

Sustainability Report 2022

LETTER FROM THE CEO

Karin van Baardwijk



How can we raise the bar for our 2022 Sustainability Report? When creating the report, this was the question we asked ourselves.

As a research-driven company, this meant looking at all the information we have available within our organization and ensuring it was of the highest possible quality. This way, in our journey to become more transparent, we ensure we report accurately and in accordance with the GRI Universal standards. We have made great strides in this respect, especially with the materiality analysis we conducted in 2022 to determine which issues are most significant for our company, applying the concept of “double materiality” and considering both impact and financial materiality.

Meanwhile, we are looking ahead to what the Corporate Sustainability Reporting Directive, the EU’s far-reaching regulation resulting in integrated reporting, will bring. Implementing this directive will be challenging for many companies, including Robeco. But it is in our nature to challenge ourselves, to learn and try to improve every day.

The journey to integrated reporting is complex. It will have consequences not only for the way we use our data, but also for our way of thinking. In particular, we want to foster integrated thinking throughout our organization. This means

that at all levels of our company, decisions need to be made that take into account not just standard financial and operational considerations, but also environmental, social and governmental (ESG) factors. Although ESG is already an important consideration in most of our investment decisions, applying it fully throughout our company’s processes and operations is the next step. We feel it is particularly important to make choices that contribute to the responsible use of resources. In the coming years we will therefore increase our efforts in support of this goal.

Learning and continuously improving is also important to us at Robeco, and with that in mind I am particularly proud of our Open Access Initiative, which we launched in 2022. Through this initiative we have opened up some of our SDG data to a community of academics and clients. As well as sharing our knowledge, our goal in doing so is to garner their feedback and, ultimately, further improve the data.

In 2022 we collaborated with World Wildlife Fund on the topic of biodiversity. The global economy depends on ecosystem services such as fresh water, clean air and high-quality soil

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– all of which rely on biodiversity. As such, biodiversity has become an important topic in our investment processes and stewardship activities. We've developed a framework to assess companies' impact on biodiversity and we use this model to select companies for our new biodiversity fund, which we launched in 2022.

Another highlight in 2022 was the appointment of three highly experienced experts to our Executive Committee, ensuring we have all the knowledge in place to continue with the execution of our 2021-2025 strategy.

Diversity of thinking is vital if we are to solve ongoing challenges and boost innovation. We connect with our stakeholders with the aim of broadening each other's perspectives and learning from and challenging each other. I am convinced that this kind of approach is crucial in a world that is continuously changing and that demands a constant stream of new solutions. We also recognize that it is crucial to promote diversity, equity and inclusion if we are to attract the best people to come and work for us. In 2022 we created a clear diversity, equity and inclusion roadmap that sets out our goals with respect to this important topic.

Executing our strategy also means we create more focus within the organization. On 2 February 2023 we announced a strategic partnership with Van Lanschot Kempen and the transfer of our Dutch online direct retail distribution platform to the Evi van Lanschot platform. Although the decision was not taken lightly, this transfer is in line with our decision to concentrate on our core activities. I am therefore pleased that Van Lanschot Kempen will offer our Dutch retail clients and especially our colleagues a new home with sufficient growth and future prospects, as well as the ambition to further develop its services.

The report also serves as our own official disclosure document for our commitment to the UN Global Compact. I hope you enjoy reading this report, and that you find it enlightening and informative. But I also invite you to adopt a critical approach and share your observations with us, challenge the steps we are taking and, where you feel we could do more or do better, let us know. This is the only way we can improve every day.

Kind regards,
Karin van Baardwijk

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About this report



Robeco Holding B.V. (Robeco) publishes a sustainability report every year. This report contains information on our impact, strategy, performance, and how we created value for the reporting year that started on 1 January 2022 and ended on 31 December 2022.

The report has been prepared in accordance with the GRI Universal standards of the Global Reporting Initiative (GRI), and our risk assessment follows the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The report contains elements of the International Integrated Reporting Council (IIRC) framework, such as our value creation model. A project to prepare for the Integrated Report in the future has started. In line with our ambition to be a leading sustainable asset manager, we plan to comply fully with the expected requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. We have already implemented a new approach to reporting on material topics using the double materiality principle.

We publish this sustainability report as a static PDF. The text and figures in the PDF have been subject to limited assurance by KPMG Accountants N.V. and relate to Robeco Holding B.V. In addition to this report, Robeco Institutional Asset Management B.V. (RIAM) publishes an annual report and a stewardship report. This annual report is available on our website as of 25 April 2023.

We believe in maintaining an open and transparent relationship with our stakeholders. By publishing this report, we aim to improve readers' understanding of how we create value and fulfill our mission – to make an impact that matters. We appreciate and welcome your feedback, as this enables us to continue enhancing what we do. Please send your comments or questions to cc@robeco.com.

