



From wealth to **wealth and well-being**

Sustainability Report 2019

Message from our CEO



Spearheading the sustainable investing movement

Sustainability has long been in our DNA. We launched our first sustainable investing product, Green Certificates, back in 1995. Today, our commitment to sustainability is stronger than ever. Environmental, social and governance (ESG) factors are now routinely integrated into our entire product range, putting us at the forefront of taking such a 'total sustainability' approach.

We do this because we believe integrating sustainability factors into the investment process leads to better-informed investment decisions and healthier long-term, risk-adjusted returns. We believe our responsibility extends beyond generating wealth to include generating well-being. This is clearly reflected in our vision (see page 8 of this report). Prioritizing profit over issues such as climate change might lead to better returns in the short term, but the long-term prospects for such a strategy are less positive and increasingly less socially acceptable.

After introducing a joint vision and mission in 2018, Robeco and RobecoSAM further strengthened their cooperation in 2019, and will continue to share their resources and collective ESG research expertise to interpret ESG data for investment purposes. In addition, we were honored to be awarded A+ for strategy and governance, along with five other modules as part of the UN-backed Principles for Responsible Investment 2019 report. Our total scores remain well above the industry median. We also published our sustainable palm oil policy, setting requirements for palm oil producing companies in our funds. Our ESG-integrated assets under management are now over EUR 151.3 billion. Meanwhile, our Active Ownership team's analysts voted at a record 5,926 shareholders meetings and had 229 companies under engagement.

Incorporating ESG factors in our investment processes is a different way of doing things: traditionally, investing was all about creating alpha. But we also work to create well-being and have proven that the two can go together. We firmly believe that ESG should be integrated into mainstream investing and are moving increasingly towards outcome and impact-oriented solutions. Our strong focus on research and intellectual property gives us the tools to provide tailor-made sustainable investment solutions that meet modern-day investing needs. That is how we stand out from the crowd, and how we continue to differentiate ourselves as the world leader in sustainable investing.

Although this report reflects on 2019, you will find our vision on the unprecedented developments in the first quarter of 2020 in the section 'How the financial markets developed in 2019'. Next to this, the report covers our investment and distribution activities, and our own governance and business operations. It also serves as our official disclosure document for our commitment to the UN Global Compact, and gives insight into our contributions to the UN Sustainable Development Goals for 2030.

Gilbert Van Hassel

CEO and Chairman of Robeco's Executive Committee

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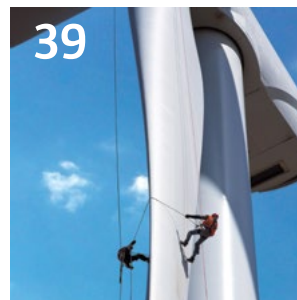
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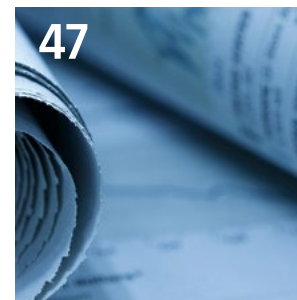
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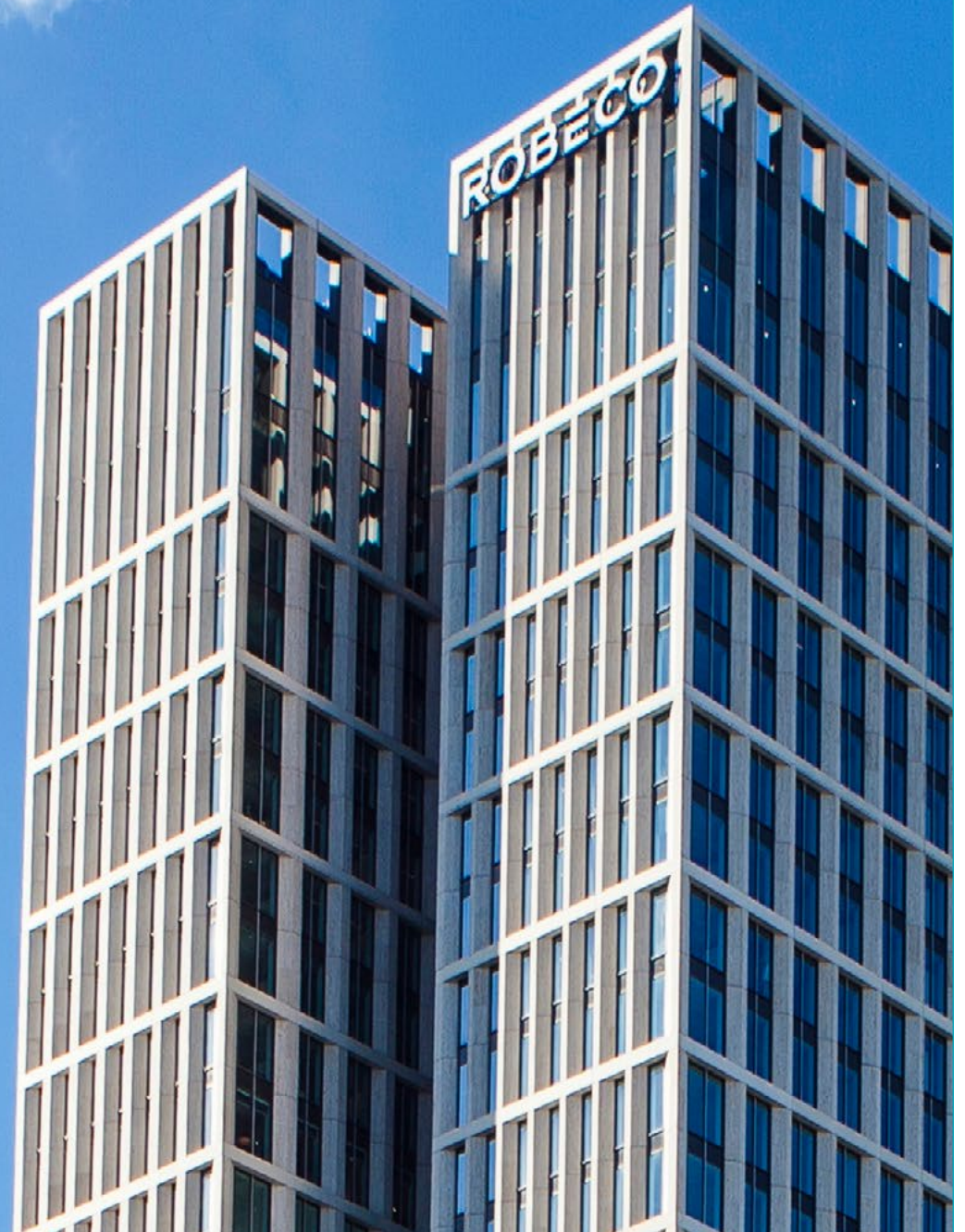
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ABOUT US

In this section, we give a short overview of our history, our strategic starting points, and how we create value. We also include an overview of our locations around the world, our key figures and developments in our industry, and several examples of how we continuously innovate.



WHO WE ARE



Robeco is a pure-play international asset manager using a unique combination of fundamental, sustainable and quantitative research. We offer our clients an extensive selection of active investment strategies covering a broad range of asset classes built around our key strengths of quantitative and sustainable investing, credits, emerging markets and trends and thematic investments. We serve three types of clients around the world:

1. Institutional investors such as pension plan sponsors and pension-related insurance companies, and official institutions such as sovereign wealth funds and central banks.
2. Wholesale clients such as global financial institutions and large private wealth managers.
3. Dutch private investors (our 'retail' business).

As the 'Investment Engineers', we have applied our 'pioneering but cautious' approach ever since our foundation in 1929. Robeco was one of the first asset managers to invest in emerging markets, to take sustainable investing seriously, and to adopt quantitative investing, all using advanced research techniques.

Research lies at the heart of everything we do: we believe that every investment strategy should be research-driven, drawing fully on investment managers, researchers, analysts and specialists to find the best ideas. Integrating sustainable investing is our standard practice. Our operating style as a pure-play asset manager, using an active investment approach to achieve continuous outperformance, is still our forte today.

RobecoSAM was founded in Zurich in 1995 as Sustainable Asset Management (SAM), an investment specialist focused exclusively on sustainable investing. It offers asset management, impact analysis and investing and sustainability assessments, as well as Country Sustainability Rankings and benchmarking. SAM was acquired by Robeco in 2007 and rebranded as RobecoSAM. Our collaboration was further strengthened in 2019 in order to fully unlock our potential and to maintain our leading position in sustainable investing.

Both Robeco and RobecoSAM are fully owned by ORIX Corporation Europe N.V. ('ORIX Europe'), a subsidiary of ORIX Corporation, a Japanese business conglomerate that started operating in 1964. The other main operating subsidiaries are Boston Partners, Transtrend, Harbor Capital Advisors and Canara Robeco. There is much crossover between these companies: each one draws from the expertise of the others, cooperating and combining strengths within ORIX Europe.

OUR OFFICES

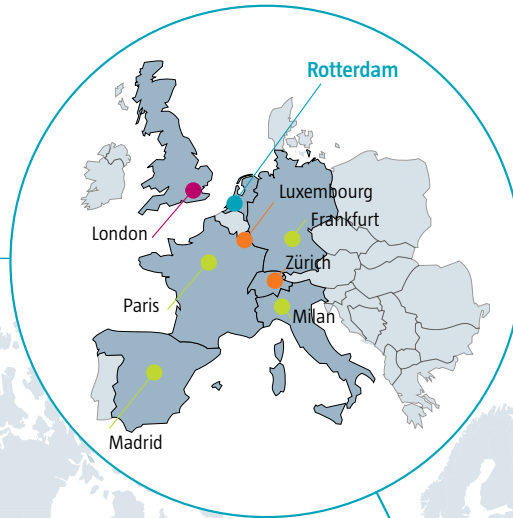
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OFFICES IN
15
COUNTRIES
around
the world

North America

Miami
US Offshore & Latam
Client relations

New York
Robeco US
Investment research
& Client relations

Boston
Boston Partners
Asset management
& Client relations



Europe

Rotterdam
Robeco Headquarters
Asset management
& Client relations

London
Robeco UK
Investment research
& Client relations

Luxembourg
Robeco Luxembourg
Asset management
& Client relations

Frankfurt
Robeco Germany
Client relations

Paris
Robeco France
Client relations

Madrid
Robeco Spain
Client relations

Milan
Robeco Italy
Client relations

Zürich
RobecoSAM Headquarters
Asset management
& Client relations

Middle East

Dubai
Robeco Middle East
Client relations

Asia Pacific

Hong Kong
Robeco Asia Pacific
Asset management
& Client relations

Tokyo
Robeco Japan
Client relations

Shanghai
Robeco China
Asset management
& Client relations

Singapore
Robeco Singapore
Investment research
& Client relations

Sydney
Robeco Australia
Client relations

Melbourne
Robeco Australia
Client relations

Mumbai
Canara Robeco
Asset management
& Client relations



- Asset management & Client relations
- Client relations
- Affiliated Robeco investment adviser
- Investment research & Client relations

OUR KEY FIGURES



EUR **173.5** BILLION

assets under management
(AuM)



EUR **151.3** BILLION

managed in ESG-integrated
assets



EUR **316** BILLION

assets under engagement



5,926

shareholder meetings
voted



229

companies engaged

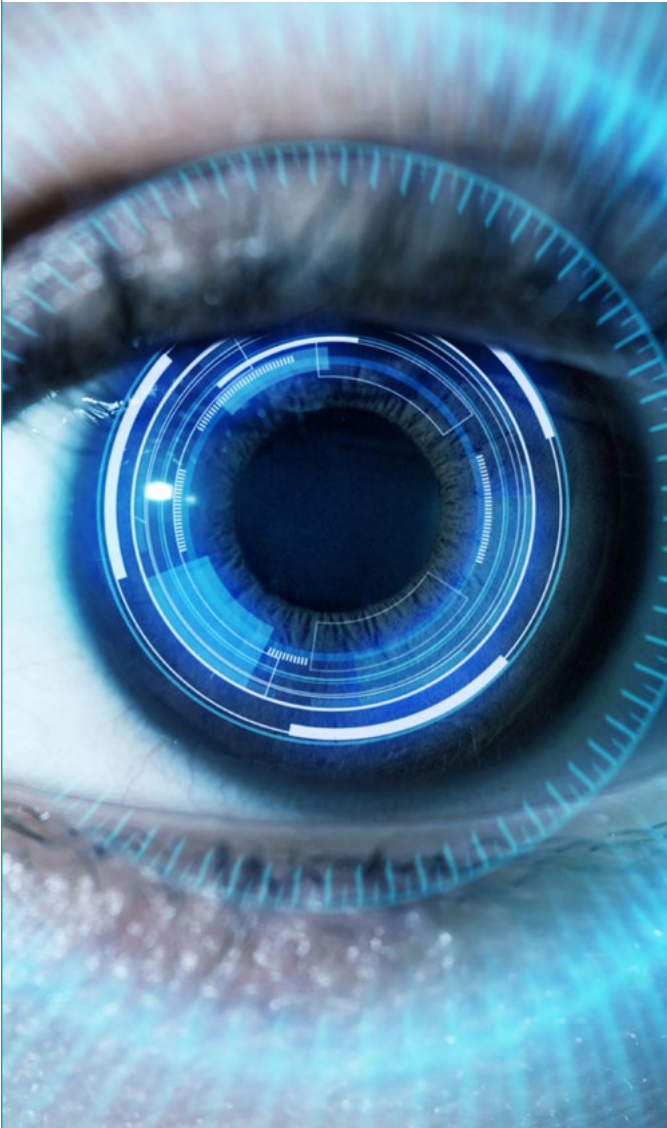
Our long commitment and innovation in sustainability

Robeco

Founding of Robeco	Launch Robeco Sustainable Equity fund	World's first Sustainable Private Equity FoF and Clean Tech Private Equity FoF	Voting & Engagement service initiated	Among the first to sign the UN PRI		ESG integration in all capabilities		Highest scores in all UN PRI categories		Robeco signs Dutch SDG investing agenda		Collaboration Robeco and RobecoSAM further strengthened				
	1929	1995	1999	2001	2004	2005	2006	2007	2010	2013	2014	2015	2016	2017	2018	2019
	Founding of RobecoSAM	Cooperation with Dow Jones	One of the world's first sustainable water funds				Among the first to sign the UN PRI	RobecoSAM member of Robeco		Smart ESG scores introduced		Impact Investing platform launched	Highest scores in all UN PRI categories	Launch of Sustainable Global Impact Equities fund		ESG ratings sold to S&P

RobecoSAM

WHAT WE BELIEVE IN



Our joint mission stems from our shared long-term vision of the investment industry and of society as a whole and reflects our long-term business objectives.

MISSION

To enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

We will accomplish our mission with employees who respect and embrace diversity, and who are truly engaged and empowered to reach their full potential, working together to obtain the best possible results for our clients and our company.

VISION

Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future.

The investment industry’s focus is therefore further shifting from solely creating wealth to creating wealth and well-being. We are the world’s leading sustainable asset manager and are continuously improving and innovating.

Our investment beliefs drive us to accomplish our joint mission.

As an active asset manager with a long-term investment view, we create added value for our clients in the following ways:

- Our research-driven investment strategies are executed in a disciplined, risk-controlled way.
- Our key research pillars are fundamental research, quantitative research, and sustainability research.
- We can create socioeconomic benefits in addition to competitive financial returns.

We believe that ESG integration leads to better-informed investment decisions and enhanced risk-adjusted returns throughout an economic cycle, and that:

- Sustainability is a driver of structural change in countries, companies and markets.
- Companies with sustainable business practices are more successful.
- Active ownership contributes to both investment results and society.

OUR STRATEGY 2017-2021

Our strategy for 2017-2021 aims to monetize our intellectual property in combination with a continued focus on providing our clients with the best possible investment performance and services. During this period, we are striving to accelerate our growth in the UK, US, Italy, Australia, Japan and Asia-Pacific, as these offer the best opportunities for growth in the years to come. Global financial institutions are also an important growth segment. In other countries, regions and market segments where we have a sales presence, we aim to maintain current growth levels. In China, we continue to strengthen our presence, so that we are prepared when this market opens up further. Since 2017, we have grown from EUR 11 billion in net inflows to EUR 14.9 billion in 2019.

In terms of products and solutions, we are focusing on further increasing the scale of those investment capabilities that are currently among the world's best in terms of performance, investment process and consultant ratings. These include Quant Equities (including Factor Investing), Credits, Emerging Markets Equities, Asia-Pacific Equities, Trends & Thematic Investing. Sustainable investing is a key strength, integrated across our investment capabilities. This is also reflected in our mission: To enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

In anticipation of an expected increase in client interest, our Fundamental Global Equities, Global Macro Fixed Income, Fundamental Multi Asset and Quant Allocation capabilities will be further strengthened in the coming years. In addition, we intend to build or buy strategic partnerships for capabilities that institutional investors are looking for in their search for yield.

In 2019, we announced the discontinuation or sale of a number of our activities in line with our ambition to focus on key asset management activities. This included the discontinuation of our fiduciary services and the sale of RobecoSAM's ESG Ratings and benchmarking business to S&P Global, including the SAM Corporate Sustainability Assessment (CSA).

A large part of our outsourcing program, announced in 2018, was completed in 2019. The final milestone of this project, to outsource part of our operations and administration activities to JP Morgan, is due to be completed in 2020. The outsourcing of operational activities will not lead to changes in investment policies and teams. Client portfolios will continue to be managed according to their investment policies by the relevant portfolio managers and their teams.



OUR BRANDS AND PRODUCTS

Robeco

In a rapidly changing world, investors rely on trusted and differentiated brands. Robeco recognizes the importance of having a strong brand and has been building on this over recent years. We are steadily strengthening our brand positioning in other parts of the world, particularly in Asia and the US, while remaining a household name for investors in our home market. Robeco remained in the top five in brand preference for the European wholesale market and maintained the top position for sustainable investing in the Broadridge (formerly Fund Buyer Focus) brand report.

RobecoSAM

Aside from specialist asset management focused exclusively on sustainable investing, RobecoSAM provides bespoke sustainability scoring and research, and impact analysis. Its asset management capabilities feature a strong track record in sustainability-themed strategies, together with expertise in strategies focused on the UN Sustainable Development Goals (SDGs).

While RobecoSAM will no longer continue to collect corporate data following the sale of the Corporate Sustainability Assessment (CSA) to S&P Global (see previous page), it will continue to offer other bespoke sustainability analysis services, including the proprietary Country Sustainability Ranking. RobecoSAM will also continue to provide ESG scores, the three-step SDG scoring framework, and gender equality scores, plus its Environmental Impact Monitoring tool used to calculate carbon footprints of portfolios.

Our product range

As of February 2020, the combined Robeco and RobecoSAM product ranges consisted of 133 investment funds. ESG is integrated across the entire range of fundamental equities, fixed income, quant and bespoke sustainability strategies. To make our overall sustainable investing offering clearer to clients, we have subdivided our strategies into three ranges: Sustainability Inside, Sustainability Focus and Impact Investing.

HOW WE CREATE VALUE

Our main activities and output are centered around the principle of creating financial value for our clients, with whom we maintain strong and long-lasting relationships. We do this by vesting intellectual capital in our employees, striving hard to reward them fairly and providing career opportunities and job satisfaction.

Our value creation model shows our core business activities plus output, supported by our business operations, and executed within the framework of our governance. It also shows the way in which our company value chain is linked to the outside world in terms of input and results on five aspects, explaining how we interact with our direct stakeholders, and with society as whole.

Our value creation model is cyclical in more than one sense. It not only represents the cyclical nature of financial investments, leading to financial returns that can be re-invested. It also shows that investment in knowledge, cooperation and personal development leads to better-informed investment decisions, better relations with our clients and business partners, and smarter, more highly motivated employees. The model also reflects our conviction that sustainability issues cannot be separated from other business considerations. Rather, they form an integral part of our way of conducting business processes.

