



Robeco US Conservative High Dividend  
Equities N.V.

2022

## Annual report

Investment company with variable capital incorporated under Dutch law  
Undertaking for Collective Investment in Transferable Securities  
Chamber of Commerce registration number 59257911

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# Robeco US Conservative High Dividend Equities N.V.

(investment company with variable capital, having its registered office in Rotterdam, the Netherlands)

## Management board (and manager)

Robeco Institutional Asset Management B.V. ('RIAM')

## Executive Committee ('ExCo') of RIAM

Robeco Institutional Asset Management B.V. ('RIAM')

Daily policymakers RIAM:

K. (Karin) van Baardwijk CEO\*

I.R.M. (Ivo) Frielink (since 1 March 2022)

M.C.W. (Mark) den Hollander\*

M.F. (Mark) van der Kroft

A. (Alexander) Preiningger (since 1 November 2022)

M. (Marcel) Prins (since 1 June 2022)\*

V. (Victor) Verberk

A.J.M. (Lia) Belilos-Wessels (until 31 January 2022)

H-C. (Christoph) von Reiche (until 31 March 2022)

\* also statutory director

## Supervisory directors of RIAM:

M.F. (Maarten) Slendebroek

S. (Sonja) Barendregt-Roojers

S.H. (Stanley) Koyanagi

M.A.A.C. (Mark) Talbot

R.R.L. (Radboud) Vlaar

## Depository and Transfer Agent

J.P. Morgan SE, Amsterdam Branch (as a result of legal merger and name change as from 22 January 2022 legal successor of J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch)

Strawinskylaan 1135,

NL-1077 XX Amsterdam

## Fund managers

Pim van Vliet

Arlette van Ditshuizen

Maarten Polfliet

Jan Sytze Mosselaar

Arnoud Klep

## Fund agent and paying agent

ING Bank N.V.

Bijlmerplein 888,

NL-1102 MG Amsterdam

## Independent Auditor

KPMG Accountants N.V.

Papendorpseweg 83

NL-3528 BJ Utrecht

## Address

Weena 850

PO Box 973

NL-3000 AZ Rotterdam

Telephone +31 (0)10 - 224 12 24

Internet: [www.robeco.com](http://www.robeco.com)

Chamber of Commerce registration number 59257911

# Report by the manager

## General information

### Legal aspects

Robeco US Conservative High Dividend Equities N.V. (the 'fund') is an investment company with variable capital established in the Netherlands. The fund is an Undertaking for Collective Investment in Transferable Securities (UCITS), as referred to in Section 1:1 of the Dutch Financial Supervision Act (hereinafter: 'Wft') and the EU Directive for Undertakings for Collective Investment in Transferable Securities (2014/91/EU, UCITS V). UCITS have to comply with certain restrictions to their investment policy in order to protect investors.

Robeco Institutional Asset Management B.V. ('RIAM') manages the fund. In this capacity, RIAM handles the asset management, risk management, administration, marketing and distribution of the fund. RIAM holds an AIFMD license as referred to in Section 2:65 Wft, as well as a license to manage UCITS as referred to in Section 2:69b Wft. RIAM is moreover authorized to manage individual assets and give advice with respect to financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets (the 'AFM').

The assets of the fund are held in custody by J.P. Morgan SE, Amsterdam Branch. J.P. Morgan SE, Amsterdam Branch is appointed as the depositary of the fund as referred to in Section 4:62n Wft. The depositary is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation e.g. monitoring the fund's cashflows, monitoring investments, checking whether the net asset value of the fund is determined in the correct manner, checking that the equivalent value of transactions relating to the fund assets is transferred, checking that the income from the fund is used as prescribed in applicable law and regulations and the fund documentation, etc. The manager, the fund and J.P. Morgan SE, Amsterdam Branch have concluded a depositary and custodian agreement. In this agreement the responsibilities of the depositary are described. Besides the abovementioned supervising tasks, the main responsibilities of the depositary are e.g. holding in custody the assets of the fund, establishing that the assets have been acquired by the fund and that this has been recorded in the accounts, establishing that the issuance, repurchase, repayment and withdrawal of the fund's shares takes place in accordance with the fund documentation and applicable law and regulations and carrying out the managers instructions.

The fund is subject to statutory supervision by the AFM. The fund is entered in the register as stated in Section 1:107 Wft.

In April 2022, Robeco fully completed the improvement of the processes in relation to the Dutch Money Laundering and Terrorist Financing (Prevention) Act and Sanctions Act in Robeco Retail, Robeco's on-line execution-only platform, as required by the AFM in 2020, when the AFM issued an order under penalty to Robeco (the "Order"). The AFM has informed us that they have accepted all the improvements and that Robeco has not forfeited any of the penalties under the Order. In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. Robeco has accepted and paid the fine.

### Merger of the Depositary, J.P. Morgan Bank Luxembourg S.A.

As part of the implementation of the J.P. Morgan legal entity strategy within Europe, J.P. Morgan Bank Luxembourg S.A. merged into J.P. Morgan AG which at the same time changed its legal form from a German Stock Corporation (Aktiengesellschaft) to a European Company (Societas Europaea), being J.P. Morgan SE (the "Merger").

As from 22 January 2022, J.P. Morgan SE, as the legal successor of J.P. Morgan Bank Luxembourg S.A., continued to act as Depositary through its Amsterdam Branch.

In the remainder of the report, including the notes to the Financial Statements, the new name ("J.P. Morgan SE") is used.

### Strategic partnership with Van Lanschot Kempen

Early February 2023, Robeco and Van Lanschot Kempen signed an agreement for a strategic partnership including the transfer of Robeco's online distribution platform for investment services to Van Lanschot Kempen. The partnership fits in with Robeco's strategic focus on its core business in the Dutch and global wholesale and institutional markets. Robeco's clients will retain their current investments under the same conditions at Van Lanschot Kempen, Robeco's investments funds remain available to clients through Van Lanschot Kempen's distribution platform Evi Van Lanschot. The agreement is expected to be closed mid 2023.

### Robeco

When 'Robeco' is mentioned it means RIAM as well as the activities of other companies that fall within the scope of Robeco's management.

### Supervision by the Supervisory Board of Robeco Institutional Asset Management B.V.

The Supervisory Board of Robeco Institutional Asset Management B.V. supervises the general affairs of Robeco and its businesses as managed by the Management Board and Executive Committee, including the funds under management.

During the meetings of the Supervisory Board, attention was paid, among other things, to developments in the financial markets and the performance of the funds. The interests of clients are considered to be a key issue and, consequently, an important point of focus.

Based on periodic reports, the Supervisory Board discussed the results of the funds with the Management Board and Executive Committee. These discussions focused on the investment results, the development of assets under management as a result of market movements and the net inflow of new money as well as operational matters.

# Report by the manager (continued)

## General information (continued)

### Supervision by the Supervisory Board of Robeco Institutional Asset Management B.V. (continued)

In the meetings of the Audit & Risk Committee of the Supervisory Board, amongst other things the (interim) financial reports of the funds and the reports of the independent auditor were discussed. In addition, risk management, incident management, tax, legal, compliance issues and quarterly reports from internal audit, compliance, legal affairs and risk management were discussed.

### Share classes

Ordinary shares are divided into four series, one of which is open. Each series is referred to as a share class. This concerns the following series:

Share class A: Robeco US Conservative High Dividend Equities - EUR G

There is no distribution fee for this share class. The base currency of the share class is the euro, other than the base currency of the fund. The N.V. is actually quoted in US dollars. No currency hedges are effected in this share class.

### Attribution to share classes

The administration of the fund is such that attribution of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class.

### Tax features

On the basis of Section 28 of the Dutch Corporation Tax Act, the fund has the status of a fiscal investment company. This means that 0% corporate-income tax is due, providing that, after deducting 15% in Dutch dividend tax, the fund makes its profit available for distribution to shareholders in the form of dividend within eight months of the close of the financial year and satisfies any other relevant regulations.

### Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs made by the fund related to the entry and exit of investors. The actual maximum surcharge or discount is published on [www.robeco.com/en/riam](http://www.robeco.com/en/riam). The surcharges and discounts are recognized in the profit and loss account.

The Robeco US Conservative High Dividend Equities – EUR G<sup>1</sup> share class is listed on Euronext Amsterdam, Euronext Fund Service segment.

<sup>1</sup> This share class is quoted in euros (EUR), while the base currency of the fund is the US dollar (USD).

### Key investor information and prospectus

A prospectus and a key investor information document with information on the product and its associated costs and risks are available for Robeco US Conservative High Dividend Equities N.V. Both documents are available free of charge at the fund's offices and at [www.robeco.com](http://www.robeco.com).

### Audit committee tasks

An audit committee must be set up for investment funds that are classified as public interest entities (PIE). The Robeco funds are exempt from appointing an audit committee on the basis of Article 3 of the 'Besluit instelling auditcommissie'. This means that Robeco's funds with PIE status do not have an audit committee. However, the absence of an audit committee does not mean that the associated tasks will be cancelled, but that they must have been assigned elsewhere in the Robeco organization. Within Robeco, these tasks will be performed by the Executive Committee of Robeco Institutional Asset Management B.V. (the "ExCo").

# Report by the manager (continued)

## Key figures per share class

### Overview 2018-2022

Robeco US Conservative High Dividend Equities - EUR G <sup>6</sup>	2022	2021	2020	2019	2018	Average
<b>Performance in % based on:</b>						
– Market price <sup>1,2</sup>	3.1	34.7	-11.4	24.8	-1.5	8.7
– Net asset value <sup>1,2</sup>	3.1	34.7	-11.4	24.0	-0.8	8.8
MSCI North America Index (Gross Return in EUR) <sup>3</sup>	-13.8	36.6	10.6	33.9	-0.4	11.7
Distributed from share premium in EUR <sup>4</sup>						
Dividend in EUR <sup>4</sup>	1.60	1.60	2.40	1.60 <sup>7</sup>	1.40 <sup>5,7</sup>	
Total net assets <sup>6</sup>	68	70	67	239	149	

<sup>1</sup> The differences between the performance based on market price and the performance based on net asset value is caused by the fact that the market price is the NAV of the previous trading day corrected for the surcharge or discount as described under Liquidity of ordinary shares.

<sup>2</sup> Any dividends distributed in any year are assumed to have been reinvested in the fund.

<sup>3</sup> Currencies have been converted at rates supplied by World Market Reuters.

<sup>4</sup> The dividend relates to the reporting year mentioned and is distributed in the following year. The figure for 2022 is a proposal. Further information on the proposed dividend can be found in the section Proposed profit appropriation on page 33.

<sup>5</sup> This distribution is treated as a dividend for tax purposes, but is recognized as partly paid from the share premium for accounting purposes.

<sup>6</sup> This share class is quoted in euros (EUR), while the base currency of the fund is the US dollar (USD). The net assets are therefore stated in millions of euros.

<sup>7</sup> In order to meet the tax distribution obligation, a revised dividend proposal for the Robeco US Conservative High Dividend Equities N.V. asset class was submitted to the General Meeting of Shareholders (GMS): This proposal was approved by the GMS.

## General introduction

### Review of the US stock markets

US equity markets struggled through a tumultuous, and seemingly relentless 2022. The war in Ukraine, continued Covid-19 complications, central bank tightening and widespread fear of recession proved to be insurmountable as the market posted its worst performance since 2008. Turmoil in the market generated a negative return for 9 of 11 sectors, with Energy and Utilities the only positive performers for the year, rising 65.4% and 1.6%, respectively. The Russell 1000 Value Index outperformed the Russell 1000 Growth index by a wide margin for the year, falling 7.5%, versus a much steeper decline of -29.1% for the growth counterpart. Growth's struggles can largely be attributed to FAANG (Meta, Apple, Amazon Netflix and Google), along with Tesla, as their decline set the scene for Growth which was impacted heavily by a hawkish Fed and persistent inflation as investors flocked towards inexpensive, shorter duration businesses.

### US stock markets outlook

The new year is expected to pick up where 2022 left off as the factors influencing the return landscape in 2022 are still largely intact as we move into 2023. Despite the headline Consumer Price Index (CPI) peaking in June at 9.1% (ultimately falling to 7.1% in November), core inflation is proving to be more resilient, with the Core Personal Consumption Expenditure Price Index (CPE) only ticking down - 0.7% between February and November. These sticky figures suggest the Federal Reserve will remain resolute in their efforts to combat inflation, indicating rates will most likely need to continue to move higher, and stay higher for longer. Moreover, labor market conditions continue to reach record levels, and while this may not indicate that a recession is imminent, other recession precursors (yield curve inversion, money supply collapse and leading economic indicators) are signaling that a recession may very well be on the horizon.

In the first quarter 2023 uncertainties around a number of US banks and Credit Suisse resulted in financial market turmoil and amongst others triggered measures by Central Banks and supervisory bodies. For now, the situations both in the US and Credit Suisse appear to be stabilizing, but caution remains required. Some of our portfolios are invested in equity or bonds of the institutions affected. The extent of which differs and depends on the investment strategy. Some of the banks involved were also active as brokers used by Robeco. Since they are continuously being monitored in line with our risk management framework, Robeco was able to take swift action to identify and limit exposure to these parties. Additionally, in terms of counterparty exposure (e.g. due to parties being counterpart in derivatives or lending) similar steps were taken. Within Robeco the Financial Crisis Committee (FCC) handles situations like these. The FCC is called upon in case of a (potential) financial distress event substantially impacting the inherent risk profile of client portfolios managed by Robeco. The objective of the FCC is to protect the interests and positions of our clients and of Robeco itself. The FCC has convened a number of times to monitor and discuss the situation.



# Report by the manager (continued)

## Investment policy

### Introduction

The fund mainly invests in liquid shares of companies domiciled in North America or which carry out most of their economic activities there. Stock selection targets shares with lower expected downside risk. These shares with lower anticipated volatility are selected using a quantitative stock-selection model. In the selection of investments, choices are made with respect to allocation across sectors and subsectors and large, medium-sized and small companies. The risk of the fund is limited by means of this diversification.

### Investment objective

The primary objective of the fund is to generate equal or greater returns than the North American equity market at significantly lower risk while at the same time aiming for a better sustainability profile compared to the reference index by promoting certain ESG (i.e. Environmental, Social and corporate Governance) characteristics and integrating sustainability risks in the investment process. Conservative Equities here represents a focus on equities with low volatility. The fund uses the MSCI North America Index (Net Return in EUR) Index as reference index.

Robeco US Conservative High Dividend Equities N.V. is classified as Article 8 under the SFDR. More information is available in the precontractual SFDR disclosures of the fund on our website. Attached to this annual report the Annex IV disclosure can be found with detailed information on the achievement of the sustainability goals over the reporting period.

### Implementation of the investment policy

Empirical research over a very long period (80 years) shows that low-beta (or low-risk) stocks generate a higher return than that justified according to their beta. The risk-return relationship is therefore not positive, as is often assumed, but instead flat or even negative. This is also sometimes referred to as the low-risk anomaly, and the investment style used to benefit from this is known as 'low-volatility investing'. Besides the empirical evidence, there is also an economic reason why this anomaly exists. Low-risk stocks have a high tracking error and are therefore not attractive for a portfolio manager working with a benchmark-linked risk. This is why there are increasing numbers of academic studies into the relationship between risk and return and the underlying economic reasons. Robeco researchers are also participating in this lively debate by publishing items on low-volatility investing in international peer-reviewed journals. The low-risk anomaly and the low-volatility investment style based thereon is one of the sources of return.

Robeco's quantitative stock-selection model also uses other variables which either reduce total expected risk or increase portfolio returns. The quantitative Conservative Equity model combines the most successful variables that are expected to generate the highest return per unit of absolute risk.

The stock selection model for Robeco US Conservative High Dividend Equities N.V. assesses stocks on the following two themes:

1. low-risk factors (preference for stocks with low volatility, for instance);
2. return factors (preference for stocks with a high dividend and high price momentum, for instance).

