



## THE NEW KIT ON THE BLOCK

# SIX THINGS YOU NEED TO KNOW ABOUT SDG INVESTING

# 1. WHAT ARE SDGs?

## A blueprint for the future of impact investing

The Sustainable Development Goals (SDGs) are 17 objectives for improving human society, ecological sustainability and the quality of life published by the United Nations in 2015. They cover a broad spectrum of sustainability topics, ranging from eliminating hunger and combating climate change to promoting responsible consumption and making cities more sustainable.

All countries – no matter how rich or poor – have agreed to work towards achieving the 17 SDGs by 2030, thereby establishing a 15-year timeframe for progress. The goals are part of ‘Transforming our World: the 2030 Agenda for Sustainable Development’ and are branded by the UN as “a blueprint to achieve a better and more sustainable future for all.”

The SDGs succeed the Millennium Development Goals, which were eight objectives launched in 2000. They included a commitment to eradicate extreme poverty and hunger, achieve universal primary education, and combat HIV/AIDS. Developed from 2012 using a

global consultation period in which more than one million people gave their inputs, the SDGs are much broader in scope – and they apply to all countries, not just those earmarked as ‘developing’.

### We can all play our part

The ‘call to action’ that lies at the heart of the SDGs is that unlike most UN initiatives, the 17 goals are not just aimed at governments or NGOs, but the whole of society. It presents both a challenge and an opportunity, aimed equally at businesses and investors, who are seen as key to achieving the goals.

It means the SDGs are unique, as it is the first time in history that a global plan has been drawn up to promote social well-being, economic development and ecological sustainability. What is more, this plan applies to all countries and involves everyone.

How investors can play their part in this global plan and progress the SDGs through investment will be discussed fully in this brochure.



# 2. INVESTORS ARE RAMPING UP INVESTMENTS IN THE SDGs

## Creating a better world while also making returns

The SDGs have certainly caught investors' imagination. This was borne out by the 2022 Robeco Global Climate Survey, which showed rising adoption of the full range of 17 goals over the next two years. And while the survey's core subject of climate is a major motivation, they are also being used to target specific investment objectives such as equality or health care.

Some 18% of investors said they had made it a high priority to align or benchmarking their portfolios with the SDGs, while 22% indicated they were doing this, but as a lower priority. A further 40% said they would consider doing so over the next two to three years.

And as has been commonly found in SDG investing, some of the goals are more popular to target than others, with a core focus on the favorite objective of tackling climate change itself (SDGs 7 and 13), but surprisingly with less interest in the related issue of natural capital (SDGs 12, 14 and 15).

### Views of 300 investors

The results are contained in the 2022 Robeco Climate Survey, which gathered the views of 300 global investors on their approaches to decarbonization, climate change, biodiversity and engagement. It is the second survey of its kind following the success of the 2021 report.

The research was carried out via an extensive global online survey conducted by CoreData Research during January 2022. Collectively the investors questioned have assets under management of USD 23.7 trillion, ranging from under USD 1 billion for the smallest to over USD 1 trillion for the largest.

### A blueprint for investors

"The SDGs provide a blueprint for sustainable investors, and this survey shows that many investors are using the goals for exactly that purpose," says Jan Anton van Zanten, Robeco's SDG Strategist. "In most cases, investors indicate that they are trying to align their investments with these goals, now and in the future, though with differing objectives."

"It's encouraging news because integrating these global goals into investing strategies can be a daunting task. How do you know which goals are positively or negatively impacted by the companies you might invest in? This requires research to identify the companies that can really make a difference – and of course, this is where we come in."



