

Sustainability Report 2021

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About this report: This report has been carefully prepared and presented by Robeco Holding B.V. (Robeco). The report is published annually, and the 2021 report covers the activities under the brand Robeco under the responsibility of our Management Board from 1 January 2021 until 31 December 2021.

INTERVIEW WITH OUR CEO

Karin van Baardwijk



Karin van Baardwijk was appointed as Chief Executive Officer of Robeco at the beginning of 2022. As an introduction to the Robeco 2021 Sustainability Report, we asked her some questions.

Looking back at 2021, what were the highlights and challenges for yourself and for Robeco?

2021 was another year dominated by the Covid-19 pandemic. This obviously had a big impact on our social structures: connecting is one of our company's core values, and much of the time we were all required to work from home. While it was not always easy, we continued to resiliently adapt to new realities, keeping the health and safety of our employees as our first priority.

The impact of Covid-19 on clients and investments, and the economic recovery from the pandemic, are key topics for 2022. Another major change brought about by Covid-19 is the increased importance of the social dimension of sustainability, such as workers' rights and labor conditions.

From a business perspective, 2021 was a good year for Robeco. We surpassed the EUR 200 billion mark in assets under management, launched innovative funds, and established new engagements with clients and partnerships. The topic of sustainable investing

accelerated tremendously in the broader industry, accompanied by new legislation and regulations. It shows that sustainability issues - most notably climate change - are becoming more apparent and thus more material for both companies and investors.

During 2021, our Dutch direct retail business in the Netherlands continued to work hard on improving processes related to the prevention of money laundering and terrorist financing. In 2022, the Netherlands Authority for the Financial Markets has imposed a fine on Robeco for not adequately performing the gatekeeper function. We regret that not all of our processes met the required standards, but we trust that we have made the necessary improvements in order to prevent recurrence.

At the time of writing, the Russia-Ukraine conflict is of great concern. What does this mean for Robeco?

We are deeply saddened by the situation in Ukraine. Our thoughts are with all the people affected by this human tragedy. While we don't have offices in Ukraine or Russia, we do employ people from these countries, and we support them during this time.

We have a role to play and a responsibility as an investor. We want to reassure our stakeholders that we conduct enhanced human rights due diligence on our portfolio companies, recognizing that conflict-affected areas pose challenges for companies to continuously act responsibly and safeguard human rights. We have also taken several investment measures. We will continue to closely monitor developments, evaluating and adjusting our investment approach if we deem necessary.

Robeco is often considered a leader in sustainable investing. How do you view Robeco's role now that sustainable investing is becoming mainstream?

It's in volatile times like these that active managers like ourselves can add value for our clients. Asset managers have not just an opportunity but a responsibility to drive innovation and be a catalyst for change. By engaging with companies to improve their sustainability performance, and by allocating capital to the right companies, we're playing our part. We're also seeing a shift from ESG integration towards investments that are making a positive real-world impact. This is a good development in the long-term interest of the company, our clients and broader society.

Robeco announced its new strategy for the coming 5-year period, 2021-2025. How will you contribute to sustainable outcomes?

With our corporate strategy, we want to contribute to a robust, sustainable economy and have a positive impact on the world we live in. That is why our sustainable investing strategy is a key building block of our 2021-2025 strategy. Our priorities as a sustainable investor are climate change, biodiversity and human rights.

We aim to live up to the same standards to which we hold others. For example, as an employer we aim to offer equal opportunities for all, and we work to integrate sustainability into our own business operations.

In 2021, Robeco launched its roadmap to net-zero emissions by 2050. How will this play out in practice?

Climate change remains an enormous challenge, and there is much to be done to meet the Paris Agreement goals. We're highly committed to playing our part. In our roadmap we set out how we plan to reduce the carbon footprint of both our investments and our operations, aiming to reach net zero by 2050. In practice this means, for example, that our investment teams are steering on a carbon budget that is monitored on a monthly basis. Another example is intensified engagement with companies. We not only doubled the number of climate engagements, but we also tightened our requirements. Climate laggards that fail to improve in line with our engagement requests may face divestment.

It also means working even more closely with our clients. In doing so, it's important not to look at climate change in isolation. Human actions have a detrimental impact on nature and biodiversity in general, and so we need to go beyond greenhouse gas emissions, and address problems like deforestation and pollution as well.

As Robeco's new CEO, is there anything in particular that you'll be focusing on in the next few years?

Since we can't solve the challenges of our times on our own, working together and being open to the different perspectives of all our stakeholders is vital. The importance of collaboration as part of our commitment to sustainability is vital.

Connecting is not only one of our core values, it's also one of my personal core beliefs. I will continue to promote collaboration across our organization: Robeco's true strength lies in its people. I feel lucky to be spending my first year as a CEO with such a dedicated team of professionals. We're fortunate at Robeco to have so many people who are passionate about sustainable investing and operations. Our commitments have meaning, from people who care.

Any final thoughts on this report - your first as a CEO?

I encourage our stakeholders to read this sustainability report and find out more about our approach to sustainability and the impact we can have through our investments, because as asset managers, this is where we can really make a difference. The report also provides an insight into the work we're doing to implement the EU sustainable finance regulation. While this is complex and challenging, we can only welcome its core aims of directing more capital towards sustainable development and making sustainable investing more transparent.

The report also serves as our own official disclosure document for our commitment to the UN Global Compact. Like last year, we asked audit firm KPMG to provide limited assurance on this report. We thank them for their observations and recommendations, which will help us to continue to improve our reporting.

About Robeco



OUR MISSION

Robeco is a pure-play international asset manager founded in 1929 with headquarters in Rotterdam, the Netherlands, and 16 offices worldwide. A global leader in sustainable investing since 1995, its integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies, for a broad range of asset classes. Robeco is wholly owned by ORIX Corporation Europe N.V., a subsidiary of ORIX Corporation, a Japanese multinational enterprise.

Our heritage:

- Founded in the Netherlands in 1929
- Over 90 years of asset management experience
- Clients around the globe

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

Our values

Our values serve as a touchstone for our daily work. They enhance a clear and shared identity and drive the behavior required for successfully executing our strategy:



Client-centered

We always act in the best interest of our clients



Innovative

We are inquisitive and goal-driven



Sustainable

We act responsibly towards society and Robeco



Connecting

We help others to be successful

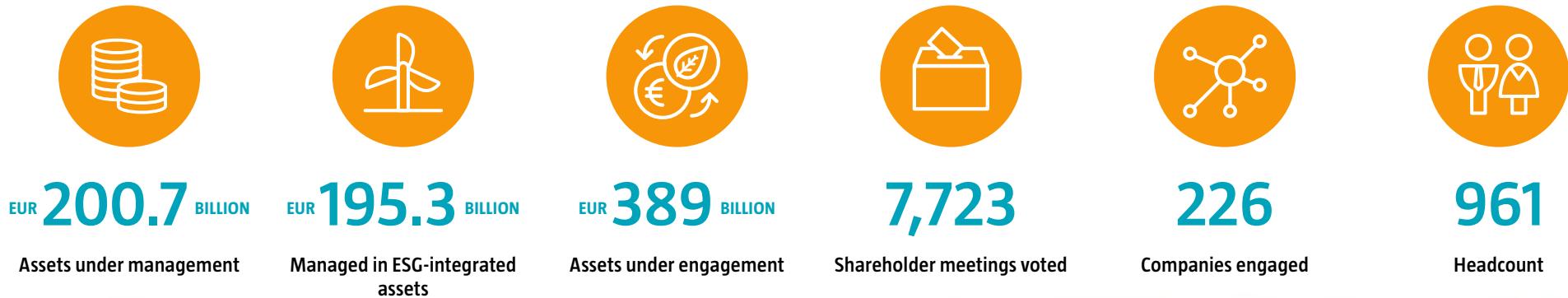
OUR MISSION

Robeco's mission is to enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

OUR 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.

2021 IN KEY FIGURES



OUR OFFICES

16 | **13**
OFFICES IN COUNTRIES

We have 16 offices in 13 countries. In 2021, we closed our office in Luxembourg as Robeco decided to merge Robeco Luxembourg S.A. into Robeco Institutional Asset Management B.V., which took effect as of 1 January 2021. As of that date, the responsibilities for managing and overseeing Robeco's Luxembourg-domiciled funds were transferred to the Netherlands. The legal merger has not led to any changes in the services provided to Robeco's investors.



- Asset management and/or investment research & client relations
- Client relations

North America

- Miami
US Offshore & Latam
Client relations

- New York
Robeco USA
Investment research & Client relations

Europe

- Rotterdam
Robeco Headquarters
Asset management & Client relations

- London
Robeco UK
Investment research & Client relations

- Frankfurt
Robeco Germany
Client relations

- Paris
Robeco France
Client relations

- Madrid
Robeco Spain
Client relations

- Milan
Robeco Italy
Client relations

- Zürich
Robeco Switzerland
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

OUR CLIENTS AND PRODUCTS

We distinguish three segments 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).

Investment strengths and products

Our business proposition is based on our five key strengths:

- Sustainable investing (SI)
- Quantitative investing
- Credits investing
- Emerging markets investing
- Trends and thematic investing

The Robeco product range consists of 135 investment funds¹. They are classified according to 50 strategy types and are sub-divided further into three levels of sustainability integration.

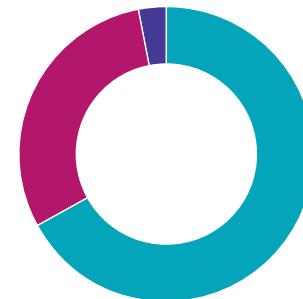
[→ Read more about our sustainability integration](#)

1. The funds that are referenced in this report are not offered for sale to US persons

Assets under management EUR 200.7 billion



Assets breakdown



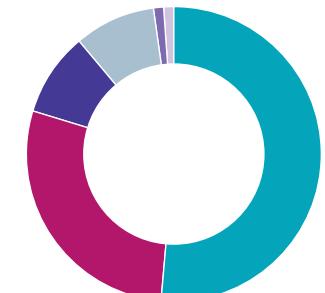
| | |
|--------------|-----|
| Equities | 67% |
| Fixed income | 30% |
| Balanced | 3% |

Clients by location



| | |
|------------------------|-----|
| Europe ex. Netherlands | 41% |
| Netherlands | 33% |
| Asia-Pacific | 16% |
| Americas | 6% |
| Africa | 2% |
| Middle East | 2% |

Client type breakdown



| | |
|------------------------------|-----|
| Banks & other financials | 51% |
| Pension funds | 28% |
| Official institution | 9% |
| Insurance | 9% |
| Corporate | 1% |
| Foundation/endowment & other | 1% |

CREATING VALUE

Our value creation model (see next page) is based on the Integrated Reporting framework and gives an overview of how we create value for our stakeholders based on four capital inputs: financial capital, human and intellectual capital, societal and relationship capital, and natural and manufactured capital. We transform our capital inputs into value and positive impact through taking advantage of the opportunities and minimizing the risks around the relevant megatrends in our business.

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.

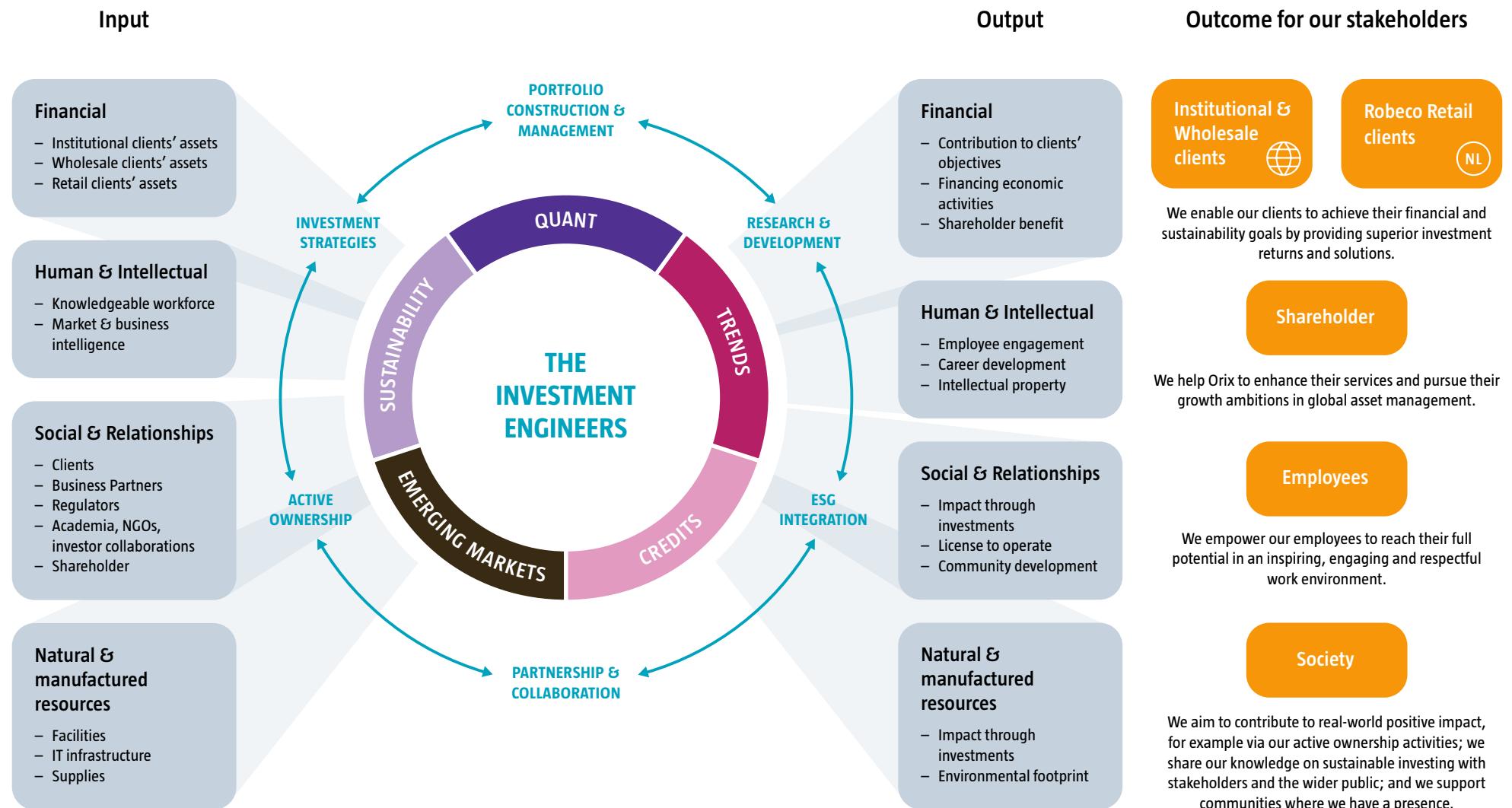
We believe that sustainability integration leads to better-informed investment decisions and enhanced risk-adjusted returns throughout an economic cycle, and that:

- 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.

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 generate the best ideas.



Value creation model





Looking back
at 2021

ROBECO IN 2021

In 2021, we surpassed the EUR 200 billion mark in assets under management, served our existing clients well, launched new, innovative funds and started relationships with new clients and partners. How we operate is guided by our values. We place client needs at the center of everything we do. We approach innovation in a pioneering but cautious way. Also, being sustainable becomes more and more leading in what we practice as well as preach. Especially in times when we were unable to meet each other in person, our value 'connecting' proved to be very meaningful to us all, both professionally as well as personally.

COVID-19 PANDEMIC

In 2021, Covid-19 continued to have a considerable impact on society worldwide. The health and safety of our employees remained our first and foremost priority and we retained the digitalization that accelerated as a result of the pandemic that changed normal working life in 2020.

STRATEGY 2021-2025

Robeco's core strategy for 2021-2025 is to build on our key strengths in asset management, led by sustainable investing, credits, quant, emerging markets and trends and thematic. Our sustainable investing strategy is in line with creating positive real-world impact, and we aim to be net zero in 2050.

SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Extensive work has been undertaken to comply with the European Union's SFDR. Its level 1 requirements included the classification of our product range into three categories, based on the products' sustainability characteristics or objective.



200 BILLION ASSETS UNDER MANAGEMENT

We achieved a milestone when Robeco's total assets under management exceeded EUR 200 billion for the first time in the company's 92-year history. Much of the growth was due to market appreciation and inflows seen in sustainable investments, credits and thematic strategies, along with new products. Our operating result was EUR 230 million over 2021.

NET-ZERO ROADMAP AND TARGETS

Robeco is committed to achieving net-zero greenhouse gas emissions across all its assets under management and operations by 2050. We launched our net-zero roadmap and targets to show how we plan to achieve this.

KARIN VAN BAARDWIJK – NEW CEO

Gilbert Van Hassel stepped down after five years as Robeco's Chief Executive Officer and was succeeded in January 2022 by deputy CEO Karin van Baardwijk, who was also Chief Operating Officer.

THE IMPACT OF COVID-19 IN 2021

In 2021, Covid-19 continued to have a considerable impact on society worldwide, and we, as an international asset manager, have experienced first-hand the many challenges brought by the pandemic through our clients, employees and the communities where we are present. Our focus during this year has been to adapt resiliently to this new reality, keeping the health and safety of our employees as our first priority, but at the same time maintaining the 'investment engineers' approach that makes us a point of reference in the financial sector.

In 2021, we retained the digitalization that was accelerated when Covid-19 transformed normal working life in 2020. Online meetings with clients and colleagues and digital events, such as webinars and social events, became the new normal, enabling us to keep running our business efficiently from our home offices.

As a contribution to improving their working environment at home, all Robeco employees received EUR 500¹ with their March 2021 salary. Bearing in mind how the pandemic severely affected the mental health of many people, we ran several training programs, such as 'Working nowadays - inspirational tips and lessons from today's challenges' and 'Supporting your well-being during challenging times', and periodically checked how employees were coping with social distancing. For colleagues working at the office - when and where permitted, following government rules - we provided free Covid-19 self-tests, advised all personnel to take the test preferably once a week, and to stay at home whenever they experienced symptoms.

Regarding the impact of Covid-19 on clients and investments, economic recovery from the pandemic will be a key topic in 2022.

Another major change brought about by Covid-19, which we believe will also have a lasting impact in the coming year, is the increased importance of the social dimension of sustainability. During these challenging times, many people experienced loss of freedom and limited access to healthcare, things that were perhaps taken for granted in the past. This has resulted in a much better understanding of the social inequalities that marginalized groups have been facing for years, highlighting for us the importance of continuously engaging in the digital innovation of healthcare and initiating engagement focused on employment rights in a post-Covid world. The question now is whether this acceleration of awareness and demand for more action on sustainability will be sustained and become a trend in the future.

1. Or the equivalent in their local currency.



OUR 'VITALITY CHALLENGES': CONNECTING AND BEING ACTIVE WHILE HAVING AN IMPACT

During 2021, we found some creative ways to keep people connected, active and healthy while contributing to society and the planet.

In February, we organized the 'Robeco Global Vitality Challenge', which involved more than 300 employees worldwide. Participants were encouraged to do some sports activities and record this on an app. Each kilometer of exercise resulted in a donation to Room to Read, a non-profit organization focused on girls' education and children's literacy in Asia and Africa. The Robeco Foundation has a partnership with Room to Read and doubled the amount raised. In total, we donated EUR 45,530.

During the month of October, the Australian team invited clients, consultants and prospects to join their 'Robeco Carbon Offset Project' vitality challenge. With large parts of Australia still in a heavy lockdown in October, this project encouraged group members to stay active and healthy in a Covid-safe way, with the aim of showing how individuals can have a concrete influence in tackling climate change. For every hour of exercise recorded by participants, Robeco purchased carbon credits through carbon offset partner Climate Care. In the end, more than 150 people took part in the initiative, and more than 1,049 tonnes of CO₂e carbon credits were purchased.

RECENT DEVELOPMENTS

Netherlands Authority for the Financial Markets (AFM) fine

On 31 March 2022, the AFM decided to impose a fine of EUR 2 million on Robeco for not adequately performing the gatekeeper function within its Dutch direct retail activities under the Money Laundering and Terrorist Financing (Prevention) Act (Wwft) between July 2018 and April 2020. Next to the fine, the AFM had imposed an order subject to a penalty on Robeco to improve our Wwft-related processes before 31 December 2021. We accept the AFM's decision.

→ [Read how we have addressed the AFM's order in our retail business in the Netherlands in the business ethics section](#)

Russia-Ukraine conflict

On 24 February 2022, Russia launched a comprehensive invasion of Ukraine. Russia has committed a violation of international law by invading a sovereign state which we condemn. In response, we have taken investment measures; we conduct enhanced human rights due diligence of our portfolio companies; and, we donated to the International Red Cross to support the victims of this crisis. From a business perspective we consider the Russia-Ukraine conflict as a significant event.

→ [Read about our active ownership approach in the human rights section](#)

→ [Read the Robeco statement on Ukraine on our website for details on the investment measures we have taken](#)

→ [The Annual Report 2021 for Robeco Institutional Asset Management B.V. includes an update on our investment views on the Russia-Ukraine conflict and impact from a corporate point of view](#)



OUR INDUSTRY IN 2021

In 2021, we saw these developments¹ in asset management as essential and having a long-term impact on our industry:



INDUSTRY GROWTH

Asset management market grew 50% from 2015-2020 to USD 103 trillion, expected to grow to USD 136 trillion in 2025.



ACTIVE VERSUS PASSIVE

Actively managed equity funds outsell passive funds in Europe since the sell-off in the market triggered by Covid-19 in March 2020; this goes against the global trend from active to passive investing.



ALTERNATIVES

In 2025, alternative investments are estimated to make up 16% of market assets and close to 50% of global asset management revenues.



SUSTAINABLE INVESTING

Global dedicated SI assets expected to grow from USD 2.8 trillion in 2020 to USD 13 trillion in 2025.



SFDR

Article 8 and 9 products accounted for 37% of the European fund market assets in 2021; 50% of new fund launches in the third quarter of 2021 fall within articles 8 and 9.



CLIMATE

86% of investors say climate change will be at the center of their investment policy, or a significant factor in it, in the next two years.



DIVERSITY & INCLUSION

Research by consultancy Willis Towers Watson indicates that diverse teams tend to generate better excess returns.



CONSOLIDATION

Smaller merger and acquisition deals among asset managers take place at fastest pace since 2007.



TECHNOLOGY

Improving digital distribution is a top priority for 95% of distribution leaders.

1. Sources: BCG, Broadridge, Casey Quirk, FT, Morningstar, Willis Towers Watson, Robeco & Robeco Market Intelligence

→ *The Annual Report 2021 for Robeco Institutional Asset Management B.V. includes an update on the financial markets environment*

OUR 2021 FINANCIAL RESULTS

In 2021, financial markets continued to rise after the initial downturn at the start of the Covid-19 crisis early 2020. The average assets under management (AuM) were higher in 2021 compared to prior year due to market appreciation and positive net client flows. Average AuM drives gross margin defined as management and service fees net of distribution expenses, subadvisory expenses and fund related expenses. Robeco's gross margin over the reporting year was EUR 600.9 million, EUR 140.1 million (30%) higher than last year.

The operating expenses increased by EUR 46.0 million (14%) in 2021 to EUR 370.8 million, due to higher employee benefit costs, costs related to remedial measures at Robeco Retail, and higher IT, marketing, housing and recruitment costs. The non-operating result relates to our seeding portfolio result, interest costs, bank charges and foreign exchange results.

Our management considers Robeco's financial position to be sound. All legal entities complied with applicable (regulatory) capital requirements.

Financial results¹

| | 2021 | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|--------------|
| Assets under management - AuM (EUR x billion) | | | | |
| Assets under management ² | 200.7 | 173.5 | 171.7 | 132.5 |
| Assets under advice ³ | 0.0 | 0.0 | 1.8 | 31.0 |
| Total AuM | 200.7 | 173.5 | 173.5 | 163.5 |
| Financial results (EUR x million) | | | | |
| Gross margin ⁴ | 600.9 | 460.8 | 452.9 | 457.5 |
| Operating expenses | -370.8 | -324.8 | -327.6 | -323.0 |
| Operating result | 230.1 | 136.0 | 125.2 | 134.4 |
| Non-operating result ⁵ | -0.7 | -7.7 | 0.2 | -6.5 |
| Result from group and associated companies | 0.1 | 0.0 | -3.9 | 1.6 |
| Taxes | -52.2 | -33.6 | -29.5 | -32.4 |
| Net result for the year | 177.3 | 94.7 | 92.0 | 97.2 |

1. These are the financial results for Robeco Holding B.V. which covers: Robeco Australia, Robeco Deutschland Zweigniederlassung der RIAM, Robeco Dubai (DIFC) branch, Robeco France S.A.S., Robeco Hong Kong Ltd., Robeco Indices B.V., Robeco Institutional Asset Management B.V. (RIAM), Robeco Institutional Asset Management B.V. Sucursal en España, Robeco Institutional Asset Management US Inc., Robeco Italy, Robeco Japan Company Limited, Robeco Miami branch office, Robeco Nederland B.V., Robeco Overseas Investment Fund Management (Shanghai) Limited Company, Robeco Private Fund Management (Shanghai) Co., Ltd., Robeco Schweiz AG, Robeco Singapore Private Limited and Robeco United Kingdom.

2. Assets under management includes assets managed, sub-advised or distributed by Robeco Institutional Asset Management, Robeco Switzerland and other subsidiaries of Robeco Holding.

3. Assets under advice includes fiduciary management.

4. The gross margin includes fund and client related costs.

5. The non-operating results in 2020 excluded the one-off proceeds of the sale of our ESG ratings and benchmarking business to S&P Global.

MATERIALITY

We reflect on the material aspects for our stakeholders in our sustainability report. Following the Global Reporting Initiative (GRI) guidelines, an aspect is considered material when it influences the decision-making of our stakeholders or reflects a significant economic, social or environmental impact of our organization. We update our materiality analysis every year in order to assess material topics that are of interest to stakeholders and have an impact on our business. In 2021, we conducted a light materiality analysis compared to our full analysis for the 2020 materiality matrix.

We used the 2020 materiality index as a point of departure for our update in 2021. For the 2020 matrix, four groups of stakeholders with different interests and needs were surveyed: clients, employees, oversight bodies (including our shareholder and representatives from the sustainable investing landscape). This last group included academia, NGOs and investor collaboration groups.

Our updates of the 2021 matrix are based on input from Robeco's sustainable investing experts and were validated by colleagues from several departments, including corporate communications, compliance, market intelligence and HR. The Sustainability & Impact Strategy Committee (SISC), which

includes members of the executive committee, approved the 2021 materiality matrix.

For this light update, we decided to not change the material topics featured on the matrix, but to assess if any had shifted in importance. These perceived shifts are reflected in the 2021 materiality matrix, and include climate change portfolio strategy, risk management and compliance, and diversity, inclusion and non-discrimination all moving up in importance.

While the materiality matrix does not separately address the topics of biodiversity and human rights, they were raised as material topics by external stakeholders in 2020, and are addressed in this report. We also regard the UN Sustainable Development Goals as an important topic because of the key role investors have in attaining these goals.

In our next report we will again conduct a full materiality assessment, seeking input from external and internal stakeholders, complying with the new GRI 2021 materiality requirements. Following the introduction of the EU Sustainable Finance Disclosure Regulation (SFDR) it has become mandatory to consider and report on principal adverse impacts - or negative material impact on society and environment - in all investment decisions. This will also inform our 2022 company materiality matrix.

2021 Materiality matrix

| | | Influence on stakeholder decision-making | |
|--|------|---|--|
| | | LOW | HIGH |
| Significance of Robeco's impact on society | LOW | <ul style="list-style-type: none">● Fair advice to customers | <ul style="list-style-type: none">● Active ownership● Climate change portfolio strategy● ESG integration in investment decisions● Sustainability targeted product design● Investment performance (financial)● Long-term value creation● Risk management and compliance |
| | HIGH | <ul style="list-style-type: none">● Employment conditions | <ul style="list-style-type: none">● Exclusions from the investment universe● Diversity, inclusion and non-discrimination● Responsibility and accountability of the board● Remuneration policy for executives and employees● Cybersecurity and data privacy |
| | LOW | <ul style="list-style-type: none">● Tax policy● Procurement policy● Social Commitment | <ul style="list-style-type: none">● Environmental footprint of Robeco's own operations |

→ *Our 2020 Sustainability Report contains a detailed description of the materiality analysis and assessment*

→ *Read our Principal Adverse Impact Statement*

OUR APPROACH TO REPORTING

This report has been carefully prepared and presented by Robeco Holding B.V. (Robeco). We publish a Sustainability Report every year, and the 2021 report covers the Robeco brand activities under the responsibility of our Management Board from 1 January 2021 until 31 December 2021. Our previous Sustainability Report, covering 2020, was published on 28 April 2021.

→ [Read the Robeco Sustainability Report 2020](#)

The information and data in this report is prepared in accordance with the 2016 Standards from the Global Reporting Initiative (GRI), option Core. The GRI Index table shows against which indicators Robeco reports, see Appendix 6. In the future, we will aim to report in accordance with the updated GRI standards, launched in October 2021. This report also serves as our official disclosure document for our commitment to the UN Global Compact, see Appendix 7.

KPMG provided limited assurance on Robeco's 2021 Sustainability Report. The scope of KPMG's assurance engagement is described

in its assurance report, see Appendix 4. We have provided evidence to our external auditor in support of the statements we make in this report.

We aim to strengthen our way of reporting every year. This report contains elements of the International Integrated Reporting Council (IIRC) framework, such as our value creation model and materiality matrix. In the course of 2022, we will start a project to prepare for integrated reporting in the future. We monitor and prepare for changing reporting requirements, including those set out in the EU's Corporate Sustainability Reporting Directive (CSRD).

Robeco Institutional Asset Management B.V. publishes an annual report and a stewardship report. Robeco's sustainability policies, methodologies and reports are available from our website.

→ [Visit Robeco's webpage with sustainability reports and policies](#)





Our approach to sustainability

OUR STRATEGY

In February 2021, Robeco announced its new strategy for the coming 5-year period, 2021-2025, which aims to build on the success of our current trajectory and further focus on our key strengths: sustainable investing, quant, credits, trends & thematic and emerging markets. Sustainability is an important pillar of Robeco's corporate strategy and key to fulfilling our fiduciary duty. That is why we introduced an ambitious and more detailed sustainable investing strategy in 2021.

During the previous strategic period (2017-2021), Robeco expanded its leading global position in sustainable investing, grew its assets under management by 53% and increased its revenues by 49%. Robeco has had record years in net new money growth, primarily in its key capabilities, and expanded its global presence.

Sustainable investing strategy

In 2021, we launched our Sustainable Investing Strategy 2021-2025 (SI strategy). Our ambition is to be the client's first call when they begin their sustainable investing journey. Our strategy is to provide sustainable investing solutions for all clients, creating positive real-world impact. Climate change, biodiversity and human rights are our SI priorities. We aim to be net zero in 2050. Our SI strategy is underpinned by Robeco's values and beliefs: every decision is research driven, we take a 'pioneering but cautious' approach, and we believe that ESG integration leads to better informed investment decisions and better risk-adjusted returns.

SIX STRATEGIC PILLARS

Our sustainable investing strategy consists of six strategic pillars:

1. Sustainable investing solutions for all clients:

Sustainable investing is a key business enabler for Robeco. We aim to grow our market share of sustainable assets under management in the wider fund management industry using a complete suite of profitable innovative products, ranging from thematic strategies offering sustainable solutions to specific Paris-aligned fixed income and equity strategies.

2. Expand sustainable investing research:

Robeco has practiced ESG integration since 2010 and now routinely integrates sustainability factors across the entire range of fundamental equity, fixed income, quantitative and more bespoke sustainable strategies. We will further enhance our sustainable investing approach with a specific focus on climate change, biodiversity, human rights and SDGs.

3. Create real world impact:

We aim to contribute to real-world positive impact, for example via our active ownership activities; with voting and engagement we encourage sustainable practices with our investee companies. We are continuously improving our approach and tools to measure both the positive and adverse impacts of investments by investee companies in the real world as well as our reporting.

