

ROBECO INSTITUTIONAL ASSET MANAGEMENT

Sustainability Policy

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1. Introduction

Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future. The focus in the investment industry is, therefore, shifting from creating wealth to creating wealth and well-being. We are the leading sustainable asset manager and will continue to improve and innovate.

Our corporate mission is to enable our clients to achieve their financial objectives through superior returns and solutions. Sustainability is key in fulfilling that fiduciary duty and a key pillar of Robeco's corporate strategy. We are convinced that investee companies with sustainable business practices have a competitive advantage and are more successful in the long-term. We also believe sustainability has the power to bring about positive economic, environmental and social change. Therefore, we integrate sustainability in our investment processes, our own operations, and the governance of our organization.

Sustainable Investing

We see sustainability as a long-term force for change in markets, countries and companies. We are convinced that considering ESG factors results in better informed investment decisions and therefore leads to better results for our clients. Since our establishment in 1929, we have maintained a long-term view on investing. By exercising our voting rights and engaging with the companies in which we invest we aim to have a positive impact on both our investment results and on society. Exclusions are applied to controversial products and severe breaches of the UN Global Compact and/or OECD Guidelines for Multinational Enterprises when a dialogue does not yield the required change. For topics like climate change, biodiversity, and human rights specific policies and approaches have been developed. Carrying out stewardship responsibilities is an integral part of Robeco's Sustainable Investing approach.

Our commitment to Sustainable Investing is reflected in our endorsement of independent and broadly accepted codes of conduct and principles. All Robeco's investing activities are in line with the Principles for Responsible Investing (PRI). Robeco contributes to the Sustainable Development Goals (SDGs) by integrating ESG factors into the investment decision making process and encourages companies to take action on the SDGs through constructive engagement. The responsibility for implementing SI is allocated to the Chief Investment Officer Fixed income and Sustainability, who is part of Robeco's Executive Committee.

Sustainability is a key element in Robeco's corporate strategy. This top-level commitment of our Executive Committee is further embedded in our organization via the Sustainable

Investing activities and the work of our Sustainability Committee and Sustainability and Impact Strategy Committee. Our core values embody the essence of Robeco and serve as a touchstone for our day-to-day work. They forge a clear, shared identity for all executives and employees, which helps us execute our strategies in the best interests of our clients at all times. Those core values require us to be Client-centered, Innovative, Sustainable and Connecting. Robeco has a Code of Conduct in place that supports a culture of honesty and accountability. Robeco monitors the development of client portfolios and provides clients with transparent information on relevant developments directly related to their portfolio and other relevant Robeco services while ensuring privacy of customer data. We continuously optimize the effectiveness of our internal controls in the interest of our clients.

1.1 Policy objectives

In this document we describe relevant matters in relation to how Robeco manages Sustainability in its investments and operations. More specifically, this document intends to provide insights into governance and reporting, ESG integration policy, and a diverse set of policies on some of the most salient sustainability topics, including climate change, diversity and palm oil.

As part of the EU Shareholder Rights Directive II (SRD II) disclosure requirements, we have published information on how we make decisions based on our assessments about medium to long-term (non-)financial performances and risks of the underlying investee companies and how we engage with them. This information is contained in the ESG Integration chapter of this policy.

1.2 Scope

This policy applies to Robeco Holding B.V. and all its direct and indirect subsidiaries and group companies. This Policy may be supplemented by additional local policies and procedures where deemed necessary, but such local policies may not fall below the standards articulated in this Policy. Please contact the designated Compliance Department to check compliance with local policies.

The Sustainability policy applies to all investment funds managed by Robeco that have direct investments in companies,

meaning equity or credit investments, and/or selected sovereign holding. For segregated accounts with a specific investment mandate, the extent and nature of the sustainability integration are tailor made and depend on the beneficial owner's needs.

2. Sustainability: Governance

Sustainability is a key element in Robeco's corporate strategic plan 2021-2025. As an asset manager, we see sustainability as a long-term force for change in markets, countries, and companies. We are convinced that considering ESG factors results in better informed investment decisions and therefore leads to better results for our clients. Robeco's Sustainable Investing Center of Expertise acts as the focal point for our sustainable investment activities and delivers expertise and insights to the investment teams, who are then responsible for the integration of ESG into their individual investment capabilities.

2.1 Governance of Sustainable Investing

The responsibility for sustainable investing is allocated to the most senior level within the Investment department at Robeco. The CIO Fixed Income and Sustainability is ultimately responsible for sustainable investing, and is a member of the Executive Committee. The Executive Committee has overall responsibility for defining Robeco's sustainability approach, including company-wide values, policies, initiatives and actions. Robeco's Supervisory Board monitors the execution of the company policy and advises the executive committee.

Sustainability and Impact Strategy Committee (SISC)

The Executive Committee is supported in these tasks by the Sustainability and Impact Strategy Committee (SISC), which acts as a sub-committee delegated by the Executive Committee, overseeing all matters related to sustainability and sustainable investing. The SISC includes members of Robeco's Executive Committee, as well as senior managers and sustainability specialists who oversee and drive sustainable investing across the company. This allows Robeco to coordinate sustainability matters from a company-wide perspective. The SISC has the authority to approve policies and set practical guidelines for the implementation of Robeco's sustainable investing strategy. The Committee is chaired by Robeco's Head of Sustainable Investing.

The SISC, in turn, is supported by 6 consultative bodies that oversee and advise the SISC on individual core components of Robeco's sustainable investing activities. Each committee is composed of senior members of the organization, including senior sustainability experts and members of our investment teams.

Climate Change Committee

Robeco's Climate Change Committee is responsible for the oversight of climate change-related topics, adapting existing investment strategies, risk management, and active ownership activities, as well as developing new products. The Committee is chaired by Robeco's Climate Strategist.

SDG Committee

The responsibility of the SDG Committee is to maintain and upgrade Robeco's SDG Framework used in many of our investment processes, and to ensure that the systems and processes in place are of the highest quality, including the assessment of proposed amendments to the framework. The committee is chaired by Robeco's SDG Strategist.