→ [Discover Robeco's sustainability reports and policies](#)

→ [Read the Robeco Sustainability Report 2021](#)

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Our mission and vision

Robeco is a pure-play international asset manager. Founded in 1929, our headquarters are in Rotterdam, the Netherlands, and we have 15 other offices worldwide. A global leader in sustainable investing since 1995, our use of sustainability research coupled with fundamental and quantitative analysis enables us to offer institutional and private investors an extensive selection of active investment strategies covering a broad range of asset classes. Robeco is wholly owned by ORIX Corporation Europe N.V., a subsidiary of ORIX Corporation, a Japanese multinational enterprise.

Our mission stems from our long-term vision of the investment industry and society as a whole and reflects our long-term business objectives.

Our values

Our four core values serve as a touchstone for our daily work. They enhance a clear and shared identity and drive the behavior required to execute our strategy successfully.



Client-centered

We always act in the best interest of our clients



Innovative

We are inquisitive and goal-driven



Sustainable

We act responsibly towards society and Robeco



Connecting

We help others to be successful

OUR MISSION

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

OUR VISION

Safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of attractive returns in the future. Therefore, the investment industry's focus is further shifting from solely creating wealth to creating wealth and well-being.

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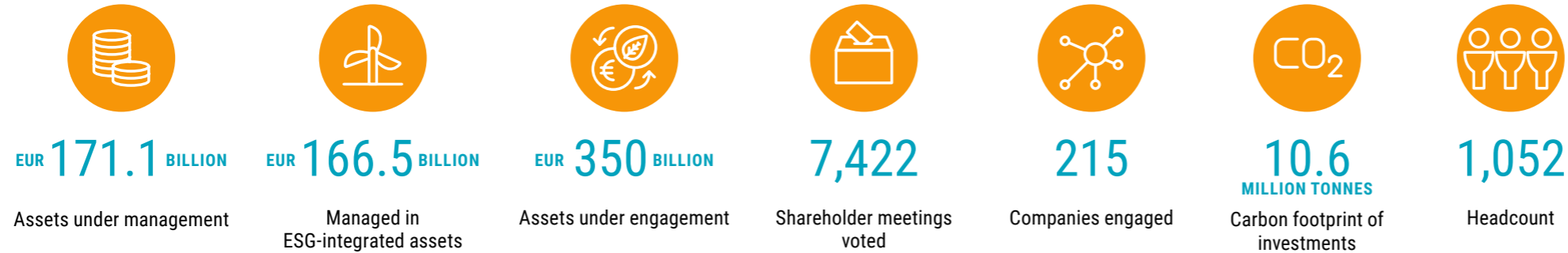
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Our offices



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OFFICES IN | COUNTRIES

North America

- Miami
US Offshore & Latam
Client relations
- New York
Robeco USA
Investment research
& Client relations

Europe

- Rotterdam
Robeco Headquarters
Asset management
& Client relations
- London
Robeco UK
Investment research
& Client relations
- Frankfurt
Robeco Germany
Client relations
- Paris
Robeco France
Client relations
- Madrid
Robeco Spain
Client relations
- Milan
Robeco Italy
Client relations
- Zürich
Robeco Switzerland
Asset management
& Client relations

Middle East

- Dubai
Robeco Middle East
Client relations

Asia Pacific

- Hong Kong
Robeco Asia Pacific
Asset management
& Client relations
- Tokyo
Robeco Japan
Client relations
- Shanghai
Robeco China
Asset management
& Client relations
- Singapore
Robeco Singapore
Investment research
& Client relations
- Sydney
Robeco Australia
Client relations
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Robeco Australia
Client relations

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Our clients and products

We distinguish three client segments:

- 1. Institutional investors**, such as pension plan sponsors and pension-related insurance companies, and public institutions, such as sovereign wealth funds and central banks
- 2. Wholesale clients**, such as global financial institutions and large private wealth managers
- 3. Dutch private investors** (as serviced by our retail business).

Assets under management: EUR 171.1 billion



Investment strengths and products

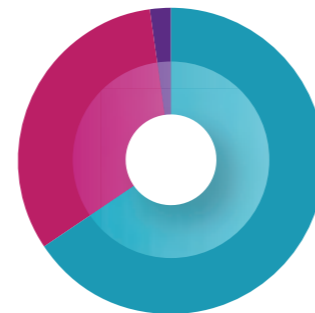
Our business proposition is based on our five key strengths:

- Sustainable investing
- Quantitative investing
- Credits
- Emerging markets
- Thematic investing

Robeco's product range consists of 142 investment funds. They are grouped into 56 investment strategies and subdivided into three levels of sustainability integration.