4. Build partnerships: We believe in collaborations and strategic partnerships to further sustainability goals, and we are active in key initiatives such as the Climate Action 100+ investor group which engages with the world's highest carbon emitters. We also build partnerships with a select group of clients, whereby we support clients on their sustainable investing journey. Through close collaboration and partnership with academia and NGOs, we aim to strengthen our proprietary research, for example on topics like climate change, biodiversity and SDGs.

5. License to operate: To maintain our license to operate we aim to comply with continuously evolving regulation and the wider expectations of society. Preparing for and meeting the European Union's Sustainable Finance Disclosure Regulation (SFDR), which came into effect in 2021, has been a key focus. In addition, we have a strong focus on the quality, reliability and coverage of ESG data.

6. Walk the talk: We believe we should live up to the same standards to which we hold others. Robeco 'walks the talk' by integrating sustainability in its own business operations. Via our SI Academy we increase the sustainability investing knowledge level, involvement and awareness of colleagues across the globe.

Sustainability: innovation and our long-term commitment

| Founding of Robeco | Launch Robeco Sustainable Equity fund | World's first Sustainable Private Equity fund of funds (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 | Launch of Sustainable Global Impact Equities fund | Announcement of net zero ambition | Announcement of Net zero roadmap and interim targets |
|-----------------------|---------------------------------------|--|---------------------------------------|------------------------------------|-------------------------------------|---|---|---|---|--|
| 1929 | 1995 | 1999 | 2001 | 2004 | 2005 | 2006 | 2007 | 2010 | 2013 | 2014 |
| 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 | ESG ratings sold to S&P | RobecoSAM used as ingredient brand in Robeco communications | Robeco founding signatory of the Finance for Biodiversity pledge |
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | |

Sustainability expertise, targets and goals

Our Sustainable Investing Strategy involves everyone who works for Robeco. The strategy sets out our ambitions, which are supported by work plans. Forward-looking and impact-oriented key performance indicators (KPIs) have been set to measure progress, also at individual level. They are part of our performance management cycle.

The Sustainable Investing Center of Expertise acts as a focal point within the company for all sustainable investing activities. It delivers sustainable investing expertise and insights to the investment teams, our clients and the broader market. The center consists of four pillars: (i) Active Ownership, (ii) Sustainable Investing Thought Leadership, (iii) Sustainability Investing Research, and (iv) Sustainable Investing Client Portfolio Management. Members of the center work closely together with the 200+ members of

the investment teams, who are responsible for the integration of sustainability into their own investment capabilities. Given the growing importance of Sustainable Investing, dedicated SI capacity in the Robeco organization has grown significantly over the past years. In 2021, the SI Center of Expertise grew from 33 to 46 people.

In 2021, we made progress on our target-setting. We launched our net-zero targets, including interim targets, as part of our aim to achieve carbon neutrality by 2050. We will report on our progress against these targets going forward, showing the degree to which we have been able to decarbonize our portfolios and reduce our operational emissions. Also, as part of our diversity, equal opportunities and inclusion vision, we have set gender-diversity targets in order to achieve our long-term ambition of a 50% gender balance in Robeco.

| | | | | | |
|---|---|---|---|---|---------------------------------|
|  | Net-zero interim targets to decarbonize our portfolios |  | Net-zero interim targets to reduce our operational emissions |  | Gender diversity targets |
| Carbon footprint (tonnes of CO ₂ e per EUR invested), based on companies' scope 1 and 2 emissions. – 30% by 2025 – 50% by 2030 | Absolute operational emissions (tonnes CO ₂ e) – 35% by 2025 – 50% by 2030 | – Executive committee: 30% gender diversity – Senior professional and managerial level: 30% gender diversity – Professional level: 50% gender diversity | | | |

→ [Refer to Climate change for details on our net-zero targets, including scope](#)

→ [Refer to Our people for details on our gender diversity targets and distribution](#)

The overview below shows some of our key ambitions for the strategic period (2021-2025), achievements in 2021, and goals for 2022 and beyond for each of the Sustainable Investing (SI) strategic pillars.

Our sustainable investing ambitions, achievements and goals

| THE 6 STRATEGIC PILLARS | 2021-2025 STRATEGIC AMBITIONS INCLUDE: | ACHIEVEMENTS IN 2021 INCLUDE: | GOALS FOR 2022 AND BEYOND INCLUDE: |
|--|--|--|---|
| Sustainable investing solutions for all clients | <ul style="list-style-type: none"> – To develop a complete suite of innovative SI products. – Top brand recognition on sustainable investing. | <ul style="list-style-type: none"> – We established a Product Strategy with a strong focus on SI. – Maintained top position in Europe according to Broadridge FBF50. survey, measuring brand recognition. | <ul style="list-style-type: none"> – Expand product ranges and product development on strategic topics: SDGs, climate & biodiversity. – Increase our market share in Sustainability Focused and Impact Investing strategies. |
| Expand sustainable investing research | <ul style="list-style-type: none"> – Top quality ESG integration. – To establish and implement an ambitious but realistic climate strategy. – Institutionalize SDG thinking. – Biodiversity and human rights as the next emerging frontier in SI. | <ul style="list-style-type: none"> – Increased focus on climate and SDGs integrated in investment process. – Launched our net-zero roadmap, with the ambition to reach net zero by 2050. – We strengthened the SDG framework and SDG governance. – We established the biodiversity road map. | <ul style="list-style-type: none"> – Implement double materiality concept in investment processes. – Execute our net-zero roadmap. – Implement biodiversity roadmap. – Further institutionalize human rights approach. |
| Create real world impact | <ul style="list-style-type: none"> – Measure positive and adverse impact on our funds. – SI client digital and interactive reporting to show real world impact. – Further develop impact and measurement of active ownership efforts. | <ul style="list-style-type: none"> – Created key impact indicator framework to measure how invested companies help advance the SDGs via their products and services. – Progressed the execution of our SI data roadmap. | <ul style="list-style-type: none"> – Roll out key impact indicator framework. – Measure and report on our impact on the SDGs. – Further improve our SI reporting. – Further develop impact measurement framework of active ownership related to SDG engagement strategy. |
| Build partnerships | <ul style="list-style-type: none"> – Deliver active contributions to leading SI initiatives and maintain SI leadership recognition. – Further develop SI partnership client group. – Involvement in academic networks to strengthen outside-in academic research. | <ul style="list-style-type: none"> – Continued active involvement in SI initiatives such as the Climate Action 100+ group. – Several SI and SDG research papers published. | <ul style="list-style-type: none"> – Launch partnership with WWF Netherlands. – Maintain top scores in external benchmarks like UN PRI. – Grow SI partnerships with clients. |
| License to operate | <ul style="list-style-type: none"> – Meet requirements under the EU Sustainable Finance Regulation (SFDR). – Focus on quality, reliability and coverage of SI data and analytics. | <ul style="list-style-type: none"> – Compliance with SFDR Level 1 requirements as of March 2021. – Published statement on the adverse impact of Robeco's activities. – Created policies on good governance, sustainability risk, and sustainable investing data management. | <ul style="list-style-type: none"> – Implement SFDR, Taxonomy and related EU Sustainable Finance regulation. – Continued improvement of quality, reliability and coverage of SI data and analytics. – Enhanced SI client reporting. |
| Walk the talk | <ul style="list-style-type: none"> – Increase SI knowledge across the company. – Have a workplace that reflects our diverse communities, and where everyone feels seen, heard, valued, and empowered to succeed. – Stepping up Robeco's own sustainability efforts in operations and reporting. | <ul style="list-style-type: none"> – Employees were encouraged to have at least one KPI relating to sustainability in their annual appraisals. – Launch of SI academy, offering SI courses to all employees. – Established Diversity, Equity & Inclusion (DE&I) committee and launched employee support groups. – We launched net-zero targets for our operational carbon footprint. | <ul style="list-style-type: none"> – All employees have at least one SI KPI. – Champion DE&I; deliver our DE&I ambitions. – Execute plan to realize 2025 carbon reduction targets for operations. – Investigate and prepare for integrated reporting in line with CSRD. |

GOVERNANCE

As of 1 March 2022 a new governance structure was introduced for Robeco Holding B.V. The key features of the new governance structure are: (i) the introduction of a Supervisory Board and Executive Committee for Robeco Holding B.V., (ii) a personal union between respectively the members of the Management Board, Executive Committee and Supervisory Board of Robeco Institutional Asset Management B.V. and Robeco Holding B.V., (iii) new procedures addressing the conflict of interest concerns arising in the current governance structure when certain shareholder rights of Robeco Holding B.V. in relation to Robeco Institutional Asset Management B.V. are exercised (including the appointment of members of the Management Board and Supervisory Board of Robeco Institutional Asset Management B.V.), and (iv) the introduction of certain instruction matters for ORIX Corporation Europe N.V.

Therefore, as per 1 March 2022, Robeco Holding B.V. has a two-tier board consisting of a Management Board and a Supervisory Board. In addition, an Executive Committee¹ is in place to assist the Management Board in the exercise of its day-to-day management of the company.

Ownership and legal status

Robeco is incorporated under Dutch law and has its corporate seat in Rotterdam, the Netherlands, and is wholly owned by ORIX Corporation Europe N.V. ORIX Corporation in Japan is the sole shareholder of ORIX Corporation Europe N.V.

Robeco Holding B.V. is the top holding company of the Robeco group of companies, including Robeco Institutional Asset Management B.V.

→ [Read the Annual Report 2021 for Robeco Institutional Asset Management B.V. for further details on its governance and corporate structure](#)

Management Board and Executive Committee

The Management Board is the company's managing board under the articles of association and is entrusted with the company's management. It is ultimately responsible for setting the strategy, objectives and overall direction, and overseeing and monitoring management decision-making.

As at 1 March 2022, the Management Board established an Executive Committee to support the Management Board in the exercise of its day-to-day management of the company. The Executive Committee consists of all members of the Management Board and senior executives, representing different domains in Robeco.

On 28 April 2022 (the publication date of this report), the Management Board consisted of:



Karin van Baardwijk
Chair and CEO
(female, 1977)



Mark den Hollander
Chief Financial and Risk Officer
(male, 1969)



Marcel Prins*
Chief Operating Officer
(male, 1969)
* from 1 June 2022

On 31 March 2022, Robeco has announced the appointment of Marcel Prins as Chief Operating Officer, effective as of 1 June 2022. Marcel Prins will join the Management Board and Executive Committee.

In October 2021, Gilbert Van Hassel announced that he would step down as member of the Management Board and CEO of the Company as of 1 January 2022. Karin van Baardwijk succeeded him as Chief Executive Officer as of 1 January 2022. In December 2021, it was announced that Lia Belilos (Chief Human Resources Officer) and Martin Nijkamp (Head of Strategic Product & Business Development) would leave Robeco as per 1 February 2022 and 1 January 2022 respectively.

1. For background information on the Executive Committee members, see Executive Committee (robeco.com)

As per 1 March 2022, Ivo Frielink succeeded Martin Nijkamp. Christophe von Reiche (Head of Global Distribution & Marketing) left Robeco as per 1 April 2022. The process for succession of Lia Belilos and Christophe von Reiche is currently ongoing.

In addition to the Management Board members, the Executive Committee consisted of the following members on 28 April 2022:



Victor Verberk
Chief Investment Officer Fixed Income
and Sustainability
(male, 1974)



Mark van der Kroft
Chief Investment Officer Fundamental
and Quant Equity
(male, 1964)



Ivo Frielink
Head of Strategic Product &
Business Development
(male, 1976)

Markets (Autoriteit Financiële Markten, 'AFM'). In addition, the Works Council of Robeco Institutional Asset Management B.V. advises on the appointment of Management Board members.

At the CEO's proposal, senior executives are appointed, dismissed and suspended by the Management Board. The Supervisory Board, advised by the Nomination & Remuneration Committee, approves such appointment, dismissal or suspension.

Due to the personal union of the Executive Committee with Robeco Institutional Asset Management B.V., the appointment of senior executives also requires prior approval from the AFM because a member of the Executive Committee is considered to be a daily policymaker of Robeco Institutional Asset Management B.V.

The Executive Committee has five sub-committees with the following responsibilities:

- **The Product Approval Committee:** approves new products (mainly funds) and services.
- **The Enterprise Risk Management Committee:** focuses and advises the Executive Committee on general risks Robeco faces.
- **The Sustainability and Impact Strategy Committee:** oversees, coordinates and drives sustainability matters from a company-wide perspective.
- **The Pricing Committee:** ensures that attractive investment solutions and services are provided to our clients at appropriate prices, while ensuring a sufficiently profitable business in compliance with applicable laws and regulations.
- **The Customer Committee:** assesses the acceptability and continuation of a customer relationship from an integrity risk perspective.

Supervisory Board

The Supervisory Board is responsible for supervising the duties with respect to the general affairs of the company and its business as executed by the Management Board and the Executive Committee. In carrying out its duties, the Supervisory Board is guided by the interests of the company, its group companies and their connected businesses. The Supervisory Board takes into account the relevant interests of all relevant stakeholders.

On 28 April 2022 (publication date of this report), the Supervisory Board consisted of the following members:

- Maarten Slendebroek (male, 1961): Chair
- Sonja Barendregt-Roojers (female, 1957): Vice-chair
- Stan Koyanagi (male, 1960)
- Mark Talbot (male, 1968)
- Radboud Vlaar (male, 1977)

The Supervisory Board has two sub-committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. The role of the committees is to advise and prepare decisions to be taken by the Supervisory Board and carry out responsibilities that are delegated to them by the Supervisory Board. Members of the Supervisory Board are appointed by the General Meeting.

Sustainability governance

The Executive Committee has overall responsibility for defining Robeco's sustainability approach, including company-wide values, policies, initiatives and actions, also in the area of climate change.

The Executive Committee is supported in these tasks by the **Sustainability and Impact Strategy Committee**, which acts as a sub-committee delegated by the Executive Committee, overseeing all matters related to sustainability and sustainable

investing. It has the authority to approve policies and set practical guidelines for the implementation of Robeco's sustainable investing strategy.

The Executive Committee is also responsible for the strategic considerations of integration of sustainability risks connected to its business activities. The Chief Investment Officer Fixed Income and Sustainability and the Chief Financial Risk Officer, as key function holders, lead this task.

Each investment team is responsible for ESG integration within its own investment strategy. **Six consultative bodies** (see table) oversee the individual core components of Robeco's sustainable investing activities. They are composed of senior members of the organization, including senior sustainability experts and members of our investment teams.

We also have a Corporate Sustainability Committee, which focuses on sustainability within Robeco's own operations. From the end of 2021, this committee is chaired by the newly created role of Corporate Sustainability Officer (previously it was chaired by the Chief Human Resource). The (interim) Chief Human Resources chairs the Diversity, Equity and Inclusion Committee, driving Robeco's ambitions and plans on this topic.

Governance of sustainable investing

SUSTAINABILITY & IMPACT STRATEGY COMMITTEE

12 members, consisting of members of the executive committee, senior managers and sustainability specialists who oversee and drive sustainable investing.

Chair: Head of Sustainable Investing

Climate Change Committee

Responsibility: Overseeing, coordinating and driving Robeco's approach to climate change in an overarching and leading strategy.

Chair: Climate Strategist

Biodiversity Taskforce

Responsibility: To act as central group of competence on biodiversity related topics. Its purpose is to oversee, coordinate and drive Robeco's approach to biodiversity in an overarching and leading strategy.

Chair: Climate Strategist

SDG Committee

Responsibility: Maintaining and updating SDG mapping framework, systems and processes that are of the highest quality, including the assessment of proposed amendments to the framework.

Chair: SDG Strategist

Sustainable Investing Research Board

Responsibility: To ensure a close connection between research and investment activities, the research board discusses and monitors focus, prioritization and quality of SI research.

Chair: Head Credit Research

Controversial Behavior Committee

Responsibility: Oversight decision-making body for controversial behaviors of companies and implications to Robeco's investment and outcomes of other Enhanced Engagement processes.

Chair: Controversy specialist

Sustainable Investing Regulation Taskforce

Responsibility: Oversight, coordination and implementation of all new regulatory initiatives under the EU Sustainable Finance Action Plan and related initiatives.

Chair: EUSF Project manager

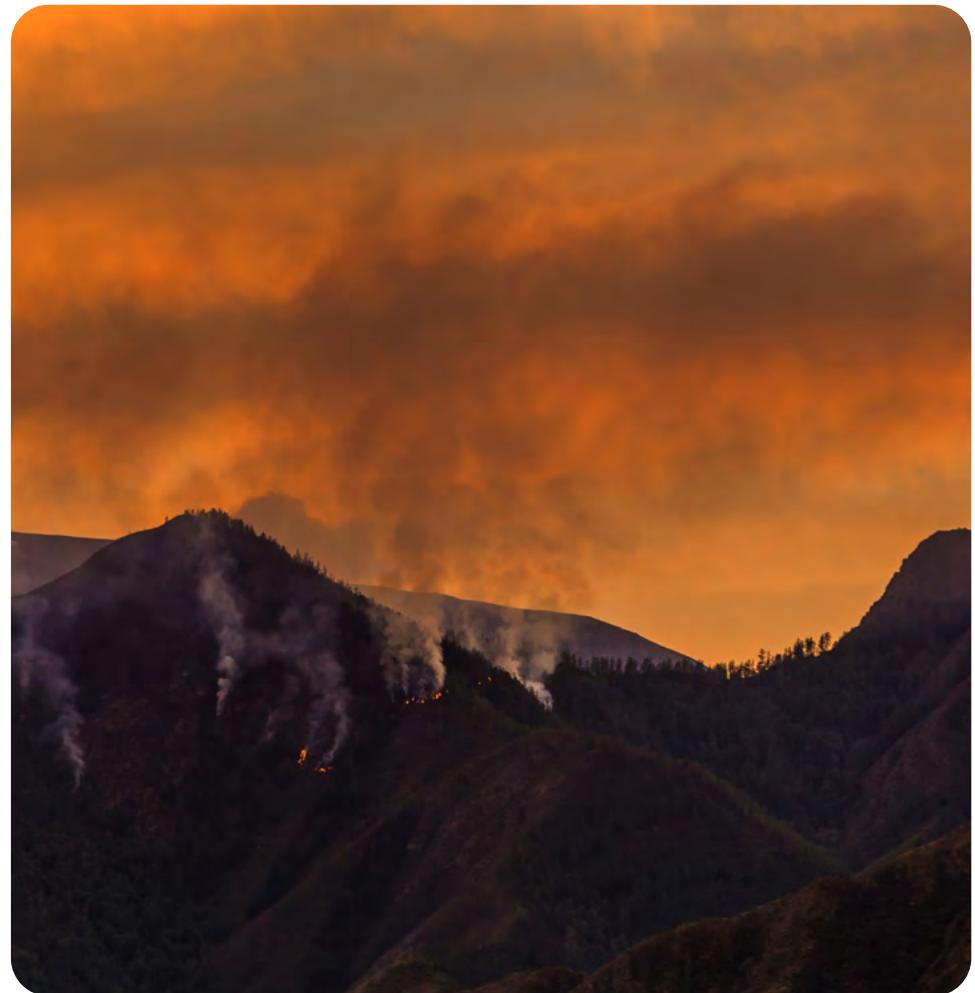
MANAGING RISKS

We distinguish four categories of risk that we regard as most relevant in terms of potential impact on our ability to execute our strategy, perform our business activities, and maintain our sound financial condition:

1. **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.
2. **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 risks, such as processing failures, cyber risk events, or the risk of non-compliance with laws or regulations. Our extensive control framework identifies the significant risks throughout our entire value chain, including risk-mitigating controls. In addition, our incident procedure continuously improves the quality and robustness of operational processes and accurately informs clients of errors and their consequences.

3. **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. Market risks are managed by offering a broad and diversified range of products and services in various regions, currencies and asset classes. Furthermore, our framework ensures a solid liquidity position to mitigate liquidity risk and to ensure compliance with capital requirements.
4. **Sustainability risks:** the financial position of investments in the portfolios we manage may deteriorate due to ESG-related risks. Failing to mitigate against the potential consequences such as climate change could potentially have an impact on the underlying assets of our portfolios. This directly impacts our clients and indirectly implies a business risk for Robeco.

Every year, we perform an Internal Capital Adequacy Assessment Process (ICAAP) to assess the level of capital that adequately supports all the relevant current and expected risk level of our business.



Sustainability risk integration

Sustainability factors – such as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters – may have a positive or negative impact on the financial performance of our investments. While sustainability factors can also have a positive impact (opportunities), the sustainability risks for the purpose of integration are defined as the negative materialization of the factors. Sustainability as a risk factor is relevant to all investments, while sustainability opportunities are typically relevant to the products that have an ESG objective.

In 2021, we strengthened our sustainability risk framework and published our Sustainability Risk Policy. This policy describes sustainability risk limits and controls, and the way in which any possible risk exceedances are addressed. The Sustainability Risk Policy is fully aligned with the EU Sustainable Financial Disclosure Regulation (SFDR).

Robeco has two frameworks in place, one related to climate risk self-assessment at corporate level and one for client portfolios:

Robeco Corporate Risk:

Robeco applies a climate risk self-assessment based on scenario analysis, as an integral part of our capital adequacy assessment. The potential impact of climate risk scenarios is compared to the capital requirements to ensure that Robeco's financial positions remain healthy in different types of climate risk events. To mitigate the risk this analysis has identified, we have a climate change strategy in place.

→ [Go to the Climate section](#)

SUSTAINABILITY RISK

An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Client portfolio risk:

The Sustainability Risk Policy and framework is a three-pillar approach that prescribes how sustainability should be integrated into the client portfolios:

- The first pillar lays down the minimum requirements for all portfolios by excluding companies based on their activities and behavior.
- The second pillar specifies limits on specific sustainability elements, such as ESG ratings, greenhouse gas emissions, and SDG contribution.
- The third pillar contains an extensive analysis of climate risk scenarios on portfolios to raise climate risk awareness and improve the understanding of these risks.

We will ensure that our sustainability risk policy remains aligned with EU SFDR requirements, as requirements evolve. Our policy is also aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) requirements. The third pillar of our framework includes both climate transition and physical risks, as well as opportunities. This is translated into potential financial gains and losses of portfolios.

→ [Read Robeco's Sustainability Risk Policy](#)

Sustainability risk control framework

Robeco's organizational structures, established around the three lines of defense model, support and promote effective and prudent decision-making on the integration of sustainability risk-taking.

1. The teams managing our investment portfolios have primary responsibility for managing the risk generated by their investment activities throughout the lifetime of the portfolio. Robeco has incorporated the sustainability aspects of the investment strategies into adequate investment due diligence processes and procedures for the selection and monitoring of investments, taking into account Robeco's risk appetite and sustainability risk management policies.
2. The Risk Management function is responsible for ensuring proper risk controls, also in relation to sustainability-related risks. The second line monitors the business activities in the company's risk management practices and reports regularly to various internal committees and to external stakeholders.
3. The Compliance function contributes to the risk management framework and monitors the alignment of Robeco activities with regulatory requirements, including sustainability regulatory aspects and our own internal policies with sustainability elements.
4. The Internal Audit function provides independent assurance on internal control by means of various audits and reviews. This includes addressing the appropriate handling of sustainability risks as part of its audit activities.

Risk Management and Internal Audit operate independently, with no link to commercial functions. Risk Management reports directly to the Chief Finance and Risk Officer, while the Internal Audit function has a direct line to the CEO. In addition, both report to the chairman of the Audit and Risk Committee of the Supervisory Board.

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

- **Audit and Risk Committee** (Supervisory Board committee): supervises the financial reporting process, the control environment, the system of internal controls, risk management and internal audit.
- **Enterprise Risk Management Committee**: the highest body within Robeco to focus on risk. It consists of the members of the Executive Committee and representatives of relevant departments.
- **Risk Management Committee**: responsible for determining the risk policies, and for monitoring risk levels in client portfolios. It is chaired by a member of our ExCo and consists of representatives of relevant departments.

Evolving field

The integration of sustainability risks is an evolving field. The available data, expertise and technology to identify, measure and mitigate sustainability risks and the related ability to deepen our understanding and measure sustainability risk will probably increase over time. We therefore regularly review and, where relevant, recalibrate our sustainability risk integration processes to ensure that these remain fully in line with these innovations.

In 2022, we plan to finalize the ambitions as defined for 2021-2022 to further strengthen our risk management and internal control environment:

- Further development of our enterprise control framework and related processes.
- Further evolution of the risk appetite process: we aim to improve this by using quantitative elements, developing key risk indicators and improving reporting.
- Further strengthening of the sustainability risk management framework by adding binding elements that strategies need to adhere to. This means that the sustainability risk policy will become more detailed and extensive. Furthermore, we intend to extend our sustainability risk framework by including important themes such as 'Biodiversity' and 'Human Rights'.

Also, as of January 2023, the SFDR will move to a second phase with additional requirements in terms of disclosure and monitoring of sustainability risk. We continuously adapt our Sustainability Risk Policy to meet those requirements.

IMPLEMENTING THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

The European Union (EU) introduced the Sustainable Finance Disclosure Regulation (SFDR) to combat greenwashing and make the sustainable investing landscape more transparent and easier to understand for investors. The regulation aims to direct more capital towards sustainable development across the EU.

The SFDR forms part of the EU's wider Sustainable Finance Framework which is backed by a broad set of new and enhanced EU regulations. The SFDR goes hand in hand with the Sustainable Finance Action Plan, which aims to promote sustainable investment across the EU, and a new EU Taxonomy. The taxonomy is a common classification system for sustainable economic activities to create a level playing field across the EU.

These measures are in response to the landmark signing of the Paris Agreement in December 2015, and the United Nations 2030 Agenda for Sustainable Development earlier in 2015, which created the Sustainable Development Goals. The SFDR and other regulations are also aligned with the European Green Deal, which aims to see the EU carbon neutral by 2050.

As an early adopter of sustainable investing, Robeco has been taking sustainability seriously since the mid-1990s. However, that does not mean that implementing the regulation has been an easy task, particularly given its extensive scope. For example, extensive work has been undertaken to implement new risk measures, whilst environmental and social limits and corresponding disclosures needed to be aligned with the regulation.

Implementation

Robeco has implemented a robust governance framework to oversee Robeco's implementation of the sustainable finance regulation, including SFDR. The multi-disciplinary project team is comprised of approximately 40 members from different parts of the organization, including members of Robeco's legal, risk, compliance, operations, investments and distribution and marketing teams, and is organized in six workstreams which each lead on a sub-topic (see visual). A project steering committee (EU Sustainable Finance SteerCo) has been set up, composed of senior members of the organization, in addition to Robeco's regular governance structure, for sustainable investing and product approval.

SFDR governance structure



Two-step approach

The roll-out of the regulation by the EU has faced some delays. Also, many elements of the regulation remain uncertain and certain concepts might evolve or change over time. We are working together with our clients to understand the current regulatory requirements and anticipate further developments of the regulation.

Over the course of 2021, Robeco subsequently followed a two-step approach to the implementation of the SFDR:

1. We ensured compliance with the SFDR level 1 requirements, which came into force on 10 March 2021. Key milestones included the classification of our fund range, with fund prospectuses updated to reflect the necessary changes required under the SFDR, including information on how each fund has been classified. Aside from our disclosures

on an individual product level, we also published a range of additional policies and disclosures at entity level, as required under the regulation. This included a new sustainability risk policy, adverse impact statement, good governance test and a suite of disclosures providing more insight into the methodologies used to underpin our sustainable investing and impact strategies and our approach to SFDR data.

2. We further improved Robeco's disclosures on existing level 1 requirements, started to integrate those SFDR level 2 requirements which were clear from a regulatory perspective, and improved the overall quality of current disclosures. Robeco's adverse impact statement was updated in December 2021. Updated and improved pre-contractual disclosures were published on 1 January 2022. During 2021, the EU decided to postpone SFDR level 2 requirements by 12 months, to 1 January 2023.

Classification of funds

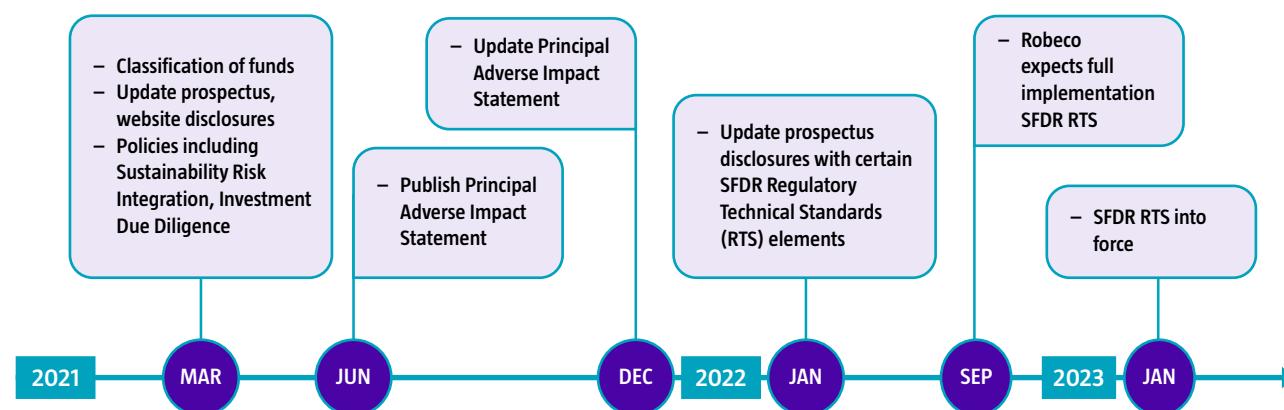
The most visible and impactful element in the new SFDR regulation is the classification of funds and mandates into three categories, as laid out by Articles 6, 8 and 9 of the SFDR:

- **Article 6** – Products that do not promote environmental or social characteristics and do not have sustainable investment as their objective, but do integrate sustainability risk.
- **Article 8** – Financial products which promote environmental and/or social characteristics.
- **Article 9** – Financial products which have sustainable investment as their objective.

To a large extent, and certainly with respect to classification, the SFDR is designed as 'normative' regulation. This means that the regulation sets norms that are open to interpretation and different approaches. For example, the regulation does not prescribe clear definitions or set minimum thresholds on classification. This means, inevitably, that different asset managers may use different standards, and also that our clients may have different interpretations and set different standards. In this context, Robeco has opted for what we believe to be a prudent approach towards classification.

To classify our funds, Robeco's project team followed an intensive bottom-up approach to determine our fund classifications. The team gathered a detailed overview of Robeco's existing strategies, which were then challenged against the regulatory minimum requirements for article 8 and 9 funds.

SFDR TIMELINE



For example, various Robeco funds use the Sustainable Development Goals (SDG) Framework to measure their sustainable objective, in line with the requirements for SFDR Article 9 products that explicitly target sustainable investment as their objective. Holdings in such funds need to satisfy various criteria, including not doing significant harm to sustainability goals, targeting a clear and measurable objective, and having good governance. For this reason, Robeco's Article 9 funds in the Impact Investing range, including SDG and thematic funds, avoid investing in companies with a negative SDG score.

