ROBECO
The Investment Engineers

NOVEMBER 2025

Staying the course

GUIDED BY SCIENCE, GROUNDED IN CLIENT INTERESTS

Robeco's climate and nature transition plan, 2025-2030

We are proud to present the next stage of Robeco's climate and nature transition plan: 2025-2030. As we release this update, we realize the world is now in a very different place compared to when we first released our climate roadmap in 2021. Back then, there was a wave of net zero commitments from governments, industry and investors. Now, there are increasing regional differences as the world is marked by geopolitical conflict, deglobalization, and eroding confidence in multilateral cooperation.

During the past five years, global emissions have continued to rise, while the impacts of climate change have accelerated faster than science had predicted, affecting more and more people across the world. But there has also been real progress: global investments in renewable energy have increased fivefold since the signing of the Paris Agreement in 2015, and in 90% of the world, clean energy is now more cost-competitive than power based on fossil fuels.[1]

At Robeco's end, we have achieved strong growth in client assets with climate objectives, our portfolios have decarbonized beyond our 2025 target, and we have put in place a comprehensive stewardship program to accelerate climate action by corporates and sovereigns. There were challenges as well. Our attribution analysis shows that our portfolio decarbonization was primarily based on transactions, rather than on emissions reduction by investee companies. Likewise, we faced challenges in tackling our operational emissions, particularly those related to upstream suppliers.

While executing the first stage of our roadmap, we learned valuable lessons and we developed new capabilities. From our clients in Asia-Pacific, we learned that we should focus on the journey – the low-carbon transition – rather than the destination – net zero. Therefore, we developed our Climate Traffic Light, a forward-looking analytical tool, to assess how well companies are navigating the low-carbon transition in their respective sectors.

This tool is now deployed across multiple strategies, indices and tailored client solutions to reliably distinguish transition leaders from laggards. Our investment research shows that the transition leaders outperform the laggards in their sector, so a focus on transition can support smart investing. We will now also start using the Climate Traffic Light in this next stage of our roadmap to track progress and improve the quality of our portfolio decarbonization.

Another key insight from recent years is the confirmation that we cannot move forward in isolation. Our progress at Robeco is based on the trust of our clients who have partnered with us in pursuit of their financial and climate goals. More broadly, our ability as investors to meet our climate ambitions depends on society's wider progress. Portfolio decarbonization is meaningful and sustainable only if it tallies with emission reduction in the real economy. Against that background, we are acutely aware of the challenges from the current geopolitical landscape, the elevated policy uncertainty, and the postponement of climate action.

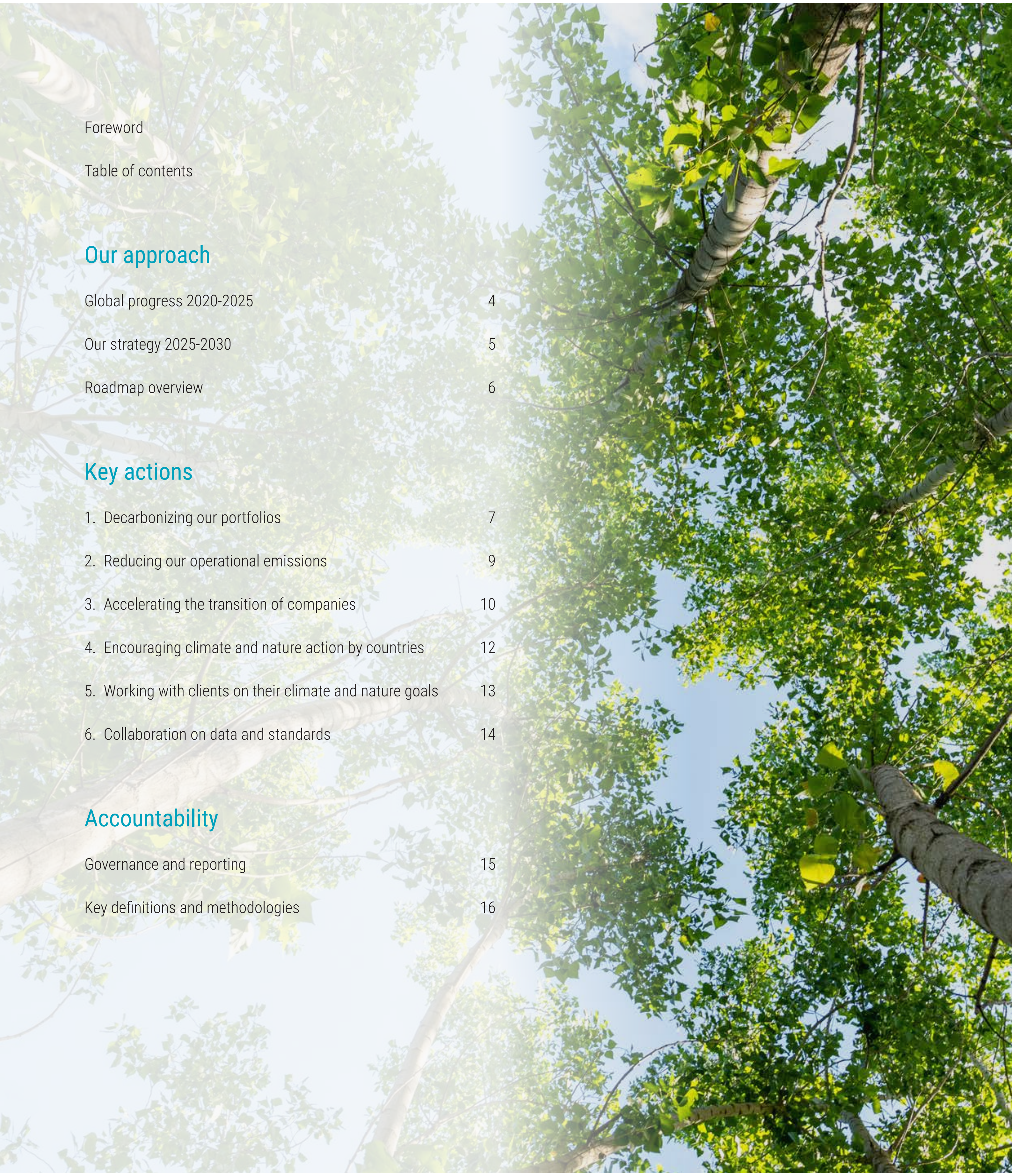
The new geopolitical reality demands that we rebalance, innovate and segment our approach. But as Investment Engineers, we also look beyond the current momentum to the scientific facts. The science hasn't changed, and therefore we maintain our firm conviction about the direction of travel. Our vision remains that safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and long-term value creation. Addressing risks and opportunities from climate change and nature loss is in the long-term interest of our clients and our investment performance.