About the value creation model

On the left side of the model, we have listed the different sources of capital as defined by the International Integrated Reporting Council (IIRC). Other components on the left side are our relationships with stakeholders, and with supporting resources such as facilities and IT infrastructure.

We create added value on all of these different sources of capital through our activities, the outcome of which is listed on the right side. Here, we also show our indirect impact on society through the companies in which we invest. We aim to be an active owner of these companies. To contribute to how companies manage their ESG risks and opportunities, we have policies for stewardship and active ownership in place.



Value creation model

Mission

To enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

Vision

Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future. The focus in the investment industry is therefore shifting from solely creating wealth to creating wealth and well-being. We are the world's leading sustainable asset manager and will continue to improve and innovate.

Strategy 2017-2021

Monetizing our intellectual property by creating profitable scale, while dealing with market headwinds and controlling our costs.

Investment beliefs

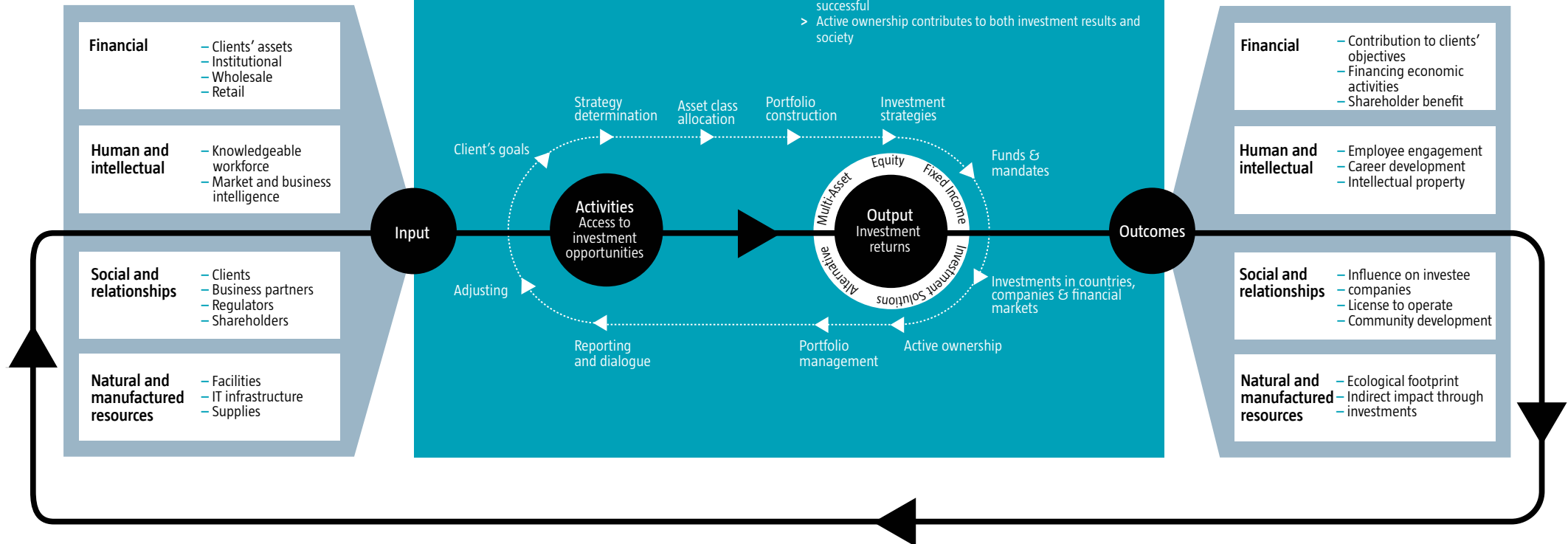
As an active asset manager with a long-term investment view, we create added value for our clients in the following ways:

- > Our investment strategies are research-driven and executed in a disciplined, risk-controlled way
- > Our key research pillars are fundamental research, quantitative research and sustainability research
- > We can create socio-economic benefits in addition to competitive financial returns

ESG integration

ESG integration leads to better-informed investment decisions and enhanced risk-adjusted returns throughout an economic cycle

- > Sustainability is a driver of structural change in countries, companies and markets
- > Companies with sustainable business practices are more successful
- > Active ownership contributes to both investment results and society



HOW WE CONSTANTLY INNOVATE

We consider innovation to be a key driver for service reliability, customer experience, retention and inflow of assets, cost effectiveness and investment performance. To remain successful in a highly competitive market, we need to innovate and transform through technology. Therefore, we want to build a culture which fosters innovation and the effective application of new technology, and ingrains the need to innovate and continuously improve in every employee.

Investing in technology to boost innovation

We invested significantly in new technology in 2019. Some examples are:

- The development and roll-out to of a secure and interactive online reporting platform, the MyRobeco client portal, to the first institutional clients.
- The implementation of a next generation, secure authentication platform for retail clients and professional investors. This opens possibilities for user-friendly, two-factor authentication, such as by using a mobile app or fingerprint.
- Shifting to a real-time application integration architecture. The move to internet-accessible micro-services (or Application Programming Interfaces (APIs)) is a key component of our IT strategy.

In 2020, we will continue several projects aimed at delivering new features for client reporting, advanced portfolio optimization and customer service.

Sustainability is a key element in our new IT strategy launched in May 2019. For instance, laptops and mobile phones at the end of their life cycle are sold to be refurbished and remarketed, or donated to worthy causes.

Innovating our products

To ensure we innovate to keep fulfilling our clients' financial and sustainability goals, we work closely with them to develop products that meet their needs, and ideally can be marketed to a wider audience. A few examples of such joint efforts are:

- Building new investment strategies that create added value.
- Enhancing the global appeal of our investment strategies by exploring new fund structures, domiciles or other means of utilizing our intellectual property, and catering to specific client preferences.
- Co-developing new customized products to match our clients' investment objectives on risk and return, sustainability and investment universe dimensions.

Three examples of innovative products that we have launched are:

- Robeco Sustainable Emerging Stars Equities leverages on the well-known Emerging Stars Equities strategy, but uses a stricter exclusions policy and a 20% lower environmental footprint than its reference benchmark (MSCI Emerging Markets Index).
- A QDLP fund in China that is a feeder fund to Robeco Global Consumer Trends Equities, targeting eligible Chinese investors.
- Robeco QI Global Multi-Factor Bonds, building on our expertise in factor investing in credits and combining it with our factor investing philosophy in the government bond market.



MATERIALITY ANALYSIS

We conducted a survey among our stakeholders in 2017 to establish what they expect from us in terms of sustainability themes and reporting on the subject. We identified three groups of stakeholders with different interests and needs: clients, employees, and oversight bodies/civil society. The survey resulted in a list of material topics, which are divided into three sustainability dimensions:

- 1. Investments: Our core business of investing and distributing investment solutions.
- 2. Governance of our organization, including risk management.
- 3. Business operations, including our impact on the well-being of employees.

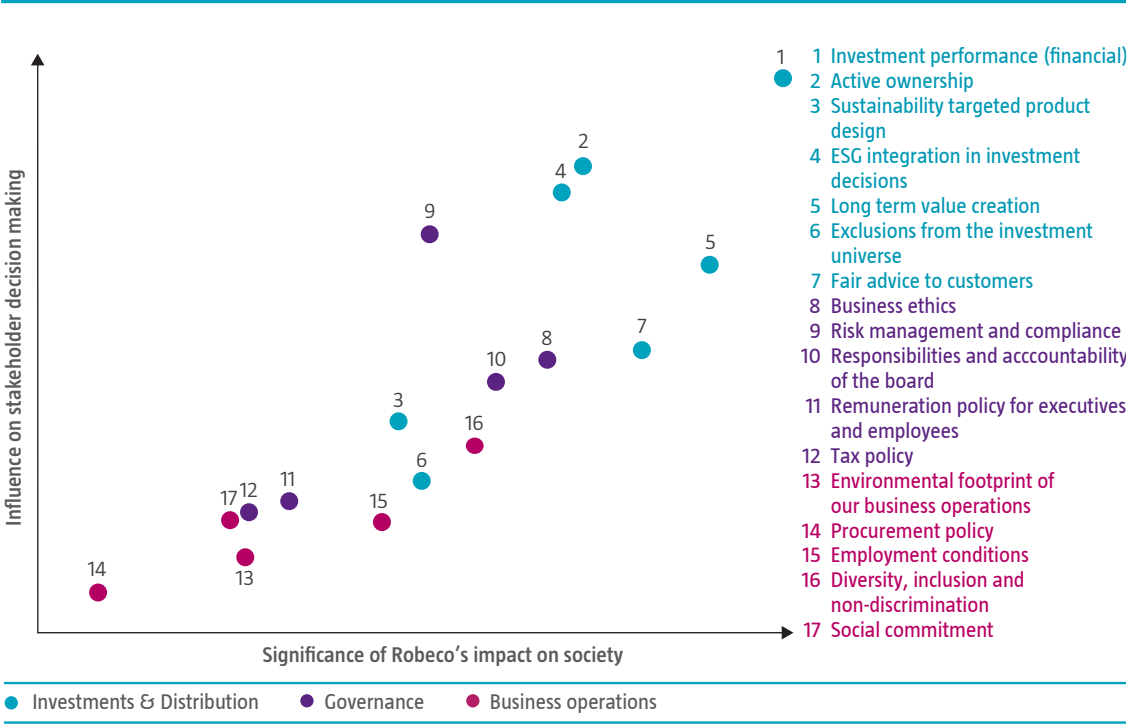
All these material topics have been plotted according to how significant they are for our stakeholders, resulting in a materiality matrix.

General results

In the overall assessment for all groups of stakeholders, financial return (investment performance) was deemed to be the most significant material topic. Our stakeholders expect us first and foremost to generate a healthy financial return, as they think this is where we make the greatest impact on society. Active ownership and ESG integration are also highly material for stakeholders. In their view, we have a material impact on society regarding the topics of long-term value creation and giving fair advice to customers.

A cluster of material topics in the center of the matrix refers to governance: risk management and compliance, business ethics and responsibilities, and the accountability of the board. Regarding our business operations, the most material topics according to our stakeholders are diversity, inclusion, and non-discrimination.

Materiality matrix – aggregated results



The combined matrix for the three stakeholder groups shows that at an aggregate level, there is a strong correlation between the significance of our impact on society and its influence on stakeholder decision-making, resulting in the visible bottom-left to top-right flow. Because we strive to include stakeholders from different societal groups in the materiality assessment, this is a logical outcome. However, this correlation has not been found at a stakeholder group level.

Results for stakeholder groups

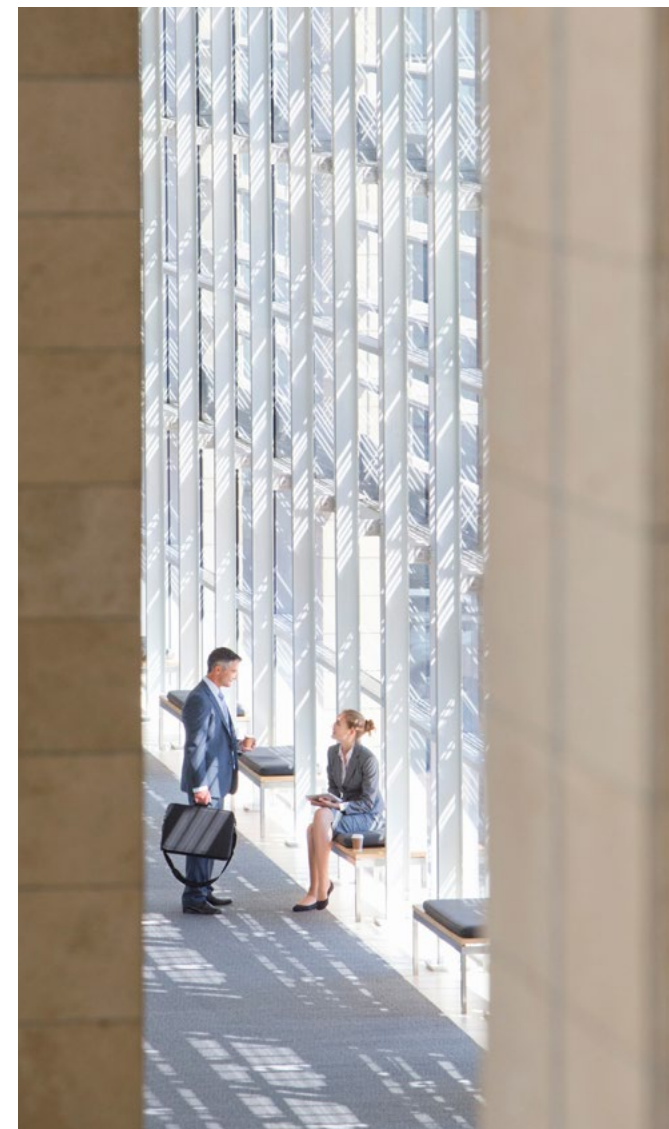
Each stakeholder group has its own characteristics and relationship with us, which results in different topics being deemed most material per group. Clients judge investment-related topics as being far more material than the other two categories. The top five material topics identified by our clients are investment performance, active ownership, ESG in investment decisions, fair advice for customers, and long-term value creation. These are discussed in the 'Investments and distribution' and 'Business ethics' sections of this report.

Some respondents suggested that we should add another material topic to the assessment process – that of corporate culture. Although this aspect was not included in the 2017 analysis, we do acknowledge the major influence that corporate culture can have on performance and on behavior. This topic is therefore addressed under 'Our people'. Employees (represented in the survey by our Works Council) express their views across the three dimensions. Although investment performance also ranks first among employees, it is tied up with risk management and compliance. Other material topics for employees are business ethics and giving fair advice to customers, plus diversity, inclusion, and non-discrimination. The 'Governance' section of this report deals with risk management and business ethics.

In contrast to the previous stakeholder groups, the group comprising oversight bodies and civil society did not rank investment performance first, although it appeared in its top five. This can be explained by the fact that these stakeholders have no financial dependence on us. Their five most material topics are ESG integration in investment decisions, long-term value creation, active ownership and investment performance, and risk management and compliance.

For the matrices per stakeholder group and methodology, please refer to the appendix 'Materiality assessment'. The full list of material topics, with definitions, is also given in the appendices to this report.

We will update our materiality analysis in 2020.



HOW THE FINANCIAL MARKETS DEVELOPED IN 2019

2019 was a paradoxical year for financial markets. Despite record high levels of geopolitical risk, equity returns were stellar, with the MSCI World Index unhedged in euros returning almost 30%.

Persisting trade disputes between the US and China, the twists and turns around Brexit, protests in Hong Kong and an increasingly tribal political landscape in the US created an environment that was tough to navigate for global leaders and investors alike. Global trade volumes declined below trend as retaliatory rounds of tariffs were put in place by the US and China, especially hitting open, export-oriented economies with a strong manufacturing base. The deceleration in global economic growth was therefore mainly concentrated in the manufacturing sector, while the services sector remained fairly resilient.

As 2019 unfolded, a domestic slowdown in China spilled over to the European continent, notably the German economy, where Germany's car industry was already facing a difficult transition towards cleaner forms of mobility. As a result, Germany narrowly escaped a technical recession in 2019. Overall, global activity remained in expansion, with the global growth forecast reaching 2.9% in 2019 (IMF estimate).

Global economic growth disappointed with regard to consensus expectations and slowed from 3.6% in 2018 to a notably lower pace of 3%. Alongside a slowdown in external demand, this softening in global activity was mainly due to a deterioration in global investment expenditures, as signs of fading multilateralism and international cooperation weakened CEO confidence to undertake new investment projects. In advanced economies, capital expenditures slowed from 2.6% in 2018 to 1.8% in 2019 (IMF estimate), concentrated in the US. In conjunction with lower investment demand, aggregate demand from the consumer side

advanced at a lower rate of growth as well in 2019.

Developments in the first quarter of 2020

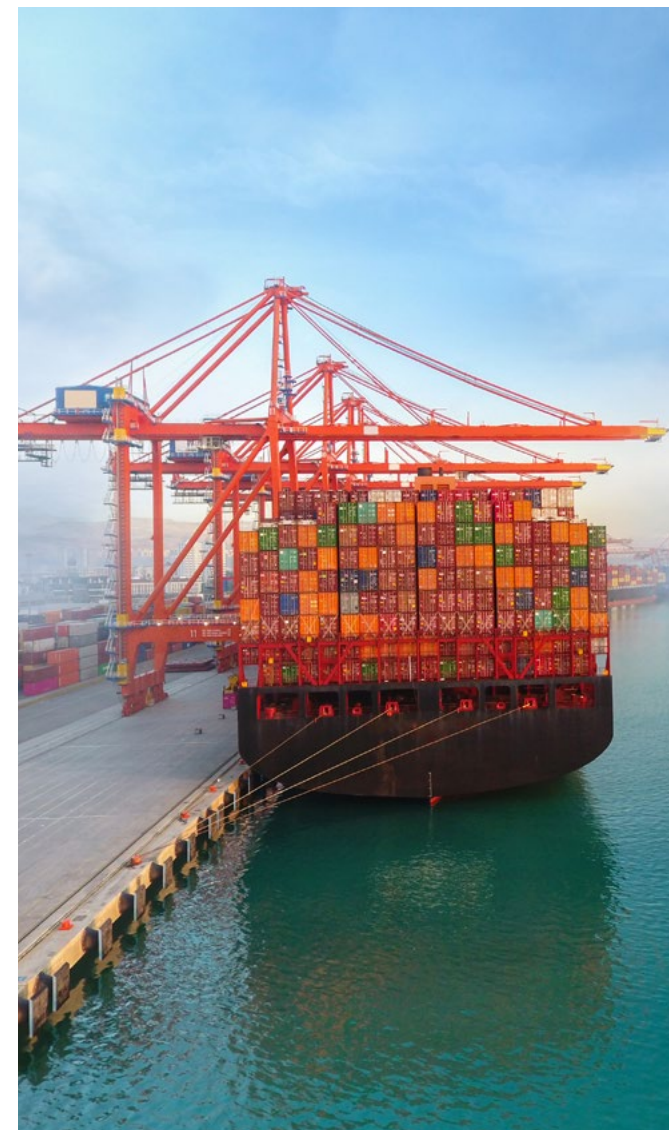
The first weeks of 2020 got off to a promising start. The long-anticipated signing of a 'phase 1' trade agreement between China and the US took place on 15 January while global leading indicators surprised to the upside and confirmed expansion of economic activity. In the second half of January, these signals of reflation (increasing global growth towards trend level) were overshadowed by the outbreak of the coronavirus.

As a result of increasing lockdowns and social distancing measures, the global economy has come to a sudden stop, leaving a global recession inevitable at this juncture. The coronavirus has delivered a simultaneous negative supply-as well as demand shock. In addition, social distancing measures aggravate the impact of the oil supply glut that erupted after OPEC+ negotiations about oil production cuts failed.

The exceptional market volatility in this quarter reflects exceptional future macro-economic volatility. Monetary- and fiscal stimulus is important but solving the health crisis is the key priority for economic recovery. The coronavirus is still with us at the time of writing this report, though the strenuous efforts undertaken by governments to 'flatten the curve' are starting to pay off with case fatality rates in most countries decelerating.

Outlook for the equity markets

We are cognizant of the fact that global growth expectations are likely to be revised even lower in light of the prolonged duration of the coronavirus well into 2020 and recognize that the road to recovery will be a very erratic one and certainly not in a straight line or typical V-shape. We do expect a bounce in economic activity from



the very depressed levels in the first half of 2020 but we also take notion of direct and longer lasting negative second round effects on consumption, employment and business investment despite large-scale stimulus by central banks and governments.

