

Conflicts of Interest Outline

Robeco



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1. Introduction

1.1 Policy objectives

Preventing and managing conflicts of interest at Robeco is an important element in both embracing its role as a fiduciary while ensuring that the interests of clients, the financial markets and the integrity and reputation of Robeco are protected. The purpose of this Policy is to present Robeco's approach to identifying, preventing and managing any conflicts of interest that may arise in connection with the performance of Robeco's activities.

1.2 Scope

This Policy applies to Robeco Holding B.V., its subsidiaries, branches, or representative offices (collectively hereinafter referred to as "Robeco"). Dutch and European regulations are primarily applicable to Robeco Institutional Asset Management B.V. and its EU subsidiaries, branches, representative offices, and/or EU activities. Robeco acknowledges that there might be different rules and/or regulations in respect of conflicts of interest outside of the EU. Robeco will follow (I) Dutch and European regulations where Robeco's European entities are registered and locally applicable regulations in those jurisdictions where other Robeco entities are registered, including but not limited to US regulations (II) this Policy in all its global offices and/or activities, unless there is a local legally binding requirement, market practice or local setup (e.g. actual business operations, size) for Robeco to deviate and apply such local law/regulation.

1.3 Interpretation

Where there is a reference to a specific department/team/function or a reference to a governance body in this Policy, it shall refer to the respectively applicable local department/team/function or governance body, as far as applicable and as far as not stated differently.

2. Identification of conflicts of interest

2.1 Definition and examples of conflicts of interest

A conflict of interest arises where two or more parties (could) have competing interests that either are or can be conflicting with each other. These may arise due to Robeco's various activities and roles.

Robeco distinguishes three areas in which conflicts of interest can occur. These are:

Conflicts of interest may arise between (employees of) Robeco and clients

Examples of this type of conflict are situations where Robeco or an employee of Robeco:

- could achieve financial gain or prevent a financial loss at a client's expense;
- has an incentive (financial or otherwise) to allow the interests of Robeco or an employee to prevail over the interests of clients;
- has an interest in the result of a service or activity performed for the client or a transaction performed on behalf of the client that deviates from the client's interest.

Conflicts of interest may arise among clients or funds

Examples of this type of conflict are situations where Robeco or an employee of Robeco:

- has an incentive to put the interests of (the investors in) one of the funds above the interests of (the investors in) another fund; for example, when it comes to fund-in-fund investments or the allocation of IPOs;
- has a financial or other incentive to allow the interest of a client or group of clients to prevail over the interests of other clients;
- has to make a decision that could have a different effect on one group of clients than on another, such as a correction to a Net Asset Value;
- receives (confidential) information from a client that cannot be automatically used by Robeco for itself or for other clients.

Conflicts of interest may arise within or among departments, between the services and ancillary services provided by Robeco, and between Robeco and its employees

Situations in which this type of conflict may occur include those where:

- departments perform activities or services (e.g. asset management, distribution, index determination process) for the benefit of other departments;
- employees have different interests as a result of a combination of job functions or outside business activities;
- employees have an affective relationship or a family relation with a colleague, which might give the semblance of potential undue influence regarding job performance.

The above list shall not be deemed exhaustive but serves merely as a list of examples.

2.2 Identification of conflicts of interest

Firstly, the business is expected to identify (the semblance of) any potential conflicts of interest and determine how conflicts can be avoided or mitigated, both in day-to-day operations and during risk assessments such as SIRA. Additionally, the business must report any potential conflicts of interest to Compliance.

Secondly, Compliance conducts an analysis of potential conflicts of interest. This analysis takes into account, among others, conflicts of interest that may arise as a result of integrating sustainability risk into Robeco's processes, systems, and internal controls. For example, conflicts arising from the remuneration or personal transactions of relevant Robeco employees or conflicts of interest that could lead to greenwashing, mis-selling, or misrepresentation of investment strategies. The identified conflicts of interest are evaluated against the measures outlined in Section 4.

If the analysis reveals that a potential conflict of interest is not effectively managed, additional measures will be implemented, and the procedure will be adjusted accordingly. The Executive Committee (ExCo) will be informed of the outcomes of the analysis.

3. Managing conflicts of interest

Robeco has put in place an organization and procedures designed to prevent and best control conflicts of interest that may occur during the course of its activities.

3.1 Measures to prevent conflicts of interest related to the activity of Robeco

3.1.1 Segregation of duties

To prevent conflicts of interest arising from the combination of different tasks and responsibilities, Robeco has implemented an organizational structure that assigns these tasks and responsibilities to different individuals and/or departments. This segregation helps to avoid conflicts of interest that can arise at Robeco when different tasks and responsibilities are combined.

3.1.2 Information barriers

To avoid conflicts of interest related to the circulation and use of confidential or inside information, security measures must be taken to ensure compliance with obligations of abstention and discretion. These measures are commonly known as “information barriers”. Information barriers include physical, organizational, procedural and IT measures that compartmentalize information and control the unauthorized circulation of confidential and inside information within and outside of Robeco.

3.1.2.1 ORIX shares

Also information barriers have been established between Robeco and ORIX Corporation and between Robeco and ORIX Corporation Europe. Robeco employees are prohibited from investing in securities issued by ORIX, either privately or with client funds, except for transactions on behalf of quantitative funds and mandates. This prevents them from using inside information they may possess about ORIX.

