the current rate of extinction is tens to hundreds of times higher than the average over the past 10 million years. For this reason, scientists warn that we are in the middle of the 'sixth mass extinction', following the fifth one which wiped out the dinosaurs 65 million years ago.<sup>1</sup>

Unsustainable human development is putting up to one million species at risk of extinction, many of them within decades, according to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service's (IPBES) Global Assessment of 2019. The average abundance of native species on land has already fallen by at least 20% since 1900. In the rivers and oceans, more than 40% of amphibian species, almost 33% of reef-forming corals and more than one-third of all marine mammals are threatened by human activity.<sup>2</sup>

### The biggest threats to the world's wildlife

	Threat	# of species threatened
1st	Agricultural activity	7,801
2nd	Overharvesting	7,404
3rd	Urban development	4,473
4th	Pollution	3,663
5th	Invasion & disease	2,346
6th	Climate change	2,326
7th	System modification	1,998
8th	Human disturbance	1,306
9th	Transportation	1,268
10th	Energy production	945

● Our focus

Source: International Union for the Conservation of Nature's Red List of Threatened Species (May 2022)

1. International Union for the Conservation of Nature <https://www.iucn.org/news/commission-environmental-economic-and-social-policy/202205/exploring-possible-futures-conservation-ngos-a-report-luc-hoffmann-institute>
2. Source: <https://ipbes.net/global-assessment>

## Exploitation of resources

Much of this is driven by deforestation, changes in land use, poor and even destructive agricultural methods such as the over-use of pesticides and fertilizers, over-fishing, and the pollution from industrial processes that has poisoned land and sea alike. The introduction of invasive species, either intentionally or accidentally, also disrupts natural processes and that is accelerating extinctions.

Meanwhile, climate change is making the situation worse. Global warming is changing habitat conditions faster than most species can adapt. Deforestation emits greenhouse gases when the trees are felled or burnt as part of land clearance while simultaneously reducing the size of one of the world's greatest carbon sink. This creates a vicious cycle that further reduces the world's ability to combat climate change. As emissions are still rising globally, the principal means of absorbing them is through natural carbon sinks, which are being steadily eroded.

### PUTTING THE EARTH ON A DIET

The extent to which human activity is damaging the Earth can be seen in the fact that the weight of all man-made objects now exceeds the mass of all living things. The combined mass of anything built by humans, from buildings and bridges to mechanical objects and roads reached 100 billion tons (one teraton) in 2020. The tipping point was reached because the amount of things manufactured or built has steadily risen, while the quantity of living things has fallen due to deforestation and the extinction of species from habitat loss.

Another startling statistic was provided by naturalist Sir David Attenborough in his seminal *Life on Earth* series. He reported that the weight of all wild mammals on earth has shrunk to just 4%, while tame animals, including livestock, humans and their pets, now make up the other 96%. Rewilding, by recreating natural habitats, is imperative to restoring the balance of nature.

We can see, therefore, that this is a huge issue for humankind in terms of protecting and restoring nature. But we still need to feed and provide homes for eight billion people on this planet. And we need to work within the current economic system. This is why it has become a major issue for investors.



### WHY ONE SMALL SPIDER IS SO SIGNIFICANT FOR BIODIVERSITY

This handsome fellow epitomizes both the vast diversity of animal species on the planet and the need to protect it. It's a jumping spider that is found all over the world, mostly living in tropical forests, but also found in temperate climates, deserts, and even on the slopes of Mount Everest.

The cute little creature has several remarkable characteristics. The first is that it has eight eyes, including a pair at the rear, which means it really does have 'eyes at the back of its head'. That gives it the best eyesight of all arthropods, with virtually a 360-degree field of vision.

The second is that it can jump by 20 times its body length, which combined with its superb vision, is handy for catching its prey. And that is possibly its best quality – because its main diet is mosquitos. Known as the 'mosquito terminators', jumping spiders lower the populations of these pests, working against not just annoying bites, but the spread of malaria.

Yet their populations are declining, due mainly to habitat loss. This shows how the decline of the unsung heroes of biodiversity can affect the quality of life of the very humans who are threatening their existence. The jumping spider is just one of the many overlooked but amazing creatures that we should be protecting.

## 2. Why is it relevant for investors?

**Half the world's economic output depends on it**

Protecting biodiversity isn't simply an issue of saving an obscure monkey from planters in South America, or having a particular flower brighten up the garden. It's much more profound than that. Put simply, nature underpins everything that we do, and without it, the world cannot function. This is not just a moral obligation – it is an economic imperative.



More than half of the world's economic output valued at USD 44 trillion is at least moderately or highly dependent on nature in some way, according to the World Economic Forum (WEF). For food production, the ratio is even higher, as more than 75% of global crops, including fruit and vegetables, rely on animal pollination.<sup>3</sup> If natural systems collapse due for example to the loss of bees and other pollinators, so will our economic and financial systems.

Yet, the degradation of ecosystem services such as the deforestation seen in the Amazon continues unabated. Aside from the sometimes irreversible loss of certain species, it represents an economic value of an annual loss of at least USD 479 billion.<sup>4</sup> The growth of the global economy in the last decades has come largely at the expense of the biosphere, and food production through inefficient infrastructure along with energy production are the main culprits.

At the same time, nature offers many opportunities which are being increasingly recognized worldwide. The WEF's Future of Nature and Business report estimates that a nature-positive economy could unlock USD 10 trillion of business opportunities by transforming the three economic systems that are responsible for almost 80% of nature loss, namely food, infrastructure and energy. It means ecosystems can be viewed as important assets that can still be monetized but in a more sustainable way.

3. Herweijer et al 2020, *Nature Risk Rising: why the crisis engulfing nature matters for business and the economy*, World Economic Forum

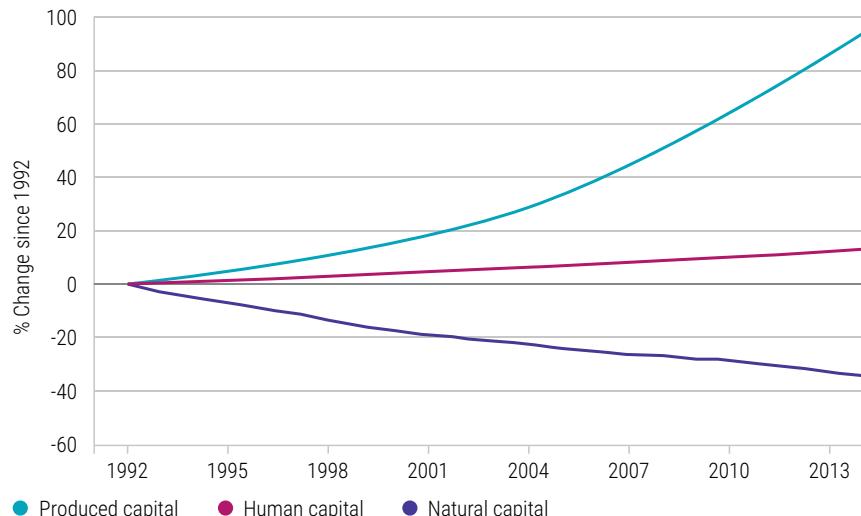
4. Source: <https://naturalcapital.finance/wp-content/uploads/2020/06/Beyond-Business-as-Usual-EN.pdf>