Equity investors will need to navigate two-way risk in 2020. On the upside, current equity markets have largely discounted average recession risk already. Although it must be noted that historically bear markets tend to last an average of 14 months. Also, the swift and massive intervention by central banks and governments provides a powerful counterbalance to the coming economic downturn. If history is a guide than equities should enter a trough midway into a recession and rally 25% in the subsequent 12 months.

An important variable determining the duration and depth of bear markets is the Shiller CAPE at the prior market peak. Prior to the coronavirus the US was at historically stretched valuation levels. Add to this low visibility on the duration of the recession and the subsequent economic recovery path, a state of denial in investor sentiment and limited conventional monetary policy space. Therefore, tactical equity investors should remain vigilant as additional downside risk remains. However for long term investors, interesting value opportunities in equities are emerging.

Bond market outlook

We are cognizant of the fact that global growth expectations are likely to be revised even lower in light of the prolonged duration of the coronavirus well into 2020 and recognize that the road to recovery will be a very erratic one and certainly not in a straight line or typical V-shape. We do expect a bounce in economic activity from the very depressed levels in the first half of 2020 but we also take notion of direct and longer lasting negative second round effects on

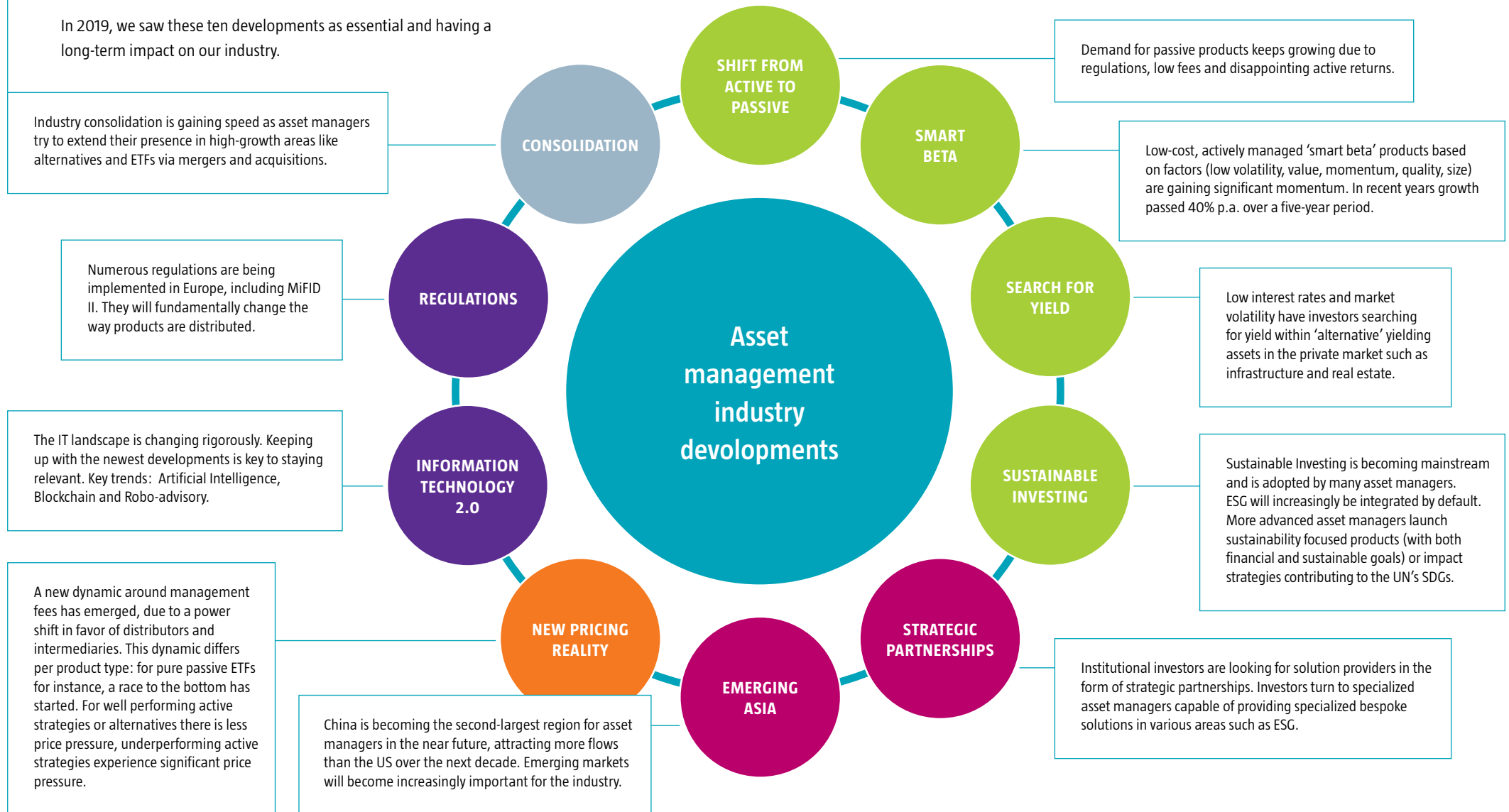
consumption, employment and business investment despite large-scale stimulus by central banks and governments.

We expect global interest rates to trade in a tight range given that all major central banks have lowered their policy rates to zero in combination with increased quantitative easing programs which will in effect act as a cap on yields. For lower rated sovereigns like Italy and Spain but also various emerging markets we expect ratings downgrades and upward pressure on yields as their already stretched fiscal balance sheets will be put under pressure given the economic fall-out and increased fiscal needs. In corporate credit, we think rating and sector selection is key and strongly favor the higher grade part of the credit spectrum over the remainder given central bank support and increased default losses in the lower credit spectrum due to increased corporate leverage and exposure to very cyclical sectors like oil and exploration.

Because of the very rapid developments around the coronavirus and its impact on the worldwide economy, we refer to our website www.robeco.com for the latest updates and our outlooks.

HOW OUR INDUSTRY DEVELOPED IN 2019

In 2019, we saw these ten developments as essential and having a long-term impact on our industry.



OUR FINANCIAL RESULTS

Our activities are offered under the same brand name worldwide and conducted within a single managerial structure. However, owing to differences in the rules and regulations in different parts of the world, they are owned by different legal entities. During 2019, the financial markets were bullish, and the related market impact on our assets under management were positive, making up for market downturn at the end of 2018.

Total assets under advice, including fiduciary management, amounted to around EUR 1.8 billion at 31 December 2019 (compared to EUR 31.0 billion at 31 December 2018). The decrease is a result of the discontinuation of fiduciary management services of Robeco, which is in line with our ambition to focus on key asset management activities. Our gross margin over 2019 was EUR 452.9 million, which was EUR 4.6 million (1%) lower than in 2018.

The main drivers for this are fee compression, the transfer of securities lending activities to a third party, and revised contract terms from June 2018 with another third party. This is to a large extent compensated by increased fee income as a result of a higher average assets under management due to market appreciation.

To provide better insight, we have presented the financial results of 2019, 2018 and 2017 on a classification of cost categories that are better aligned to the organization. This has resulted in a change in the comparative figures as previously shown.

Our management considers Robeco's financial position to be sound. All relevant capital (regulatory) requirements of Robeco legal entities are met.

Financial results

	2019	2018	2017
Assets under management - AuM (EUR x billion)			
Assets under management ¹	171.7	132.5	133.3
Assets under advice ²	1.8	31.0	29.4
Total AuM	173.5	163.5	162.8
Financial results (EUR x million)			
Gross margin	452.9	457.5	443.8
Operating expenses	-327.6	-323.0	-323.7
Operating result	125.2	134.4	120.2
Non-operating result	0.2	-6.5	-2.7
Result from group and associated companies	-3.9	1.6	0.7
Taxes	-29.5	-32.4	-30.4
Net result for the year	92.0	97.2	87.8

1. Assets under management includes assets managed, sub-advised or distributed by Robeco Institutional Asset Management and RobecoSAM

2. Assets under advice includes fiduciary management

HOW OUR STRATEGY WORKS FOR OUR CLIENTS

In this section, we look at how we serve our clients, how we develop sustainable solutions for them, how we integrate sustainability into our investments, how we apply active ownership, and how we promote sustainability in the market.



SERVING OUR CLIENTS



We distinguish between three client segments: institutional clients, wholesale clients, and Dutch retail clients.

How we serve our institutional and wholesale clients

We ensure that there is intensive personal interaction between institutional clients and wholesale clients on the one hand, and senior management, account managers, client service teams and portfolio managers on the other. We join syndicated research initiatives to obtain independent feedback on products and services, and to get insight into areas for improvement. We share this feedback with the relevant client-facing departments to enhance the relevant processes.

In 2019, we updated the application infrastructure to make reports and data directly accessible to clients in a user-friendly way. The MyRobeco portal is a secure online platform for institutional clients containing all the relevant information about their portfolio(s) in one place. This includes impact data for equity and fixed income, which also extends to sovereign-level information, such as by translating RobecoSAM's biannual Country Sustainability Ranking into portfolio-level ESG reporting.

We also started the year with the development of an integrated client view. Communications between sales, client services and other stakeholders are tracked and stored in a centralized CRM system, resulting in a more efficient process and a faster response.

How we serve our retail clients

We believe in making investing possible for everyone, as we are convinced that everyone should be able to invest in a responsible manner without the hassle of difficult terminology, high fees and complex products.

We have successfully promoted our ESG funds and our more specific sustainable product range over recent years. We launched a sustainable version of our Robeco ONE proposition in 2018, which is now the most popular choice for new customers. Overall in 2019, 25.7% of our retail clients invested in a sustainable fund, a rise of 63% over the last four years.

How we handle complaints

Our complaints policy is based on our Treating Clients Fairly standard and the relevant regulations. Every complaint is registered, the client is informed about the follow-up, and if applicable, measures are taken to prevent this from happening in the future.

DEVELOPING SUSTAINABILITY SOLUTIONS FOR CLIENTS

In 2019, we saw strong demand for sustainability solutions from clients. To meet this demand, we regrouped our wide range of strategies to create a more easily identifiable and more consistent sustainability approach across three ranges:

- **Sustainability Inside:** the majority of Robeco strategies fall into this category, which includes full ESG integration, proprietary research, exclusions, and voting and engagement.
- **Sustainability Focus:** these strategies have more specific sustainability targets for ESG profiles and seek environmental footprints that are better than their benchmarks.
- **Impact Investing:** these strategies aim to contribute to sustainable themes such as energy or mobility, and/or the UN's SDGs.

Sustainability Inside

The assets in our Sustainability Inside range have grown to EUR 134.8 billion. Apart from this growth, here are some highlights of 2019:

- Our credits team formalized its green bond analysis process, which determines the eligibility of green bonds for our investments. This process is one of the first in the market to be aligned with the proposed EU Taxonomy on environmentally sustainable economic activity.
- Our quantitative equity team included RobecoSAM's sustainability scores when determining (and tilting to) the quality and income characteristics of companies. This was already in place for all core quant developed market strategies since 2010, and is now applied to all strategies.

Impact of ESG integration

We also seek to show the impact that ESG integration has on our investment decision making and performance:

- Our Global Stars Equity team analyzed the attribution of ESG integration into the investment performance (from 2017 until mid-2019), showing that key ESG factors explained about 20% of the fund's outperformance over this time period.
- Our quant research team analyzed the impact of integrating RobecoSAM's Country Sustainability Ranking scores into a global government bond portfolio. They concluded that introducing an ESG constraint is partially compensated by a lower tracking error.

Research enhancements

We continued to conduct extensive research into sustainability and investments, and have enhanced our research approach in several areas.

For the Country Sustainability Ranking, we have enhanced the set of indicators with new data, in order to ensure adequate coverage of the most relevant ESG aspects. The number of countries covered by the ranking was also increased from 65 to 150.

Continuing quantitative research efforts on sustainability bore fruit. One prime example is our 'decarbonized value' research, which was implemented into quantitative equity strategies in 2019. We have designed a methodology to improve the environmental footprint of the conventional value factor and thus reduce carbon risk without lowering the return premium. This value factor is now implemented into all quantitative strategies.

In 2019, the emerging markets team increased the coverage of its ESG dashboard from 3,400 to almost 4,000 companies. To be able to compare companies within their industry and country, the number of data points and data sources was increased. Over 125 data points per company are currently collected.

Sustainability Focus

We are seeing an increasing demand for strategies with an enhanced focus on sustainability. These assets amounted to EUR 8.2 billion at the end of 2019. We call these Sustainability Focus funds, as they have more outspoken characteristics such as a lower environmental footprint, better overall ESG portfolio scores, and a larger list of excluded activities.

All sustainable quantitative equity strategies integrate ESG factors to ensure a significantly better sustainability profile. We also develop new sustainable solutions in cooperation with clients – an example of this is a large mandate awarded by a Dutch pension fund for a sustainable enhanced indexing portfolio. Our approach utilizes our factor expertise from a risk management perspective

while optimizing the ESG profile of the portfolio and still aiming for benchmark-like returns.

In close cooperation with RobecoSAM, Robeco has expanded its existing sustainable quantitative range to include the Robeco QI Institutional Global Developed Sustainable Multi-Factor Equities strategy and the Robeco QI Emerging Markets Sustainable Enhanced Indexing Equities fund.

Several fundamental strategies were launched or adapted to reflect the sustainability characteristics that are required for the Focus range. The Robeco Global Stars and Robeco Emerging Stars Equities funds were given sustainable variants that have more exclusions and stricter entry criteria, creating Sustainable Global Stars and Sustainable Emerging Stars. Robeco Property Equities was rebranded to become Robeco Sustainable Property Equities, also with stricter inclusion criteria. We won a multi-billion euro advisory mandate for a sovereign bond fund, in which the Country Sustainability Ranking scores play an important role in the composition of the portfolio. We also introduced a Sustainable Core European Government Bond fund. This fund has a dedicated sizeable allocation to sovereign and sub-sovereign, supranational and agency (SSA) green bonds, and the country allocation is directly linked to the scores in our Country Sustainability Ranking.

Impact Investing

Our thematic and SDG strategies invest in companies that contribute positively to sustainable development and form part of our impact investing offering in listed securities. Via this product range, capital is directed to companies that do more good than harm on a number of pre-defined metrics, such as improving food security in emerging markets. All impact strategies are branded RobecoSAM.

Impact investing assets under management further increased in 2019, reaching EUR 8.3 billion. This product range was boosted when one of the largest financial organizations in Japan gave RobecoSAM a mandate to manage a large SDG equities portfolio. In order to maintain an adequate capability to excel in impact investing, RobecoSAM has hired additional analysts to ensure an ongoing understanding of sustainable trends, as well as build a broader coverage of portfolio holdings with integrated investment cases. We are also active members of the Global Impact Investing Network (GIIN).

Sustainable investing (in EUR x billion)

	2019
Sustainability Inside	134.8
Sustainability Focus	8.2
Impact Investing	8.3

Ambitions for 2020

We expect to see further growth in tailored sustainability strategies in 2020. A breadth of policy initiatives across the globe simply demands that investors consider sustainability issues in their investment approach. We expect to see further client interest in SI products in emerging markets, which will facilitate the entry of Robeco Sustainable Emerging Stars onto client's sustainability platforms. We also plan to develop an Emerging Markets SDG Engagement strategy.

The SDGs continue to be in focus. We aim to further refine our impact measurement for the contribution that companies in the

SDG Credits or Equities portfolios are making. We collaborate with the Sustainable Value Creation Platform of the Rotterdam School of Management at Erasmus University on this topic. We also aim to apply the proprietary SDG framework in Sustainability Focus strategies beyond credits and fundamental equities.

Climate change continues to be at the forefront of investors' minds. We will investigate how our strategies can help to reduce the carbon footprint of investee companies, thereby helping clients to reduce their climate change risk. As part of these efforts, we are looking into using and developing new data sources to measure and forecast which companies are best equipped to address the transition risk to a low-carbon and climate-resilient future. Launching an aggregate green bond fund fits this focus, combining investments in corporate, sovereign and SSA issuers.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

We are committed to contributing to the Sustainable Development Goals (SDGs), as we consider them to be catalysts for positive change. Launched by the United Nations in 2015, the 17 SDGs aim to tackle social and environmental challenges such as eradicating extreme poverty, promoting gender equality and combatting climate change. The goals call on the private and public sectors, together with the 194 signatory governments, to cooperate closely in order to tackle the most serious issues facing people and the planet.

Our SDG Impact Framework

To identify and measure the impact for portfolios containing publicly listed companies, we developed a clear, consistent, comprehensive and replicable methodology. Our proprietary SDG Impact Framework assesses whether a company has a net positive or negative impact on one or more of the SDGs. The framework consists of a three-step sequence that starts with an assessment of the products and services, followed by analysis of the company's

operations, and ending with a review of company controversies that could negatively influence its SDG impact. This analysis results in a proprietary SDG impact score that is used to determine to what extent companies are suitable for inclusion in the SDG strategies.

SDGs in investment strategies

We currently offer three SDG Credits funds: RobecoSAM Euro SDG Credits, RobecoSAM Global SDG Credits and RobecoSAM SDG Credits Income. Only the bonds of companies that score at least neutral or positive on the net SDG contribution are included in the portfolios.

We also incorporate the SDG Impact Framework in portfolio analyses across several SDG-linked equity investment strategies:

- The RobecoSAM Global Gender Equality Impact Equities Strategy invests in companies which are leading in gender diversity and equality (SDG 5). In 2019, the strategy achieved a favorable three-

year performance track record, and assets under management grew to about EUR 153 million at 31 December 2019.

- Other SDG-friendly funds are the RobecoSAM Sustainable Water Fund (supporting SDG 6), the RobecoSAM Sustainable Healthy Living Fund (SDG 3), and RobecoSAM Smart Energy Fund (SDGs 7 and 9).

SDGs in ESG integration

It's not just an issue of using our framework to find the best companies for our specific SDG funds. Our SDG impact information helps to understand the total impact of companies, and thus become able to make better-informed investment decisions all round. Therefore, our SDG research is included in the sustainability profiles provided to financial analysts in all of our fundamental strategies.

SDGs in reporting

We see reporting as an essential component of SDG investing, as it enables clients to visualize how their investments are aligning with their values. Impact investing promises additional benefits beyond financial returns, and impact reporting linked to the SDGs helps demonstrate and substantiate these claims. In all, it enriches our understanding of the value created by companies, and helps our clients understand how our solutions align with their expectations.

SDGs in active ownership

The SDGs are included in the Active Ownership team's full engagement cycle, creating an opportunity to emphasize the impact that engagement can have on society. In 2019, we further streamlined our engagement activities with our SDG Impact Framework. Robeco's Active Ownership work is discussed more fully in the next section.

STEP 1 Product focus

What do companies produce?

Do products or services contribute positively or negatively to the SDGs?

Product focus examples:

Positive contribution:

- Medicine, water, health care

Negative contribution:

- Shale gas, fast food, gambling

STEP 2 Company policies & processes

How do companies produce?

Does the company business conduct contribute to the SDGs?

Company assessment samples:

- Governance factors
- Patterns of questionable conduct
- SDG impact – differentiate between firms with highest SDG impact

STEP 3 Continues monitoring

Are controversies known?

Has the company been involved in controversies?

Examples of controversies:

- Spills
- Bribery and fraud
- Mis-selling

Source: Robeco

ACTIVE OWNERSHIP

We use active ownership to improve companies' behavior because we are convinced that adopting ESG principles enhances the financial performance of investee companies, and at the same time benefits society. In addition, as a responsible investor, we act in accordance with stewardship codes. Being an active owner and having conversations with investee companies creates additional insights, enabling us to make better-informed investment decisions. Robeco's Active Ownership team executes the key components of active ownership – voting and engagement – on behalf of Robeco and RobecoSAM. The team exercises voting rights worldwide on stocks in our investment funds and maintains an active dialogue on many ESG issues with investee companies. Robeco's Head of Active Ownership reports to Robeco's Head of Investments.