We are therefore staying the course in the interest of our clients. Our focus remains on collaboration and innovation, ensuring that our clients are equipped to navigate the evolving landscape. With clarity of direction, while adapting to each region's stage of the multi-speed transition, we see that opportunities abound for attractive investments, impactful partnerships and meaningful contributions to the challenges ahead of humankind. We hope to inspire you to join our journey, we encourage your feedback to help us improve, and we look forward to collaborating with you.

1. Source: Bloomberg New Energy Finance (2025), Energy Transition Investment Trends 2025

Anton Eser
CIO and Member of the Executive Committee

Lucian Peppelenbos
Climate and Biodiversity Strategist and
Head of SI Thought Leadership



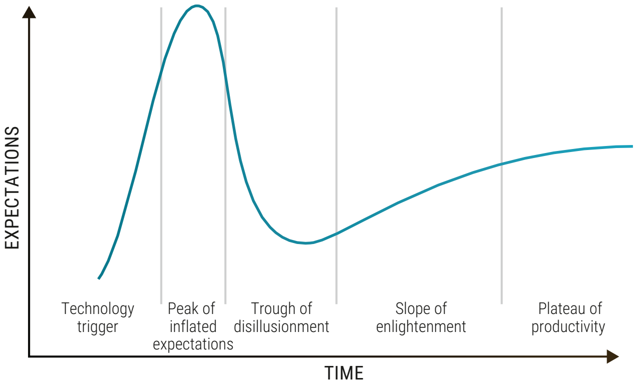
Global progress 2020-2025

The world is not on course to meet the goals of the Paris Climate Agreement, but there has been progress. Looking back at the past five years, we want to highlight a number of key challenges as well as achievements at the global level, as these form a foundation to advance our strategy in the next years.

Hype cycle

Adoption of complex innovations in society tend to go through hype cycles. Net zero went through such a cycle in the last five years.

Figure 1 | The Gartner Cycle describes the hype-adoption cycle of innovative trends in society



Source: Gartner Research, Robeco.

In 2020, there was a wave of net-zero commitments by government, industry and investors, reaching over 80% of global GDP and emissions. When implementing these commitments, the hard part started: decarbonizing business models and supply chains is not easy or fast. Meanwhile, there was a massive shift in the global economical and political reality. The Russian invasion of Ukraine reconfigured global energy markets, and inflationary pressures triggered a popular backlash against climate and sustainability policies. As a result, the initial hype made way for disillusionment.

Real progress

Yet, it wasn't merely a hype. Real progress was made. Prior to the Paris Agreement, the world was heading to 4 ℃ of global warming. Current policies are leading us to 2.4 ℃ to 2.8 ℃.[2] Although that's not in line with well-below 2℃, climate policies did tighten. On nature, governments also reached landmark agreements with the global biodiversity plan and the protection of the high seas.

Industry also displayed real progress on climate action: currently, over 60% of companies in global indices have climate targets. While we cannot take targets at face value, research does show that target-setting firms cut emissions more than other firms.[3]

The single biggest achievement in the past years has been, in our view, the spectacular growth of global investments in clean energy. These increased fivefold to over USD 2 trillion in 2024. Meanwhile, 2025 is on track to exceed USD 3 trillion in global clean energy investments.[4] The economics of renewables have fundamentally shifted: for every dollar in new oil and gas, two dollars go into clean energy.[5]

Decoupling growth from emissions

In recent years, global greenhouse gas emissions have continued to rise, and predictions about peak emissions keep being pushed forward. Behind the global average, there is a more nuanced picture. A group of 32 countries, including EU members and the US, have managed to decouple growth from emissions. Together they account for 20% of global emissions and 34% of global GDP.[6] Another group of 41 countries, including China, India and Australia, are improving the carbon efficiency of their economies, but their emissions are still growing on an absolute scale. They represent 70% of global emissions and 57% of global GDP.[7] This makes clear that the prime arena for climate change mitigation is in the Asia-Pacific (APAC) region.

Staying the course

This brief review of recent years makes clear: the climate transition is uneven and non-linear. This generates risks and opportunities, which we carefully manage in our investments on behalf of our clients. As Investment Engineers, we look beyond the sentiment, and focus on the science. Science underpins our convictions about the direction of travel. One of these is that safeguarding environmental and social assets is a prerequisite for a healthy economy and long-term value creation. We are therefore staying the course in the long-term interest of our clients and our investment performance.

2. UNEP (2024), Emission gap report
3. For example, FTSE (2025), Decarbonization in portfolio benchmarks: Tracking the portfolio carbon transition. Our in-house research finds similar results.
4. BNEF (2025), Energy Transition Investment Trends; IEA (2025), World Energy Investment
5. Ibid.
6. IPCC (2023), Synthesis Report Climate Change 2023
7. Ibid.

Our strategy for the coming years

For the years ahead, we will maintain our existing approach with three pillars and six key actions. This approach has been successful and has proved effective in enabling us, as an asset manager, to contribute to society's low-carbon transition. Based on the lessons we learned, we are also taking next steps and introducing new elements. This section provides a brief overview of our updated strategy; further details are in the chapters on the six key actions.

Pillar 1: Decarbonizing our activities

By year-end 2024, we reached 56% of portfolio decarbonization based on our original carbon measure of Scope 1 and 2 emissions. In 2023, we added Scope 3 upstream emissions to our default carbon measure, which in this next stage of our roadmap will be our key reporting metric. Based on that metric, we reached 44% of decarbonization, still well ahead of our 2025 target.