5. Source: [https://www.researchgate.net/figure/Global-Wealth-per-Capita-1992-2014-Source-Managi-and-Kumar-2018\\_fig8\\_356273136](https://www.researchgate.net/figure/Global-Wealth-per-Capita-1992-2014-Source-Managi-and-Kumar-2018_fig8_356273136)

6. Source: [https://www3.weforum.org/docs/WEF\\_The\\_Future\\_Of\\_Nature\\_And\\_Business\\_2020.pdf](https://www3.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf)

## “A nature-positive economy could unlock USD 10 trillion of business opportunities

### How the growth of produced capital has come at the expense of natural capital



Source: Researchgate.net<sup>5</sup>

### The potential business opportunities from a more nature-positive economy

	Food, land and ocean use	Infrastructure and the built environment	Energy and extractives	Total
Total business opportunities by system in 2030 (USD billions)	3,565	3,015	3,530	10,110
Total jobs by system in 2030 (USD millions)	191	117	87	395

Source: WEF<sup>6</sup> (2020)

**37,400**

Species threatened with extinction

## 5 key threats

Agriculture, overharvesting, urbanization, pollution, and invasive species & disease

**USD 44 trillion**

Economic value generation moderately or highly dependent on nature

**USD 3.6 trillion**

Expected new annual business opportunities by 2030 from sustainable food, land and ocean use

**USD 10 trillion**

Expected annual business opportunity by 2030 with nature-positive actions

**USD 3.2 trillion**

Combined market cap of today's investible solutions

### In the here and now

"Biodiversity loss is an acute threat with irreversible consequences playing out in the here and now," says David Thomas, Portfolio Manager of the RobecoSAM Biodiversity Equities strategy, launched on 31 October 2022 to use investment to directly tackle this threat.

"Irresponsible development is clearing natural forests, wiping out animal habitats, burning plant species, pumping fish full of antibiotics and dumping chemical fertilizers into waterways on a daily basis. These activities are destructive in real time, not strung out over decades."

"There is some hope though. Countries have set national biodiversity targets for 2030, much sooner than the net-zero targets of 2050. The EU is leading the way extending mandates on organic farming, increasing quality standards for waterways and soils and legislating measures that support sustainable fishing and aquaculture management."

"It is also developing a Taxonomy entitled 'The protection and restoration of biodiversity and ecosystems' to define what types of investment actually address biodiversity loss."

### The Finance for Biodiversity Pledge

Investors are subsequently joining regulators, governments and the international community in greater numbers to take a stand. During the Biodiversity Summit of the United Nations General Assembly in September 2020, Robeco along with 25 other financial institutions launched the Finance for Biodiversity Pledge. This calls on world leaders to agree on effective measures to reverse nature loss in this decade to ensure ecosystem resilience.

By signing the Pledge, Robeco took the following commitments, to be delivered by 2024:

1. Collaborating and sharing knowledge
2. Engaging with companies
3. Assessing impact
4. Setting targets
5. Report publicly on progress

To carry out the Pledge, Robeco formed an internal Biodiversity task force that coordinates all activities across the company in this arena. This draws in the Sustainable Investing Center of Expertise, SI Research, data scientists, the Active Ownership team and the new Biodiversity Equities investment team, among other portfolio management teams such as those targeting the UN's Sustainable Development Goals (SDGs). Two of the SDGs specifically target biodiversity – SDG 14 (life below water) and SDG 15 (life on land) – while SDG 12 (responsible consumption and production) has strong links to it.

In summary, if we compare our economic system to a food chain, the financial sector can be considered to be at the top of it. Finance forms the foundation for our economic system, and enables all types of economic activities, with both positive and negative impacts on nature. The financial sector therefore has a crucial role to play in addressing the climate and biodiversity crisis.

### 3. Five things you need to know about biodiversity investing

**'There are no problems, only solutions'**

It was John Lennon who said: "There are no problems, only solutions". The late lamented Beatle may have been a dreamer, but he was certainly not the only one. While biodiversity presents a major threat to humanity, it also presents a major investment opportunity. But we need to do five things: grasp the *Urgency*; face the *Challenges*; accept the *Responsibility*; embrace the *Opportunities*; and then adopt the *Solutions*.



## ONE – Urgency: Perceived now as the third highest global risk

### Top 10 global risks by severity (WEF 2022) over the next 10 years

1st	Climate action activity
2nd	Extreme weather
3rd	Biodiversity loss
4th	Social cohesion erosion
5th	Livelihood crises
6th	Infectious diseases
7th	Human environmental damage
8th	Natural resource crises
9th	Debt crises
10th	Geoeconomic confrontation

● Environmental      ● Societal  
● Economic      ● Geopolitical

Source: World Economic Forum Global Risks Report 2022

The relentless attack on the Earth's precious biosphere has become one of the greatest risks to the future prosperity of people on the planet. A survey by the World Economic Forum of more than 1,000 investors, politicians and experts showed that respondents placed it as the third-highest global risk by severity, behind climate change and the extreme weather that global warming has brought. This placed it higher than infectious diseases – despite the recent memory of the ravages of Covid – and the kind of geo-economic confrontation seen when Russia invaded Ukraine. The speed of change is also remarkable, since biodiversity loss was not placed as a top-five threat prior to 2019.

This kind of risk is very real for people at the sharp end of it, particularly indigenous communities who are forced off their land for forest clearance or mining, or those who are displaced when environmental destruction makes their homelands uninhabitable. The deterioration of nature is seen fueling social instability and conflict, such as in diminishing access to fresh water. Between 1 and 1.5 billion people depend on forests for their food and livelihoods and one-third of all people live in coastal areas for which they rely on fishing.<sup>7</sup>

Then there are some scary statistics about the biodiversity that is being lost. A familiar one is that one-quarter of the Amazon rainforest has already been destroyed, equivalent to an area the size of Germany. About six billion trees are lost globally every year, mostly due to the imbalance between those cut down and those replanted.<sup>8</sup> The loss of so many trees each year accounts for 17% of global warming, according to the World Economic Forum.<sup>9</sup>

And at sea, economic incentives and policies in the fisheries sector have led to the over-exploitation of 76% of the world's marine fish stocks, according to the Food and Agriculture Organization of the United Nations (FAO).<sup>10</sup>