We expect that the SDGs and climate change will continue to influence the active ownership agenda in the coming years, and we want to play an active role in influencing corporate behavior regarding these topics. Crucial for success is the continuation of collaborations with peer group investors and other stakeholders. We will therefore continue to improve and innovate our active ownership practices. How Robeco votes and engages is described in detail in publicly available policies.

Focus on stewardship

As a sign of commitment to stewardship, we have a policy that describes how we fulfill our responsibilities as signatories to many stewardship codes. This policy is closely aligned with our investment mission: to use research and quality-driven processes to produce the best possible long-term results for our clients. Therefore, our stewardship activities are aimed at creating long-term value in our investee companies. We are also actively involved in helping our clients formulate stewardship policies, as well as implementing and complying with a diverse set of codes, principles and regulations.

Voting

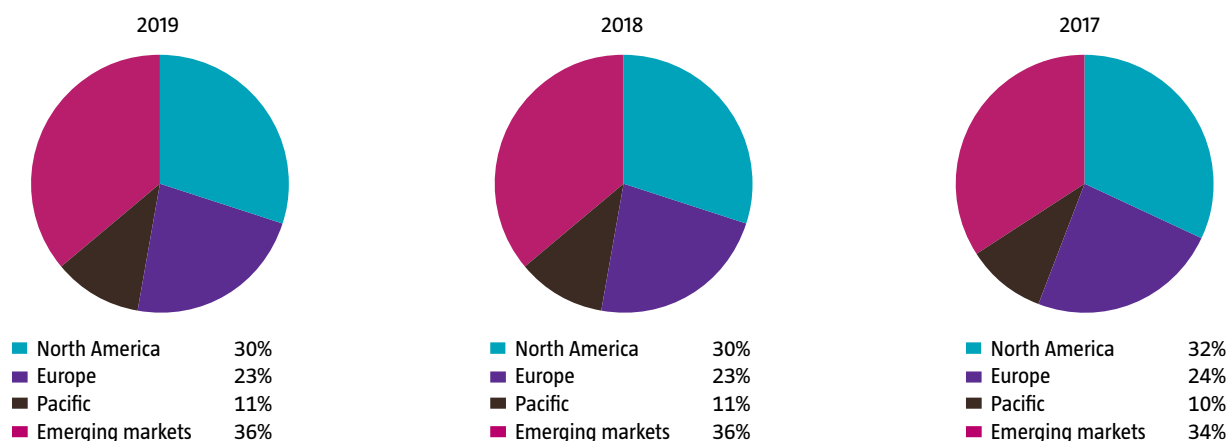
In 2019, our assets under voting continued to grow to EUR 91.5 billion and the Active Ownership team's analysts voted at 5,926 shareholder meetings. Our voting activity is published on our website shortly after the shareholder meeting takes place, which is in line with best practice on voting disclosure. We refrain from voting only in specific cases of share blocking. In such cases, the Active Ownership team assesses the priority of the meeting and the voting impact of the positions. Our investment teams make high-profile voting decisions in close collaboration with our engagement

specialists. They also include information captured at shareholder meetings, in engagement activities, and in the investment process. We assess on a case-by-case basis if the (co-)filing of shareholder resolutions as part of voting and engagement activities is desirable and likely to have an impact. In 2019, the Active Ownership team updated its voting policy to ensure that the provisions remain up to date, relevant and aligned with best practice. Key changes include a stricter assessment of diversity and remuneration at the board level, and of companies in high carbon-emitting sectors that fail to recognize climate change as a business risk or opportunity.

Voting figures

	2019	2018	2017
Assets under voting	EUR 91.5 billion	EUR 69.9 billion	EUR 63.0 billion
Number of votes at shareholders' meetings	5,926	5,291	4,733

Voting distribution by region



Engagement for equity and credits portfolios

We apply a focused approach for engagement activities, including a relevant selection of investee companies for a constructive dialogue on ESG factors such as board quality, human rights and environmental risk management. We run two engagement programs: enhanced engagement and value engagement. Enhanced engagement: addressing breaches of global norms Our enhanced engagement program focuses on companies that severely and structurally breach global norms regarding human rights, labor, the environment and corruption. Such companies are selected based on systematic analysis. The principal codes of conduct underpinning the enhanced engagement process are the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises. We use five objectives that focus on eliminating the breach, adopting a policy, creating a stakeholder dialogue, introducing risk management systems and then ensuring a

transparency over the process. The engagement typically runs over a three-year period, during which time we have regular meetings with investee companies to monitor their progress. If a company does not improve, the Sustainability and Impact Strategy Committee (SISC) can decide to exclude it from our investment universe. The process for enhanced engagement is a formal part of Robeco's exclusion policy.

Value engagement: engaging on financially material ESG topics

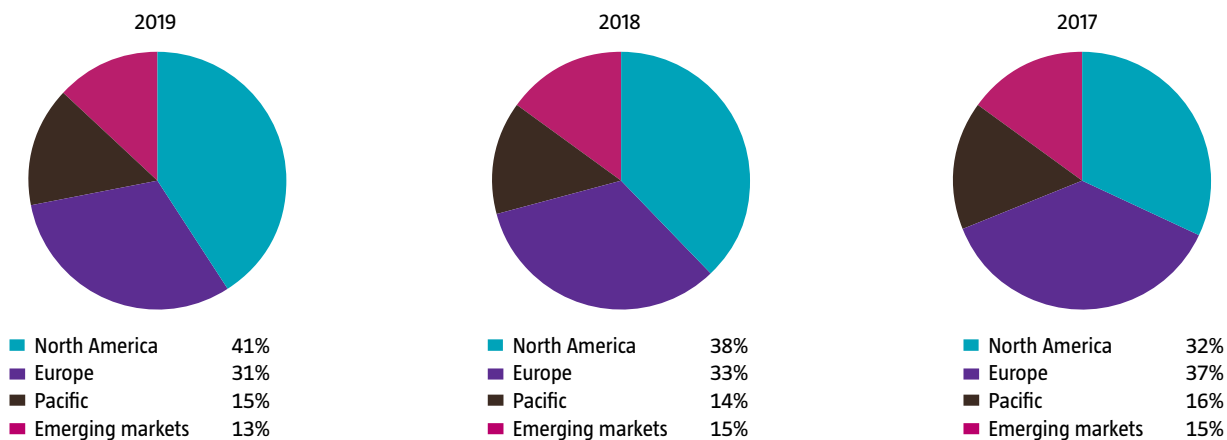
Our value engagement activities focus on a limited number of sustainability themes that have the greatest potential to create value for investee companies. New engagement themes are selected in close collaboration with engagement specialists, portfolio managers, analysts and clients. We prioritize investee companies that have most exposure to the selected engagement theme. For value engagement themes, the Active Ownership team

typically performs a baseline study, establishes SMART (specific, measurable, attainable, relevant, time-bound) objectives, and starts a dialogue to encourage companies to address the issues identified. The team informs these companies of the corporate behavior that investors expect, thereby encouraging them to adopt better practices. We believe that companies with sustainable business practices can create a competitive advantage and are likely to improve their risk/return profile, meaning that it is both in their interests and our own to change their ways.

The Active Ownership team started four new financially material engagement themes in 2019:

1. Addressing the issue of single-use plastic: targeting food and beverage producers along with plastic manufacturers to try to combat the huge waste problem it causes.

Distribution of engagement cases by region



Number of engagement activities per region

	2019
North America	105
Europe	78
Pacific	39
Emerging markets	33

2. Encouraging digital innovation in health care, via engagement with the pharmaceutical industry, as well as solution providers, hospitals and insurers.
3. Highlighting the social impact of artificial intelligence (AI), aiming to safeguard human rights in the use of AI, engaging mainly with tech companies.
4. Stopping deforestation in palm oil, while also addressing the sector's other ESG problems such as its high carbon footprint and poor labor standards.

In 2019, the Active Ownership team conducted 255 engagement cases with a total of 229 companies worldwide. The assets under engagement amounted to EUR 316 billion at year end (2018: EUR 382 billion). This means the total amount of assets under engagement exceeded the total level of our assets under management.

Exclusions

We have implemented an exclusion policy for companies involved in the production of, or trade in, controversial weapons such as cluster munitions and anti-personnel mines, along with tobacco companies. In addition, for companies severely and structurally breaching global norms, we consider exclusion to be the last resort, only to be used after enhanced engagement to encourage them to improve has failed. We re-evaluate the practices of excluded companies at least once a year, and we reinstate them only if they've improved. Our exclusion policies are published on our websites. For Sustainability Focus and Impact Investing strategies, additional exclusions are used.

Exclusion of unsustainable palm oil producers

Palm oil is an essential ingredient in many consumer goods, from chocolates to shampoo. As the most land-efficient and versatile vegetable oil, its cultivation as a cash crop is highly profitable. However, we believe that the production of palm oil brings significant environmental and social risks, leading to breaches of global norms if it is not produced sustainably. Therefore, in April 2019 we published our sustainable palm oil policy, setting requirements for palm oil producing companies in our funds. A transition to a sustainable palm oil industry can be attained by moving this sector to production in accordance with the Roundtable on Sustainable Palm Oil (RSPO) standards. Robeco was the first asset manager to join this roundtable. We exclude companies if less than 20% of their plantations are RSPO-certified. This policy applies both to the plantation owners, and to those companies with a significant stake in other companies that derive at least 20% of their revenue from palm oil where production is unsustainable. We require palm oil producing companies to take steps to gain full RSPO certification; those companies that do not reach at least 50% RSPO certification within three years will be excluded.

HOW WE SUPPORT SUSTAINABILITY INITIATIVES



We participate in the United Nations Global Compact, the strategic initiative for businesses committed to aligning their strategies and operations with ten universally accepted principles in the areas of human rights, labor standards, the environment and corruption. As part of our commitment to making financial markets more sustainable, we are also a member of organizations such as the Principles for Responsible Investing (PRI). Our active contribution enables us to help shape the global investment agenda and inform policymakers. In some instances, government agencies or other public institutions play a defining role in some of our key engagement topics. Therefore, we take part in public consultations and provide feedback to regulators and other public institutions if a certain policy is likely to benefit sustainable investors and broader society.

Highlights of collaborative initiatives in 2019

- We hosted and celebrated the first anniversary of the Platform Living Wage Financials, a collaboration aimed at encouraging and monitoring investee companies to address the non-payment of a living wage in global supply chains. In 2019, the platform won the PRI Active Ownership Project of the Year Award.
- We stepped up our efforts to improve safety in the mining industry. In April 2019, the Investor Mining and Tailings Safety Initiative was set up. Robeco is a member of its Steering Committee.
- Next to our continued work in the Climate Action 100+ initiative, we expanded our climate efforts in other directions. For example, in the Netherlands, we signed the Dutch Climate accord, targeting a 49% carbon emissions reduction in 2030 compared to 1990.
- We joined the World Benchmarking Alliance, a multi-stakeholder initiative aimed at comparing companies' performance on the SDGs.

- As part of efforts to improve gender diversity, Robeco joined the UK-based 30% Club and its Brazil chapter, an initiative to increase the number of women on corporate boards to at least 30%.
- Three employees were appointed to board positions of corporate governance organizations: the Associação de Investidores no Mercado de Capitais in Brazil; the Global Steering Group on Impact Investing of Foro Impacto in Spain, and the Asian Corporate Governance Association Council in Hong Kong.

More information on the sustainability initiatives we support can be found in the appendix.

External recognition and awards

- We were honored to, once again, receive leading scores from the UN-backed PRI in all categories.
- At the Geneva Forum for Sustainable Investing, RobecoSAM was named Best ESG Asset Manager and awarded Best Thematic Equities Fund for its Smart Energy strategy.
- The RobecoSAM Smart Energy, RobecoSAM Smart Materials and RobecoSAM Sustainable Water strategies won GELD Magazin Alternative Investments Awards.
- At the Environmental Finance's Sustainable Investment Awards, Robeco was named Manager of the Year, and won an award for innovation.
- We received the award for ESG/SRI Provider of the year from European Pensions.
- We won the Lipper Group Award Overall Large.

HOW WE SHARE OUR KNOWLEDGE ON SUSTAINABLE INVESTING

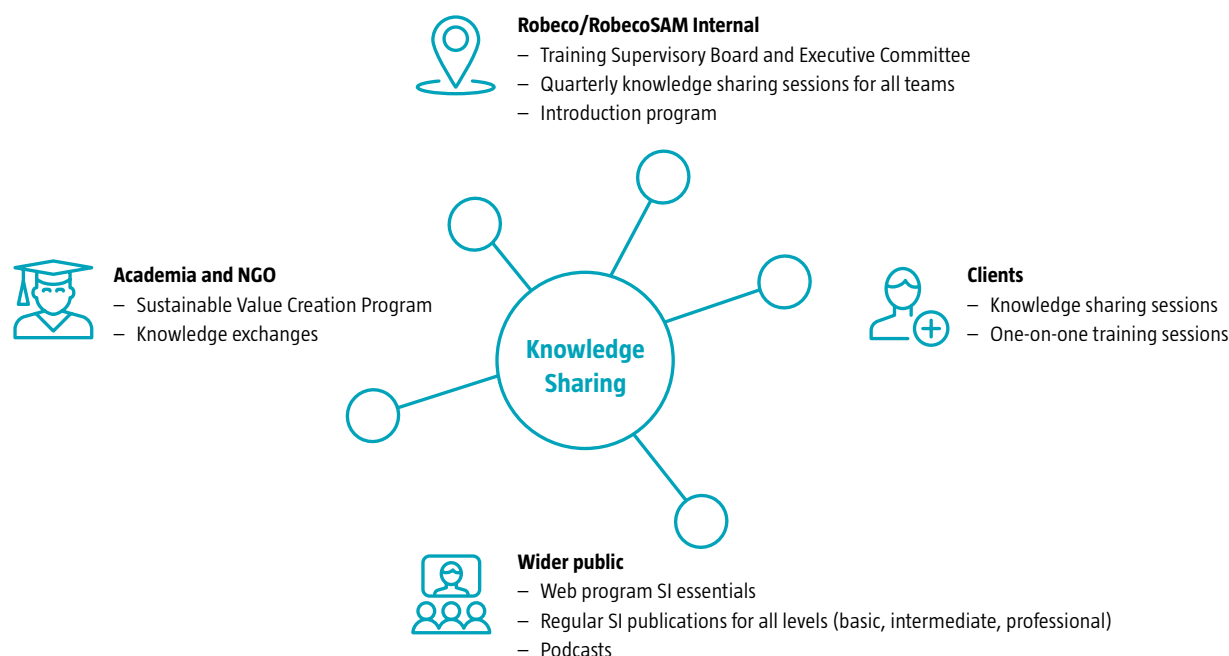
Sustainable investing is constantly developing but often not part of standard education and training. It's extremely important therefore to share knowledge both internally and with our clients and other stakeholders in order to further sustainable investing. This occurred on many levels in 2019.

A few highlights of how we shared SI-related knowledge in 2019 are:

- Following the success of The Big Book of SI in 2018, explaining how sustainable investing works in general, we published Sustainability Inside. It covered all the main themes of how Robeco explicitly

integrates ESG factors into the investment process, uses active ownership extensively, and cross-fertilizes SI with other styles such as factor investing. The book contains a collection of in-depth articles, case studies, interviews and graphics.

- To further the cause of SI within academia, to which Robeco has historic links, we hosted the Erasmus Platform for Sustainable Value Creation. This is a network of universities and corporates fostering thought leadership in the field of sustainable finance.
- As part of our ongoing efforts to keep clients and prospects up to speed about developments in SI, we organized a record number of 11 SI Explore sessions in 10 countries. The content of these sessions is always a mix of external or academic speakers, our experts and the clients themselves.
- Internally, we continued to host knowledge-sharing sessions on a wide range of subjects. These included market intelligence, ESG integration cases, academic research and insights, new reporting tools, and the results of our engagement efforts.



INVESTMENT PERFORMANCE OVERVIEW

In the table, the returns and relative performance of the most relevant funds are shown as examples of the figures mentioned above. The outperformance (+) or underperformance (–) compared to the relevant index is indicated and the Sharpe ratio is shown for conservative equity funds investing in low volatility stocks with lower expected downside risk.

Investment performance overview

	Fund	Performance	Outperformance/underperformance
Equities	Robeco Asia-Pacific Equities (EUR)	20.6%	- 1.0%
	Robeco BP Global Premium Equities (EUR)	22.5%	- 7.5%
	Robeco BP US Large Cap (USD)	23.8%	- 2.7%
	Robeco BP US Premium Equities (USD)	28.7%	+ 2.5%
	Robeco BP US Select Opportunities (USD)	30.8%	+ 3.7%
	Robeco Emerging Markets Equities (EUR)	28.7%	+ 8.1%
	Robeco Emerging Stars Equities (EUR)	29.7%	+ 9.0%
	Robeco Global Consumer Trends Equities (EUR)	37.7%	+ 8.8%
	Robeco Global Fin Tech Equities (EUR)	38.6%	+ 9.7%
	Robeco New World Financial Equities (EUR)	34.0%	+ 8.5%
	Robeco QI Emerging Conservative Equities (EUR)	17.6%	- 3.1% (Sharpe ratio 2.0 vs 1.6)
	Robeco QI Emerging Markets Active Equities (EUR)	21.1%	0.5%
	Robeco QI European Conservative Equities (EUR)	24.4%	- 1.6% (Sharpe ratio 3.8 vs 2.5)
	Robeco QI Global Multi-Factor Equities (EUR)	24.7%	- 4.3%
	Robeco QI Inst. Emerging Markets Enhanced Fund (EUR)	20.2%	- 0.4%
	Robeco QI Inst. Global Dev. Conservative Equities (EUR)	25.9%	- 4.2% (Sharpe ratio 3.6 vs 2.8)
	Robeco Sustainable European Stars Equities (EUR)	24.6%	- 1.4%
	Robeco Sustainable Global Stars Equities Fund (EUR)	32.7%	+ 2.6%
	Rolinco (EUR)	36.4%	+ 7.5%
Fixed income	Robeco All Strategy Euro Bonds (EUR)	6.3%	+ 0.3%
	Robeco Euro Credit Bonds (EUR)	7.1%	+ 0.8%
	Robeco Euro Government Bonds (EUR)	7.4%	+ 0.6%
	Robeco European High Yield Bonds (EUR)	11.8%	+ 1.2%
	Robeco Financial Institutions Bonds (EUR)	12.2%	+ 1.8%
	Robeco Global Credits (EUR)	10.2%	+ 1.0%
	Robeco Global Multi-Factor Credits (EUR)	9.3%	0.0%
	Robeco Global Total Return Bond Fund (EUR)	5.5%	+ 0.2%
	Robeco High Yield Bonds (EUR)	12.2%	+ 1.7%
	Robeco Investment Grade Corporate Bonds (EUR)	6.6%	+ 0.4%
	Robeco QI Global Dynamic Duration (EUR)	4.8%	+ 0.2%
	RobecoSAM Euro SDG Credits (EUR)	6.5%	+ 0.3%
	Robeco ONE Neutral (EUR)	17.4%	no official index

OUR GOVERNANCE

In this section, we show more details regarding our ownership and legal status, how we apply business ethics, and how we comply with regulations regarding tax and risk management.



OUR OWNERSHIP AND LEGAL STATUS

Robeco is established in the Netherlands and is fully owned by ORIX Corporation Europe, a subsidiary of ORIX Corporation, a Japanese business conglomerate that started operating in 1964. RobecoSAM is established in Switzerland and is also fully owned by ORIX Corporation Europe.

Governance structure

Robeco and RobecoSAM each have an Executive Committee and a Supervisory Board/Board of Directors. The Executive Committee develops and executes their respective company's strategy, and manages the business on a day-to-day basis. The Supervisory Board/Board of Directors monitors the execution of the company policy and advises the Executive Committee. The Robeco Supervisory Board includes a representative from ORIX Corporation. In the Netherlands, all Robeco board and committee members have sworn the Dutch oath for the financial sector.