Controversial Behavior Committee

The Controversial Behavior Committee is responsible for the oversight and decision-making over Robeco's assessments of companies that are involved in a breach of internationally accepted codes of conduct, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. The committee provides oversight on engagement activities with the concerned companies and potential exclusions if desired changes regarding the breach were not achieved as a result of the engagement. The Committee is chaired by Robeco's Controversies Engagement Specialist.

Sustainable Investing Research Board

The function of the Sustainable Investing Research Board is to ensure a close connection between the sustainability research and investment activities of Robeco. The research board discusses, and monitors focus, prioritization and quality of sustainability research undertaken at Robeco, and is chaired by the Head of Credit Research.

Biodiversity Committee

The Biodiversity Committee is responsible for developing Robeco's biodiversity policy and targets, and for developing our approach to integration of biodiversity metrics in the investment processes. The Committee is chaired by Robeco's Climate Strategist.

Human Rights Taskforce

The Human Rights Taskforce is responsible for further developing Robeco's approach to human rights and for advancing the integration of social factors in the investment processes. The Taskforce is chaired by Robeco's Senior Human Rights Engagement Specialist.

Sustainability risk control framework

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

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

More information about sustainability risk integration can be found on the Robeco website.

2.2 Managing Robeco's internal sustainability

Robeco also integrates sustainability in its own business operations. In addition to the investment focused committees outlined above, Robeco's Sustainability Committee drives the sustainability initiatives of our business operations, supported by a network of internal Sustainability Ambassadors from every department. The Corporate Sustainability Committee is chaired by the Corporate Sustainability Officer. We actively promote diversity, equal opportunity and human capital development to ensure a positive working environment for our employees.

2.3 Reporting on Sustainability

Robeco regularly reports on its Sustainability activities. This includes regular articles on our sustainable investing approach ('Sustainability insights'), updates on our stewardship activities and the annual publication of the corporate sustainability report. These articles and reports are available on the Robeco website.

3. Managing Robeco's own operations

3.1 People

Above all else, Robeco's continued success depends on the performance of our employees; they are our most valuable asset. Their knowledge, skills, experience, commitment and engagement are key elements in all that we do at Robeco.

Therefore, Robeco works to attract and retain our employees by fostering a diverse, equitable and inclusive workplace. Through ongoing employee development, market-aligned compensation and benefits, and a focus on health, safety, and well-being, we help our employees thrive and succeed in life and business.

Performance Management Cycle

Our Performance Management Cycle, supported by our Learning and Development programs, offers our people the opportunity to continuously grow and develop their competencies and skills. The year-end appraisal meeting is not only a moment to assess performance against the goals agreed at the beginning of the year, but also an opportunity to enhance motivation, commitment and growth potential by truly recognizing an individual's strengths and areas for development.

Reward vision

A well thought out, balanced and sustainable remuneration policy is vital in order to attract, retain and motivate people. We reward our people in a way that encourages them to act in the best interests of our clients and avoid taking undesirable risks.

Remuneration

Our Nomination and Remuneration Committee oversees the remuneration processes, which are audited internally each year. Remuneration levels for all employees are compared annually with external benchmark data to ensure that we pay our employees in line with the external market. This to enable us to retain and attract talent. Any relevant changes made by regulators are incorporated in our remuneration policies and guidelines. On an annual basis, an independent external party reviews our RIAM Remuneration Policy to ensure full compliance with regulations and legislation.

Each individual employee's fixed salary is based on their role and experience and is linked to a salary range. These ranges are determined with reference to the benchmarks of the investment management industry in the relevant region, among other factors. The fixed salary is deemed to be adequate remuneration for the employee to properly execute their responsibilities, regardless of variable remuneration being awarded.

The total available variable remuneration pool is determined as a percentage of operational profit. Each employee's variable

remuneration assessment is based on pre-agreed business objectives in line with their behavior, individual and team performance, and the success of the company.

Diversity, inclusion and non-discrimination

We strive to create a workplace that reflects our diverse communities, and where everyone feels seen, heard, valued, and empowered to succeed – regardless of gender, race, ethnicity, religion, disability, family responsibility, sexual orientation, social origin, age or experience. Having diversity, equality and inclusion embedded as core values in our organization is critical to our strength as an asset manager and our ability to deliver quality returns for our clients. Our continued leadership in the field of sustainable investing is dependent on our ability to further promote these core values within Robeco. An elaborate description of our approach towards Diversity, Equity and Inclusion can be found in chapter 7. Thematic: Human Rights & Diversity.

Learning & development

Robeco's Learning & Development aims to develop talented leaders and experts, and to inspire and guide our employees so that they can achieve their best potential and perform to their best ability in realizing our business strategy. We develop and offer a diverse range of trainings, from leadership for managers to coaching and mentoring for everyone to make sure that colleagues will be able to meet today's and future's demands in terms of skillset and learning mentality. We facilitate our colleagues to develop new skillsets and gain relevant knowledge to excel in their roles and connect with Robeco as a company. For example, we developed an unconscious bias training called Blindspot to encourage a work environment where people our colleagues feel included and involved.

Whistleblowing

Robeco supports an open and honest culture in which it is possible to address each other on the subject of potential violations of the Code or other malpractice. Circumstances may make it problematic for employees to discuss malpractices within their immediate work environment. Our Whistleblowing policy is intended to ensure that malpractices in the above situations can be addressed and serves to protect the person that is reporting (suspected) abuse.

3.2 Giving back to the communities where we have a presence

We value initiatives by our employees to support societal projects and have programs in place for financial support and/or active participation.

Robeco Foundation

Launched in 2018, the Robeco Foundation aims to create equal opportunities for disadvantaged children by investing in talent development through education in the communities where we have a presence. Next to its overall aim, the Foundation aims to contribute directly to the SDGs. Especially two of the 17 goals are related to this issue: access to a quality education (SDG 4), and the reduction of inequalities (SDG 10).