# 3. SIX THINGS YOU NEED TO KNOW ABOUT SDG INVESTING

## They're more than just sustainable investing

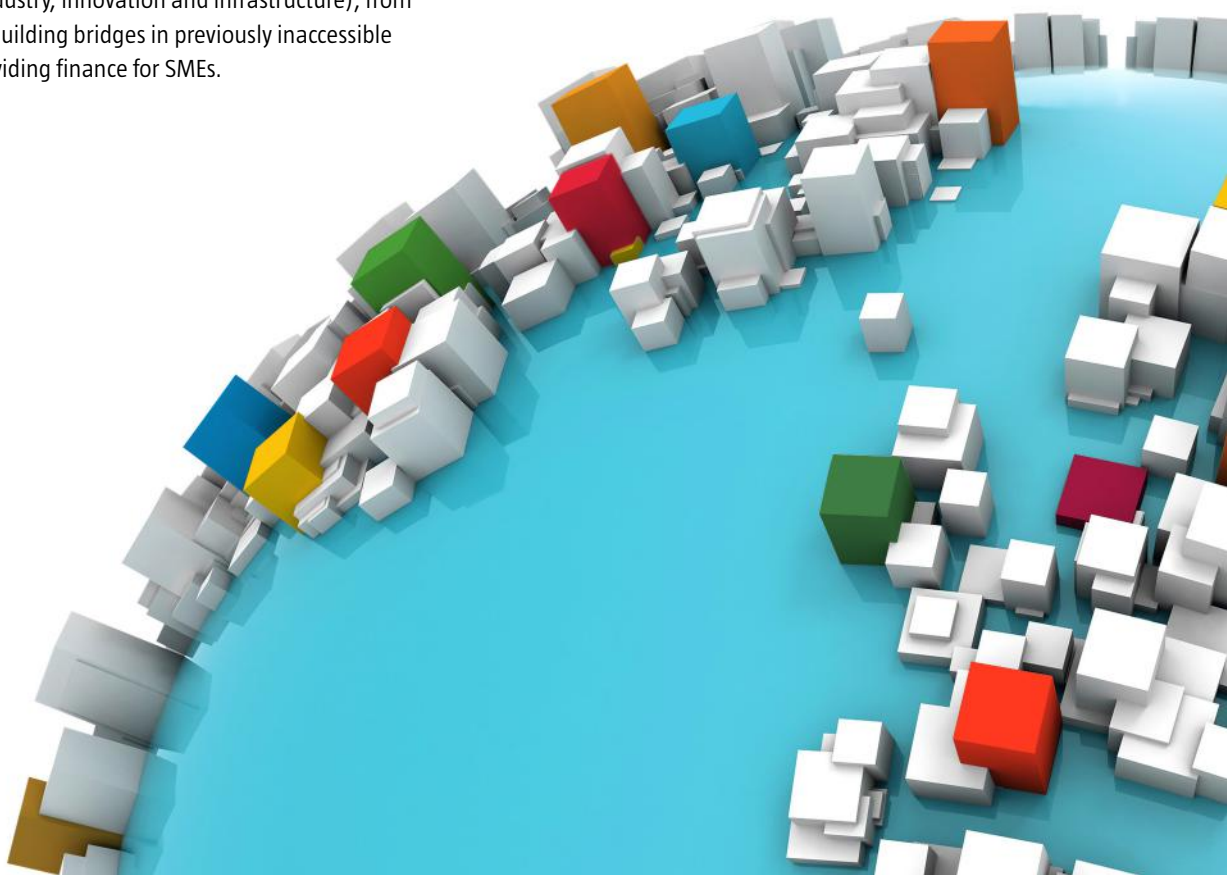
### ONE – The SDGs are a business opportunity

The UN has been clear from the outset that the SDGs are not intended to be another form of development aid or charity, but a globally shared sustainable development agenda for the betterment of all. Achieving the goals leads to diverse business opportunities as it means investing in the companies whose products and services can progress them, from making telecoms accessible in remote areas, to rolling out health care facilities and building new schools to a wider populace.

Subsequently, contributing to the SDGs presents a massive business opportunity. Some companies and sectors will be naturally more attuned to contributing to the SDGs than others, which in turn has directed investment flows. For example, the industrial and financial sectors are rich with companies that can contribute to SDG 9 (industry, innovation and infrastructure), from the construction firms building bridges in previously inaccessible areas, to the banks providing finance for SMEs.

Renewable energy is also quite an easy and popular sector for investment, since solar or wind companies are clearly contributing to SDG 7 (affordable and clean energy) and SDG 13 (climate action) while also delivering a clear return in the revenue streams from selling electricity.

Other sectors are fairly obvious as contributors, but may be less so in terms of making returns. A business creating educational materials for schools is directly contributing to SDG 4 (quality education), while a firm that actively works to promote women in leadership roles is advancing SDG 5 (gender equality). The returns they generate, however, may be more difficult to quantify.



## Investible in different ways

And all the SDGs are investible in different ways, even if the goal on first impression isn't an obvious candidate. For example, SDG 16 (peace, justice and strong institutions) can be helped by any

company making security products that can cut crime or enhance personal safety. In a tile-by-tile guide, here are the principal business opportunities for each SDG:

<p><b>SDG 1</b> NO POVERTY</p>	<p><b>SDG 2</b> ZERO HUNGER</p>	<p><b>SDG 3</b> GOOD HEALTH &amp; WELL-BEING</p>	<p><b>SDG 4</b> QUALITY EDUCATION</p>	<p><b>SDG 5</b> GENDER EQUALITY</p>	<p><b>SDG 6</b> CLEAN WATER AND SANITATION</p>
<p>Banks providing access to finance in emerging markets, or telecommunications companies offering mobile banking services.</p>	<p>Producers of nutritious food and sustainable agrochemicals.</p>	<p>Health care companies providing greater access to medicine and improved well-being.</p>	<p>Publishers of educational content providing materials needed for anyone's schooling.</p>	<p>Companies that have high proportions of women in senior positions.</p>	<p>Water utilities that provide access to clean drinking water or companies delivering sanitation products.</p>
<p><b>SDG 7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>SDG 8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>SDG 9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p><b>SDG 10</b> REDUCED INEQUALITIES</p>	<p><b>SDG 11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>SDG 12</b> RESPONSIBLE CONSUMPTION &amp; PRODUCTION</p>
<p>Renewable energy companies and any firms whose products support energy efficiency.</p>	<p>Banks who lend to small to medium-sized enterprises or companies, particularly in emerging markets.</p>	<p>Engineering companies developing infrastructure or companies providing raw materials for construction.</p>	<p>Companies with good diversity track records and policies that allow minorities to advance their careers.</p>	<p>Providers of sustainable public transport systems such as trains and metros, as well as promoters of safe and sustainable housing.</p>	<p>Waste management companies that avoid landfills and promote recycling, and packaging companies using recycled materials.</p>
<p><b>SDG 13</b> CLIMATE ACTION</p>	<p><b>SDG 14</b> LIFE BELOW WATER</p>	<p><b>SDG 15</b> LIFE ON LAND</p>	<p><b>SDG 16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>SDG 17</b> PARTNERSHIPS FOR THE GOALS</p>	
<p>Renewable energy firms plus climate adaptation companies such as catastrophe insurance providers.</p>	<p>Firms engaged in sustainable aquaculture that can help reduce the burden on scarce marine resources.</p>	<p>Any firm involved in sustainable forestry management, or the prevention of deforestation or biodiversity loss.</p>	<p>Companies providing online and physical security technologies that enhance cybersecurity or cut crime.</p>	<p>Raising financing for the goals and forming partnerships to advance them, rather than seeking to achieve specific outcomes.</p>	



## TWO – They let you zoom in on your own goals

With 17 SDGs to choose from, there's no shortage of subjects that an investor can use to zoom in on their own ambitions. This has helped narrow down a broad and often opaque universe into something more solid. Sustainable investing used to be a rather vague concept that everybody interpreted differently, with different motivations, from becoming greener to avoiding harmful companies. The SDGs have changed all that.

The SDGs contain 17 goals with 169 targets – so there is lots to choose from when deciding what your sustainable investing strategy should encompass. In addition to targeting the whole SDG agenda, investors can target those goals that are closest to their own personal wish lists.

As we have seen, some goals are more popular than others. It really boils down to what the investor wants to achieve on behalf of its own sustainability agenda, or that of its stakeholders.

For the Climate Survey, the 17 goals were categorized in five buckets covering climate change, governance, basic needs, empowerment and natural capital. Many sustainable investors prefer to follow a theme (or bucket) rather than a particular SDG, though there are exceptions. This gives rise to opportunities within each bucket or theme.

For example:

- For **climate change**, renewable energy is a genre of investing in its own right. Investors interested in this broad theme would be targeting SDG 7 (affordable and clean energy) and SDG 13 (climate action).

- Achieving greater equality and diversity, particularly in the workplace, is covered by the **empowerment** and **governance** issue. Some strategies target this, such as the RobecoSAM Global Gender Equality Equities strategy, which contributes to SDG 5 (gender equality).
- Meeting **basic needs** can be supported by investing in companies providing nutritious food, contributing to SDG 2 (zero hunger); those supplying affordable medicines help SDG 3 (good health and well-being); providing access to education boosts SDG 4 (quality education); and those making water drinkable aid SDG 6 (clean water and sanitation).
- Preserving **natural capital** has led to growing interest in green bonds – debt securities issued mainly by governments, municipalities and NGOs to fund environmental projects. As such they can contribute to SDG 14 (life below water) and SDG 15 (life on land). It has also increased interest in protecting biodiversity and reducing adverse impacts on ecosystems.

More holistic issues such as the concept of the circular economy, which aims to replace the wasteful 'take-make-dispose' model, can be targeted directly or indirectly. Robeco offers a Circular Economy Equities strategy which focuses on technologies that promote loop resources. More generally, investing in any companies that specialize in recycling or reusing materials promotes SDG 12 (responsible consumption and production).

## THREE – Impact investing is not the same as ESG integration

The SDGs are the world's plan for promoting sustainable economic growth, advancing social inclusion and safeguarding the natural environment. This means investing in companies that contribute to the goals is a means of impact investing, focusing on companies that are moving towards (and not against) achieving the goals and are making a real-world impact.

This is totally different from ESG integration, which focuses on avoiding financial risks that stem from poor performance on environmental, social and governance issues. Many investors conflate ESG integration with the positive sustainability benefits that accrue from this, including helping achieve the SDGs. This is not the case: there are many examples of companies that have top-notch ESG ratings but that also obviously generate negative societal and environmental impacts, such as tobacco companies, beer brewers and coal-fired power plants.

### ESG ratings versus SDG scores

A Robeco research project looked at whether SDG scores and ESG ratings align with sustainable investing ambitions. We found that SDG scores are able to identify which companies are expected to have significant negative impact and that they can pick out firms that provide sustainable solutions. ESG ratings are much less able to meet these objectives.