All equities in the United States and Canada with sufficient market value and daily trading volume make up the investment universe of Robeco US Conservative High Dividend Equities N.V. In principle, the investment universe consists of stocks that are included in the MSCI North America Index. To enable investment in suitable stocks that are not included in this index, we have expanded the universe to include stocks in the Broad Market Index as compiled by S&P.

### Implementation of the investment policy (continued)

We apply a minimum daily trading volume to achieve a relatively stable and liquid investment universe. The portfolio manager purchases the most attractive stocks based on the results of the stock selection model. Each position is held until the stock's rank drops and another stock with a much higher rank can be bought instead with an expected positive alpha versus trading cost trade-off. As a result of this trading discipline, the portfolio will typically not hold bottom-ranked stocks. All trading occurs within concentration and position limits. Our sell-driven process leads to a low portfolio turnover, which helps to keep trading costs low. The intention is to construct a well-diversified portfolio with the objective of reducing stock-specific risks.

### Currency policy

The fund mainly invests in stocks issued in foreign currencies (USD and CAD). These currencies are not hedged. For further quantitative information on the currency risk we refer to the information on currency risk provided on page 24.

# Report by the manager (continued)

## Investment result

### Investment result per share class

Share class	Price in EUR x 1 31/12/2022	Price in EUR x 1 31/12/2021	Dividend paid June 2022	Investment result in reporting period in % <sup>1</sup>
<i>Robeco US Conservative High Dividend Equities - EUR G</i> <sup>2</sup>				
- Market price	51.36	51.40	1.60 <sup>3</sup>	3.1
- Net asset value	51.32	51.40		3.1

<sup>1</sup> Any dividends distributed in any year are assumed to have been reinvested in the fund.

<sup>2</sup> This share class is quoted in euros (EUR). The prices are therefore stated in euros. The base currency of the fund is the US dollar (USD).

<sup>3</sup> This distribution is treated as a dividend for tax purposes, but is recognized as partly paid from the share premium for accounting purposes.

### Net returns per share <sup>1</sup>

EUR x 1	2022	2021	2020	2019	2018
<b>Robeco US Conservative High Dividend Equities – EUR G</b>					
Direct investment income	1.26	1.19	1.27	1.36	1.16
Indirect investment income	-3.10	9.80	-6.83	7.61	-2.91
Management costs, service fee and other costs	-0.34	-0.30	-0.27	-0.29	-0.26
<b>Net result</b>	<b>-2.18</b>	<b>10.69</b>	<b>-5.83</b>	<b>8.68</b>	<b>-2.01</b>

<sup>1</sup> Based on the average number of shares outstanding during the reporting year. The average number of shares is calculated on a daily basis.

Over the reporting period, Robeco US Conservative High Dividend Equities N.V. generated a return 3.8% (gross of fees in EUR), against a return -13.8% for its reference index, the MSCI North America Index (Gross Return in EUR), outperforming the reference index by 17.6%.

Attributing the relative performance to factors, shows positive contributions from the low-risk, the value and the momentum factor.

### Return and risk

Robeco US Conservative High Dividend Equities N.V. is characterized by generally having lower absolute risk than its reference index, while having a high relative risk as the strategy that deviates considerably from its reference index.

Since the start of the fund in December 2013, the fund achieved a lower return than the index, the MSCI North America Index (gross return in EUR). The risk profile of the sub-fund, as measured by the volatility, was lower than that of the index. The lower return and lower volatility since the start of the fund resulted in a higher Sharpe ratio of 0.98 for the fund, against a Sharpe ratio of 0.90 for the reference index.



# Report by the manager (continued)

## Risk management

The presence of risks is inherent to asset management. It is therefore very important to have a procedure for controlling these risks embedded in the RIAM's day-to-day operations. The manager (RIAM) ensures that risks are effectively controlled via the three lines model: RIAM management (first line), the Compliance and Risk Management departments (second line) and the Internal Audit department (third line).

The management of RIAM is primarily responsible for risk management as part of its day-to-day activities. The Compliance and Risk Management departments develop and maintain policy, methods and systems that enable the management to fulfill their responsibilities relating to risk. Furthermore, portfolios are monitored by these departments to ensure that they remain within the investment restrictions under the Terms and Conditions for Management and Custody and the prospectus, and to establish whether they comply with the internal guidelines. The Risk Management Committee decides how the risk management policies are applied and monitors whether risks remain within the defined limits. The Internal Audit department carries out audits to assess the effectiveness of internal control.

RIAM uses a risk management and control framework that helps control all types of risk. Within this framework, risks are periodically identified and assessed as to their significance and materiality. Internal procedures and measures are focused on providing a structure to control both financial and operational risks. Control measures are included in the framework for each risk. Active monitoring is performed to establish the effectiveness of the procedures and measures of this framework.

## Operational risk

Operational risk is the risk of loss as a result of inadequate or failing processes, people or systems. Robeco constantly seeks opportunities to simplify processes and reduce complexity in order to mitigate operational risks. Robeco uses systems that can be seen as the market standard for financial institutions. The use of automation increases the risk associated with IT. This risk can be divided into three categories. The risk of access by unauthorized persons is managed using preventive and detective measures to control access to both the network and systems and data. Processes such as change management and operational management provide for monitoring of an operating system landscape. Finally, business continuity measures are in place to limit the risk of breakdown as far as possible and to recover operational status as quickly as possible in the event of a disaster. The effectiveness of these measures is tested periodically by means of internal and external monitoring.

## Compliance risk

Compliance & Integrity risks embody the risk of corporate and individual behaviour that leads to insufficient compliance with laws and regulations and internal policies to such an extent that in the end this may cause serious damage to confidence in Robeco and in the financial markets. Robeco's activities – collective and individual portfolio management – are subject to European and local rules of financial supervision. Observance of these rules is supervised by the national competent authorities (in the Netherlands the Authority for the Financial Markets, AFM and the Central Bank of the Netherlands, DNB). It is in the interest of both Robeco and the investors in Robeco-managed funds that Robeco complies with all the applicable laws and regulations.

In April 2022, Robeco fully completed the improvement of the processes in relation to the Dutch Money Laundering and Terrorist Financing (Prevention) Act and Sanctions Act in Robeco Retail, Robeco's on-line execution-only platform, as required by the AFM in 2020, when the AFM issued an order under penalty to Robeco (the "Order"). The AFM has informed us that they have accepted all the improvements and that Robeco has not forfeited any of the penalties under the Order. In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. Robeco has accepted and paid the fine.

With regard to the funds and counterparties, Robeco follows applicable sanctions of the Netherlands, UN, EU, UK and US, as amended and/or supplemented from time to time, and any mandatory (investment) restrictions deriving therefrom. In case of conflicting sanctions the applicable sanctions from the EU will prevail at all times. In 2022, Russia has committed a violation of international law by invading a sovereign state. While Robeco didn't own Russian sovereign bonds, Robeco has officially excluded these bonds for the funds and placed buying restrictions on Russian equities and corporate bonds.

The past few years the level of regulation has increased consistently while the regulatory environment is evolving as well by moving from a principle-based to a more rule and evidence based environment. Robeco actively follows these regulatory developments and is in continuous effort to incorporate all regulatory changes to ensure compliance with rules and regulations. Robeco performs annual Systematic Integrity Risk Assessments (SIRAs) to further identify and assess compliance and integrity risks and the control measures that mitigate these risks. If needed, follow-up actions will be discussed with the business to further mitigate the integrity risks.

The new EU regulatory framework on sustainable finance, consisting of multiple pieces of legislation, including the new Sustainable Finance Disclosure Regulation (SFDR), Taxonomy Regulation and amendments to existing frameworks (including the UCITS Directive and AIFMD), introduced extended reporting and disclosures, aiming for increased comparability between sustainable funds and to avoid greenwashing. The framework also requires the integration of sustainability (risks) in the organization, governance, risk management and investment processes of Robeco. The requirements entered into force in 2021. In 2022 additional work has been undertaken to further implement the detailed SFDR Regulatory Technical Standards and Robeco disclosed the detailed sustainability related information of Robeco-managed funds, the so called article 6, 8, 9 disclosures.

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Furthermore, Robeco implemented the new Key Investor Document for its funds offered to retail clients in line with the Packaged Retail Investment & Insurance -based Products (PRIIPs) which entered into force as of 1 January 2023.

Robeco US Conservative High Dividend Equities N.V. 9

# Report by the manager (continued)

## Risk management (continued)

### Outsourcing risk

The risk of outsourcing the activities is that the third party cannot meet its obligations, despite the existing contracts, and that the fund may incur a loss that cannot or cannot always be recovered from the third party.

### Fraud risk

Having a strong reputation for integrity is crucial for Robeco to safeguard market confidence and public trust. Fraud can undermine this confidence and trust. Therefore Robeco has implemented a central approach to mitigate fraud risk, including but not limited to actions to reduce fraud risk and assessments on the effectiveness of internal controls to reduce fraud risk. Two Anti-Fraud Officers (AFOs) are appointed, one from Operational Risk Management (ORM) focusing on External Fraud and one from Compliance, focusing on Internal Fraud. These AFOs are the first point of contact for any fraud risk indications and need to ensure that these are dealt with timely and effectively. The AFOs have the following tasks:

- Perform a periodical Fraud Risk Assessments and report the outcome towards the Entity Risk Management Committee (ERMC) and the Audit & Risk Committee (A&RC);
- Perform a gap analysis to identify missing controls in the RCF;
- Aligning with IT Security on anti-fraud measures implemented and ways to further improve fraud detection; and
- Monitor the proper follow-up of internal and external fraud incidents.

The risk of fraud inherently exists within each department of RIAM. Mitigating measures have been implemented within RIAM, such as segregation of duties between for example portfolio management, trading and mid- and back office. Such measures limit the actual risk of internal fraud. Although there is always the (inherent) risk of internal fraud from overriding or bypassing the internal controls, Robeco considers this a limited risk due to amongst other the organizational setup with a proper segregation of assets; no (fund) assets (e.g. equities and bonds) can be stolen, as these are held by the custodians who only act upon instructions following the agreed upon processes and authorizations.

### Developments Financial Risk Management

Robeco has been continuously working to further enhance its risk management methodologies, infrastructure and processes.

To further improve the risk infrastructure and the storage of risk data, the risk Datawarehouse is being enhanced. Development of the Datawarehouse takes place in close cooperation the vendor of our risk management platform. A more centralized storage of risk data allows for improved operational efficiency throughout the company.

In 2022, we enhanced our sustainability risk framework and ensured that this is reflected in all external documentation. The sustainability risk policy describes sustainability risk limits and controls, and the way in which any possible risk exceedances are addressed. The Sustainability Risk Policy is fully aligned with the Sustainable Financial Disclosure Regulation (SFDR). Alongside, we expanded the monitoring of sustainability risks in the product range of Robeco. This includes a dashboard to identify outliers and the enhancement and expansion of our climate risk scenarios.

A quantification of the risks can be found in the notes to the financial statements on pages 24 through 27.

### Movements in net assets

During the reporting period the assets of the fund fell by USD 7.1 million to USD 72.4 million. This decrease can be explained by the following items. On balance, shares were redeemed to the amount of USD 1.9 million. The net loss resulted in the decrease of the assets by USD 3.0 million. USD 2.2 million was distributed in dividend.

### Survey of movements in net assets

	2022 USD' 000	2021 USD' 000
<b>Assets at opening date</b>	<b>79,490</b>	<b>81,614</b>
Company shares issued	13,856	12,387
Company shares repurchased	(15,797)	(28,724)
<b>Situation on closing date</b>	<b>77,549</b>	<b>65,277</b>
Investment income	1,714	2,109
Receipts on surcharges and discounts on issuance and repurchase of own shares	22	29
Management fee	(350)	(402)
Service fee	(112)	(129)
	<b>1,274</b>	<b>1,607</b>
Changes in value	(4,263)	17,281
<b>Net result</b>	<b>(2,989)</b>	<b>18,888</b>
Dividend paid	(2,191)	(4,675)
<b>Assets at closing date</b>	<b>72,369</b>	<b>79,490</b>

# Report by the manager (continued)

## Remuneration policy

The fund itself does not employ any personnel and is managed by Robeco Institutional Asset Management BV (hereafter 'RIAM'). In the Netherlands, persons performing duties for the fund at management-board level and portfolio managers are employed by Robeco Nederland B.V. The remuneration for these persons comes out of the management fee.

This is a reflection of the Remuneration Policy of RIAM. The remuneration policy of RIAM applies to all employees of RIAM. The policy follows applicable laws, rules, regulations and regulatory guidance including, without limitation, chapter 1.7 of the Wft, article 5 of SFDR, the ESMA Remuneration Guidelines under UCITS, the ESMA Remuneration Guidelines under AIFMD and the ESMA Guidelines under MIFID.

## Introduction and scope

Employees and their knowledge and capabilities are the most important asset of RIAM. In order to attract and retain staff that allows RIAM to provide value to RIAM's clients and satisfy the clients' needs, fixed and variable remuneration is vital. It is equally vital to reward talent and performance fairly and competitively. In line with RIAM's reputation as a leader in sustainability, RIAM compensates its employees and applies its policy in a non-discriminatory and gender-neutral manner.

## Responsibility for and application of the policy

The RIAM Remuneration Policy is determined and applied by and on behalf of RIAM with the approval, where applicable, of the Supervisory Board of RIAM on the advice of the Nomination & Remuneration Committee (a committee of the Supervisory Board of RIAM) and, where applicable, the shareholders (Robeco Holding B.V. and ORIX Corporation Europe N.V.).

## Key objectives of the Remuneration Policy are:

- to stimulate employees to act in our clients' best interests and to prevent potential conduct of business and conflict of interest risks, adversely affecting the interests of clients;
- to support effective risk management and avoid employees taking undesirable risks, taking into account the internal risk management framework;
- to ensure a healthy corporate culture, focused on achieving sustainable results in accordance with the long-term objectives of RIAM, its clients and other stakeholders;
- to ensure consistency between the remuneration policy and environmental, social and governance risks and sustainable investment objectives by including these risks in the key performance indicators (KPIs) used for the determination of variable compensation of individual staff members;
- to provide for a market competitive remuneration to retain and attract talent.

## The remuneration policy in a broader perspective

In general, RIAM aims to align its remuneration policy and practices with its risk profile, its function and the interests of all its stakeholders. RIAM's approach to remuneration is intended to attract, motivate and retain colleagues who have the necessary skills, capabilities, values and behaviors needed to deliver on its strategy. This policy and RIAM's remuneration practices aim to (i) reward success whilst avoiding to reward for failure and (ii) maintain a sustainable balance between short and long-term value creation and build on RIAM's long-term responsibility towards its employees, clients, shareholders and other stakeholders.

### *RIAM is an asset manager with Dutch roots and nearly a century of operations*

Established in Rotterdam in 1929, RIAM offers investment management and advisory services to institutional and private investors. In addition, RIAM manages and distributes a variety of investment funds in and outside of the Netherlands. As an asset manager, RIAM is also acutely aware of its role in the transition to a more sustainable future.

### *RIAM's remuneration policy is shaped by regulation and finetuned by its stakeholders*

RIAM is active in a sector that is strictly regulated, impacting every aspect of its business model – including its remuneration policy and practices. A common denominator between the various sectoral remuneration regulations to which RIAM is subject, is that they all endeavor to align, at least in general terms, the interests of covered institutions with those of its stakeholders, for example through the use of deferral mechanisms, retention periods and restrictions on disproportionate ratios between fixed and variable remuneration.

Closely observing these requirements – in text and spirit – in constructing its remuneration approach and this remuneration policy, is a first step for RIAM to ensure alignment between its remuneration and the interests of its key stakeholders.