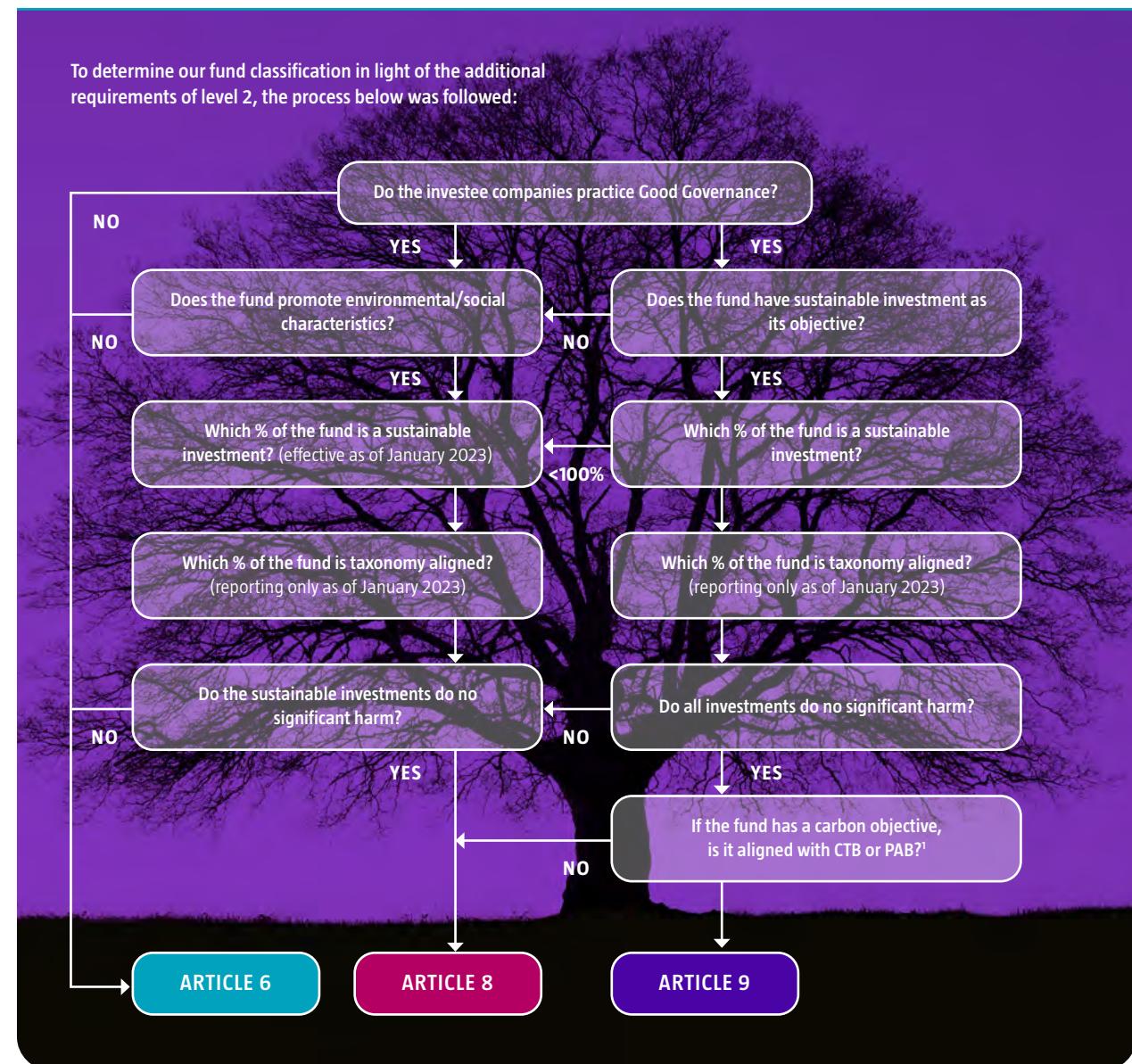
[→ Read about the SDG framework](#)

The classification proposal was discussed several times in various relevant internal committees, including the Sustainability Impact and Strategy Committee (SISC), Operations Board, Product Approval Committee, and ultimately approved by the Robeco Fund Board for our Luxembourg-domiciled funds. An independent third-party assessment of the classification process and our final classification proposal was performed, and the reported findings and recommendations have been included. This led to a fund classification which came into effect and was published on 10 March 2021.

SFDR level 2 requirements

To ensure that fund classifications are still appropriate, Robeco's fund range was reassessed using the level 2 requirements. Whilst the initial SFDR level 1 regulation set out the high-level requirements and expectations of the regulators, much of the detail and guidance as to how the regulation should be applied was included in the delayed level 2 regulation, also known as the Regulatory Technical Standards. A review of our March 2021 fund classification was therefore performed, taking into account the concept of double materiality and setting additional 'binding elements' for each strategy, which further outline and clarify the sustainability approach used in each investment strategy.

SFDR framework decision tree



1. Here we refer to the EU Climate Transition Benchmark (CTB) and the EU Paris Aligned Benchmark (PAB)

DOUBLE MATERIALITY

A key concept which underpinned the integration of sustainability risk and the choices made by Robeco in classifying our funds was the concept of double materiality. This involves looking at our funds and the investments through two lenses (see visual):



Transparency

Given that much of the SFDR relates to transparency, Robeco has taken steps to ensure our clients have easy access to all relevant information. We launched a dedicated landing page on our website, which contains all relevant disclosures required on both entity and fund level, and includes our policies on sustainability risk, principal adverse impact (PAI), exclusions, and stewardship, among other things. In addition, fund level documentation detailing the classification and sustainability approach of each fund within the scope of the SFDR was added to our product pages.

Principal adverse impact

The introduction of the SFDR also brings along additional disclosure obligations for investors offering sustainable funds to include reporting on the 'adverse impacts on sustainability' at entity and financial product levels. This essentially means that Robeco and its products must consider, and subsequently report on, negative externalities that may result from an investment in a specific company, or, ultimately, from the overall composition of a portfolio. The SFDR defines these as "negative, material, or likely to be material effects on sustainability factors that

are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity." As of March 2021, Robeco has published a Principal Adverse Impact Statement on its website, which was most recently updated in December 2021 and will be regularly reviewed going forward. As of 2023 Robeco will include fund disclosures setting out how principal adverse impact is taken into account for each fund.

What's next

Looking forward, additional work will be undertaken in 2022 to further plan for, and ensure, the implementation of the detailed SFDR Regulatory Technical Standards, including disclosing how each of our funds takes into account principal adverse impact and what actions are taken in the investment strategy to mitigate that adverse impact.

Another milestone that is coming up is the disclosure of Taxonomy alignment for each fund, effectively quantifying what percentage of revenue the companies we invest in derive directly from sustainable activities as described by the Taxonomy. This part of the regulation is still under development, and we will work on updating our disclosures as data quality and coverage improves and more activities are described in the Taxonomy in the coming years.

It is clear, however, that the upcoming regulatory measures increasingly focus on real life impact and we embrace that. We know that we are only at the beginning of the journey; sustainable finance is here to stay and will permanently transform our business.

- [Visit our Sustainable Finance Action Plan landing page on Robeco.com](#)
- [Visit our Principal Adverse Impact Statement](#)
- [Visit our product pages for fund level information](#)



Sustainable
investing solutions
for clients

SERVING OUR CLIENTS

Serving institutional and wholesale clients in a rapidly changing world means keeping up to date with developments in asset management, legislation and technology. Having excellent communications and the right tools to work with is key to offering a first-rate service.

Our approach includes:

- Encouraging a high level of personal interaction between our institutional and wholesale clients on the one hand, and senior management, account managers, portfolio managers and client service teams on the other.
- Working closely together with our regional sales teams to understand the types of new business we are gaining, what resources we need to properly service this, and any new regulations that will affect it.
- Using syndicated research initiatives to obtain feedback on our products and services.

We make use of the latest technology. For example:

- The MyRobeco client portal introduced in 2020 allows us to keep all relevant information about our clients' portfolio(s) in a single place. One enhancement to the platform in 2021 was the improved visualization of impact data for equity and fixed income. This also includes sovereign-level information, such as translating the biannual Country Sustainability Ranking into portfolio-level ESG reporting.
- The Know Your Customer center, established in 2020 as Robeco's centralized department to drive compliance and operational efficiencies, monitors and manages the increase in rules and regulations with the launch of the EU's SFDR and its related requirements.



SERVING OUR RETAIL CLIENTS IN THE NETHERLANDS

Robeco Retail is our direct distribution channel for Dutch retail clients. We believe in making investing possible for everyone. That is why we offer an online execution-only platform with an investment threshold as low as EUR 50. In 2013, we were the first asset manager in the Netherlands to introduce this 'investing for everyone' proposition. On 31 December 2021, Robeco Retail served approximately 269,000 clients and managed EUR 5.7 billion in Robeco funds.

Retail customers can choose from a range of 80 Robeco funds to configure their portfolio. Robeco ONE Duurzaam continued to be the most popular choice for new Robeco ONE customers. Overall, in 2021 42% of our retail investors (versus 32% in 2020) invested in a sustainable fund.

Client engagement

We are in daily contact with our clients and prospects on investment topics of interest to them. This information also assists us in future product development and keeping up with changing preferences. For example, the sustainable investing client portfolio management team held 571 meetings in 2021 with clients and potential clients on sustainable investing. A large part of those meetings were knowledge sharing sessions. Climate change remain the most popular topic, followed by active ownership and sustainability in general.

Apart from these one-on-one sessions, Robeco delivered content to clients and the broader public in other forms. Over 178,000 unique visitors were registered accessing our content on sustainable investing, such as our dedicated webpages on climate and the EU Sustainable Finance Action Plan and our Insights articles, with more than 400,000 page views. Our digital explore event on climate investing was one of our best visited events; close to 400 participants watched the live event, and the recordings attracted around 500 views.



ROBECO ESSENTIALS: ONLINE STUDY COURSES

We also promote knowledge-sharing through the Sustainable Investing (SI) online courses we developed. The SI Essentials e-learning module on the basics of sustainable investing went live in 2018. Since then over 2800 certificates have been awarded to participants, including 1535 in 2021. The SDGs Essentials e-learning module went live in 2021, with 717 certificates awarded

by the end of 2021. A Climate Essentials course was developed in 2021 and rolled out to some clients, and will be published on Robeco.com in 2022. These courses are also part of the Sustainable Investing Academy for Robeco employees, launched in 2021.

[→ Visit the Robeco Essentials page](#)

SUSTAINABLE INVESTING

Sustainable investing is growing rapidly. Not only because new regulation encourages it, but also because sustainability issues – most notably climate change – are becoming more apparent and thus more material for companies and investors.

Institutional investors around the globe are starting to implement sustainable investing. We see that clients are in different phases and would like to implement their own views on sustainability. That is why we offer our clients a broad range of solutions and products, including bespoke strategies.

Even though assets are managed with different strategies and investment objectives to fit clients' needs, there is a Robeco-wide philosophy that companies and countries that act in a sustainable way towards the environment, society, and all its stakeholders are more likely to be able to deal with a variety of issues, including systemic risks, in the future. As an asset manager we give shape to this philosophy via a set of policies, including our sustainability risk policy and stewardship policy.

→ [Read more:](#)

- [Robeco's Sustainability Risk policy](#)
- [Robeco's Stewardship policy](#)

In 2021, Robeco continued to improve existing sustainable investment processes and research and further expanded the offerings. Next to the traditional equity and fixed income solutions, we developed sustainable indices and added more sustainability elements to our multi-asset and liability-driven

investment solutions. Also, we published our roadmap to achieving net-zero greenhouse gas emissions by 2050. Working in partnership with our clients, Robeco aspires to taking a leading role in contributing towards a net-zero economy.

→ [Read more in the Climate section](#)

Integrating sustainability in investment decisions

Environmental, social and governance factors (ESG) are routinely integrated into Robeco's entire range of fundamental equities, fixed income, quantitative and bespoke sustainability products. We do this because we believe that structurally integrating ESG information into the investment process helps our teams make better decisions. Therefore, we explicitly integrate ESG analysis into our valuation work on the equity side; into our fundamental scores on the credit side; into our portfolio construction for quantitative strategies; and, into our country reports for our sovereign investments. For fundamental strategies, each investment case contains a thorough analysis of the material ESG risks and opportunities, going beyond standard ESG scores. This process ensures that we weigh up all this information before we invest.

→ [Read more:](#)

- [ESG integration \(explained on Robeco.com\)](#)
- [ESG integration per strategy \(explained in Robeco's Sustainability Risk Policy\)](#)

ESG INTEGRATION: WHAT IT DOES... AND DOES NOT DO

ESG integration as commonly defined is done for financial reasons; it relates to the financial value of sustainability risk. (→ see double materiality)

ESG integration does not reduce the investment universe: as long as our portfolio managers are convinced that the risks of investing in companies with low ESG scores are more than priced into the market, they can continue to invest in them.

Our method of integrating ESG - which is more complex and profound in its application compared to just using ESG scores to reduce the universe - is often not categorized as a sustainable strategy. We refer to these strategies as having 'sustainability inside', the label that applies to the majority of funds at Robeco.

Clients who want to invest in sustainable or impact strategies do not want to invest in 'bad' ESG companies, even if this is reflected in the share price. For these clients we offer 'sustainability focused' and 'impact investing' products, which can both be categorized as sustainable strategies.

ROBECO'S INVESTMENT STRATEGIES

We offer our clients a broad range of sustainable and other investment strategies. We divide our strategies into three different types, depending on the sustainability objectives they have:

SUSTAINABILITY INSIDE

These strategies incorporate full ESG integration, the use of proprietary research, exclusions, voting and engagement.

SUSTAINABILITY FOCUSED

These strategies have additional sustainability components added, such as more stringent sustainability goals and targets.

IMPACT INVESTING

These strategies aim to make a measurable impact on society as well as deliver financial returns, such as by targeting the Sustainable Development Goals.



OUR STRATEGIES AND SFDR CATEGORIZATION IN 2021

In general, our strategies compare to the SFDR categorization as follows:

- **Article 8 funds:** Sustainability inside and Sustainability focused strategies at Robeco.
- **Article 9 funds:** Impact investing funds (labelled as RobecoSAM).
- **Article 6 funds:** a very small portion of Robeco's assets in 2021, including those solely using derivatives or cash-savings accounts where sustainability is not required.

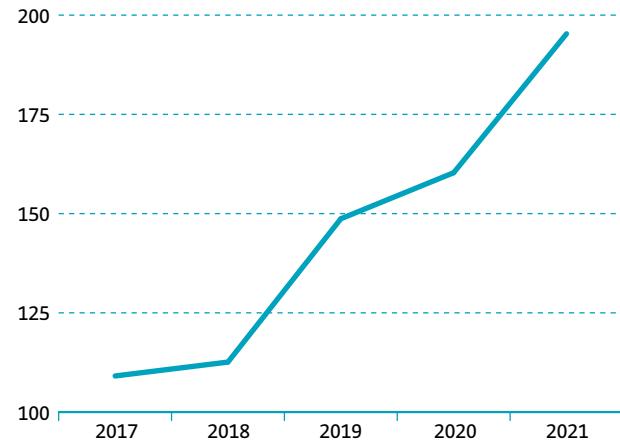
→ *Visit our website to read more about SFDR and see the latest classification of our funds*

Growth in sustainable investment solutions

In 2021, Robeco's assets under management reached the EUR 200 billion mark for the first time. Of these assets, EUR 154 billion are part of the Sustainability Inside range. The other two ranges are growing rapidly: assets under management in our Sustainability Focused range rose to EUR 19.7 billion, from 9.1 billion in 2020, and assets under management in Impact Investing rose to EUR 21.8 billion, from 12.7 billion in 2020. Together, the three ranges now represent 97% of our assets, up from 92% in 2020.¹

1. The remaining 3% of our assets are full derivatives solutions to which ESG integration does not apply and subadvised strategies we ourselves do not invest in. We are engaging with the managers of our subadvised strategies on their sustainability integration.

Growth ESG integrated assets (EUR billion)



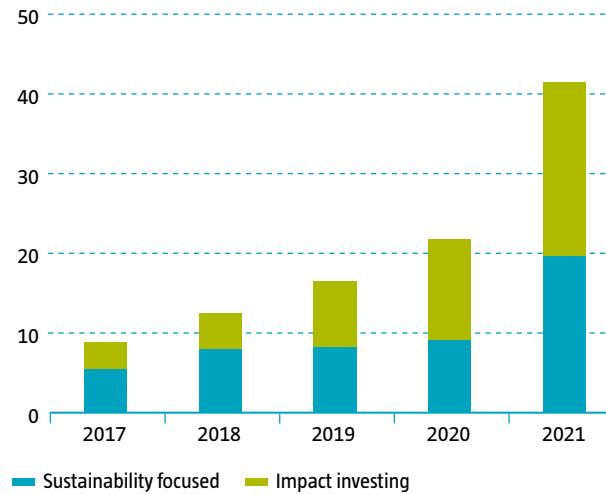
Impact Investing strategies

The Impact Investing range consisted of 22 RobecoSAM funds² at the end of 2021. This range experienced the fastest growth, driven by the demand for our thematic funds and our fixed income strategies targeting the SDGs. There was particularly high demand across thematic products addressing sustainability challenges from climate change, resource scarcity and water use. Two funds, RobecoSAM Smart Energy Equities and RobecoSAM Sustainable Water Equities, reached assets under management of more than EUR 3 billion, while RobecoSAM Smart Materials Equities passed the EUR 2 billion in assets threshold.

→ *See also the investment performance overview in this report*

2. RobecoSAM strategies are not offered to nor available for US investments.

Growth in the Sustainability Focused and Impact Investing ranges (EUR billion)



We have also seen further growth – 86% – (including market appreciation) in our SDGs, thematic funds, climate and green bond strategies as clients continue to increase their allocation to sustainable fixed income strategies with a specific goal. An example is Robeco's Climate Global Fixed Income capability, which is a unique, bond-focused solution that reflects the decarbonization targets of the Intergovernmental Panel on Climate Change. Climate Global Credits is managed against a Paris-aligned index and outperforms through corporate bond selection in the case of Climate Global Credits, or additionally Climate Global bonds which aims to outperform through sovereign bonds, currencies and managed against a Paris-aware benchmark. The Climate Global Fixed Income capabilities' track record reached the one-year mark in late 2021, which will help to pursue further client interest to gather assets for these new strategies.

Sustainability Focused strategies

Growth in the Sustainability Focused range included, for example, assets under management in the Sustainable Global Stars product suite (including mandates), which grew from EUR 3.6 billion to EUR 5.4 billion (including market appreciation). On the quantitative equity side, we saw a lot of interest from existing clients in complementing their financial objectives with sustainability ones, with a focus on climate-related objectives. These strategies range from having stringent targets on carbon footprint reductions to more elaborate approaches that are aligned with net-zero ambitions. Also, they tilt towards companies that contribute positively to the SDGs the client feels most strongly about.

The sustainable investing industry is still dominated by active management. However, passive sustainable solutions and exchange-traded funds (ETFs) are now also growing very rapidly. Robeco set up the Sustainable Index Solutions team in May 2021 to pursue this, resulting in the launch of a new sustainable index family in December 2021.



20TH ANNIVERSARY ROBECOSAM SUSTAINABLE WATER EQUITIES STRATEGY

In 2021 we celebrated the 20th anniversary of the RobecoSAM Sustainable Water Equities strategy. Launched in September 2001, it was Robeco's first thematic strategy, and has been focusing on solutions addressing water scarcity, quality and allocation for over 20 years. It is testament to Robeco's long history in sustainable investing.

INVESTMENT RESEARCH AND TECHNOLOGICAL INNOVATION

Investment research informing investment decisions

Each year we conduct an assessment of our ESG research and integration to ensure quality and continuous improvement. We focus on the completeness of the research (are all financially material ESG factors accounted for), quality of analysis, and its impact on the investment view. In 2021, areas for improvement included climate change research and the need to expand the use of the SDG framework in wider investment strategies.



An increased focus on SDGs and climate

The fundamental equity and credit teams have further enhanced their sustainability integration process by adding an analysis of company climate risks and the ability to contribute to the SDGs in their investment case templates. Also, in our sustainable thematic investments we now exclude companies from the portfolio that have a negative impact on any of the SDGs based on Robeco's SDG Framework. The quantitative investing team has expanded the sustainability dimensions that can be integrated into the SDGs. This became possible due to a sizeable extension of the coverage and depth of our SDG scores.

In our 'buy and maintain' investment process we incorporated the SDGs, carbon footprints and ESG risk score metrics as an integral part of our client-specific portfolio optimization platform. This allows us to integrate the data more efficiently in a forward-looking portfolio approach, particularly when addressing sustainability metrics over longer timeframes. It also gives clients better insight into how they can optimally balance their sustainability objectives with their other risk, return and regulatory objectives.

Adding new data points and sources

Since 2016, we have used sustainability scores in our quantitative models in an effort to predict future returns. These scores were enhanced in 2021 by adding more data sources and blending the ESG scores of the different data providers. This is expected to lead to more stable predictions of performance while also increasing the coverage of the scores. Also, we extended our allocation to the green bonds in most of our Liability Driven Investment funds, in line with Robeco's Green Bond Assessment Framework.

IT capabilities and innovations

Technological innovation is a key element in our approach to sustainable investing. Examples of investments in new IT capabilities in 2021 include:

- Connecting several new ESG-focused data sources to our application landscape, such as Trucost and Sustainalytics, enabling use of this data in our investment and reporting processes.
- Developing a new exclusion service with the capability to dynamically and automatically exclude instruments from portfolios based on ESG characteristics.
- Developing new services to store, analyze and retrieve the results of SDG analysis activities and resulting SDG scores for issuers and instruments.
- Implementing new features in ESGenius, Robeco's core application for ESG analysis and reporting, such as support for new ESG data sources and additional SI reports to provide more and better insights.
- Implementing several sustainable investing reporting features in factsheets available from Robeco.com and in the Robeco Client Portal.
- Implementing new algorithms for quant portfolios which explicitly take ESG characteristics into account during portfolio rebalancing.

In 2022 we will continue to invest in new ESG-related IT capabilities. Our Sustainable Investing data roadmap includes a focus on SFDR compliance, ESG-driven investable universes and custom benchmarks, ESG reporting and a significant investment in additional features for ESGenius.

PRODUCT STRATEGY AND NEW SOLUTIONS



In 2021, the Product Strategy 2021-2025 has been approved, which confirms Sustainable Investing to be at the core of the strategic period and acknowledges the fiduciary and regulatory responsibility to move from creating wealth to wealth and well-being.

Within our products, we increasingly move from ESG integration towards creating real world impact, for which the SDGs offer a framework for transformative change. At this point in time, climate, biodiversity and human rights are important themes to our organization and clients.

For the design of our products, we actively partner with clients, and sometimes NGOs, while meeting the requirements of local regulations, including SFDR. Our ultimate goal is to offer the best sustainable solutions in accordance with client preferences. Every fund is subject to the Product Quality Procedure, that

includes a thorough process of fund design and approval. This policy is evaluated regularly.

Several new sustainability funds and solutions were launched in 2021, including innovative solutions developed in cooperation with, and solely for, a specific client:

- RobecoSAM Global SDG Engagement Equities: Robeco launched the RobecoSAM Global SDG Engagement Equities fund together with UBS, aimed at driving a clear and measurable improvement in a company's contribution to the UN SDGs over three to five years, building on Robeco's Active Ownership and Investing capabilities. The strategy is co-managed by an engagement specialist together with a portfolio manager, combining active ownership with active management. The strategy was developed for one single client and by the end of 2021, it already had EUR 1.2 billion in assets.

- US Green Bonds: following the launch of Global Green Bonds funds, and at the specific request of a European private bank, Robeco expanded the stand-alone capability for Green Bonds by tailoring the fund to the US market.
- New product concepts were developed in the Quant SDG and climate area in 2021; the first products were introduced at the end of 2021.
- Robeco SDG Low Carbon Equities index family: launched in December 2021, the indices contain companies that can contribute to the SDGs by reducing their carbon footprints.
- A sustainable equity fund in China: launched in Q4 2021.

INVESTMENT PERFORMANCE

Of all portfolios managed or sub-advised by Robeco, 62% (2020: 53%) outperformed compared to the relevant benchmark over a three-year period; 61% (2020: 42%) outperformed over a one-year period. For detailed information, please refer to the annual reports of the relevant investment funds.

In 2021, equity markets in developed and emerging economies posted positive returns, with 63% of the equity portfolios outperforming their benchmark (2020: 34%). The percentage of outperforming equity portfolios over the past three years is 61% (42% in 2020).

Fixed income had a negative year in absolute terms for most markets. Relative returns, however, are positive for most strategies: 68% of fixed-income portfolios outperformed the benchmark over a three-year period (2020: 79%). Over a one-year period, this figure was 57% (2020: 59%).

The table shows the returns and relative performance of the most relevant funds as examples of the figures mentioned above. The outperformance (+) or underperformance (-) compared to the relevant index is indicated and the Sharpe² ratio is shown for conservative equity funds investing in low volatility stocks with lower expected downside risk.

1. All returns are gross of fees. Identified performance does not include US strategy performance numbers.
2. The Sharpe ratio is a measure of the risk-adjusted return. The Sharpe ratio of the portfolio and the benchmark is shown for conservative equity funds investing in low volatility stocks with lower expected downside risk. It is calculated by taking the annualized return minus the annualized return of the risk-free rate divided by the annualized volatility of the portfolio or index.

Sustainable investment performance overview

| | Fund | Performance | Outperformance/underperformance |
|-----------------------|--|-------------|-----------------------------------|
| Equities | Robeco Asia-Pacific Equities (EUR) | 16.7% | + 10.7% |
| | Robeco BP Global Premium Equities (EUR) | 31.4% | + 0.4% |
| | Robeco BP US Large Cap (USD) | 29.7% | + 4.6% |
| | Robeco BP US Premium Equities (USD) | 25.6% | + 0.2% |
| | Robeco BP US Select Opportunities (USD) | 27.5% | - 0.8% |
| | Robeco Chinese Equities (EUR) | -10.0% | + 4.1% |
| | Robeco Emerging Markets Equities (EUR) | 6.3% | + 1.4% |
| | Robeco Emerging Stars Equities (EUR) | 9.7% | + 4.8% |
| | Robeco Fin Tech Equities (EUR) | 13.4% | - 14.1% |
| | Robeco Global Consumer Trends Equities (EUR) | 10.7% | - 16.8% |
| | Robeco New World Financial Equities (EUR) | 26.2% | - 7.6% |
| | Robeco QI Emerging Conservative Equities (EUR) | 21.2% | + 16.4% (Sharpe ratio 2.8 vs 0.5) |
| | Robeco QI Emerging Markets Active Equities (EUR) | 15.6% | + 10.8% |
| | Robeco QI European Conservative Equities (EUR) | 24.6% | - 0.5% (Sharpe ratio 2.4 vs 2.6) |
| | Robeco QI Global Multi-Factor Equities (EUR) | 33.1% | + 5.6% |
| | Robeco QI Inst. Emerging Markets Enhanced Index Fund (EUR) | 10.4% | + 5.5% |
| | Robeco QI Inst. Global Dev. Conservative Equities (EUR) | 27.4% | - 3.6% (Sharpe ratio 2.8 vs 3.5) |
| | Robeco Sustainable European Stars Equities (EUR) | 24.0% | - 1.2% |
| | Robeco Sustainable Global Stars Equities Fund (EUR) | 30.9% | - 0.2% |
| Impact Investing | RobecoSAM Smart Energy Equities | 29.1% | - 1.9% |
| | RobecoSAM Smart Materials Equities | 26.6% | - 4.4% |
| | RobecoSAM Sustainable Water Equities | 40.9% | + 9.9% |
| Sustainability Inside | Rolinco (EUR) | 22.1% | - 5.5% |

■ Impact Investing

■ Sustainability Focused

■ Sustainability Inside



Sustainable investment performance overview

| | Fund | Performance | Outperformance/underperformance |
|--------------|---|-------------|---------------------------------|
| Fixed income | Robeco All Strategy Euro Bonds (EUR) | - 2.5% | + 0.3% |
| | Robeco Euro Credit Bonds (EUR) | - 0.5% | + 0.5% |
| | Robeco Euro Government Bonds (EUR) | - 3.1% | + 0.4% |
| | Robeco European High Yield Bonds (EUR) | 3.1% | - 0.4% |
| | Robeco Financial Institutions Bonds (EUR) | 1.3% | + 0.8% |
| | Robeco Global Credits (EUR) | - 1.1% | + 0.6% |
| | Robeco Global Total Return Bond Fund (EUR) | - 2.0% | + 0.3% |
| | Robeco High Yield Bonds (EUR) | 3.6% | - 0.6% |
| | Robeco QI Global Dynamic Duration (EUR) | - 3.6% | - 0.5% |
| | Robeco QI Global Multi-Factor Credits (EUR) | - 0.8% | + 0.9% |
| | RobecoSAM SDG Credit Income (EUR) | 0.5% | no official index |
| | RobecoSAM Euro SDG Credits (EUR) | - 0.9% | + 0.1% |
| Multi-asset | RobecoSAM Global SDG Credits (EUR) | - 1.7% | 0.0% |
| | Robeco ONE Neutral (EUR) | 11.9% | no official index |

■ Impact Investing ■ Sustainability Focused ■ Sustainability Inside



Active
ownership



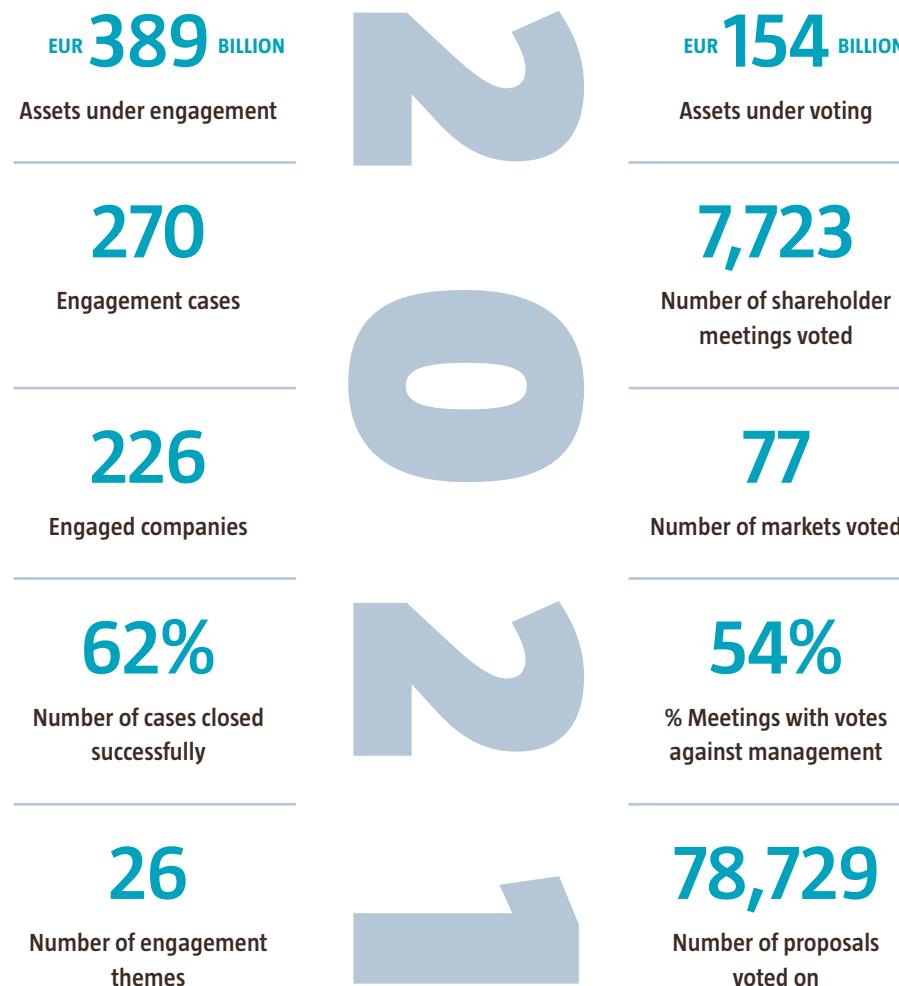
STEWARDSHIP

Active ownership means responsibly managing the assets that have been entrusted to us and reporting openly to our clients on how we uphold sustainability principles.

We use engagement and voting to improve companies' behavior because we are convinced that this enhances the financial performance of investee companies while at the same time benefiting society. Actively exercising our stewardship responsibilities is an integral part of Robeco's SI approach. It is aligned with our investment mission to use research-based, quality-driven processes to produce the best possible long-term results for our clients.

Our in-house Active Ownership team is responsible for carrying out all our stewardship activities, exercising voting rights worldwide on stocks in our investment funds and maintaining an active dialogue on many ESG issues with investee companies across equities and credit portfolios. We are also actively involved in helping our clients formulate and execute their own stewardship responsibilities, complying with all codes, principles and regulations.