First, we compared the ESG and SDG performance of companies on exclusion lists. To do so, we collected the exclusion lists of major asset owners and found the 'usual suspects' of controversial weapons producers, human rights abusers and polluters.

The Robeco SDG Framework assigns negative scores to the vast majority of these companies, thus adequately crystallizing their negative impact.

However, the ESG ratings of these companies on exclusion lists were often found to be average or even quite good. Using ESG integration to screen out the bottom quarter of the investable universe still leaves a lot of room for accidentally investing in companies on exclusion lists!

Second, we compared how the companies in some of the world's most recognizable sustainable thematic funds perform on ESG ratings and the Robeco SDG score. We focused on three groups – clean energy, sustainable water and health care – which cover some of the most urgent sustainability challenges. We found that most of the companies included in these funds have very positive Robeco SDG scores, indicating that they make a positive contribution to sustainable development.

Yet, the ESG ratings for these companies are often average, or even poor! So, while prioritizing positive SDG scores in an investment strategies does help to identify sustainability leaders, ESG ratings do not do this.

These results may sound surprising, but they're not really. ESG integration is about avoiding financial risks rather than contributing to sustainable development in the real world. SDG scores are about advancing sustainability objectives, and not about avoiding financial risk. This makes ESG integration and SDG investing complementary.



## FOUR – We can identify the contributions that companies make to the SDGs

Companies can contribute to achieving the SDGs by making products or offering services that help achieve one or more of the 17 goals. As we have seen so far, some businesses may be naturally able to contribute to particular SDGs, while others may be better placed to contribute to a whole theme or bucket, such as meeting basic needs.

So, how to measure these contributions for investment purposes? In 2018, Robeco became one of the first asset managers to develop an investment framework focused exclusively on the impacts that companies have on the goals. The SDG Framework methodology uses a three-step process to ascertain this:

**STEP 1:** What does the company produce? Analysts look at what the company makes or supplies to determine whether this contributes positively or negatively to the relevant SDGs, using specific key performance indicators and thresholds.

**STEP 2:** How does the company produce it? Here, analysts examine how these goods and services are produced and whether these companies advance SDGs in their operations, or whether there are any flip sides to apparent good intentions, such as poor governance.

**STEP 3:** Has the company erred? Checks are made to see whether the company has been involved in any controversies, such as pollution incidents, corruption or the mis-selling of services.

### Assessing the overall impact

Scores are then assigned to assess a company's overall impact. These range from +3 (highly positive) to -3 (highly negative). Companies with +2 or +3 scores can be included in strategies that target the SDGs. Lower-ranking companies can also be considered for specific strategies, including one that targets firms in the -1 to +1 bracket to engage with them for improvement. Companies with highly negative scores such as -2 or -3 can be removed from the investment universe for the strategy in question.

The framework offers a rules-based approach to assigning SDG scores that adequately capture the positive and negative impacts that companies are having on the SDGs. For example, a bank that lends money to lower-income enterprises in emerging markets but was also involved in a mis-selling scandal in developed markets would score highly for Step 1 but poorly for Step 3. The net score would need to be used.

Some companies may even contribute both positively and negatively to the same SDG, such as a utility that uses both wind and coal power to generate its electricity. Even more complex challenges arise with the creation of products or services that advance SDGs but simultaneously generate negative externalities. For example, mining metals that are crucial for the manufacture of electric cars or wind turbines, also adversely impact ecosystems and emit greenhouse gases.

Proprietary SDG framework, shown below, consists of a three-step approach



#### STEP 1 What do companies produce?

Do products or services contribute positively or negatively to SDGs?

##### Positive contribution examples:

- Medicine, water, health care

##### Negative contribution examples:

- Shale gas, fast food, gambling



#### STEP 2 How do companies produce?

Does the company's business conduct contribute to SDG's?

##### Assess a company:

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



#### STEP 3 Are controversies known?

Has the company been involved in controversies?

##### Examples of controversies:

- Spills
- Bribery and fraud
- Mis-selling

Source: Robeco



## FIVE – Engagement is the latest tool in our armory

We can see how some companies that already contribute to the SDGs make attractive investments. But what about those that are partly contributing, or those that could make a much higher contribution with a bit of a nudge? That’s where engagement comes in.

Robeco has long believed in the power of engagement to seek sustainability improvements at companies, with a track record going back to 2005. It works by making companies more sustainable, which in turn should feed through into better risk-adjusted returns. Where it hadn’t been used before was in directly focusing on a company’s SDG contributions – until now.