RIAM's remuneration policy seeks to strike a balance between its function as a trusted asset manager for institutional and retail clients on the one hand and its desire to offer RIAM's employees a well-balanced and competitive remuneration package on the other hand – recognizing the inherent risks to the former posed by the latter. RIAM believes that the balance between the interests of these two key stakeholders (clients and employees) are served by the use of specific performance criteria (KPIs), such as those emphasizing customer centricity.

The annual variable remuneration within RIAM in principle does not exceed 200% of fixed remuneration. A limit RIAM considers appropriate in light of the market and global arena in which it operates.

Finally, in recognition of RIAM's responsibilities to Dutch – and global – society in combatting climate change, RIAM has explicitly integrated sustainability risk factors in the performance indicators of relevant employees, so that their remuneration can be aligned with sustainability risk management.

# Report by the manager (continued)

## Remuneration policy (continued)

### *RIAM's approach to remuneration is subject to constant monitoring and change*

RIAM constantly seeks and receives input from clients, employees (both through the works council and in other settings), its shareholder, regulators and other stakeholder groups about its remuneration approach, enhancing the link between remuneration outcomes and stakeholder interests.

RIAM has set-up robust governance and monitoring arrangements to ensure its remuneration policy and approach remain aligned not just with applicable law, but also with the interests of its stakeholders.

### **Remuneration elements**

When determining the total remuneration of employees, RIAM periodically performs a market benchmark review. All remuneration awarded to RIAM employees can be divided into fixed remuneration (payments or benefits without consideration of performance criteria) and variable remuneration (additional payments or benefits, depending on performance).

### **Remuneration elements (continued)**

#### *Fixed remuneration - Monthly fixed pay*

Each individual employee's monthly fixed pay is determined based on their function and/or responsibility and experience according to the RIAM salary ranges and with reference to the benchmarks of the investment management industry in the relevant region. The fixed remuneration is sufficiently high to remunerate the professional services rendered, in line with the level of education, the degree of seniority, the level of expertise and skills required, job experience, the relevant business sector and region.

#### *Fixed remuneration - Temporary allowances*

Under certain circumstances, temporary allowances may be awarded. In general, such allowances are solely function and/or responsibility based and are not related to the performance of the individual employee or RIAM as a whole. Allowances are granted pursuant to strict guidelines and principles.

#### *Variable remuneration*

The variable remuneration pool is established based on the financial results and includes a risk assessment on the total actual variable remuneration pool. In such assessment both financial and non-financial risks are taken into account, consistent with the risk profile of RIAM, the applicable businesses and the underlying client portfolios. When assessing risks, both current and future risks that are taken by the staff member, the business unit and Robeco as a whole are taken into account. This is to ensure any variable remuneration grants are warranted in light of the financial strength of the company and effective risk management.

To the extent that the variable remuneration pool allows, each employee's variable remuneration will be determined at the reasonable discretion of RIAM, taking into account the employee's behavior and individual and team and/or the department's performance, based on pre-determined financial and non-financial performance factors (KPIs). Poor performance or unethical or non-compliant behavior will reduce individual awards or can even result in no variable remuneration being awarded at all. Furthermore, the variable remuneration of all RIAM staff is appropriately balanced with the fixed remuneration.

The KPIs for investment professionals are mainly based on the risk-adjusted excess returns over one, three and five years. For sales professionals, the KPIs are mostly related to the net run rate revenue, and client relationship management. The KPIs should not encourage excessive risk-taking. Furthermore, sustainability KPIs are set to ensure decisions are taken in line with the sustainability risk considerations related to investment strategies and also facilitate the implementation of relevant ESG risk-related factors consistent with our sustainability risk policy. The KPIs for support professionals are mainly non-financial and role-specific. KPIs for Control Functions are predominantly (70% or more) function and/or responsibility specific and non-financial in nature. KPIs may not be based on the financial results of the part of the business they oversee in their monitoring role. At least 50% of all employees' KPIs are non-financial.

### *Payment and deferral of variable remuneration and conversion into instruments*

Unless stated otherwise in this paragraph, variable remuneration up to EUR 50,000 is paid in cash immediately after being awarded. If an employee's variable remuneration exceeds EUR 50,000, 60% is paid in cash immediately and the remaining 40% is deferred and converted into instruments, as shown in the table below. These instruments are 'Robeco Cash Appreciation Rights' (R-CARs), the value of which reflects the financial results over a rolling eight-quarter period of all direct or indirect subsidiaries of Robeco Holding B.V.

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>
Cash payment	60%			
R-CARs redemption		13.34%	13.33%	13.33%

### *Severance payments*

No severance is paid in case of voluntary resignation of the employee or in case of dismissal of the employee for seriously culpable behavior. Severance payments to daily policy makers as determined in the Wft are capped at 100% of fixed remuneration and no severance shall be paid to daily policy makers in case of dismissal due to a failure of the institution, e.g., in case of a request for state aid or if substantial sanctions are imposed by the regulator.

# Report by the manager (continued)

## Remuneration policy (continued)

### Additional rules for Identified Staff

The rules below apply to Identified Staff. These rules apply in addition to the existing rules as set out above and will prevail in the event of inconsistencies. Identified Staff is defined as employees who can have a material impact on the risk profile of RIAM and/or the funds it manages. Identified Staff includes:

- members of the governing body, senior management, (senior) portfolio management staff and the heads control functions (Compliance, Risk Management, Internal Audit);
- other risk-takers as defined in the AIFMD and UCITS V, whose total remuneration places them in the same remuneration bracket as the group described above.

### Additional rules for Identified Staff (continued)

#### *Monitoring and Control Staff*

The following rules apply to the fixed and variable remuneration of Monitoring and Control Staff:

- The fixed remuneration is sufficient to guarantee that RIAM can attract qualified and experienced staff.
- The business objectives of Monitoring and Control Staff are predominantly role-specific and non-financial.
- The financial business objectives are not based on the financial results of the part of the business that the employee covers in his or her own monitoring role.
- The appraisal and the related award of remuneration are determined independently of the business they oversee.
- The above rules apply in addition to the rules which apply to the Identified Staff if an employee is considered to be part of both the Monitoring or Control Staff and Identified Staff.
- The remuneration of the Head of Compliance, Head of Internal Audit and the 2 Heads of Risk Management (Head of Risk and Head of Investment Restrictions) falls under the direct supervision of the Nomination & Remuneration Committee of the Supervisory Board of RIAM.

#### *Identified Staff*

The following rules apply to the fixed and variable remuneration of Identified Staff:

- The fixed remuneration is sufficient to guarantee that RIAM can attract qualified and experienced staff.
- Part of the variable remuneration is paid in cash and part of it is deferred and converted into instruments, based on the payment/redemption table below. The threshold of EUR 50,000 does not apply. In the occasional event that the amount of variable remuneration is more than twice the amount of fixed remuneration, the percentages between brackets in the table below will apply

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
Cash payment	30% (20%)	6.67% (10%)	6.66% (10%)	6.66% (10%)	
R-CARs redemption		30% (20%)	6.67% (10%)	6.66% (10%)	6.66% (10%)

### Risk control measures

RIAM has identified the following risks that must be taken into account in applying its remuneration policy:

- misconduct or a serious error of judgement on the part of employees (such as taking non-permitted risks, violating compliance guidelines or exhibiting behavior that conflicts with the core values) in order to meet business objectives or other objectives
- a considerable deterioration in RIAM's financial result becomes apparent
- a serious violation of the risk management system is committed
- evidence that fraudulent acts have been committed by employees
- behavior that results in considerable losses.

The following risk control measures apply, all of which are monitored by the Supervisory Board of RIAM.

#### *Ex-post risk assessment claw back – for all employees*

RIAM may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event that fraud has been committed by the employee, (iii) in the event of serious improper behavior on the part of the employee or serious negligence in the performance of his or her tasks, or (iv) in the event of behavior that has resulted in considerable losses for the organization.

#### *Ex-post risk assessment malus – for Identified Staff*

Before paying any part of the deferred remuneration, RIAM may decide, as a form of ex-post risk adjustment, to apply a malus on the following grounds:

- evidence of fundamental misconduct, error and integrity issues by the staff member (e.g. breach of code of conduct, if any, and other internal rules, especially concerning risks);
- a staff member having caused a considerable deterioration in the financial performance of RIAM or any fund managed by it, especially to the extent this performance was relevant to the award of variable remuneration;
- a significant deficiency in the risk management of RIAM or any fund managed by it; or
- significant changes in the overall financial situation of RIAM.



# Report by the manager (continued)

## Remuneration policy (continued)

### Ex-ante risk assessment – for Identified Staff

Before granting an in-year variable remuneration to Identified Staff, RIAM may decide, as a form of ex-ante risk adjustment, to apply a reduction or even reduce the variable remuneration proposal to zero in case of compliance and risk related matters, collectively or individually.

### Approvals

In accordance with RIAM's governance, the remuneration of the Management Board is determined by the shareholder (ORIX Corporation Europe N.V.), based on a proposal from the Supervisory Board of RIAM who has been advised by the Nomination & Remuneration Committee of the Supervisory Board of RIAM. The remuneration of employees earning in total more than EUR 500,000 per annum requires the approval of the Supervisory Board of RIAM (advised by the Nomination & Remuneration Committee of the Supervisory Board of RIAM) as well as the shareholder.

### Annual audit

Internal Audit audits the remuneration process annually, as well as verifying the implementation of possible amendments to it and that remuneration has been in compliance with the policy.

## Remuneration in 2022

Of the total amounts granted in remuneration<sup>1</sup> by RIAM in 2022 to RIAM's Board, Identified Staff and Other Employees, the following amounts are to be assigned to the fund:

### Remuneration in EUR x 1

Staff category	Fixed pay for 2022	Variable pay for 2022
Board (3 members)	806	992
Identified Staff (102) (ex Board)	9,063	7,007
Other employees (730 employees)	30,563	9,452

The total of the fixed and variable remuneration charged to the fund is EUR 57,883. Imputation occurs according to the following key:

$$\text{Total remuneration (fixed and variable) x } \frac{\text{Total fund assets}}{\text{Total assets under management (RIAM)}}$$

The fund itself does not employ any personnel and has therefore not paid any remuneration above EUR 1 million.

<sup>1</sup> The remunerations relate to activities performed for one or more Robeco entities.

## Remuneration manager

The manager (RIAM) has paid to 2 employees a total remuneration above EUR 1 million.



# Report by the manager (continued)

## Sustainable investing

Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future. Robeco's mission therefore, is to enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions. We are an active owner, we integrate material ESG issues systematically into our investment processes, we have a net zero roadmap in place and a broad range of sustainable solutions. Responsibility for implementing Sustainable investing lies with the CIO Fixed Income and Sustainability, who also has a seat on Robeco's Executive Committee.

### Focus on stewardship

Fulfilling our responsibilities in the field of stewardship forms an integral part of Robeco's approach to Sustainable investing. A core aspect of Robeco's mission is fulfilling our fiduciary duties towards our clients and beneficiaries. Robeco manages investments for a variety of clients with different investment needs. We always strive in everything we do to serve our clients interests to the best of our ability. We publish our own stewardship policy on our website. This policy describes how we deal with possible conflicts of interest, how we monitor the companies in which we invest, how we conduct activities in the field of engagement and voting, and how we report on our stewardship activities. To mark our strong commitment to stewardship, we are signatories to many different stewardship codes across the globe.

### ESG at the forefront in 2022 Proxy Season:

ESG topics took center stage in the 2022 proxy season as companies came under unprecedented scrutiny over their ESG performance. The season saw a growing number of ESG-focused shareholder proposals addressing a broader and more diverse set of topics. The significant support for these proposals highlighted the urgent need for companies to step up their ESG efforts to meet the growing expectations of investors and regulators alike.

In 2022, companies faced continued pressure from investors on climate change. This occurred against the backdrop of a historic 2021 proxy season that saw the advent of the Say-on-Climate proposal and the removal of Exxon directors in a proxy fight focused on carbon transition strategy. 2022 meeting agendas stand proof of this ever-growing interest; a large number of Say-on-Climate proposals were up for a vote, with shareholders having called for companies to set and disclose targets across scope 1, 2 and 3 emissions, to align their strategy to net-zero or to cease financing fossil fuels. At the same time, biodiversity emerged as a key topic as resolutions dealing with issues such as plastics use and water stewardship made their way onto ballots. Robeco assessed the merits of these proposals on a case-by-case basis, while continuing to hold companies accountable for insufficient climate action by voting against specific agenda items such as the board chair election.

Social topics were brought to the fore by the Covid-19 pandemic and remained high on the agenda in the 2022 proxy season. Particularly noteworthy was the large variety of social issues that reached ballots. Shareholders filed an increasing number of proposals calling for companies to carry out racial equity or civil rights audits and these resolutions in some cases won majority support - as seen at Apple's 2022 AGM. Healthcare companies such as Pfizer and Johnson & Johnson were targeted by resolutions addressing IP transfer to Covid-19 vaccine manufacturers, and the public health costs of protecting vaccine technology. The number of proposals addressing climate-related lobbying also steadily increased. In all cases, Robeco supported proposals deemed to protect minority shareholder rights and strengthen director accountability while safeguarding long-term shareholder interests. Notably, Robeco co-filed a resolution dealing with customer due diligence at Amazon's 2022 AGM; this proposal was supported by nearly 40% of the votes cast.

Governance topics remained top-of-mind as shareholders continued to push to expand their rights and to hold companies accountable for remuneration practices that lagged their expectations. Meeting agendas were packed with proposals seeking amendments to provisions governing proxy access, special meetings, and action by written consent, as well as resolutions calling for companies to adopt the "one share, one vote" principle or to separate the board chair and CEO roles. Many companies proposed article amendments that would allow them to hold virtual-only meetings at their discretion. However, recent years have shown that virtual-only shareholder meetings can severely deprive shareholders of their rights as management is afforded the discretion to filter out inconvenient questions. For this reason, Robeco opposed any article amendments that grant companies the discretion to hold shareholder meetings in a virtual-only format outside exceptional circumstances.

The prominence of ESG topics on meetings ballots however also sparked an increase in the number of proposals dubbed as "anti-ESG" or "anti-social." Filed by "conservative" investors, these were centered around many of the topics highlighted above yet called for companies to halt rather than advance their ESG efforts. The low support gained by these resolutions is however far from being reassuring for ESG-minded investors; in the US, a low approval rate means that proposals addressing the same issue can be excluded from ballots in subsequent years. Robeco voted against any shareholder proposals seeking to halt the companies' efforts to advance ESG goals.

### ESG integration by Robeco

Sustainability brings about change in markets, countries and companies in the long term. And since changes affect future performance, ESG factors can in our view add value to our investment process. We therefore look at these factors in the same way as we consider a company's financial position or market momentum. We have research available from leading sustainability experts, including our own proprietary research from the sustainable investing research team. This dedicated sustainable investing research team works together very closely with the investment teams to provide them with in-depth sustainability information.

# Report by the manager (continued)

## Sustainable investing (continued)

### ESG integration by Robeco (continued)

The investment analysis focuses on the most material ESG factors and the connection with the financial performance of a company. We can then focus on the most relevant information in performing our investment-analysis and can reach enhanced investment decisions.

Besides integrating ESG, Active Ownership and exclusions into all of our investment processes, in 2022 we systematically added climate risk as a factor in our fundamental investment analyses, both on the equity and on the credit side. Furthermore we added more information on biodiversity

### Contributing to the Sustainable Development Goals

Robeco is a signatory in the Netherlands to the Sustainable Development Goals Investing Agenda. To help our customers contribute to the objectives, we worked on analyzing the SDG<sup>1</sup> contribution of companies and developing SDG investment solutions. Currently multiple solutions are available both in equity and fixed income and the amount of assets that are managed in line with this SDG methodology is increasing rapidly.