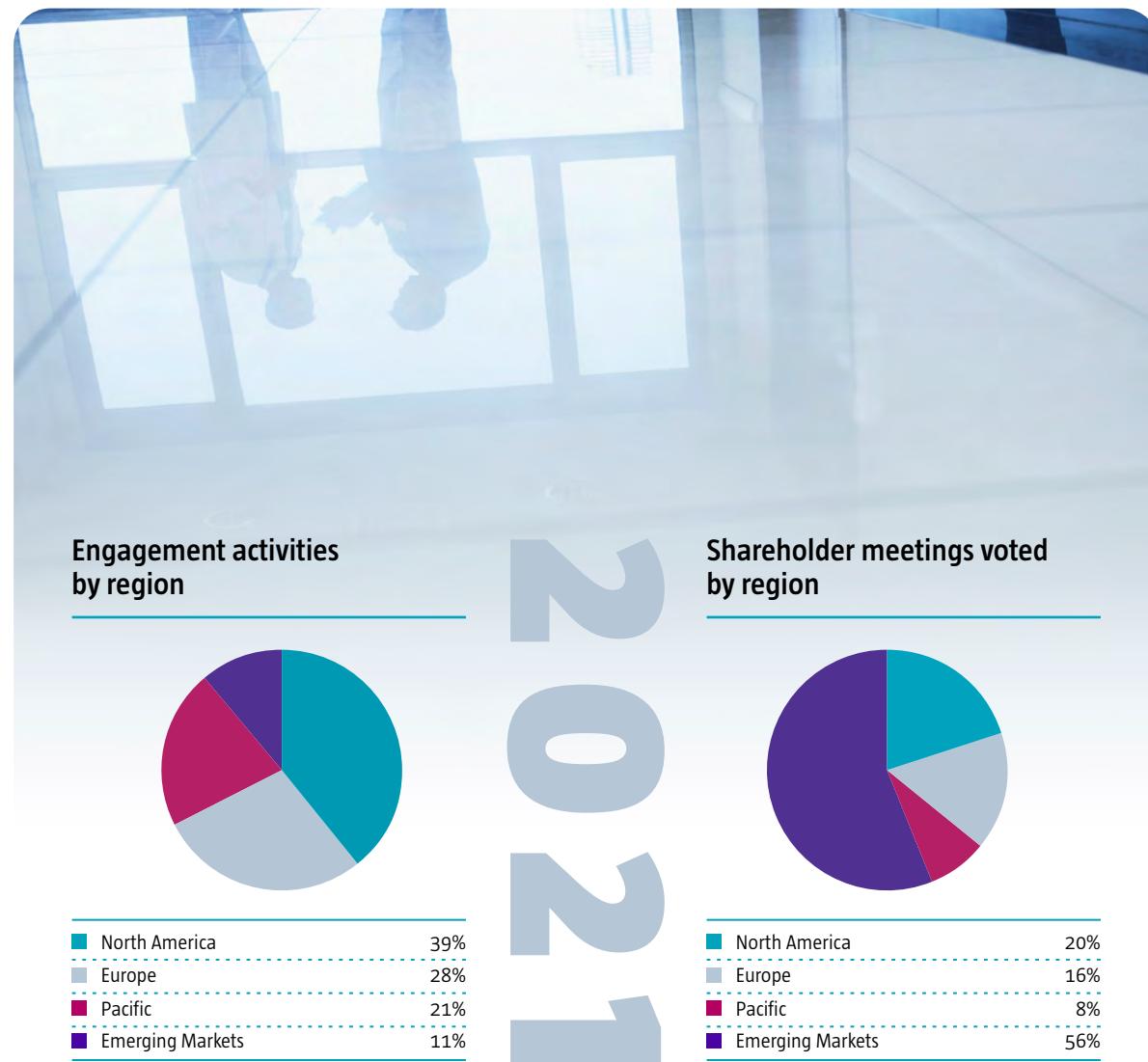
The processes and guidelines that we follow are outlined in our stewardship policy, which we review and update on an annual basis to ensure it remains aligned with best practice.



We carry out all our stewardship activities, through voting and engagement, with investee companies across equities and credit portfolios. Additionally, we are also actively involved in helping our clients formulate and execute their own stewardship responsibilities. The assets under engagement figures are based on Robeco's equities and credit portfolios for which we conduct engagements; added to this are the engagements we conduct on behalf of our overlay clients (i.e. engagements we conduct for Robeco and non-Robeco portfolios). The voting under engagement figures are based on the voting activities for Robeco's equities portfolios, as well as the voting activities on behalf of our overlay clients.

EXTERNAL RECOGNITION IN 2021

- Robeco was able to meet the increased ESG standards of the UK Stewardship Code and remain a signatory to it (→ [see Financial Reporting Council](#)).
- Robeco came fourth in a voting assessment of NGO ShareAction, which examined how 65 of the world's largest asset managers voted on 146 social and environmental resolutions. ShareAction's report also highlighted that only six of the asset managers filed or co-filed a shareholder resolution at any of the companies they assessed, Robeco being one of these six (→ [see ShareAction's Voting Matters 2021 report](#)).



VOTING

In 2021, our assets under voting continued to grow to EUR 154.4 billion and the team's analysts voted at 7,723 shareholder meetings. Our voting activity, including rationales behind vote decisions, is published on robeco.com shortly after the shareholder meeting takes place, which is in line with best practice on voting disclosure. In our annual Proxy Season Overview, we disclose statistics summarizing our voting activity and our rationale behind vote decisions for significant shareholder meetings. We refrain from voting only in specific cases of share blocking – the contentious practice where the shares owned by proxy votes are barred from trading in the period of the annual meeting. 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 Active Ownership specialists, based on information captured at shareholder meetings, in engagement activities, and in the investment process. We assess on a case-by-case basis if the filing or co-filing of shareholder resolutions as part of voting and engagement activities is desirable and likely to have an impact. For example, we have generally supported the 'Say on Climate' proposals, introduced in 2021, as long as they meet a set of criteria.

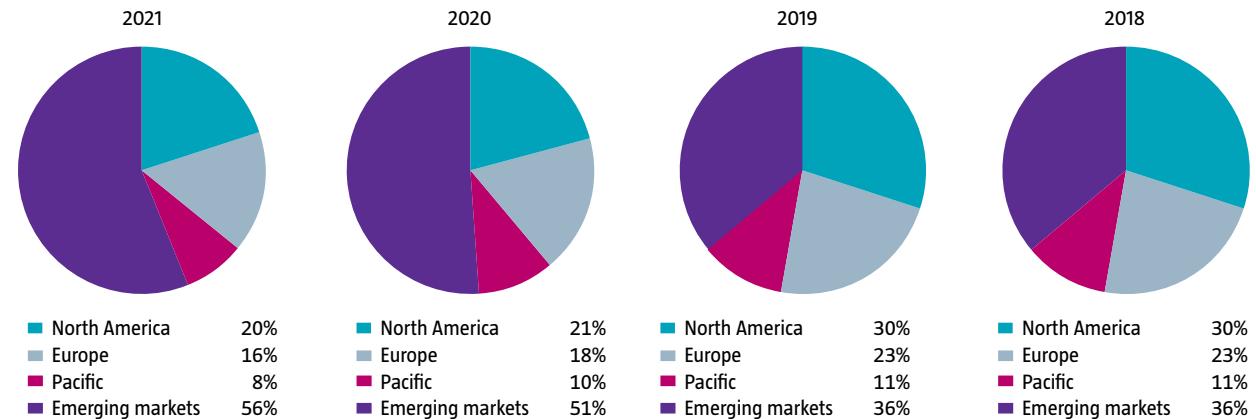
→ [Read more in the Climate change section](#)

During 2021 we reviewed and updated our voting policy, published in 2022 as part of the stewardship policy. Changes include a stricter assessment of diversity, human rights and remuneration at board level and a sterner view of companies in high carbon-emitting sectors that have so far failed to recognize climate change as a business risk or opportunity.

Voting figures

| | 2021 | 2020 | 2019 | 2018 |
|---|-----------------|-------------------|------------------|------------------|
| Assets under voting | EUR 154 billion | EUR 114.9 billion | EUR 91.5 billion | EUR 69.9 billion |
| Number of votes at shareholders' meetings | 7,723 | 7,802 | 5,926 | 5,291 |

Voting distribution by region¹



1. The key markets per region: North America includes the United States and Canada; Europe includes European countries including the United Kingdom; Pacific includes Australia, New Zealand, Japan; Emerging Markets includes Asia ex Japan, South Africa, Brazil, Mexico.

ENGAGEMENT ON ESG TOPICS

We apply a focused approach for engagement activities, targeting a relevant selection of investee companies for a constructive dialogue on ESG factors such as good governance, human rights, environmental risk management and climate change.

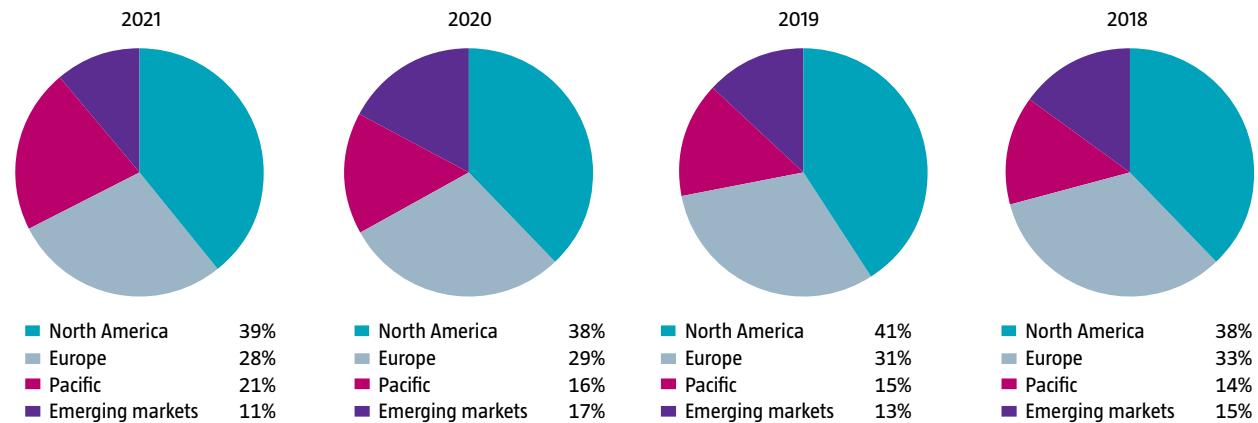
We conduct two types of engagement:

- **Value engagement** is a proactive approach focusing on long-term, financially material ESG opportunities and risks that can affect companies' valuation and ability to create value.
- **Enhanced engagement** addresses the misconduct of companies in areas such as human rights, labor, environment and anti-corruption. It is a formal part of our exclusion policy.

Number of engagement activities per region

| | 2021 | 2020 |
|------------------------|------|------|
| North America | 105 | 94 |
| Europe | 76 | 71 |
| Pacific | 58 | 40 |
| Emerging markets | 31 | 41 |
| Total engagement cases | 270 | 246 |

Distribution of engagement cases by region¹



1. The key markets per region: North America includes the United States and Canada; Europe includes European countries including the United Kingdom; Pacific includes Australia, New Zealand, Japan; Emerging Markets includes Asia ex Japan, South Africa, Brazil, Mexico.

Value engagement

Our value engagement activities focus on a limited number of sustainability themes that have the greatest potential to create financial value for investee companies and in some instances to also make a real world impact. We have a structured engagement approach, consisting of five steps (see visual).

Each year, four or five new engagement themes are selected in close collaboration with engagement specialists, portfolio managers, analysts and clients (step 1). We prioritize about 10-15 investee companies that have the highest degree of exposure to the selected theme after performing a baseline study based on SMART objectives: they should be specific, measurable, attainable, relevant and time-bound.

We inform these companies of the corporate behavior that investors expect, thereby encouraging them to adopt better practices. Each engagement theme runs typically for a period of 3 years. During this period, the engagement analyst is in regular contact with the company, monitoring progress on the objectives set, and reporting on conducted engagement activities and progress to our clients. After the engagement period, we close our engagement and assess whether it was successful or unsuccessful, based on a company's progress on our predefined objectives.



The five steps of our structured engagement process

1



Identify financial
Material ESG Theme

2



Conduct Extensive
Baseline Research

3



Define SMART
Engagement Objectives

4



Initiate dialogue
with company

5



Achieve impact and
report to clients

In 2021, we started five new engagement themes:

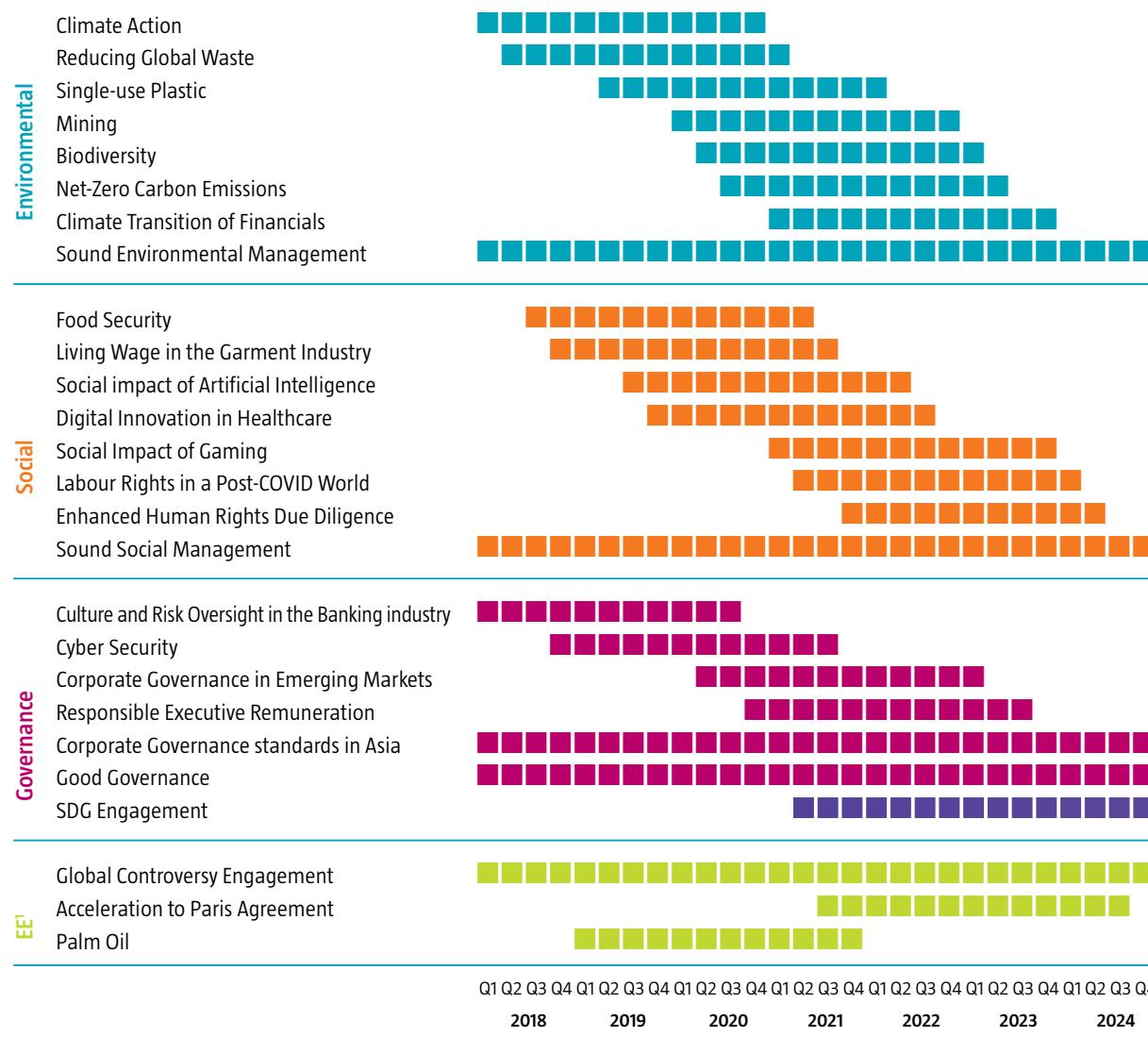
- Climate transition of financials ([see Climate change section](#))
- Acceleration to Paris ([see Climate change section](#))
- Social impact of gaming ([see Human rights section](#))
- Labor rights in a post-COVID world ([see Human rights section](#))
- Human rights due diligence for conflict-affected and high-risk areas (see Human rights section).

Also, we started a dedicated SDG engagement program as part of the launch of an actively managed fund that invests globally in companies, with the objective to improve the investee companies' contributions to the SDGs through active engagement.
([see SDGs section](#))

We closed the following engagement themes, after a three-year period:

- Climate action ([see Climate change section](#))
- Reducing global waste
- Cybersecurity
- Food security
- Living wage in the garment industry
([see Human rights section](#))
- Culture and risk oversight in the banking industry.

Engagement themes in 2021



1. EE: Enhanced Engagement program

REDUCING GLOBAL WASTE

From 2018 to 2021, Robeco engaged with a group of 12 predominantly small/mid-cap companies that operate in industries related to solar energy, industrial waste management and technology. The core objective of this engagement theme was to improve the reporting of companies on their contribution to the SDGs, especially sub-target 12.4 which seeks to achieve “the environmentally sound management of chemicals and all wastes throughout their life cycle”.

RESULT: Some 70% of our company engagements were closed successfully. The most commonly achieved objectives were related to sustainability reporting and environmental strategy, with corporate governance being a close third. Overall, we have seen the engaged companies

make progress towards achieving SDG 12.4, however, the question remains whether the scale and depth of impact will be sufficient to fully meet this target by 2030.

CASE STUDY: Itron is an American technology services company that provides solutions to measure, manage, and analyze energy and water use. We had several in-person meetings, and were able to capitalize on the company's awareness of growing investor expectations. The company significantly improved its sustainability strategy and reporting over the course of our engagement, specifically by mapping its contribution to the SDGs and capturing more granular ESG data. The increase in data analytics and subsequent reporting has improved the oversight of the environmental effect of its products.



CYBERSECURITY

In 2021, Robeco completed a three-year engagement program with nine companies. They were selected because they operate in the payments, telecoms and household products sectors, using sensitive customer data. The engagement theme focused on five topics: governance and oversight, policy and procedure, risk management and controls, transparency and disclosure, and privacy by design. Originally, eleven companies were selected in 2018, but one was dropped after it was divested, and another one was taken over.

RESULT: During the three-year period, we were successful with 7 out of 9 companies. Most now have a clear strategy focused on improving their cybersecurity following a number of high-profile data breaches for some, although many were reluctant

to provide full transparency on their weaknesses, partly to avoid exposing any risk management gaps to criminals or competitors.

CASE STUDY: Visa, a global player in digital payments, scored well on most engagement objectives. Over the course of our engagement, Visa committed to improve its reporting on how cyber risks are addressed throughout the company, including details on how cybersecurity is included in the executive compensation criteria. Visa's strengths include its approach to cyber governance and oversight and the significant technology experience on the board. Also, the company holds third-party assessments on the maturity of its program, with high scores compared to its peers.



FOOD SECURITY

From 2018 to 2021, Robeco engaged with 12 companies from across the food supply chain. The engagement targeted companies that had the potential to combat food insecurity and contribute to SDG 2 'Zero Hunger' from different points in the food supply chain, focusing on inclusive product stewardship and the impact of companies' geographic market reach.

RESULT: After three years, we noted a successful engagement with 58% of the companies. Most progress was achieved in formalizing the companies' sustainability governance, measuring their corporate contribution to the SDGs, and exploring new market opportunities in food-insecure regions through public-private partnerships.



CASE STUDY: Our engagement objective with agricultural machinery producer Deere & Company focused on 'innovation management'. Engagement was successful due to evidence of the company's efforts to support farmer productivity and incomes in food-insecure regions. Deere & Company adapted its conventional tractors to service the needs of smallholder farmers. India constitutes a hub for the company's small tractor business. The company has also allocated R&D expenditures to develop products tailored to low and middle income countries.

CULTURE AND RISK OVERSIGHT IN THE BANKING INDUSTRY

From 2017 to 2021, Robeco engaged with nine banks, in Europe and the United States, on the quality of risk management and governance in the financial industry. Since the global financial crisis, many banks have been forced to redesign their approach to risk management, compliance and incentive structures. Even after the crisis, many banks continued to be faced with governance-related issues, such as sanctions violations, money laundering issues, and other financial crimes. Our engagement project aimed to address these issues by first analyzing the quality of governance on a set of issues, and then (where possible) seeking improvements. Four topics were made a priority: incentives for risk-taking personnel, remuneration policies for executives, processes around non-financial crimes, and the quality of risk governance.

RESULT: During the four-year period, we closed 44% of our engagements successfully. Looking back at four years of engagement in the financial sector, we note progress on some of our objectives. Most banks have re-organized their risk and compliance functions, moved away from incentivizing employees on a purely financial basis and are spending an increasing number of resources to comply with risk-related legislation. However, for most banks we still struggle to gain conviction on the quality of their risk management, and can only find external indicators for corporate culture. Because of these difficulties we reached a medium success ratio.



In 2021 we continued a collaborative approach with other investors to engage our government bond portfolio, which we started in 2020.

→ [Read about the engagements with Brazil and Indonesia in the Biodiversity section](#)

Enhanced engagement

Our enhanced engagement program acts to address misconduct of companies related to human rights, labor, the environment and corruption.

Our enhanced engagement program addresses the following topics:

- **Global Controversy:** this engagement focuses on companies that severely and structurally breach minimum behavioral norms outlined in the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises.

The desired outcome is the identifiable elimination and remediation of any breach and enhancements in management processes aimed at avoiding any repeated breach. We use five objectives that focus on (i) eliminating the breach, (ii) adopting a policy, (iii) creating a stakeholder dialogue, (iv) introducing risk management systems, and then (v) ensuring transparency on the process. The engagement typically runs over a three-year period, during which time we have regular meetings with the companies to monitor their progress. Insufficient progress on these objectives may result in a possible exclusion.

- **Palm oil:** this engagement focuses on contributing to the establishment of a sustainable palm oil industry.

[→ Read about our enhanced engagement on palm oil in the Biodiversity section](#)

- **Acceleration to Paris:** this engagement focuses on the climate laggards and largest emitters within Robeco's investment universe in order to help them ramp up their decarbonization efforts and set up robust transition plans. In light of the urgency of taking action, failure to make progress can be regarded as a breach of global standards, with escalation or even exclusion as a potential consequence. Prior to any decisions around divestment, we deploy other escalation tactics to advance the engagement. This includes, but is not limited to, voting against management on certain annual meeting agenda items, filing shareholder resolutions, and seeking to elect new board directors who are more willing to make the necessary changes.

[→ Read the text on Climate engagements in the Climate section for more details](#)

The process for enhanced engagement is a formal part of our exclusion policy. If a company does not improve, the Controversial Behavioral Committee can decide to exclude it from our investment universe (previously the SISC made such decisions). We consider exclusion to be the last resort, only to be used if enhanced engagement has failed. We re-evaluate the practices of excluded companies at least once a year and reinstate them if and only if they have shown significant improvement.

In 2021, we closed three Global Controversy enhanced engagement cases unsuccessfully, which has resulted in three companies – Norilsk Nickel, Korea Electric Power and Wirecard – being added to the exclusion list. On a more positive note, we also closed three Global Controversy enhanced engagement cases successfully, where the breach was eliminated and relevant policies and risk management systems were put in place.

IMPROVED ENHANCED ENGAGEMENT PROGRAM

In 2021, we improved our enhanced engagement program by:

- Strengthening our oversight and decision-making process.
- Having robust data on UNGC and OECD Guidelines breaches.
- Establishing the Controversial Behavior Committee.
- Recruiting a dedicated controversy engagement specialist, who leads the renewed process and enhanced engagements with companies.

Controversial Behavior Committee

This new committee, established in December 2021, has oversight and decision-making responsibilities, focused on:

1. The assessment of controversial behavior of companies that are (potentially) in breach of UNGC and OECD Guidelines.
2. Implications for Robeco's active ownership activities and investment strategies.
3. Any changes to the framework and processes related to controversial behavior assessments.

The committee is chaired by the controversy engagement specialist and consists of representatives of Sustainable Investing, SI Research, SI Research Board, Risk Management and Compliance and the Fixed Income and Equity Chief Investment Officers.

EXCLUSIONS

Robeco believes that some products and business practices are detrimental to society and incompatible with sustainable investment strategies. Therefore, certain exclusion criteria are applied. We have 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 producers, and for companies whose behavior cannot be changed through engagement or voting. For Sustainability Focused and Impact Investing strategies, additional exclusions are made to meet the stricter ESG criteria of these funds.

The exclusion policy applies to all assets under management from all funds over which we have full discretion, including those funds sub-advised by group members, but excludes discretionary mandates and client-specific funds.

→ [Read our exclusion policy, available from Robeco.com](#)

→ [Read our exclusion list, available from Robeco.com](#)

Robeco's exclusions

| | BASIC EXCLUSIONS | EXTENDED EXCLUSIONS (+) | + ADDITIONAL FUND EXCLUSIONS (++) |
|-----------------------|--|--|---|
| Normative | <ul style="list-style-type: none">– Controversial behavior (engagement before exclusion) | <ul style="list-style-type: none">– Controversial behavior (direct exclusion) | SDG and thematic exclusions Extended exclusions + Sector-based exclusions for alcohol, adult entertainment, cannabis, gambling |
| Activity Based | <ul style="list-style-type: none">– Tobacco– Controversial weapons– Palm oil– Thermal coal– Oil sands– Arctic drilling– Coal power expansion plans | <ul style="list-style-type: none">– Tobacco– Controversial weapons– Full nuclear weapons– Firearms– Military coaching– Palm oil– Thermal coal– Oil sands– Arctic drilling– Coal power expansion plans– Nuclear power | Climate exclusions Basic exclusions + Exclusions following article 12 of the EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks |
| Region | <ul style="list-style-type: none">– Country-based | <ul style="list-style-type: none">– Country-based | Green bonds Extended exclusions (ex. nuclear power) + Sector-based exclusions for alcohol, adult entertainment, cannabis, gambling + Analysis based on Robeco's Green Bond Framework |



Sustainable investing focus topics

CLIMATE CHANGE

Our sustainable investing strategy and approach includes a specific focus on climate change, biodiversity, and human rights. Also, the Sustainable Development Goals (SDGs) continue to be an important blueprint for Robeco's investing strategies and help us to measure the impact companies have on the real world.

Climate change must be mitigated to avoid unacceptable long-term impact on society and the global economy. Doing this will create both investment opportunities and transition risks across all sectors of the economy. We acknowledge our industry's responsibility for addressing climate change risks and opportunities through our investment decisions as well as through our influence on investee companies and other institutions. We support the objectives of the Paris Agreement, the Dutch National Climate Agreement, the Net Zero Asset Manager Initiative, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

→ *Refer to our TCFD table, Appendix 2, for a comprehensive overview of our approach to climate. This chapter focuses on updates for 2021*

We announced our net zero strategy and interim targets ahead of the COP26 Climate Summit in Glasgow in 2021, as part of our commitment to the Net Zero Asset Managers Initiative in 2020.

Achieving carbon neutrality by 2050 is essential if the world is to meet the Paris Agreement and limit global warming to below 2 degrees. We are committed to this goal because it's part of our responsible stewardship and because we are convinced it is in the long-term interest of our clients and our investment performance. The low-carbon transition is not only a moral imperative, but we also consider it to be the prime investment opportunity of our generation.

Our net zero strategy focuses on contributing to emission reduction in the real economy. Simply divesting from high-carbon assets means that these will appear in another portfolio without any lasting impact in the real world. For the net zero transition to be successful, it is exactly these high-emitting sectors that require the most capital to transform. Our role as investors is not only to invest in that transition, but also to accelerate it. Decarbonization of our portfolios should be based on decarbonization of the assets that we own. For this to happen, we need to work together alongside governments, industry and consumers. Governments need to price in the cost of carbon emissions, companies need to increase green capex, and consumers need to shift to sustainable consumption patterns.

→ *Read: Navigating the climate transition: Robeco's roadmap to net zero emissions by 2050*



Our strategy to achieve net zero by 2050 is based on three pillars and six key actions:

| PILLARS | OUR OBJECTIVES | KEY ACTIONS | OUR TARGETS AND GOALS |
|--|--|--|--|
| 1 Decarbonizing our activities | <p>We will reduce the carbon footprint of our investments and operations, following an average trajectory of 7% year-on-year. This is in line with what science indicates is required for keeping the global temperature rise to well below 2°C above pre-industrial levels.</p> | 1 Decarbonize our portfolios | TARGET: -30% by 2025 and -50% by 2030, both relative to 2019 INITIAL SCOPE: Robeco fund range, approx. 40% of total AuM METRIC: Carbon footprint (tonnes of CO2 e per EUR invested), based on companies' scope 1 and 2 emissions. |
| | | 2 Reduce our operational emissions | TARGET: -35% by 2025 and -50% by 2030, both relative to 2019 METRIC: Absolute operational emissions (tCO2e) |
| 2 Accelerating the transition | <p>We will leverage our influence as an investor to accelerate climate action by companies and countries. We will assess companies in order to identify those that can outperform in the transition. By investing in these companies, we can contribute to climate mitigation and enhance risk-adjusted returns. For companies that do not act fast enough, we will step up engagement activities and, where required, escalate voting decisions. We will also collaborate with other investors to step up dialogue with sovereign bond issuers.</p> | 3 Accelerate the transition of companies | GOAL: Active ownership through voting and engagement with the top 200 emitters in our investment universe, and focused climate engagement with 55 companies that are responsible for 20% of portfolio emissions. |
| | | 4 Call for climate action by countries | GOAL: Monitor the climate performance of countries and expand our sovereign engagement on climate policy. We measure the climate performance of governments via a set of country-level indicators. |
| 3 Promoting climate-aligned investing | <p>We will collaborate with clients, peers, standard setters and relevant stakeholders in the industry to accelerate net-zero investing. We will grow and expand our offering of climate-aligned investment solutions. We will actively contribute to conducive market standards and policies.</p> | 5 Work with clients on decarbonization | GOAL: Working with our clients on decarbonization and growing investments in climate-aligned strategies. |
| | | 6 Collaborate to promote net-zero investing | GOAL: Collaborate with peers, standard setters and relevant stakeholders in the industry to accelerate net zero investing. |

Carbon footprint of our investments

Having access to quality data is essential to drive the decarbonization of portfolios. In 2020, Robeco decided to outsource its carbon data production, in line with our broader ESG data strategy in which we focus on the successful application and integration of ESG data in investment processes. In July 2021, Robeco began using carbon data from external providers, after selecting Trucost as our leading source for company emissions and EDGAR for country emissions. Carbon data from other providers is also being used on a case-by-case basis.

We also changed our default carbon metric. Carbon footprint is our new lead metric, as defined by scope 1 and 2 emissions, normalized by using enterprise value including cash (EVIC) as the

denominator. Previously the investment teams were using the carbon intensity of companies using scope 1 and 2 emissions, normalized by revenue.

We believe that using carbon footprints is more appropriate to demonstrating how our net-zero pledge is being met. Decarbonization requires a gradual decrease in total carbon emissions per invested euro, which is measured by the carbon footprint metric. It is an ownership metric, pointing to the responsibility of investors to meet the Paris Agreement. Carbon intensity, which measures the exposure of portfolios to carbon-intensive assets, continues to be relevant for portfolio management. It is essentially a risk metric, recommended by the TCFD and also required by the SFDR.

This carbon report covers listed corporate equity and corporate bonds (fixed income) that are held in Robeco funds and segregated client mandates. Government bonds are not yet in scope, because the PCAF carbon accounting standard² which we follow does not yet cover this asset class. This explains why the coverage of fixed income is lower compared to equities.

We report scope 3 separately from scope 1 and 2, because there is significant double-counting, data quality concerns, and modeling uncertainty related to scope 3 data. We observe that, primarily due to double-counting, scope 3 emissions in our portfolios are between eight and nine times higher than scope 1 and 2 emissions. In 2022, we will work to further integrate scope 3 emissions in portfolio reporting, as per the requirements under the SFDR.