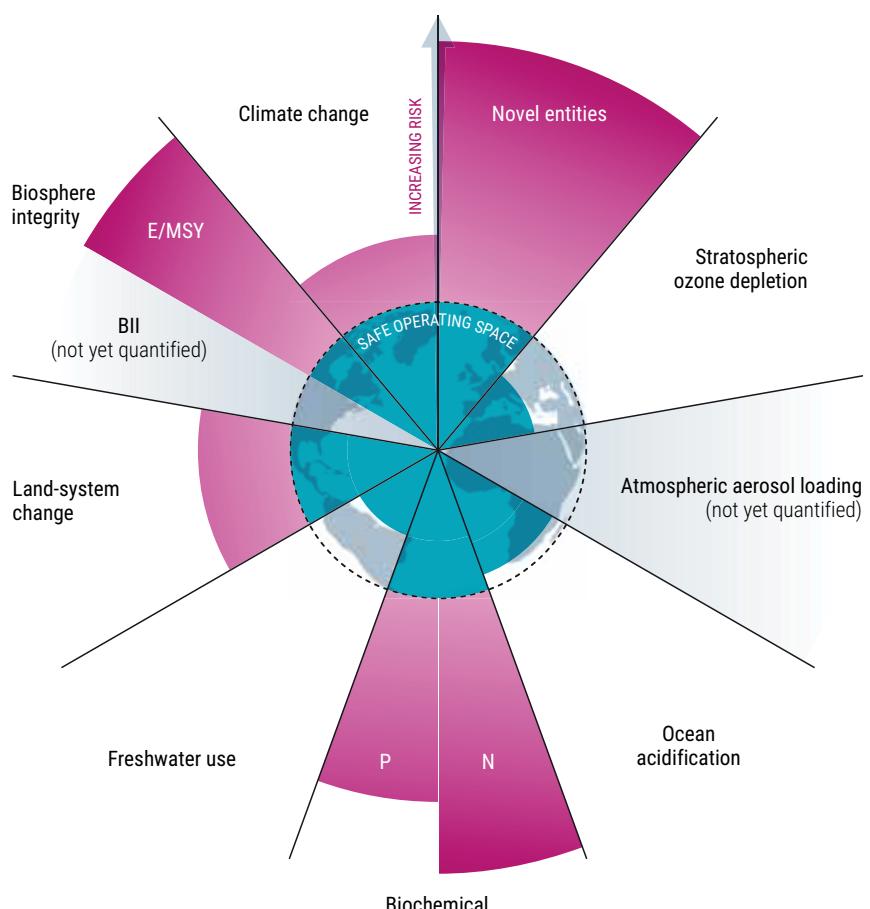
The combined risk to the planet itself is also becoming more urgent. Persistent biodiversity loss has led to two of the nine planetary boundaries that ultimately allow life on Earth being breached. The first is the boundary for biosphere integrity as measured by the extinction rate (extinctions per million species/years (E/MSY)). The second is the boundary for biogeochemical flows, which dictates the ability of living things to reproduce. Left unchecked, life on Earth would theoretically die out.

7. <https://ourworldindata.org/deforestation#:~:text=15%20billion%20trees%20are%20cut,2019%20was%2024%20million%20hectares>.
8. <https://www.weforum.org/agenda/2017/06/drones-plant-100000-trees-a-day/>
9. <https://www.weforum.org/agenda/2017/06/drones-plant-100000-trees-a-day/>
10. Agrawal et al (2013), Economic contributions of forests. United nations Forum on forests, Istanbul, 8-19 April 2013.

Regulation is becoming stricter to protect the environment, such as the EU Biodiversity Strategy for 2030 and its forthcoming Taxonomy. Investor and societal pressure means companies face more scrutiny of their biodiversity footprints and their efforts to reduce their impacts. There is increasing spotlight on producers of all natural materials, from commodities to fisheries, to show that they are producing in a certifiably sustainable way. Consumers are themselves voting with their feet by demanding more organic products and refusing to buy those that are knowingly produced at the expense of the environment.

So, action is being taken... but there remain many challenges.

**Biosphere integrity and biogeochemical flows are boundaries that have been breached**



Source: Steffen et al. (2022)

## TWO – Challenges: Aligning practicality with policies

Investors can play a major role in protecting biodiversity, but the first main challenge is to spell out what biodiversity investing actually is. It can be hard to make the link between saving a pond of frogs in Bolivia and its relevance for manufacturing in Europe, or say specifically how biodiversity loss can be addressed through investor cash.

Put simply, it means making sure that cash is allocated to those companies (through equities) and countries (through sovereign bonds) that are contributing positively to biodiversity and nature restoration. This could either be through addressing – or at least, not contributing to – biodiversity loss through their business operations. The better option is investing in companies that can improve things.

RobecoSAM Biodiversity Equities defines its investment mandate as:

*"Investing in companies that support the sustainable use of natural resources and ecosystem services, as well as technologies, products and services that help to reduce biodiversity threats or restore natural habitats."*

How this is done is described in later sections. But the companies themselves can only operate within current policy frameworks, and this leads to the second main challenge. The practicalities of what needs to be done to preserve biodiversity is not aligned with the realities of government policies across the world, particularly in the conflicting use of subsidies.

### The wrong incentives

"Action won't progress as long as the wrong kind of incentives are in place, and that goes as much for climate as for biodiversity," says Lucian Peppelenbos, climate and biodiversity strategist at Robeco. "There are USD 1.8 trillion of subsidies a year on activities that lead to nature destruction, including extracting fossil fuels, and for agriculture. And carbon prices are too low to make a difference."

"Things would go so much quicker if the incentives from public policy were properly aligned. What about introducing vertical farming in cities, using a hydroponic (growing plants without soil) approach? That's a marvelous innovation to reduce biodiversity impact through a highly technological solution."

"What about doing more at the policy level to bring in a circular economy? What about the whole bio-based economy concept? Both are huge opportunities, but to unlock the opportunities, we need the right policy frameworks."

### We need a political will

Then there is the need for a political will in demanding, for example, that the government of Brazil stops chopping down its trees to clear land for cash crops or cattle. Half of it is done for land speculation. Engagement has been taking place, most recently with the vice-president of Brazil in 2021, to persuade them to seek more nature-friendly methods of economic expansion.

But the West has a big problem in trying to lecture emerging markets about sustainability. Much of Europe has already been deforested to pave the way (literally) for the kind of economic growth that emerging markets now seek to emulate. The same is also true in telling developing world governments not to use fossil fuels that have powered Western economies for more than 200 years.

"We can criticize Brazil for having the highest deforestation rates in the world, but let's face it, they still have a forest, and we don't," Peppelenbos says. "More than half of the country is still covered with forest and they should be applauded for that. In the Netherlands, all of the primeval forest has gone."

"The historic responsibility of industrialized countries is huge – just like with climate change. Two-thirds of all emissions historically are from industrialized countries. So it's logical that the poorer countries say: 'Hey, we can talk about mitigation and restoration, but let's first talk about the money. Who's going to pay for this?'"

### The data dilemma

Finally, getting the right data is a major challenge. It is fairly easy to count the number of trees being chopped down, but linking the impacts of biodiversity loss to companies in a way that can identify the best investments is much more difficult. In a global economy, it is also very difficult to know what's happening in the supply chain, and the ability to isolate where biodiversity breaches are occurring.

"Scrutinizing the data providers to get the best possible analysis has been our focus with our academic partnerships for the last two years," Peppelenbos says. "We have started to build an investment framework so that we can apply it across our portfolios and really link issuers to biodiversity impacts, identifying those companies that do better than the others."

"We already have satellite-based real-time emission data, whereas for our portfolios, we are still using two-year-old data," Peppelenbos says. "If you fast-forward two years, I think a lot of this kind of data will become available."

So it's not a perfect science – the more important thing is to take responsibility for it.

## THREE – Responsibility: Directing capital and using active ownership

When it comes to taking responsibility for protecting biodiversity, asset owners and managers don't possess the power of governments who can use legislation and enforcement. But investors do possess the power of capital allocation, along with the ability to use their position as shareholders and bondholders to employ active ownership techniques, such as voting and engagement, to make a difference.