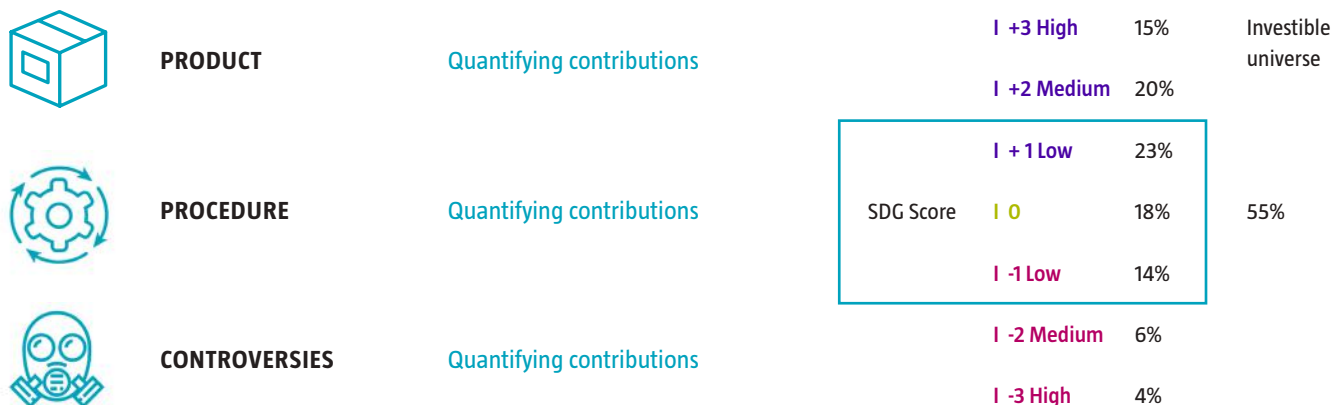
One of our recently launched strategies, RobecoSAM Global SDG Engagement Equities, intentionally looks for those companies that are a work in progress. Eligible stocks are first identified through a screening process in which SI analysts assign scores to companies using the SDG Framework, taking our impact universe as a starting point. But whereas a normal SDG strategy would seek those companies with +2 and +3 scores, SDG Engagement

Equities targets those with scores of -1 to +1. The only condition is that they must be open to engagement, and all portfolio companies are willing participants.

It means turning the traditional ‘best in class’ model on its head. The companies that are in the middle of the range offer the most opportunity for improvement, and with it, the biggest potential to make an impact. Ironically, it means that when a company does improve to the point where it gets a +2 or +3 score, it falls out of the scope of the strategy.

As we have seen, some SDGs are more investible for companies under this kind of engagement than others. For example, the strategy has 31% of its assets in companies contributing to SDG 9 (industry, innovation and infrastructure) and 25% targeting SDG 8 (decent work and economic growth), which means more than half of the portfolio is concentrated in just two goals. Conversely, there are zero investments in SDG 1 (no poverty), SDG 4 (quality education) and SDG 10 (reduced inequalities).

### Global universe (1,500 companies)



Source: Robeco



### BASIC NEEDS

**SDG 2** 2%  
ZERO HUNGER

**SDG 3** 19%  
GOOD HEALTH & WELL-BEING

**SDG 4** 0%  
QUALITY EDUCATION

**SDG 6** 4%  
CLEAN WATER AND SANITATION



### HEALTHY PLANET

**SDG 7** 6%  
AFFORDABLE AND CLEAN ENERGY

**SDG 12** 9%  
RESPONSIBLE CONSUMPTION & PRODUCTION

**SDG 14** 3%  
LIFE BELOW WATER

**SDG 15** 2%  
LIFE ON LAND



### SUSTAINABLE SOCIETY

**SDG 9** 31%  
INDUSTRY INNOVATION AND INFRASTRUCTURE

**SDG 8** 25%  
DECENT WORK AND ECONOMIC GROWTH

**SDG 11** 6%  
SUSTAINABLE CITIES AND COMMUNITIES

**SDG 13** 4%  
CLIMATE ACTION



### EQUALITY & OPPORTUNITY

**SDG 1** 0%  
NO POVERTY

**SDG 5** 5%  
GENDER EQUALITY

**SDG 10** 0%  
REDUCED INEQUALITIES



### ROBUST INSTITUTIONS

**SDG 16** 9%  
PEACE, JUSTICE AND STRONG INSTITUTIONS

**SDG 17** 2%  
PARTNERSHIPS FOR THE GOALS

Source: RobecoSAM impact data. Data as of 31-12-2021

Wider engagement programs can indirectly contribute to the SDGs, even when they are not focused on one particular goal. Robeco launches four or five new engagement themes every year. For example, the ongoing engagement with high-carbon companies and the banks that fund them, along with the wider net-zero emissions theme, contribute to SDG 13 (climate action).

Other engagement themes for the protection of biodiversity, natural resource management and the promotion of Nature Action 100+ can contribute to SDG 6 (clean water and sanitation), SDG 14 (life below water) and SDG 15 (life on land). The theme for

diversity and inclusion helps SDG 5 (gender equality) and SDG 10 (reduced inequalities), while a campaign to improve labor rights in the post-Covid world helps SDG 8 (decent work and economic growth).