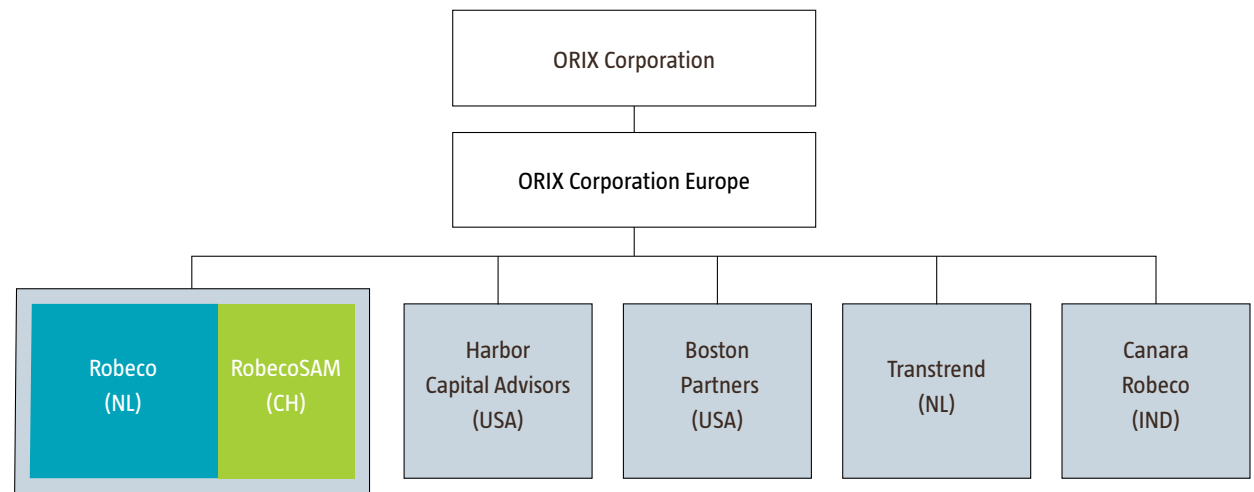
Robeco Supervisory Board

The Supervisory Board consists of:

- **Jeroen Kremers** (Chairman, until 30 March 2020)
- **Sonja Barendregt-Roojers** (Vice Chair)
- **Yoshiko Fujii** (until 31 December 2019)
- **Mark Talbot** (since 18 September 2019)
- **Radboud Vlaar**

The Audit and Risk Committee and the Nomination and Remuneration Committee prepare decisions to be taken by the Supervisory Board, take decisions, and carry out delegated responsibilities. The composition of the Supervisory Board fulfills the requirements for independence of the Dutch governance code. In the appointment process for new board members, an individual is nominated and consequently appointed by the general meeting after approval by the Dutch Authority for the Financial Markets (the *Autoriteit Financiële Markten* or AFM).

Simplified organizational chart



RobecoSAM is an affiliate of Robeco. The companies have strong business and operational ties. Robeco has functional oversight on RobecoSAM and is by majority represented in the Board of Directors of RobecoSAM.

With respect to the evaluation of the board's functioning, regular self-assessments and assessments by an external party take place.

Robeco Executive Committee

Robeco's Executive Committee members represent the different domains in Robeco:

- **Gilbert Van Hassel*** (Chairman and CEO)
- **Karin van Baardwijk*** (Chief Operating Officer)
- **Lia Belilos-Wessels** (since 1 December 2019, Chief Human Resources Officer)

- **Monique Donga** (until 1 July 2019)
- **Peter Ferket*** (Head of Investments, Chief Investment Officer)
- **Mark den Hollander*** (since 24 June 2019, Chief Financial and Risk Officer)
- **Martin Nijkamp** (Head of Strategic Product and Business Development)
- **Christoph von Reiche** (Head of Global Distribution and Marketing)
- **Victor Verberk** (Deputy Head of Investments)

* also a statutory director

Statutory directors are appointed by the General Meeting of Shareholders. The Supervisory Board must be consulted in connection with an intended appointment, which is subject to prior approval by the AFM. Appointing Executive Committee members requires prior approval from the AFM because such a person is considered to be a 'daily policymaker' of Robeco. Their intended appointment must also be submitted to the Works Council for advice. To date, the Works Council's advice in this respect have been positive in favor of the proposed new member.

RobecoSAM Board of Directors

- **Kuno Kennel** (Independent Chair)
- **Karin van Baardwijk** (Vice Chair)
- **Gilbert Van Hassel** (Member of the Board)

RobecoSAM's Board of Directors is appointed by the General Meeting of Shareholders and is subject to approval by the Swiss Financial Market Supervisory Authority (FINMA).

RobecoSAM Executive Committee

- **Marius Dorfmeister** (Co-CEO, until 1 May 2019)
- **Daniel Wild** (Co-CEO, until 1 May 2019)
- **Karin van Baardwijk** (CEO ad interim, since 18 April 2019)
- **David Hrdina** (Head of Corporate Services)

The Executive Committee members are appointed by the Board of Directors, subject to FINMA approval. To further intensify cooperation and knowledge sharing between Robeco and RobecoSAM, we have functional reporting lines between managers of corresponding departments at Robeco and RobecoSAM. This is also reflected by the fact that Karin van Baardwijk and Gilbert Van Hassel are both Executive Committee members at Robeco and have seats on RobecoSAM's Board of Directors at the same time.

Sustainability and Impact Strategy Committee

Our Sustainability and Impact Strategy Committee (SISC) consists of Executive Committee members and sustainability experts representing all relevant disciplines at Robeco and RobecoSAM. Its objectives are:

- Combining the strengths of everyone involved
- Enhancing the sustainable investing policy framework
- Creating an innovation platform for sustainable investing
- Mobilizing sales and marketing activities
- Setting priorities and triggering action at the appropriate level.

The SISC meets monthly and works side by side with our Sustainability Committee.

Climate Change Task Force

Our Climate Change Task Force (CCTF) acts as the central group of competence on climate change-related topics, adapting existing investment strategies, risk management, and active ownership activities, as well as developing new products. CCTF progress is reported to the SISC on a monthly basis and the Executive Committee of Robeco was updated twice in 2019.

The empirical evidence that the global climate is changing due to human activity, primarily through the consumption of fossil fuels and land-use changes, is overwhelming. We acknowledge that climate change, if unmitigated, will have unacceptable long-term impact on society and the global economy. In view of this, Robeco acknowledges the responsibility of the asset management industry towards addressing climate change risks through its investment decisions and its contact with investee companies and other institutions. In view of the high relevance of climate change for global society and for the investment community overall, we are working on adopting the following strategy:

1. Decarbonizing assets under management and aligning investments with an emissions reduction pathway that would limit global warming to well below 2°C. This applies to those assets where we have discretion over the investment approach, and so excludes discretionary mandates and client-specific funds.
2. Analyzing climate-related investment risks and opportunities relating to our clients' investment portfolios.
3. Identifying new opportunities to offer climate-related products and investment solutions.
4. Raising awareness about climate change risks; engaging through dialogue with clients and the public; and engaging for change with the companies we invest in.
5. Further reducing our carbon footprint, both in investment portfolios, and in our own operations, such as energy-saving measures at our offices.

Read all about our climate strategy, how we prepare for climate-related risks affecting our business, and climate-related risk management in the appendices to this report.

Sustainability Committee

Our Sustainability Committee consists of an Executive Committee member and representatives from all disciplines who contribute to the execution of our sustainability strategy. It decides on sustainability-related policies and supports the implementation and further integration of sustainability in the organization. A sustainability ambassador network enables the involvement of the broader organization.

BUSINESS ETHICS

We have rules and regulations in place which ensure business operations are conducted in a controlled and sound manner. In addition, both Robeco and RobecoSAM have their own Code of Conduct, which guarantees that both entities comply with local statutory requirements. The respective Codes of Conduct provide an overall view on what is expected of our employees. Every employee is required to affirm yearly that they have read and understood the Code of Conduct of their legal entity, and that they act according to its requirements.

In addition, we have policies and processes in place for business ethics-related topics, for example, to combat money laundering and terrorism financing risks. The conflict-of-interest policies aim to mitigate conflicting interests between us and our clients, or between different clients. Furthermore, we have several privacy-related policies in place which aim to ensure that personal data is handled with care, in accordance with the applicable laws and regulations.

Our policy framework is periodically reviewed and where necessary updated, depending on changes in laws and regulations, and developments in society. Robeco's and RobecoSAM's Executive Committees are responsible for complying with all policies and processes that apply to them. The implementation of the policies and processes is delegated to line management and Compliance departments. Compliance is responsible for managing and maintaining the policy framework, which is reviewed by the Executive Committee at least every two years (for Robeco), or by the Risk and Compliance Committee (for RobecoSAM). Compliance also monitors the correct implementation of the policies and processes. Line management is responsible for translating the policies and processes into workable and effective operating instructions. Compliance, together with line management, is responsible for training employees in anti-bribery measures and other topics.

Compliance record regarding business ethics

	2019	2018	2017
Instances of suspicions of bribery (gifts received)	None reported	None reported	None reported
Reported (indications of) breaches of compliance	None reported	None reported	None reported
Reported invitations for entertainment given and received worth over EUR 100	148	158	176

In the coming years, we will implement further measures where required, mainly based on awareness and monitoring. An updated e-learning module on customer due diligence and anti-money laundering will be presented to all relevant employees, and an additional focus will be placed on the proper execution of the appropriate customer due diligence and anti-money laundering processes. For RobecoSAM, there is also a specific focus on regulatory cross-border topics and the respective representations in the policy, since the Swiss regulator FINMA is focusing on such topics as well.

The European Commission's Action Plan on Sustainable Finance launched in March 2018 marked the start for the development of a regulatory framework to promote sustainable finance across the EU. Consisting of multiple pieces of legislation, it amends important EU laws such as the UCITS Directive, AIMFD, MIFID II and the Benchmark Regulation. The framework is still a work in progress. Nevertheless, we are already taking action to implement the known requirements in time. In addition, a comprehensive revision of the Swiss legal landscape governing the provision of financial services, regulated entities and financial products was conducted.

HOW WE MANAGE RISK

Our Risk Management team's primary aim is to support our Executive Committee and line management by developing and implementing policies, methodologies and tools for the identification, measurement, monitoring and reporting of risks. The team consists of representatives from Financial Risk Management, Operational Risk Management and Investment Restrictions, who work together to ensure that all risks related to our activities are identified, monitored and controlled.

Our risk management governance is built on the 'three lines of defense' model:

- The primary responsibility rests with line management in their day-to-day decision-making processes.
- The second-line functions are fulfilled by the Compliance and Risk Management team, which develops and maintains policies to enable line management to effectively handle their responsibilities. The second line of defense monitors the business activities in the company's risk management practices, and reports regularly to various internal committees and to external stakeholders.
- The Internal Audit function acts as the third line of defense, and provides independent assurance on internal control by means of various audits and reviews.

Both the second-line and third-line activities operate independently, with no link to commercial functions. The second-line functions have a direct reporting lines to the Chief Finance and Risk Officer (Head of Corporate Services at RobecoSAM), while the Internal Audit function has a direct line to the CEO. In addition, both the second and third lines report to the chairman of the Audit and Risk Committee of the Supervisory Board (Board of Directors at RobecoSAM).

Risk management committees

We have several risk management committees in place to ensure comprehensive and consistent risk oversight:

Audit and Risk Committee

Robeco's Supervisory Board has an Audit and Risk Committee in place to supervise the financial reporting process, the control environment, the system of internal controls, risk management and internal audit.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee is the highest body within Robeco that focuses on risk. It consists of the members of the Executive Committee and representatives of relevant departments.

Risk Management Committee

Robeco's Risk Management Committee is responsible for determining risk policy, and for monitoring risk levels in client portfolios. It is chaired by a member of our Executive Committee and consists of representatives of the relevant departments.

For RobecoSAM, a similar risk governance is in place, though the committee structure is different. At RobecoSAM, the same responsibilities lie with the Risk and Compliance Committee, which consists of all members of the Executive Committee and the heads of the respective departments.

Our Risk Control Framework is based on the principles of the Committee of Sponsoring Organizations' Enterprise Risk Management (COSO).

In 2019, we further developed proactive, forward-looking, risk management practices. Specifically, we created new risk

identification and assessment processes and methods, while existing risk action management processes were enhanced.

Risk categories

The categories described below are regarded as the most relevant in terms of their potential impact on our ability to execute our strategy, perform our business activities, and maintain our good financial condition.

Strategic risks

External developments such as macroeconomic issues, increasing fee pressure or competition may negatively affect our profitability. Continuous monitoring of these developments and maintaining a diversified base of clients, assets and products mitigates the potential impact.

Operational risks

We manage a large range of services and products for different client types in various regions of the world. This means that we are exposed to operational risk. To limit the risk of operational losses for our clients and ourselves, we have an extensive control framework in place that identifies the significant risks throughout our whole value chain, including the risk-mitigating controls. We also have a solid incident procedure in place in order to continuously improve the quality and robustness of operational processes, and to inform clients of errors and their consequences in a timely and accurate way.

Financial risks

We are exposed to counterparty credit risk on our cash balances and receivables. To mitigate this, our policies prescribe careful selection and monitoring of financial counterparties. Risks are mitigated by offering a broad and diversified range of products and services in various regions, currencies and asset classes. Capital is held to cover

this kind of business risk. To mitigate liquidity risk, cash positions are closely monitored. We apply various indicators for assessing financial performance, which entails the use of models for individual risk types.

Sustainability risks

We are exposed to sustainability risk on our assets under management. The financial position of investments in the portfolios we manage may deteriorate due to ESG-related risks. Failing to mitigate against the consequences of climate change could potentially have an impact on the underlying assets of our portfolios. We have performed a climate risk self-assessment based on scenario analysis as a first step towards a quantitative assessment of the potential impact of such climate transition scenarios. To mitigate this, our SISC (see page 34) has commissioned the CCTF (see page 34) to develop a climate change strategy.

Ambitions for 2020-2021

- Further development of our enterprise control framework and related processes.
- Further evolution of the risk appetite process: we aim to improve this by using more quantitative elements, developing (quantitative) key risk indicators and improving reporting. Eventually, we aim to make the explicit presence of risk appetite an integral part of the decision-making process at strategic, tactical and operational levels.
- Further strengthening of the sustainability risk management practices and liquidity risk framework.

HOW WE MEET OUR TAX OBLIGATIONS

We aim to act at all times in accordance with our Tax Policy. We aim to fully comply with all applicable laws and regulations, filing and reporting obligations. Adhering carefully to the policy, we manage tax risks actively to safeguard our reputation. The underlying policy intent of the respective laws is always taken into account. We report income in the jurisdiction where the value is created. We do not tolerate tax evasion and do not engage in any aggressive tax planning; we apply the principle that business is leading and the tax liability follows.

Tax management and responsibility

Robeco's Executive Committee carries the ultimate responsibility (for both Robeco and RobecoSAM) for compliance with the Tax Policy, but has delegated its execution to Group Fiscal Affairs. We have a strong and open relationship with the Dutch tax authorities and have entered into a Tax Covenant under which we are transparent about our tax position and tax risks (if any) towards them. If deemed appropriate, agreement about any issue requiring clarification is sought from the tax authorities upfront.

Investment approach and portfolio holdings

Our principle is that investment proceeds should be taxed at the investor level, to the extent that investors are subject to taxation. We strive to prevent unnecessary tax liabilities in our products. Most of our investment funds benefit from tax regimes to prevent any additional tax burden. We make very limited use of tax incentives offered by any jurisdiction. Tax accountability is also a focus area in our active ownership activities: we expect the companies in which we invest to comply with the relevant legal and regulatory frameworks, and to be transparent in their tax position. Another focus area is understanding our investee companies' effective tax rates and tax policies.

Trends and focus areas

The Organization for Economic Co-operation and Development (OECD), European Union and local governments have recently issued guidelines and legislation which create more tax reporting obligations and transparency rules. These aim to counter tax evasion, aggressive tax planning and tax fraud. To manage and comply with these regulations, Robeco's tax team is currently implementing processes to make sure that it is compliant.

HOW WE APPLY SUSTAINABILITY IN OUR OWN OPERATIONS

In this section, you can read more about how we keep our people engaged, motivated and skilled, how we continuously enhance our own sustainability, and how we give back to the communities where we have a presence.



OUR PEOPLE

Our success depends almost entirely on the performance of our people: their knowledge, skills, experience, commitment and engagement are our most valuable assets. Therefore, we aim to empower them to reach their full potential in an inspiring, engaging and respectful work environment, in which teamwork is fundamental to outperformance.

Performance Management Cycle

Our Performance Management Cycle, supported by our Learning and Development program, offers our people the opportunity to continuously improve themselves. The year-end appraisal meeting is, in our view, not only a moment to assess performance but an opportunity to enhance motivation, commitment and growth potential by truly recognizing an individual's strengths and development areas.

Reward vision

As part of our reward vision, a well-thought out, balanced and sustainable remuneration policy is vital in order to attract, retain and motivate well-qualified people. This policy enables us to differentiate our people according to performance and reward excellence; it also stimulates them to exhibit desired behavior and discourage undesirable conduct.

Remuneration

We reward our people in a way that encourages them to act in the best interests of our clients and avoid taking unnecessary risks. Our remuneration policy does not discriminate on the basis of gender. Differences in terms of salary range are based on professional experience and education. The women-to-men remuneration ratio calculation only reflects Robeco in the Netherlands, due to insufficient comparable data from offices abroad. Averages have been calculated for the applicable salary ranges in each category.

These do not take into account such factors as work experience and relevant education. 'Broadbanding' is used for the senior/middle management category, where jobs of different levels are placed in the same 'band'.

Collective bargaining agreements are only applicable to employees in France, Spain and Italy. The policy, amendments to it and actual compliance of remuneration practice are audited internally each year. Remuneration levels for all employees are benchmarked annually against the standards of market data provider McLagan. For specific teams or functions, we occasionally request tailor-made assessments from McLagan. Any changes made by the regulators to applicable legislation or guidelines that lead to the amendment of a remuneration policy, approach or practice are reviewed by independent external parties. In addition, RobecoSAM's remuneration policy is in line with the regulatory requirements of the FINMA in Switzerland.

Each individual employee's fixed salary is determined on the basis of their role and experience according to the salary ranges, and with reference to the benchmarks of the investment management industry in the relevant region. The fixed salary is deemed to be adequate remuneration for the employee to properly execute their responsibilities, regardless of whether or not variable remuneration is provided.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee is a delegated committee from our Supervisory Board. The total available variable remuneration pool is determined as a certain percentage of operational profit. Each employee's variable remuneration is determined according to their behavior, individual and team performance, and assessed on the basis of pre-agreed business objectives.

Remuneration figures

	FTE	Head count	Fixed remuneration in EUR million	Variable remuneration in EUR million	Total in EUR million
Current and former statutory directors	4	4	2.0	2.3	4.3

Women-to-men remuneration ratio

	Fixed remuneration ratio	Total remuneration ratio
Senior management level incl ExCo	0.96	1.13
Middle management level	0.96	0.96
Non-management level	1.00	1.00



Learning and development

Learning and development is a key element in supporting our mission and beliefs. Here are some of the highlights of our learning programs in 2019:

- Robeco Learning World offers a broad range of learning opportunities, based on either classroom or e-learning courses. These courses vary from how to improve feedback, time management and conversation techniques, to brainstorming, business English and project planning. A total of 332 e-learning courses were completed by 31 December 2019.
- We believe that knowing computer coding is an essential skill in the 21st century. We therefore introduced a training program for the Python coding system in which 121 employees participated. Over the last few years, Python has emerged as a better alternative to Excel: it's easy to learn, is especially suited to analyzing data, and has many libraries for data analysis and visualization.
- Our Young Professional Journey aims to accelerate the learning process of younger colleagues by giving them a range of different experiences. The journey connects colleagues and promotes cross-departmental cooperation, and participants are encouraged to maximize their personal impact. We offered two sessions which were both full.
- Some 18 participants joined our Managing at Robeco training program, which strengthens our managers' core capabilities. It is aimed at meeting the participants' individual goals and preferences while also encouraging them to look ahead and determine what they need to do in order to grow professionally.
- We offered career development advice to 55 employees who are aged 45 or older, following an initiative from the Dutch government to encourage life-long learning and thereby improve the position of these employees in the labor market.
- Our Connect and Learn program provides continuous learning

opportunities from leading experts in the academic field. Topics tackled in 2019 were reframing, the innovations of Leonardo da Vinci, and the ethics of Big Data, among others.