Social commitment

Building and sustaining the trust of the communities in which we operate is essential to maintain our (social) license to operate. We support projects that benefit these communities by providing donations and enabling employees to perform voluntary work. Our Social Commitment Committee assesses projects submitted by employees based on our Policy on Social Commitment and Donations.

Integration of sustainability in procurement

Robeco expects its suppliers to carry out their business in a responsible and sustainable manner. We have defined seven principles of sustainable procurement, which we share with existing and new suppliers. In addition, our way of working is reflected in several policies (know your vendor, due diligence, and Robeco Responsible Purchasing, among others) which are continuously monitored, further developed and updated.

With regard to its sustainable procurement, Robeco observes the following principles:

1. We expect suppliers to support and respect the UN's Universal Declaration of Human Rights and to ensure that they are not complicit in any form of abuse (i.e. all parts of their supply chain must be managed in an ethical way).
2. Suppliers are encouraged to promote diversity and inclusion by not discriminating on the grounds of race, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin and union membership or marital status while hiring and employing.
3. All forms of forced, compulsory and child labor must be eliminated.
4. Suppliers should act responsibly in the field of the health and safety of employees.
5. We expect suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations.
6. Suppliers are expected to promote greater environmental responsibility and to support us in the use of goods and services that help mitigate our environmental impact, for example by better managing and utilizing resources such as energy, paper, water and waste.
7. We expect our suppliers to behave ethically and to respect

local laws. Bribery and corruption in any form is strictly prohibited. Any potential conflicts of interest by suppliers must be declared, and engaging in any activity which might reasonably be interpreted as an attempt to affect the impartiality of employees must be avoided.

3.3 Limiting our environmental footprint

We strive to limit the negative environmental impacts of our business operations as much as possible. As part of our commitment to achieve net zero greenhouse gas emissions by 2050, we have set targets to reduce our operational emissions. We aim to achieve a 50% absolute reduction of our operational emissions by 2030 compared to 2019. Our interim target is a 35% reduction by 2025. We have set a specific target to reduce our emissions from business travel (air transport and public transport), which accounts for a significant portion of our operational carbon footprint. We target a 7% annual reduction per FTE, from 2021 to 2025, compared to 2019. This translates into a 30% reduction by 2025. Robeco employees travel to meet clients and participate in research and engagement activities. We set and track carbon budgets for teams and promote the use of digital meeting solutions.

Robeco offsets its operational carbon footprint on an annual basis by investing in carbon offsetting projects. We perform due diligence to ensure the integrity and quality of the carbon credits.

We reduce the number of travel movements with our flexible workplace concept, by providing employees with a smartphone and laptop, and using the latest technology for video conferencing, so they can work at home or elsewhere. In general, employees have the flexibility to work two days per week from home.

Lease cars in the Netherlands are low emission-certified or lie within low-emission ranges, and new lease cars are electric. Our head office in Rotterdam has a four-star (excellent) BREEAM-NL new-building certificate from the Dutch Green Building Council, and uses renewable energy. At our head office, we encourage affiliated cleaning companies to use environmentally safe cleaning products as far as possible. Service level agreements for catering and cleaning include an incentive for sustainable innovation.

We always strive to further reduce energy and water utilization, and to promote the use of sustainable energy. Total water usage is measured and monitored. We also aim to minimize waste and recycle waste.

More information on actions taken and goals set in relation to our operations, can be found on the Robeco website.

4. ESG Integration

With a history of investing since 1929, Robeco's vision, reflects a long-term investment perspective. Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future. The focus in the investment industry is, therefore, shifting from creating wealth to creating wealth and well-being. We are the leading sustainable asset manager and will continue to improve and innovate.

Our mission and investment beliefs reflect our integrated approach

We have been managing sustainable funds since 1999, apply voting and engagement since 2005 and integrate ESG into all investment processes it can be applied to since 2010. This integrated approach is also reflected in our mission and our investment beliefs.

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

Our investment beliefs also reflect the fact that we are long term investors:

1. As an active asset manager with a long-term investment view, we create added value for our clients
 - Our investment strategies are research-driven and executed in a disciplined, risk-controlled way
 - Our key research pillars are fundamental research, quantitative research and sustainability research
 - We can create socioeconomic benefits in addition to competitive financial returns
2. ESG integration leads to better-informed investment decisions and better risk-adjusted returns throughout an economic cycle
 - Sustainability is a driver of structural change in countries, companies and markets
 - Companies with sustainable business practices are more successful
 - Active ownership contributes to both investment results and society

Every investment decision should be research driven

Sustainability research helps to ensure that a long-term investment view is incorporated into Robeco's investment strategies. The Sustainable Investment (SI) research team plays a key role in this area. The team's SI analysts are responsible for conducting a financial materiality analysis for a wide range of companies, with the aim to identify environmental, social and governance (ESG) factors that drive business value and that have the greatest impact on long-term value creation for a given industry. In addition, SI analysts contribute to the fundamental

investment analysis of individual companies by determining how the long-term ESG factors are likely to have a significant impact on a company's business value drivers of growth, costs, risk, and ultimately, future financial performance. Last but not least the SI team performs an analysis on a company's product impact, the Paris alignment and corporate governance, to help assess the impact they have on sustainable development. Besides the use in financial company analysis, the research output of the SI team is used in our proprietary SDG framework and engagement activities.

Important input for analyzing companies' corporate sustainability are also external sustainability resources, like Sustainalytics or the S&P Corporate Sustainability Assessment (CSA), and the proprietary Country Sustainability Ranking methodology, next to a range of other sources like company disclosures, industry reports and meetings with management. Active Ownership activities feed back into our investment research as the engagement team writes active ownership profiles on their results in engagement after each meeting. Our portfolio managers and analysts have access to several tools like the company dashboard summarizing all SI research that is available on a company level and several tools on portfolio level. Our trading systems also incorporate all available ESG data.