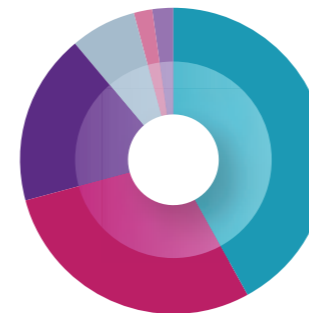
→ [Read more about our sustainability integration](#)

Asset classes



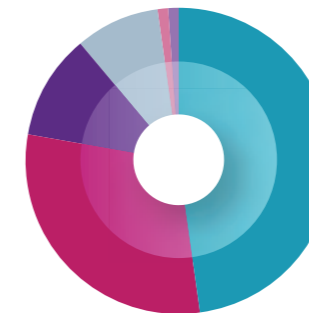
Equities	65%
Fixed income	32%
Balanced	3%

Clients by region



Europe ex Netherlands	42%
Netherlands	29%
Asia - Pacific	18%
Americas	7%
Africa	2%
Middle East	2%

Client type breakdown



Banks & other financials	48%
Pension funds	30%
Official institution	11%
Insurance	9%
Corporate	1%
Foundation / endowment or other	1%

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Our institutional and wholesale clients

Robeco is a global asset manager, serving institutional and wholesale clients in many countries. In doing so, we consider it crucial to keep up with the latest developments in asset management, regulation and technology, and in major global challenges like climate change.

Clients are at the heart of what we do. It is vital that we find out all about our clients' needs, expectations and challenges in order to enhance the service we provide them. As part of this process, we encourage our senior managers, account managers, portfolio managers and client service teams to engage regularly with our clients.

We use the latest technology and keep improving the processes and systems we use throughout the client lifecycle. For example, we introduced the MyRobeco client portal in 2020, enabling us to keep all relevant client information in a single location. We enhanced this platform in 2022 by sharing our SDG framework with our clients and enabling them to view individual company SDG scores as part of our move to open up our sustainable investing intellectual property.

In 2022, one of the key focus areas for Robeco and many of our clients was the EU's Sustainable Finance Action Plan and its key component, the Sustainable Finance Disclosure Regulation (SFDR). Robeco engages with its institutional and wholesale clients about their sustainability preferences and provides them with information about the sustainability characteristics of their portfolios and Robeco's funds. For example, we inform them of requirements linked to MiFID II sustainability preferences and SFDR Level II regulation.

Our retail clients

Robeco Retail is our direct distribution channel for Dutch retail clients and provides access to more than 80 Robeco funds. As of 31 December 2022, Robeco Retail served around 119,000 clients with a combined EUR 4.7 billion of assets in Robeco funds.

Roparco savings product closed

In 2022 we made it possible for our clients to transfer funds directly from and to their current accounts. At the same time, we stopped providing our clients with access to the Roparco savings product. This resulted in the closure of the accounts of clients who only made use of this savings product. We informed our clients about this decision in April 2022, and the Roparco product was closed at the end of October 2022. This allowed clients to seek an alternative solution.

New secure personal login environment

In March 2022, we introduced a new secure personal login environment to MijnRobeco, our website for retail investors. We introduced two-step verification to make it much harder for fraudsters to target our clients through phishing schemes, further enhancing the security of their accounts.

Client onboarding begins again

We reopened our client onboarding process in December 2022, giving new clients the opportunity to open an investing account with us. We had stopped accepting new clients in 2021 to give us the opportunity to improve our processes in relation to identifying customers and avoiding money laundering.

→ *For more information on the remedial measures to avoid money laundering, see the section on Business Conduct.*

STRATEGIC PARTNERSHIP WITH VAN LANSCHOT KEMPEN

On 2 February 2023, Robeco and Dutch wealth management firm Van Lanschot Kempen announced that the two firms had entered a strategic partnership through which we will transfer our Dutch online direct retail distribution platform and its clients to Van Lanschot Kempen.

Robeco's funds will remain available to clients on Van Lanschot Kempen's 'Evi van Lanschot' platform. After the transaction is legally completed, expected by the end of Q2 2023, all of Robeco's Dutch retail business employees will move to Van Lanschot Kempen.

Since its inception nearly 95 years ago, Robeco has evolved from a Netherlands-based investment consortium into an international asset manager that serves institutional and wholesale clients. This new partnership fits our strategic focus on further enhancing this position.

At the same time our online direct retail business has been an important part of our business since Robeco's inception, so we did not take this decision lightly. We took extreme caution and care in our search for a partner that would offer both Robeco Retail NL clients and employees a new home with sufficient growth and prospects, and which has the ambition to further develop its services.

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Our strategy

With our new CEO Karin van Baardwijk at the helm, in 2022 we continued to focus on executing our strategy for the 2021–25 period. Our mission is to enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions, and we are convinced that a sustainable business is better prepared for the challenges the future will bring.

Our strategy focuses on expanding our leadership position in sustainable investing, growing profitably, and being an employer of choice. The execution of our strategy has four focus points.

Clients & distribution

We will expand into new markets to provide more clients with access to our products and solutions. We aim to continue growing our position in the countries, regions and market segments where we already have a presence. As part of our organic growth ambitions, we intend to strengthen our position in two of the largest wholesale markets in the EMEA region: Germany and Italy. We are also carefully looking for non-organic growth opportunities through a focused M&A process, with the strict requirement that any potential acquisitions would have to fit within our strategy and add to our capabilities.