<sup>1</sup> Sustainable Development Goals as defined by the United Nations

Furthermore, Robeco contributes to the SDGs by integrating ESG factors in its decision-making process for investments and encourages companies to act in support of these goals by means of a constructive dialogue. The SDGs are continually considered during the engagement and voting activities.

### Combating climate change

Robeco's climate change policy includes integrating climate issues in investments when financially material and engaging with companies. Furthermore climate risks for our funds are being assessed and monitored by the financial risk management department. In 2020 Robeco expanded its climate change policy by announcing the ambition to achieve net-zero greenhouse gas (GHG) emissions by 2050 across all its assets under management.

Robeco aims to decarbonize its investments 30% by 2025 and 50% by 2030. We aim to follow the Paris agreements which implies we decarbonize our assets 7% per annum on average. Our ability to do so, in the longer run, will however also be dependent on the decarbonization of the global economy. Living up to the same standards it sets for others, Robeco also applies the aim to reach net zero by 2050 to its own operations. It aims to reduce its operational emissions 35% by 2025 and 50% by 2030. This encompasses all emissions associated with business travel, electricity, heating and other business activities. In April 2022 Robeco reported on its progress towards these goals in its sustainability report which can be found at Robeco website.

### Exclusion

Robeco pursues an exclusion policy for companies that are involved in the production of or trade in controversial weapons such as cluster munition and anti-personnel mines, for tobacco companies and for companies that severely and structurally violate either the United Nations Global Compact (UNGC) or OECD Guidelines for Multinational Enterprises. We apply strict criteria for this last category and if a dialogue fails the company can be excluded. Robeco publishes its exclusion policy and the list of exclusions on its website.

### Active ownership

Constructive and effective activities under active ownership encourage companies to improve their management of risks and opportunities in the field of ESG. This in turn establishes a better competitive position and improved profitability and moreover has a positive impact on the community. Active ownership involves voting and engagement. Robeco exercises its voting rights for the shares in its investment funds all over the world.

In 2022, we voted at 105 shareholder meetings on behalf of Robeco US Conservative High Dividend Equities N.V. At 95 (90%) of the 105 meetings, we cast at least one vote against management's recommendation. In addition, Robeco enters into an active dialogue with the companies in which it invests on questions concerning the environment, society and corporate governance.

Robeco has Active Ownership specialists in Rotterdam, London, Singapore and Hong Kong. In 2022 Robeco engaged with 215 companies on different issues ranging from corporate governance to health care to climate change. For Robeco US Conservative High Dividend Equities N.V., we entered into a dialogue with 16 companies, involving 13 value engagement cases, 1 enhanced engagement cases and 2 SDG engagement cases. More information on our processes and themes can be found in the Stewardship Policy.

Value engagement is a proactive approach focusing on long-term issues that are financially material and/or causing adverse sustainability impacts. The primary objective is to create value for investors and mitigating adverse impacts by improving sustainability conduct and corporate governance of companies.

# Report by the manager (continued)

## Sustainable investing (continued)

### Active ownership (continued)

Enhanced engagement focuses on companies that severely and structurally breach minimum behavioral norms in areas such as human rights, labor, environment and anti-corruption. The primary objective of enhanced engagement is to address reported shortfalls against internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency.

SDG engagement is to drive a clear and measurable improvement in a company's SDG contribution over three to five years through engagement. By ensuring a company's persistent relevance is reflected by its ability to address key societal needs, this strategy creates value for both investors and society at large.

In 2022 Robeco started engagement on four new sustainable themes: Net Zero Carbon Emissions, Natural Resource Management, Diversity & Inclusion and Nature Action 100.

### Net Zero Carbon Emissions

This new theme, launched in Q1 2022, is an extension of our corporate decarbonization theme which opened in Q4 2020. We have expanded the theme by engaging with an additional 15 companies. Our engagement under this theme sets the expectation for companies to set long-term net-zero targets, and to substantiate them with credible short- and medium-term emissions reduction strategies, as well as transition plans that ensure a reduction in real-world emissions over the next decade.

### Natural Resource Management

This engagement theme is focused on companies for whom the management of water use and wastewater discharge is a financial material issue. Companies need to account for the amount of fresh water use that is needed to make certain products – often drawn from places where water is already scarce. Also the discharge of wastewater remains problematic and therefore needs to be addressed. One of the core goals is to encourage companies to report their water and wastewater-related information in a more harmonized way, so that companies are actively thinking and talking about water and wastewater management in a similar, more comparable way.

### Diversity & Inclusion

Human development is also vital to a more sustainable and prosperous world, particularly in reaping the rewards that greater inclusion can bring. This theme builds on prior work in promoting great diversity in the workplace, trying to achieve equal rights – particularly for female participation in more senior roles, including at board level – and making sure that every voice is heard. Our engagement aims to improve embedding Diversity, Equity and Inclusion (DEI) in companies' human capital strategies, setting clear targets to strengthen DEI practices and outcomes. We also expect companies to measure and disclose meaningful data and outcomes related to workforce composition, promotion, recruitment, retention rates and equity pay practices.

### Nature Action 100 (NA100)

This engagement theme is a collaborative engagement program building on the lessons learned from Climate Action 100+. The focus of NA100 will lie with terrestrial, fresh water and marine biomes addressing dependencies and impacts on biodiversity driven by deforestation, overfishing and pollution. The Nature Action 100 governance structure is currently under negotiation and aims to build on the Nature benchmark of the World Benchmarking Alliance. Company engagements will be initiated in 2023.

### New regulation; the EU plan for financing sustainable development

The EU's Sustainable Finance Action Plan represents one of the most impactful pieces of regulation to hit the investment management industry since MiFID II. A core tenet of the plan is the Sustainable Finance Disclosure Regulation (SFDR), which classifies investment funds according to their sustainability credentials for the first time. On March 10 2021 all Robeco funds were classified to be either article 6 (do not promote ESG characteristics), article 8 (Environment and Social promoting strategies) or article 9 (strategies with sustainable investment as its objective). Fund documentation, like the prospectus and the factsheets have also been adjusted to contain more and more specific information on how ESG is integrated as the disclosure regulation requires. Lastly a sustainable risk policy, good governance policy and principal adverse impact policy were published on the website, along with a range of other documentation. In 2022 Robeco published a statement on how we are dealing with Principle Adverse Impact of our investments.

Robeco US Conservative High Dividend Equities N.V. is classified as Article 8 under the SFDR. More information is available in the precontractual SFDR disclosures of the fund on our website. Attached to this annual report the Annex IV disclosure can be found with detailed information on the achievement of the sustainability goals over the reporting period.

# Report by the manager (continued)

## **In control statement**

Robeco Institutional Asset Management B.V. has a description of internal control, which is in line with the requirements of the Dutch Financial Supervision Act (Wet op het financieel toezicht, or 'Wft') and the Dutch Market Conduct Supervision of Financial Enterprises Decree (Besluit Gedragstoezicht financiële ondernemingen, or 'BGfo').

## **Report of internal control**

We noted nothing that would lead us to conclude that operational management does not function as described in this statement. We, as the Management Board of Robeco Institutional Asset Management B.V., therefore declare with reasonable assurance that the design of internal control, as mentioned in article 121 BGfo meets the requirements of the Wft and related regulations and that operational management has been effective and has functioned as described throughout the reporting year.

Rotterdam, 28 April 2023

The Manager

# Annual financial statements

## Balance Sheet

Before profit appropriation	Notes	31/12/2022 USD' 000	31/12/2021 USD' 000
<b>ASSETS</b>			
<b>Investments</b>			
Equities	1	71,772	78,676
<b>Total investments</b>		<b>71,772</b>	<b>78,676</b>
<b>Accounts receivable</b>			
Dividends receivable	3	93	117
Other receivables, prepayments and accrued income	4	227	299
<b>Total accounts receivable</b>		<b>320</b>	<b>416</b>
<b>Other assets</b>			
Cash and cash equivalents	5	373	1,945
<b>LIABILITIES</b>			
<b>Accounts payable</b>			
Payables on securities transactions		–	1,493
Payable to affiliated parties	6	39	43
Other liabilities, accruals and deferred income	7	57	11
<b>Total accounts payable</b>		<b>96</b>	<b>1,547</b>
<b>Accounts receivable and other assets less accounts payable</b>		<b>597</b>	<b>814</b>
<b>Assets less liabilities</b>		<b>72,369</b>	<b>79,490</b>
<b>Composition of shareholders' equity</b>			
Issued capital	8, 9		
Share-premium reserve	8	1,914	1,953
Other reserve	8	13,698	15,600
Undistributed earnings	8	59,746	43,049
	8	(2,989)	18,888
<b>Shareholders' equity</b>		<b>72,369</b>	<b>79,490</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.

# Annual financial statements (continued)

## Profit and loss account

	Notes	2022 USD' 000	2021 USD' 000
<b>Direct investment result</b>			
Investment income	11	1,714	2,109
<b>Indirect investment result</b>			
Unrealized gains	1, 2	4,423	11,800
Unrealized losses	1, 2	(14,382)	(2,567)
Realized gains	1, 2	7,667	9,098
Realized losses	1, 2	(1,971)	(1,050)
Receipts on surcharges and discounts on issuance and repurchase of own shares		22	29
<b>Total operating income</b>		<b>(2,527)</b>	<b>19,419</b>
<b>Costs</b>			
	14, 15		
Management fee	12	350	402
Service fee	12	112	129
<b>Total operating expenses</b>		<b>462</b>	<b>531</b>
<b>Net result</b>		<b>(2,989)</b>	<b>18,888</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.



# Annual financial statements (continued)

## Cash flow statement

	Notes	2022 USD' 000	2021 USD' 000
<b>Cash flow from investment activities</b>			
Net result		(2,989)	18,888
Unrealized changes in value	1, 2	9,959	(9,233)
Realized changes in value	1, 2	(5,696)	(8,048)
Purchase of investments	1, 2	(20,092)	(9,696)
Sale of investments	1, 2	22,809	28,927
Increase (-)/decrease (+) accounts receivable	3, 4	13	448
Increase (+)/decrease (-) accounts payable	6	(1,497)	1,491
		<b>2,507</b>	<b>22,777</b>
<b>Cash flow from financing activities</b>			
Received for shares subscribed		13,856	12,387
Paid for repurchase of own shares		(15,797)	(28,724)
Dividend paid		(2,191)	(4,675)
Increase (-)/decrease (+) accounts receivable	4	83	66
Increase (+)/decrease (-) accounts payable	7	46	(35)
		<b>(4,003)</b>	<b>(20,981)</b>
<b>Net cash flow</b>		<b>(1,496)</b>	<b>1,796</b>
Currency and cash revaluation		(76)	(31)
<b>Increase (+)/decrease (-) cash</b>		<b>(1,572)</b>	<b>1,765</b>
Cash at opening date	5	1,945	180
<b>Total cash at opening date</b>		<b>1,945</b>	<b>180</b>
Cash at closing date	5	373	1,945
<b>Total cash at closing date</b>		<b>373</b>	<b>1,945</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.

# Notes

## General

The annual financial statements have been drawn up in conformity with Part 9, Book 2 of the Dutch Civil Code. The fund's financial year is the same as the calendar year. The notes referring to fund shares concern ordinary shares outstanding.

The ordinary shares are divided into four series, one of which is open. Each series is designated as a share class. The fund includes the following share classes:

Share class A: Robeco US Conservative High Dividend Equities - EUR G.

## Accounting principles

### General

The financial statements are produced according to the going concern assumption. Unless stated otherwise, items shown in the financial statements are stated at nominal value and expressed in thousands of United States dollar. Assets and liabilities are recognized or derecognized in the balance sheet on the transaction date.

### Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs incurred by the fund for the entry and exit of investors. The actual maximum surcharge or discount is published on [www.robeco.com/riam](http://www.robeco.com/riam). The surcharges and discounts are recognized in the profit and loss account.

### Financial investments

Financial investments are classified as trading portfolio and are valued at fair value, unless stated otherwise. The fair value of stocks is determined on the basis of market prices and other market quotations at closing date. For derivatives and futures, the value is based on the market price and other market quotations at closing date. Transaction costs incurred in the purchase and sale of investments are included in the purchase or sale price as appropriate. Transaction costs incurred in the purchase of investments are therefore recognized in the first period of valuation as part of the value changes in the profit and loss account. Transaction costs incurred in the sale of investments are part of the realized results in the profit and loss account. Derivative instruments with a negative fair value are recognized under the derivatives item under investments on the liability side of the balance sheet.

### Recognition and derecognition of items in the balance sheet

Investments are recognized or derecognized in the balance sheet on the transaction date. Equities and derivatives are recognized in the balance sheet on the date the purchase transaction is concluded. Equities are derecognized in the balance sheet on the date the sale transaction is concluded. Derivatives are fully or partially derecognized in the balance sheet on the date the sales transaction is concluded or if the contract is settled on the expiry date. Accounts receivable and payable are recognized in the balance sheet on the date that contractual rights or obligations with respect to the receivables or payables arise. Receivables and payables are derecognized in the balance sheet when, as a result of a transaction, the contractual rights or obligations with respect to the receivables or payables no longer exist.

### Presentation of derivatives

Derivatives are recognized in the balance sheet at fair value. The presentation of the fair value is based on the liabilities and receivables per contract. The receivables are reported under assets and obligations are reported under liabilities. The value of the derivatives' underlying instruments is not included on the balance sheet. Where applicable, the underlying value of derivatives is included in the information provided on the currency and concentration risk.

### Netting

Financial assets and liabilities with the same party are offset, and the net amount is reported in the statement of financial position, when the fund has a current, legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability at the same time.

### Use of estimates

In preparing these financial statements, the manager has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. If cash is not freely disposable, this is factored into the valuation.

Cash expressed in foreign currencies is converted into the functional currency as at the balance sheet date at the exchange rate applicable on that day. Please refer to the currency table on page 35.

# Notes (continued)

## Accounting principles (continued)

### Accounts receivable

Receivables are valued after initial recognition at amortized cost based on the effective interest method, less impairments. Given the short-term character of the receivables, the value is equal to the nominal value.

### Debt

Non-current debts and other financial obligations are valued, after initial recognition, at the amortized cost price based on the effective interest method. Given the short-term character of the debt, the value is equal to the nominal value.

### Foreign currencies

Transactions in currencies other than the US dollar are converted into US dollars at the exchange rates valid at the time. Assets and liabilities expressed in other currencies are converted into US dollars at the exchange rate prevailing at balance-sheet date. The exchange rate differences thus arising or exchange rate differences arising on settlement are recognized in the profit and loss account. Investments in foreign currencies are converted into US dollars at the rate prevailing on the balance sheet date. This valuation is part of the valuation at fair value. Exchange rate differences are recognized in the profit and loss account under changes in value.

### Securities lending

Investments for which the legal ownership has been transferred by the fund for a given period of time as a result of securities-lending transactions, will continue to be included in the fund's Balance sheet during this period, since their economic advantages and disadvantages, in the form of investment income and changes in value, will be added to or deducted from the fund's result. The way in which collateral ensuing from securities-lending transactions is reported depends on the nature of this collateral. If the collateral is received in the form of investments these are not recognized in the balance sheet as the economic advantages and disadvantages relating to the collateral will be for the account and risk of the counterparty. If the collateral is received in cash it will be recognized in the balance sheet as in this case the economic advantages and disadvantages will be for the account and risk of the fund.

## Principles for determining the result

### General

Investment results are determined by investment income, rises or declines in stock prices, rises or declines in foreign exchange rates and results of transactions in currencies, including forward transactions and other derivatives. Results are allocated to the period to which they relate and are accounted for in the profit and loss account.

### Recognition of income

Income items are recognized in the profit and loss account when an increase of the economic potential associated with an increase of an asset or a reduction of a liability has occurred and the amount of this can be reliably established.

### Recognition of expenses

Expense items are recognized when a reduction of the economic potential associated with a reduction of an asset or an increase of a liability has occurred and the amount of this can be reliably established.