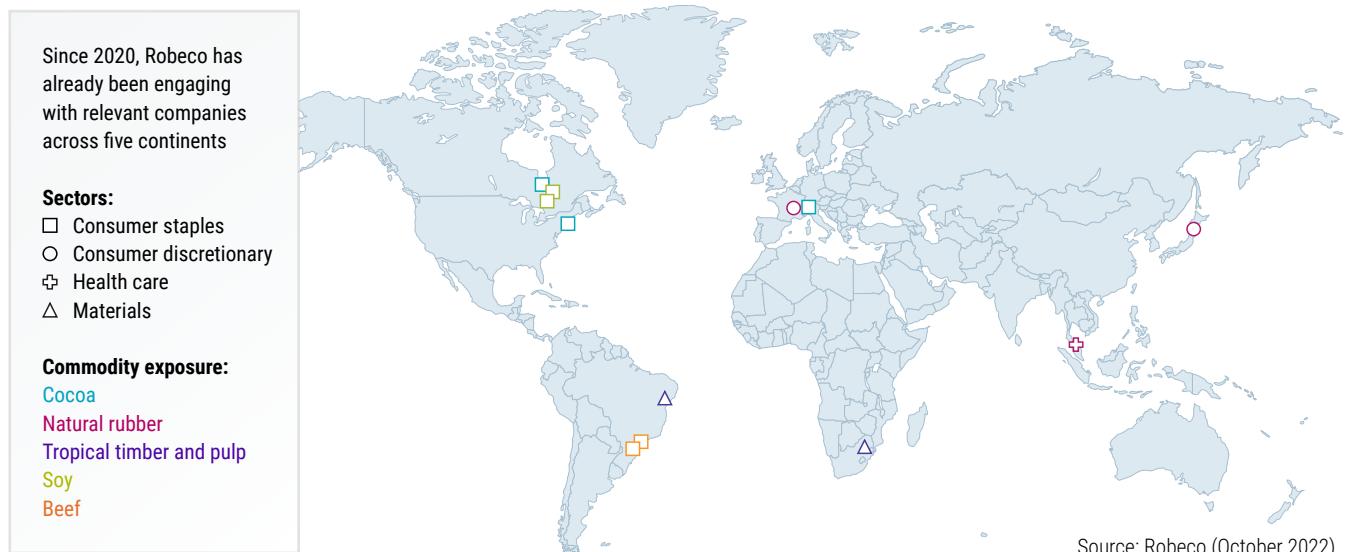
Robeco began an engagement theme on biodiversity in 2020, led by addressing the impact of deforestation with those responsible for it. This in turn is linked to five high-risk crop commodities – cocoa, natural rubber, soy, beef, and tropical timber. The engagement centers around five issues: promoting better environmental management; fauna and flora restoration and conservation; adopting circular economy principles within companies' production lines; disclosures of product certifications

and traceability; and the social aspect of the production of these commodities.

"We can use engagement and direct capital towards the solutions, which we'll do with the new Biodiversity Equities strategy," says Peter van der Werf, Senior Manager for Engagement at Robeco. "We can also systematically tilt our other portfolios to companies that are not necessarily biodiversity solutions in their own right, but are helping to reduce biodiversity loss. Some companies are doing relatively better than others on this: the biodiversity leaders and laggards, so to speak."

For the fund design and active ownership, Robeco seeks advice from the World Wide Fund for Nature Netherlands (WWF-NL) on biodiversity, building on a broader partnership on integrating biodiversity into asset management.

### Where we're engaging for the new strategy



### Engagement with portfolio companies

The new Biodiversity Equities strategy includes a dedicated engagement component. Robeco's Active Ownership team will engage with up to 25% of portfolio companies, mostly those that are aware of the impacts they have on biodiversity and are willing to discuss how they could lower their footprints.

Engagement cases can focus on the companies' own operations as well as their supply chains, and will typically last three years. Analysts set specific milestones to be met and have regular interactions and reporting on progress through impact assessments.

All the companies under engagement were willing to try to meet these milestones, since the collective experience over many years of engagement with hundreds of companies has shown that improving sustainability metrics leads to longer-term outperformance, and makes them more attractive market investments generally.

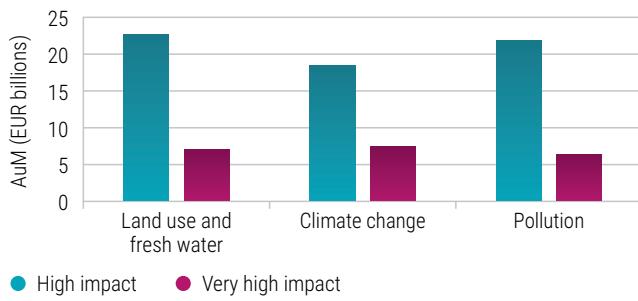
### Heatmap assessment

In terms of investments, taking responsibility is in any investor's direct interests. In 2021, Robeco conducted a heatmap assessment using a survey by the United Nations Environment Programme Finance Initiative. It led to the Exploring Natural

Capital Opportunities, Risks and Exposure (ENCORE) tool that is now used by asset managers to assess their biodiversity risks and opportunities. The survey showed that:

- Around one-quarter of Robeco's assets under management are in sectors that are either highly or very highly dependent on at least one ecosystem service. The provision of ground and surface water alone proved to be the most material, followed by climate regulation and water flow maintenance.
- Around 29% of investments are in sectors that have potentially high or very high impacts on key drivers of biodiversity loss, as shown in the chart below. Use of land and freshwater was identified as the largest impacts, followed by climate change, pollution and direct disturbances.

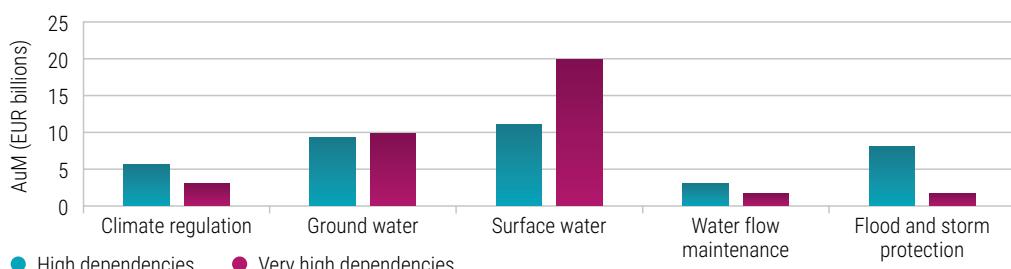
#### Robeco's exposure in assets under management to the key drivers of biodiversity loss



Source: Robeco (January 2022)

- The highest exposures with impacts and/or dependencies were found in the pharmaceuticals, integrated telecommunication services, specialty chemicals, packaged foods and meats, apparel, accessories and luxury goods industries.
- A high number of sectors are highly dependent on five ecosystem services, as shown in the chart below. Within Robeco's investments, we confirmed that agricultural products are directly exposed to the widest range of ecosystem services, followed by forest products and a range of industries including electric utilities and telecommunications.

#### Robeco's exposure to assets under management with a high dependency on climate or water-based threats to biodiversity



Source: Robeco (January 2022)

"In 2022, we increased the granularity of this assessment so that we can better understand and compare the biodiversity performance of individual companies within high-risk sub-industries," says Peppelenbos. "Going forward, we expect that specific exposure of individual issuers to biodiversity risks and impacts will become an integral part of our investment processes."