One challenge is that our decarbonization has been based on portfolio transactions, not on actual emission reduction by investee companies. In the years ahead, we want to improve the quality of our decarbonization, linking it more closely to emission reduction in the real economy. We aspire for a growing part of our client assets to be with companies that are aligned or aligning with the Paris Agreement, as measured through our proprietary Climate Traffic Light.

Reducing our operational emissions has proven challenging, for a variety of reasons. These include the low baseline from where we started, the measurement of supply chain emissions, and the further internationalization of our client base. We therefore refined our approach, introducing a set of targets and actions tailored to each category of operational emissions and our ability to reduce these.

Pillar 2: Leveraging our influence as an investor

We built a comprehensive stewardship program to encourage high-emitting companies to implement robust and credible climate transition plans. We engaged with over 100 companies in 2024, and through our annual cycle of letters and voting, we influence another 300 companies. We use our Climate Traffic Light to run a data-driven, systematic approach that focuses voting and engagement on the laggards.

In our updated roadmap, we will introduce nature targets in the stewardship pillar. We identified 274 companies in our investment universe with the highest adverse impact on water consumption, hazardous waste and deforestation. Together they contribute around 38% of Robeco's overall biodiversity footprint. Similar to our climate stewardship program, we will use our Biodiversity Traffic Light to set priorities for our engagement and voting activities, including potential divestment from laggards who fail to comply in time with our minimum standards.

Encouraging climate action by governments is an area where we have piloted new approaches in the past five years. We introduced and grew several sovereign investment strategies, including green bonds, that tilt positively toward countries taking climate action. We co-convened investor coalitions for joint engagement with sovereign issuers. We will continue these actions in the years ahead.

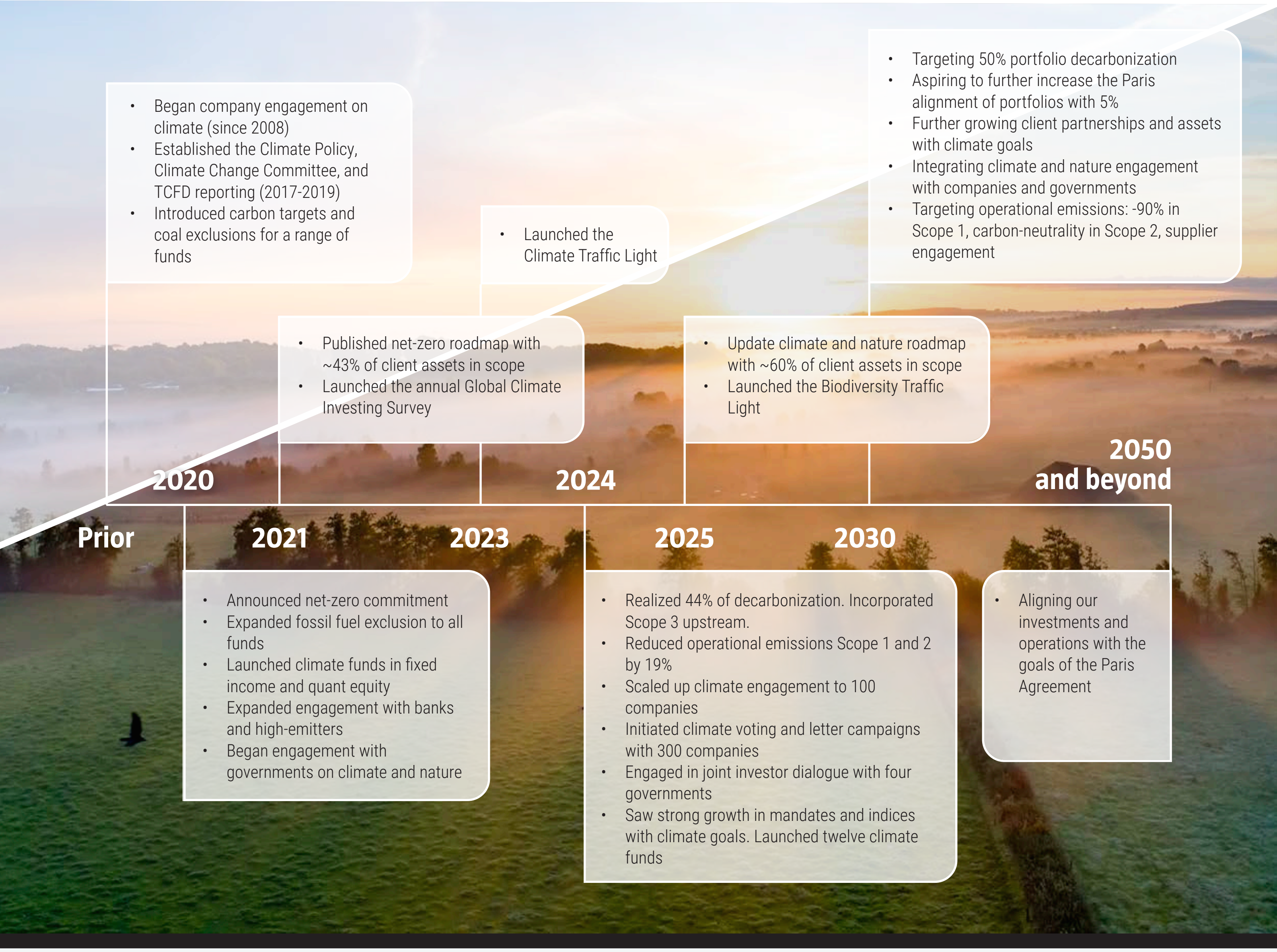
Pillar 3: Working with clients and industry-wide

We pro-actively reviewed our clients' climate commitments to initiate a dialogue how to support their ambitions. This has supported strong growth in partnerships, and the creation of customized solutions and indices with climate objectives. Simultaneously, we have launched a dozen climate, nature or transition-related funds.

In the coming years, our focus will remain on collaboration and innovation, ensuring that our clients are equipped to navigate the evolving climate landscape. To make this more visible, we are expanding the assets in scope of our targets to include mandates and indices with material climate objectives. This means that assets in scope will grow from around 43% to 60% of total client assets.