Investments & products

We provide superior, research-driven, sustainable investment strategies and design innovative products and solutions that fit the needs of our clients.

In 2022, we strengthened our quant business and thought leadership. We are expanding our range of existing strategies and investing in our next-generation quant capabilities. We are also committed to further developing our multi-asset and private debt activities.

Although 2022 was a turbulent year due to market volatility, geopolitical tensions, the energy crisis, and inflation, Robeco was able to maintain its position in the market. Looking ahead, we expect 2023 to be a challenging year for generating short-term outperformance. However, at Robeco we adopt a long-term approach to investment, and we believe 2023 will

provide the opportunity to set up our portfolios to generate attractive returns for our clients in future years.

Organization & operations

The third focus point of our strategy concerns our organization and operations. We strive to have excellent, well-controlled operations and ensure the long-term financial resilience of our company.

In 2022 we continued to scale up, improve and align our investment management operating models. For example, we harmonized the operating models of Robeco Switzerland with our company standards. We also implemented a private debt operating model, and a new operating model went live in Australia. With respect to our aim to achieve net-zero operations, we met our business travel reduction targets and devised energy-saving programs to further reduce our carbon footprint. For example, we replaced all fluorescent lighting with LED lighting in our headquarters and implemented a policy through which we can only lease fully electric cars in the Netherlands.

→ *For more information, please see the section on limiting our environmental footprint*

Colleagues & culture

We aim to be an employer of choice for talent, where colleagues feel empowered to be their best and work together towards achieving optimal results for all our stakeholders. To this end, in 2022 we introduced a flexible working policy allowing our employees more possibilities in terms of how and where to work while remaining connected. We also established our Diversity, Equity & Inclusion (DE&I) roadmap.

→ *For more information, please see Our people section*

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Materiality assessment



In 2022, we conducted an extensive materiality assessment considering both our operations and our investments perspectives. Making this differentiation enabled us to identify topics that represent the most significant actual and potential, negative and positive impacts and risks on the environment, society and governance (ESG) issues across our activities. For the first time, we have applied the guiding principles of the Global Reporting Initiative (GRI): Material Topics 2021 (GRI3) and the initial guidance set out by the Corporate Sustainability Reporting Directive (CSRD) to perform the assessment from a 'double materiality' lens, considering both financial materiality and impact materiality perspectives.

The assessment consisted of four steps:

1. Identifying potential material topics
2. Stakeholder engagement to prioritize topics from stakeholders' perspectives
3. Prioritizing material topics
4. Board sessions to validate the final material topics.

1. Identifying potential material topics

We used the GRI and CSRD as the baseline against which to identify impacts and select topics, although we also took into account other sector-specific standards. Other sources of input included Robeco's proprietary information, the results of our previous materiality assessment, peer and media analysis and the results of ongoing stakeholder dialogues. This resulted in a list of potential material topics covering E, S and G issues, with 14 topics from the perspective of investment and 11 from the perspective of our own operation.

→ [See the long list of topics under Appendix 2](#)

2. Stakeholder engagement to prioritize topics from stakeholders' perspective

We identified and assessed the actual and potential negative and positive impacts and risks of the topics across our activities and business relationships in the short term and over the long term by interacting with stakeholders. We selected stakeholders taking into account the need to ensure adequate representation from all domains within Robeco, relevant external stakeholders for an asset management company, and the regions in which Robeco operates.

We identified the following stakeholder groups that are material to the success of our business.

- Internal stakeholders: Sustainable Investing Center, Strategic Development, Investments, Human Resources, Enterprise Risk Management, Finance, Legal, Operations
- External stakeholders: clients, NGOs, industry associations, shareholders, rating agencies, and academia.

We asked all of these stakeholders to complete a survey to rank the topics based on the expected significance of their impacts and risks, taking into consideration both Robeco's investments and its own operations. The survey served as a starting point for interviews with stakeholders. In these interviews, we invited them to elaborate on their input, taking into consideration their various expertise and background. This allowed us to mitigate any possible knowledge gaps or barriers. We value this interaction as it paints a more complete picture of the landscape Robeco operates in. It does remain challenging to obtain feedback from all possible groups of stakeholders as we have limited time and resources available.

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3. Prioritizing material topics

We used the survey results and interviews to identify the most material topics. Subsequently, we divided them into highly material and moderately material topics considering the ranks the stakeholders assigned to each topic.

Although the topics of data/cybersecurity, governance, risk management, internal controls and fair advice to customers were viewed as material in the survey that we conducted, the stakeholders we spoke to in interviews suggested that these topics are either not linked to sustainability or are covered through other, more overarching, topics, and as such do not need to be included separately. Stakeholders considered that the topic of working conditions should be incorporated into the broader context of human rights. Therefore, the definition of human rights was extended to include working conditions.