The carbon metrics of relevant investments for 2021¹

| CO ₂ e Assets under Management | | Total AuM (EUR billion) | Absolute footprint (million tonnes of CO ₂ e) | | Relative footprint (tonnes of CO ₂ e per EUR million invested) | | Carbon intensity (tonnes of CO ₂ e per EUR million revenue) | | Coverage (CO ₂ e based on % AuM) |
|---|-----------------|----------------------------|---|------------------|--|------------------|---|------------------|--|
| | | | Scope 1 and 2 | Scope 1, 2 and 3 | Scope 1 and 2 | Scope 1, 2 and 3 | Scope 1 and 2 | Scope 1, 2 and 3 | |
| Funds | Equities | 66.6 | 4.1 | 43.7 | 65.4 | 692.5 | 130.9 | 1,177.6 | 95% |
| | Fixed income | 28.1 | 2.0 | 12.0 | 95.1 | 571.3 | 244.4 | 1,309.7 | 75% |
| | Subtotal | 94.7 | 6.1 | 55.7 | 72.9 | 662.2 | 159.3 | 1,210.6 | 89% |
| Mandates | Equities | 73.2 | 5.4 | 47.0 | 85.3 | 748.8 | 163.3 | 1,537.5 | 86% |
| | Fixed income | 32.9 | 1.3 | 9.3 | 68.6 | 504.8 | 179.7 | 1,108.4 | 56% |
| | Subtotal | 106.0 | 6.6 | 56.4 | 81.5 | 693.4 | 167.0 | 1,440.0 | 77% |
| Total | | 200.7 | 12.8 | 112.1 | 77.1 | 677.5 | 163.1 | 1,323.3 | 82% |

1. This overview of carbon metrics does not include previous years, because, as stated, in 2021 we changed our carbon data provider from in-house to external. This makes comparisons to previous years challenging. For our decarbonization targets, which are presented on the next page, we use carbon data from a single source and do not face this problem. Refer to appendix 3 for information on emission factors and the global warming potential (GWP). This overview excludes carbon data of the Assets under License and Assets under Advice. Cash and derivative position in our funds do not have carbon data. Government bonds are also excluded as explained above.

2. Platform for Carbon Accounting for Financials. In the course of 2022, PCAF will publish its standard for sovereign bonds.

In equities, our funds show a lower carbon footprint than mandates for two different reasons. First, we have integrated our sustainability policies in almost all our funds, while for mandates this is a process we are currently undertaking with clients. Second, for mandates we have a relatively higher exposure to emerging markets. Emerging economies are generally more carbon-intensive, as these economies focus more on manufacturing compared to the more service-oriented developed economies.

In fixed income, our funds show a higher carbon footprint than mandates. This is because our funds have higher relative exposure to high yield credits. In general, we see that smaller companies carry a higher footprint and that investment grade contains more financials. Both result in high yield representing a more carbon-intensive investment universe than investment grade credits.

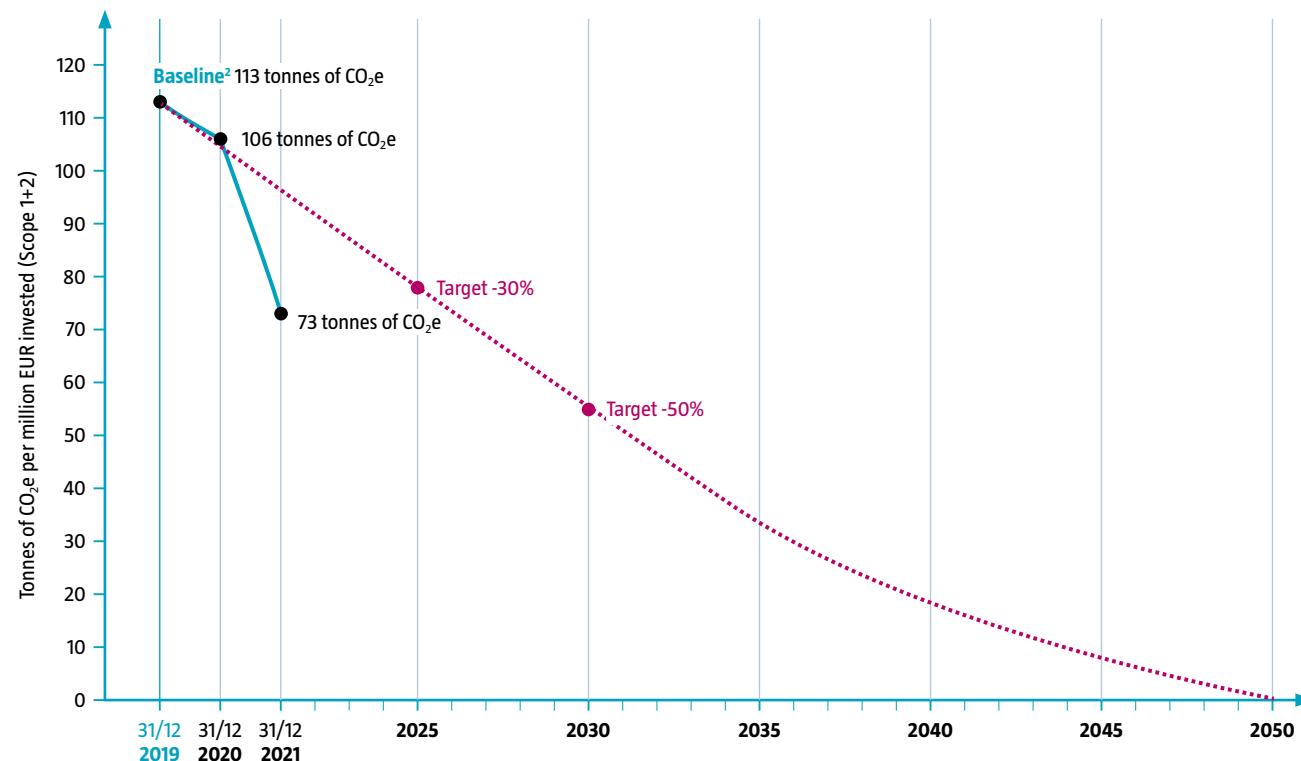
Decarbonizing our portfolios

Our decarbonization targets¹ are -30% by 2025 and -50% by 2030, both relative to 2019. This means that we will follow a trajectory of 7% decarbonization year on year for aligning our investments with the goals of the Paris Agreement.

Year-end 2021, the decarbonization of our portfolios reached -35% relative to the baseline in 2019. This implies that we are well on track in meeting our decarbonization target of -30% by 2025. But the figures are volatile: at year-end 2020 our decarbonization was only -7%.

Many factors come together in determining the decarbonization rate. There are opposing effects from the rally in technology stocks in 2020-2021, which would lower our carbon footprint, versus the rise of oil prices in 2021 which should result in a higher carbon footprint. We also see a currency effect: in USD our carbon footprint declines more consistently, while in EUR we see uneven decline between the two years.

Decarbonizing our portfolios



Overall, we observe that the decarbonization of our portfolios in 2020 was in line with the benchmark, while in 2021 we decarbonized significantly in comparison to the benchmark. In other words, it was the result of portfolio management decisions. We are currently developing an approach to attribution analysis, which will enable us to better identify the various drivers of portfolio decarbonization. Next year we intend to report a more precise decarbonization analysis.

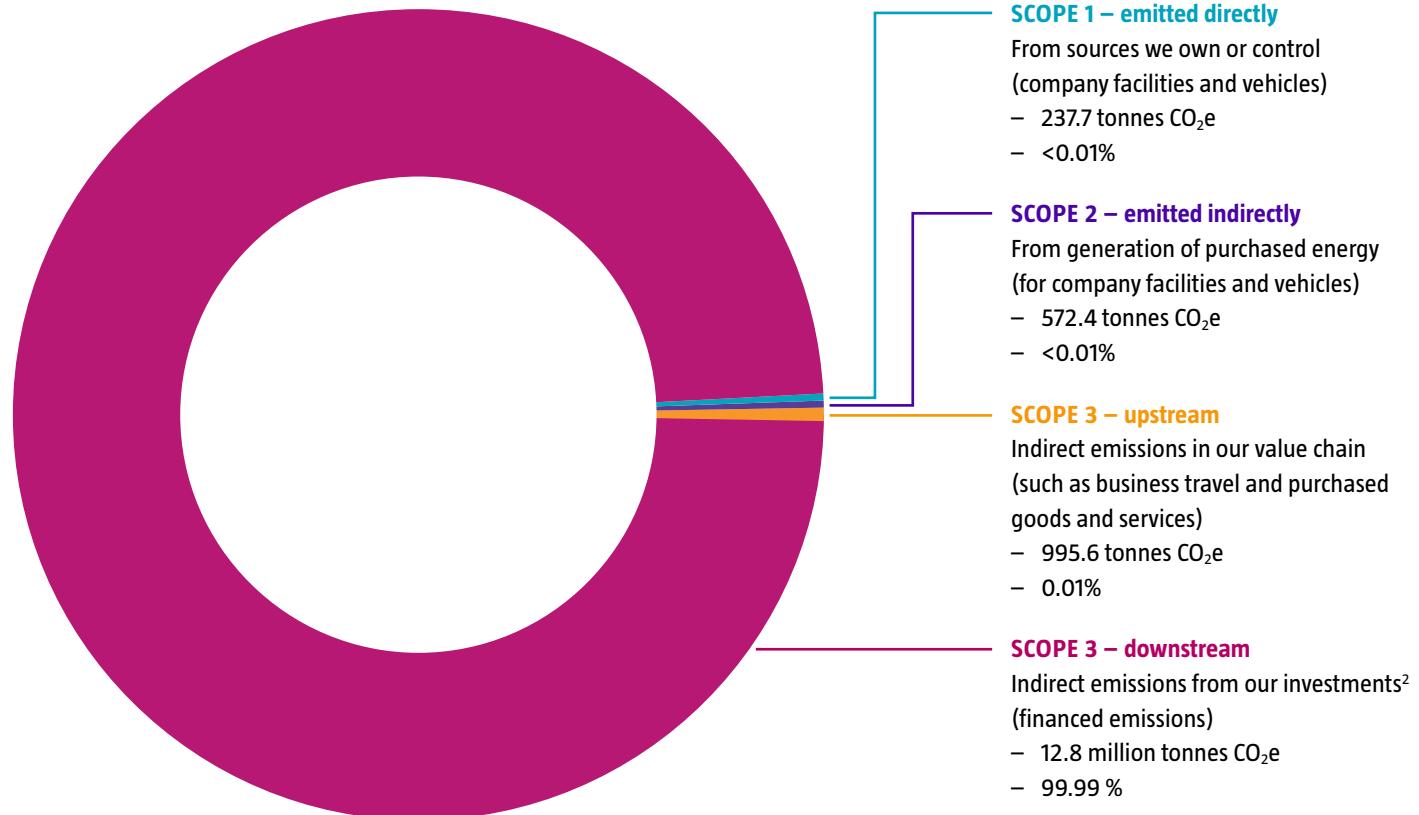
1. The scope of our decarbonization target is corporate equity and bonds in Robeco funds. This is approximately 40% of total AuM. The underlying rationale for this limited scope, and our approach to expanding the scope, are explained in our [Net-Zero Roadmap](#).
2. In accordance with our net-zero methodology and applicable industry standards and legislative guidance, our 2019 baseline has been adjusted for the inflation of EVIC (Enterprise Value Including Cash) by correcting for the average EVIC change and for our changing asset mix over 2020 and 2021 by using the asset mix as at 31 December 2021 for all calculations. As a result, the baseline has changed from 104 to 113 tonnes of CO₂e per million EUR invested.

Robeco's integrated carbon report

The visual shows all of Robeco's emissions (scope 1, 2 and 3).¹ The emissions from our investments are scope 3 Downstream and total 12.8 million tonnes CO₂e. The emissions from our business operations are scope 1, scope 2 and scope 3 Upstream. These total around 1.800 tonnes CO₂e. In other words, financed emissions represent 99.99% of Robeco's total emissions.

→ *Refer to the section on 'Limiting our environmental footprint' for a detailed report on our operational emissions*

→ *Refer to appendix 3 'Calculating our carbon emissions' for details on the conversion and global warming potential (GWP) rates*



1. As defined by the Greenhouse Gas protocol. For definitions, see ghgprotocol.org.

2. This only includes scope 1 and 2 emissions of investments and only covers the AuM as shown in the table "[The carbon metrics of relevant investments for 2021](#)"

Managing and integrating climate-related risks

To better understand the risks and opportunities arising from climate change, we acquire and generate various climate-related data. Our analysts take this data and convert it into scores, footprint reports, impact reports and insights that are integrated across our range of asset management products and services.

→ [See our TCFD table \(Appendix 2\)](#)

Our second line risk management deploys stress-test scenarios to analyze the climate risk profiles of our investment portfolios, also relative to the benchmark. These analyses are available via Climate Value-At-Risk, which is a measure of the likely impact climate change can have on the return of a portfolio's holdings. A monthly report is produced and, where relevant, discussed with the respective investments teams.

Climate risk is part of the capital adequacy assessment on company level. Each quarter, second line risk management analyzes the impact of climate risk on Robeco's revenues and compares this with the minimum required capital and the available capital. This is done using four climate transition risk scenarios based on guidance of the Dutch Central Bank (DNB).

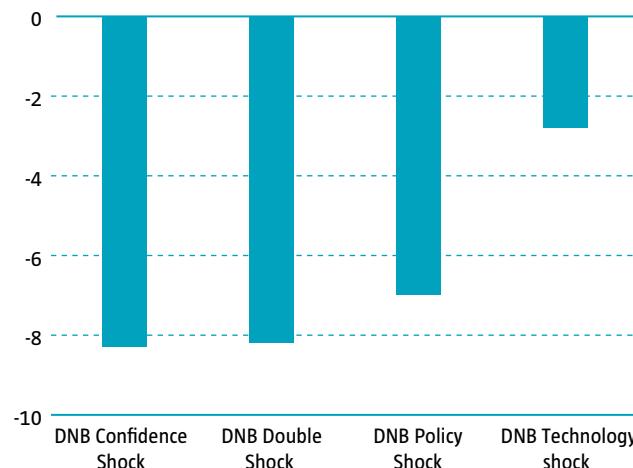
DNB provided four scenarios that determine shocks on a macro and meso economic level. These shocks are translated into asset and sector-specific shocks. These four scenarios are:

1. Confidence shock: corporations and households postpone investment and consumption due to uncertainty about policy measures and technology. This scenario only entails a shock on equities.

2. Double shock: carbon prices rise globally by USD 100 per tonnes due to additional policy measures. The share of renewable energy in the energy mix doubles due to a technological breakthrough.
3. Policy shock: carbon prices rise globally by USD 100 per tonnes due to additional policy measures.
4. Technology shock: the share of renewable energy in the energy mix doubles due to a technological breakthrough.

The graph below shows the impact of the climate-risk scenarios in percentage of company revenues. With an estimated impact of 8.3%, the DNB Confidence shock is the scenario with the highest estimated negative impact on Robeco's revenue. Although this is a significant impact, the decrease in revenue does not impede Robeco's profitability. In all scenarios, Robeco remains a healthy and profitable company.

Impact of climate risk scenarios on Robeco's revenue (in %)

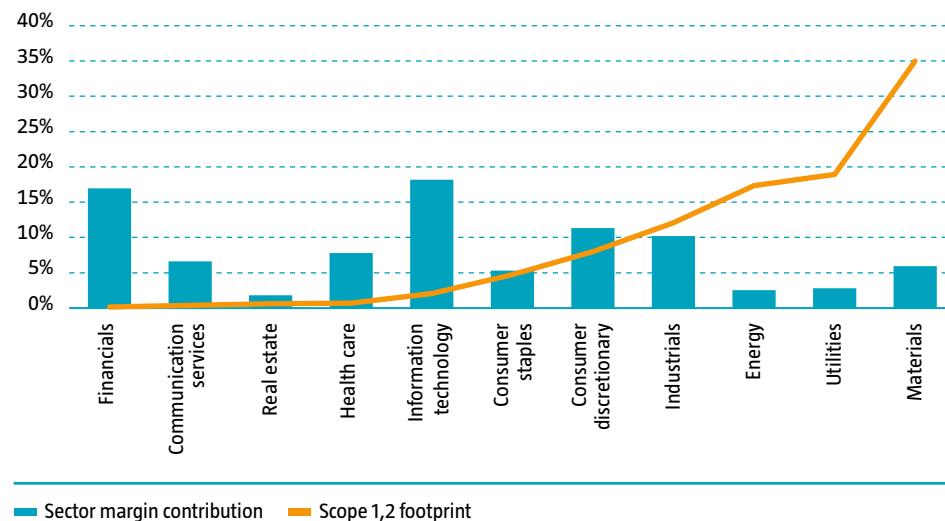


The carbon footprint of Robeco's investments is the major determinant of the climate-transition risk embedded in the portfolios. The higher the carbon footprint of a company, the more action is required to become climate neutral, and the higher the cost involved. We assess the carbon footprint of Robeco's revenue to identify vulnerabilities. The higher the investments in assets with a high carbon footprint, the higher the risk to the company.

The assessment involves two steps: using scope 1 and 2 carbon emissions, and using scope 1, 2, and 3 carbon emissions. Results can be interpreted differently. In terms of the cost to reduce carbon emissions, scope 1 and 2 emissions are directly related to and within the control of specific companies, which face taxation and costs when transitioning. Scope 3 is more indirect: from a cost perspective, there is a pass-through dispute since companies along the value chain try to pass on costs to upstream and downstream segments. This means that companies with a high scope 3 carbon footprint face additional risks in their journey to become climate neutral.

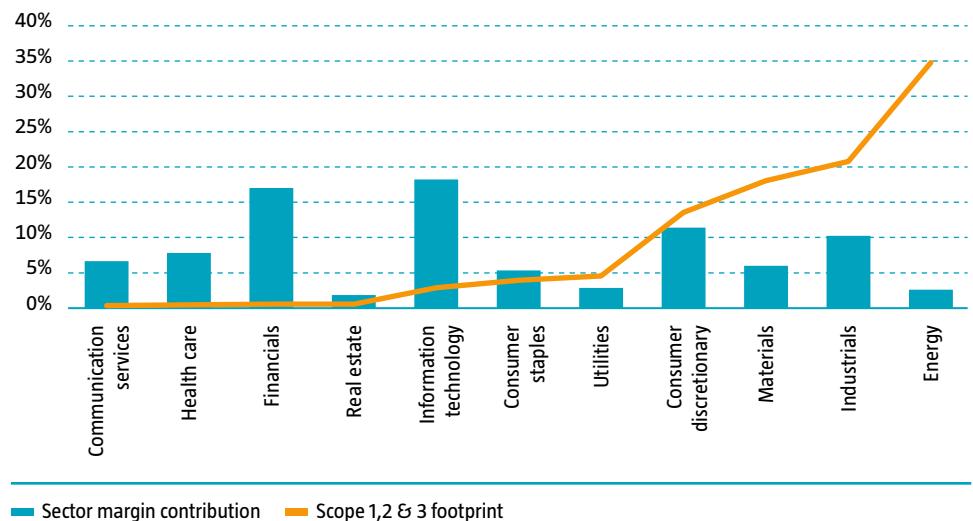
The graph below shows the contribution of sectors to Robeco's revenue, as defined by the Global Industry Classifications Standard (GICS), and the carbon footprint per sector.¹ The graph clearly indicates that the contribution of the Energy, Utilities, and Materials sectors is relatively low (low blue bar), while these sectors have a high carbon footprint (high orange line). Despite the relatively low exposure, these three sectors dominate Robeco's overall carbon sensitivity.

GICS sector revenues attribution (in %)² and GICS sector median carbon footprint scope 1 & 2 (% attribution of total carbon footprint of the investable universe)



If we include scope 3 carbon emission in the assessment for measuring the carbon sensitivity of the revenues, it leads to the graph below. The Materials sector has the highest carbon footprint in scope 1 and 2, followed by Utilities and Energy. If we include scope 3 data, the Energy sector becomes dominant, followed by Industrials and Materials. Given our larger exposure to Industrials, this sector becomes dominant in Robeco's overall carbon sensitivity, followed by Energy, Materials and Consumer Discretionary.

GICS sector revenues attribution (in %) and GICS sector median carbon footprint scope 1 & 2 & 3 (% attribution of total carbon footprint of the investable universe)



1. These emissions are normalized for the enterprise value including cash (EVIC).

2. The sectors do not add up to 100 percent. Not all investments have a sector classification, such as cash and derivatives.

Climate in investment processes and offerings

We believe that systematically considering climate change issues is essential to the success of our investing strategies. Our materiality research determines for which sectors and industries climate change is material, and on which time horizon. If climate change is material within the relevant investment horizon, the climate-change strategy of a company is analyzed and compared to its peers. Based on this analysis, our sustainability and financial analysts work together to assess the impact on the company's business model, products and services, and financial accounts.

In 2021, we initiated a research program on sectoral decarbonization pathways for carbon-intensive sectors such as steel, cement, power and oil and gas. As part of our research program, we analyze how the sector should decarbonize over time to keep a below 2 degrees carbon budget, and what types of technologies and policies would enable this. Subsequently we analyze how companies perform against their sector benchmark, covering not only their current carbon performance, but also their forward-looking transition plan. Based on this, our analysts assess the financial implications for a company by looking at elements such as capital expenditure and carbon pricing.

We offer our clients a broad range of low-carbon investment strategies. As part of our net-zero strategy, we will further innovate within our fund offerings to provide low-carbon products that are expected to attain net zero by 2050 or earlier. We also commit to working with our asset owner clients in segregated solutions on their own decarbonization goals. Robeco indices also contributes to the firm-wide net-zero commitment through offering (bespoke) sustainable index solutions that have significantly lower carbon footprints than their benchmarks.

ROBECO CLIMATE SURVEY

Robeco commissioned a climate survey in 2021 involving more than 300 institutional, wholesale and insurance investors accounting for about 20% of global assets. The biggest signal from the survey is the overwhelming momentum of climate change in the investment industry. 86% of investors see climate change develop into a central or significant factor in their investment policy over the next two years. This is up from 33% only two years ago. According to the respondents, more than half of all assets under management will be committed to net zero in the coming years.

→ [Read the Robeco Climate Survey for additional insights.](#)

In 2021, we launched our Climate Investing Essentials, a new training module, which we offered to several clients. In 2022, the module will be made available on Robeco.com and included in the learning program for Robeco employees.

Climate engagements

We have a long track record of engaging with companies and using our voting rights to support shareholder proposals that help address climate change risks. Collaboration is important to achieve our engagement goals. We play an active role in several climate change collaboration platforms, most notably the Climate Action 100+ initiative.

In 2021, we introduced a new approach to active ownership on climate, as part of our net-zero roadmap, aimed to accelerate the transition of companies:

- We started to track the climate performance of the top 200 emitters in Robeco's investment universe. A traffic light system ranging from red to dark green indicates the

EXPECTED RETURNS OUTLOOK

Robeco's flagship annual publication is Expected Returns, offering a forecast into how major asset classes are predicted to perform over the next five years. The Expected Returns 2022-2026 outlook published in 2021, entitled 'The Roasting Twenties: things are heating up', included a chapter on climate change for the first time. The outlook factored in the consequences of global warming into its forecasts for all the major asset classes.

→ [Download "The Roasting Twenties: things are heating up."](#)

degree to which a comprehensive net-zero strategy has been implemented. To promote climate action, Robeco's Chief Investment Officer will send each of the 200 largest emitters a letter - an activity which we started in 2021 and will be completed in 2022.

- Based on the traffic light system, we have identified 30 laggard companies with red and amber scores that will be prioritized for engagement on climate (through our 'Accelerate to Paris' engagement program). With this addition we are expanding our climate engagement to 55 companies in 2022, covering about 20% of portfolio emissions. The group further includes 10 banks (as part of our 'Climate Transition of Financials' engagement program) and 15 companies in high-emitting industries that we have been engaging with since 2020 (part of the 'Net-Zero Emissions' engagement theme).
- Within this group of 55 companies, a subset of the 15 worst performers will be subject to enhanced engagement with escalation steps, with exclusion as potential consequence.

Exclusions

Robeco's fossil fuel exclusion policy excludes investments – subject to certain revenue thresholds – in thermal coal, Arctic drilling and oil sands. Companies that derive 25% or more of their revenue from thermal coal or oil sands, or 10% or more from Arctic drilling, are barred from Sustainability Inside investment portfolios. For Sustainability Focus and Impact funds the revenue thresholds are stricter.

In 2021, we took an additional step by also excluding companies that still have thermal coal expansion plans: we added 326 companies to our exclusion list. Some cases will be included in our enhanced engagement program, rather than excluded directly. Our enhanced engagement plan is a formal part of our exclusion policy and involves regular meetings with investee companies over a period of time to monitor their progress. These cases are (i) companies where we see a positive outlook to adopt a climate-transition plan and discontinue their plans for a new coal power plant, and (ii) companies that plan to build a coal plant as backward integration. We exclude companies from our investment universe if enhanced engagement does not result in improvement. The exclusions apply to all of our mutual funds, excluding client-specific funds and mandates, but including sub-advised funds.

→ Read about our exclusion policy in the Active ownership section

ENGAGEMENT THEME: CLIMATE ACTION

Climate Action, one of our climate engagement programs, came to an end in 2021. During the three-year program, Robeco engaged with 13 companies in the electric utilities, oil and gas, chemical and industrial sector, located in seven countries. The engagement targeted the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb carbon emissions and strengthen climate-related financial disclosures. Robeco was also co-leading engagements with several companies under the Climate Action 100+ initiative umbrella.

During these three years, we were successful with 50% of the companies. While we positively view the fact that more companies are willing to set ambitious net-zero emissions targets for 2050, the biggest challenge is to translate these targets into clear and feasible transition plans. We remain especially concerned around the hard-to-abate sectors like chemicals, where there is still no clear transition pathway, and where technological innovation still needs to take place.

CASE STUDY: ENEL

Robeco has been engaging with the Italian power utility Enel since 2018 and is leading the collaborative engagement under the Climate Action 100+ initiative with this company. In November 2021, Enel announced its commitment to generate energy only from zero-emission sources by 2040, bringing its zero target forward from 2050. Importantly, Enel also set a long-term target of zero emissions for scope 3 emissions. It means Enel will stop selling natural gas to customers by 2040, which was the main focus of our engagement with Enel through 2021.



SAY ON CLIMATE

In the 2021 AGM season we saw the introduction of management proposals in relation to climate strategies: the Say on Climate. Unilever, Royal Dutch Shell, Total, and Nestlé were some of the first large companies to ask for an explicit shareholder advisory vote on their climate strategies or reporting. We expect that by having a frequent shareholder vote, best practices will evolve in terms of reporting, ambition levels and progress on the mitigation of climate change. Therefore, we have generally supported these proposals as long as they meet a set of criteria. These criteria include whether the company has set a net-zero carbon ambition, and whether it has concrete plans to achieve net-zero including long-term, intermediate and short-term targets.

Climate collaborations

Achieving a net-zero economy implies that global markets price carbon emissions and climate risks into the value of goods, services and assets. To help develop such a conducive environment for net-zero investing, Robeco works in partnership with asset owners, peers, standard setters, policymakers and academics. Some of our collaborations in 2021 included:

- Co-chairing the implementation working group of the Institutional Investor Group on Climate Change's (IIGCC) Paris-Aligned Investment Initiative, where more than 60 investors exchanged ideas and experiences in setting net-zero targets based on guidance from the net-zero investment framework (see [IIGCC](#)).
- Working with the Partnership for Carbon Accounting Financials (PCAF) to develop market standards for green bonds, sovereign bonds and EVIC inflation correction. These standards were launched for public consultation at COP26 and will be finalized in 2022 (see [PCAF](#)).
- Working with the University on Cambridge on clarifying and harmonizing approaches for scoring the global warming potential of investment portfolios (see [University of Cambridge](#)).
- Partnering with the Inevitable Policy Response (IPR), a consortium commissioned by the PRI, to develop a high-conviction forecast on public policy responses to climate change and how that will affect the economy and financial markets up to 2030 (see [IPR](#)).

Beyond carbon

Climate change is a symptom of a broader challenge. The impact of humankind on the biosphere surpasses the carrying capacity of our planet. It is not only the climate, but also other planetary boundaries which are under pressure, such as biodiversity, nitrogen cycles and natural habitats. Conservation and restoration of nature is essential for mitigating climate change.

Nor can we treat climate change separately from social challenges such as inequality. Climate action will only be effective if it is socially supported and if countries and institutions accept their 'fair share'. Historically responsible for the bulk of emissions, industrialized countries must take the lead. But currently, most greenhouse gases are emitted in emerging and developing countries. These countries also suffer most from the impact of climate change. Hence, international cooperation and sustainable economic development are essential to achieving the goals of the Paris Agreement. Climate action must be embedded in the broader SDGs.

BIODIVERSITY

Biodiversity is declining faster than it has at any other time in human history. Global warming is one of the drivers of biodiversity loss, and it increasingly aggravates the negative impact of other drivers, such as land use change, on nature. Biodiversity loss will have a large impact on the ability of companies to produce their output at the current scale of production, for example due to a lack of availability of freshwater, soil depletion, decrease in crop diversity or, ultimately, ecosystem collapse.

The materiality analysis we conducted in 2021, using data from the ENCORE tool developed by the UN Environment Programme Finance Initiative (UNEP FI), showed that around one-quarter of Robeco's assets under management is in sectors that are highly dependent on at least one ecosystem service. In line with the exposure of other financial industry participants, we found that around 29% of Robeco's investments is in sectors that have potentially high impacts on key drivers of biodiversity loss, led by use of land and freshwater, followed by climate change, pollution and direct disturbances. This finding shows that biodiversity is a material topic for investors and that action is needed across the financial industry to ensure that our investments contribute to achieving the targets of the global biodiversity framework of the United Nations Convention on Biological Diversity. For this reason, Robeco's sustainable investing strategy, launched in 2021, includes an increased focus on biodiversity.

ENGAGEMENT THEME: BIODIVERSITY

Robeco started a three-year engagement theme on biodiversity in 2020, which focuses on the impact of deforestation. This in turn is linked to five high-risk crop commodities: cocoa, natural rubber, soy, beef, and tropical timber. The engagement centers around five issues: promoting better environmental management, fauna and flora restoration and conservation, adopting circular economy principles within companies' production lines, disclosures of product certifications and traceability, and the social aspect of the production of these commodities.

CASE STUDY

Robeco filed a shareholder resolution for the 2021 shareholder meeting of ADM, an American multinational food processing and commodities trading corporation, asking the company to step up its efforts to eliminate deforestation in its soy supply chain. After several engagements with ADM, the company agreed to most of our key asks. ADM published a revised no-deforestation policy, committing to eliminate deforestation from all its supply chains by 2030. As our criteria were met, we withdrew the proposal from the ballot of the 2021 shareholder meeting.



Biodiversity Taskforce

In 2020, we established our Biodiversity Taskforce, which is responsible for developing Robeco's biodiversity policy and targets, and our approach to integrating biodiversity metrics in the investment processes. The Taskforce is chaired by Robeco's Climate Strategist and members include representatives of the Equities, Credits, Quant, SI research and Active Ownership teams. In 2021, the taskforce established our biodiversity roadmap and executed a materiality assessment.

Active ownership

We believe in actively engaging with investee companies on biodiversity; it is the focus of one of our engagement themes (see previous page). We also continued our sovereign engagements. The Investor Policy Dialogue on Deforestation, of which Robeco is an active member, continues to engage with the Brazilian government. In 2021, we have also taken the next steps in our engagement with the Indonesian government, talking to governmental and non-governmental stakeholders to address deforestation.

ENHANCED ENGAGEMENT: PALM OIL

As part of our enhanced engagement program, we have been engaging with several palm oil producers since 2019. Along with an increasing demand for palm oil, production volumes have surged over the past decades. While it is an important crop, the growth of palm oil production faces significant environmental and social issues that can potentially undermine the industry's growth model and license to operate: deforestation, pollution, the destruction of critical habitat, biodiversity loss, and severe human rights and labor rights violations.