#### Greater regulation

Regulation is also getting tougher to make sure that investors take responsibility for the effect their investments have on nature. The EU's Sustainable Finance Disclosure Regulation (SFDR) requires investors to make these assessments through Principal Adverse Impact Indicators that came into effect from 2021, and will be refined in future years.

And while the EU Taxonomy currently addresses climate change mitigation and adaptation objectives, it will also include other environmental objectives, including biodiversity and ecosystems. The biodiversity focus is primarily on conservation, restoration, sustainable agriculture practices and low impact proteins. These legislative requirements should enhance disclosures from companies and improve both the data quality and availability of biodiversity-related metrics.

"The Biodiversity Equities team aims to align closely with this EU Taxonomy, focusing on three objectives in particular," says Thomas. "These are the protection and restoration of biodiversity and ecosystems; the sustainable use and protection of water and marine resources; and pollution prevention and control."

"Companies offering environmental testing, water purification, waste site clean-up or urban green infrastructure – what the Taxonomy calls 'enabling activities' – are obvious candidates for the portfolio. Enablers such as these reduce the threat that pollutants pose to freshwater wildlife and support other companies' efforts to lower the biodiversity footprints of their businesses."

And this is where the real opportunities come in.

## FOUR – Opportunities: You reap what you sow

The opportunities available in biodiversity could be considered the flipside of the problems. The three sectors most dependent on nature are fairly obvious: agriculture, food and beverages, and construction materials. The pharma industry is also heavily dependent on natural products to make drugs; indeed the first painkillers produced in the 19th century emerged from the poppy and coca plants. And there could not be books or newspapers without paper and pulp from timber.

Targeting these sectors in a more nature-friendly and sustainable way is largely where most of the USD 10 trillion in opportunities foreseen by the WEF come from. In agriculture, one answer lies in increasing certification of natural products to make sure they come from sustainable sources. The Roundtable for Sustainable Palm Oil (RSPO) has been a pioneer of this; verifying plantations that can show that they produce palm oil without adverse effects on nature such as deforestation. Investors including Robeco now use RSPO certification to identify the leaders and exclude the laggards.

In food and beverages, sales of organic products are expected to grow by 14% a year in a market that is now worth about USD 200 billion.<sup>11</sup> Much has been driven by the growth of eco-shops selling only free-range products and consumer pressure from millennials – people born between the early 1980s and early 2000s – who demand healthier food. Millennials also demand more sustainable solutions generally and are statistically more likely to support biodiversity.

### New generations

"Millennials and the Gen-Z generation are particularly keen to ensure their purchases are socially and ecologically friendly and will pay more for the assurance," says Aaron Re'em, co-portfolio manager of the strategy.

"Fearing consumer displeasure and market share losses, management teams are committing to certified products together with disclosure and traceability throughout the production supply chain. Some food companies are aiming for entire product line certification in less than two years."

"Certified, premium labels bring premium prices, increased market share, and lower costs of capital for companies which will be reflected in rising valuations and share prices."

### Building 'biodiversely'

For construction materials, the early identification of biodiversity protection sites will become important for the real estate and building sectors who want to source materials sustainably. Construction firms and real estate developers that have conservation capabilities, or can establish smarter building methods, will have a competitive advantage in this environment.

Pharma companies rely on the molecular diversity of plants and animals for drug discovery. An estimated 70% of cancer drugs are natural or synthetic products inspired by nature. The bio-based chemical sector is growing at an annual rate of at least 10%, promising to provide many alternatives to the petrochemicals used in food, clothing and plastics.

And in pulp and paper, the commercial viability of sustainable forestry is already proven, since it is relatively easy to manage. The forestry business model has long been based on tree lifespans. Since the average tree takes 27 years to reach its full commercial potential, any forestry company that cuts down 1/27th of its stock each year and replants the same amount has a permanently sustainable supply. Reforestation is also seen as a major new business where land can be purchased.

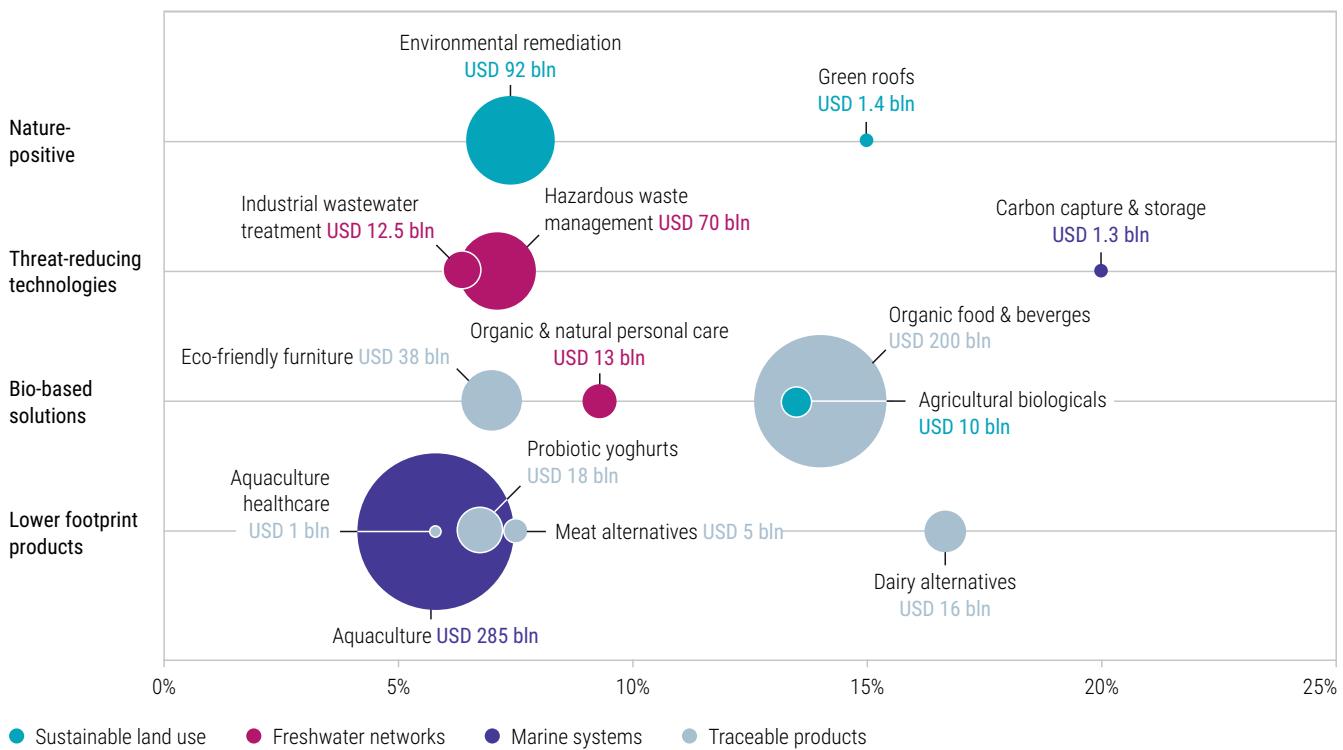
11. Source: Packaged Facts, OTA Survey, Maximize Market Research

## Investment opportunities

Some examples of the kinds of investment opportunities to be followed by the Biodiversity Equities strategy can be seen in the

chart below. This classifies the opportunities in four brackets: those that are nature-positive; threat-reducing technologies; bio-based solutions; and lower footprint products.

