ROBECO
The Investment Engineers

ROBECO INSTITUTIONAL ASSET MANAGEMENT

SFDR Data
Disclosures

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Introduction

The ESG data landscape is still in its nascency, in spite of the substantial recent growth of attention and demand. Corporate disclosure levels remain inadequate, due simultaneously to the lack of mandatory reporting and abundance of voluntary disclosure standards. It requires substantial expertise today to combine data from multiple sources to create a fair and true sustainability profile of companies and investment portfolios. At Robeco, we bring to bear vast technical and subject-matter knowledge to overcome the various challenges within ESG and ensure that we measure sustainability characteristics as best we can.

We welcome the three initiatives within the EU Sustainable Finance Action Plan, namely Sustainable Finance Disclosure Regulation, the EU Taxonomy and Corporate Sustainability Reporting Directive. These will have a dramatic impact on the state of company ESG data. In so doing it will level the playing field for all stakeholders to readily compare companies and investments on their sustainability characteristics.

Data Sources used

We use a blend of internal and external data as the inputs to our sustainable investment processes. Our approach is to take the 'best of breed' for each given characteristic or objective. Our preference is to purchase commoditised data where relevant, such as for commonly disclosed ESG data and ratings. Examples of major service providers we use for data and analytics include Sustainalytics, MSCI, S&P, Bloomberg and Glass Lewis. These data sources are supplemented by proprietary content which our expert analysts within the sustainable investment research and active ownership teams generate.

We carry out due diligence of all potential providers as a matter of course in our data procurement process. This involves qualitative and quantitative analysis to ensure suitability of fit with our investible universe, sustainability preferences and relevant technical requirements.

The table below summarises the data sources used per sustainability objective.

Describe the measures taken to ensure data quality

We scrutinise the data quality of each provider during due diligence assessments. At the initial stage, this involves activities such reviewing the data model, including choice of identifier, inclusion of units where relevant and so on. As we proceed through the process, we perform deep-dive statistical checks to identify outliers, patterns or other distortion in the data. We evaluate to what extent our portfolios and benchmark universes are covered, and in relevant cases assess the impact of different sources on our portfolio decisioning. Where possible, furthermore, we compare our internal research-driven assessments with provider data to identify that with the most aligned approach. Through these steps, we aim to obtain to a sufficient degree of confidence in our chosen providers.

Each data domain has an assigned owner. This owner is responsible for oversight of content, methodology, process controls and, ultimately, quality. This covers both internally generated and external data. Where necessary, data owners also work with stakeholders to determine the best approach to estimating content in their domain. This is covered in more detail in the next section and in relevant domain-specific methodology documents.

#	Characteristic/Objective	Main Data Used
1	Carbon	For Corporates S&P (Trucost Environmental Data) is used as input to internal processes. EC EDGAR is used as main source for sovereigns
2	Proxy Voting	Data derived from internal processes, aided by content from Glass Lewis and ISS
3	Country Sustainability Data	We use over 40 publicly available data sources such as IMF, OECD and World Bank (incl. Worldwide Governance Indicators Control of Corruption) as well as content from ISS and SanctIO
4	Environmental footprint	Main source used is S&P (RobecoSAM CSA data, migration planned to Trucost Environmental Data)
5	Forward Looking Climate Analytics	Data derived from internal processes
6	Exclusions	We use several data sources such as Sustainalytics, RSPO (Roundtable on Sustainable Palm Oil), World Bank, Freedom House, Fund for Peace and International Sanctions; further policy document available here
7	Green, Social and Sustainable Bonds	Bloomberg in conjunction with data derived from internal processes
8	Sustainable Development Goals	Data derived from internal processes
9	Engagement	Data derived from internal processes
10	Good Governance	Data derived from internal processes
11	ESG Scores and Rating Data	MSCI, Sustainalytics, S&P and data derived from internal processes
12	UNGC/ILO Breaches	Several data sources such as Sustainalytics Global Standards Screening are used as input for internal processes

We carry out spot checks of data on a continuous basis. End users can, moreover, flag data concerns with the respective owner. We then triage these and escalate to the source vendor as required. Where we do not reach agreement with the data provider as to the correct value, we have set up a process that allows us to 'override' a data point, including adequate governance to ensure objectivity, an audit trail which contains documented rationale and underlying proof of the challenged data point, and maintenance of the adjustments.

Describe the proportion of the data that is estimated

We employ a best of breed approach to selecting data vendors and have a preference for reported data where available. As noted in the introduction, however, corporate disclosure can be sporadic resulting in the need for estimated data. We use estimated data in a number of circumstances, therefore, to provide meaningful figures at portfolio and benchmark levels. We source some of these estimated figures directly from data vendors. For the carbon footprint objective, for instance, our preferred provider is S&P (Trucost Environmental Data). S&P uses a robust 'environmentally extended input-output model' to expand its database of reported emissions. We evaluated this approach as the best in class further to our due diligence process. Vendor coverage and methodology may change frequently and, as such, individual providers will offer the most accurate statistics on estimated proportion per indicator.

There are cases where we need to further extend vendor data/ estimation models to ensure that coverage is adequate for the specific use case across our investible universe and associated benchmarks. In this instance, we may employ one of several statistical methods to fill gaps as best as possible. These methods include but are not limited to linear regression techniques and use of sector average/median values. Statistics on estimated proportions are to be documented in individual methodology documents available on our Sustainable Finance Action Plan site.

Describe how data is processed

We receive data in several ways, ranging from ad-hoc, infrequent Excel file updates to fully automated data feeds. Our preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

The first step of our internal process is to map provider-specific identifiers to our internal identifier system. This is necessary first and foremost for us to be able to link content to portfolio holdings or benchmark positions. Our internal security and party master table also serves as the basis to perform 'roll ups' of company data. This is the process by which we cascade values

to relevant associated issuers or securities within a corporate capital structure.

Thereafter our processes can be split into two categories: operational and research. From an operations perspective, we store all data in a hosted enterprise data management system and provide relevant downstream teams with the required accessors to fetch data. This provides consistent access for production systems such as compliance, reporting and restrictions. From a research perspective, we deliver content to an internal data lake hosted on Microsoft Azure. Quant analysts and data scientists are then able to perform independent research tasks without risk of interrupting mission critical processes.

We continuously review approaches to identify opportunities to enhance all our dimensions of data quality, be it breadth, coverage or timeliness. Feedback is gathered and shared through a variety of internal mechanisms, whether through committee/governance board sessions or more informal channels such as periodic cross-functional team meetings.

Appendix: Reference material

We maintain comprehensive methodology documents for a number of our proprietary analytical frameworks on our website. These whitepapers go into greater depth, provide further insight into data sources and processes applied within their respective domains. Examples include:

- Robeco Sustainability Policies and Positions Homepage
- Robeco SDG Framework
- Robeco Green Bond Framework
- Robeco Forward Looking Climate Analytics

Regarding externally sourced content, as previously noted, we aim to select the best of breed vendor for each of our target characteristics. Each vendor will have its own approach and set of internal processes, over which we have only limited influence as an end consumer. Below is a selection of reference material from those data providers that contains pertinent details relating to their methodologies. We advise that this list is not exhaustive and links are subject to change so individual providers listed above can be contacted for the most up-to-date documentation.

- Sustainalytics ESG Risk Ratings Methodology
- Trucost FAQ / Methodology Insights
- Solactive Paris Aligned Global Corporate Index Methodology
- MSCI Climate Paris Aligned Indexes Methodology
- World Bank World Governance Indicators

Please visit the Robeco website
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