Industry-wide collaboration is an important component in our strategy. We played a leading role in joint investor engagement with companies on climate and nature, and we co-chaired a number of initiatives such as Climate Action 100+ and Nature Action 100 to improve data and standards. These include standards for measuring avoided emissions, setting nature targets, and incorporating Scope 3 emissions. We successfully engaged data providers to produce nature data for investors. In the coming years, we will continue to pursue such strategic collaborations, for example in the area of physical resilience and climate adaptation.

Roadmap overview



Three pillars, six key actions

Pillar 1 Decarbonizing our activities	**Action 1**	Decarbonize our portfolios
	Action 2	Reduce our operational emissions
Pillar 2 Accelerating the transition	**Action 3**	Accelerate the transition of companies
	Action 4	Encouraging climate and nature action by countries
Pillar 3 Promoting climate-aligned investing	**Action 5**	Working with clients on their climate and nature goals
	Action 6	Collaboration on data and standards

Note: The key definitions and methodologies underpinning our targets, baselines and measurements – such as Paris alignment and portfolio decarbonization – are explained in the last chapter of this document (see page 16). Methods and data continue to improve as we implement our climate and nature transition plan. This means that our baselines are subject to recalculation, for example after the incorporation of Scope 3 emission data, or when we have better data on the alignment of companies. Other factors, such as the effect of market appreciation and the changing composition of reference indices, also require adjustments. We follow international standards in any of these adjustments. In our disclosures we will be transparent about revisions to our baselines and we will disclose both unadjusted and adjusted figures.

Key action 1: Decarbonizing our portfolios

TARGET
-50% by 2030, relative to year-end 2019

SCOPE
~60% of client assets

METRIC
Carbon footprint (tons of CO_2e per EUR invested), based on companies' Scope 1, 2 and 3 upstream emissions

For 2025-2030, Robeco is maintaining its target of 50% decarbonization by 2030[8] while expanding its scope to around 60% of all client assets, up from 43% when we started. In addition, we aim to improve the quality of our decarbonization: we want to connect it closer to physical emission reduction by investee companies. To do this, we aspire to further increase the Paris alignment of the portfolios that are in scope of our decarbonization target.

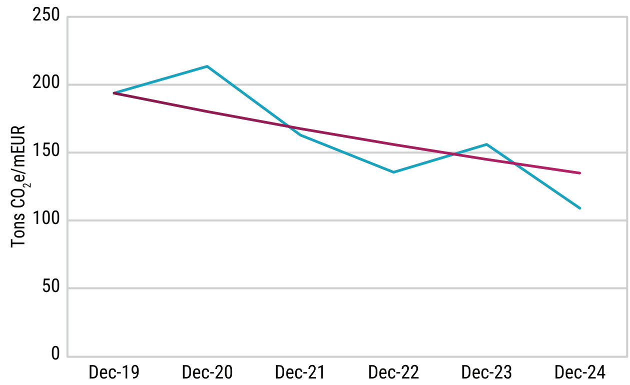
Our portfolios are on track, but the real economy isn't

Since 2020, we decarbonized by 44% against our baseline.[9] While we are pleased to have exceeded our target of 30% reduction by 2025, we are aware that over the same period, the real economy did not decarbonize. On the contrary; global emissions have only increased. We see this in our attribution analysis: our portfolios decarbonized through trades, despite an increase in emissions from investee companies.

From 'reducing financed emissions' toward 'financing the reduction of emissions'

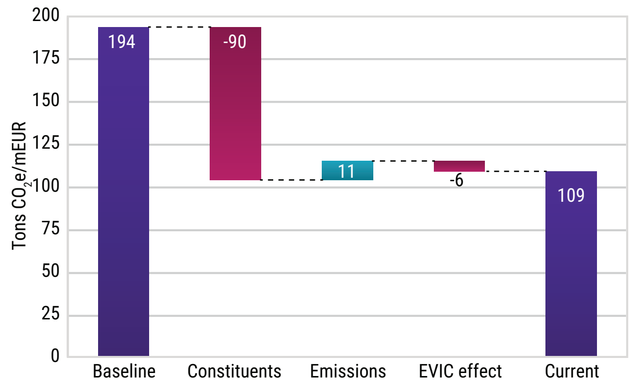
Portfolio decarbonization is meaningful and sustainable only if it tallies with emission reduction in the real economy. We work on this through the other two pillars in our roadmap: our work with clients, peers and standards, and our engagement with corporates and governments. If we are successful, these actions will result in increased portfolio exposure to companies that are credibly transitioning to low-carbon business models (climate transition leaders) and/or companies that enable their customers to decarbonize (climate solution providers).[10] The more we invest in such companies, the higher the likelihood our portfolios will contribute to climate mitigation in the real economy.

Figure 2 | Progress on our decarbonization target
2019-2024



Source: Robeco.

Figure 3 | Attribution analysis of drivers of decarbonization
2019-2025



Source: Robeco.

8. This trajectory is based on the P2 1.5°C scenario as published in IPCC (2018), a special report on global warming of 1.5°C. Its summary for policymakers is on page 14 of the IPCC report.
9. This is based on Scope 1, 2 and 3 upstream emissions. Measured against our original carbon metric of Scope 1 and 2 only, we decarbonized by even more: 56%.
10. We measure and identify climate transition leaders and solution providers through our Climate Traffic Light and SDGs 7 and 13 (methodology document here). Climate transition leaders are those that are Aligned or Aligning based on the Climate Traffic Light. Climate solution providers are those with a positive contribution to SDG 7 and/or 13.

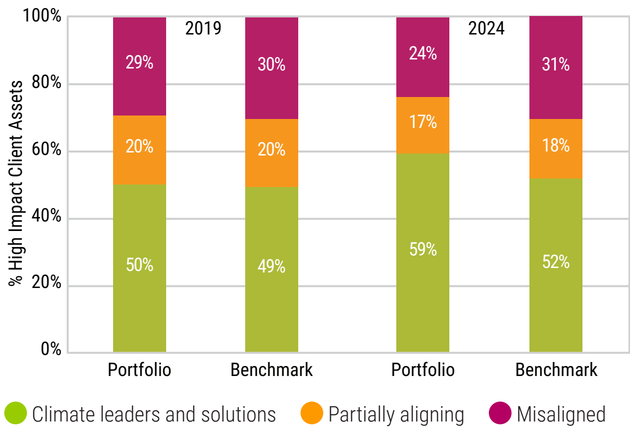
Aspiring to further Paris alignment of portfolios

Our exposure to climate transition leaders and solution providers has increased since 2019. Their share of Robeco's client assets in high-emission sectors went up from 50% to 59%. Toward 2030, we aspire to a further increase of 5%. We would see that as a significant success, not only because we currently are 7% ahead of the benchmark already, but also because this aspiration depends on factors that we can influence but not control. These include, most notably, serious corporate climate action – which in turn requires supportive government policy – and client inflows into strategies and indices with material climate objectives.