Robeco aims to actively contribute to the establishment of a sustainable palm oil industry. Our approach aligns with the work of the Roundtable on Sustainable Palm Oil (RSPO), of which we are a member, and focuses on encouraging companies to meet

our minimum certification threshold of having at least 20% of their plantations RSPO-certified. It further encourages them to make progress towards achieving plantations that are 50% RSPO-certified by the end of 2021. After concluding our three year enhanced engagement program, we have renewed our commitment and have increased the threshold for sustainable palm oil companies, to be met by December 2024.

RESULT: Out of the six companies we have been engaging with, two companies have met our threshold to be included in our SI Focus and Impact strategies, two companies showed sufficient positive progress to remain eligible for investment by our SI Inside strategies and two companies were closed unsuccessfully and added to our exclusion list.





Collaboration

Robeco collaborates with different stakeholders, such as universities and NGOs, to develop new knowledge and methods on how to best approach the topic of biodiversity from an investor perspective. An example of our collaborative academic work is the Handbook for Nature-related Financial Risks (see [Handbook for Nature-related Financial Risks](#)), developed in partnership with the Cambridge Institute for Sustainable Leadership.

We worked together with WWF Netherlands on developing a biodiversity partnership, launched in 2022. With this partnership, we will combine our areas of expertise to highlight the urgency of protecting and restoring biodiversity, build and implement knowledge and show and share good examples to inspire other stakeholders in the financial sector to take action. WWF-NL is committed to protecting wildlife and biodiversity, and views finance as a key lever to influence sustainable outcomes. The first result of the partnership was the development of a biodiversity roadmap for Robeco that has been published in January 2022.

In 2021, we also continued to work with other parties in the financial sector:

- Robeco was one of 26 founding signatories of the Finance for Biodiversity Pledge in 2020, calling for and committing to taking ambitious action on biodiversity.
- We are a founding partner of the Partnership Biodiversity Accounting Financials (PBAF), coordinating efforts on research, portfolio footprint methodology and fund development on biodiversity. In 2021, this committee delivered a materiality analysis of biodiversity and its members contributed to various research projects of the Cambridge Institute for Sustainable Leadership.
- Robeco supported the informal working group of the Taskforce for Nature-related Financial Disclosure, which is preparing the launch of a standard for corporate and investor reporting on biodiversity in 2023.
- We are a member of the Working Group on Biodiversity, hosted by De Nederlandsche Bank (DNB). Robeco is a member of the asset manager working group that identified the topics for the PBAF standard that will be further developed in 2022.
- Robeco's Active Ownership Team has been working with other institutional investors to establish a governance structure for a global collaborative engagement program on biodiversity and natural capital under the banner of Nature Action 100.
- Robeco signed the Deforestation Commitment, launched at the COP26 in Glasgow, together with other institutional investors representing around USD 5 trillion, committing all signatories to strive to eliminate agricultural commodity-driven deforestation from our investments by 2025.

HUMAN RIGHTS



The Covid-19 pandemic has reminded our industry that the 'S' in ESG is there for a reason. The impact that the pandemic has had on workers has called for an increased focus on resilient supply chains and respect for labor rights. Also, the EU SFDR and the requirement to publish adverse impact indicators has added an extra dimension to the pursuit of protecting human rights.

While preparing this report, Russia invaded Ukraine in February 2022. We are of course deeply saddened by the situation in Ukraine. Unfortunately, we have seen an increase in conflict-affected areas in the past years, with the 2021 coup in Myanmar as another example. We recognize that conflict-affected areas pose challenges to companies to continuously act responsibly and safeguard human rights. The situation in Ukraine triggers us to conduct enhanced human rights due diligence of our portfolio companies to identify and assess those with direct and/or value chain exposure to individuals or entities that may be causing, contributing to, or directly linked to human rights harms. This is in line with our ESG Country framework and the human rights framework we developed internally in 2021 that focuses specifically on conflict-affected areas.

→ [Read the Robeco statement on Ukraine, issued in March 2022, for further details on the investment measures we have taken, and visit the Robeco website for the latest updates](#)

Guiding principles

The UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises underpin Robeco's human rights activities in our investments and active ownership. We embrace the responsibility that institutional investors, as business actors, have to respect human rights in line with the UN Guiding Principles on Business in Human Rights. Input from our data providers, including the S&P Corporate Sustainability Assessment (CSA), and in-house research points us towards the most salient human rights issues (risks to people) and material risks in our portfolio. We actively engage our investee companies on their implementation of the UN Guiding Principles.

Active ownership

Robeco's Sustainable Investing strategy, launched in 2021, includes an increased focus on human rights and social issues. We believe that a large impact can be made on advancing human rights by actively engaging investee companies on human rights. In 2021, we started three new engagement themes focused on human rights and labor rights, which will continue over a period of three years:

1 Engagement on human rights due diligence for conflict-affected and high-risk areas

We engage with companies with business partners based in conflict-affected or high-risk areas, including Myanmar, Israel/Palestine and Xinjiang in China. In this engagement program we particularly look for human rights impacts that occur along the value chain where protections are limited due to conflicts. It is crucial for companies to conduct thorough due diligence when they work in or source from such high-risk environments.

2 Engagement on protecting labor rights in a post-Covid world

This engagement program focuses on protecting workers' rights and upholding appropriate labor practices in labor-intensive sectors. We target sectors that have experienced a large disruption in their operations due to the pandemic, putting the working conditions of their employees at stake. The pandemic emphasized the vulnerability and precarious employment status of some workers, exposing a lack of adequate safeguards to protect workers and enforce their labor rights in times of hardship.

3 The social impact of gaming

Gaming is increasingly part of everyday life for more and more people. In 2020, nearly 40% of the global population was reported to play video games. Time spent on gaming grew by nearly 40% during Covid-19, and is predicted to stay 21% above pre-crisis levels in the future. Our engagement program focuses on the social impacts of gaming for companies operating in the video game industry. We expect companies to take appropriate action with regard to the impacts associated with their products, to communicate and collaborate with stakeholders on these, and to ensure proper diversity and healthy working conditions for their workforce.

ENGAGEMENT THEME: LIVING WAGE IN THE GARMENT INDUSTRY

From 2018 to 2021, Robeco engaged with nine companies, ranging from fast fashion retailers to luxury brands, to advance the payment of living wages in the global supply chain of the apparel industry. We carried out this engagement through the Platform Living Wage Financials, a coalition of 18 financial institutions using their influence to engage with their investee companies on this topic. Our engagement focused on how companies uphold the payment of living wages across their strategy, how this is supported by responsible purchasing practices and industry collaborations, and whether remedy is provided when incidents are identified.

We successfully closed engagements with five out of nine companies. The remaining dialogues were closed ineffectively primarily due to the lack of appropriate corporate commitments on the payment of living wages, poor transparency regarding supply chain management and limited evidence on how companies engaged on multi-stakeholder initiatives to create a level-playing field to advance the payment of living wages.

Brands are laying out more comprehensive strategies on labor practices across their supply chains, however, there is still limited evidence of living wages being paid in sourcing countries. Over time, most of the companies under engagement have adopted references to living wages across their policies but few have a strategy on how to accelerate the payment of living wages in their supply chain.

CASE STUDY

Sports apparel brand Adidas has integrated living wages into its purchasing practices, by using a standard minute value costing system, enabling them to monitor wages paid by suppliers and the material, labor, and overhead costs necessary to produce Adidas' products. We encouraged the company to disclose how it engages with its suppliers to improve social dialogue. Adidas has a best in class human rights grievance channel, accessible to stakeholders across the supply chain, and has set a precedent in the industry.



Enhanced engagement and exclusions

In addition to these engagement themes related to human rights and social issues, we also focus on companies that systematically and severely breach the UNGC principles and/or OECD Guidelines for Multinational Enterprises in our enhanced engagement program. Exclusion is available as a final sanction for any company that fails to improve.

→ *Refer to the text on active ownership and enhanced engagement*

A similar screening process is conducted by the biannual Country Sustainability Ranking to identify countries with significant human rights problems when deciding whether to buy their sovereign bonds. They too can be excluded, particularly if the country is subject to UN or EU sanctions.

Collaboration

We act together with others to further the work on responsible investment and human rights:

- In 2021, Robeco joined the Advisory Committee of the PRI's new Human Rights Stewardship initiative, that aims to maximize investor contributions towards business respect for human rights and investor efforts to address social challenges through collaborative engagement (see [PRI](#));
- We are a member and part of the Advisory Council of the Investor Alliance for Human Rights, a collective action platform for responsible investment that is grounded in respect for people's fundamental rights and is actively supported with expertise from civil society (see [Investor Alliance for Human Rights](#));
- We are an active member of the IMVB covenant in the Netherlands, a collaboration on responsible investment between the Dutch government, NGOs, companies, trade unions and pension funds, on behalf of our clients. In this covenant, we jointly engage on human rights issues and labor rights (see [IMVB Covenant – in Dutch](#));
- Robeco has co-signed an investor statement on Human Rights and Business Activities in Myanmar, which calls for companies across all sectors with links to Myanmar, to immediately map their business activities, relationships, and investments in order to assess any human rights risks in their value chain. By the end of 2021, 77 asset managers with a collective USD 4 trillion signed the investor statement.



CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, all United Nations member states adopted 17 Sustainable Development Goals (SDGs) – a shared plan for promoting sustainable economic growth, advancing social inclusion and safeguarding the natural environment. From the start, it has been clear that attaining these goals will require the mobilization of public and private financing. Investors thus play a key role in terms of the SDG agenda. Robeco has supported the SDGs from the outset: in 2018, we launched one of the first funds targeting the goals; and we were one of the first asset managers to develop a framework focused on measuring SDG impact for investment portfolios.

SDGs as a blueprint for sustainable investing strategies

In 2021, the SDGs continued to be an important blueprint for Robeco's sustainable investing strategies. We are committed to contributing to achieving the SDGs by channelling finance towards companies that offer solutions to the goals, and away from those firms that have negative impacts.

SDGs are a key focus in our active ownership activities. However, integrating the SDGs into our investment strategies is no easy feat. There are no set methodologies that define which companies are good for the goals – and therefore should receive more investment – and which are bad and should be avoided.

Robeco's SDG Framework – a three step process

STEP 1

PRODUCTS

What do companies produce?



Positive contribution examples:
Medicine, water, healthcare

Negative contribution examples:
Shale gas, fast food, gambling

STEP 2

PROCEDURE

How do companies produce?



Governance factors
Pattern of questionable conduct?
Differentiate between firms with highest SDG impact

STEP 3

CONTROVERSIES

Are controversies known?



Examples of controversies:
Spills, Bribery and fraud, Mis-selling

Back in 2017, we started developing our own SDG Framework. It includes a three-step process to define to what extent a company has a positive or negative impact on the goals. The analysis results in an SDG score that ranges from +3 (highly positive) to -3 (highly negative). Once the overall score is known, we can include the best companies in our investment process.

SDG investment strategies and engagement

We use the information from the SDG Framework as the main ingredient for our range of SDG strategies in credits and equities. We also continuously improve our SDG fund offering. Since the launch of the first SDG

credits fund in 2018, we have added funds investing in equities, high yield bonds, credit income, and in 2021, an SDG Engagement Equities fund.

The SDG framework is also used as a reference for our engagement work. We use the three-step approach and SDG scores to identify how engagement with individual companies can produce impact on a particular SDG. What companies produce and how they produce (steps 1 and 2) are the most relevant factors integrated into our value engagement process and engagement themes. Controversies (step 3) are addressed in our enhanced engagement program.

→ [Read the SFDR section on how we use the SDG framework for the classification of our funds, as required under the SFDR](#)

KPI assessments are summed to determine a final SDG score



| Assessment | Impact | SDG Score |
|------------|--------|-----------|
| Positive | High | +3 |
| | Medium | +2 |
| | Low | +1 |
| Neutral | | 0 |
| | Low | -1 |
| | Medium | -2 |
| Negative | High | -3 |

SDG Framework developments

In 2021, we further developed our SDG Framework in three important areas:

- Internal expert review:** All key performance indicators of the SDG Framework were reviewed by Robeco's sustainability, credits and equity analysts. During this project, sector experts assessed whether the framework's metrics are still adequate indicators of sustainability impact for the companies operating within their sector, and whether the related thresholds assign the right scores. Proposals for revisions were submitted to Robeco's SDG Committee, who then decided whether to adopt or revise the proposed changes. This added to the granularity of the framework, ensured that the framework is up-to-date, and improved precision of the SDG scores. Our SDG Framework now incorporates more than 190 KPIs.

ENGAGEMENT THEME: SDGS

In 2021, we started a dedicated SDGs engagement program as part of the launch of RobecoSAM Global SDG Engagement Equities, an actively managed fund that invests globally in companies, with the objective to improve the investee companies' contributions to the SDGs through active engagement. We engage with every company in the portfolio to drive a clear and measurable improvement in a company's SDG contribution over three to five years of engagement. We address to what extent companies' products and services make a clear contribution to address sustainable development challenges and whether companies develop new business models and expand their businesses into underserved markets, countries or regions. Companies in scope for this engagement program are assessed with an SDG score ranging between -1, neutral and +1, and have the potential to improve their corporate contribution to deliver the SDGs.



2. Expansion of the universe: In 2020 we analyzed around 1,000 companies on their SDG impacts through fundamental research. In 2021, we expanded our fundamental coverage to more than 1,400 companies and began a comprehensive research project that applies the SDG Framework in an automated way. By using Robeco intellectual property on interactions between economic activities and SDGs, pulling data from many different sources, conducting natural language programming analysis and using our sector research, we managed to further expand our coverage of SDG scores. This is important, since the ability to assign an SDG score to all companies in our investment universe allows us to integrate these goals into many different investment strategies, including quant and indices.

3. External SDG Advisory Board: An important initiative in 2021 was to create an independent external SDG advisory board. This new board consists of three academics: Professor Kees Koedijk of Utrecht University; Cary Kroinsky of Yale University and Brown University, and Professor Rob van Tulder of Rotterdam School of Management, Erasmus University. Together, they are responsible for reviewing our approach to the SDGs and suggesting future improvements. We plan to meet three times a year, the first meeting took place in September 2021.

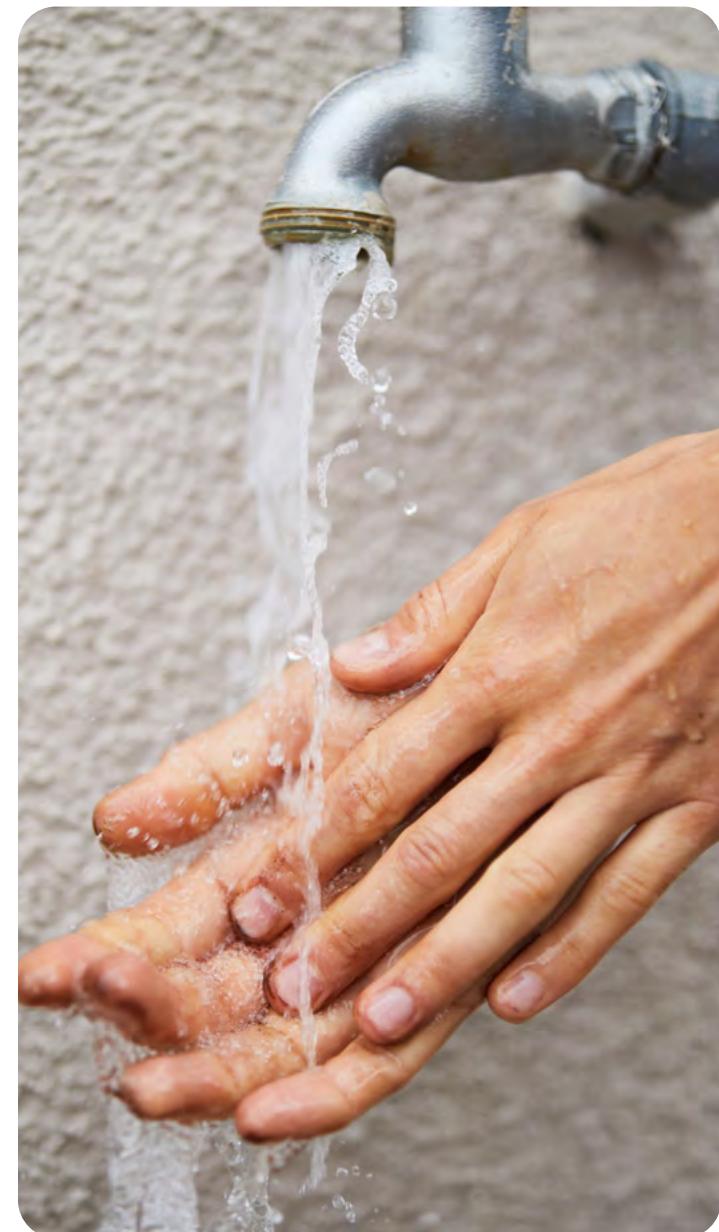
Reporting and measuring real world impact

For many funds we now report the percentage of assets that have been assigned a particular SDG score. This shows clients to what extent their investments have negative, neutral, or positive impacts towards achieving the goals, and also how strong that impact was.

In order to take this further, we want to know the impact that companies have on the real world. There is no ready-to-go impact data available in the market that meets our needs, so we created our own key impact indicator framework. Linked to the SDGs and their sub-targets and indicators, we measure how companies' products and services help advance the goals. We have started using this framework to create an impact report for our Global SDG credit and equity strategies. It also links to the impact reporting that is in place for our thematic funds.

Thought leadership

We recognize that true change will only happen when many more investors integrate the SDGs into their strategies. In 2021, we therefore made a significant effort to advance the SDGs through our thought leadership. We created an accredited educational module for investment professionals, entitled the Essentials of the SDGs, which is also promoted among staff. We also published several research papers.



ILLUSTRATING OUR SDG IMPACT INDICATOR FRAMEWORK

To illustrate our framework, we apply it to RobecoSAM Global SDG Credits. The strategy invests in credit issued by companies globally that have a neutral or positive impact on the SDGs. The impact of each individual issuer is aggregated at portfolio level and expressed in terms of an investment of EUR 100 million into the strategy.

For the sake of clarity, we highlight that:

- We use the term 'impact measurement' in a broad sense and inclusively to indicate our efforts in identifying the contributions that companies make to the SDGs. These contributions could be in the form of company outputs or societal outcomes.
- While the reported impact metrics relate to the impact of the issuer's products, they do not reflect the environmental footprint of the production process. We report companies' environmental footprint separately.
- We only measure the impact of companies with a positive SDG score. In the case of RobecoSAM Global SDG Credits, these accounted for 81% of the portfolio market value as of 30 June 2021. Not all companies with a positive SDG score report on their impact, though, and the impact reporting of other companies is not always fully compatible with our framework. These companies are excluded from the analysis. As a result, the metrics reported cover 77 of the portfolio holdings, representing 55% of its market value as at 30 June 2021.
- There are cases where companies provide relevant information on their impact, but where additional calculations are required to turn this data into informative metrics. Therefore, the impact reported contains estimates and margins of error. In addition, as some companies in the portfolio may be working towards the same outcome (e.g. both treated the same patient in the reporting year), all individual company impacts are aggregated, so the metrics reported may include double counting.

- The investment in the strategy has no causal relation with the impact metrics. For example, increasing the portfolio exposure to a specific issuer does not imply that the issuer will increase its positive impact.

In one year, EUR 100 million invested in the RobecoSAM Global SDG Credits strategy is associated with:

SDG 1 NO POVERTY

Reaching **~ 250 people** with microfinance (1.4.1)

SDG 2 ZERO HUNGER

Providing **~ 4** agricultural machines (2.3.1)

Providing **~ 5 people** with a healthy diet (2.1.1)

SDG 3 GOOD HEALTH AND WELL-BEING

Treating **~ 4,000 patients** (3.8.1)

Providing **~ 10,000 people** with health insurance coverage (3.8.1)

SDG 4 QUALITY EDUCATION

Supporting **~ 13 students** (4.2.2 / 4.3.1)

SDG 6 CLEAN WATER AND SANITATION

Distributing **~ 100,000 m³** of drinking water to **~ 1,150 people** (6.1.1)

Treating **~ 65,000 m³** of wastewater (6.3.1)

Providing **~ 2,300 people** with hygiene products (6.2.1)

SDG 7 AFFORDABLE AND CLEAN ENERGY

Installing **~ 5 MW** of renewable energy capacity (7.2.1)

SDG 8 DECENT WORK AND ECONOMIC GROWTH

Extending **~ 3 million EUR** of financing to SMEs (8.3)

SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Providing **~ 8,300 tonnes** of industrial inputs (9.1)

Providing **~ 25** construction machines (9.1)

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES

Issuing **~ 165,000 EUR** mortgage financing for low- and middle-income people and/or first homes (11.1)

Providing **~ 20** alternative drive vehicles (11.2)

Constructing **~ 20** residential homes (11.1)

SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Recycling **~ 230 tonnes** of municipal waste (12.5)

SDG 13 CLIMATE ACTION

Providing **~ 10 clients** with natural catastrophe insurance (13.1)

SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Providing **~ 15 people** with access to online and physical security services (16.10)

Providing **~ 27,000 people** with access to information and/or telecommunication services (16.10)

Sustainability in our business operations



OUR PEOPLE

We believe we should live up to the same standards to which we hold others. Robeco aims to 'walk the talk' by integrating sustainability in its own business operations. No significant changes to the organization's size, structure, ownership or supply chain occurred in 2021.

Our success depends almost entirely on the performance of our employees: they are our most valuable asset. Their knowledge, skills, experience, commitment and engagement are key elements in all that we do at Robeco. That is why we are committed to fostering a diverse, equitable and inclusive workplace that attracts and retains talent. Through ongoing employee development, market-aligned compensation and benefits, and a focus on health and safety and well-being, we help our employees thrive and succeed in life and business.

Number of Employees, Hires and Turnover (%)

| | 2021 | 2020 | 2019 |
|---------------------------------|------|------|------|
| Number of Employees | | | |
| Headcount ¹ | 961 | 921 | 977 |
| FTE | 927 | 882 | 947 |
| Hires (Headcount) | | | |
| Total | 130 | 94 | 124 |
| Male | 69 | 64 | 66 |
| Female | 61 | 30 | 58 |
| Turnover (%)¹ | | | |
| | 7% | 15% | 13% |

1. The following has been added and/or changed compared to the 2020 Sustainability Report:
 - we included total headcount in addition to total FTE for reasons of readability and comparability, as headcount is used in the other tables and charts provided; hires include employees on temporary contracts, as these are considered employees and have therefore been added to the figures. For comparability purposes, data from previous years has been adjusted to also include employees on a temporarily contract.
 - 2021 turnover only includes voluntary leavers; previous years include both voluntary and involuntary leavers. We changed our approach as voluntary turnover is a more meaningful figure to understand employee retention. Note that previous years have not been adjusted due to data unavailability.

Headcount by Region

| | Headcount | % |
|--------------------|------------|-----|
| Total | 961 | |
| Asia | 91 | 9% |
| Europe | 854 | 89% |
| USA | 16 | 2% |
| Permanent | 901 | |
| Asia | 89 | 10% |
| Europe | 797 | 88% |
| USA | 15 | 2% |
| Temporarily | 60 | |
| Asia | 2 | 3% |
| Europe | 57 | 95% |
| USA | 1 | 2% |

Some activities are performed by workers who are not employed by Robeco. The number of this contingent workforce fluctuates, but in 2021 this included around 500 people in the Netherlands. Most worked for Robeco Retail (supporting outreach to clients), and our IT department.

The pandemic, vitality and work-life balance

The Covid-19 pandemic continued to have an impact on society around the world. As in 2020, we made the health and safety of our employees our first priority in 2021. During the pandemic we realized that we can continue to run our business working remotely using our homes as our office. Our people are equipped to work remotely and mostly appreciate the autonomy they have to decide on when and where to accomplish their work. Still, connectedness is essential in our business.

In 2021, we developed our New Way of Working guidelines, that provide guidance on flexible working during and after the pandemic, to be rolled out in 2022. Our policies, leadership style and IT need to foster an environment in which when and where to work is defined by the nature of the work as well as individual preferences of our employees and clients. Our office will become a place where employees focus on connecting, engaging and being energized by working together. This way of working will support vitality and work-life balance, and it will also help us to reduce our overall travel and improve our CO2 footprint as a company.

Performance management cycle

Our Performance management cycle, supported by our learning and development programs, offers our people the opportunity to continuously grow and develop their capabilities and skills. The year-end appraisal meeting, required for all employees, is not only a moment to assess performance against the goals agreed at the start of the year, but also an opportunity to enhance motivation, commitment and growth potential by recognizing an individual's strengths and development areas.

As part of the 'walk the talk' pillar in our Sustainable Investing strategy, we work to ensure that every employee is equipped to pursue the company's sustainability objectives. In 2021, employees were encouraged to have at least one KPI relating to sustainability in their annual appraisals.

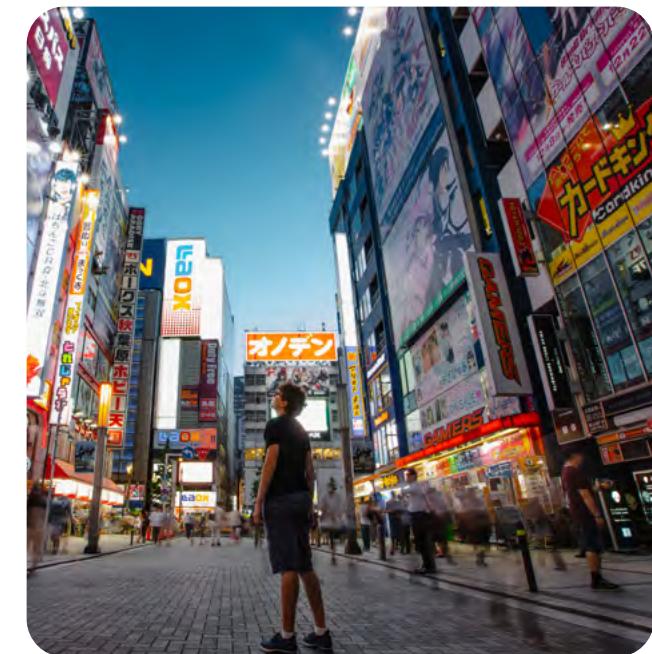
→ [Read about our sustainable investing strategy and the 'walk the talk' pillar](#)

Remuneration

As part of our reward vision, a well thought-out, balanced and sustainable remuneration policy is vital in order to attract, retain and motivate people. We reward our people in a way that encourages them to act in the best interests of our clients and avoid taking unnecessary risks. The policy enables us to differentiate pay for our people in line with performance and to reward excellence; it also discourages undesirable conduct.

Total remuneration for people in same job or level and with the same experience in the same country should result in equal pay. Our remuneration policy does not discriminate on the basis of gender. In 2021, we defined a methodology to measure this pursuit of pay equity so that it is possible to perform analyses. The Human Resources (HR) team reviews the pay equity data on an annual basis and advises the Diversity, Equal Opportunities and Inclusion Committee on potential issues and actions to be taken. To provide insights into equal opportunity, HR reports to the Committee on male and female promotions per level and per annum as well as male and female turnover data.

Our remuneration policy and its implementation is audited internally each year. Remuneration levels for all employees are compared annually with external benchmark data to ensure that we pay our employees in line with the market, to enable us to retain and attract talent. Any relevant changes made by regulators are reflected in our remuneration policies and



guidelines. An independent external party reviews our policy on an annual basis to ensure full compliance with EU and local regulations and legislation. Collective bargaining agreements are only applicable to employees in France, Spain and Italy, which cover approximately 3% of our total workforce.

Each individual employee's 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. The total available variable remuneration pool is determined as a certain percentage of operational profit. Each employee's variable remuneration is awarded according to their behavior, their individual and team performance and the success of the company, and is assessed on the basis of pre-agreed business objectives.

Remuneration figures

| | FTE ¹ | Headcount ² | Fixed remuneration in EUR million | Variable remuneration ² in EUR million | Total in EUR million |
|--|------------------|------------------------|-----------------------------------|---|----------------------|
| Current and former statutory directors | 3 | 3 | 1.9 | 4.1 | 6.0 |

Women-to-men remuneration ratio³

| | Fixed remuneration ratio | Total remuneration ratio |
|--|--------------------------|--------------------------|
| Women-to-men remuneration ratio Senior Professionals + Executive Committee | 1.01 | 0.98 |
| Women-to-men remuneration ratio Professionals | 0.99 | 0.95 |

1. Situation as per 31 December 2021.

2. Based on awarded amounts. A part of the variable remuneration is deferred, including a partial conversion into 'Robeco Cash Appreciation Rights' (R-CARs) instruments. Robeco has certain risk control measures on remuneration including clawback arrangements.

For more details, please refer to the Annual Report 2021 for Robeco Institutional Asset Management B.V.

3. The calculation of the 2021 women-to-men ratio changed compared to the 2020 Sustainability Report:

- The 2021 table reflects the new global job level framework introduced in 2021, which includes the categories of professionals, senior professionals and the executive committee (ExCo).
- The 2021 ratio is calculated by taking the weighted average remuneration by job level (including headcount) and then summarized for the categories of (i) professionals, and (ii) senior professionals together with the ExCo. While the calculation method is not in line with the respective GRI standard (405), we believe that our calculation provides a more accurate picture of the women-to-men pay ratio.
- The women-to-men ratio figures in the 2020 Sustainability Report included employees based in the Netherlands only and was based on applicable salary ranges (the 2021 table includes all employees globally).
- The change in employee category is to align with the categorization as used for our gender diversity targets.

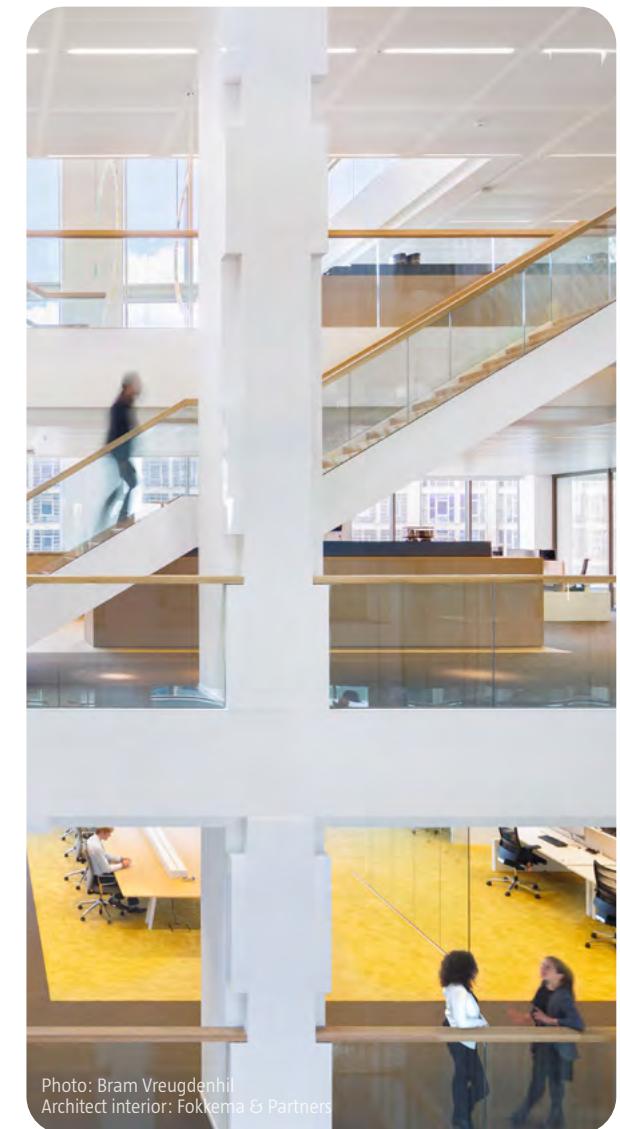


Photo: Bram Vreugdenhil
Architect interior: Fokkema & Partners

Employee engagement

Our annual online survey measures overall engagement and satisfaction among our people. This year we introduced questions regarding the strategic culture elements in the survey: leadership, diversity, equal opportunities and inclusion, sustainability, compliance and integration. In 2021, the response rate was 87%, up from 81% last year. Each year, all teams discuss the results and draw up action plans to address areas for improvement. In addition, all managers discuss their conclusions and their action plans with their respective representative on our Executive Committee, which serves to embed the survey in our annual performance management cycle.