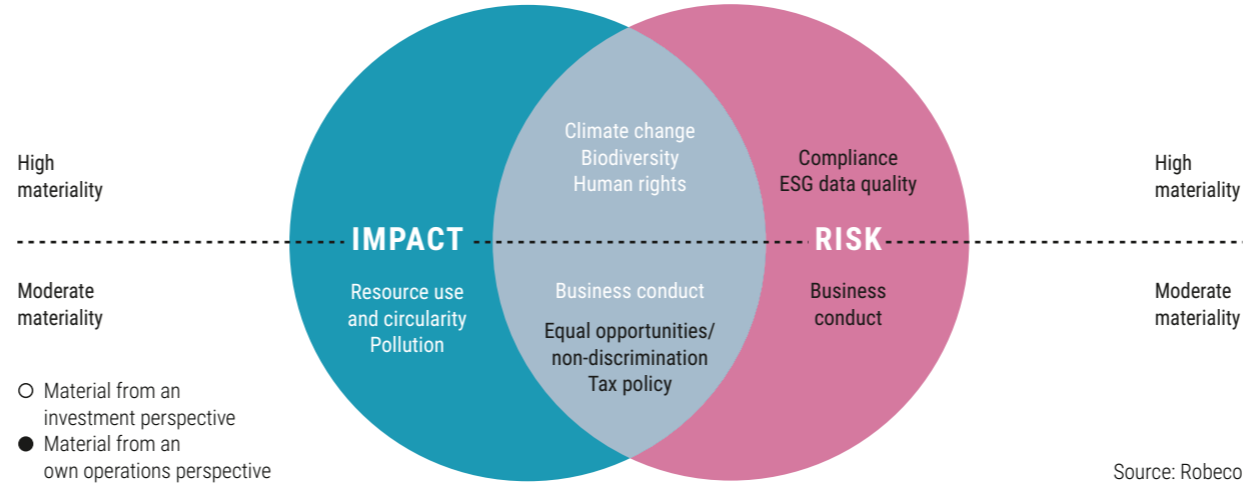
4. Board sessions to validate the final material topics

The final stage of the process involved holding sessions with the members of Robeco's Sustainable Impact & Strategy Committee (SISC), Executive Committee (ExCo) and Supervisory Board to discuss and validate the results of the stakeholder consultation.

The ExCo added ESG data quality as a material topic. High-quality ESG data is crucial for the proper functioning of the asset management industry. After consultation with the SISC, the topic of greenwashing was incorporated in the topic of business conduct. After final approval, climate change, biodiversity and human rights were designated the most material issues from a double materiality perspective (taking into account both impact and risk), showing a clear alignment with Robeco's sustainable investing focus topics.

We show the results of our materiality assessment in the diagram. Note that the order in which topics are listed does not imply a ranking of materiality – there are only two options: high materiality or moderate materiality

Robeco's 2022 materiality assessment result



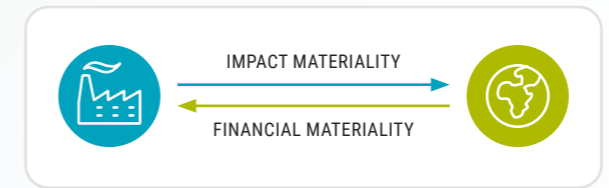
Effectively identifying material topics coupled with stakeholder engagement¹ enables us to prevent or mitigate potential negative impacts that could be important to our business and our ability to make a positive impact. We will continue this process through stakeholder engagement in 2023. More details on how Robeco manages each material issue are provided in the relevant sections of this report.

1. The ExCo delegates stakeholder engagement through annual materiality assessment to the Corporate Sustainability Officer. The outcome is reviewed, validated, and approved by the SISC, ExCo, and Supervisory Board. The stakeholder engagement helps inform Robeco's corporate strategy.

DOUBLE MATERIALITY EXPLAINED

The concept of double materiality is an important element of the EU's Sustainable Finance Action Plan and is an important part of our approach to sustainable investing. Double materiality considers a company's operations from two perspectives:

1. Financial materiality: how society and / or the environment create risks or opportunities for a company
2. Impact materiality: how a company has positive or negative impacts on the environment and / or society.