### Investment income

This includes the net cash dividends declared during the year under review, the nominal value of stock dividends declared, interest received and paid and proceeds. Accrued interest at balance sheet date is taken into account.

### Changes in value

Realized and unrealized capital gains and losses on securities and currencies are presented under this heading. Realization of capital gains takes place on selling as the difference between the realizable sales value and the average historical cost price. Unrealized capital gains relate to value changes in the portfolio between the beginning of the financial year and the balance sheet date, corrected by the realized gains when positions are sold or settlement takes place.

## Principles for cash flow statement

### General

This cash flow statement has been prepared using the indirect method. Cash comprises items that may or may not be directly callable. Accounts payable to credit institutions include debit balances in bank accounts.

### Attribution to share classes

The administration of the fund is such that attribution of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class.

# Notes (continued)

## Risks relating to financial instruments

### Investment risk

The value of investments may fluctuate. Past performance is no guarantee of future results. The net asset value of the fund depends on developments in the financial markets and can therefore either rise or fall. Shareholders run the risk that their investments may end up being worth less than the amount invested, or even worth nothing. The general investment risk can also be characterized as market risk.

### Market risk

Market risk can be divided into three types: price risk, currency risk and concentration risk. Market risks are contained using limits on quantitative risk measures such as tracking error, volatility or value-at-risk. This means that the underlying risk types (price risk, currency risk and concentration risk) are also indirectly contained.

#### Price risk

The net asset value of the fund is sensitive to market movements. In addition, investors should be aware of the possibility that the value of investments may vary as a result of changes in political, economic or market circumstances, as well as changes in an individual business situation. The entire portfolio is exposed to price risk. The degree of price risk that the fund runs depends among other things on the risk profile of the fund's portfolio. More detailed information on the risk profile of the fund's portfolio can be found in the section on Implementation of the investment policy on page 7.

#### Currency risk

All or part of the securities portfolio of the fund may be invested in currencies, or financial instruments denominated in currencies other than the euro. As a result, fluctuations in exchange rates may have both a negative and a positive effect on the investment result of the fund. Currency risks may be hedged with currency forward transactions and currency options. Currency risks can be limited by applying relative or absolute currency concentration limits.

As at the balance sheet date, there were no positions in currency derivatives.

The table below shows the gross and net exposure to the various currencies, including cash, receivables and debts. Further information on the currency policy can be found on page 8.

	31/12/2022	31/12/2022	31/12/2022	31/12/2021
	Gross position	Net position	% of	% of
Currency exposure	USD' 000	USD' 000	net assets	net assets
CAD	6,806	6,806	9.40	9.64
EUR	156	156	0.22	0.26
USD	65,407	65,407	90.38	90.10
<b>Total</b>	<b>72,369</b>	<b>72,369</b>	<b>100.00</b>	<b>100.00</b>

#### Concentration risk

Based on its investment policy, the fund may invest in financial instruments from issuing institutions that operate mainly within the same sector or region, or in the same market. In the case of concentrated investment portfolios, events within the sectors, regions or markets in which they invest have a more pronounced effect on the fund assets than in less concentrated investment portfolios. Concentration risks can be limited by applying relative or absolute country or sector concentration limits.

As at the balance sheet date, there were no positions in stock market index futures contracts.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Concentration risk (continued)

The table below shows the exposure to stock markets through stocks per country in amounts and as a percentage of the fund's total equity capital.

#### Concentration risk by country

		31/12/2022	31/12/2022	31/12/2021
	Equities USD' 000	Total exposure USD' 000	% of net assets	% of net assets
Bermuda	317	317	0.44	0.33
Canada	6,747	6,747	9.33	9.54
Guernsey	819	819	1.13	0.74
Ireland	–	–	–	1.79
Jersey	–	–	–	0.28
Switzerland	1,564	1,564	2.16	0.82
United States of America	62,325	62,325	86.12	85.48
<b>Total</b>	<b>71,772</b>	<b>71,772</b>	<b>99.18</b>	<b>98.98</b>

The sector concentrations are shown below.

#### Concentration risk by sector

	31/12/2022	31/12/2021
	% of net assets	% of net assets
Communication Services	6.93	6.82
Consumer Discretionary	9.99	13.80
Consumer Staples	14.86	13.16
Energy	4.79	–
Financials	15.26	17.05
Health Care	23.26	15.72
Industrials	4.09	6.05
Information Technology	16.15	20.68
Real Estate	0.99	3.16
Utilities	2.86	2.53
Other assets and liabilities	0.82	1.03
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Leverage risk

The fund may make use of derivative instruments, techniques or structures. They may be used for hedging risks, and for achieving investment objectives and ensuring efficient portfolio management. These instruments may be leveraged, which will increase the fund's sensitivity to market fluctuations. The risk of derivative instruments, techniques or structures will always be limited within the conditions of the fund's integral risk management. The degree of leverage in the fund, measured using the commitment method (where 0% exposure indicates no leverage) over the year, as well as on the balance sheet date, is shown in the table below. The maximum leverage allowed under the UCITS regulation is 110%.

	Lowest exposure during the reporting year	Highest exposure during the reporting year	Average exposure during the reporting year	Exposure at the reporting year end
Robeco US Conservative High Dividend Equities N.V.	0%	3%	0%	0%

# Notes (continued)

## Risks relating to financial instruments (continued)

### Credit risk

Credit risk occurs when a counterparty of the fund fails to fulfil its financial obligations arising from financial instruments in the fund. Credit risk is limited as far as possible by exercising an appropriate degree of caution in the selection of counterparties. In selecting counterparties, the assessments of independent rating bureaus are taken into account, as are other relevant indicators. Wherever it is customary in the market, the fund will demand and obtain collateral in order to mitigate credit risk. The figure that best represents the maximum credit risk is given in the table below.

	31/12/2022		31/12/2021	
	USD' 000	% of net assets	USD' 000	% of net assets
Accounts receivable	320	0.44	416	0.52
Cash and cash equivalents	373	0.52	1,945	2.45
<b>Total</b>	<b>693</b>	<b>0.96</b>	<b>2,361</b>	<b>2.97</b>

No account is taken of collateral received in the calculation of the total credit risk. Credit risk is contained by applying limits on the exposure per counterparty as a percentage of the fund assets. As at the balance sheet date there were no counterparties with an exposure of more than 5% of the fund's total assets. All counterparties are pre-approved by Robeco. Procedures have been established relating to the selection of counterparties, specified on the basis of external credit ratings and credit spreads.

### Liquidity risk

We distinguish between Asset Liquidity Risk and Funding Liquidity risk, which are closely connected:

Asset liquidity risk arises when transactions cannot be executed in a timely fashion at quoted market prices and/or at acceptable transaction cost levels due to the size of the trade. Or in more extreme cases, when they cannot be conducted at all. Asset liquidity risk is a function of transaction size, transaction time and transaction cost.

Funding liquidity risk arises when the redemption requirements of clients or other liabilities cannot be met without significantly impacting the value of the portfolio. Funding liquidity risk will only arise if there is also Asset liquidity risk. During the reporting period all client redemptions have been met.

### Manager

Robeco Institutional Asset Management B.V. ('RIAM') manages the fund. In this capacity, RIAM handles the asset management, risk management, administration, marketing and distribution of the fund. RIAM holds an AIFMD license as referred to in Section 2:65 Wft, as well as a license to manage UCITS as referred to in Section 2:69b Wft. RIAM is moreover authorized to manage individual assets and give advice with respect to financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets (the 'AFM'). RIAM has listed the fund with AFM. RIAM is a 100% subsidiary of ORIX Corporation Europe N.V. via Robeco Holding B.V. ORIX Corporation Europe N.V. is a part of ORIX Corporation.

### Depositary

The assets of the fund are held in custody by J.P. Morgan SE, Amsterdam Branch. J.P. Morgan SE, Amsterdam Branch is appointed as the depositary of the fund as referred to in Section 4:62m Wft. The depositary is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation. The manager, the fund and J.P. Morgan SE, Amsterdam Branch have concluded a depositary and custodian agreement.

### Liability of the depositary

The depositary is liable to the fund and/or the Shareholders for the loss of a financial instrument under the custody of the depositary or of a third party to which custody has been transferred. The depositary is not liable if it can demonstrate that the loss is a result of an external event over which it in all reasonableness had no control and of which the consequences were unavoidable, despite all efforts to ameliorate them. The depositary is also liable to the fund and/or the shareholders for all other losses they suffer because the depositary has not fulfilled its obligations as stated in this depositary and custodian agreement either deliberately or through negligence. Shareholders may make an indirect claim upon the liability of the depositary through the manager. If the manager refuses to entertain such a request, the shareholders are authorized to submit the claim for losses directly to the depositary.



# Notes (continued)

## Risks relating to financial instruments (continued)

### **Affiliated parties**

The fund and the manager may utilize the services of and carry out transactions with parties affiliated to the fund, as defined in the BGfo, such as RIAM, Robeco Nederland B.V. and ORIX Corporation. The services entail the execution of tasks that have been outsourced to these parties such as (1) securities lending, (2) hiring temporary staff and (3) issuance and repurchase of the fund's shares. Transactions that can be carried out with affiliated parties include the following: treasury management, derivatives transactions, lending of financial instruments, credit extension, purchase and sale of financial instruments on regulated markets or through multilateral trading facilities. All these services and transactions are executed at market rates.

## Notes to the balance sheet

### 1. Equities

#### Movements in the stock portfolio

	2022	2021
	USD' 000	USD' 000
Book value (fair value) at opening date	78,676	80,595
Purchases	20,092	9,676
Sales	(22,604)	(28,830)
Unrealized (losses) / gains	(9,930)	9,234
Realized (losses) / gains	5,538	8,001
<b>Book value (fair value) at closing date</b>	<b>71,772</b>	<b>78,676</b>

USD (356) thousand of the realized and unrealized results on the equity portfolio relates to exchange rate differences.

A breakdown of this portfolio is given under Schedule of Investments. All investments are admitted to a regulated market and have quoted market prices. A sub-division into regions and sectors is provided under the information on concentration risk under the information on Risks relating to financial instruments.

#### Transaction costs

Brokerage costs and exchange fees relating to investment transactions are discounted in the cost price or the sales value of the investment transactions. These costs and fees are charged to the result ensuing from changes in value. The quantifiable transaction costs are shown below.

	2022	2021
	USD' 000	USD' 000
Equities	3	3

RIAM wants to be certain that the selection of counterparties for equity transactions (brokers) occurs using procedures and criteria that ensure the best results for the fund (best execution).

No costs for research were charged to the fund during the reporting period.

### 2. Derivatives

#### Movements in derivatives

	Financial future contracts	
	2022	2021
	USD' 000	USD' 000
Purchases	–	20
Sales	(128)	–
Realized gains / (losses)	128	(20)
<b>Book value (fair value) at closing date</b>	<b>–</b>	<b>–</b>

The realized and unrealized results on derivatives do not contain any exchange rate differences.

#### Movements in derivatives

	Forward Currency Exchange Contracts	
	2022	2021
	USD' 000	USD' 000
Book value (fair value) at opening date	–	–
Expirations	(77)	(97)
Realized (losses) / gains	77	97
<b>Book value (fair value) at closing date</b>	<b>–</b>	<b>–</b>

## Notes to the balance sheet (continued)

### 3. Dividend receivable

These are receivables arising from net dividends declared but not yet received.

### 4. Other receivables, prepayments and accrued income

This concerns the following items with an expected remaining maturity less than a year:

	31/12/2022 USD' 000	31/12/2021 USD' 000
Dividend tax to be reclaimed	143	132
<b>Sub-total (investment activities)</b>	<b>143</b>	<b>132</b>
Receivables from issuance of new shares	84	167
<b>Sub-total (financing activities)</b>	<b>84</b>	<b>167</b>
<b>Total</b>	<b>227</b>	<b>299</b>

### 5. Cash and cash equivalents

This concerns:

	31/12/2022 USD' 000	31/12/2021 USD' 000
Freely available cash	373	1,933
Other cash not freely accessible	–	12
<b>Total</b>	<b>373</b>	<b>1,945</b>

### 6. Payable to affiliated parties

This concerns the following payables to RIAM:

	31/12/2022 USD' 000	31/12/2021 USD' 000
Payable for management fee	30	33
Payable for service fee	9	10
<b>Total</b>	<b>39</b>	<b>43</b>

### 7. Other liabilities, accruals and deferred income

This concerns the following items with an expected remaining maturity less than a year:

	31/12/2022 USD' 000	31/12/2021 USD' 000
Payable for acquisition of own shares	57	11
<b>Sub-total (financing activities)</b>	<b>57</b>	<b>11</b>
<b>Total</b>	<b>57</b>	<b>11</b>

## Notes to the balance sheet (continued)

### 8. Shareholders' equity

#### Composition and movements in shareholders' equity

	2022	2021
	USD' 000	USD' 000
<b>Issued capital Robeco US Conservative High Dividend Equities - EUR G</b>		
Situation on opening date	1,953	2,250
Received on shares issued	250	227
Paid for shares repurchased	(289)	(524)
Situation on closing date	<b>1,914</b>	<b>1,953</b>
<b>Share premium reserve - Robeco US Conservative High Dividend Equities - EUR G</b>		
Situation on opening date	15,600	31,640
Received on shares issued	13,606	12,160
Paid for shares repurchased	(15,508)	(28,200)
Situation on closing date	<b>13,698</b>	<b>15,600</b>
<b>Other reserves</b>		
Situation on opening date	43,049	67,325
Addition of result in previous financial year	16,697	(24,276)
Situation on closing date	<b>59,746</b>	<b>43,049</b>
<b>Undistributed earnings</b>		
Situation on opening date	18,888	(19,601)
Robeco US Conservative High Dividend Equities - EUR G - dividend paid	(2,191)	(4,675)
Addition to other reserves	(16,697)	24,276
Net result for financial year	(2,989)	18,888
Situation on closing date	<b>(2,989)</b>	<b>18,888</b>
<b>Situation on closing date</b>	<b>72,369</b>	<b>79,490</b>

The authorized share capital of EUR 8.4 million is divided into 8,399,990 ordinary shares and 10 priority shares with a nominal value of EUR 1 each. The priority shares have already been issued. The company's authorized ordinary share capital is divided into four series, of which one is open. Fees are not included in the share premium reserve.

#### Special controlling rights under the Articles of Association

The 10 priority shares in the company's share capital are held by Robeco Holding B.V. According to the company's Articles of Association, the rights and privileges of the priority shares include the appointment of managing directors and the amendment to the Articles of Association. The Management Board of Robeco Holding B.V. determines how the voting rights are exercised. The Management Board of Robeco Holding B.V. consists of:

K. (Karin) van Baardwijk  
M.C.W. (Mark) den Hollander  
M. (Marcel) Prins

## Notes to the balance sheet (continued)

### 8. Shareholders' equity (continued)

#### Survey of movements in net assets

	2022	2021
	USD' 000	USD' 000
<b>Assets at opening date</b>	<b>79,490</b>	<b>81,614</b>
Company shares issued	13,856	12,387
Company shares repurchased	(15,797)	(28,724)
<b>Situation on closing date</b>	<b>77,549</b>	<b>65,277</b>
Investment income	1,714	2,109
Receipts on surcharges and discounts on issuance and repurchase of own shares	22	29
Management fee	(350)	(402)
Service fee	(112)	(129)
	<b>1,274</b>	<b>1,607</b>
Changes in value	(4,263)	17,281
<b>Net result</b>	<b>(2,989)</b>	<b>18,888</b>
Dividend paid	(2,191)	(4,675)
<b>Assets at closing date</b>	<b>72,369</b>	<b>79,490</b>

### 9. Assets, shares outstanding and net asset value per share

	31/12/2022	31/12/2021	31/12/2020
<b>Robeco US Conservative High Dividend Equities - EUR G<sup>1</sup></b>			
Fund assets in EUR' 000	67,809	69,900	66,703
Situation of number of shares issued at opening date	1,359,993	1,657,434	5,069,239
Shares issued in financial year	250,248	226,560	296,820
Shares repurchased in financial year	(288,889)	(524,001)	(3,708,625)
Number of shares outstanding	1,321,352	1,359,993	1,657,434
Net asset value per share in EUR	51.32	51.40	40.24
Dividend paid per share during the financial year	1.60 <sup>2</sup>	2.40 <sup>2</sup>	1.60 <sup>2</sup>

<sup>1</sup> This share class is quoted in euros (EUR), while the base currency of the fund is the US dollar (USD). The net assets are therefore stated in thousands of euros.