Quality of decarbonization

While we are on track with our decarbonization, our main focus going forward is to improve its quality. Through further Paris alignment of our portfolios, we aim to contribute more to financing a reduction of real-world emissions, rather than merely reducing our financed emissions.

Figure 4 | Paris alignment of our portfolios[11]



Source: Robeco.

11. Measured as the share of client assets in climate leaders and solutions on the total client assets in high-impact climate sectors.

Key action 2: Reducing our operational emissions

TARGETS

Scope 1: Absolute reduction of 90% by 2030, relative to year-end 2019

Scope 2: Carbon neutrality by 2030

Scope 3 upstream: Reduction through engagement with key suppliers

Based on our lessons learned in the past five years, we have decided to redefine our targets on operational emissions more explicitly per scope of emissions. Where we have influence, we will increase our ambition. Where we depend on wider industry developments, we will focus on collaboration with key suppliers and by embedding emission reduction in our procurement processes.

Scope 1: Company vehicles and facilities

We have made good progress in reducing our Scope 1 emissions, led by the update of our car lease policy in 2022. This policy only permits us to lease fully electric vehicles in the Netherlands and plug-in hybrid or electric vehicles at other office locations. In the coming years, we will strive for a further reduction in emissions, up to 90% relative to the baseline in 2019.

Scope 2: Buildings and energy usage

We learned that the baseline for our Scope 2 emissions was already low. In 2016, Robeco moved its headquarters to the newly built FIRST building in Rotterdam, which has an 'excellent' rating from BREEAM, one of the most comprehensive rating systems covering sustainable building design and energy usage.

While emissions at our Rotterdam headquarters decreased further, albeit modestly, our international offices reported an increase. This is due to our expansion to serve a growing international client base, which has led to occupying larger offices abroad. Finding suitable and sustainable facilities in these locations has proved to be challenging.

Toward 2030, we aim for carbon neutrality in Scope 2 emissions, based on further efficiency measures complemented by high-quality renewable energy certificates.

Scope 3 upstream: Procurement and business travel

We enhanced the monitoring of carbon emissions from business travel through close collaboration with our global travel agent. This has provided more accurate insights into travel-related emissions. Our operational set-up with key functions centralized in the Netherlands and smaller international offices around the world creates an inherent need to travel. So does our growing international client base. While we continue to seek greater efficiency in traveling, and also embrace virtual alternatives, we observe that lasting solutions in this area need to be enabled by the transformation of the airline industry.

We also took steps to better measure our other Scope 3 upstream emissions from purchased goods and services. Suppliers struggle to isolate the emissions attributable to the goods and services we procure, making meaningful conversations about reductions challenging. Using sector-level data, we developed a preliminary estimate showing that data and IT-related services are larger emission sources than our business travel.

Based on this analysis, we launched a supplier engagement program focused on suppliers with the highest contribution to our Scope 3 upstream footprint. In the coming years, we will focus on further improving data quality, meaningful supplier engagement and by embedding emission reduction in our procurement processes.

Key action 3: Accelerating the transition of companies

In recent years, we have built a comprehensive stewardship program to encourage high-emitting companies to implement robust and credible climate transition plans. As we continue the program in the coming years, we will also incorporate nature targets related to waste, water and deforestation for companies where these topics are material.

Achievements so far

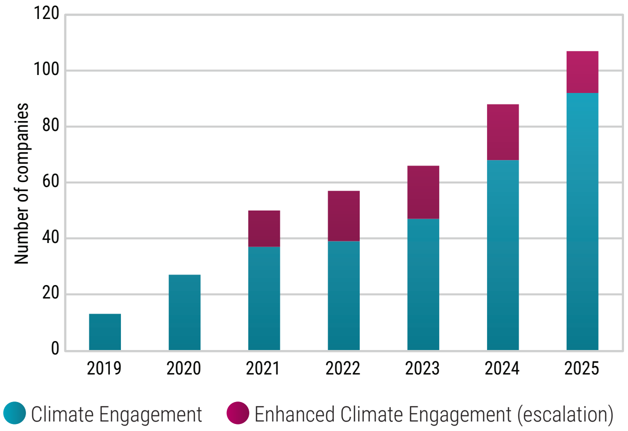
Since 2018, when we joined Climate Action 100+, we have steadily expanded our climate engagement program from 13 to over 100 companies in 2025. At the same time, we built the analytics to enable a data-driven, systematic approach. In 2021, we introduced the Climate Traffic Light to screen the climate performance of the top 250 emitters in Robeco's investment universe. With this analytic, we can assess companies' transition readiness, identify companies with weak transition plans, and inform the scope and priorities of our engagement program.

When our assessment indicates that a company is insufficiently addressing material climate risk, we vote against the responsible director at their AGM. In recent years, we did so at an average of 170 shareholder meetings per year. When a company does not meet our minimum climate standards, we set clear timelines for compliance, or warn them that we may divest. We have already divested from one company for this reason.