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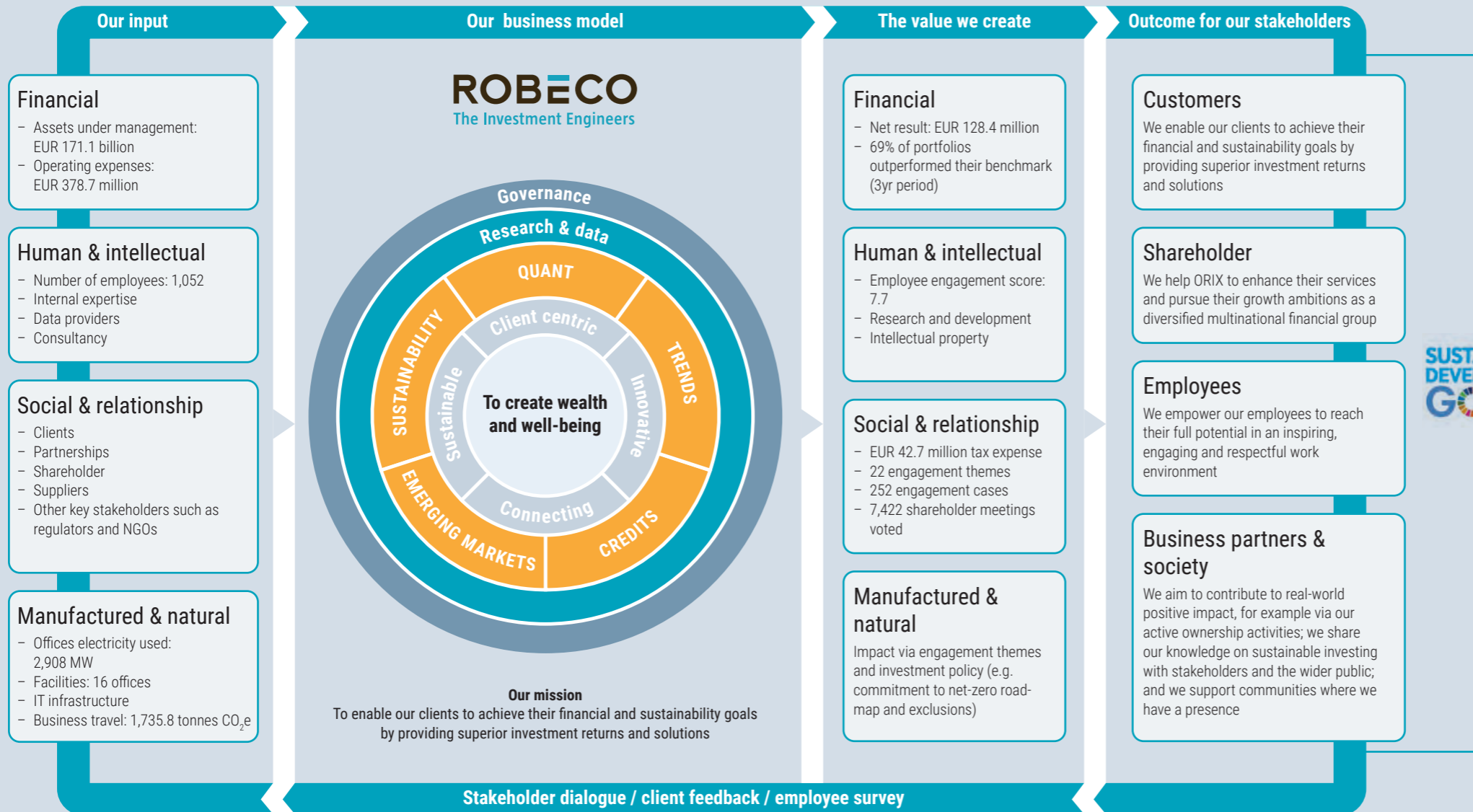
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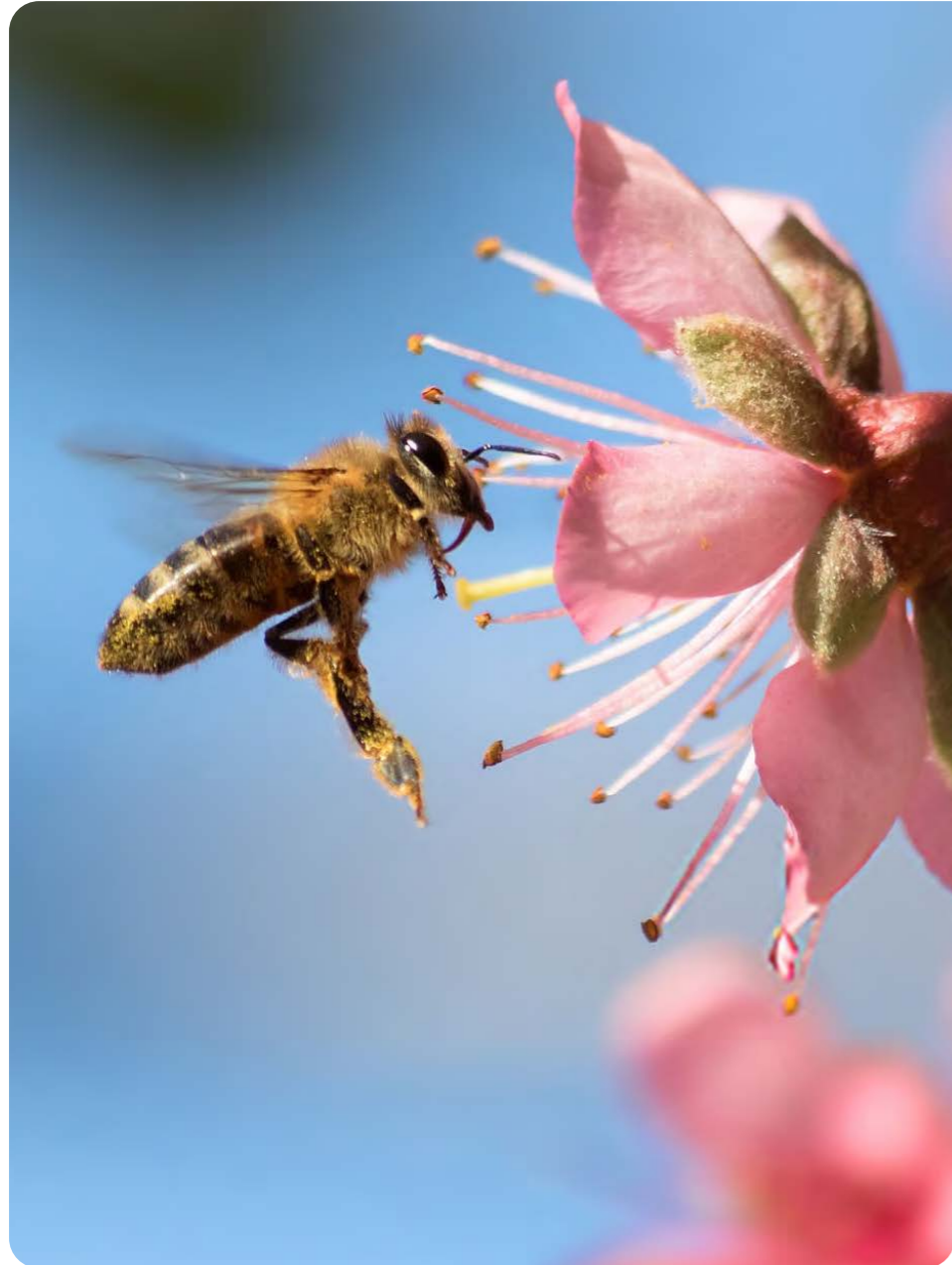
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Creating value