- The Robeco Leadership Conference 2019 focused on two of our core values: connecting, and client centricity. After listening to client experiences from PGGM and Rabobank, the group of 76 senior managers discussed engaging client cases and dilemmas.

As well as these programs, we offer in-house mentorship. We now have 13 internal mentors who mentored 20 people in 2019.

Vitality and work-life balance

We offer our people the means to enhance their vitality and sustainable employability. We believe that the ability to work from home and keep flexible hours help to build a better work/life balance. In addition, we want to offer our people the best possible working conditions. They work in comfortable modern office spaces, with adjustable desks, and ergonomic, flexible office chairs. In Rotterdam and Zurich, in-house ergonomics coaches provide advice on the best posture at work, and help to adjust the office furniture if required.

Assigned prevention officers are alert to health and safety risks in the Netherlands. A health and safety platform ('arboplatform') maintains an overview of all developments and measures related to working conditions. Open consultations for employees with the company doctor allow them to discuss work-related health issues confidentially, and a confidential counselor is available to tackle personal issues.

In the Netherlands, we offer our people healthy foods and beverages for lunch (which are better priced than less healthy products), subsidized gyms and a fiscally attractive bicycle purchase

scheme to encourage them to cycle to work. Finally, we offer all employees regular health checks, a health, safety and welfare service, a health benefit program, and a workshop to quit smoking.

Number of employees, new hires and turnover

	2019	2018	2017
Number of employees (FTE)	947	955	939
Number of new employee hires (persons)	89	79	81
Male	45	45	48
Female	44	34	33
Turnover	13%	10%	13%

How we work on our diversity, inclusion and non-discrimination

We recognize that a company's ability to retain talent is an important driver in promoting diversity, and an overall contributor to its sustainability performance. We aim to have a diverse global workforce in terms of gender, age, cultural background and education to ensure diverse opinions. This leads to much richer debates and helps us arrive at better decisions, come up with better ideas, and ultimately, achieve better results for our clients.

Discrimination of any type will not be tolerated. The principle of equal opportunity applies to all employees and is an explicit component of application procedures. All vacancies are widely advertised and no groups are excluded. All qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, sexual orientation, gender identity, disability or any other characteristic. Temporary or part-time

employees are proportionally entitled to the same benefit packages provided to full-time employees with a permanent contract. A procedure for reporting cases of discrimination is in place. We received two reports of discrimination that are currently pending.

Two members of Robeco's Executive Committee are female, six are male. Robeco's Supervisory Board consists of two women and three men. Looking at our total workforce, we aim to reach:

- A gender diversity level of at least 30%.
- At least 10% of our staff to be aged below 30, and at least 20% to be over 50.
- A cultural diversity level of at least 30%.
- A mix of different educational backgrounds.

At RobecoSAM, one of the three members of the Board of Directors is a woman, which corresponds to the guideline of a 30% proportion of women proposed by the Swiss Federal Council for listed companies. The Executive Committee consists of one man and one woman.

Actions concerning diversity are a collaboration between our HR department and the Diversity@FIRST team. This team, itself made up of a diverse group of employees, advises Robeco's Executive Committee on the execution of a plan to further increase diversity and inclusion throughout the company. Diversity@FIRST also promotes bottom-up initiatives.

Key highlights from 2019 include:

- Developing our diversity policy, including our targets, and making it publicly available on our website.
- Joining the UK 30% club.
- Including diversity and inclusion in our Managing@Robeco training.
- Organizing events with female role models and about Generation Z.

Employee engagement

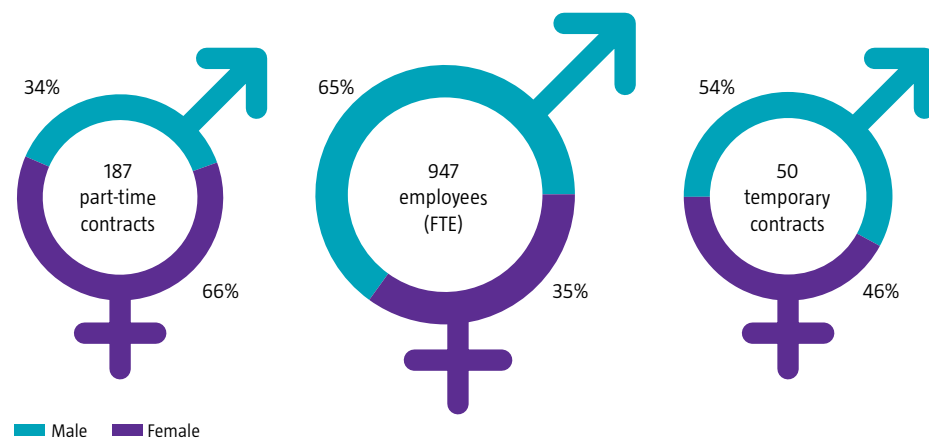
Our annual online survey measures overall engagement and satisfaction among our employees. In 2019, the response rate was 87.4%. All teams discuss the results, and draw up an action plan to address areas for improvement. In addition, all managers discuss their conclusions and their action plan with their respective representative on our Executive Committees, which serves to embed the survey in our Annual Performance Management Cycle.

Employee engagement survey

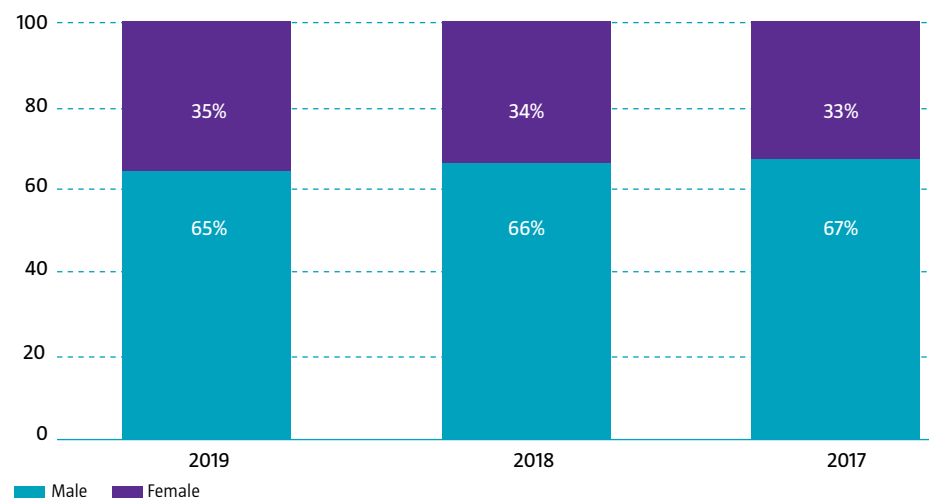
	2019	2018	2017*
General engagement	7.4	7.5	7.7
Number of respondents	846	826	748
% of total surveys sent out	87.4	85.3	87.4

* RobecoSAM not included; 2018 and 2019 figures show joint results for both Robeco and RobecoSAM

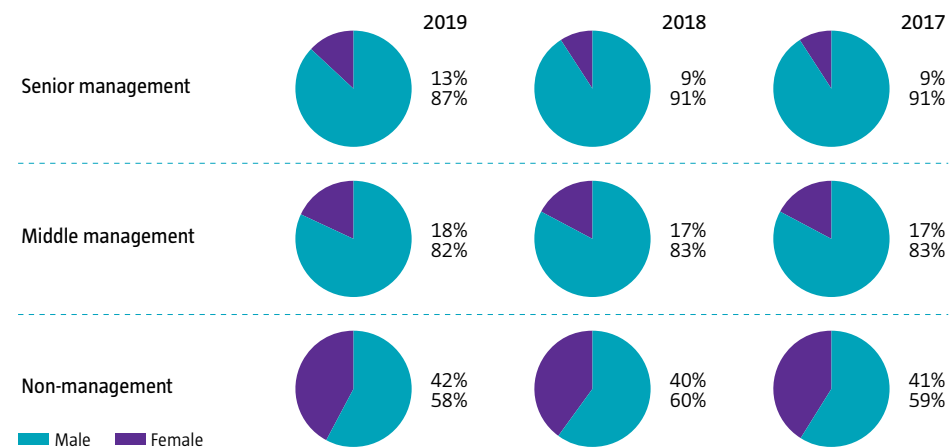
Gender distribution in general, by type of contract and by working time



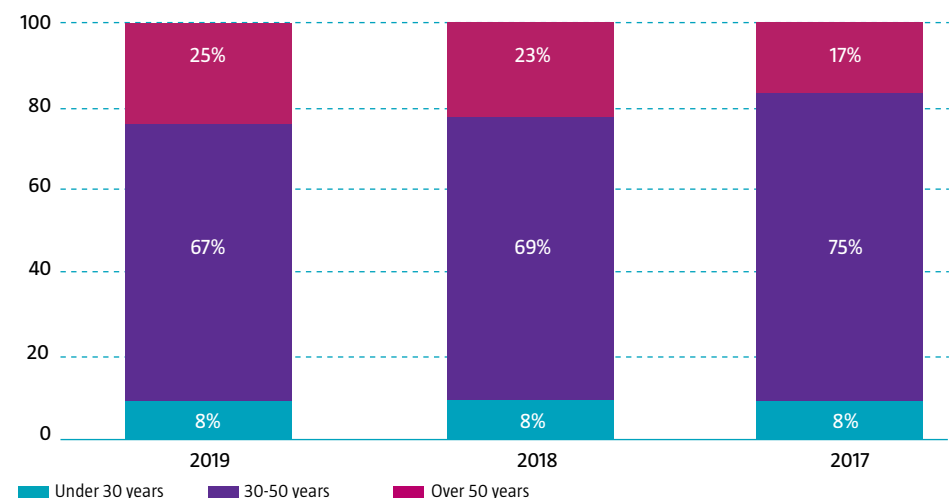
Gender distribution per reporting year



Gender distribution per employment category



Age distribution



HOW WE GIVE BACK TO THE COMMUNITIES WHERE WE HAVE A PRESENCE



Robeco Foundation

Launched in 2018, the Robeco Foundation aims to create equal opportunities for disadvantaged children by investing in talent development through education in the communities where we have a presence. Next to its overall aim, the Foundation aims to contribute directly to the SDGs. Three of the 17 goals are related to this issue: an end to poverty (SDG 1), access to a quality education (SDG 4), and the reduction of inequalities (SDG 10).

In 2019, we continued our support for the Rotterdam Digital Skills Program, which supports Rotterdam's primary and secondary schools with activities aimed at improving the digital skills of children from less advantaged backgrounds. In the past year, 12 schools received donations to finance the purchase of laptops, Chromebooks, tablets and Lego education sets. In addition, we supported the Rotterdam Code Tour in 2020. This Tour offers free programming sessions at primary schools and in community centers in several disadvantaged neighbourhoods.

At the end of 2019, the Foundation expanded internationally by signing a partnership with Room to Read, a non-profit focused on girls' education and children's literacy in Asia and Africa. Our donation enables Room to Read to implement their three year program on a primary school in South Africa, close to the region where our clients are based.

Social commitment

Earning the trust of the communities in which we operate is essential to maintain our (social) license to operate. Therefore, we support projects that benefit these communities by providing donations and enabling employees to perform voluntary work. Our Social Commitment Committee assesses projects submitted by employees based on our Policy on Social Commitment and Donations. In 2019, the amount spent was EUR 92,697 (2018: EUR 64,120).

Some of the highlights of 2019, partially funded from the aforementioned budget, were:

- In September, 60 employees from our Rotterdam office collected 50 kilos of plastic during a beach clean-up.
- In February, 49 participants joined the 28th spinning marathon for the Erasmus MC-Sophia Children's Hospital in Rotterdam, raising over EUR 20,000 for the good cause.
- Together with a number of clients, Robeco Australia spent two days helping to build new houses for families who lost their homes in bushfires. The volunteer project was carried out in conjunction with Habitat for Humanity Australia.
- In June, our Roparun 2019 team raised almost EUR 27,000 – up 27% from last year – for several good causes, such as cancer research and providing excursions for sick children.
- In December, our Sustainability Ambassadors raised EUR 40,000 for Stichting Jarige Job, which enabled this foundation to buy birthday boxes for 1,158 underprivileged children.

HOW WE INTEGRATE SUSTAINABILITY IN PROCUREMENT AND LIMIT OUR ENVIRONMENTAL FOOTPRINT

Seven principles of sustainable procurement

Human rights

1. We expect its suppliers to support and respect the UN's Universal Declaration of Human Rights and to ensure that they are not complicit in any form of abuse (i.e. all parts of their supply chain must be managed in an ethical way).

Labor

2. Suppliers are encouraged to promote diversity and inclusion by not discriminating on the grounds of race, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin and union membership or marital status while hiring and employing.
3. All forms of forced, compulsory and child labor must be eliminated.
4. Suppliers should act responsibly in the field of health and safety of employees.

Environment

5. We expect its suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations.
6. Suppliers are expected to promote greater environmental responsibility and to support us in the use of goods and services that help mitigate our environmental impact, for example by better managing and utilizing resources such as energy, paper, water and waste.

Anti-corruption

7. We expect our suppliers to behave ethically and to respect local laws. It strictly prohibits bribery and corruption in any form. Any potential conflicts of interest by suppliers must be declared, and engaging in any activity which might reasonably be interpreted as an attempt to affect the impartiality of employees must be avoided.

Sustainability requirements are integrated in our purchasing criteria and our Request-for-Proposal (RfP) processes, and our purchasing team applies these consistently. In vendor selection, if competing suppliers score equally on all criteria, we select the most sustainable offer. We expect our suppliers to respect the principles of sustainable procurement. In addition, our way of working is reflected in several policies (know your vendor, due diligence, and Robeco Responsible Purchasing, among others) which are continuously monitored, further developed and updated.

We limit the environmental effects of our business operations as much as possible. Our head office in Rotterdam has a four-star (excellent) BREEAM-NL new-building certificate from the Dutch Green Building Council. We reduce the number of travel movements with our flexible workplace concept, and by providing employees with a smartphone and laptop so they can work at home or elsewhere, reducing commuting. Company cars in the Netherlands are low emission-certified or lie within low-emission ranges. At the end of 2019, 52% of lease drivers were using semi-electric hybrid cars. We use the latest technology for video conferencing and thereby limit traveling between our offices and clients as much as possible. In February, we selected AFS Energy to achieve CarbonNeutral® certification by reducing CO₂ emissions to net zero. All our business flights from and to the Netherlands are compensated via AFS Energy.

We always strive to further reduce energy and water utilization, and to promote the use of sustainable energy. Total water usage is measured and monitored. We target renewable energy sources for 80% of the electricity used in our offices. For waste management, we use separated waste processing and recycling. We encourage affiliated cleaning companies to use environmentally safe cleaning products as far as possible. Service level agreements for catering and cleaning include an incentive for sustainable innovation.

Tables for resource consumption and greenhouse gas emissions

In 2019, we further reduced our energy, water and paper consumption (see table below). Business travel by air increased due to the growing international scope of our business. Travel by lease car has increased as well, but we are increasingly switching to electric lease cars to reduce our environmental impact. Our paper consumption has decreased due to the introduction of lighter paper and a further reduction in the number of print jobs. We compensate

for our annual carbon emissions and have committed to further reduce CO₂ emissions.

Ambitions for 2020 and beyond

To continue improving our sustainability, we continuously monitor and evaluate our performance. When an opportunity for improvement is identified, we adjust the working practices concerned. This pragmatic approach means that there are no predefined goals or targets.

Resource consumption*

	Metric unit	2019	2018
Energy	kWh	2,802,802	2,819,436
Drinking water	m ³	3,936	4,092
Rain water for toilets (estimated)	m ³	1,228	1,228
Paper	kg	8,269	10,528
Business travel air	km	16,175,679	15,810,173
Travel by lease car	km	4,672,931	4,039,439

Greenhouse gas emissions in relation to value chain*

	Emission type	Metric unit	2019	2018
Travel by lease car	scope 1	ton CO ₂ e	772	715
Energy	scope 2	ton CO ₂ e	1,603	1,613
Business travel by air	scope 3	ton CO ₂ e	2,924	2,890

* Global numbers including RobecoSAM and Robeco Asia

APPENDICES

The background image is a blue-tinted photograph. On the left, a rolled-up document with a spiral binding is visible. In the center and right, there are financial charts and a ruler. A line graph shows a fluctuating blue line over time. Below it, a ruler is marked with years from '04 to '14. To the right, another chart shows a 52-week change of -17.6% and various numerical values like +0.005, -0.004, and +0.004.

About this report

Robeco has prepared this report in cooperation with RobecoSAM, in accordance with the Reporting Standards of the Global Reporting Initiative, option Core.

The report is published annually, and the 2019 report covers the activities under the brand names Robeco and RobecoSAM under the responsibility of both Executive Committees from 1 January 2019 until 31 December 2019.

The quantitative and qualitative information in this report cover both Robeco and RobecoSAM. We thereby broadened our reporting scope compared to the 2018 report and where necessary we have restated 2018 and 2017 figures in order to ensure comparability. The tables covering our resource consumption and greenhouse gas emissions also include Robeco Asia, thereby presenting a global scope.

The collection of non-financial information for this report is coordinated centrally within Robeco and RobecoSAM. Data is collected via qualitative and quantitative questionnaires. The reporting team performs plausibility checks after submission. In addition, this report has been subject to an internal audit review. In 2020 Robeco and RobecoSAM will consider the possibility of enabling external assurance of its sustainability report.

Measurement methods

Conversion factors for CO₂e emissions

DEFRA conversion factors 2019 – passenger car upper medium class petrol	0.20792	kg CO ₂ e per kilometer
DEFRA conversion factors 2019 – passenger car upper medium class diesel	0.16533	kg CO ₂ e per kilometer
CO ₂ Emissiefactoren – Grid average the Netherlands	0,572	ton CO ₂ e per MWh
DEFRA conversion factors 2019 – International flight, counting for Radiative Forcing (1)	0,18078	kg CO ₂ e per passenger kilometer

(1) Radiative forcing (RF) is a measure of the additional environmental impact of aviation. These include emissions of nitrous oxides and water vapor when emitted at high altitudes.

Definition of HR terms

FTE	Full time equivalent. In the Netherlands, an FTE at Robeco is 40 hours per week
Women-to-men remuneration ratio	Female/male salary ratio. A figure greater than 1 means female employees have a higher salary.
Part time	Figure is based on the annual compensation.
Temporary contract	Employee that is employed for less than 40 hours per week
	Employees with a contract type with a fixed term, with the possibility of obtaining a indefinite contract.