Our efforts, combined with those of others, have contributed to a steady increase in climate targets and transition planning by investee companies. Some examples of the direct outcomes of our engagements include:

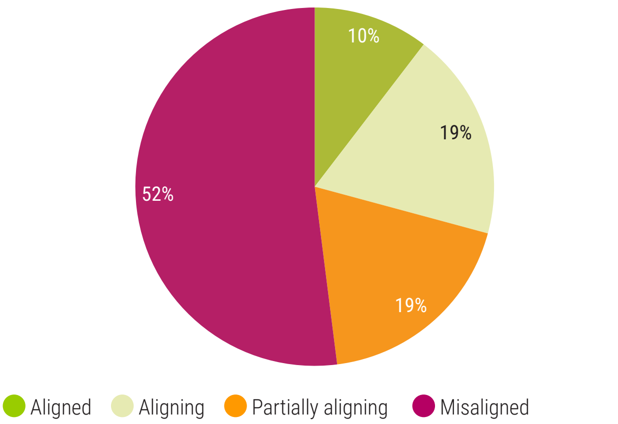
- Two utility companies set ambitious SBTi-verified targets
- Two chemical and oil and gas companies became the first to adopt Scope 3 targets in their respective industries
- Six power generators committed to phase out thermal coal power, and one of them nominated an independent board director with climate expertise.

Figure 5 | Expansion of Robeco's climate engagement program over the years



Source: Robeco.

Figure 6 | Climate Traffic Light distribution of top 250 emitters in Robeco's investment universe (December 2024)



Source: Robeco.

Challenges

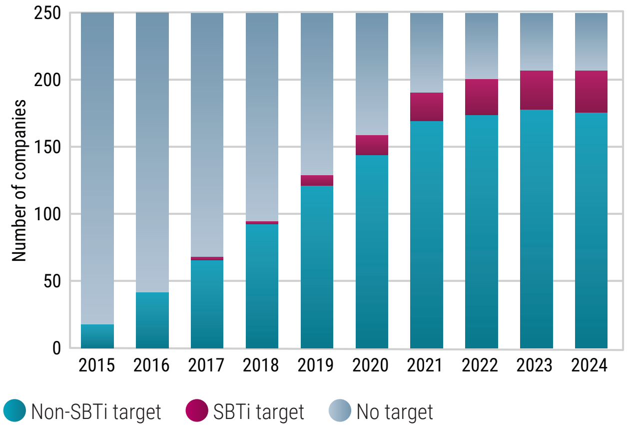
The energy crisis and the post-2024 geopolitical landscape have had a profound impact on corporate climate action. Some corporates are scaling back their commitments, as transition plans are now being increasingly challenged on their costs, timelines and feasibility. Despite these setbacks, climate-related risks and opportunities remain financially material, particularly in the medium to long-term. This is still widely recognized, particularly in industries where mature climate solutions compete with incumbent business models. We maintain our belief that the climate transition will deliver winners and losers. Distinguishing between one another requires increasingly sophisticated assessment and engagement, with greater emphasis on transition plan execution and capital allocation.

Focusing on nature risks

Building on our experience with climate change, we are implementing a comprehensive nature stewardship program to encourage companies to address material nature-related risks and impacts beyond GHG emissions. Our vision is to support corporates to create business value by transitioning along with the global policy goal of reducing and reversing nature loss by 2030.

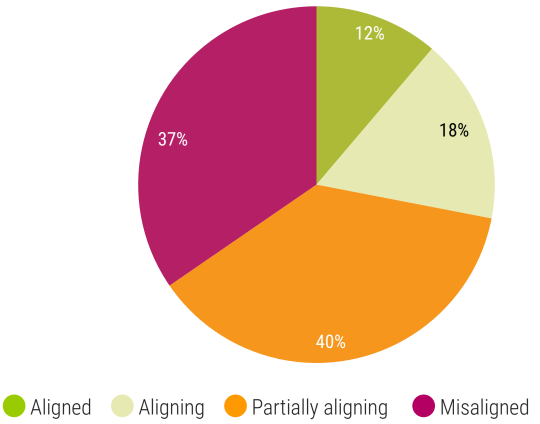
To scope the program, we identified 274 companies in our investment universe with the highest adverse impact on water consumption, hazardous waste and deforestation. Together they contribute to around 38% of Robeco's overall biodiversity footprint. With our proprietary Biodiversity Traffic Light, we assessed that over 70% of these companies are laggards, while a subset of around 50 companies fail to meet our minimum expectations. Our nature engagement will focus on selected companies assessed as laggards, while our voting policy will address those that are failing our minimum expectations. Companies that score poorly on both tests will fall in scope of enhanced engagement. We will do some of this work jointly with peers through the Nature Action 100 initiative which we helped to set up in recent years.

Figure 7 | Over 80% of top 250 emitters have set a GHG reduction target in 2024, up from 38% in 2018



Source: Robeco.

Figure 8 | Biodiversity Traffic Light distribution of 274 high-impact companies in Robeco's investment universe (May 2025)



Source: Robeco.

Key action 4: Encouraging climate and nature action by countries

Investors' ability to meet climate goals ultimately depends on governments enacting adequate policies. Sovereign bond markets can be a lever for encouraging climate action by countries. In the coming years, we will continue our efforts in this space, both through investment strategies and by engaging with sovereign issuers.

Investment strategies

Robeco has developed proprietary frameworks to assess, among other things, climate and nature-related risks, and opportunities and impacts at country level. These frameworks are used to construct sovereign bond portfolios that not only deliver performance, but also align with sustainability objectives, supporting countries with the capital they need for implementing climate and nature policies.

One of these frameworks assesses the eligibility of sovereign green bonds, which connects portfolio assets to programs delivering real-world emission reduction. Green bond investments have seen significant growth in our business, with a substantial share allocated to sovereign and government-related issuers. One of our recent innovations in sovereign investing is the Robeco Climate Euro Government Bond UCITS ETF.[12] This active ETF is designed to match the risk and return of the broader market, while meeting the sustainability characteristics of a 'climate index' – a model portfolio tilting country weights based on green bond issuance and climate policy performance.[13] In the years ahead, we will continue to innovate in analytics and strategy design to enable our clients to invest in sovereign bond markets capturing both return and impact opportunities.

Sovereign engagement

Sovereign engagement is an emerging investor practice to support nations in strengthening their climate and nature-related policies. Based on countries' performance on climate and nature metrics in our country sustainability frameworks, we selectively engage with sovereign issuers to advocate for robust policies for safeguarding long-term value creation.

We are a founding member of a collaborative initiative under the Principles for Responsible Investment (PRI), engaging with Australian sovereign entities at federal and state level on climate policy. These dialogues have informed the development of Australia's Green Bond Framework. Several entities underlined the usefulness of investor engagement and expressed their interest in a sustained dialogue.