ESG integration frameworks fit the different investment processes

It is our firm belief that integrating ESG will lead to better-informed investment decisions and reduce the overall risk of a portfolio. Trends such as climate change, resource scarcity and greater regulation affect companies more than ever before, but they also provide opportunities for new markets in areas such as renewable energy or cybersecurity. For Robeco, this means that we systematically integrate financially material ESG issues into our investment processes.

In our fundamental equity and fixed income strategies we explicitly integrate material ESG issues in the investment cases of corporates and countries, with a clear outcome on both the financial metrics and the ESG impact. In our quantitative investment strategies, we integrate ESG information in our quantitative stock selection model and in our portfolio

construction. The focus is both on risk and opportunities.

Annual quality control leads to continuous improvement

All investment teams undergo a quality control on their ESG integration work annually. The Head of Sustainability Integration has built a quality control framework that is applied on randomly selected investment cases and the overarching approach of our quantitative investments and our sub-advised assets. Results are discussed with the CIO and with the SISC and areas for improvement are implemented. In 2022 we raised the bar further on the level of quality that is assessed in the control framework. We have started a discussion on how to implement the concept of double materiality in ESG integration. For fundamental investments we also implemented the elevated risk procedure. This means that for corporates with elevated ESG risk, the portfolio manager will have to show clearly how this elevated ESG risk was taken into account in the investment case. This is determined by the Controversial Behavior Committee. Lastly, we further standardized our approach to analyzing climate risk via our sector decarbonization pathway research.

5. Thematic: Climate Change

There is robust scientific evidence that the global climate has been changing due to human activity, primarily through the usage of fossil fuels and land-use changes. Climate change, if unmitigated, will have unacceptable long-term impacts on society and the global economy. Science has made clear that society has to act now. The costs and impact of inaction increase by the year.

Robeco acknowledges the responsibility of the asset management industry to manage climate change risks, opportunities and impacts. We believe that climate change poses material risks and opportunities for our clients' investment portfolios, and that it is our fiduciary duty to identify and manage these. Working in partnership with our clients, Robeco aspires to take a leading role in contributing towards a net zero economy. We firmly believe this will create opportunities to enhance long-term risk-adjusted returns.

Robeco aims to contribute to the goals of the Paris Agreement to keep global warming well below 2°C above pre-industrial levels and to pursue efforts to limit this to 1.5°C. We recognize that climate change mitigation and adaptation are essential for achieving the UN's Sustainable Development Goals (SDGs) and the goals of the Global Biodiversity Framework. We are committed to reach net zero greenhouse gas emissions by 2050, as a founding signatory of the Net Zero Asset Manager Initiative. In addition, we are committed to the Dutch Climate Accord, are members of the Powering Past Coal Alliance and the Platform Carbon Accounting for Financials (PCAF), and support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Our role as an investor is to help finance the net zero transition and to use our leverage as shareholder and bondholder to accelerate it. But we cannot solve big problems such as climate change on our own. What we can do is set a clear example, work together, and encourage others to follow suit. Our commitment to net zero by 2050 is made with the expectation that governments will follow through on their own commitments to the Paris Agreement. We commit to this goal because it is part of our responsible stewardship and because we are convinced it is in the long-term interest of our clients and our investment performance. Our vision is that safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future.

Governance of climate risks

At Robeco, the Executive Committee is responsible for determining the company's approach to sustainability. This includes defining company-wide values, policies, initiatives and actions related to climate change.

The Sustainability and Impact Strategy Committee (SISC) decides and advises the Executive Committee on climate-related actions.

The SISC has commissioned a Climate Change Committee (CCC) to oversee and drive Robeco's approach to climate change. The task force consists of senior experts from Robeco's Thought Leadership, Data Science, Sustainability Research, Active Ownership, Risk Management, Sales and Distribution, and Investment teams. It acts as the central group of competence on climate change-related topics, adapting existing investment strategies, risk management, and active ownership activities.

The CCC's progress is reported to the SISC on a bi-monthly basis, while the Executive Committee is updated by the SISC once a month on relevant sustainability matters.

Identification of climate risks and opportunities

Using the TCFD framework as a starting point, Robeco identifies the climate-related risks and opportunities which are most likely to affect its business and strategy. Being an investment manager, the most material risks and opportunities relate to our investments, but our business could also be impacted by regulatory and reputation risks. We outline these in more detail in the table below.

How climate-related risks affect our business over the short, medium and long-term

Regulatory developments and market standards	<p>Evolving climate-related standards may affect the way asset managers and clients need to integrate and disclose ESG considerations in their investment decisions. We expect related standards to continue to strengthen in the next one to five years.</p>
Reputational risks	<p>Regulators, standard setters and NGOs are increasingly scrutinizing companies' climate and sustainability commitments. Asset managers need to be careful about making any misrepresentations on their sustainable impact. We expect this risk to be prominent in the next one to five years.</p>
Increasing demand for climate-related products	<p>Increasing regulation and disclosure, as well as preference changes amongst clients, may lead to increased client demand for climate-related products. We expect this trend to strengthen in the next five years.</p>
Investment risks and opportunities	<p>Transition risks posed by climate change are highly likely to affect the value of our investments. Climate policy actions, technological innovation and market demand may shift (suddenly), leading to stranded assets, or the gradual depreciation of fossil fuel-related or dependent sectors. Risks are likely to accelerate during the next 10 years.</p> <p>The physical risks of climate change are likely to affect the value of our investments. Assets and supply chains will be affected by extreme weather events and rising sea levels. Property losses, infrastructure disruption, workforce issues and loss of food production are only a few examples. Risks may occur anywhere between today and the next 30 years.</p>

To address the above climate risks and capitalize on the opportunities, we rely on our climate strategy which is outlined in the following section.

Our climate strategy

The management of climate-related risks, opportunities and impacts is embedded throughout our company. Our climate strategy entails the following elements, which are elaborated in further detail below:

1. Climate-related research, data science, and analytics;
2. Climate risk management (second line);
3. Integration of material climate-related factors in investment processes (first line);
4. Active ownership with investee companies and sovereigns;
5. Working with clients
6. Collaboration with peers, policy-makers and other relevant stakeholders;
7. Decarbonization of investment portfolios and operational emissions;
8. Climate-related exclusions;
9. Approach to fossil fuels.