This also broadens our impact investing approach. Investing in companies with positive SDG scores helps us align our investments with positive impact. But engagement goes beyond impact-aligned investments: here we seek to directly generate impact ourselves, using all the sustainability expertise we have in-house.

## SIX – We've made a good start, but we need to ramp up to meet the targets

The SDGs have certainly captured investors' imagination, with billions of euros now committed to achieving the goals. However, more than six years since the SDGs were launched, not nearly enough public or private capital has been committed to meet all the targets by the 2030 deadline set when they were introduced.

The situation has been made worse by Covid-19 in which the world effectively locked down for two years, stifling investment while containment measures were used to bring the pandemic under control. As the world fought a deadly virus, meeting the SDGs took a back seat, and there is now a considerable funding gap for the goals.

Estimates vary widely for how much funding is needed to meet all 17 goals. The UN's own estimates are USD 5-7 trillion a year is needed, representing 7-10% of global GDP and 25-40% of annual global investment. However, only about half of that amount is currently being invested by public and private organizations, which means the funding gap is currently USD 2.5-3 trillion per year.

### A USD 12 trillion opportunity

One solution has been to promote the kind of ideas we saw earlier – that this is a massive business opportunity. For example, renewable energy or medicines could be sold to people who previously had no access to them. One estimate suggested this could mean as much as USD 12 trillion of market opportunities per year and that 380 million new jobs could be created, particularly in projects related to combatting climate change.

It's also increasingly an issue that cannot be treated as something that is 'nice to have' and can look good for PR purposes – using the SDGs for 'greenwashing'. Regulations are changing fast, and the public is increasingly demanding a more sustainable approach to business. Companies and investors that embed SDGs into their strategy will subsequently be more likely to align with present and future governmental policies and regulations.

### Making progress

Since the adoption of the SDGs there has been some progress towards meeting some of them. For instance, women are now slightly better represented in parliaments (SDG 5), the proportion of renewables in the energy mix is slowly increasing (SDG 7), and marine areas are starting to be better protected around the world (SDG 14).

But overall progress has been far too slow, and we are still facing immense challenges. Average global temperatures continue to rise, biodiversity is eroding at an alarming rate, and Covid-19 has cost millions of lives and disrupted societies and economies. The pandemic has also exacerbated inequalities and halted or even reversed some of the progress that had been made towards many of the SDGs.

Perhaps the one thing that Covid has shown is that human life can be fragile, affecting everyone and requiring global solutions. Offering innovative ways of investing in the SDGs has proven to be an effective way of furthering the goals and progressing human development.