<sup>2</sup> This distribution is treated as a dividend for tax purposes, but is recognized as partly paid from the share premium for accounting purposes.

### 10. Contingent liabilities

As at balance sheet date, the fund had no contingent liabilities.

## Notes to the profit and loss account

### Income

#### 11. Investment income

This concerns:

	2022	2021
	USD' 000	USD' 000
Dividends received*	1,710	2,109
Interest	4	–
<b>Total</b>	<b>1,714</b>	<b>2,109</b>

\* This concerns net dividends received. Factored into this amount is withholding tax reclaimable from the country that withheld the tax plus withholding tax that is subject to a remittance reduction from the Dutch tax authorities. The remittance reduction is offset against the dividend tax payable on dividends distributed by the fund.

### Costs

#### 12. Management fee and service fee

The management fee and service fee are charged by the manager. The fees are calculated daily on the basis of the fund assets.

##### Management fee and service fee specified in the prospectus

	%
Management fee	0.50
Service fee <sup>1</sup>	0.16

<sup>1</sup> For the share classes, the service fee is 0.16% per year on assets up to EUR 1 billion, 0.14% on assets above EUR 1 billion, and 0.12% on assets above EUR 5 billion.

The management fee covers all current costs resulting from the management and marketing of the fund. If the manager outsources operations to third parties, any costs associated with this will also be paid from the management fee.

The service fee paid to RIAM covers the administration costs, custody fees (includes custody fees and bank charges), depositary services fees, fund agent fees, the costs of the external auditor, other external advisers, regulators, costs relating to reports required by law, such as the annual and semi-annual reports, and the costs relating to the meetings of shareholders. The costs for the external auditor incurred by the fund are paid by RIAM from the service fee. The fund's result therefore does not include the costs for the external auditor. Of the costs paid by RIAM for the external auditor, USD 13 thousand related to the audit of Robeco US Conservative High Dividend Equities N.V. The other costs paid by RIAM for the external auditor relate exclusively to assurance activities for the regulator that the fund complies with the UCITS provisions and assurance activities for the examination of the prospectus.

#### 13. Performance fee

Robeco US Conservative High Dividend Equities N.V. is not subject to a performance fee.

#### 14. Ongoing charges

	Robeco US Conservative High Dividend Equities - EUR G	
	2022	2021
	%	%
Management fee	0.50	0.50
Service fee	0.16	0.16
<b>Total</b>	<b>0.66</b>	<b>0.66</b>

The percentage of ongoing charges is based on the average net assets per share class. The average assets are calculated on a daily basis. The ongoing charges include all costs charged to the share classes in the reporting period, excluding the costs of transactions in financial instruments and interest charges. The ongoing charges do not include any payment of entry or exit costs charged by distributors.



## Notes to the profit and loss account (continued)

### Costs (continued)

#### 15. Maximum costs

For some cost items, the fund's prospectus specifies a maximum percentage of average net assets. The table below compares these maximum percentages with the costs actually charged.

	2022 USD' 000	2022 % of net assets	Maximum as specified in the prospectus <sup>1</sup>
Management fee for Robeco US Conservative High Dividend Equities - EUR G	350	0.50	0.50
Service fee for Robeco US Conservative High Dividend Equities - EUR G	112	0.16	0.16

<sup>1</sup>The prospectus also specifies a maximum percentage of the total cost. This is 0.76% for the Robeco US Conservative High Dividend Equities - EUR G share class.

#### 16. Turnover rate

The turnover rate for the reporting period was 19% (for the previous reporting period it was -3%). This rate shows the rate at which the fund's portfolio is turned over and is a measure of the incurred transaction costs resulting from the portfolio policy pursued and the ensuing investment transactions. The turnover rate is determined by expressing the amount of the turnover as a percentage of the average fund assets. The average fund assets are calculated on a daily basis. The amount of the turnover is determined by the sum of the purchases and sales of investments less the sum of issuance and repurchase of own shares. The sum of issues and repurchases of own participating units is determined as the balance of all issues and repurchases in the fund. Cash and money-market investments with an original life to maturity of less than one month are not taken into account in the calculation.

#### 17. Transactions with affiliated parties

No transactions were effected with affiliated parties during the reporting period other than calculated management costs and the service fee. During the reporting period the fund paid RIAM the following amounts in management fee and service fee:

	Counterparty	2022 USD' 000	2021 USD' 000
Management fee	RIAM	350	402
Service fee	RIAM	112	129

#### 18. Fiscal status

The fund has the status of a fiscal investment institution. A detailed description of its fiscal status is included in the general information of the management report on page 5.

#### 19. Proposed profit appropriation

For the financial year 2022, dividend distribution will take place on the basis of the fiscal result in order to fulfill the fiscal distribution obligation. Based on the number of shares outstanding on 31 December 2022 it has been proposed to determine the dividend per share for the financial year 2022 at: EUR 1.60 per share (previous year: EUR 1.60) for the Robeco US Conservative High Dividend Equities - EUR G share class.

This proposal is based mainly on the taxable profits for the purposes of the distribution requirement under the applicable tax regime. If necessitated by legislation and regulations or changes in the number of shares outstanding, an amended dividend proposal will be submitted to the General Meeting of Shareholders. If this proposal is accepted, the dividend will be payable according to the schedule in the table below.

Shareholders will be offered the opportunity to reinvest the dividend (less dividend tax) in Robeco US Conservative High Dividend Equities - EUR G shares. Costs charged by distributors to their customers for this will be borne by the shareholder. In some countries and with some distributors, reinvestment will not be possible for technical reasons.

## Notes to the profit and loss account

### Costs

#### 19. Proposed profit appropriation (continued)

Agenda	Dividend dates (Transfer Agent)	Dividend dates (Euronext)	Explanation
Record date	Monday, 5 June 2023	Thursday, 8 June 2023	Participating units issued up to Dealing Day 5 June 2023 are entitled for the divided distribution. Euronext will use the settlement positions as of 8 June 2023.
Ex-dividend date	Tuesday, 6 June 2023	Wednesday, 7 June 2023	The NAV per share will be quoted ex-dividend as of the Dealing Day 6 June 2023. The NAV per share of the Dealing Day 7 June 2023 will be published on 7 June 2023. Euronext will stamp this NAV with date 7 June 2023.
Application for reinvestment	Wednesday, 21 June 2023	Wednesday, 21 June 2023	Deadline for reinvestment application.
Reinvestment date	Friday, 23 June 2023	Monday, 26 June 2023	The Dealing Day of reinvestment will be 23 June 2023. Execution at Euronext will take place on 26 June 2023.
Payment date cash and shares	Wednesday, 28 June 2023	Wednesday, 28 June 2023	

#### 20. Register of Companies

The fund has its registered office in Rotterdam and is listed in the Trade Register of the Chamber of Commerce in Rotterdam, under number 59257911.

#### 21. Subsequent events

No significant events that may impact the fund occurred after balance sheet date.

## Notes to the profit and loss account (continued)

### Costs (continued)

#### **22. Register of Companies**

The fund has its registered office in Rotterdam and is listed in the Trade Register of the Chamber of Commerce in Rotterdam, under number 59257911.

#### **23. Subsequent events**

No significant events that may impact the fund occurred after balance sheet date.

#### **20. Register of Companies**

The fund has its registered office in Rotterdam and is listed in the Trade Register of the Chamber of Commerce in Rotterdam, under number 59257911.

## Currency table

### Exchange rates

	31/12/2022	31/12/2021
	USD = 1	USD = 1
CAD	1.3550	1.2632
EUR	0.9370	0.8794

# Schedule of Investments

As at 31 December 2022

Investments	Currency	Quantity/ Nominal Value	Market Value USD' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				
Equities				
<i>Bermuda</i>				
Everest Re Group Ltd.	USD	958	317	0.44
			<u>317</u>	<u>0.44</u>
<i>Canada</i>				
Bank of Nova Scotia (The)	CAD	5,238	256	0.35
BCE, Inc.	CAD	12,532	550	0.76
Canadian Imperial Bank of Commerce	CAD	14,963	605	0.84
Canadian Utilities Ltd. 'A'	CAD	6,161	167	0.23
CGI, Inc.	CAD	5,538	477	0.66
Great-West Lifeco, Inc.	CAD	16,345	378	0.52
Hydro One Ltd., Reg. S	CAD	26,917	720	1.00
Intact Financial Corp.	CAD	4,646	668	0.92
Metro, Inc.	CAD	10,011	554	0.77
National Bank of Canada	CAD	9,772	658	0.91
Pembina Pipeline Corp.	CAD	15,152	514	0.71
RioCan Real Estate Investment Trust	CAD	4,717	74	0.10
Royal Bank of Canada	CAD	8,557	804	1.11
SmartCentres Real Estate Investment Trust, REIT	CAD	5,010	99	0.14
Thomson Reuters Corp.	CAD	1,955	223	0.31
			<u>6,747</u>	<u>9.33</u>
<i>Guernsey</i>				
Amdocs Ltd.	USD	9,003	819	1.13
			<u>819</u>	<u>1.13</u>
<i>Switzerland</i>				
Chubb Ltd.	USD	7,089	1,564	2.16
			<u>1,564</u>	<u>2.16</u>
<i>United States of America</i>				
AbbVie, Inc.	USD	6,669	1,078	1.49
Allison Transmission Holdings, Inc.	USD	7,078	294	0.41
Allstate Corp. (The)	USD	7,184	974	1.35
American Financial Group, Inc.	USD	900	124	0.17
Amgen, Inc.	USD	2,843	747	1.03
AMN Healthcare Services, Inc.	USD	1,483	152	0.21
Archer-Daniels-Midland Co.	USD	3,248	302	0.42
Arrow Electronics, Inc.	USD	1,739	182	0.25
Arthur J Gallagher & Co.	USD	1,323	249	0.34
AT&T, Inc.	USD	72,028	1,326	1.83
Automatic Data Processing, Inc.	USD	7,236	1,728	2.39
AutoZone, Inc.	USD	459	1,132	1.56
Avnet, Inc.	USD	10,935	455	0.63
Benchmark Electronics, Inc.	USD	14,338	383	0.53
Berkshire Hathaway, Inc. 'B'	USD	1,495	462	0.64
Bristol-Myers Squibb Co.	USD	14,477	1,042	1.44

# Schedule of Investments (continued)

As at 31 December 2022

Investments	Currency	Quantity/ Nominal Value	Market Value USD' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>United States of America (continued)</i>				
Buckle, Inc. (The)	USD	13,699	621	0.86
Capitol Federal Financial, Inc.	USD	53,560	463	0.64
Cardinal Health, Inc.	USD	6,059	466	0.64
Chemed Corp.	USD	697	356	0.49
Chevron Corp.	USD	8,049	1,445	2.00
Cigna Corp.	USD	2,043	677	0.94
Cisco Systems, Inc.	USD	12,205	581	0.80
Coca-Cola Co. (The)	USD	14,122	898	1.24
CVS Health Corp.	USD	5,760	537	0.74
Diamond Hill Investment Group, Inc.	USD	363	67	0.09
Dollar General Corp.	USD	4,788	1,179	1.63
Electronic Arts, Inc.	USD	838	102	0.14
Eli Lilly & Co.	USD	5,795	2,120	2.93
Ennis, Inc.	USD	24,805	550	0.76
Equity Commonwealth, REIT	USD	13,888	347	0.48
Ethan Allen Interiors, Inc.	USD	10,297	272	0.38
Exxon Mobil Corp.	USD	4,518	498	0.69
FactSet Research Systems, Inc.	USD	599	240	0.33
Flowers Foods, Inc.	USD	1,768	51	0.07
General Mills, Inc.	USD	13,128	1,101	1.52
Genuine Parts Co.	USD	860	149	0.21
Gilead Sciences, Inc.	USD	9,792	841	1.16
H&R Block, Inc.	USD	6,388	233	0.32
Hanover Insurance Group, Inc. (The)	USD	4,368	590	0.82
Hershey Co. (The)	USD	4,573	1,059	1.46
Hologic, Inc.	USD	1,947	146	0.20
Home Depot, Inc. (The)	USD	3,504	1,107	1.53
Hormel Foods Corp.	USD	11,864	540	0.75
Houlihan Lokey, Inc.	USD	834	73	0.10
Ingles Markets, Inc. 'A'	USD	7,278	702	0.97
International Business Machines Corp.	USD	11,317	1,594	2.20
Jack Henry & Associates, Inc.	USD	3,939	692	0.96
Johnson & Johnson	USD	11,109	1,962	2.71
Juniper Networks, Inc.	USD	8,046	257	0.36
Kearny Financial Corp.	USD	462	5	0.01
Kimberly-Clark Corp.	USD	3,697	502	0.69
Kinder Morgan, Inc.	USD	55,806	1,009	1.39
Kroger Co. (The)	USD	19,397	865	1.19
Lockheed Martin Corp.	USD	1,742	847	1.17
Marsh & McLennan Cos., Inc.	USD	3,779	625	0.86
Maximus, Inc.	USD	3,748	275	0.38
McDonald's Corp.	USD	7,909	2,084	2.88
McKesson Corp.	USD	3,671	1,377	1.90
Merck & Co., Inc.	USD	19,993	2,218	3.07
Motorola Solutions, Inc.	USD	1,992	513	0.71
Murphy USA, Inc.	USD	1,608	449	0.62
National HealthCare Corp.	USD	7,505	447	0.62
NetScout Systems, Inc.	USD	4,479	146	0.20

# Schedule of Investments (continued)

As at 31 December 2022

Investments	Currency	Quantity/ Nominal Value	Market Value USD' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>United States of America (continued)</i>				
Omnicom Group, Inc.	USD	10,022	817	1.13
Oracle Corp.	USD	20,649	1,688	2.33
Paychex, Inc.	USD	4,434	512	0.71
PepsiCo, Inc.	USD	4,911	887	1.23
Pfizer, Inc.	USD	37,093	1,901	2.63
Premier, Inc. 'A'	USD	2,329	81	0.11
Procter & Gamble Co. (The)	USD	12,754	1,933	2.67
Public Storage, REIT	USD	698	196	0.27
Quest Diagnostics, Inc.	USD	1,622	254	0.35
Republic Services, Inc.	USD	6,215	802	1.11
Safety Insurance Group, Inc.	USD	2,460	207	0.29
Sanmina Corp.	USD	8,328	477	0.66
Southern Co. (The)	USD	16,519	1,180	1.63
Southside Bancshares, Inc.	USD	5,351	193	0.27
Sprouts Farmers Market, Inc.	USD	12,573	407	0.56
Synopsys, Inc.	USD	1,209	386	0.53
T-Mobile US, Inc.	USD	5,547	777	1.07
Travelers Cos., Inc. (The)	USD	5,832	1,093	1.51
United Therapeutics Corp.	USD	315	88	0.12
Verint Systems, Inc.	USD	1,361	49	0.07
Verizon Communications, Inc.	USD	36,536	1,440	1.99
Vertex Pharmaceuticals, Inc.	USD	1,198	346	0.48
Virtu Financial, Inc. 'A'	USD	18,102	369	0.51
Vishay Intertechnology, Inc.	USD	21,978	474	0.65
Walmart, Inc.	USD	6,731	954	1.32
Waste Management, Inc.	USD	684	107	0.15
Waterstone Financial, Inc.	USD	3,467	60	0.08
WW Grainger, Inc.	USD	249	139	0.19
			62,325	86.12
Total Equities			71,772	99.18
Total Transferable securities and money market instruments admitted to an official exchange listing			71,772	99.18
<b>Total Investments</b>			<b>71,772</b>	<b>99.18</b>
<b>Cash</b>			<b>373</b>	<b>0.52</b>
<b>Other Assets/(Liabilities)</b>			<b>224</b>	<b>0.30</b>
<b>Total Net Assets</b>			<b>72,369</b>	<b>100.00</b>



# Schedule of Investments (continued)

Rotterdam, 28 April 2023

The Manager

Robeco Institutional Asset Management B.V.