3.1.3 Equal treatment of clients

Robeco adheres to the principle of providing equal treatment to clients in equivalent situations. Product information for clients is not differentiated unless there are objective grounds to do so. Also, to prevent unequal treatment of investors regarding swing prices, discounts and surcharges, Robeco has adopted a Swing Price Policy. The swing price levels are calculated according to this Policy and cannot be adjusted in favor of or at the expense of individual clients. Furthermore, should in any case a transaction be executed with a related party, Robeco will execute such transaction on an arm's length basis, in accordance with the rules of the Trading policy and Robeco is committed to executing orders on terms most favorable to its clients ensuring compliance with applicable laws, regulations and policies.

3.1.4 Fund-in-fund investment

To mitigate the risk of conflicts of interest, Robeco has established a procedure that prohibits or strictly governs the conditions applicable to transfers of assets between funds. Compliance advises Product Management or the Product Approval Committee regarding these issues.

3.1.5 Fair value and voting rights,

Robeco manages assets for a diverse range of clients with varying investment needs. Robeco always strives to serve our clients' interests to the best of its abilities, ensuring transparency and fairness in portfolio management. Robeco ensures that portfolios reflect current market

valuations. If current market valuations are not available, a 'fair valuation' based on the applicable Fund Valuation Policy is determined to maintain consistency and reliability in the valuation process. Robeco has adopted written procedures designed to ensure that Robeco votes proxies in the best interest of our clients. The Proxy Voting Policy outlines how voting rights are exercised in the best interests of our clients, taking into account the guidelines on conflicts of interest, fair value, and voting rights as stated in Robeco's Stewardship approach and guidelines.

3.1.6 Incident compensation

Compensation is carefully designed to address any losses or damage from incidents, ensuring they are handled fairly and justly. This approach ensures that any potential conflicts of interest are effectively managed.

3.1.7 Measures related to inducement

Depending on the nature of the services provided, fees, commissions and other inducements paid to or received from third parties are restricted. Measures are designed to prevent conflicts of interest that could compromise acting in the client's interest. Robeco identifies and assesses the remuneration paid to or received from third parties to ensure transparency and compatibility with clients' interests. However, these restrictions do not apply to fees incurred for services that do not give rise to conflicts, such as custody costs, settlement and exchange fees, regulatory levies or legal fees.

3.1.8 Custodians/depositaries

Robeco uses both internal and external custodians/depositaries. Internal custodians operate as separate legal entities (foundations) in compliance with their articles of association and relevant statutory requirements. External custodians/depositaries also perform monitoring functions in accordance with applicable regulations (AIFMD and UCITS). These parties provide an additional check to safeguard client interests.

3.2 Measures to prevent personal conflicts of interest

3.2.1 Remuneration Policy

One of the key objectives of Robeco's Remuneration Policy is to incentivize employees to act in the best interest of Robeco's clients and prevent potential conduct of business and conflicts of interest risks from adversely affecting client interests. The Policy outlines a robust governance structure to ensure that remuneration practices do not encourage excessive risk-taking and are aligned with the interests of stakeholders. It includes a performance management cycle that promotes desired behaviors and results, focusing on client interests and compliance with applicable policies. The Policy ensures that control functions such as Risk Management, Compliance, and Internal Audit have a significant role in the remuneration process, ensuring independence and preventing conflicts of interest.

3.2.2 Personal transactions

Robeco monitors personal transactions in financial instruments conducted by its employees in compliance with applicable regulations. These rules regarding personal transactions vary based on the extent to which employees are exposed to the risks of conflicts of interest. For those employees subject to US SEC oversight by virtue of being employed by RIAM US or by being designed as an Access Person under the Participating Affiliate Agreement, such employees as well as those in their household for whom the employee provides financial support are also subject to personal transaction scrutiny.¹

¹ For rules applicable to US and PAR employees, please refer to the US Compliance Manual.

3.2.3 Outside business activities

Robeco encourages its employees to participate in outside business activities on a personal basis, provided that these activities do not interfere with Robeco's business, employees' duties within Robeco, or conflict with Robeco's interests or client interests. Employees must disclose their outside business activities in a timely manner and ensure that these activities do not harm Robeco's reputation. Approval from management and Compliance is required for such outside business activities. Compliance may ask employees to relinquish activities that interfere with Robeco's business or conflict with Robeco's or client interests.

3.2.4 Gifts and other incentives

In the right circumstances, a modest gift can serve as a thoughtful gesture of appreciation, and sharing a meal may help to strengthen business relationships. However, if not managed with due care, the exchange of gifts and entertainment, including benefits, can potentially cross the line from acceptable business practice to influencing the ability to make objective business decisions that are in the best interest of Robeco and its clients. Rules and procedures have been established for obtaining prior compliance approvals if needed and for reporting received, declined and offered gifts and entertainment.

3.2.5 Employees with partners/relatives or affective relations within Robeco

Conflicts of interest can arise when employees have relatives or partners working at Robeco, related companies, or counterparties. Employees must notify Compliance if conflicts of interest could arise due to these relationships. Compliance will implement appropriate measures to mitigate potential conflicts. Additionally, employees with relatives working at Robeco or with affective relationships with colleagues at Robeco must proactively disclose this to their respective managers. Managers, in collaboration with HR if necessary, will implement appropriate measures to mitigate potential conflicts.

4. Disclosures

Should a conflict of interest be unavoidable in any particular case despite the precautions described in this Policy, the Compliance department must be notified as soon as practicable. Robeco will strive to resolve the conflict of interest by disclosing the necessary details and weighing all of the interests involved. If existing measures and procedures cannot reasonably ensure the prevention of risks that may harm the interests of clients or business partners, Robeco will disclose the identified conflict of interest as a measure of last resort.