### Selected biodiversity investment opportunities with estimated market size and expected growth



Source: Robeco (October 2022)

**Nature-positive:** Environmental remediation, including the clean-up of former mining and industrial sites, estimated to be worth USD 92 billion. The production of green roofs, where plants are incorporated into the flat tops of buildings, is growing at about 15% per year.

**Threat-reducing technologies:** Industrial wastewater treatment is a market worth USD 12.5 billion while hazardous waste management is much larger at USD 70 billion. Carbon capture and storage is still small at USD 1.3 billion but is growing at 20% per year.

**Bio-based solutions:** The market for eco-friendly furniture sourcing wood from sustainable sources is growing by 7% per year to USD 38 billion. Natural personal care products that use bio-based compounds instead of chemicals is worth USD 13 billion.<sup>12,13</sup>

**Lower footprint products:** In aquaculture, salmon vaccination has been shown to reduce mortality from 30% to 5%, which increases the harvest value by 35%. Non-dairy probiotic yoghurts that do not require cattle is a market worth USD 18 billion.

We've wrapped all these into one in-house solution: RobecoSAM Biodiversity Equities.

12. Source: GrandView Research, Maximize Research

13. Source: GrandView Research, Qin Tan et al: Consumer Price Premiums for FSC Labeled Wood Flooring: A Comparison of Five Chinese Cities, Forest Stewardship Council

## FIVE – Solutions: Using the four-cluster model for Biodiversity Equities

Investing in biodiversity means identifying the companies that can make a difference in some way to either the protection of ecosystems, or means of utilizing them in a sustainable way. But it's a large universe of many diverse means of doing so, from purely agricultural or aquatic-based activities to more technical or service-based solutions.

So, when creating the Biodiversity Equities strategy, Robeco narrowed down this universe to those companies that have a true and direct impact on biodiversity. Following Robeco's established thematic investing approach, this is organized in four clusters: sustainable land use, freshwater networks, marine systems and traceable products.

"Nearly all human activity in a modern society creates biodiversity issues; our job is to invest in companies that can profit from being competitively positioned to reduce biodiversity losses," says Re'em. "To find those future market winners, we will focus on solutions that help to reduce the biodiversity impact within high-impact activities such as agriculture, forestry, fishing and ocean-based aquaculture, which represent nearly three-quarters of species loss."

"Using a system of carefully designed, biodiversity-specific KPIs, we identify companies that are meaningfully contributing to the overall biodiversity objective."



**Sustainable land use**  
focuses on forests and woodlands, cultivated lands and urban environments. This aims to reduce the impact on ecosystems through sustainable agriculture and forestry, innovative technologies and environmental remediation.

**Freshwater networks**  
focuses on pollution prevention, water purification and treatment, and habitat protection. This aims to cut the flow of harmful substances entering freshwater networks while also promoting nature-based filtration. For example, a common pollutant is non-biodegradable personal care products such as cotton buds and cosmetics.

**Marine systems**  
focuses on fisheries aquaculture and ocean conservation. This aims to ensure the long-term viability of food production from the oceans while tackling pollution, ocean acidification, and coastal habitat degradation.

**Traceable products**  
focuses on more sustainable production of foods and fibers, and the more efficient use of raw materials. Traceable product opportunities include companies that process and sell sustainably certified foods, clothing and hygiene products with high levels of recycled inputs that lower the biological burden of fibers.

The four-cluster model

	Lower footprint products	Bio-based solutions	Threat-reducing technology	Nature-positive solutions
<b>Sustainable land use</b>	Crop, fruit & vegetables farming Efficient animal proteins	Agricultural biologicals Agroforestry & agroecology	On-farm technologies Controlled environment	Remediation & restoration Green infrastructure
<b>Freshwater networks</b>	Eco-friendly products Certified inputs	Organic & natural HPC Biosurfactants	Water pollution mitigation Water and waste treatment	Wetland restoration Watershed restoration
<b>Marine systems</b>	Certified aquaculture & feed Certified wildcatch	Biological controls	Fish health Aqua technologies	Carbon capture
<b>Traceable products</b>	Certified food & forest products Certified & recycled textiles	Organic foods Natural clothes & footwear	Food & traceability technologies Resource recovery	Supply chain conservation & restoration commitments

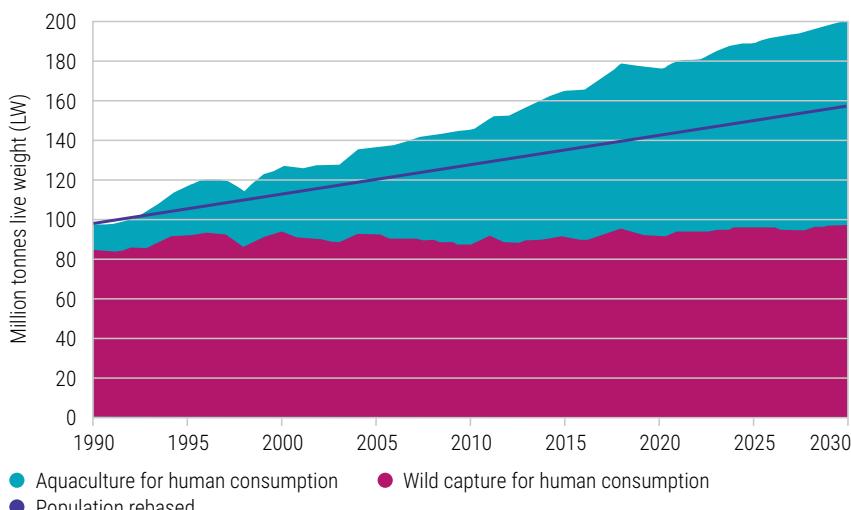
Most opportunities for this kind of investing can be found in about 250 companies across the consumer staples and discretionary, industrials, materials, health care and utilities sectors. These are drawn from the global market contained in the MSCI World Index.

The four clusters not only offer solutions to biodiversity problems – they also open up vast new markets. For example, the world is eating much more seafood: by 2029, fish consumption is estimated to be 21.4 kg per capita compared to 9.9 kg in the 1960s and 20.6 kg in 2020. This is equivalent to another 20 million tons of seafood supply. The oceans are becoming exhausted, so aquaculture is expected to make up the shortfall over the next decade.

"Systematically identifying thematically aligned companies with great performance potential is both a science and an art," says Thomas. "But all analysis is undergirded by the same rigor that we've applied over more than two decades of developing thematic investment products that target solutions to sustainability challenges.

"We will use our foresight to recognize the secular trends related to biodiversity, apply our proven thematic process to build an investment universe, and select attractively priced winners that are well positioned to benefit from the rapidly evolving competitive landscape."