Daily policymakers RIAM:

K. (Karin) van Baardwijk

I.R.M. (Ivo) Frielink

M.C.W. (Mark) den Hollander

M.F. (Mark) van der Kroft

A. (Alexander) Preiningner

M. (Marcel) Prins

V. (Victor) Verberk

# Other information

## **Provisions regarding appropriation of the result**

According to article 20 of the fund's Articles of Association, the profit, after payment of dividend on the priority shares and less allocations to the reserves deemed desirable by the Management Board shall be at the disposal of the General Meeting of Shareholders.

## **Directors' interests**

The daily policymakers of RIAM (the management board and manager of the fund) had no personal interests in the investments of the fund on 1 January 2022 and 31 December 2022.



# Independent auditor's report

To: the General Meeting of Shareholders of Robeco US Conservative High Dividend Equities N.V. and the Board of Directors of Robeco Institutional Asset Management B.V.

## **Report on the audit of the annual financial statements 2022 included in the annual report**

### ***Our opinion***

In our opinion the accompanying financial statements give a true and fair view of the financial position of Robeco US Conservative High Dividend Equities N.V. as at 31 December 2022 and of its result and cash flows for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### ***What we have audited***

We have audited the 2022 financial statements of Robeco US Conservative High Dividend Equities N.V. (hereafter: "the fund") based in Rotterdam.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2022;
- 2 the profit and loss account for 2022;
- 3 the cash flow statement for 2022; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Robeco US Conservative High Dividend Equities N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and



non-compliance with laws and regulations, and the key audit matters were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information in support of our opinion

### Summary

#### Materiality

- Materiality of EUR 723,000
- 1.0% of equity

#### Fraud/Noclar, Going concern

- Fraud & Non-compliance with laws and regulations (Noclar) related risks: presumed risk of management override of controls
- Going concern related risks: no going concern risks identified

#### Key audit matters

- Existence and valuation of investments
- Accuracy of the investment income

#### Opinion

Unqualified

### Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 723,000 (2021: EUR 794,000). The materiality is determined based on 1% of the equity of the fund (2021: 1%). We consider equity to be the most appropriate benchmark, since the equity of an investment entity represents the value that an investor could receive on the sale of his share in the investment entity. Changes in the value of the investments are an important part of the total operating income and therefore the result of an investment entity. Due to the dependency on the value changes both the total operating income and the profit before tax are inherently volatile and therefore less suitable as benchmark for determining materiality. The materiality is determined on the basis of the characteristics of the fund, including the investment category.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.



We agreed with those charged with governance (the Board of Directors of Robeco Institutional Asset Management B.V., also the manager) that misstatements identified during our audit in excess of EUR 37,000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### ***Scope of the audit***

#### *Outsourcing of business processes to service providers*

The fund has no employees and its portfolio management, risk management and financial and investment administration are therefore performed by the manager of the fund, Robeco Institutional Asset Management B.V. (hereafter: 'RIAM').

We are responsible for obtaining sufficient and appropriate audit evidence regarding the services provided by RIAM and therefore we have gained insight into the nature and significance of these services. Based on this assessment we identify the risks of material misstatement and design audit procedures to address these risks.

As part of our audit procedures we rely on the procedures performed by the external auditor of RIAM on the administrative organisation and internal controls relevant for the fund, and the reports specifically prepared for this (so-called ISAE 3402 type II reports). Our audit procedures consisted of determining the minimum expected internal controls at RIAM, and evaluating these internal controls which are included in the ISAE 3402 type II report, the procedures performed in order to test the existence and operating effectiveness of those internal controls and the outcome of these procedures. We also performed this work on relevant administrative processes and internal controls that RIAM itself outsourced to service providers, including the investment administration.

Based on the above procedures performed over these outsourced processes and additional work performed by us, we have determined that the for the fund relevant internal controls within the processes of RIAM (including those internal controls that have been outsourced to service providers) are sufficient to be relied upon in the performance of our audit of the fund's financial statements.

### ***Audit response to the risk of fraud and non-compliance with laws and regulations***

In the Report by the manager, the manager of the fund describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the fund and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the fund's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the fund's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the manager of the fund and other relevant functions, such as Internal Audit / Legal Counsel / Compliance. As part of our audit procedures, we:



- assessed other positions held by management board members and/or other employees and paid special attention to procedures and governance in view of possible conflicts of interest;
- evaluated internal policies of the manager of the fund regarding fraud risk control (prevention, detection and response), including the design of ethical standards to create an open and honest culture;
- evaluated correspondence with supervisory authorities and regulators (including AFM) as well as legal confirmation letters;
- evaluated investigation reports on indications of possible fraud and non-compliance;

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the fund and identified the following areas as those most likely to have a material effect on the financial statements:

- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft);
- the law on the prevention of money laundering and terrorist financing (Wwft).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We rebutted the presumed fraud risk on revenue recognition as the fund invests in listed securities on regulated markets and has involvement of third parties in the dividend and/or income transactions like custodian and depository.

Based on the above and on the auditing standards, we identified the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries with a higher risk related to manual post-closing entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to



address each identified risk. These audit procedures included verification of transactions back to source information.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

### ***Audit response to going concern - no significant going concern risks identified***

Since the risks and rewards from (re)valuations of the investment portfolio are borne by the participants in the fund and the extent of any present and future obligations to third parties is such that these do not affect the fund's going concern, the manager of the fund has assessed that no going concern risks exist for the activities of the fund. As such our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

### ***Our key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to those charged with governance. The key audit matters are not a comprehensive reflection of all matters discussed.

## **Existence and valuation of investments**

### **Description**

The fund's investments amount to more than 99% of the total assets. The investments are valued at fair value based on market information. The determination of the fair value for each investment category is disclosed in the accounting policies under the notes to the financial statements. The valuation of the investments has a significant impact on the financial results. We assess the risk of a material misstatement in the valuation of the investments as low due to the fact that the entire portfolio consists of liquid, listed investments which are traded on an active market. Due to the amount of the investments in relation to the financial statements as a whole we identify the existence and valuation of investments as a key audit matter.

### **Our response**

Our audit procedures consisted of the following:

- determining the existence of the investments by directly received confirmations from the custodian and other relevant counterparties.
- determining that the used price is based on the method which is defined for the relevant investment category, as disclosed in the accounting policies under the notes to the financial statements. We performed this procedure by comparing the used valuations of the investments with our independent valuation which is based on observable market prices. In performing these procedures we have used our valuation specialists.





Furthermore we evaluated the sufficiency of the disclosure of investments in the financial statements as included under 'Investments'.

### **Our observation**

Based on our procedures we conclude that the investments exist and that the valuation of the investments resulted in an acceptable valuation of the investments in the financial statements. The disclosure of the composition of and movements in investments is adequate.

## **Accuracy of investment income**

### **Description**

The total operating income mainly consists of the changes in the value of investments and direct investment income. The total operating income is to a large extent decisive for the performance of the fund and has therefore a significant effect on the overall view presented by the financial statements. In the audit over 2022, the changes in the value of investments – as part of the total operating income – were identified and assessed as financial statement accounts that do not contain a risk of material misstatement, given the nature of the underlying transactions and the correlation with the valuation of investments already included in the previous key audit matter. The investment income consists of dividends received and for a smaller amount interest income. The investment income is based on the accounting policies as described in the notes on the financial statements. We consider the accuracy of investment income to be a key audit matter.

### **Our response**

Our audit procedures consisted of the following:

- we have assessed the design, implementation and operating effectiveness of the relevant controls at the manager of the fund, as stated under 'Scope of the audit - Outsourcing of business processes to service providers'.
- we have assessed the accuracy of operating income by applying data analysis techniques where, based on the composition of the investments in combination with information on the return on investments that can be observed in the market, an expected outcome has been determined which subsequently has been compared with the investment income as accounted for. We have involved our specialists in this procedure.

Furthermore, we evaluated the sufficiency of the disclosure in the financial statements as included under 'Investment income'.

### **Our observation**

Based on our procedures performed we conclude that the investment income has been recognized accurately and that the disclosure of the investment income is sufficient.



## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager of the fund is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

### ***Engagement***

We were engaged by the General Meeting on 24 April 2014 as auditor of the fund as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

## **Description of responsibilities regarding the financial statements**

### ***Responsibilities of the manager of the fund for the financial statements***

The manager of the fund is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager of the fund is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In that respect, the manager of the fund is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.



As part of the preparation of the financial statements, the manager of the fund is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager of the fund should prepare the financial statements using the going concern basis of accounting unless the manager of the fund either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The manager of the fund should disclose events and circumstances that may cast significant doubt on the fund's ability to continue as a going concern in the financial statements.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix to this auditor's report. This description forms part of our auditor's report.

Utrecht, 28 April 2023

KPMG Accountants N.V.

G.J. Hoeve RA

Appendix:

Description of our responsibilities for the audit of the financial statements



## Appendix

### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager of the fund;
- concluding on the appropriateness of manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Board of Directors of Robeco Institutional Asset Management B.V. (also responsible for the tasks generally performed by the audit committee) in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.



We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

# Sustainability disclosure (unaudited)

## ANNEX IV

### Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Robeco US Conservative High Dividend Equities N.V.  
**Legal entity identifier:** 213800YSDD2DO2YCJT08

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

**Yes**

It made **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** \_\_\_%

**No**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of **67.5%** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund promotes the following Environmental and Social characteristics:

1. All equity holdings granted the right to vote and Robeco exerted that right by voting according to Robeco's Proxy Voting Policy, unless impediments occurred (e.g. share blocking).
2. The sub-fund's portfolio complied with Robeco's Exclusion Policy excluding investments in companies that are exposed to controversial behavior and controversial products. This means that the Sub-fund had no exposure to excluded securities, taking into account a grace period.
3. The sub-fund scrutinized investment in companies that are in breach of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises. Companies in the portfolio that have

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## Sustainability disclosure (unaudited)

breached one of the international guidelines during the investment period, have become part of the Enhanced Engagement program. When engagement deemed highly unlikely to succeed, the company was excluded directly.

4. The sub-fund's weighted carbon (scope level 1 and 2), water and waste footprint score was better than that of the general market index.
5. The sub-fund's weighted average ESG score was better than that of the general market index.

### ● ***How did the sustainability indicators perform?***

The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by this financial product performed as follows. All values are based on the positions and available data as at 31 December 2022.

1. On behalf of the sub-funds votes, were cast on 1437 agenda items at 105 shareholders' meetings.
2. The portfolio contained on average 0% investments that are on the Exclusion list as result of the application of the applicable exclusion policy. Unless sanctions stipulate specific timelines, exclusions apply within three months after the announcement. If selling is not possible for liquidity reasons, then buying is not allowed. Once selling is possible at a reasonable price, holdings will be sold.
3. 0 companies in portfolio are in violation of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises and hence are a part of the Enhanced Engagement program.
4. The Sub-fund's weighted score for the carbon (scope level 1 and 2), water and waste footprint were respectively 9.79%, 65.77% and 34.53% better than the general market index.
5. The sub-fund's weighted average ESG score was 21.06 against 21.62 for the general market index.

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Robeco uses its proprietary SDG framework to determine if an investment qualifies as sustainable investment. Robeco's SDG Framework is a tool that systematically assesses individual companies on key SDG targets and sector-specific indicators which help analysts determine a company's SDG contributions. These contributions aggregate into an overall SDG company score. The resulting scores are used to help construct portfolios that pursue positive impact, avoid negative impact, and support sustainable progress in the economy, society and the natural environment. Positive scores imply that the investment do not significant harm any of the UN Sustainable Development goals.

The sustainable investments contributed to any or more of the UN Sustainable Development Goals, which include both social and environmental objectives. Robeco used its proprietary SDG Framework to assess which investments constitute a sustainable investment as referred to in art 2(17) SFDR. Under the SDG Framework, "SDG scores" are calculated for each investment. Investments having positive SDG scores (+1, +2, +3) are deemed to contribute to the UN SDGs.



## Sustainability disclosure (unaudited)

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### *How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?*

Alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and Principal Adverse Impact (PAI) are considered in the calculation of SDG scores under Robeco's proprietary SDG Framework. Violations with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and Principal Adverse Impact lead to a negative SDG score. Only investments with a positive SDG score can be classified as sustainable investment, indicating that such investments did no significant harm to any environmental or social sustainable investment objective. Minus scores show harm. Scores of -2 or -3 may even cause significant harm.

### *How were the indicators for adverse impacts on sustainability factors taken into account?*

The fund considered principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments this meant ensuring that the investments do no significant harm to any environmental or social objective. Many PAI indicators are either directly or indirectly included in the SDG Framework to determine whether a company has significant impacts on the SDGs related to the PAI indicators.

The following PAIs were considered in the fund:

- PAI 1, table 1 was considered for scope 1, 2 and 3 Green House Gas emissions via engagement, proxy voting and exclusions. Robeco's Exclusion policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal ( $\geq 20\%$  of the revenues), oil sands ( $\geq 10\%$  of the revenues) and arctic drilling ( $\geq 5\%$  of the revenues)).
- PAI 2, table 1 was considered for scope 1 and 2 carbon footprint via engagement, proxy voting and exclusions. Robeco's Exclusion policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal ( $\geq 20\%$  of the revenues), oil sands ( $\geq 10\%$  of the revenues) and arctic drilling ( $\geq 5\%$  of the revenues)).
- PAI 3, table 1 was considered for scope 1 and 2 Green House Gas intensity of investee companies via engagement, proxy voting and exclusions. Robeco's Exclusion policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal ( $\geq 20\%$  of the revenues), oil sands ( $\geq 10\%$  of the revenues) and arctic drilling ( $\geq 5\%$  of the revenues)).
- PAI 4, table 1 regarding the exposure to companies in the fossil fuel sector was considered via engagement, proxy voting and exclusions. Robeco's Exclusion policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal ( $\geq 20\%$  of the revenues), oil sands ( $\geq 10\%$  of the revenues) and arctic drilling ( $\geq 5\%$  of the revenues)).
- PAI 5, table 1 regarding the share of energy consumption from non-renewable sources was considered via engagement, proxy voting and exclusions. Robeco is committed to contribute to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050. The portfolio decarbonization targets are derived from the P2 pathway from the IPCC 1.5-degree scenario of 2018. The P2 pathway is composed of the following emission milestones: 49% reduction of GHG emissions

## Sustainability disclosure (unaudited)

in 2030 and -89% reduction of GHG emissions in 2050, both relative to 2010 baseline.