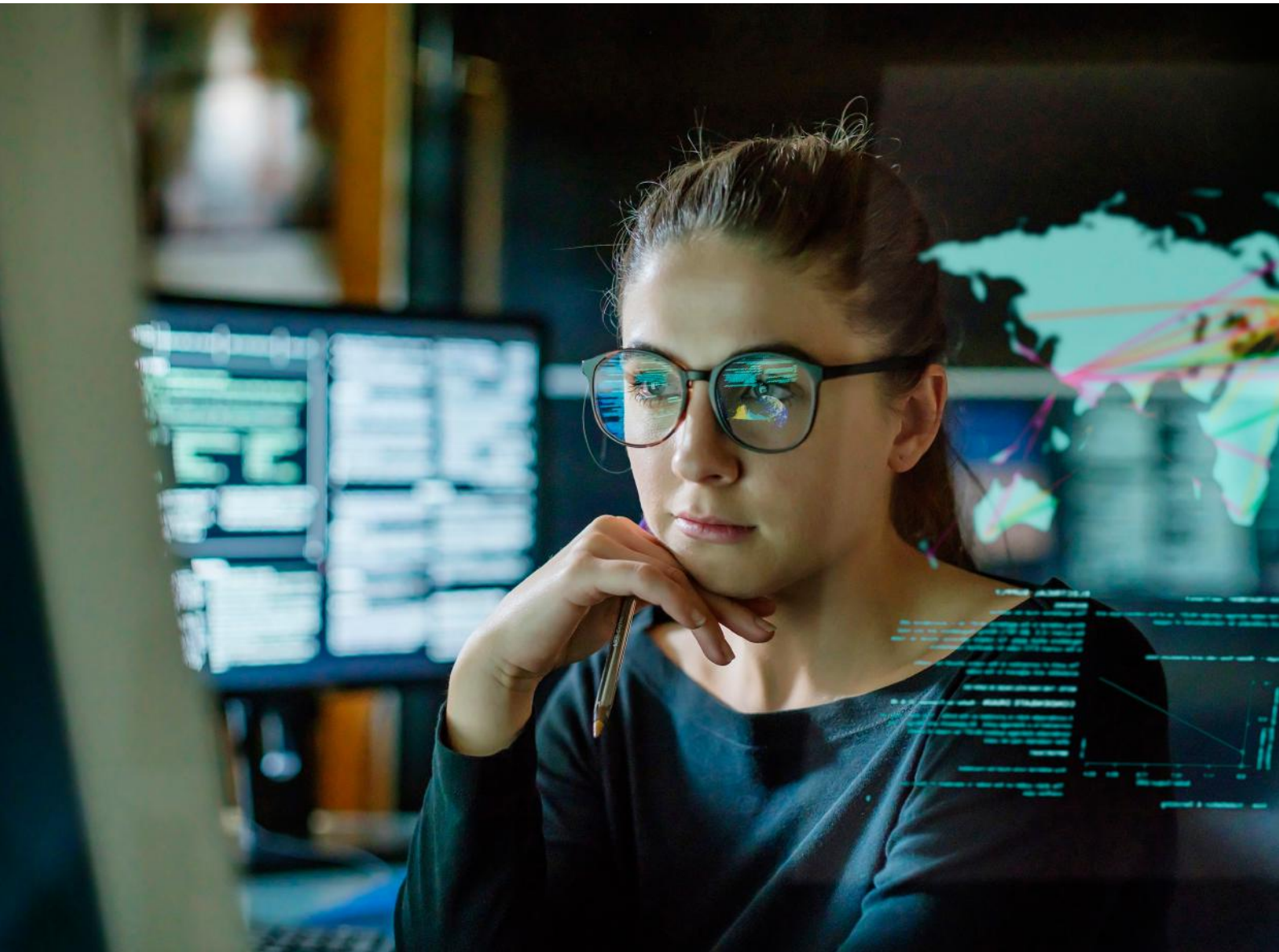




**In the next section, we will present  
our SDG Credits investment strategies that  
target the goals set out above**



# **RobecoSAM Global SDG Credits**



**A pioneering strategy that can make  
a real-world impact**



# RobecoSAM Global SDG Credits

## A pioneering strategy that can make a real-world impact

As a pioneer of sustainable investing, launching products that can progress sustainability themes is in our DNA. We were one of the first asset managers to launch a sustainable fund in the 1990s, and have continually innovated in core SI, quantitative investing, credits, emerging markets and trends over two decades. So, developing investment strategies that can target the SDGs was an obvious next step.

In June 2018, Robeco became one of the first asset managers to launch a strategy that invests in the bonds of companies that contribute to the SDGs.

This flagship strategy, RobecoSAM Global SDG Credits, actively invests in issuers across international markets that have a positive or neutral SDG score. In this way, it encompasses diversified exposure to the businesses that contribute to global ambitions.

The portfolio principally targets investment grade credits; to a limited degree it can also invest in quality high yield and emerging market credits, provided they do not contribute negatively to the SDGs.

## Investment objective and benchmark

### OBJECTIVE

The strategy targets long-term capital growth while also contributing to the SDGs.

### APPROACH

The strategy follows an active approach, based on the investment team's views on overall market conditions as well as thorough analysis of companies' fundamental and sustainability features. Issuers must have an SDG score of zero or higher to be considered for investment.

### BENCHMARK

The strategy aims to outperform the Bloomberg Global Aggregate Corporate Bond Index through active credit selection over a full credit cycle. Limited off-benchmark positions in high-quality high yield bonds and hard-currency emerging corporate bonds are possible.

### ARTICLE 9

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



# RobecoSAM SDG Credit Income



Offering attractive income as well as  
real-world impact



# RobecoSAM SDG Credit Income

## Offering attractive income as well as real-world impact

Robeco's range of SDG strategies expanded further in June 2019 when our Credit Income strategy started using the SDG framework in its investment process, thereby adding an extra dimension for investors seeking attractive yield. It aims to provide yield and stable income throughout the credit cycle while also contributing positively to the SDGs.

The strategy invests in companies that can contribute positively to the SDGs. In this way, it encompasses diversified exposure to businesses that contribute to global ambitions.

The strategy is unconstrained in the sense that it has no benchmark. The starting point is a portfolio that is equally split across global investment grade corporate bonds, global high yield corporate bonds and hard-currency emerging market corporate bonds.

Depending on the phase of the credit cycle, the strategy can change its allocation to these different segments of the credit market to achieve the best risk-return profile for that particular market phase. For example, in a bear market phase, the emphasis is more on limiting drawdowns, which can be achieved by adding government exposure to the portfolio. In a recovery phase, the asset allocation moves more towards high yield, emerging market bonds and subordinated debt.

## Investment objective and benchmark

### OBJECTIVE

The strategy aims to maximize income while also contributing to the SDGs.

### APPROACH

This multi-asset credit strategy follows an active approach, based on the investment team's views on overall market conditions as well as thorough analysis of companies' fundamental and sustainability features. Issuers must have an SDG score of zero or higher to be considered for investment.