#### Aquaculture is a rapidly growing market tapped by the strategy



Source: Robeco (October 2022)

#### TARGETING THE SDGS

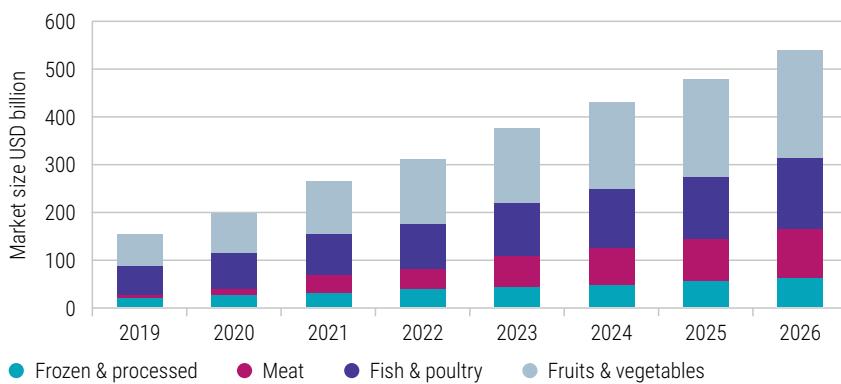
There are many investment solutions that can help biodiversity. A major one is any strategy that supports the UN's Sustainable Development Goals. These are 17 goals that aim to improve the quality of human life, protect the environment, and promote sustainability all over the world.

The Biodiversity Equities strategy is specifically aligned with SDG 14 (life below water) and SDG 15 (life on land). It also targets companies that can contribute to SDG 3 (good health and well-being); SDG 9 (industry, innovation and infrastructure); and SDG 12 (responsible consumption and production).

Other Robeco products target all the SDGs, such as the range of equity and credit products; specific SDGs such as the Gender Equality strategy; and themes within the SDGs such as the Sustainable Water, Smart Energy and Smart Materials strategies. The range is large; the potential is limitless.

Organic food is another fast growing market that is often targeted by millennials. The market is expected to double from 2021 to reach USD 500 billion by 2026, as seen in the chart below. Part of the attraction of this market is that buyers are willing to pay a high premium for food that hasn't been soaked in pesticides.

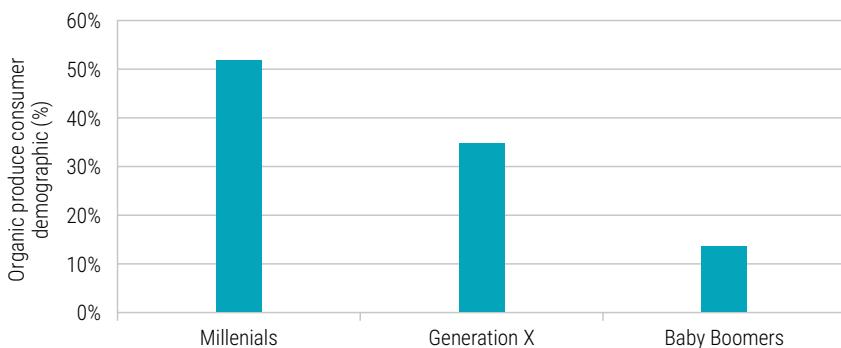
#### **The market for organic food is set to be worth USD 500 billion**



Source: Robeco (October 2022)

Millennials account for about half of the entire market for organic food, compared to about 33% for Generation X – those born between 1960 and the mid-1980s – and the postwar Baby Boomer generation, as seen in the chart below.

#### **Millennials account for half the market for organic food**



Source: Robeco (October 2022)

In conclusion, we can see that biodiversity loss is not just a threat; like climate change, it also presents a multi-trillion dollar opportunity. We just need to embrace it. That's why we are proud to offer a means of doing so through RobecoSAM Biodiversity Equities.

## 4. RobecoSAM Biodiversity Equities

### Nature-friendly investing

Our high-conviction Biodiversity Equities strategy invests in companies that support the sustainable use of natural resources and ecosystem services, as well as technologies, products and services that help to reduce biodiversity threats, or restore natural habitats. It specifically targets thematic opportunities within biodiversity and their related impacts on the natural world for alpha generation.



# RobecoSAM Biodiversity Equities

It forms part of the RobecoSAM-branded range of impact investing strategies which aims to generate long-term attractive risk-adjusted returns while simultaneously making a difference on the ground. It is managed within Robeco's thematic investment team of 16 professionals in Zurich who has more than 20 years of expertise in running a suite of strategies with more than EUR 12 billion in assets under management.

Starting with a universe of more than 250 eligible stocks, highly advanced sustainable investing techniques including standard ESG analysis are used to narrow down the portfolio to 40-80 companies. These are arranged in four clusters covering sustainable land use, freshwater networks, marine systems and traceable products. All the companies make some sort of contribution to biodiversity across sectors, either through already having a relatively low biodiversity impact within their specific activity, or by enabling other activities to lower their biodiversity impacts.

Engagement forms a vital part of this strategy; Robeco's Active Ownership team will engage with up to 25% of portfolio holdings to further improve their contributions to biodiversity. All those under engagement are willing participants, as evidence shows that companies that become more sustainable enjoy higher future risk-adjusted returns, and so become better investments.

In all, the strategy offers a direct means of using investment capital to follow its core mandate of investing in companies that benefit from the transition to a nature-positive world. This can help reverse biodiversity loss, aid reforestation, work towards more eco-friendly building and manufacturing techniques, and encourage greater consumption of organic food and drink.

## INVESTMENT OBJECTIVE AND BENCHMARK

### OBJECTIVE

The high-conviction strategy invests thematically in companies with the technologies, products and services that help to reduce threats to or restore biodiversity.

### APPROACH

Investee companies will be organized into four clusters that target sustainable land use, freshwater networks, marine systems and traceable products, using engagement to enhance contributions where appropriate.

### BENCHMARK

The MSCI World Index will be used as the reference index. The fund can deviate substantially from the issuer, country and sector weightings of the Benchmark. The strategy's financial aim is to generate attractive risk-adjusted returns that can outperform the index over the long term.

### ARTICLE 9

The strategy is classified as Article 9 as it targets a portfolio of sustainable investments under the EU's Sustainable Finance Disclosure Regulation.

# Important information

Robeco Institutional Asset Management B.V. has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) ("Fund(s)") from the Netherlands Authority for the Financial Markets in Amsterdam. This marketing document is intended solely for professional investors, defined as investors qualifying as professional clients, who have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. Robeco Institutional Asset Management B.V. and/or its related, affiliated and subsidiary companies, ("Robeco"), will not be liable for any damages arising out of the use of this document. Users of this information who provide investment services in the European Union have their own responsibility to assess whether they are allowed to receive the information in accordance with MiFID II regulations. To the extent this information qualifies as a reasonable and appropriate minor non-monetary benefit under MiFID II, users that provide investment services in the European Union are responsible for complying with applicable recordkeeping and disclosure requirements. The content of this document is based upon sources of information believed to be reliable and comes without warranties of any kind. Without further explanation this document cannot be considered complete. Any opinions, estimates or forecasts may be changed at any time without prior warning. If in doubt, please seek independent advice. This document is intended to provide the professional investor with general information about Robeco's specific capabilities but has not been prepared by Robeco as investment research and does not constitute an investment recommendation or advice to buy or sell certain securities or investment products or to adopt any investment strategy or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or shared with the public. No part of this document may be reproduced or published in any form or by any means without Robeco's prior written permission. Investment involves risks. Before investing, please note the initial capital is not guaranteed. Investors should ensure they fully understand the risk associated with any Robeco product or service offered in their country of domicile. Investors should also consider their own investment objective and risk tolerance level. Historical returns are provided for illustrative purposes only. The price of units may go down as well as up and past performance is no guarantee of future results. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The performance data do not take account of the commissions and costs incurred when trading securities in client portfolios or for the issue and redemption of units. Unless otherwise stated, the prices used for the performance figures of the Luxembourg-based Funds are the end-of-month transaction prices net of fees up to 4 August 2010. From 4 August 2010, the transaction prices net of fees will be those of the first business day of the month. Return figures versus the benchmark show the investment management result before management and/or performance fees; the Fund returns are with dividends reinvested and based on net asset values with prices and exchange rates as at the valuation moment of the benchmark. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund's latest annual report at closing date of the last calendar year. This document is not directed to or intended for distribution to or for use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject any Fund or Robeco Institutional Asset Management B.V. to any registration or licensing requirement within such jurisdiction. Any decision to subscribe for interests in a Fund offered in a particular jurisdiction must be made solely on the basis of information contained in the prospectus, which information may be different from the information contained in this document. Prospective applicants for shares should inform themselves as to legal requirements which may also apply and