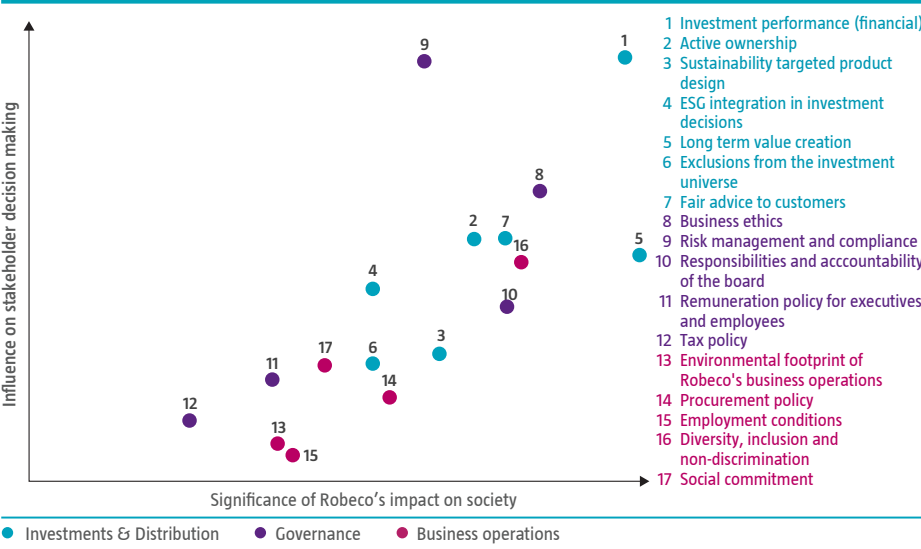
Materiality assessment

The list of material topics for the materiality analysis performed by Robeco in 2017 among stakeholders has been developed in a three-stage process:

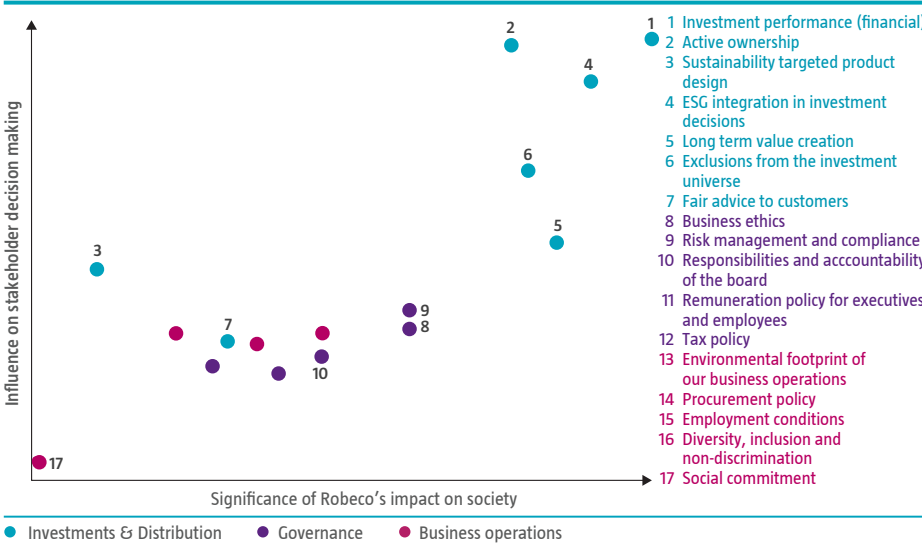
- 1. Review of all the GRI disclosures, selecting those with relevance for Robeco.
- 2. Categorization of disclosures into topics of comparable 'order of magnitude', so they can be ranked by stakeholders.
- 3. As a third step, some disclosures have been grouped together into one material topic to make the list more comprehensive for stakeholders.

We used an online questionnaire to obtain feedback from our stakeholders. To ensure a good response rate, we contacted the invitees personally. The questionnaire contained a description of Robeco, the scope of the assessment and a brief description of the topics. We asked respondents to rank the material topics in order of importance for ourselves as well as for their own interests as stakeholders. Furthermore, we asked for any additional topics to be included, to ensure completeness of the topics covered. From this, most notably 'corporate culture' was raised by an external stakeholder as an additional material topic.

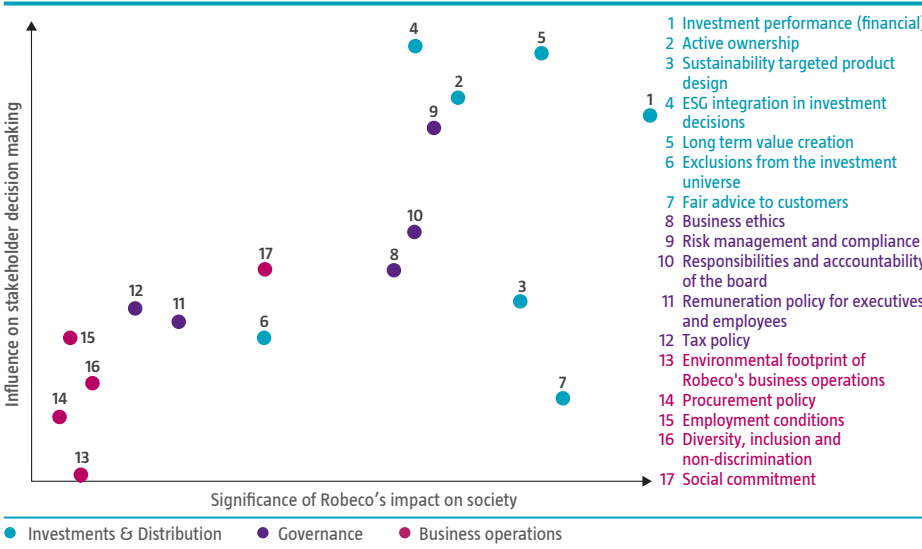
Materiality matrix employees



Materiality matrix clients



Materiality matrix oversight and civil society



List of material topics and definitions

INVESTMENTS & DISTRIBUTION

Investment performance (financial)

The financial performance of the investments managed by Robeco.

Active ownership

Active ownership consists of actively engaging with portfolio companies (the companies we invest in) on their ESG policies and results, exercising voting rights on shareholders' assemblies.

Sustainability targeted product design

The development and offering of investment products designed specifically to target investments into assets with an associated positive environmental or social performance.

ESG integration in investment decisions

The integration of environmental, social and governance (ESG) factors into the analyses performed by investors to support their decisions whether or not to invest.

Long term value creation

The focus on creating stable value on the long-term, as opposed to a focus on short-term profits.

Exclusions from the investment universe

The exclusion of companies from investments, because of structural breaches of international norms regarding environmental, social or governance performance of the company or the products produced by the company.

Fair advice to customers

Provide adequate, clear, and transparent information about products and services, including risks and suitability; and conflicts of interest.

GOVERNANCE

Business ethics

Policy and results regarding bribery, corruption and political contributions as well as inquiries, fines and settlements associated with financial fraud.

Risk management and compliance

Sound risk assessment and managing of risks in investments, compliance with legislation and conditions in client mandates, and avoidance of conflicts of interest.

Responsibilities and accountability of the board

A transparent and well-defined set of rules and principles concerning the responsibilities, accountability and nomination process of the board.

Remuneration policy for executives and employees

Remuneration policy for executives and employees, including incentive plans and performance criteria.

Tax policy

Policy and principles regarding tax contributions.

BUSINESS OPERATIONS

Environmental footprint of Robeco's business operations

The environmental footprint caused directly by Robeco's operations (excluding the impact of investments).

Procurement practice

Purchasing policy and assessment of suppliers' performance on social and environmental aspects in the tender process.

Employment conditions

Employment policies and employment conditions offered by Robeco, to attract and retain skilled and motivated employees.

Diversity, inclusion and non-discrimination

Policy and results related to promoting diverse workforce, an inclusive culture, and no tolerance of any form of discrimination.

Social commitment

Community programs organized by or in which We are involved, with the aim of making a positive contribution to society.

Our leadership

Robeco Executive Committee

Gilbert Van Hassel (M/1957)

- CEO and Chairman of the Executive Committee since 2016 and a member of the Board of Directors of RobecoSAM since 2016.
- Over 30 years' experience in the financial services industry, mainly in asset and wealth management, with broad experience in Europe, Asia and the US. Until 2014, he was Global CEO ING Investment Management and member of the board for Insurance and Asset Management at ING. Before joining ING in 2007, he worked for JP Morgan, where he held various executive positions in Europe, Asia and the US.
- Bachelor's degree in Applied Economics from the University of Antwerp St Ignatius (Belgium), MBA with a major in International Finance from the Catholic University of Louvain (Belgium), Master of Science in Finance from Purdue University (US).
- Member of the board of the Dutch Fund and Asset Management Association, member of the board of directors of Harbor Capital Advisors.

Karin van Baardwijk (F/1977)

- Member of the Executive Committee since 2015 and Chief Operating Officer since 2016, vice-chair of RobecoSAM's Board of Directors since 2018. Responsible for Information Technology and Operations. After joining Robeco in 2006, she headed Operational Risk Management from 2009, followed by Global Information Services from 2014.
- She started her career in 2004 at Atos Consulting.
- Graduated from Utrecht University (the Netherlands), Master's degree in Business Economics, Master's degree in Corporate Law.
- Member of the Supervisory Board at EUR Holding (Erasmus University Rotterdam).

Lia Belilos-Wessels (F/1962)

- Chief Human Resources Officer and member of the Executive Committee since 2019.
- Before joining Robeco she was Chief People Officer at Arcadis and Chief Human Resources Officer at KPN. She started her career at Shell, where she held several human resources positions including Human Resources Director for Shell in Asia, and Vice President Human Resources at Royal Dutch Shell.
- Master's degree in Sociology and Social History from Erasmus University Rotterdam, Master's degree in European Studies from the University of Reading (UK).
- Member of the Supervisory Board of Vanderlande and chair of the Pre-selection

committee Dutch Civil Service (Algemene Bestuursdienst).

Peter Ferket (M/1968)

- Head of Investments, Chief Investment Officer and member of the Executive Committee since 2016, and Chief Investment Officer Equities since 2010. He started his career in the investment industry in 1997.
- Doctor of Philosophy (PhD) in Scientific Computing and a Master's degree in Applied Mathematics (graduated cum laude) from Eindhoven University of Technology (the Netherlands).
- Member of General Board of Eumedion since 2018.

Mark den Hollander (M/1969)

- Chief Financial and Risk Officer and member of the Executive Committee since 2019.
- Over 25 years of experience in the asset management industry: he held several positions (most recently Chief Financial and Risk Officer) at NN Investment Partners (2009-2018) and ABN AMRO Asset Management (1993-2009) where he held various positions in portfolio management, equity derivatives and multi-asset solutions, and was Chief Investment Officer of Structured Investment Solutions.
- Master's degree in Econometrics from Erasmus University Rotterdam.

Martin Nijkamp (M/1959)

- Head of Strategic Product and Business Development and an Executive Committee member since 2017.
- Over 30 years' experience in the asset management industry: member of NN Investment Partners' Management Team responsible for business strategy, integrated client solutions and product management and development (2008-2017). Before that, he was Managing Director Institutional Business Development, covering the EMEA-region. Prior to joining NNIP, he worked at ING Bank as senior economist and fixed income portfolio manager.
- Master's degree in Economics from the University of Groningen (the Netherlands).

Christoph von Reiche (M/1969)

- Head of Global Distribution and Marketing and a member of the Executive Committee since 2017.
- 25 years' experience in the financial services industry: before joining Robeco he was Head of European Institutional Business at JP Morgan Asset Management, and worked in various positions at Goldman Sachs, including Country Head of Germany for Goldman Sachs Asset Management. He started his career as analyst at Goldman Sachs Investment Banking.
- Master's degree in Foreign Service, Bachelor's degree in Business Administration from Georgetown University (US).

Victor Verberk (M/1974)

- Deputy Head of Investments and an Executive Committee member since 2017.
- Over 20 years' experience in the financial services industry: he started his career at AXA Investment Managers in 1997. Until 2007, he was a partner at Holland Capital Management. Before that, he was Head of Fixed Income at MN Services. He has managed global government bond and credit portfolios and has been responsible for building fixed income teams, organizing research and drafting investment processes.
- Master's degree in Financial Economics from Erasmus University Rotterdam and postgraduate VBA training at Vrije Universiteit Amsterdam (both in the Netherlands).

Robeco Supervisory Board**Jeroen Kremers (M/1958)**

- Chairman of the Supervisory Board since 2016.
- Formerly CRO and vice-chairman of the managing board at the Royal Bank of Scotland. He held previous positions at ABN AMRO, the International Monetary Fund and the Ministry of Finance of the Netherlands. Member of the Supervisory Board of Robeco Groep N.V. until 2016.
- Member of the Supervisory Board of Nederlandse Spoorwegen, member of the Senior Advisory Board at the Oliver Wyman Consultancy, member of the Supervisory Board of SVn (a manager of funds for municipal public housing), chairman of the Supervisory Board of Uber Payments, member of the supervisory board of NIBC Holding N.V. and NIBC Bank N.V., crown member of the Supervisory Board of Netherlands Bar (Raad van Toezicht Advocatuur), and a member of the Capital Market Committee at the Dutch financial regulator AFM.

Sonja Barendregt-Roojers (F/1957)

- Member of the Supervisory Board since 2018 and Chairman of the Audit and Remuneration Committee.
- Began her career in 1975 at PwC and its predecessors, where she was appointed senior partner in 1998, focusing on financial services.
- Supervisory Board member and Chairman of the Audit Committee at De Volksbank, member of the Supervisory Board of ASR Nederland, and Examiner of Financial Auditing at the Erasmus School of Accounting and Assurance.

Mark Talbot (M/1968)

- Member of the Supervisory Board since 2019 and Chairman of the Nomination & Remuneration Committee.
- Over 25 years' experience in the asset management industry: currently Managing Director Asia Pacific at Fidelity International. Before joining Fidelity, he worked for Barclays Global Investors and State Street Global Advisors.

Radboud Vlaar (M/1977)

- Member of the Supervisory Board since 2018.
- Currently founding partner at Finch Capital; before that he was a partner at McKinsey & Co., where he led the Benelux Asset Management Practice, co-led the Global Digital Financial Service efforts, and was a member of the European Banking Leadership Group. He started his career at TPG.
- Supervisory Board member at companies representing the fund's interest, including Supply Finance, Trussle, Goodlord, DIG, Safened, Fourthline, Brickblock, and at LinkBundle.

RobecoSAM Executive Committee

Karin van Baardwijk (F/1977)

- CEO ad interim since April 2019 and vice-chair of the Board of Directors of RobecoSAM since 2018.
- For further details, see page 52.

David Hrdina (M/1971)

- Head of Corporate Services responsible for Finance, IT, Legal & Compliance, Risk Management, Performance Measurement, Client Servicing, Human Resources and Reception, and a Member of the Executive Committee.
- Prior to joining RobecoSAM, he worked as Head of Finance and Risk Management and was a member of the Management Committee at a privately owned business; has also worked in various positions at Man Group, Credit Suisse and KPMG.
- Bachelor's degree in Business Administration from ZHAW School of Management and Law, and an Executive MBA in Controlling from the HWZ University of Applied Sciences in Business Administration (Switzerland).

RobecoSAM Board of Directors

Kuno Kennel (M/1969)

- Independent chair of the RobecoSAM Board of Directors since 2018.
- Prior to RobecoSAM, he worked as CEO and Managing Director of Barclays Capital Switzerland, was Country Manager for Royal Bank of Scotland Switzerland and ABN AMRO Switzerland.
- A member of the Board of Directors of nebag, Advendis, RigiPlus, Schwyz Tourismus and Elektrizitätswerk Schwyz.
- Member of the Advisory Board at the University of Applied Sciences and Art Lucerne, Zoo Goldau and Swiss Mountain Aid.

Karin van Baardwijk (F/1977)

- Vice-chair of the Board of Directors of RobecoSAM since 2018.
- For further details, see page 52.

Gilbert Van Hassel (M/1957)

- Member of the Board of Directors of RobecoSAM since 2016.
- For further details, see page 52.

Climate-related financial disclosure

Robeco and RobecoSAM have both signed the statement of support for the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). In this appendix, we will explain our governance, strategy, risk management and the metrics used to assess and report on climate risks and opportunities for our own business and for our clients, in line with the TCFD recommendations.

Governance of climate risks

At Robeco, the Executive Committee is responsible overall for defining the company's sustainability approach, including defining company-wide values, policies, initiatives and actions related to climate change across risk and opportunity aspects.

The Sustainability and Impact Strategy Committee (SISC) acts as an advisory body to the executive committee (see page 34 of this report). The SISC is responsible for reviewing climate-related actions and providing advisory input on specific proposals. In 2019, it commissioned a climate change task force (CCTF) to enable further progress on this important topic. The task force consists of senior experts from the sustainability research, active ownership, risk management and investment teams. It acts as the central group of competence on climate change-related topics, adapting existing investment strategies, risk management, and active ownership activities, as well as developing new products. The CCTF's

progress is reported to the SISC on a monthly basis, while the Executive Committee was updated twice in 2019.

Our climate strategy

We regularly assess the actual and potential impacts of climate-related short, medium and long-term risks and opportunities on its businesses, strategy, and financial planning, where such information is material.

The empirical evidence that the global climate has been changing due to human activity, primarily through the consumption of fossil fuels and land-use changes, is overwhelming. We acknowledge that climate change, if unmitigated, will have unacceptable long-term impact on society and the global economy. In view of this, we acknowledge the responsibility of the asset management industry towards addressing climate change risks through its investment decisions and the contact with investee companies and other institutions.

In view of the high relevance of climate change for global society and for the investment community overall, we are working on adopting the following strategy:

1. Decarbonizing assets under management and aligning investments with an emissions reduction pathway that would limit global warming to well below 2°C. This applies to those assets where we have discretion over

the investment approach, and so excludes discretionary mandates and client-specific funds.

2. Analyzing climate-related investment risks and opportunities relating to our clients' investment portfolios.
3. Identifying new opportunities to offer climate-related products and investment solutions.
4. Raising awareness about climate change risks; engaging through dialogue with clients and the public; and engaging for change with the companies we invest in.
5. Further reducing our carbon footprint, both in investment portfolios, and in our own operations, such as energy-saving measures at our offices.

Climate-related financial disclosure: How climate-related risks affect our business and how we prepare

Assessment over short, medium, and long term

Regulatory developments and market standards:

Evolving climate-related standards may affect the way asset managers integrate ESG considerations into their investment decisions.

- We expect related standards to strengthen in the next one to five years.

Climate and ESG-related factor integration is becoming mainstream:

The development of climate standards and disclosure requirements will help advance the integration of ESG factors in investments in general, turning ESG integration into a mainstream activity for asset managers. Maintaining a unique selling proposition as an ESG-focused asset manager will therefore become more difficult over time.

- We expect related developments over the next five years.

Investment risks and opportunities:

Transition risks posed by climate change are highly likely to affect the value of our investments. Climate policy actions, technological innovation and market demand may shift (suddenly), leading to stranded assets in investment portfolios, or the gradual depreciation of fossil fuel-related or dependent sectors. These developments will be considered in our risk management and investment processes.

- Risks are likely to accelerate during the next 10 years.

The physical risks of climate change are likely to affect the value of our investments. Assets (often uninsured) and supply chains will be affected by climate change-related severe weather events and rising sea levels. Property losses, infrastructure disruption, workforce issues and loss of food production are only a few examples. These developments will be considered in our risk management and investment processes.

- Risks may occur anywhere between today and the next 30 years.

Impact on business, strategy and financial planning

We monitor developments of regulators, standards-setting bodies, NGOs, etc. which are developing relevant standards and methods.

Developing capabilities to identify and assess climate risks (e.g. scenario and stress test approaches) will be of growing importance to meet this soft compliance pressure, which will likely turn into hard regulation.