Robeco operates in the asset management industry, and we aim to enable [our clients](#) to achieve their financial and sustainability goals through their [investments](#). Due to the nature of an asset manager, our upstream value chain is limited, mainly consisting of services such as back-office activities, transport, data & research, and data centers. No significant changes to the organization's size, structure, ownership or supply chain occurred in 2022 compared to the previous reporting period.

Our value creation model is based on the IIRC framework and reflects how our strategy creates value for our stakeholders. The input comes from four sources: financial capital, human and intellectual capital, social and relationship capital, and natural and manufactured capital. We transform these inputs into value and impact in line with our mission and vision.

Our operations are guided by our core values that define what we are: client-centric, innovative, connecting, and sustainable. The five key strengths (sustainable investing, quant, thematic, credits, and emerging markets) are always supported with research and data. This means that we can deliver our research-driven strategies in a disciplined and controlled way.

The governance system we have in place provides a solid set of rules, practices, and processes to abide by. It ensures that the interests of all our stakeholders are carefully taken into account and that the risk we take is aligned with our risk appetite.

We aim to integrate sustainability in every step of the way globally and locally. This commitment shapes our relationships and impact on employees, customers, shareholder, communities and society. By systematically assessing investee companies' impacts for each individual SDG, our Sustainable Development Goal (SDG) framework is key in our investment strategies and helps to create impact through investee companies. Similarly, in our own operations, we focus on measuring and managing our social, environmental, and economic impacts on people and the planet to help attain the SDGs.

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Robeco in 2022

Following a record breaking year with extremely strong performance in 2021, we saw our assets under management return to lower levels in 2022. It has been a turbulent year for the entire asset management industry, marked by volatile markets, geopolitical tensions, an energy crisis and inflation. Regarding investment performance, Robeco performed well in some pockets thanks to our broad, well-diversified book of business.

On the right we set out some of the highlights for Robeco over the year.

Sustainable Investing Open Access Initiative

We started opening up our Sustainable Development Goals framework goals and data to a broader audience. We are actively seeking feedback on the data as part of our ongoing dialogues with various stakeholders, including academics, clients and sustainable investing experts.

We plan to use the feedback we receive to enhance the robustness of the data and the methodology behind it. Over 50 academics signed up for the initiative in the months after its launch. We also received highly positive feedback from clients, over 600 of whom signed up. We plan to share more sustainability investing information in the future.

Sustainable Finance Disclosure Regulation (SFDR) Technical Standards

Building upon SFDR level 1 requirements, we continued to implement the Regulatory Technical Standards to comply with the European Union's SFDR.

The SFDR level 2 Regulatory Technical Standards are now part of our daily business.



RobecoSAM Biodiversity Equities strategy

We have developed a framework to assess companies' impact on biodiversity, and we use this model to select companies for our new Biodiversity Equities fund. We collaborate with World Wildlife Fund on research and thought leadership on biodiversity.

RobecoSAM Biodiversity Equities fund is a thematic Article 9 fund, which means it has sustainable investment as an objective. It focuses on the sustainable use of natural resources and ecosystem services to help reduce Biodiversity loss.