Climate research, data and analytics

We acquire and generate various climate-related data that helps

us identify and measure the risks, opportunities and impacts from climate change. This includes carbon emissions data but also forward-looking climate data. Our analysts take this data and convert it into scores, footprint reports, impact reports and insights that are integrated across our range of asset management products and services.

We have developed an operational carbon accounting data system that calculates carbon emissions across a variety of metrics. The calculations are based on emissions data for scope 1, 2 and, to some extent, scope 3. These calculations allow us to assess and quantify the carbon emissions embedded in our investments across our equity and debt investments.

We develop sector pathway research to assess the transition readiness of investee companies in a forward-looking way. For high-emitting sectors we benchmark how companies are performing in terms of carbon emissions, climate targets, technologies and capex. Based on this research, we develop scores to assess companies' impact on climate change and their alignment with the goals of the Paris Agreement. We analyze the capex plans of companies and their exposure to carbon pricing and transition policy costs for usage in investment cases and valuations.

We research the climate performance of sovereigns based on a combination of carbon emission, policy and economic data. This research is used for the development of the Country Sustainability Ranking that is used in our investment processes. The research is also used to determine priorities for our policy dialogue with sovereign issuers.

Climate change risk management (second line)

Robeco has in place a comprehensive Enterprise Risk Management Framework for the management of material financial and non-financial risks. The Financial Risk Management department assesses climate risks in order to identify, measure and monitor the impact on client portfolios, both in equities and fixed income. This is done through a stress-test approach based on different climate models, including the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS"). We have also developed an internal model based on four different scenarios developed by the Dutch central bank. In this model, each scenario is translated into a shock on key macroeconomic variables and then disaggregated to impacts to 56 industries, based on each industry's relative vulnerability to transition risks. As not all companies within a sector are impacted in the same way, we complement this approach with company-specific climate scores and internally developed climate transition risk scenarios. We also use externally acquired stress-test scenarios that cover both physical and transition risks. The results from the various climate stress-tests are documented in the monthly risk reports that are shared for review and discussion with the Enterprise Risk Management Committee as well as with investment teams.

Integration in investment processes (first line)

To enable better informed investment decisions on behalf of our clients, we systematically integrate financially material ESG issues, including climate change in our investment approach. The country and company research is done by the SI Research team and used by investment teams across the company. We address climate change issues through the evaluation of business models, corporate climate change strategies and products and services. Financial materiality research determines for which sectors and industries climate change is a relevant topic. When relevant, the climate change strategy of a company is analyzed and compared to its peers. For carbon-intensive sectors such as steel and cement, we assess companies against the required decarbonization pathway of their sector.

Based on this analysis our sustainability and financial analysts work together to assess the impact on the company's business model. By including the analysis on climate change in the

investment process, our analysts have a better view of the risks and opportunities that companies are exposed to. We believe that systematically considering climate change issues is essential to the success of our investing strategies.

Active ownership on climate change

We engage with companies on their environmental, social and governance practices, and use our voting rights to support shareholder proposals that address climate change risks and impacts in effective ways. We expect companies to align their business strategies with the goals of the Paris Agreement and concomitantly show effective and supportive climate governance, disclosure and policy advocacy.

In our climate engagement, we focus on industries with higher emissions that are most prone to climate change risks, such as energy, utilities, and steel manufacturers. We systematically monitor the climate performance of the top emitters in our investment universe, assessing their emissions, climate targets, business strategy, capex, and governance, amongst others. These data points feed into a climate traffic light assessment ranging from green (Aligned) to light-green (Aligning), amber (Partially aligning) and red (Misaligned). In our enhanced climate engagement, we focus on the worst performers from this assessment. For some of these companies, divestment may be the ultimate consequence if our engagement is unsuccessful.

In our climate voting policy, we assess companies against our expectations, based amongst others on our climate traffic light, and we define escalation steps, such as voting against management resolutions, if companies do not meet our expectations.

As an investor in sovereign bonds, Robeco also calls on governments to fulfill their important roles in the transition towards net zero. Governments are in the unique position of being able to steer the behavior of companies and consumers through their legislative power. Governments also have a duty to protect their citizens from the adverse effects of climate change. Jointly with other investors, we have focused dialogues with priority countries on these matters,

Working with clients

We work with clients to accelerate climate investing and support them in meeting their own climate ambitions. This means, working on expanding our offering of climate-related investment solutions, and partnering with clients in segregated solutions aligned with their own decarbonization goals. We proactively provide our clients with information and analytics on net zero investing, climate risk and the opportunities arising

from a lower-carbon global economy. We also share our own experience and expertise to enable clients to implement a stewardship and engagement philosophy that is consistent with the broader economy to achieve net zero emissions by 2050 or sooner.

Industry collaboration

Achieving a net zero economy implies that global markets price carbon emissions and other climate impacts into the value of goods, services and assets. To help develop such a conducive environment for climate investing, Robeco works in partnership with asset owners, peers, standard setters, policy makers and academics to create conducive market standards and policies. This includes our work with the Institutional Investor Group on Climate Change (IIGCC), the Platform for Carbon Accounting for Financials (PCAF), the Net Zero Asset Manager Initiative (NZAM) and the Glasgow Finance Alliance for Net Zero (GFANZ). Collaboration is essential to achieve our engagement goals. To this end, we play an active role in several climate change collaboration platforms, most notably the Climate Action 100+ initiative.

Decarbonization

Our ambition is to reach net zero emissions by 2050 for all of our assets under management, both Robeco funds as well as client-specific mandates and client-specific funds. As interim target for 2025, we aim to reduce the carbon footprint of our investments by 30%. This target applies to our own funds, for which we have discretion and for which carbon footprint methodologies are available (~40% of AuM). Segregated client accounts are out of scope initially, because our clients set their own decarbonization goals. We are committed to working with our clients on such decarbonization goals, with a view to ratcheting up the proportion of segregated solutions in line with attainment of net zero emissions by 2050 or sooner.