Diversity, equal opportunities and inclusion

We strive to create a workplace that reflects our diverse communities, and where everyone feels seen, heard, valued, and empowered to succeed - regardless of gender, race, ethnicity, religion, disability, family responsibility, sexual orientation, social origin, age or experience. Having diversity, equal opportunities and inclusion embedded as core values in our organization is critical to our strength as an asset manager and our ability to deliver quality returns for our clients. Our continued leadership in the field of sustainable investing is dependent on our ability to further promote these core values within Robeco.

Employee engagement survey

| | 2021 | 2020* | 2019 | 2018 |
|-----------------------------|------|-------|------|------|
| General engagement | 7.6 | 7.6 | 7.4 | 7.5 |
| Number of respondents | 818 | 658 | 846 | 826 |
| % of total surveys sent out | 88.0 | 81.3 | 87.4 | 85.3 |

* = Robeco Switzerland not included

We believe, in order for it to be effective, a policy of promoting diversity, equal opportunities and inclusion needs to be driven from a strategic level. Therefore, these core values are determined by the firm's leaders, affirmed by managers, enhanced by employees, and guided by Robeco's Diversity, Equal opportunities & Inclusion Committee (DE&I Committee). This committee was established in 2021 and is responsible for developing and evolving our overall strategy and policy for diversity and inclusion, working with colleagues worldwide to establish and balance appropriate priorities, and to facilitate the various diversity initiatives around Robeco. The DE&I Committee includes members from the Executive Committee and is chaired by the (interim) Chief Human Resources Officer.

OUR GENDER DIVERSITY TARGETS

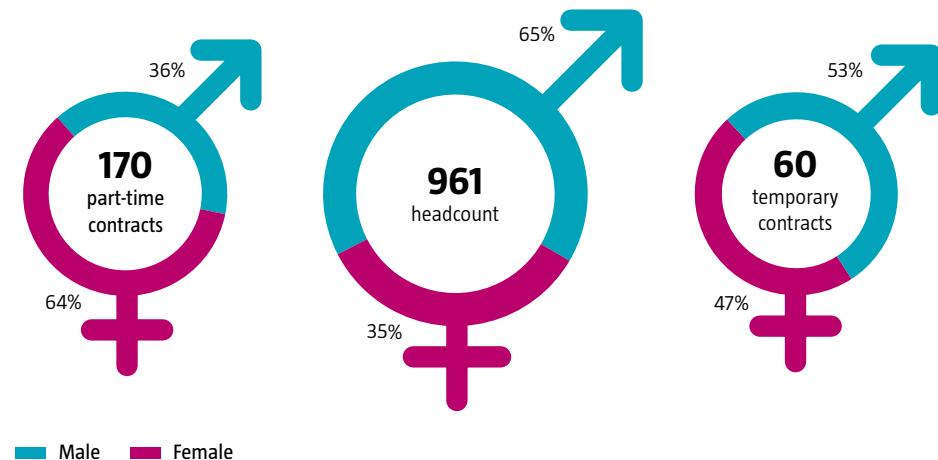
Our long-term ambition is to have a 50% gender balance in Robeco because we want to reflect the diversity of the world in which we work. We strive for gender pay equity at all levels in the organization. We realize that we need to set clear and ambitious global targets, supported by actions, to ensure we move in the right direction and achieve our long-term ambition. In 2021, we have therefore set the following gender diversity targets, to be included in KPIs from 2022 onwards:

- Executive Committee: 30% gender diversity
- Senior professional and managerial level: 30% gender diversity
- Professional level: 50% gender diversity

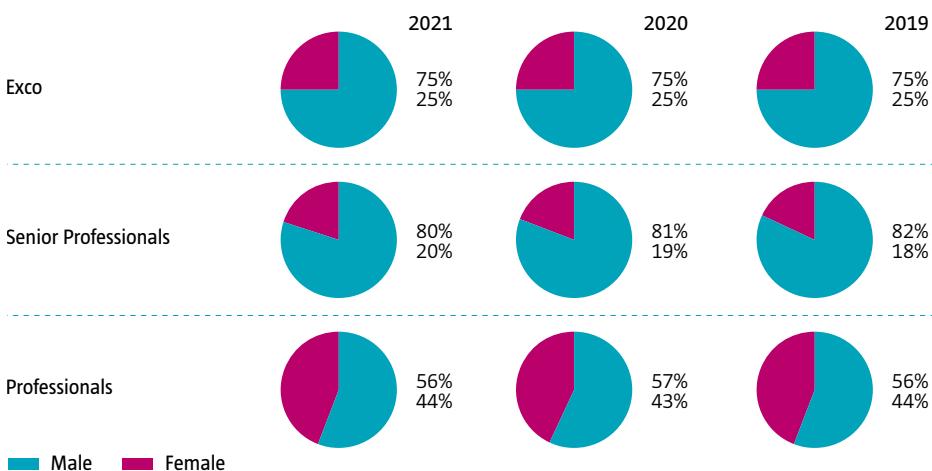
We strive for a broad diversity, in multiple ways, but we only set specific global targets for gender diversity as we can measure it and make it visible. It does not exclude other relevant goals at lower and local level for other types of diversity. We believe that setting up targets for one minority creates the right ground to achieve diversity, equal opportunities and inclusion for other minorities.



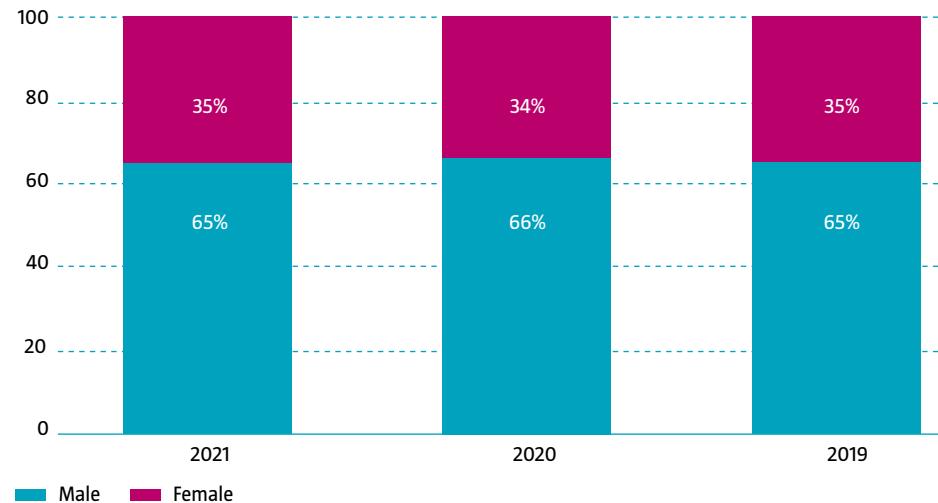
Gender distribution in general, by type of contract and by working time



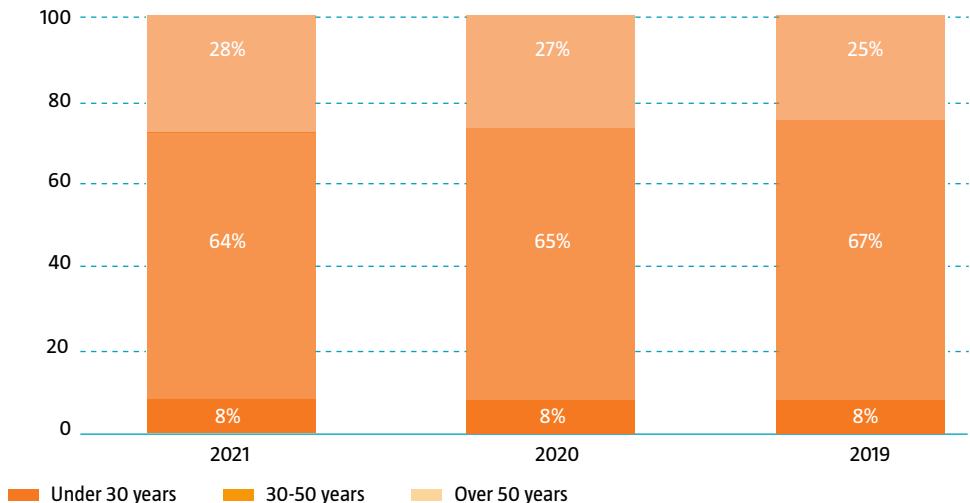
Gender distribution per employment category



Gender distribution per reporting year



Age distribution



We have changed the employee categories we report on to align with our gender diversity targets. The gender distribution data show that we still have some way to go to meet the long-term gender diversity targets that we have set in 2021. Therefore, we will further develop and implement actions in pursuit of meeting these targets.

With 44 different nationalities in 2021, Robeco is committed to building and retaining a global diverse workforce, to ensure a wide variety of viewpoints and perspectives across the company. 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. Robeco runs a fair and transparent recruitment process that seeks to find the best talent all over the world, regardless of ethnic or national background and within the widest talent pool. 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 three reports of discrimination in 2021; two cases have been settled in 2021, and one case is pending with a grievance process taking place.

To ensure that every employee feels welcomed, included and supported in our organization, we actively promote employee support groups for minority groups. The support groups provide a safe environment for members to constructively challenge and provide ideas and insights to the DE&I Committee and management. A number of groups were set up in 2021, including PRISMA and Ro-Next. PRISMA advocates a work

environment that respects, welcomes, and supports lesbian, gay, bisexual and transgender professionals, and enables them to perform to their fullest potential and contribute to Robeco's greater goals. Ro-Next is an initiative by young professionals for young professionals, creating a platform to connect, share and learn from each other.

→ [Visit our webpage on diversity, equal opportunities and inclusion](#)

Learning and development

Our employees are our most valuable assets. Developing our people is key to accelerating growth. Learning and development is an on-the-job process that takes place in conjunction with colleagues, a manager, coach and/or mentor. Employees, together with their managers, set their annual goals as part of the performance management cycle. Courses and materials are available both for managers and employees to facilitate a good conversation.

In 2021, we launched our internal Sustainability Investing Academy (SI Academy), in support of our sustainable investing strategy and ambition to 'walk the talk'. The SI Academy provides online courses on sustainable investing and enables each Robeco employee to be a sustainable investing ambassador. Courses are provided at three levels: essentials, advanced and expert. In 2021, 331 employees successfully finished essentials courses, while 186 passed the advanced courses and 8 passed expert courses. In 2021 we developed a new essentials course on climate, to be launched in 2022. Robeco employees can include SI Academy courses as their sustainability KPI in their annual appraisals.

→ [Robeco's SI essentials courses are also available for clients and the public at Robeco.com](#)

LinkedIn Learning became a new provider in 2021. In total, 284 employees used this platform in 2021, which is a significant increase compared to 2020, when we had another external provider. In total, 393 hours of content were viewed and 292 LinkedIn Learning courses were completed in 2021. Top courses focused on annual review preparation, building resilience, defining professional goals, but also on skills like Azure development, Python and Excel.

We extended our mentor program to include reverse and peer mentoring. Reverse mentoring flips the traditional model around, with the mentor being less senior or less experienced than the mentee. The aim is to help more experienced colleagues gain insight into the drivers and motivation of our younger workforce. Peer mentoring pairs colleagues at the same career stage, but from different teams or domains. These formats can also be used to gain insight into and understanding of someone of a different gender or cultural background. In 2021, 41 employees were coached by an internal or external coach, and 30 were mentored by a colleague.

Other learning and development activities included our 'connect and learn' program, featuring lectures from academic experts which on average attracted 132 participants per session, and the educational sessions focused on the wellbeing of our employees while working under Covid-19 restrictions.

BUSINESS ETHICS

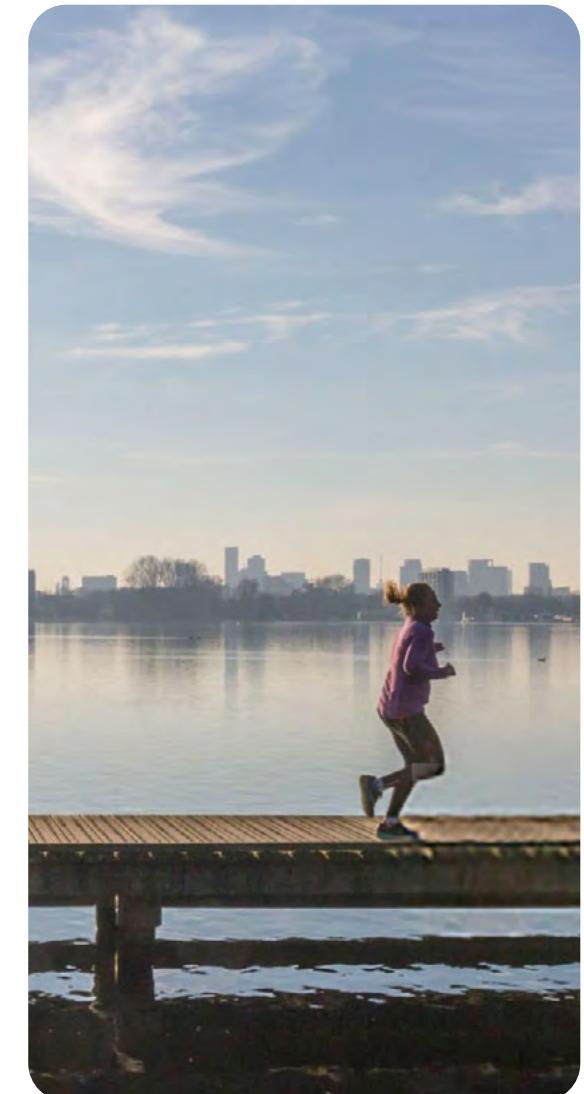
Robeco's employees¹ are required to follow the code of conduct² and to comply with applicable laws and regulations at all times. Our code of conduct explains the behavior expected from employees and provides guidance on dealing with dilemmas. Each employee must affirm every year that they have read and understood the code of conduct, and that they act with integrity and apply the standards expected of them. New employees, including temporary and seconded employees and other employees working on a contract basis, receive training as part of the onboarding program.

→ [Read Robeco's code of conduct \(available in English, Robeco's working language\)](#)

The code of conduct refers to the policies and processes we have in place for business ethics and compliance topics, including conflicts of interest, the prevention of money laundering and the prevention of financing terrorism. We aim to ensure that all clients are treated in a fair and transparent way. In addition, we have policies in place which aim to ensure that personal data is handled with care, in accordance with the applicable laws and regulations. The Executive Committee maintains ultimate responsibility for our code of conduct. Our Compliance team is responsible for managing and maintaining the compliance policy framework and for monitoring the correct implementation of the policies and processes. Line management is responsible for implementing our code of conduct and related policies, and translating them into workable and effective operating instructions.

We also engage our employees and provide training when policies change or when we believe certain topics require additional focus. In 2020, we updated our customer due diligence framework and strengthened policies, procedures and controls to 'know your customer' and prevent money laundering and financing terrorism. In 2021, we continued to provide training to employees and all layers of management on these topics. Our improved employees' personal investment transaction policy, which includes several explicit restrictions, was launched in 2021 and accompanied by an awareness and training program. We also started sessions to engage and educate our employees on the EU Sustainable Finance regulations, such as SFDR, and raise awareness of the risk of greenwashing.

Creating a safe environment where employees feel valued, respected and can openly communicate, is a priority at Robeco. Conduct including harassment (sexual or otherwise), intimidation, aggressive behavior and/or violence, bullying, or discrimination are unacceptable and in violation of the code of conduct. Employees are encouraged to address any potential inappropriate behavior in the workplace with their manager, human resources, or our independent confidential counselor.



1. Employees include members of the Executive Committee, temporary and seconded employees and other employees working on a contract basis.

2. Our code of conduct was developed by our compliance function, in close cooperation with human resources and the business, and approved by the Executive Committee.

Our performance

We recorded one breach of compliance (see 'Addressing compliance issues' on the next page). Breaches of compliance are defined as 'major breaches of regulations applicable to Robeco'. This breach was addressed in Robeco's Sustainability Report 2020 (refer to page 24), however, it was erroneously omitted from the Compliance record data table in the 2020 report.

Also, as of 1 November 2020, employees are required to report all gifts regardless of the value within the Gifts & Entertainment reporting tool, which is reflected in the data table.

Compliance record regarding business ethics

| | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|
| Instances of suspicions of bribery (gifts received) | None reported | None reported | None reported | None reported |
| Reported (indications of) breaches of compliance | 1 | None reported | None reported | None reported |
| All reported invitations for entertainment given and received | 700 | N/A | N/A | N/A |
| Reported invitations for entertainment given and received worth over EUR 100 | 61 | 121 | 148 | 158 |

ADDRESSING COMPLIANCE ISSUES IN ROBECO RETAIL

In 2020, the Netherlands Authority for the Financial Markets (AFM) issued an Order under Penalty ('Last onder dwangsom') to Robeco to undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers before 31 December 2021.

The work to undertake remedial measures commenced in 2020 and has continued throughout 2021. To ensure full compliance while ensuring our business model remains future proof, we decided in early 2021 to stop accepting new direct retail clients until further notice, in order to focus on our existing clients. As part of the improvements we have a new administrative setup, including a semi-automated process to identify customers, new client screening tools to identify money laundering and terrorist financing risks, and new customer due diligence process tooling. We reached out to all our clients to re-identify themselves throughout 2021. This was a necessary measure,

but we regret the inconvenience this has caused to our clients.

We have fully completed all required improvements to our processes before 31 December 2021 except one improvement which, with the consent of the AFM, was completed in the first quarter of 2022. In January 2022, Robeco provided a report to the AFM describing all actions Robeco took to resolve all the issues as stated in the Order under Penalty. The AFM has not yet informed us that they accept all our improvements or any penalty has been forfeited. In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. We have accepted both the order and the fine and we will not file an appeal. We regret that not all of our processes met the required standards, and we trust that we have made the necessary improvements to prevent recurrence.

We would like to emphasize that none of the deficient processes were related to or had an impact on our asset investment operations or the investment results for our clients.

MEETING OUR TAX OBLIGATIONS



We strive to act at all times in accordance with our Tax Policy and mission statement, and to fully comply with all applicable laws and regulations, filing and reporting obligations. 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.

Robeco's Executive Committee carries ultimate responsibility for compliance with the Tax Policy, but has delegated execution to Group Fiscal Affairs. In the Netherlands, we have a strong and open relationship with the 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 local or national tax authorities upfront.

Our principle is that investment proceeds should be taxed at 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.

The Organization for Economic Co-operation and Development (OECD), the European Union and local governments have issued guidelines and legislation which create more tax-reporting obligations and transparency rules (DAC 6). The aim is to counter tax evasion, aggressive tax planning and tax fraud. Robeco's tax team has implemented processes to ensure that we comply with these regulations. We made an assessment of the transactions performed in the course of Robeco's business. Based on this assessment and also given our conservative tax approach as reflected in the Robeco risk appetite statement, we do not expect to report DAC 6 reportable transactions in the normal course of our business. In addition we have made the first steps of integrating tax as part of our SFDR Good Governance practices by screening investee companies on tax controversy.

INVESTING IN INFORMATION SECURITY AND CYBERSECURITY

Information and data are vital to us. Our business processes rely on data that is accurate and complete, available when needed, and accessible only to those authorized. Therefore, protecting the data of our customers, employees, as well as our own data, is a top priority.

Robeco's information security framework consists of a comprehensive set of policies, standards and best practices. Our information security policy is aligned with the ISO27001 standard. Compliance with this policy is monitored; security practices are subject to a control cycle and reported on frequently. A formal governance and reporting structure is in place with our key (IT) service providers. Information and cybersecurity constitutes part of the Chief Operating Officer's responsibilities. In addition, our Chief Information Security Officer heads the information security function and reports directly to the Chief Operating Officer and functionally to our Executive Committee.

Highlights in 2021

- Covid-19 and large-scale remote working changed the landscape for cybersecurity-related threats, but did not impact Robeco's security level. Threats related to the use of insecure mobile devices and unsanctioned cloud-based file-sharing services increased. However, the impact of these threats was very limited as the architecture of our mobile workplace requires the same protection level for working in the office and working remotely.
- To keep pace with ever-increasing cyber threats, we have continuously improved and integrated advanced security tooling for enhanced cybersecurity, especially for data

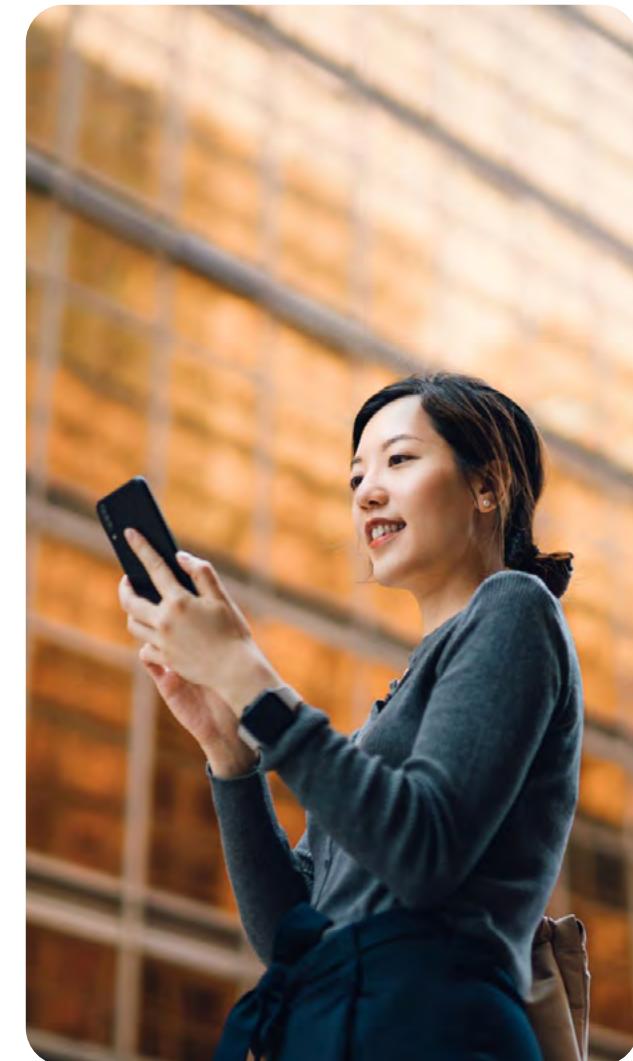
protection, data loss, secure cloud access and a new security monitoring platform. These measures were accompanied by activities to further improve employee awareness and behavior.

- Besides implementing preventive security measures, Robeco invested in resilience by strengthening detection and quick response capabilities, including testing our cybersecurity posture via penetration tests and 'red team' exercises.

Outlook

We have a cybersecurity radar which includes our threat outlook and corresponding solutions to manage these threats. Robeco continually adapts to developments in current threats, and to changes in the threat landscape identified by our cybersecurity analyst. Specific threats that are currently high on our radar include the proliferation and professionalization of ransomware, threats delivered through malicious emails, and ongoing social engineering attacks against both our employees and our customers. Our key challenge for the future is to keep pace with these rapidly evolving cyber threats. That is why we are working to:

- maintain our sound security foundation and level of cyber resilience;
- make optimal use of security monitoring and analytics tooling;
- onboard new colleagues, especially while working remotely, to ensure a security-aware attitude and way of working;
- keep control over our continuously changing IT ecosystem and supply chain, including technology, providers and business partners, and actively participate in (external) cybersecurity communities to share intelligence on threats and good practices.



LIMITING OUR ENVIRONMENTAL FOOTPRINT

We are conscious of our operational emissions and use of resources, and strive to minimize our environmental footprint. Sustainability is a consideration in Robeco's housing policy and is integrated in our purchasing decisions.

Reducing our operational emissions

Our aim to be net zero by 2050 also applies to Robeco's own operations, as stated in our net-zero roadmap launched in 2021. Our interim target is a 35% reduction of our operational emissions by 2025, compared to 2019 – the base year for our operational greenhouse gas emission targets, as it relates to the pre-Covid situation. To achieve this, we will develop emission reduction plans for our travel, buildings and purchased goods and services.

We have set a specific target to reduce emissions from business travel by airplane and train, which accounts for a significant portion of our operational carbon footprint. We target a 7% annual reduction per FTE, from 2021 to 2025, compared to 2019, which translates into a 30% reduction by 2025. We have set and will be tracking carbon budgets for teams from 2022 onwards, promoting lower carbon options such as train journeys where possible, as well as the continued use of digital meeting solutions. Prior to Covid-19, employees regularly traveled to meet clients and participate in research and engagement activities; during 2020 and 2021 business travel was severely restricted because of Covid-19 measures.

→ [Read: Navigating the climate transition: Robeco's roadmap to net zero emissions by 2050](#)

Our operational carbon emissions¹

| Scopes and emissions | 2021 ² | 2020 | 2019 | 2021 ² | 2020 | 2019 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------|---------------|---------------|
| Metric unit | tonnes CO ₂ e ³ | tonnes CO ₂ e ³ | tonnes CO ₂ e ³ | in % | in % | in % |
| Scope 1 | | | | | | |
| Company vehicles | 237.7 | 306.3 | 470.9 | 13.2% | 15.0% | 10.9% |
| Company facilities | - | - | - | 0.0% | 0.0% | 0.0% |
| Scope 2 | | | | | | |
| Company vehicles | 125.8 | 99.0 | 102.0 | 7.0% | 4.8% | 2.4% |
| Company facilities | 446.6 | 433.1 | 523.3 | 24.7% | 21.2% | 12.1% |
| Scope 3 Upstream | | | | | | |
| Purchased goods and services | 36.6 | 61.8 | 165.6 | 2.0% | 3.0% | 3.8% |
| Fuel and energy related activities | 597.8 | 501.8 | 558.6 | 33.1% | 24.5% | 13.0% |
| Waste generated in operations | 35.0 | 34.3 | 36.7 | 1.9% | 1.7% | 0.9% |
| Business travel | 297.6 | 506.1 | 2,190.6 | 16.5% | 24.8% | 50.9% |
| Employee commuting | 28.5 | 102.2 | 259.0 | 1.6% | 5.0% | 6.0% |
| Total | 1,805.7 | 2,044.6 | 4,306.7 | 100.0% | 100.0% | 100.0% |

1. We improved our operational carbon emissions data quality again in 2021. Notes to the data:

- the management system for the FIRST building in Rotterdam (location of our headquarters) was improved and provides us with more detailed data on our energy use, allowing us to better analyze the data and correct the energy data for the 2019-2020 period;
- air travel data has been improved. Using new detailed flight information resulted in improved calculations for air travel emissions for the 2019-2021 period;
- better recordings by some of the offices outside of the Netherlands further improved our data quality;
- we have updated and expanded the 2019 emissions inventory based on additional evidence from local offices, which replaces some assumptions made in previous years. As a result, the overview of emissions during 2019, the base year for the reduction targets, is more comprehensive. Some of the 2019 emissions have been reassessed based on additional 2020 evidence. As a result, we see that we probably underestimated some of the 2019 emissions, making it more challenging to achieve the reduction target.
- the 2021 emissions inventory was expanded, and data from commuting, hotel stays and data centers was added to the emission calculation;
- the emissions inventory was elaborated in accordance with ISO 14064:2018, par. 9.3 sections A to T.

2. Reporting period 2021 (1 january 2021 - 31 december 2021)

3. Tonne CO₂e = 1000 kg CO₂ equivalents.

We have changed the way we report on our operational carbon emissions to align with the Greenhouse Gas Protocol (see ghgprotocol.org).

→ *Visit the Climate change section for our integrated carbon report, which also includes our scope 3 Downstream emission – the emissions from our investments*

The data table shows that carbon emissions from our own business operations again decreased in 2021. We see a decrease of 2,501 tonnes of CO₂e in 2021 compared to baseline year 2019: a reduction of 58.1%. The planned reductions for carbon emissions from business travel per FTE were realized in 2021, mainly due to the Covid-19 pandemic which resulted in significantly less air travel. Carbon emissions per FTE for business travel decreased by 44% in 2021 (297.6 tonnes CO₂e / 927 FTE) compared to 2020 (506.1 tonnes CO₂e / 882 FTE). Total carbon emissions for business travel decreased by 86% compared to the 2019 baseline year. The planned annual 7% reduction target which translates into a 30% reduction by 2025 is ahead of schedule. However, an increase of emissions for business travel is expected for 2022 due to lifted travel restrictions and catch-up effects.

For some business activities, emissions data quality is limited. As we improve data quality, our baseline will be revised. For example, emission figures for datacenters and 'software as a service' (SaaS), which we believe to be a significant portion of our overall emissions, were not available. In 2021, we engaged with our largest datacenter providers, DXC and Microsoft, to gain a better picture of Robeco's share of the carbon footprint they generate. In October 2021, DXC released its first Robeco-specific report with scope 1, 2 and 3 emissions for its datacenter services. Microsoft released a sustainability calculator with a dashboard for Robeco's scope 1, 2 and 3 carbon emissions from the use of Azure resources; Dynamics365 and Office365 are

not yet included. Improved reporting by our providers enabled us to report on our datacenter emissions in this 2021 report: energy consumption of data centers is included in the category 'Fuel and energy related activities'. However, data quality and coverage can be further improved and reporting on SaaS-related emissions remains a challenge. This is also the case for many of the purchased goods and services.

In 2021, we prepared an update of our lease car policy, allowing only fully electric lease cars in the Netherlands and plug-in hybrid electric or electric cars at other office locations. The updated policy became effective from January 2022 and applies to any employee or new joiner on a new lease contract. The gradual decarbonization of the lease car fleet will contribute to achieving our business operation emission targets. Also, the location of our head office in Rotterdam, just opposite to the central train station, makes it easily accessible by public transport. While we are able to measure emissions from commuting by lease cars and public transport, we plan to look into this further in 2022 to gain a more comprehensive understanding of our commuting footprint.

While our focus is on avoiding and reducing operational emissions and improving data quality, Robeco has also continued to offset its operational carbon footprint on an annual basis by investing in carbon offsetting projects. We perform due diligence research to ensure the integrity and quality of the carbon credits.

Buildings and our environmental footprint

Robeco's head office is located in the FIRST building in Rotterdam, which has been awarded the 'Excellent' BREEAM rating: one of the most comprehensive rating systems in sustainable building design. The building incorporates many sustainability elements, for example, it has a thermal energy storage system for cooling and heating the building using as little energy as possible. We always strive to further reduce energy use and promote the use of sustainable energy.

In November 2021, a real-time energy usage dashboard came online for the office in Rotterdam, providing greater insight into how electricity is used during working hours. This allows us to devise energy-saving programs to reduce our carbon footprint further. We also replaced the fluorescent bars with LED lighting in 2021, decreasing our electricity use in the building by almost half. Sensors monitor whether lighting above desks is needed during daytime; lighting is disabled at night.

We aim to minimize our water usage, which we measure and monitor. At our Rotterdam office, drinking water is conserved by using rainwater for flushing the toilets. The building has a gray water circuit; the source for the circuit is rainwater which is collected on the roof and stored in tanks. We also work to minimize waste and recycle waste. Our service level agreements for catering and cleaning at our head office include incentives for sustainable solutions. We encourage affiliated cleaning companies to use environmentally-safe cleaning products. As a member of the 'Green Business Club', we work together with like-minded companies and organizations located in the center of Rotterdam on sustainability projects on topics including energy, waste and mobility.