Robeco has also been engaging with the Brazilian and Indonesian governments for several years through the Investor Policy Dialogue on Deforestation (IPDD). This includes in-country visits and meetings with a broad range of stakeholders, contributing to encouraging policy enhancements, including improved commodity traceability and forest monitoring systems, and positive shifts in deforestation trends.

Collaborating with other investors

We learned that, to be effective, a collaborative approach to sovereign engagement is essential – though building such a coalition takes time. There is no one-size-fits-all approach – topics and priorities must be tailored to each country's context. In-person meetings, particularly with emerging market counterparts, are crucial for building trust and access to key stakeholders.

Following the successful pilot in Australia, the PRI will expand the joint investor initiative to Canada, where Robeco will again play an active role. In parallel, we intend to engage with European Debt Management Offices to communicate our expectations on climate policy. Where relevant, we will also support joint investor dialogues, for instance with the European Commission.

12. Past performance is no guarantee of future results. The value of your investments may fluctuate. For illustrative purposes only.
13. Country climate performance is measured through the industry-leading ASCOR framework – Assessing Sovereign Climate-related Opportunities and Risks, www.transitionpathwayinitiative.org/ascor

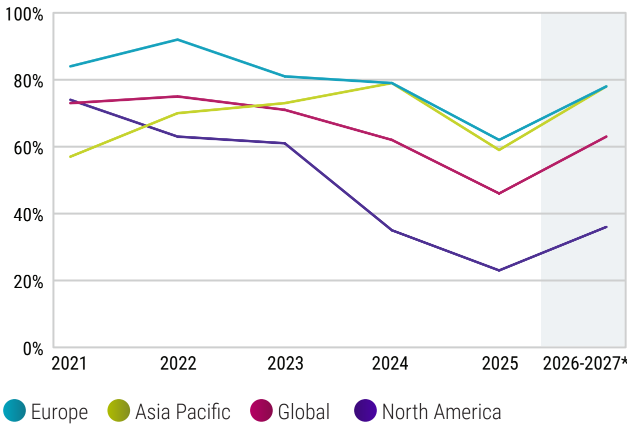
Key action 5: Working with clients on their climate and nature goals

This roadmap is built on our work with clients. In the coming years, we will continue to help them navigate the evolving climate and nature landscape, by continuing to innovate in research and analytics, strategy design and tailored solutions. To make these efforts more visible, client mandates and indices with material climate objectives will be included in the annual reporting of our roadmap progress.

Different regions and years, different realities

Our annual Robeco Global Climate Investing Survey tracks how global investors approach climate change and the related opportunities and challenges. In 2021-2022, around 75% of global investors saw climate change as central to their investment strategy. In 2025, this fell to 46%. Behind these global averages, there are sharp regional differences, as shown in Figure 9. Our aim is to support clients across all these realities, to further their goals according to the stage they are at in the multi-speed transition.

Figure 9 | Importance of climate change in investor strategies



Source: Robeco Global Climate Investing Survey 2025.
Note: The graph shows the share of respondents (n=300) stating that climate change is important or central to their investment strategy.
* Respondent's projections over the next two years

From decarbonization to forward-looking transition

Five years ago, the initial focus was mainly on decarbonization, particularly among investors in Europe and Australia. Investors in Asia-Pacific, however, have focused from the start on the low-carbon transition, stressing that high-emitting companies need investment to evolve toward low-carbon business models. This approach gathered wider traction globally, and transition investing is a focus in many of our client conversations.

The Climate Traffic Light is now widely integrated across Robeco products, with over EUR 40 billion of assets under management or advice managed against it as at September 2025. This analytic was leveraged, for example, for a prominent European client in designing a bespoke Paris-aligned equity strategy. This highlights how we can empower clients to translate their climate transition goals into customized investment strategies in partnership with the Robeco SI and investment teams.

Promoting climate-aligned investing and partnerships

Since 2020, we have launched 12 climate, nature or transition-related funds, which now invest over EUR 2 billion across equity and fixed income strategies on behalf of our clients. The highest growth in climate-aligned investing has come from customized solutions and indices. In particular, our climate indices have enjoyed a strong uptake, driven by their use of forward-looking analytics, advanced customization capabilities, and smart construction with low turnover and tracking error. These indices are helping clients align portfolios with their climate goals while maintaining market efficiency; this has been a key growth area for client partnerships as a result.

We proactively reviewed our clients' climate commitments to initiate a dialogue how to support their ambitions. These activities led, for example, to a new partnership with a large European pension fund, resulting in a bespoke mandate that reflects their climate and broader sustainability objectives.

Customization and integration

Customization remains key. Clients increasingly expect tailored products and reporting capabilities that support their specific climate and nature goals. Reporting and portfolio management is evolving beyond carbon footprints to emphasize real-world impact, such as engagement over exclusions, and alignment over divestments. We have also observed a preference for strong climate integration within core strategies, rather than in standalone climate allocations. This reinforces the importance of embedding transition planning across all investment capabilities.

In the coming years, Robeco will continue to promote forward-looking analytics and encourage clients to adopt the transition concept – financing reduced emissions rather than simply reducing financed emissions. Growing areas for research and innovation are nature and physical resilience, where we will continue to develop our range of analytics to help clients set and achieve their goals. Our focus will remain on collaboration, innovation, and transparency.

Key action 6: Collaboration on data and standards

Pricing carbon emissions and nature impacts into markets requires appropriate data and standards. To help develop these, Robeco collaborates with peers, standard setters, policymakers and academics. This section provides a brief overview of some of these collaborations. In the coming years, we will continue to pursue strategic collaboration, for example in the area of physical resilience and climate adaptation, and the incorporation of Scope 3 emissions.

Institutional Investor Group on Climate Change (IIGCC)

The IIGCC is the European membership body for investor collaboration on climate change. Through the IIGCC, we contribute as a lead engager for the Climate Action 100+ engagement program with the world's largest emitters. We contribute to the Net Zero Investment Framework and its related investor guidance, for example, on decarbonization measurement, measurement of climate solutions, and the incorporation of Scope 3 emissions. The IIGCC is a key platform for joint advocacy on climate policy with the governments of the EU.