Our decarbonization strategy is based on the guidance of the Net Zero Investment Framework of the Paris-Aligned Investment Initiative and the 2025 Target-Setting Protocol of the UN-Convened Net Zero Asset Owner Alliance. Our carbon targets are based on the climate scenarios of the UN's climate science panel, the IPCC. But methodologies for translating climate science into investment decisions are still immature. We therefore apply an evolutionary approach. We will revise our targets at least once every five years in line with the ratchet mechanism of the Paris Agreement. Our targets are initially at entity level and we aim to evolve into fund-level targets over time as standards and data quality improve.

Our aim to be net zero by 2050 also applies to Robeco's own operations. We believe we should live up to the same standards

to which we hold others. For 2025 we want to reduce our operational emissions by 35%.

Climate-related exclusions

Robeco views exclusions as a measure of last resort. This means that Robeco uses exclusions for two purposes. First of all, to set out minimum standards targeting products, services and business practices which Robeco deems incompatible with sustainable investing and in this case the transition to a net zero economy. Secondly, as an escalation step within enhanced engagements where we have initiated the engagement due to climate misconduct. Our exclusion policy defines thresholds for exclusion of thermal coal, oil sands, Arctic drilling and coal power expansion. The thresholds are reviewed periodically. For more information about climate-related exclusions, please refer to the Exclusion Policy.

Our approach to fossil fuels

The transition towards net zero implies a steep increase of investment in renewable energy and a progressive phasing-down of investment in unabated fossil fuels. But even in a 1.5°C scenario, the fossil fuel sector requires continued investment, in order to avoid supply-demand misalignment and risks of energy insecurity. In their net zero scenarios, the International Energy Agency and the UN Climate Science Panel IPCC estimate required investments in fossil fuels in the order of US\$11-17 trillion until 2030 and US\$23-47 trillion until 2050.

Investors play an important role in driving the energy transition. Robeco supports the phase-down of unabated fossil fuels in accordance with science-based climate transition scenarios, in the understanding that the realization of this is contingent on effective global action across all sectors of the economy, spearheaded by ambitious public policy and regulation. On thermal coal specifically, we support the timelines of the Powering Past Coal Alliance of which we are a member.

Robeco actively contributes to the energy transition in the following ways:

- We reduce the carbon footprint of our funds with 30% by 2025 and 50% by 2030 with the ambition to reach net zero emissions by 2050 for 100% of our AUM.
- We assess top emitters in our portfolios through our proprietary climate traffic light in order to identify climate leaders and laggards. We invest in climate leaders which drive the transition on the energy supply and demand side. We believe this generates both alpha and positive real-world change. We engage with climate laggards to accelerate their transition away from carbon-intensive activities. In the coming years, our engagement with companies in the energy and power sectors will increasingly focus on the alignment

of capex decisions and the managed phase-out of high-carbon assets. For a sub-set of worst performers, our funds divest if the company fails to deliver on our engagement objectives within set timelines.

- Based on our traffic light assessment, we vote against management if companies fail on our minimal expectations of having robust climate governance, disclosures and transition plans.
- Our funds exclude thermal coal, Arctic drilling, oil sands and coal power expansion, based on thresholds that are set in our exclusion policy and that are reviewed periodically.

We report our actions on an annual basis. The ultimate result of our actions should be visible in our investments. That is, our investments in renewable energy and fossil fuels should be commensurate with our ambition to actively contribute to the energy transition and the phase-down of unabated fossil fuels. To be accountable on this, we annually disclose the energy-mix exposure of our portfolios in comparison to the benchmark.

6. Thematic: Human Rights & Diversity

6.1 Approach towards Human Rights

Part of Robeco's corporate responsibility is its duty to respect and uphold human rights, as outlined in the United Nations (UN) Universal Declaration of Human Rights, and to integrate human rights considerations into its daily business operations. Robeco's commitment towards human rights outlines the expectation that our employees, suppliers, business partners and portfolio companies will respect human rights in their business activities.

Our commitments

Robeco has signed the UN Global Compact (UNGC) and endorses the OECD Guidelines for Multinational Enterprises and lives by these principles and guidelines. Robeco's human rights approach is furthermore aligned with the International Labor Organization's (ILO) labor standards and the UN Guiding Principles for Business and Human Rights (UNGPs). Robeco regularly reviews its policy and procedures on human rights, considering feedback from both internal and external stakeholders.

Governance

The governance body for sustainable investing at Robeco is the Sustainability & Impact Strategy Committee (SISC). To deliver on our human rights-related commitments, the SISC established a Human Rights Taskforce (HRTF) in 2022, with the purpose of coordinating and driving Robeco's approach to human rights. The HRTF consists of representatives from the SI Center of Expertise. Decision-making topics related to human rights are reported by the HRTF to the SISC when appropriate. On a yearly basis, or more frequent, if necessary, the Executive Committee and Supervisory Board receive training on relevant human right developments. The Executive Committee receives a human rights update on a quarterly basis or more frequent if necessary.

Across the organization

Robeco recognizes that its people are key to achieving its goals, and actively promotes diversity, equal opportunity, human capital development and a positive working environment. Robeco is committed to complying with all applicable laws and to respect internationally recognized human rights wherever the company operates. This is embedded in Robeco's Code of Conduct for employees, and its expectations towards suppliers and business partners. Employees can anonymously report problems such as unethical behavior through Robeco's whistleblower channel. More information on Robeco's responsible business conduct can be found in Section 3. Robeco's Own Operations.

Integration in investments

As part of our fundamental investment processes, our sustainable investment researchers assess Environmental, Social and Governance (ESG) risks and opportunities of investee companies. This includes the evaluation of companies' human rights risks, which is taken into account by financial analysts and portfolio managers in valuations and portfolio construction. The metrics are taken from a range of data providers, and include topics like Diversity, Equal Remuneration, Human Rights Commitment and Human Rights Due Diligence Process. Metrics are subject to change and improvement. More information on how ESG risks are integrated in our investment process can be found in [Robeco's Sustainability Risk Policy](#).