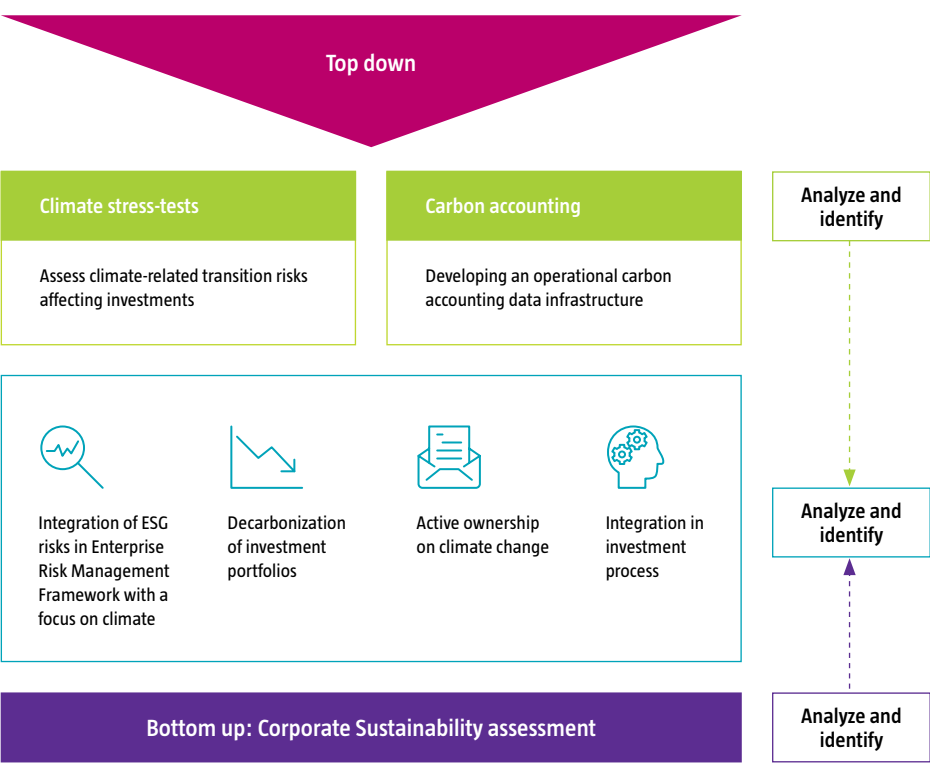
Our ESG-integration approach goes beyond simple exclusion and screening methodologies, focusing on outcomes (financial and non-financial) and active ownership. To remain leading, we will invest further in climate research, active ownership specialists and technology. A critical factor for the coming years is to demonstrate the impact of ESG integration and active ownership in investment decisions and outcomes, and ensure all of our strategies are prepared for climate impacts.

The CCTF is developing new approaches to climate risk assessment to safeguard our investment strategies, capitalize on climate opportunities, and expand our product offering. This coincides with the increased demand from our clients for climate-resilient investment solutions.

- We partner with our clients to help them achieve their financial and sustainability objectives, and increasingly those related to climate change.
- Our fundamental and quantitative research already addresses certain aspects of transition and physical risk, but the quality of climate-related data available continues to improve, as more companies report and data providers improve their offerings. We continually improve the insights we gain from such data.
- The risk management department has developed climate stress testing to assess climate risks across specific portfolios and to our business model, and will also benefit from these new data sources.

Climate-related financial disclosure: Our climate-related risk management

Please see the figure for an overview of our risk management approach towards climate.



How we analyze and identify climate change risks in our portfolios

Climate stress tests

We assessed climate-related transition risks affecting investments by adapting a stress-test approach based on four different scenarios developed by De Nederlandsche Bank. Each scenario is translated into an impact (shock) on key macroeconomic variables and then disaggregated to a meso level – one that falls between individuals and governments, such as an industry or community – using a multi-country macroeconometric model. The stress test discriminates between exposures to 56 industries based on each industry’s relative vulnerability to energy transition risks. We’ve adapted these sector-specific vulnerability factors, by integrating comprehensive emissions data into proprietary company-specific climate risk scores. This allows us to calculate global industry shocks affecting our investments. The next step is to include physical risk scores.

Carbon accounting

We are developing an operational carbon accounting data infrastructure: a prototype that calculates carbon intensities and footprints across a variety of metrics (see metrics section for more details). The calculations are based on emissions data of scope 1 and 2, and selected scope 3 data. These calculations have allowed us to assess and quantify carbon emissions embedded in our investments across all our equity and corporate debt investments.

Corporate Sustainability Assessment

The basis for analyzing companies preparedness for the energy transition is the Corporate Sustainability Assessment (CSA). A company’s climate strategy forms a critical part of this. Alignment between the CSA and the Carbon Disclosure Project (CDP) on climate change questions aims to facilitate more consistent corporate reporting on how companies are managing climate-related issues for a resilient future.

How we manage and integrate climate change risks and opportunities in our organization

- Risk management: We've set up a comprehensive Enterprise Risk Management Framework for the management of all relevant financial and non-financial (including regulatory) risk. In 2018 we started investigating and monitoring environmental risks, and climate risks in particular. In this context, the Financial Risk Management department focuses on transition risk by visualizing carbon emissions and designing climate change scenarios in order to monitor the impact on client portfolios, both in equities and fixed income.
- Decarbonization process: We are committed to reaching the goals of the Paris Agreement and the Dutch climate accord. This means that we need to set a portfolio decarbonization pathway. Currently, we are taking action towards having the appropriate data and tooling in place, so that we can assess the expected consequences on our investment strategies.
- Active Ownership process: We have a long track record of engaging with companies on their environmental, social and governance practices, and using our voting rights to support shareholder proposals that help address climate change risks. We encourage the implementation of proactive and

ambitious environmental strategies, the pursuit of operational excellence, the creation of asset portfolio resilience, the innovation of business models, and responsible participation in the public policy debate.

- Investment process: Our investment teams adopt a holistic approach when integrating sustainability into their investment processes. We believe that systematically considering climate change risks is essential to the success of our investing strategies. We address climate change risks through the evaluation of business models, corporate climate change strategies, products and services. By including the analysis on climate change in the investment process, our fundamental analysts have a better view of the risks (and opportunities) that companies are exposed to.

Climate-related metrics and targets

We use a number of different metrics and targets to assess and control relevant risks and opportunities:

Metrics

In line with TCFD disclosure requirements, we have measured the carbon intensity of our investments using the Weighted Average Carbon Intensity (WACI) approach, which attributes carbon emissions to revenues. In certain strategies, this is already reported regularly.

In line with the EU Technical Expert Group's (EUTEG) disclosure requirements for climate benchmarks, we have measured the carbon

footprint of our investments by attributing carbon emissions to their share of enterprise value, broadly defined as the combined value of equity and net debt. In certain strategies this is already reported regularly.

Targets

In line with the International Panel on Climate Change's recommendation to halve global greenhouse gas emissions by 2030 and reduce them to net zero by 2050, we adopted the following decarbonization targets:

- For strategies that are branded sustainable (the SI Focus range), the target carbon footprint is 20% lower than the benchmark. This reduction will be reassessed and possibly lowered during 2020.
- We have subscribed to the Dutch Climate accord and therewith the goals of the Paris Agreement. This would mean setting a group-wide target to reduce the carbon intensity of equity and corporate debt investments (where we have discretion over the investment process) by 50% by 2030 (compared to 2020 benchmark levels), and to net zero by 2050.

However, this target has not been officially set, as further data, research and tooling is necessary. We are increasing investments in resources in this area to ensure that our subsequent decisions and commitments are well researched. So far we have performed an initial analysis to understand

our carbon exposures. Some key findings of this analysis include:

- The carbon intensity of portfolios is slightly above the aggregate market benchmark levels, due to the nature of our quantitative investment strategies; low volatility, value and emerging markets tend to be overweight high-carbon sectors
- Reducing the carbon intensity of our investments in line with a reduction rate of 7% year-on-year, as suggested by EUTEG, may be challenging, as it may have a significant impact on the ability to capture the factor exposures in our quantitative strategies. Further, we have obligations related to risk budgeting and tracking error limits.

Climate-related exclusions

All Robeco SI Focus funds are divested from mining companies which derive more than 10% of their revenue from thermal coal, and from power producers with more than 20% of thermal coal-related revenue.

All RobecoSAM funds are divested from mining companies that generate more than 10% of revenue from thermal coal, and from power producers that generate more than 20% of revenue from thermal coal.

We expect to see companies working to reduce their dependence on thermal coal in the future, and will engage with companies to encourage the

runoff of thermal coal activities. Consistent with this expectation, we will lower the threshold at which we accept such investments in our funds.

Resilience of the organization's strategy

Based on the considerations explained in this appendix, we find that the resilience of our value creation model is not fundamentally affected by climate change. The core role of an asset manager, the utility we provide to our clients, and our fundamental revenue mechanism are not expected to change because of climate-related transition risks.

Increasing climate-related investment risks however, will force asset managers more and more to include ESG considerations into their investment strategies. In that sense, integrating ESG factors in investment decisions is likely to become more mainstream. Differentiating ourselves, as a sustainable asset manager, may therefore become more difficult over time. More transparency around ESG standards (e.g. the EUTEG taxonomy) may also offer opportunities for passively managed funds to also integrate ESG aspects, which could increase downward pressure on fees for actively managed ESG funds.

We are in a good position to deal with these trends because:

1. We have a long history as a sustainability pioneer.
2. We focus on innovation.
3. We have proven our leadership on ESG issues generally, and believe we can also lead in climate research through our in-house ESG research and active ownership teams.
4. Close collaboration between ESG research and investment teams allows us to offer valuable climate solutions for our clients.

Glossary

Assets under management (AuM)

The financial assets managed by Robeco's and RobecoSAM's investment teams.

Benchmark

The reference point for a fund's investment performance.

Blockchain

A continuously growing chain of records of encrypted and timestamped transactions.

BREEAM

The Building Research Establishment Environmental Assessment Method. An assessment method using scientifically-based sustainability metrics and indices that covers a range of environmental issues. Its categories evaluate energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes. Buildings are rated and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' or 'Outstanding'. The assessment is carried out by independent, licensed assessors.

Code of conduct

Principles, values, standards and rules of behavior that guide the decisions, procedures and systems of an organization in a way that contributes to the welfare of its key stakeholders and respects the rights of everyone affected by its operations.

Corporate governance

The system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions.

Corporate responsibility

An umbrella term referring to a company's obligation to consider the social and environmental impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and, ultimately, its reputation.

Credits

A contractual agreement by which a corporation arranges funding, usually in the form of a financial loan, and must repay the institution from which it received the loan as per the terms of the agreement. Also referred to as corporate bonds.

Distribution

The movement of goods and services from the source through a distribution channel, right up to the final customer, consumer or user, and the movement of payments in the opposite direction, right up to the original producer or supplier.

Ecological footprint/Environmental footprint

The impact of a person or community on the environment, often expressed as the amount of land required to sustain their use of natural resources or the total amount of CO₂ produced in the consumption of resources.

Employee engagement

The emotional commitment of an employee to the organization and its goals.

Engagement

Refers to Robeco's dialogue with companies about ESG issues. An engagement process with a company typically takes three years to complete and uses preset measurable engagement objectives.

Enhanced engagement

Robeco's approach to starting an active dialogue with companies that are in breach of the UN Global Compact principles. If a company does not show sufficient progress during the three-year engagement process, its exclusion from the investment universe will be proposed.

Enhanced indexing

An innovative quantitative investment solution, based on a complex algorithm that takes into account multiple indices.

Equity

Any stocks or other securities representing an ownership interest. These may be in a private company (not publicly traded), in which case they are called 'private equity'.

ESG factors

Stands for environmental, social and governance factors and is a set of standards for a company's operations that investors use to screen investments. Environmental factors look at how a company performs as a steward of the natural environment. Social factors examine how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance factors deal with a company's leadership, executive pay, internal controls, audits and shareholder rights.

Exchange traded funds (ETF)

Marketable securities that track the course of securities or an index, that are traded like ordinary stocks on a stock exchange.

Factor investing

A strategy of selecting securities based on attributes that are associated with higher returns.

Fiduciary management

An approach to asset management that involves an asset owner appointing a third party to manage all of their assets on an integrated basis.

through a combination of advisory and delegated investment services, with a view to achieving the asset owner's overall investment objectives.

Global financial institution

A company engaged in the business of dealing with worldwide monetary transactions, such as deposits, loans, investments and currency exchange. Financial institutions encompass a broad range of business operations in the financial services sector, including banks, trust companies, insurance companies, and brokerage firms or investment dealers.

Global Reporting Initiative (GRI)

An independent organization that develops standards for sustainability reporting.

Government bonds

Debt securities issued by a government to finance government spending.

Innovation

The process of translating an idea or invention into goods or services that create value or for which customers are willing to pay.

Institutional investor

A non-bank entity or organization that trades securities in large enough quantities of shares that it qualifies for preferential treatment and lower commission.

Intellectual property

Knowledge, creative ideas or expressions of the human mind that have commercial value and are protectable under copyright, patent, service mark, trademark, or trade secret laws. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs and software. It is one of the most readily tradable properties in the digital marketplace.

Investment universe

The totality of investment possibilities. Securities that fall outside of the investment universe are not eligible for investment.

License to operate

A formal license to operate grants permission to undertake trade or carry out a business activity, subject to the regulation or supervision of the licensing authority. An informal license to operate entails public acceptance of the company's presence and business activities.

Private equity

Stocks or any other securities representing an ownership interest in a private company.

Quant/quantitative investing

An investment approach that selects securities using advanced quantitative analysis.

Retail investor

An individual investor who buys and sells securities on his or her personal account, rather than on another company or organization's behalf.

Shareholder

An owner of the stock of a company.

Stakeholder

A party that affects, or is affected by, an organization.

Stewardship

The responsibility on the part of investors to be an active owner of the companies in which they invest and to fulfill their fiduciary duty to clients and beneficiaries.

Sustainability

The ability to sustain an activity indefinitely. This can be expressed in environmental, social and economic terms.

Sustainable investing

An investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

Sustainable development goals

A set of 17 goals developed by the United Nations to end poverty, protect the planet and ensure

prosperity for all as part of a new sustainable development agenda, to be achieved by 2030.

Value creation

Engaging in activities that increase the value of goods, services or a business.

Value engagement

Robeco's thematic approach to active dialogue. New themes are selected each year. Value engagement themes typically apply for three years and cover between eight and 15 companies each.

Voting

As a shareholder, one of the key rights is to vote the shares of the companies in which you invest. Shareholder voting rights give investors the power to elect directors at annual or extraordinary meetings and make their views known to the company management and directors on significant issues that may affect the value of their shares.

GRI Table

Indicator	Description	Reference		
102-1	Name of the organization	First page, About this report	102-56	External assurance
102-2	Activities, brands, products and services	Who we are, Our brands and products	201-1	Direct economic value generated and distributed
102-3	Location of headquarters	Our offices	205-1	Operations assessed for risks related to corruption
102-4	Location of operations	Our offices	205-2	Communication and training about anti-corruption policies and procedures
102-5	Ownership and legal form	Who we are, Our ownership and legal status	205-3	Confirmed incidents of corruption and actions taken
102-6	Markets served	Who we are, Our offices	305-1	Direct (Scope 1) GHG emissions
102-7	Scale of the organization	Our financial results	305-2	Energy indirect (Scope 2) GHG emissions
102-8	Information on employees and other workers	Our people	305-3	Other indirect (Scope 3) GHG emissions
102-9	Supply chain	Value creation model	308-1	Suppliers that were screened using environmental criteria
102-10	Significant changes to the organization and its supply chain	Our strategy 2017-2021	401-1	New employee hires and employee turnover
102-11	Precautionary principle or approach	Who we are	404-2	Programs for upgrading employee skills and transition assistance programs
102-12	External initiatives	Association memberships and participation in external initiatives	404-3	Percentage of employees receiving regular performance and career development reviews
102-13	Membership of associations	Association memberships and participation in external initiatives	405-1	Diversity of governance bodies and employees
102-14	Statement from senior decision maker	Message from our CEO	405-2	Ratio of basic salary and remuneration of women to men (per function level)
102-16	Values, principles, standards and norms of behavior	What we believe in, How we work	406-1	Incidents of discrimination and corrective actions taken
102-17	Mechanisms for advice and concerns about ethics	Business ethics	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
102-18	Governance structure	Governance structure	414-1	New suppliers that were screened using social criteria
102-35	Remuneration policies	Remuneration	414-2	Negative social impacts in the supply chain and actions taken
102-40	List of stakeholder groups	Materiality analysis, Appendices	Financial service supplement	Voting shares for environmental or social issues
102-41	Collective bargaining agreements	Remuneration	Financial service supplement	Due diligence procedures
102-42	Identifying and selecting stakeholders	Materiality assessment	Financial service supplement	Paper and waste IT products' management
102-43	Approach to stakeholder engagement	Materiality assessment	Financial service supplement	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues
102-44	Key topics and concerns raised	Materiality analysis, Appendices	Financial service supplement	Percentage of assets subject to positive and negative environmental or social screening
102-45	Entities included in the consolidated financial statements	Our financial results		
102-46	Defining report content and topic boundaries	About this report		
102-47	List of material topics	List of material topics and definitions		
102-48	Restatements of information	About this report		
102-49	Changes in reporting	About this report		
102-50	Reporting period	About this report		
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102-52	Reporting cycle	About this report		
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102-55	GRI content index	GRI table		

Association memberships and participation in external initiatives

- 30% Club
- Access to Medicine Index
- Asian Corporate Governance Association (ACGA)
- Brazilian Corporate Governance Association (AMEC)
- Business Benchmark on Farm Animal Welfare
- Carbon Disclosure Project (CDP)
- City to Sea Partnership
- Climate Action 100+
- DNB Sustainable Finance Initiative
- Dutch Association of Investors for Sustainable Development (VBDO)
- Dutch Private Equity Association (NVP)
- EDGE Certified Foundation
- Eumedion Dutch corporate governance platform
- European Fund Asset Management Association (EFAMA)
- Eurosif
- Farm Animal Investment Risk & Return (FAIRR)
- Global Impact Investing Network (GIIN)
- Global Impact Platform
- Global Real Estate Sustainability Benchmark (GRESB)
- Global Reporting Initiative (GRI)
- Global Steering Group on Impact Investing (GSG) – Foro Impacto
- Impact Management Project
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Invest Europe
- Investor Alliance for Human Rights (IAHR)
- Investor Mining and Tailings Safety Initiative
- Plastic Solutions Investor Alliance
- Platform Living Wage Financials (PLWF)
- Portfolio Carbon Accounting Financials (PCAF)
- Portfolio Decarbonisation Coalition (PDC)
- Principles for Responsible Investment (PRI)
- Roundtable on Sustainable Palm Oil (RSPO)
- SASB Standards Advisory Group (SAG)
- SDG Investment initiative
- Social & Human Capital Protocol
- Sustainable Finance Geneva (SFG)
- Sustainable Value Creation platform
- Swiss Sustainable Finance (SSF)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Transition Pathway Initiative (TPI)
- UNEP FI
- United Nations Global Compact (UNGC)
- Workforce Disclosure Initiative (WDI)
- World Benchmarking Alliance (WBA)
- ZSL-SPOTT Palm Oil benchmark

Global Compact Communication on Progress (COP)

Principle and Reference

Statement of continuing support

Message from our CEO

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we integrate sustainability in procurement and limit our environmental footprint, Association memberships and participation in external initiatives

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we integrate sustainability in procurement and limit our environmental footprint

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Active ownership, Remuneration

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we integrate sustainability in procurement and limit our environmental footprint

Principle 5

Businesses should uphold the effective abolition of child labor

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we integrate sustainability in procurement and limit our environmental footprint

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we work on our diversity, inclusion and non-discrimination

Principle 7

Businesses should support a precautionary approach to environmental challenges

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, How we integrate sustainability in procurement and limit our environmental footprint

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, Association memberships and participation in external initiatives

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Active ownership, Business ethics

Contact

Robeco

Weena 850
3014 DA ROTTERDAM
THE NETHERLANDS
robeco.com

If you have any questions or comments regarding this report, please contact Robeco Corporate Communications via cc@robeco.com

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