UN Principles for Responsible Investment (PRI)

The PRI galvanizes investors worldwide to take action on climate change and other sustainability issues. Robeco is a lead investor in the commodity deforestation and nature programs of the PRI. As part of this collaboration, for example, we successfully engaged with data providers to produce decision-relevant nature data for investors.

Dutch Climate Accord

As part of the Dutch Climate Accord, the financial sector of the Netherlands is committed to contributing to the aim of reducing national emissions by 55% by 2030 (relative to 1990). Robeco and other financial institutions contribute by disclosing our climate impacts, setting climate action plans, and financing the energy transition.

Academic collaborations

We collaborate among others with Erasmus University Rotterdam and the University of Cambridge on academic research and publications in the area of sustainable investing. We participate in a network of researchers connected to the EU Sustainable Finance Platform to exchange insights from innovative research on sustainable finance.

Finance for Biodiversity Foundation (FBF)

The FBF is a membership organization for financial institutions for collaboration around nature and biodiversity issues. We have co-convened the Nature Action program for joint investor engagement with large companies, and co-chaired the development of guidance for nature target-setting by financial institutions.

Avoided Emissions Platform

Jointly with 11 peers, we created science-based reference scenarios for calculating avoided emissions from climate solutions, in a way that is transparent and comparable across the industry. This helps to fill the gap of a standard missing for this type of data.

Governance and reporting

With this updated climate and nature transition plan, we are progressing our ambition to support the global policy goals for limiting global warming to well below 2 °C and halting and reversing nature loss. We will continue to update our plan periodically, and at least every five years. Following international standards, this may also include the revision of our baselines and targets, as data and methods improve. We will be open about our approach, our methodological choices, and our results.

Progress reporting

Our Integrated Annual Report follows applicable regulatory and industry standards, and is subject to assurance from our external auditor. It includes our sustainability statements related to climate change and nature as material topics to Robeco. As part of those statements, we will annually report our progress on our climate and nature transition plan.

Internal monitoring

We have implemented a dashboard to track decarbonization and alignment of sub-funds and accounts in real time. Investment teams can use this tool to manage their accounts in relation to our targets. Carbon budgets are aggregated at the level of capabilities and periodically reported to the management team of the Investment domain. Risk management teams can use the dashboard for monthly monitoring and reporting as part of our enterprise risk management framework.

Incentive alignment

The investment teams' annual KPIs include achieving the decarbonization target at the level of their respective capability.

Legal disclosures

Our climate and nature targets and goals are integrated into our entity-level statement on principal adverse indicators, as per the EU Sustainable Finance Disclosure Regulation (SFDR). The commitment on entity-level includes reporting on progress, policies on due diligence, including the internal and external controls, and actions taken and planned. For relevant funds, applicable climate and nature targets are integrated into fund-level disclosures.

Governance

Robeco's climate and nature transition plan has been developed by its Climate Change Committee and Biodiversity Committee, which represent different domains of the organization. Robeco's Climate and Biodiversity Strategist is responsible for overall coordination. Relevant decision-making takes place in the Sustainability and Impact Strategy Committee, which consists of ExCo members and senior managers across domains. The ultimate approval of, and accountability for, the climate and nature transition plan rests with the ExCo.

Key definitions and methodologies

Applicable industry standards

Our climate and nature transition plan follows the guidance from the Net Zero Investment Framework (NZIF 2.0) issued by the Institutional Investor Group of Climate Change; the Nature Target-Setting Guidance from the Finance for Biodiversity Foundation; and the guidance on transition planning by the Glasgow Finance Alliance for Net Zero. In addition, our roadmap has conceptual alignment with guidance and definitions in applicable legislation like SFDR, the EU Taxonomy and CSRD.

Assets in scope

In scope are around 60% of our total client assets. This includes the Robeco fund range, except for asset classes that cannot be covered due to current methodological limitations, such as sovereign bonds, cash and derivatives, and green bonds for which carbon footprints cannot be measured or aggregated in an adequate way.

Also in scope are all indices and segregated client accounts with material climate objectives, defined as self-decarbonization targets, alignment targets or targets of 20% or more below the carbon footprint of the benchmark.

Segregated client accounts without climate objectives are out of scope, as well as enhanced indexing strategies (both sub-funds and mandates) as these need to closely follow benchmarks.

Measurement of decarbonization in portfolios

We measure the decarbonization of portfolios against a baseline which is the carbon footprint of the performance benchmark by year-end 2019. For indices we use the parent index. Our carbon measure includes Scope 1, Scope 2 and Scope 3 upstream, normalized by enterprise value including cash (EVIC). We adjust for market appreciation, as prescribed in the EU regulation on Paris-aligned benchmarks, and when we aggregate we adjust for the changing asset mix. For transparency, we disclose both adjusted and unadjusted figures, and we perform attribution analysis to clarify the underlying drivers. A detailed description of our approach can be found here.

Measurement of Paris alignment in portfolios

We define Paris alignment as the share of client assets in climate transition leaders and climate solution providers on the total client assets in high-impact climate sectors. We identify climate leaders and solutions through our Climate Traffic Light and by following SDG 7 (Affordable and clean energy) and SDG 13 (Climate action); the methodology document is available here. We define high-impact climate sectors based on the definitions in NZIF 2.0, with a few deviations based on our fundamental analysis.

Measurement of biodiversity alignment in portfolios

We identify biodiversity transition leaders and biodiversity solution providers through our Biodiversity Traffic Light, and SDG 14 (Life below water) and SDG 15 (Life on land). The methodology document is available here).

Measurement of operational emissions

Measurement of our Scope 1 and 2 emissions is reliable as these relate to categories in our control: company facilities, vehicles and energy usage. Measurement of Scope 3 upstream is still challenging. Vendors are not able to provide data about the proportion of their emissions that result from the goods and services we buy from them. We contracted an external consultant to estimate our Scope 3 upstream emissions based on industry averages. We estimate these were in the range of 25,000 to 30,000 tons of CO_2e in 2024, about five times higher than our initially reported baseline. We will further develop these estimations and aim to have a reliable measurement by 2026. The current estimations already enable us to identify our suppliers with largest footprints to prioritize our engagement efforts.

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