We screen Principal Adverse Impacts (PAIs) of investment decisions across investment strategies and several of these relate to social issues. In addition, Robeco's SDG Framework assesses whether companies are respecting international guidelines for responsible behavior, including the UNGC Principles, UNGPs or OECD Guidelines for Multinational Enterprises. Companies violating such guidelines and principles, or companies for which there is serious concern that they lack policies to ensure compliance with them, can be assigned a negative SDG score and will therefore not qualify as a sustainable investment. More information on policies to identify and prioritize principal adverse impacts on sustainability factors can be found in [Robeco's Principal Adverse Impact Statement](#).

Robeco's exclusion policy includes both product-related (eg gambling, controversial weapons) and normative exclusions for companies with controversial behavior. We assess the behavior of companies according to the ILO standards, UNGPs, UNGC Principles and the OECD Guidelines for Multinational Enterprises. In addition to our own internal research and assessment to identify companies that breach these international guidelines, Robeco utilizes Sustainability's Global Standards Screening (GSS) methodology. GSS analyses norms and standards that are enshrined in the UNGC, the OECD Guidelines for Multinational Enterprises and the UNGPs, as well as their underlying conventions and treaties. Screening of the investment universe occurs on an ongoing basis, the external exclusion list is updated at least twice a year. Another component of Robeco's exclusion policy is its country-based exclusions. More information on our exclusion policy can be found in [Robeco's Exclusion Policy](#).

Active Ownership

Robeco believes that a large impact can be made on advancing human rights by actively engaging investee companies and encouraging them to adopt robust human rights policies and

practices. As such, we integrate minimum human rights standards in both our engagement and voting asks. Explicit human rights considerations have been included in our proxy voting policy since 2022.

We address human rights risks through our ongoing thematic and enhanced engagement programs. In our thematic engagement programs, we engage with companies on topics such as human rights risks and labor practices. For instance, we engage with companies active in conflict-affected and high-risk areas on their human rights due diligence. Through the enhanced engagements we engage with investee companies that systematically and severely breach the human rights components of the UNGC Principles or of the OECD Guidelines for Multinational Enterprises. Moreover, seeking collaborative action, we are part of the Investor Alliance for Human Rights and the PRI Advance Stewardship initiative on human rights and social issues. Additional information on Robeco's voting policy, thematic engagement, enhanced engagement and collaborative engagement approach can be found in our [Stewardship Policy](#).

6.2 Approach towards Diversity, Equity, and Inclusion

Across the organization

Equal opportunity and no discrimination are key components of the UN Universal Declaration of Human Rights. Robeco considers gender, age, ethnic, educational, or other diversity as a key strength when it comes to servicing our clients and growing our company.

We believe, in order for it to be effective, a policy of promoting diversity, equal opportunities and inclusion needs to be driven from a strategic level. Therefore, these core values are determined by the firm's leaders, affirmed by managers, enhanced by employees, and guided by Robeco's Diversity, Equal opportunities & Inclusion Committee (DE&I Committee). We have set diversity targets and a long-term ambition to achieve gender parity across the organization. More information in our efforts can be found in Section 3: Robeco's Own Operations.

Integration in investments

Diversity forms part of the social element of our ESG integration process, particularly where it pertains to human capital, and governance regarding female empowerment at investee companies. As such, we integrate workforce and executive diversity and equality in our company assessments conducted by Robeco's SI Research team. These assessments, which are taken into account by financial analysts and portfolio managers in valuations and portfolio construction, consider metrics such

as Diversity Policy, Gender Diversity, Board Characteristics, Pay Details and Diversity Minority Breakdown.

We screen the Principal Adverse Impacts (PAIs) of investment decisions across investment strategies and several of these relate to gender diversity topics, such as gender pay gap and board diversity. Robeco's SDG Framework also applies a multidimensional gender screening. More information on policies to identify and prioritize principal adverse impacts on sustainability factors can be found in [Robeco's Principal Adverse Impact Statement](#).

Active Ownership

Robeco exercises its ownership rights, both voting and engagement, to effect change on company boards and within senior management teams. By integrating gender metrics in our voting policies, as is explained in [Robeco's Stewardship Policy](#), and by incorporating diversity and inclusion in many of our ongoing engagement themes, we constantly seek to influence companies to improve their policies, practices and transparency around DE&I.

Robeco is also an active participant of stakeholder collaborations that strive to advance human rights and promote corporate diversity. For instance, we became an active member of the 30% Club Investor Group (UK and Brazil Chapters), a collaborative investor group which aims to coordinate the investment community's approach to diversity. The goal of the 30% Club is to have at least 30% representation of all women on all boards and C-suites globally.

More information on these initiatives can be found in the document [Relevant Codes and Memberships](#).

7. Thematic: Biodiversity & Palm Oil

7.1 Approach towards Biodiversity

Biodiversity is declining faster than at any time in human history, and the pressures driving this decline are still increasing. Over half of the global economy is dependent on well-functioning ecosystems. Further loss of biodiversity could pose risks to financial markets. Nature conservation and restoration is therefore in the direct long-term interest of Robeco's clients and our investments.

Since a number of years, Robeco has been addressing biodiversity issues through active ownership activities and integration of material biodiversity risks in our investments. Our goal is that latest by 2024, we implement systematic steering on biodiversity risks and impacts throughout our portfolios. To build this capability, we are partnering with academics and peers to develop methods and data. This includes collaborations with the University of Cambridge (CISL), the Platform Biodiversity Accounting Financials (PBAF) and the Taskforce for Nature-related Financial Disclosure (TNFD).

Our commitments

In September 2020, Robeco signed the Finance for Biodiversity Pledge. As a signatory we commit to collaborate, assess biodiversity impacts in our portfolios, and set targets and report on biodiversity matters by 2024 at the latest.