any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Investor Information Document for the Robeco Funds can all be obtained free of charge from Robeco's websites.

## Additional Information for US investors

Robeco is considered "participating affiliated" and some of their employees are "associated persons" of Robeco Institutional Asset Management US Inc. ("RIAM US") as per relevant SEC no-action guidance. Employees identified as associated persons of RIAM US perform activities directly or indirectly related to the investment advisory services provided by RIAM US. In those situations these individuals are deemed to be acting on behalf of RIAM US, a US SEC registered investment adviser. SEC regulations are applicable only to clients, prospects and investors of RIAM US. RIAM US is a wholly owned subsidiary of ORIX Corporation Europe N.V. and offers investment advisory services to institutional clients in the US.

## Additional Information for investors with residence or seat in Australia and New Zealand

This document is distributed in Australia by Robeco Hong Kong Limited (ARBN 156 512 659) ("RIAM BV"), which is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order 03/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not intended for distribution or dissemination, directly or indirectly, to any other class of persons. In New Zealand, this document is only available to wholesale investors within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). This document is not intended for public distribution in Australia and New Zealand.

## Additional Information for investors with residence or seat in Austria

This information is solely intended for professional investors or eligible counterparties in the meaning of the Austrian Securities Oversight Act.

## Additional Information for investors with residence or seat in Brazil

The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission (CVM), nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

## Additional Information for investors with residence or seat in Brunei

The Prospectus relates to a private collective investment scheme which is not subject to any form of domestic regulations by the Autoriti Monetari Brunei Darussalam ("Authority"). The Prospectus is intended for distribution only to specific classes of investors as specified in section 20 of the Securities Market Order, 2013, and must not, therefore, be delivered to, or relied on by, a retail client. The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus and has no responsibility for it. The units to which the Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the units offered should conduct their own due diligence on the units.

#### **Additional Information for investors with residence or seat in Canada**

No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

#### **Additional information for investors with residence or seat in the Republic of Chile**

Neither Robeco nor the Funds have been registered with the Comisión para el Mercado Financiero pursuant to Law no. 18.045, the Ley de Mercado de Valores and regulations thereunder. This document does not constitute an offer of or an invitation to subscribe for or purchase shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on their own initiative. This may therefore be treated as a "private offering" within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

#### **Additional Information for investors with residence or seat in Colombia**

This document does not constitute a public offer in the Republic of Colombia. The offer of the Fund is addressed to fewer than one hundred specifically identified investors. The Fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign Funds in Colombia.

#### **Additional Information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates**

This material is distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority ("DFSA") and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

#### **Additional Information for investors with residence or seat in France**

Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

#### **Additional Information for investors with residence or seat in Germany**

This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

#### **Additional Information for investors with residence or seat in Hong Kong**

The contents of this document have not been reviewed by the Securities and Futures Commission ("SFC") in Hong Kong. If there is in any doubt about any of the contents of this document, independent professional advice should be obtained. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the SFC in Hong Kong.

#### **Additional Information for investors with residence or seat in Indonesia**

The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

#### **Additional Information for investors with residence or seat in Italy**

This document is considered for use solely by qualified investors and private professional clients (as defined in Article 26 (1) (b) and (d) of Consob Regulation No. 16190 dated 29 October 2007). If made available to Distributors and individuals authorized by Distributors to conduct promotion and marketing activity, it may only be used for the purpose for which it was conceived. The data and information contained in this document may not be used for communications with Supervisory Authorities. This document does not include any information to determine, in concrete terms, the investment inclination and, therefore, this document cannot and should not be the basis for making any investment decisions.

#### **Additional Information for investors with residence or seat in Japan**

This document is considered for use solely by qualified investors and is distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No, 2780, Member of Japan Investment Advisors Association].

#### **Additional Information for investors with residence or seat in South Korea**

The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

#### **Additional Information for investors with residence or seat in Liechtenstein**

This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying agent in Liechtenstein. The prospectus, the Key Investor Information Documents (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website.

#### **Additional Information for investors with residence or seat in Malaysia**

Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

#### **Additional Information for investors with residence or seat in Mexico**

The funds have not been and will not be registered with the National Registry of Securities, maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

#### **Additional Information for investors with residence or seat in Peru**

The Fund has not been registered with the Superintendencia del Mercado de Valores (SMV) and is being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is only for the exclusive use of institutional investors in Peru and is not for public distribution.

#### **Additional Information for investors with residence or seat in Singapore**

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other

applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important Information for Singapore Investors") contained in the prospectus. Investors should consult your professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the Sub-Funds listed in the appendix to the section entitled "Important Information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and invoke the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

#### **Additional Information for investors with residence or seat in Spain**

Robeco Institutional Asset Management B.V., Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

#### **Additional Information for investors with residence or seat in South Africa**

Robeco Institutional Asset Management B.V. is registered and regulated by the Financial Sector Conduct Authority in South Africa.

#### **Additional Information for investors with residence or seat in Switzerland**

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Affolternstrasse 56, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Investor Information Documents (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

#### **Additional Information relating to RobecoSAM-branded funds/services**

Robeco Switzerland Ltd, postal address Josefstrasse 218, 8005 Zurich, Switzerland has a license as asset manager of collective assets from the Swiss Financial Market Supervisory Authority FINMA. RobecoSAM-branded financial instruments and investment strategies referring to such financial instruments are generally managed by Robeco Switzerland Ltd. The RobecoSAM brand is a registered trademark of Robeco Holding B.V. The brand RobecoSAM is used to market services and products which entail Robeco's expertise on Sustainable Investing (SI). The brand RobecoSAM is not to be considered as a separate legal entity.

#### **Additional Information for investors with residence or seat in Taiwan**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited ('Robeco'). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

#### **Additional Information for investors with residence or seat in Thailand**

The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

#### **Additional Information for investors with residence or seat in the United Arab Emirates**

Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority (the Authority). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

#### **Additional Information for investors with residence or seat in the United Kingdom**

Robeco is temporarily deemed authorized and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorization, are available on the Financial Conduct Authority's website.

#### **Additional Information for investors with residence or seat in Uruguay**

The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except under circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated September 27, 1996, as amended.

© Q2/2022 Robeco

Please visit the Robeco website  
for more information