- PAI 6, table 1 regarding Energy consumption per High Impact Climate sector was considered via engagement, proxy voting and exclusions. Robeco's Exclusion policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal (Coal power expansion plans  $\geq$  300 MW)).
- PAI 7, table 1 regarding activities negatively affecting biodiversity sensitive areas was considered via engagement. Robeco is developing methods to evaluate the materiality of biodiversity for our portfolios, and the impact of our portfolios on biodiversity. Based on such methods Robeco will set quantified targets in order to combat biodiversity loss, latest by 2024.
- For relevant sectors, biodiversity impact is considered in fundamental SI research analysis. Robeco is developing a framework to consider this across all investments.
- PAI 8, table 1 regarding Water emissions was considered via engagement. Within Robeco's Controversial Behavior program, companies are screened on a potential violation in relation to water. When Robeco deems a company to cause significant negative impact on local water supply or waste issues which is a breach of UN Global Compact principle 7, it will either apply enhanced engagement or directly exclude the company from the universe.
- PAI 9, table 1 regarding hazardous waste and radioactive waste ratio was considered via engagement. In addition, within Robeco's Controversial Behavior program, companies are screened on a potential violation in relation to waste. When Robeco deems a company to cause significant negative impact on local water supply or waste issues which is a breach of UN Global Compact principle 7, it will either apply enhanced engagement or directly exclude the company from the universe.
- PAI 10, table 1 regarding violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises was considered via engagement, proxy voting and exclusions. Robeco acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and is guided by these international standards to assess the behavior of companies. In order to mitigate severe breaches, an enhanced engagement process is applied where Robeco deems a severe breach of these principles and guidelines has occurred. If this enhanced engagement, which may last up to a period of three years, does not lead to the desired change, Robeco will exclude a company from its investment universe.
- PAI 11, table 1 regarding lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises was considered via engagement and proxy voting. Robeco supports the human rights principles described in the Universal Declaration of Human Rights (UDHR) and detailed in the Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines for Multinational Enterprises and the eight fundamental International Labour Organization (ILO) conventions. Our commitment to these principles means Robeco will expect companies to formally commit to respect human rights, have in place human rights due diligence processes, and, where appropriate, ensure that victims of human rights abuses have access to remedy.

## Sustainability disclosure (unaudited)

- PAI 12, table 1 regarding unadjusted gender pay-gap was considered via engagement and proxy voting. In 2022, Robeco launched an engagement program on diversity and inclusion, which will include elements in relation to the gender pay gap. Overall, gender pay gap disclosures are only mandatory in few jurisdictions (e.g. UK, California). Companies are encouraged to improve such disclosures.
- PAI 13, table 1 regarding board gender diversity was considered via engagement and proxy voting. In 2022, Robeco launched an engagement program on diversity and inclusion, which will include elements in relation to equal pay.
- PAI 14, table 1 regarding exposure to controversial weapons was considered via exclusions. For all strategies Robeco deems anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons that are tailor made and essential, to be controversial weapons. Exclusion is applied to companies that are manufacturers of certain products that do not comply with the following treaties or legal bans on controversial weapons: 1. The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines. 2. The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions. 3. The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons. 4. Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons. 5. The Treaty on the Non-Proliferation of Nuclear Weapons (1968) which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China). 6. The Dutch act on Financial Supervision 'Besluit marktmisbruik' art. 21 a. 7. The Belgian Loi Mahoux, the ban on uranium weapons. 8. Council Regulation (EU) 2018/1542 of 15 October 2018 concerning restrictive measures against the proliferation and use of chemical weapons.
- PAI 5, table 3 regarding the share of investments in investee companies without any grievance or complaintshandling mechanism was considered.
- PAI 6, table 3 regarding insufficient whistleblower protection was considered.
- PAI 7, table 3 regarding incidents of discrimination was considered.
- PAI 8, table 3 regarding excessive CEO pay ratio was considered via proxy voting and engagement under the engagement program "Responsible Executive Remuneration".
- 

— — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via both Robeco's Exclusion Policy and Robeco's SDG Framework. Robeco's SDG Framework screens for breaches on these principles in the final step of the framework. In this step, Robeco checks whether the company concerned has been involved in any controversies. Involvement in any controversy will result in a negative SDG score for the company, meaning it is not a sustainable investment.

## Sustainability disclosure (unaudited)

Robeco's Exclusion Policy includes an explanation of how Robeco acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and is guided by these international treaties to assess the behaviour of companies. Robeco continuously screens its investments for breaches of these principles. In the reported year, there have been no breaches.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### How did this financial product consider principal adverse impacts on sustainability factors?

PAI were considered both pre-investment (through exclusions and through integration in the investment due diligence) and post-investments (through engagement). All values are based on the average positions over the reporting period.

Pre-investment, the following principal adverse impacts on sustainability factors were considered:

- Via the applied normative and activity-based exclusions, the following PAIs were considered:
  - Exposure to companies active in the fossil fuel sector (PAI 4, Table 1) was 3.63% of the net assets, compared to 5.27% of the benchmark
  - Exposure to companies in violations of the UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10, Table 1) was 0% of the net assets, compared to 0% of the benchmark
  - Exposure to companies exploiting activities negatively affecting biodiversity-sensitive areas (PAI 7, Table 1) was 8.45% of the net assets, compared to 8.22% of the benchmark. The consideration of this PAI is currently restricted to applying exclusions to palm oil producing companies and for any breaches to the UNGC, UNGP and OECD Guidelines for Multinational Enterprises in relation to biodiversity.
  - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons (PAI 14, Table 1) was 0% of the net assets, compared to 0.27% of the benchmark
- Via the environmental footprint performance targets of The Sub-fund, the following PAIs were considered:
  - The Carbon footprint (PAI 2, Table 1) of the portfolio was 43.3 tCO<sub>2</sub> per million EUR, compared to 48 tCO<sub>2</sub> per million EUR for the benchmark.

## Sustainability disclosure (unaudited)

- Biodiversity, water and waste indicators (PAI 7-9, Table 1). The scores for biodiversity, water and waste were respectively -2.85%, 65.77% and 34.53% better than the benchmark.

Post-investment, the following principal adverse impacts on sustainability factors were taken into account:

- o Via the application of the voting policy, the following PAIs were considered:
  - All indicators related to GHG emissions (PAI 1-6, Table 1)
  - Indicators in related to social and employee matters (PAI 10-13, Table 1; PAI 5-8, Table 3)
- o Via Robeco's entity engagement program, the following PAIs were considered:
  - At year end 13 companies in portfolio were subject to the Robeco Entity Engagement program. Via the Robeco Entity Engagement program, the following numbers of engagement cases per PAI were active on portfolio holdings, during the reporting period: PAI 1, table 1: GHG emissions 3 cases. PAI 2, table 1: Carbon footprint 3 cases. PAI 3, table 1: GHG intensity of investee companies 3 cases. PAI 4, table 1: Exposure to companies active in the fossil fuel sector 3 cases. PAI 5, table 1: Share of nonrenewable energy consumption and production 3 cases. PAI 6, table 1: Energy consumption intensity per high impact climate sector 3 cases. PAI 7, table 1: Activities negatively affecting biodiversity sensitive areas 2 cases. PAI 12, table 1: Unadjusted gender pay gap 2 cases. PAI 13, table 1: Board gender diversity 2 cases. PAI 8, table 1: Emissions to water 1 case. PAI 9, table 1: Hazardous waste and radioactive waste ratio 1 case. PAI 10, table 1: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises 1 case. PAI 11, table 1: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises 1 case.
  - All indicators related to Climate and other environment-related indicators (PAI 1-9, Table 1)
  - Violations of the UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10, Table 1)
  - In addition, based on a yearly review of Robeco's performance on all mandatory and selected voluntary indicators, holdings of The Sub-fund that cause adverse impact might be selected for engagement.

# Sustainability disclosure (unaudited)



## What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Merck & Co Inc	Pharmaceuticals	3.01%	United States
Eli Lilly & Co	Pharmaceuticals	2.96%	United States
Johnson & Johnson	Pharmaceuticals	2.91%	United States
McDonald's Corp	Hotels, Restaurants &	2.84%	United States
Pfizer Inc	Pharmaceuticals	2.69%	United States
Procter & Gamble Co/The	Household Products	2.66%	United States
Verizon Communications Inc	Diversified	2.48%	United States
Oracle Corp	Software	2.21%	United States
International Business Machines Corp	IT Services	2.19%	United States
AT&T Inc	Diversified	2.05%	United States
Microsoft Corp	Software	1.98%	United States
Southern Co/The	Electric Utilities	1.70%	United States
Walmart Inc	Food & Staples	1.69%	United States
Home Depot Inc/The	Specialty Retail	1.68%	United States
Dollar General Corp	Multiline Retail	1.67%	United States

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 1 January 2022 through 31 December 2022

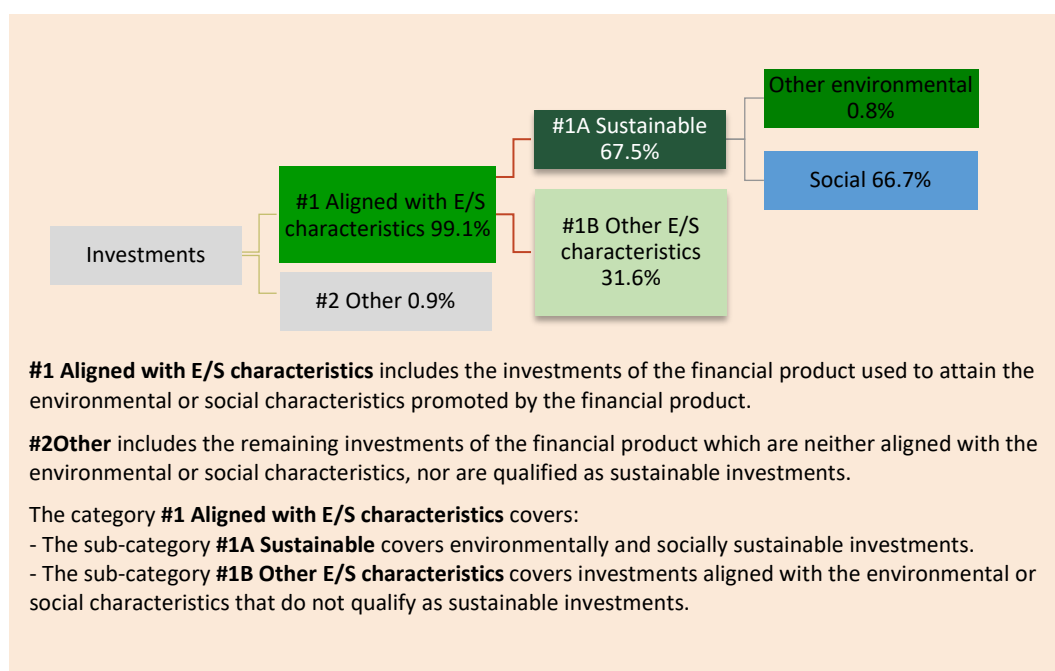


## What was the proportion of sustainability-related investments?

99.1%

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



# Sustainability disclosure (unaudited)

## ● In which economic sectors were the investments made?

<b>GICS Sector Level 3</b>	<b>Average exposure in % over the reporting period</b>
<b>Sectors deriving revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels</b>	
Oil, Gas & Consumable Fuels	3.24%
<b>Other sectors</b>	
Pharmaceuticals	12.75%
Insurance	8.36%
IT Services	6.51%
Diversified Telecommunication Services	5.40%
Food & Staples Retailing	5.30%
Software	4.99%
Health Care Providers & Services	4.89%
Specialty Retail	4.38%
Food Products	4.15%
Banks	3.96%
Household Products	3.34%
Hotels, Restaurants & Leisure	2.84%
Electric Utilities	2.73%
Biotechnology	2.69%
Communications Equipment	2.40%
Multiline Retail	2.17%
Beverages	2.17%
Commercial Services & Supplies	2.09%
Electronic Equipment, Instruments & Components	1.71%
Capital Markets	1.67%
Semiconductors & semicond. equipm.	1.51%
Aerospace & Defense	1.10%
Equity Real Estate Investment Trusts (REITs)	1.08%
Media	1.06%
Real Estate Investment Trusts (REITs)	0.94%
Thrifts & Mortgage Finance	0.81%
Diversified Financial Services	0.65%
Road & Rail	0.51%
Computers & Peripherals	0.48%
Machinery	0.47%
Household Durables	0.35%
Commercial Banks	0.35%
Multi-Utilities	0.32%
Professional Services	0.31%
Wireless Telecommunication Services	0.27%
Containers & Packaging	0.24%
Entertainment	0.18%
Health Care Equipment & Supplies	0.15%
Life Sciences Tools & Services	0.14%
Trading Companies & Distributors	0.14%
Distributors	0.10%
Diversified Consumer Services	0.08%
Cash and other instruments	0.99%



# Sustainability disclosure (unaudited)



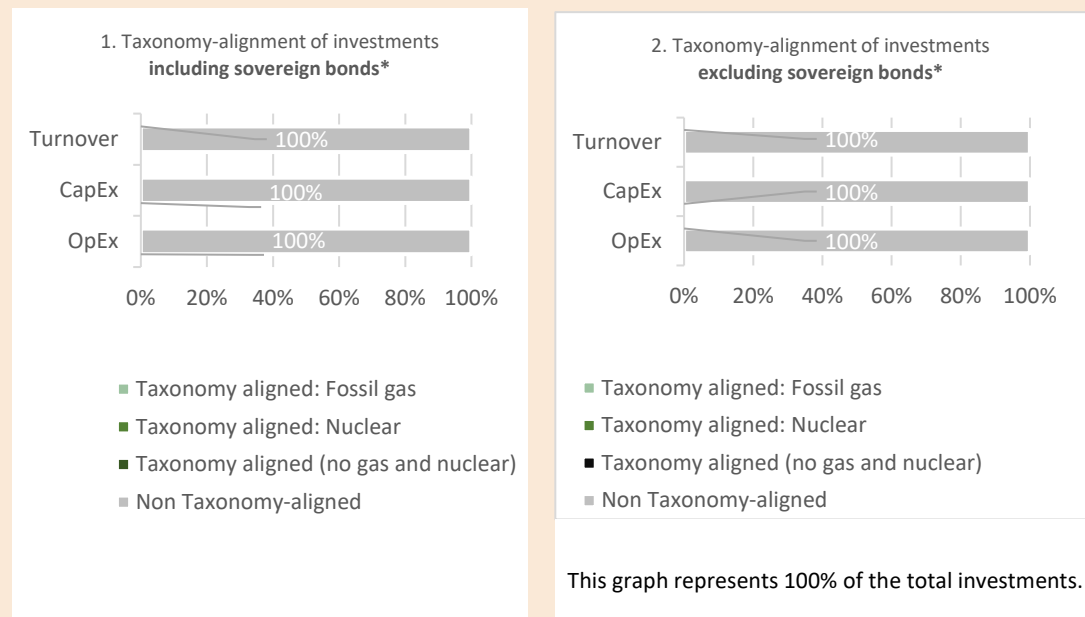
## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy 1?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

# Sustainability disclosure (unaudited)

## ● **What was the share of investments made in transitional and enabling activities?**

0%.



## **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

0.8%. This concerns investments with a positive score on one of more of the following SDG's, without harming other SDG's: SDG 12 (responsible consumption and production), 13 (climate action), 14 (life below water) or 15 (life on land).



## **What was the share of socially sustainable investments?**

66.7%. This concerns investments with a positive score on one of more of the following SDGs, without harming other SDGs: SDG 1 (No poverty), 2 (zero hunger), 3 (good health and well-being), 4 (quality education), 5 (gender equality), 6 (clean water and sanitation), 7 (affordable and clean energy), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 16 (peace justice and strong institutions) or 17 (partnerships for the goals).



## **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Amongst others, the use of cash, cash equivalents and derivatives is included under “#2 Other”. The fund may make use of derivatives for hedging, liquidity and efficient portfolio management as well as investment purposes (in line with the investment policy). Any derivatives in the fund were not used to attain environmental or social characteristics promoted by the financial product.



## **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

During the reporting period, the overall sustainability profile of the fund was improved further by focusing on material information with regards to Environmental, Social and Governance factors. Furthermore, 13 of the sub-fund's holdings were under active engagement either within Robeco's thematic engagement programs or under more company-specific engagement topics related to Environmental, Social and/or Governance issues.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.