In November 2021, during COP26, we signed on to the Financial Sector Commitment on Eliminating Agricultural Commodity-Driven Deforestation. Signatory financial institutions commit to work toward eliminating agricultural deforestation risks in investment portfolios by 2025.

Governance

The governance body for sustainable investing at Robeco is the Sustainability & Impact Strategy Committee (SISC). To deliver on our biodiversity-related commitments, the SISC established a Biodiversity Committee (BDC) in 2020, with the purpose of coordinating and driving Robeco's approach to biodiversity in an overarching and leading strategy. The BDC consists of representatives from the investment teams and SI Center of Expertise. Decision-making topics related to biodiversity are reported by the BDC to the SISC when appropriate.

Integration in Investments

As part of our fundamental investment processes, our sustainable investment researchers assess Environmental, Social and Governance (ESG) risks and opportunities of investee companies. This includes the analysis of material nature-related impacts and dependencies and how these affect business fundamentals. The SI research views are expressed in an SI rating, which is taken into account by financial analysts and

portfolio managers in valuations and portfolio construction. Nature-related risks and opportunities are assessed as follows:

- **Climate Change:** As one of the key drivers of biodiversity loss, climate change is always assessed. This includes the analysis of climate related risks, opportunities and company transition plans.
- **Product Impact:** We assess direct operations as well as the impact of products and services on the environment across the value chain. For a number of sectors, such as fast-moving consumer goods, these impacts are closely linked to nature and biodiversity. Negative externalities of products may be (come) subject to regulation, which affects issuers' cash flows and performance.
- **Other key ESG Factors:** Based on the financial materiality of nature and biodiversity risks to an industry, we select additional biodiversity-related factors for analysis. For example, supply chain management and raw material sourcing are considered for over 40 sub-industries. This analysis includes the assessment of sustainability certifications such as the Roundtable for Sustainable Palm Oil and the Marine Stewardship Council, among other supply chain criteria. Operational eco-efficiency is also assessed for over 40 sub-industries. More energy and water efficient operations generally have lower impacts on biodiversity. Product stewardship is included for over 20 industries and covers whether a company is measuring environmental impacts across product life cycles. Seven sub-industries, primarily related to mining, have biodiversity stated as a separate material ESG factor that requires assessment.

Active ownership

We leverage our position as shareholder and bondholder to influence how companies and governments mitigate their impacts on society and environment. Environmental issues in the agricultural sector, such as deforestation and the use of agrochemicals in crop production, are recurrent topics in our engagement with companies. We launched a dedicated engagement program focused on biodiversity in the soft commodity sector in 2019.

While engaging with companies is important, the role of governments is key. Early 2020 Robeco helped found the Investor Policy Dialogue on Deforestation (IPDD) through which investors jointly engage with governments (or related organizations) to underline the value of preserving natural assets and discourage unsustainable land use. The first sovereign engagements were in June 2020 with Brazil and in October with Indonesia.

7.2 Approach towards deforestation

Deforestation and land use change are some of the largest drivers of habitat destruction and biodiversity loss. In addition, it releases the carbon stored in trees and reduces the carbon sink capacity of ecosystems. In 2021, Robeco signed the COP26 Deforestation commitment to use best efforts to eliminate agricultural commodity-driven deforestation across our investment portfolios by 2025. To live up to this commitment and to accelerate action amongst investee companies to curb deforestation in their business operations and their supply chains, we will apply different active ownership instruments, including corporate engagement, proxy voting and collaboration with NGOs and ESG data providers. We prioritize our deforestation approach in key forest risk commodity supply chains, being mainly palm oil, soy, beef & leather, as well as timber, pulp & paper. We have used the Global Canopy Forest500 assessment to identify investee companies with exposure to at least one of these high deforestation risk commodities and use Forest500, CDP Forest, Sustainalytics Global Standards Screening and for palm oil RSPO data to understand investee companies' current level of management of deforestation risk.

We will work with NGOs to enhance the response and disclosure by investee companies for mitigating impact of deforestation. In addition, we recognize the need to be in dialogue with ESG data providers for them to deliver better data for screening our full investment universe on involvement of companies in the production and trade of soy, beef & leather, paper, pulp & timber, to enable us over time to set minimum standards for investee companies.

7.3 Approach towards Palm Oil

In 2019 Robeco beefed up its approach to the palm oil industry by introducing exclusion thresholds for palm oil producers or traders. Our SI Inside funds exclude palm oil companies with less than 50% RSPO certification, and SI Focus and SI Impact fund exclude palm oil companies with less than 80% RSPO certification. In January 2025 the 80% threshold will apply to the entire Robeco fund range. Until that time, we are conducting enhanced engagements with all investable palm oil companies that do not yet meet the 80% certification thresholds.

Key features of the palm oil policy are as follows:

- **Exclusion:** This is monitored by the Exclusions Working Group. We conduct an annual sector screen to benchmark companies according to their share of RSPO-certified land for palm oil cultivation. Data sources include Sustainalytics, RSPO and ZSL-SPOTT. Shortlisted companies with less than 50% of land RSPO-certified are excluded from Robeco's investable universe from 1 January 2022 onwards. Excluded producers are eligible for re-inclusion and enhanced engagement upon attainment of the 50% RSPO certification threshold.
- **Enhanced engagement:** This focuses on those companies in the investable universe that can benefit most from it, i.e., palm oil producers that have 50-80% of land RSPO-certified. Upon completion of the enhanced engagement program in December 2024, Robeco expects the selected palm oil producers to reach at least 80% of land to be RSPO-certified. Producers who do not reach this threshold will be excluded.

RSPO membership: To support growth of RSPO certification, Robeco joined the RSPO in January 2019 and its Financial Institutions Consultative Group (FICG). The multi-faceted sustainability issues facing the palm oil industry cannot be completely resolved by certification schemes alone. However, leading schemes such as the RSPO play an important role in leveraging the uptake of best practices, increasing transparency, and facilitating monitoring processes. Therefore, Robeco decided to include RSPO certification as the main focus for its palm oil policy.

8. Important information

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