### BENCHMARK

Performance is geared towards ensuring a regular income. The strategy does not have a benchmark.

### ARTICLE 9

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



## Important Information

Robeco Institutional Asset Management B.V. has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) ("Fund(s)") from The Netherlands Authority for the Financial Markets in Amsterdam. This marketing document is solely intended for professional investors, defined as investors qualifying as professional clients, have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. Robeco Institutional Asset Management B.V. and/or its related, affiliated and subsidiary companies, ("Robeco"), will not be liable for any damages arising out of the use of this document. Users of this information who provide investment services in the European Union have their own responsibility to assess whether they are allowed to receive the information in accordance with MiFID II regulations. To the extent this information qualifies as a reasonable and appropriate minor non-monetary benefit under MiFID II, users that provide investment services in the European Union are responsible to comply with applicable recordkeeping and disclosure requirements.

The content of this document is based upon sources of information believed to be reliable and comes without warranties of any kind. Without further explanation this document cannot be considered complete. Any opinions, estimates or forecasts may be changed at any time without prior warning. If in doubt, please seek independent advice. It is intended to provide the professional investor with general information on Robeco's specific capabilities, but has not been prepared by Robeco as investment research and does not constitute an investment recommendation or advice to buy or sell certain securities or investment products and/or to adopt any investment strategy and/or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or used with the public. No part of this document may be reproduced, or published in any form or by any means without Robeco's prior written permission.

Investment involves risks. Before investing, please note the initial capital is not guaranteed. Investors should ensure that they fully understand the risk associated with any Robeco product or service offered in their country of domicile. Investors should also consider their own investment objective and risk tolerance level. Historical returns are provided for illustrative purposes only. The price of units may go down as well as up and the past performance is not indicative of future performance. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The performance data do not take account of the commissions and costs incurred on trading securities in client portfolios or on the issue and redemption of units. Unless otherwise stated, the prices used for the performance figures of the Luxembourg-based Funds are the end-of-month transaction prices net of fees up to 4 August 2010. From 4 August 2010, the transaction prices net of fees will be those of the first business day of the month. Return figures versus the benchmark show the investment management result before management and/or performance fees; the Fund returns are with dividends reinvested and based on net asset values with prices and exchange rates of the valuation moment of the benchmark. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund's latest annual report at closing date of the last calendar year. This document is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject any Fund or Robeco Institutional Asset Management B.V. to any registration or licensing requirement within such jurisdiction. Any decision to subscribe for interests in a Fund offered in a particular jurisdiction must be made solely on the basis of information contained in the prospectus, which information may be different from the information contained in this document. Prospective applicants for shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Investor Information Document for the Robeco Funds can all be obtained free of charge at Robeco website.

### Additional Information for US investors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This material is prepared by Robeco Overseas Investment Fund Management (Shanghai) Limited Company ("Robeco Shanghai") and is only provided to the specific objects under the premise of confidentiality. Robeco Shanghai was registered as a private fund manager with the Asset Management Association of China in September 2018. Robeco Shanghai is a wholly foreign-owned enterprise established in accordance with the PRC laws, which enjoys independent civil rights and civil obligations. The statements of the shareholders or affiliates in the material shall not be deemed to a promise or guarantee of the shareholders or affiliates of Robeco Shanghai, or be deemed to any obligations or liabilities imposed to the shareholders or affiliates of Robeco Shanghai.

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

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important Information for Singapore Investors") contained in the prospectus. You should consult your professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the sub-Funds listed in the appendix to the section entitled "Important Information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and are invoking the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Affolternstrasse 56, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as

the Swiss paying agent. The prospectus, the Key Investor Information Documents (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via Robeco website.

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

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

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

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

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

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

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

Robeco is subject to limited regulation in the UK by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

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

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

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

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document has been distributed by Robeco Hong Kong Limited ('Robeco'). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

This document has been prepared on a confidential basis solely for the recipient and is for information purposes only. Any reproduction or distribution of this documentation, in whole or in part, or the disclosure of its contents, without the prior written consent of Robeco, is prohibited. By accepting this documentation, the recipient agrees to the foregoing.

This document is intended to provide the reader with information on Robeco's specific capabilities, but does not constitute a recommendation to buy or sell certain securities or investment products. Investment decisions should only be based on the relevant prospectus and on thorough financial, fiscal and legal advice.

The contents of this document are based upon sources of information believed to be reliable. This document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Neither the Robeco Capital Growth Funds or other Robeco Funds (the "Fund"), its investment manager nor any of their associates, nor any director, officer or employee accepts any liability whatsoever for any loss arising directly or indirectly from the use of this document.

Investment Involves risks. Historical returns are provided for illustrative purposes only and do not necessarily reflect Robeco's expectations for the future. The value of your investments may fluctuate. Past performance is no indication of current or future performance.