Resource consumption

| Resource consumption | Metric unit | Data coverage ⁸ | Data quality ⁷ | 2021 ¹ | 2020 | 2019 |
|--|----------------|----------------------------|---------------------------|-------------------|-----------|------------|
| Company vehicles | | | | | | |
| Fueled | km | 100.0% | *** | 2,866,438 | 2,629,610 | 4,133,962 |
| Electric | kWh | 100.0% | *** | 226,230 | 178,125 | 157,102 |
| Company facilities | | | | | | |
| Offices | kWh | 100.0% | *** | 2,666,420 | 2,906,510 | 3,404,631 |
| City heating ² | GJ | 82.6% | *** | 4,986 | 4,283 | 4,113 |
| Purchased goods and services | | | | | | |
| Drinking water | m ³ | 99.6% | ** | 3,729 | 2,362 | 3,893 |
| Paper consumption | kg | 100.0% | *** | 29,362 | 50,467 | 135,919 |
| Fuel and energy related activities | | | | | | |
| Work from home | kWh | 100.0% | *** | 332,125 | 281,255 | 58,700 |
| Data centers & SaaS ³ | kWh | 80.0% | *** | 413,188 | 345,425 | 520,536 |
| Waste generated in operations⁴ | | | | | | |
| | kg | 97.3% | *** | 49,188 | 50,926 | 73,009 |
| Business travel | | | | | | |
| Air ⁵ | km | 100.0% | *** | 1,150,158 | 2,160,570 | 13,382,886 |
| Public transport ⁶ | km | 96.9% | *** | 165,000 | 188,351 | 888,346 |
| Private car | km | 85.8% | *** | 198,406 | 112,221 | 99,769 |
| Hotel stays | days | 95.9% | ** | 1,528 | 29 | 1,160 |
| Employee commuting | km | 90.0% | ** | 840,642 | 1,343,561 | 3,403,937 |

Legend: kWh = kilo watt hour; km = kilometer; M3 = cubic meter; kg = kilogram; ltr = liter

1. Reporting period 2021 (1 january 2021 - 31 december 2021)

2. City heating is used in Rotterdam, Zurich and New York

3. SaaS = Software as a Service

4. Waste includes paper, cardboard, residual waste and swill.

5. Business travel air split by distance and by class. First and Business are combined since First Class is incidental.

6. Public transport mainly by train

7. Specifies the reliability of the aggregated data which corresponds with the evidence based consumption related to the total reported consumption: >80% - ***, >60% - **, <60% - *

8. Reference to availability of data based on M2 or FTE's

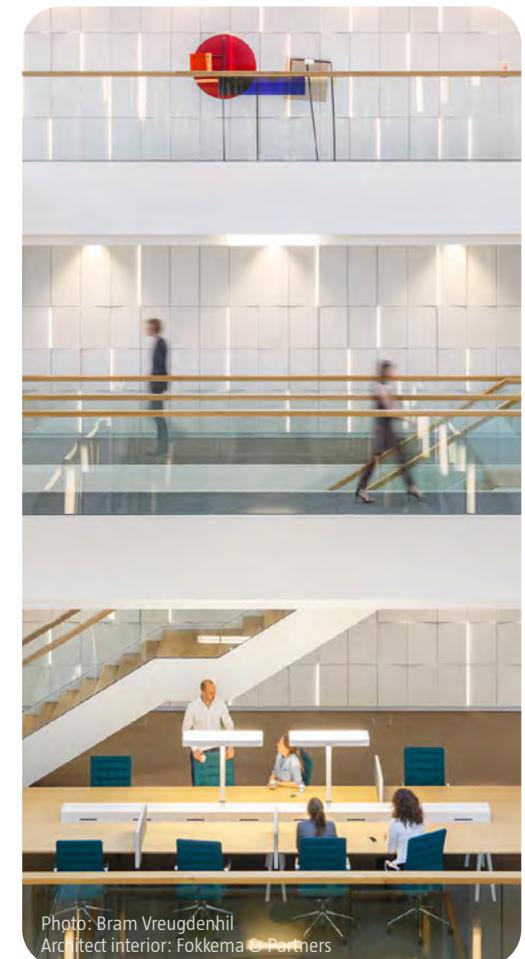


Photo: Bram Vreugdenhil
Architect interior: Fokkema & Partners

INTEGRATING SUSTAINABILITY IN PROCUREMENT

Robeco expects its suppliers to carry out their business in a responsible and sustainable manner. We have defined seven principles of sustainable procurement, which we share with existing and new suppliers. In addition, our way of working is reflected in our policies on knowing our vendor, responsible purchasing and conducting due diligence. We regularly revisit and further develop our procurement policies and approach.

As a financial services company, our supply chain is mainly made up of service providers, such as data vendors proving market data, IT application vendors providing Software as a Service (SaaS), data-center providers running servers on behalf of Robeco, and suppliers for workplace solutions and global marketing services, and contingent workforce. We hardly have any goods in our supply chain; these are limited to goods necessary to run offices, such as paper, food and coffee.

We also work in partnership with our vendors to achieve improved sustainability results in our operations. For example, our travel agency provides employees booking a flight with calculated emissions for the different travel options, allowing them to choose the journey with the lowest emissions. The travel agency also reports to our procurement team on the carbon emissions of business travel, allowing us to monitor and update teams on their performance of how they are performing according to their carbon budgets.

SEVEN PRINCIPLES OF SUSTAINABLE PROCUREMENT

Every proposal or quote must match the seven principles of sustainable

HUMAN RIGHTS

1. We expect 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 the health and safety of employees.

ENVIRONMENT

5. We expect 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. Bribery and corruption in any form is strictly prohibited. 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.

INVESTING IN OUR COMMUNITIES

Robeco contributes to initiatives in the communities where we have a presence to promote equal opportunities for children and to support social commitments and volunteering by our employees. Investing in our communities helps to maintain our social license to operate.

COMMUNITY CONTRIBUTIONS IN 2021

| | |
|-----------------------|-------------|
| – Robeco Foundation: | EUR 343,165 |
| – Social commitments: | EUR 47,663 |
| – Other donations: | EUR 62,496 |

Robeco Foundation

The Robeco Foundation contributes to educational projects aimed at helping disadvantaged children reach their full potential. Efforts focus on places where Robeco has a presence in order to strengthen the bond with the local community. Programs or initiatives that contribute to SDG 4 'Quality education' and SDG 10 'Reduced inequalities' are eligible for funding. In 2021, the Foundation supported 15 different organizations, resulting in a total spend of EUR 343,165 (compared to EUR 300,000 in 2020).

The Rotterdam Digital Skills Program, launched in 2018 as the Foundation's first initiative, offers support to primary and secondary schools in Robeco's home city to fund activities that can improve the digital skills of children from less advantaged backgrounds, to better prepare them for tomorrow's world. Schools for example invested in chrome books, robots and programming tools. In 2021, the Foundation supported eight schools in Rotterdam, reaching almost 1300 children and just over 90 teachers.

In the Netherlands, the Foundation also supported:

JINC: a Dutch NGO that helps children between the ages of 8 and 16 to a good start in the labour market. The Foundation's partnership with JINC focuses on the Rotterdam area, where JINC reaches about 15,000 children, mostly from socioeconomically disadvantaged neighbourhoods. It gives us the opportunity to join and actively participate in several of JINC's programs through which children get acquainted with various professions, find out what kind of work suits their talents, and learn how to apply for a job.

DIGITALE LEERLIJN ROTTERDAM: a pilot project for educational curriculum development on digital citizenship, targeting a sub-group of secondary school pupils in Rotterdam for whom the digital divide is the largest. From the age of 16, this group is increasingly confronted with the digitalization of government. During 2021 educational materials were developed, but the implementation was postponed to 2022 due to the impact of the Covid-19 pandemic on schools.

TEAM TOEKOMST: a collaboration between schools, activity providers and mothers in Rotterdam neighborhood Delfshaven, who work together to ensure disadvantaged children have access to opportunities for development. The donation in December was made by Robeco Rotterdam employees who contributed their holiday voucher, and the contribution was matched by the Foundation. Team Toekomst supports the tailored two-year after-school program which focuses on improving children's social-emotional skills, belief in one's own abilities and educational outcomes.



Photo: Room to Read

Outside of the Netherlands, we continued our 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 its three-year comprehensive literacy program at a primary school in South Africa, close to the region where our clients are based. Room to Read aims to develop a generation of independent readers who are breaking the cycle of illiteracy within their own families. The literacy program enables children to acquire literacy skills and a habit of reading, and includes a focus on providing learner books and children's storybooks in local languages and training for teachers and librarians. More than 300 Robeco employees participated in the 'Robeco Global Vitality Challenge' in February 2021, where each kilometre of exercise contributed to the donation to Room to Read.

We also supported three organizations in New York City in 2021:

CITY YEAR NEW YORK (CYNY): working in partnership with 17 public schools across New York City, CYNY supported more than 8,000 students in the 2021-2022 school year, bridging the gap between what they need and what most schools are equipped to provide. This includes one-on-one and small group tutoring in literacy and math, as well as after-school programs offering homework help to students and fun and engaging activities.



FRESH AIR FUND: a not-for-profit youth development organization providing free life-changing and transformative summer experiences in the outdoors to children from New York City's low-income communities. While the pandemic brought challenges, the Fresh Air Fund applied a creative approach and was still able to deliver in-person and virtual programs and activities. The Robeco Foundation donation helped the Fresh Air Fund serve over 2,400 children in the summer of 2021.

SCHOOL IN THE SQUARE (S2): a 'public charter school' (tuition-free and open to all students) in New York City's neighborhood Washington Heights, with a mission to engage, educate and empower youth to respond mindfully and creatively to life's opportunities and challenges. The school serves 500 students, mostly coming from families considered below the

poverty line and entering the school with alarmingly low proficiency levels. S2 is working on an ambitious five-year growth program and introduced the Family Support Program during the pandemic, becoming a primary community resource hub to over 2000 families in the local community.

In 2022, the Robeco Foundation hopes to support more projects in cities around the world where we have a presence.

→ [Visit the Robeco Foundation web page](#)

Social commitments and donations

Robeco also supports local projects and initiatives submitted by our employees in the communities where we have a presence. Our Social Commitment Committee assesses submissions based on our Policy on Social Commitment and Donations. In addition to financial support we also allow Robeco Rotterdam employees to spend one day per year on voluntary work designated by Robeco. Other Robeco offices are encouraged to have similar arrangements in place.

Social commitments and donations in 2021 included:

NL CARES: Promoting a hands-on approach, flexible volunteer work and socially-engaged enterprises, NL Cares brings together projects and volunteers through an online platform. Robeco has been a partner since 2014, providing funding and volunteers. In September 2021, 20 Robeco employees volunteered at a sports day organized by NL Cares, introducing children from a disadvantaged area in Rotterdam to different sports activities.

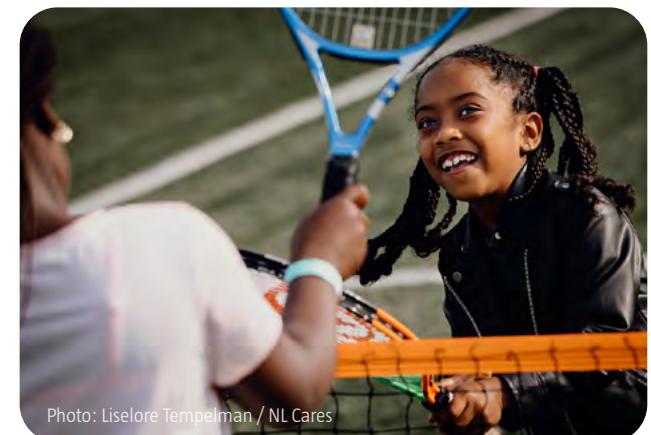
CYCLING FOR SOPHIA: in September 2021, the annual fundraising event for the Erasmus MC Sophia hospital took place, in a modified set-up due to the pandemic. Several Robeco employees participated and Robeco made a donation, benefiting the hospital's Mother and Child center.

ROPARUN: as the sponsored relay race with starting locations in Paris and Bremen and a common finish in Rotterdam was cancelled in 2021 due to the pandemic, the Robeco team organized a virtual run and raised funds through a lottery ticket sale.

Other donations

Some of our offices also made donations that fall outside of the Policy on Social Commitment and Donations in 2021. For example:

- in Rotterdam, a donation was made to **Rotterdam Pride 2021**.
- Robeco Switzerland made a donation to **BOS Schweiz**, which protects primary rainforest and has reforestation programs in Borneo, Indonesia, to protect the endangered orang utang. It is also a long term partner to the Swiss Climate Foundation, and contributed to 'Drink & Donate', supporting projects in developing countries to grant people access to clean drinking water.
- Robeco Spain made a donation to **Fundacion Social Business** for the Climate change mentoring program, and supported **Fundacion Aladina**, which aims to improve the quality of life of children and adolescents with cancer.





Appendices

1. ASSOCIATION MEMBERSHIPS AND PARTICIPATION IN EXTERNAL INITIATIVES

In alphabetical order:

- 30% Club
- Access to Medicine Index
- Advance Gender Equality in Business
- Asian Corporate Governance association (ACGA)
- Brazilian Corporate Governance Association (AMEC)
- Business Benchmark on Farm Animal Welfare
- Cambridge Institute for Sustainable Leadership
- Carbon Disclosure Project (CDP)
- City to Sea Partnership
- Climate Action 100+
- Deforestation Commitment Letter
- DNB Sustainable Finance Initiative
- Dutch Association of Investors for Sustainable Development (VBDO)
- Dutch National Climate Agreement
- Dutch Fund and Asset Management Association (DUFAS)
- EDGE Certification Foundation
- Erasmus Platform for Sustainable Value Creation
- Eumedion Dutch corporate governance platform
- European Fund Asset Management Association (EFAMA)
- Farm Animal Investment Risk & Return (FAIRR)
- Finance for Biodiversity Pledge
- Global Impact investing network (GIIN)
- Global Steering Group on Impact Investing (GSG) - Spain NAB
- GreenBuzz Zurich
- GRESB
- Impact Management Project
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center for Corporate Responsibility (ICCR)
- International Corporate Governance network (ICGN)
- Investor Alliance for Human Rights (IAHR)
- Investor Mining and Tailings Safety Initiative
- Investor Policy Dialogue on Deforestation (IPDD)
- Klimastiftung Schweiz
- Net-Zero Asset Managers Initiative
- Partnership Biodiversity Accounting Financials (BPAF)
- Plastic Solutions Investor Alliance
- Platform Carbon Accounting Financials (PCAF)
- Platform Living Wage Financials (PLWF)
- Powering Past Coal Alliance (PPCA)
- PRI Human Rights Stewardship Initiative
- Principles for Responsible Investment (PRI)
- Principles for Responsible Investment's Inevitable Policy Response (IPR)
- Roundtable on Sustainable Palm Oil (RSPO)
- Sustainable Finance Geneva (SFG)
- Swiss Sustainable Finance (SSF)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Task Force on Nature-related Financial Disclosures (TNFD)
- Transition Pathway Initiative (TPI)
- UK 30% Club
- UN Treaty on Plastics (Financials)
- United Nations Global Compact (UNGC)
- World Benchmarking Alliance (WBA)
- ZSL-SPOTT Palm Oil benchmark

2. TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) - TABLE 2021

Robeco supports the recommendations of the TCFD. We expect investee companies to disclose in alignment with the TCFD recommendations, but also apply these to our own disclosures. Below is an overview of how and where the TCFD recommendations are embedded in Robeco's disclosures.

Governance

Robeco's governance on climate-related risks and opportunities

| | |
|--|--|
| Describe the board's oversight of climate-related risks and opportunities | Sustainability Risk Policy, p. 8 Sustainability Policy, p. 12 |
| Describe management's role in assessing and managing climate-related risks and opportunities | Sustainability Risk Policy, p. 9 Sustainability Policy, p. 12 |

Risk management

How Robeco identifies, assesses and manages climate-related risks

| | |
|--|--|
| Describe the organization's processes for identifying and assessing climate-related risks | Sustainability Policy, p. 14 Sustainability Risk Policy, p. 5-6 |
| Describe the organization's processes for managing climate-related risks | Sustainability Policy, p. 15, 16 Sustainability Risk Policy, p. 18-20 |
| Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | Sustainability Policy, p. 15-16 |

Strategy

Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

| | |
|--|---|
| Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | Sustainability Policy, p. 13 |
| Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | Sustainability Policy, p. 13 Navigating the climate transition, p. 5-6 Sustainability Report 2021, Climate change |
| Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | Navigating the climate transition, p. 5-6 Sustainability Report 2021, Climate change |

Metrics and targets

The metrics and targets Robeco uses to assess and manage relevant climate-related risks and opportunities where such information is material

| | |
|--|---|
| Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | Sustainability Report 2021, Climate change |
| Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks | Sustainability Report 2021, Climate change |
| Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | Sustainability Report 2021, Climate change Navigating the climate transition, p. 7, 9-14 |

3. CALCULATING OUR CARBON EMISSIONS

The text and footnotes provided with “the carbon metrics of relevant investments for 2021” ([refer to Climate change](#)) and “our operational carbon emissions” ([refer to Limiting our environmental footprint](#)) include information on our calculations.

In addition:

- 1) For the carbon metrics of relevant investments for 2021 (scope 3 downstream), our data provider Trucost uses EPA’s emissions factors and global warming potential (GWP) rates (refer to Greenhouse Gases Equivalencies Calculator - Calculations and References | US EPA)
- 2) To calculate our operational carbon footprint (scope 1, 2 and 3 Upstream), we have used the conversion factors listed in the table on this page. The boundary reporting organization corresponds to the organization referred to in “Our offices” (operational control approach).

Conversion factors for CO₂e emissions 2021

| | Source | Factor | unit |
|--|--|---------|---|
| Travel by lease car | | | |
| Lease cars - Petrol | www.co2emissiefactoren.nl / Brandstoffen voertuigen / Benzine (E95)(NL) / WTW | 2.784 | kg CO ₂ e per liter |
| Lease cars - Diesel | www.co2emissiefactoren.nl / Brandstoffen voertuigen / Diesel(NL) / WTW | 3.262 | kg CO ₂ e per liter |
| Lease cars - Electricity Green | www.co2emissiefactoren.nl / Brandstoffen voertuigen / Groene stroom | 0.0 | kg CO ₂ e per kWh |
| Lease cars - Electricity Grey | www.co2emissiefactoren.nl / Elektriciteit / Grijze stroom | 0.556 | kg CO ₂ e per kWh |
| Energy location based | | | |
| Energy location based | www.co2emissiefactoren.nl / Elektriciteit / Grijze stroom | 0.556 | kg CO ₂ e per kWh |
| Wind Energy | www.co2emissiefactoren.nl / Elektriciteit / Groene stroom | 0.0 | kg CO ₂ e per kWh |
| Heating | CO ₂ emissiefactor FIRST Rotterdam submitted by Eneco | 18.74 | kg CO ₂ e per GJ |
| Business travel | | | |
| <460km - Average passenger | DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Domestic | 0.24587 | kg CO ₂ e per km |
| >460km, <3700km - Economy clas | DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul | 0.15102 | kg CO ₂ e per km |
| >460km, <3700km - First/Business class | DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul | 0.22652 | kg CO ₂ e per km |
| >3700km - Economy class | DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul | 0.14787 | kg CO ₂ e per km |
| >3700km - First/Business class | DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul | 0.42882 | kg CO ₂ e per km |
| Travel by public transport | www.co2emissiefactoren.nl / Personenvervoer / OV algemeen | 0.015 | kg CO ₂ e per km |
| Travel by private car | www.co2emissiefactoren.nl / Personenvervoer / Auto / Brandstof onbekend | 0.195 | kg CO ₂ e per km |
| Work from home | | | |
| Energy work from home | www.co2emissiefactoren.nl / Elektriciteit / Grijze stroom | 0.556 | kg CO ₂ e per kWh |
| Hotel | | | |
| Hotel stays | 20200322-CNG-Review_emissiefactoren_2019_2020_toelichting-final (1).pdf | 20.6 | kg CO ₂ e per one day stay |
| Drink water | | | |
| Water | www.milieubarometer.nl | 0.298 | kg CO ₂ e per m ³ |
| Paper consumption | | | |
| Office paper | www.milieubarometer.nl | 1.21 | kg CO ₂ e per kg |
| Waste | | | |
| Glas | CE Delft 2007 Milieukentallen van verpakkingen | 0.443 | kg CO ₂ e per kg |
| Wood | CE Delft 2007 Milieukentallen van verpakkingen | 0.0 | kg CO ₂ e per kg |
| Swill | CE Delft Afvalverwerking en CO ₂ (pag. 40 par. 5.3.5) | 0.051 | kg CO ₂ e per kg |
| Paper & paperboard | CE Delft 2007 Milieukentallen van verpakkingen | 0.676 | kg CO ₂ e per kg |
| Residual waste | Van Dorp installatiebedrijven BV | 1.203 | kg CO ₂ e per kg |

4. ASSURANCE REPORT

Assurance report of the independent auditor

To: the Stakeholders and the Supervisory Board of Robeco Holding B.V.

Our conclusion

We have reviewed the Sustainability Report 2021 of Robeco Holding B.V. (hereafter: Robeco) based in Rotterdam for the year ended 31 December 2021 (hereafter: The Report). A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that The Report is not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

Basis for our conclusion

We performed our review on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. This engagement is aimed to obtain limited assurance.

Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Robeco in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Reporting Criteria

The Report needs to be read and understood together with the reporting criteria. Robeco is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of The Report are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied internal reporting criteria as disclosed in the Report.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of The Report and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

Unreviewed corresponding non-financial indicators

No review has been performed on the non-financial indicators for the periods up to 2019, except for the following indicators:

- 2019 baseline of 'Decarbonizing our portfolio' (tonnes of CO₂e per million EUR invested)
- 2019 baseline of 'Operational carbon emissions (tonnes of CO₂e)

Consequently, except for the aforementioned indicators, the corresponding non-financial indicators and thereto related disclosures for the periods up to 2019 are not reviewed.

Limitations to the scope of our review

The Report includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. Inherent to prospective information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in The Report.

Responsibilities of the Executive Committee and the Supervisory Board for the Report

The Executive Committee of Robeco is responsible for the preparation of The Report in accordance with the GRI Standards and the applied supplemental reporting criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters. Furthermore, the Executive Committee is responsible for such internal control as it determines is necessary to enable the preparation of The Report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, amongst other things, responsible for overseeing Robeco's reporting process.

Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of Robeco;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in The Report. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the management;
- Obtaining an understanding of the reporting processes for The Report, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of The Report with a higher risk of misleading or unbalanced information or a material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of information responsive to this risk analysis. These procedures included, amongst others:
 - Interviewing management and relevant staff at corporate level responsible for the sustainability / ESG / responsible investment / active ownership strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in The Report;
 - Obtaining assurance information that The Report reconciles with underlying records of the company;
 - Reviewing, on a limited test basis, relevant internal and external documentation;
 - Performing an analytical review of the data and trends.
- Evaluating the presentation, structure and content of The Report;
- Considering whether The Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Management regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 28 April 2022
KPMG Accountants N.V.

D.A.C.A.J. Landesz Campen RA
Partner

5. GLOSSARY

Active ownership

Active ownership consists of actively engaging with portfolio companies (the companies Robeco invests in) on their ESG policies and results, exercising voting rights at shareholder meetings.

Assets under management (AuM)

The financial assets managed by Robeco's investment teams.

Benchmark

The reference point for a fund's investment performance.

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.

Business ethics

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

Climate change portfolio strategy

Addressing climate-change risks and opportunities through investment decisions and contact with investee companies and other institutions.

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.

Cybersecurity and data privacy

Preventative methods used to protect information from being stolen, compromised or attacked, including the implementation of a data privacy policy.

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.

Diversity, inclusion and non-discrimination

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

Employment conditions

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

Environmental footprint

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

Environmental footprint of Robeco's own operations

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

Employee engagement

The commitment of an employee to the organization and its goals on a number of professional and personal levels.

Engagement

Robeco's dialogue with companies about ESG issues for the purpose of improving those issues. An engagement process with a company typically takes three years to complete and uses pre-set measurable engagement objectives.

Enhanced engagement

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.

| | | | |
|--|--|---|--|
| 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'. | Fair advice to customers Provide adequate, clear, and transparent information about products and services, including risks and suitability, and conflicts of interest. | 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. | License to operate A formal license to operate grants permission to undertake trade or carry out a business activity, subject to the regulations or supervision of the licensing authority. A social license to operate entails public acceptance of the company's presence and business activities. |
| ESG factors Environmental, social and governance factors that are used as a set of standards for a company's operations in order 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. | 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. | 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. | Procurement practice Purchasing policy and assessment of suppliers' performance on social and environmental aspects in the tender process. |
| 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. | Fundamental investing A method of evaluating securities in an attempt to measure their intrinsic value, by examining related economic, financial and other qualitative and quantitative factors. | Investment grade Investment grade refers to the quality of a company's credit. In order to be considered an investment grade issue, the company must be rated 'BBB' or higher by Standard and Poor's or Moody's. | Quant/quantitative investing An investment approach that selects securities using advanced quantitative analysis. |
| Exchange-traded funds (ETF) Marketable securities that track the course of securities or an index, and are traded like ordinary stocks on a stock exchange. | Global Reporting Initiative (GRI) An independent organization that develops standards for sustainability reporting. | Investment performance (financial) The financial performance of the investments managed by Robeco. | Remuneration policy for executives and employees Remuneration policy for executives and employees, including incentive plans and performance criteria. |
| 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 it. | Government bonds Debt securities issued by a government to finance its spending. | Investment universe The totality of investment possibilities. Securities that fall outside of the investment universe are not eligible for investment. | 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. |
| | Innovation The process of translating an idea or invention into goods or services that create value or for which customers are willing to pay. | Long-term value creation The focus on creating stable value in the long term, as opposed to a focus on short-term profits. | Retail investor An individual investor who buys and sells securities from their personal account, rather than on behalf of another company or organization. |

Risk management and compliance

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

Scope 1/2/3 emissions

Greenhouse gas emissions in relation to the value chain of a company: scope 1 - direct emissions caused by the company while making the product, scope 2 - direct emissions the generation of the electricity or heat needed to make the product, scope 3 - indirect emissions, either upstream from the supply of goods and services, or downstream from the usage of sold products or investments. These scopes were developed under the Greenhouse Gas Protocol.

Shareholder

An owner of the stock of a company.

Social commitment

Community programs aimed at making a positive contribution to society organized by Robeco or involving Robeco.

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 or economic terms.

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, including those that contribute to the Sustainable Development Goals.

Sustainable (or sustainability) investing (SI) An investment discipline that considers how ESG criteria can help generate long-term competitive financial returns and a positive societal impact. Robeco's fund range with a sustainability profile and an environmental footprint that is at least 20% lower than the benchmark. These funds are also subject to additional negative screening.

Sustainable Development Goals (SDGs)

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.

Tax policy

Policy and principles regarding tax contributions.

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 8 and 15 companies each.

Voting

As a shareholder, one of the key rights is to vote in proportion to 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.

Wholesale investors

Investors that distribute Robeco's investment solutions in business or consumer segments. Robeco's wholesale investors include:

- private banks;
- retail banks;
- family offices;
- wealth managers;
- fund platforms;
- (independent) financial advisers;
- insurance companies.

6. GRI TABLE

| Indicator | Description | Reference |
|-----------|--|---|
| 102-1 | Name of the organization | Cover page, Contact |
| 102-2 | Activities, brands, products, and services | Our clients and products, Serving our clients, Robeco's investment strategies |
| 102-3 | Location of headquarters | Our offices |
| 102-4 | Location of operations | Our offices |
| 102-5 | Ownership and legal form | Governance |
| 102-6 | Markets served | Our offices, Our clients and products |
| 102-7 | Scale of the organization | Key figures, Our financial results, Our people |
| 102-8 | Information on employees and other workers | Our people |
| 102-9 | Supply chain | Value creation model, Integrating sustainability in procurement |
| 102-10 | Significant changes to the organization and its supply chain | Sustainability in our operations. |
| 102-11 | Precautionary Principle or approach | Managing risks, Limiting our environmental footprint |
| 102-12 | External initiatives | Association memberships and participation in external initiatives |
| 102-13 | Membership of associations | Association memberships and participation in external initiatives |
| 102-14 | Statement from senior decision-maker | Message from our CEO |
| 102-16 | Values, principles, standards and norms of behavior | Our mission, Business ethics, Integrating sustainability in procurement |
| 102-18 | Governance structure | Governance |
| 102-40 | List of stakeholder groups | Value creation model, Materiality |
| 102-41 | Collective bargaining agreements | Our people |
| 102-42 | Identifying and selecting stakeholders | Value creation model, Materiality |
| 102-43 | Approach to stakeholder engagement | Serving our clients, Our people, Active ownership, Sustainable investing focus topics |
| 102-44 | Key topics and concerns raised | Materiality, Serving our clients |
| 102-45 | Entities included in the consolidated financial statements | Our financial results |
| 102-46 | Defining report content and topic boundaries | Our approach to reporting |
| 102-47 | List of material topics | List of material topics and definitions |
| 102-48 | Restatements of information | Our approach to reporting |
| 102-49 | Changes in reporting | Our approach to reporting |
| 102-50 | Reporting period | Our approach to reporting |

| Indicator | Description | Reference |
|-----------|---|--|
| 102-51 | Date of the most recent report | Our approach to reporting |
| 102-52 | Reporting cycle | Our approach to reporting |
| 102-53 | Contact point for questions regarding the report | Contact |
| 102-54 | Claims of reporting in accordance with GRI standards | Our approach to reporting |
| 102-55 | GRI content index | GRI table |
| 102-56 | External assurance | Our approach to reporting, Assurance report |
| 201-1 | Direct economic value generated and distributed | Our financial results (and RIAM Annual Report 2021) |
| 201-2 | Financial implications and other risks and opportunities due to climate change (partial disclosure) | Managing risks, Climate change, Task Force on Climate-related Financial Disclosure table 2021 <i>Omissions for 201-2i and 201-2v: physical climate risks and the costs of actions taken to manage the risk or opportunity are not (yet) included in our disclosures.</i> |
| 205-3 | Confirmed incidents of corruption and actions taken | Business ethics |
| 207-1 | Tax governance, control, and risk management | Meeting our tax obligations |
| 305-1 | Direct (scope 1) GHG emissions | Climate change, Calculating our carbon emissions. <i>Omission for 305-1c: not applicable. Biomass combustion did not take place at Robeco.</i> |
| 305-2 | Energy indirect (scope 2) GHG emissions | Climate change, Calculating our carbon emissions. <i>Omission for 305-2c: not applicable. No production gases are used in the organization's activities. There were no incidents of leakage of refrigerants or other gases from climate installations at the locations.</i> |
| 305-3 | Other indirect (scope 3) GHG emissions | Climate change, Calculating our carbon emissions. <i>Omission for 305-3c: not applicable. The relevant metric for our investment portfolios is total greenhouse gases in CO2e.</i> |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Our people <i>Omission for 404-2b: not applicable</i> |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Our people |
| 405-1 | Diversity of governance bodies and employee | Governance, Our people <i>Omission for 405-1b.iii: other indicators of diversity are not available</i> |
| | Identifying and selecting stakeholders | Materiality assessment |
| 406-1 | Incidents of discrimination and corrective actions taken | Our people |

7. GLOBAL COMPACT COMMUNICATION ON PROGRESS

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

Human rights, Contributing to the SDGs, Sustainability solutions for clients, Active ownership, Integrating sustainability in procurement, Our people, Association memberships and participation in external initiatives.

Principle 2

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

Human rights, Contributing to the SDGs, Developing sustainability solutions for clients, Active ownership, Integrating sustainability in procurement.

Principle 3

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

Active ownership, Our people.

Principle 4

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

Human rights, Contributing to the SDGs, Sustainability solutions for clients, Active ownership, Integrating sustainability in procurement.

Principle 5

Businesses should uphold the effective abolition of child labor

Human rights, Contributing to the SDGs, Sustainability solutions for clients, Active ownership, Integrating sustainability in procurement.

Principle 6

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

Human rights, Contributing to the SDGs, Sustainability solutions for clients, Active ownership, Our people.

Principle 7

Businesses should support a precautionary approach to environmental challenges

Climate change, Biodiversity, Contributing to the SDGs, Sustainability solutions for clients, Active ownership, Integrating sustainability in procurement.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Climate change, Biodiversity, Contributing to the SDGs, 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

Climate change, Biodiversity, Contributing to the SDGs, 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.

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

Publication date: 28 April 2022
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