Research into sector-level decarbonization pathways

In 2022, we expanded our research program on sector-level decarbonization pathways for carbon-intensive sectors such as steel, cement, power, and oil & gas². This in-house research program is the basis for Robeco's forward-looking climate analytics, in which we assess how well companies are prepared for the net zero transition in their industry sector.

2. Read more about this, in the [Climate change section](#).

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Asset management industry: trends and insights

There were several interesting insights and developments³ in the asset management industry in 2022.



Industry development

At the beginning of 2022 the industry assets were USD 112 trillion (grown from USD 48 trillion in 2010). Due to market performance developments, the estimated decline of industry assets under management in 2022 compared to 2021 is 14%⁴.



Active versus passive

In 2022 there were net outflows from active funds and ETFs of EUR -369 billion, compared with net inflows of EUR 82 billion into passive Europe & International funds and ETFs.



Alternatives

In 2026, alternative investments are estimated to be 19% of market assets and 51% of global revenues.



Sustainable investing

ESG-mandated⁵ assets are projected to make up half of all professionally managed assets around the world by 2024.



SFDR

The proportion of assets in Article 8 and Article 9 funds continued to increase, hitting 55.5% in Q4 2022. It was just 37.0% in Q3 2021.



Net-Zero 2050 objectives

Net-Zero 2050 objectives present huge challenges and opportunities for asset managers. Between USD 100-150 trillion of capital needs to be deployed over the next 30 years to minimize climate change.



ESG debate

Several states in the USA states introduced anti-ESG legislation.



Emerging technologies

Emerging technologies that could result in rapid disruption include direct indexing, artificial intelligence & machine learning, quantum computing and the tokenization of assets.



Diversity, Equity & Inclusion

Most institutional investors (80%) rate diversity as important to manager selection programs.

→ *The Annual Report 2022 for Robeco Institutional Asset Management B.V. includes an update on the financial markets*

3. Sources: BCG, Broadridge, Casey Quirk, Morningstar, West Virginia Press, Fund Fire.

4. The decline is based on Global Fund & ETF assets under management, therefore it is an overall estimate.

5. ESG-mandated assets are defined here as professionally managed assets in which ESG issues are considered during the investment process or for which shareholder resolutions are filed on ESG issues at publicly traded companies.

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Our 2022 financial results

Assets & financial results⁶

	2022	2021	2020	2019
Assets (EUR x billion)				
Assets under management (AUM) ⁷	171.1	200.7	173.5	171.7
Assets under advice ⁸	0.0	0.0	0.0	1.8
Total assets	171.1	200.7	173.5	173.5
Financial results (EUR x million)				
Gross margin ⁹	552.0	600.9	460.8	452.9
Operating expenses	-378.7	-370.8	-324.8	-327.6
Operating result	173.3	230.1	136.0	125.2
Non-operating result ¹⁰	-2.0	-0.7	-7.7	0.2
Result from group and associated companies	-0.2	0.1	0.0	-3.9
Tax expense	-42.7	-52.2	-33.6	-29.5
Net result for the year	128.4	177.3	94.7	92.0

Source: Robeco

The global economy was affected by Russia's invasion of Ukraine, high inflation, and reduced consumer purchasing power and confidence in 2022. Financial markets dropped over the year after a high rise in 2021 resulting in lower average assets under management in 2022 compared to the prior year. Our total client assets (including assets managed, sub-advised or distributed by Robeco) amounted to EUR 171.1 billion as at 31 December 2022, down from EUR 200.7 billion as at 31 December 2021.

Robeco's gross margin in 2022 was EUR 552.0 million, EUR 48.9 million (8%) lower than in 2021. This was mainly because we received reduced management and service fees due to our lower average assets under management.

Our operating expenses increased by EUR 7.9 million (2%) to EUR 378.7 million in 2022, mainly due to higher costs linked to fixed and temporary employee benefits and higher travel costs. The expenses related to the remedial measures at Robeco Retail had limited impact on the 2022 income statement, since these were added to the provision end of 2021 and used in 2022.

The non-operating result relates to our seeding portfolio result, interest costs, bank charges, and foreign exchange results.

Robeco's management considers the company's financial position to be sound, and all relevant capital requirements to which Robeco's legal entities are subject are being met.

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6. These are the financial results for Robeco Holding B.V., which covers: Robeco Hong Kong Ltd Rep Office Australia, Robeco Deutschland Zweigniederlassung der RIAM branch office, Robeco Middle East (DIFC) branch, Robeco France S.A.S., Ro-Boetie S.A.S., Robeco Hong Kong Ltd., Robeco Indices B.V., Robeco Institutional Asset Management B.V. (RIAM), Robeco Institutional Asset Management B.V. Sucursal en España branch office, Robeco Institutional Asset Management US Inc., Robeco Italy branch office, Robeco Japan Company Limited, Robeco Miami B.V., Robeco Miami branch office, Robeco Nederland B.V., Robeco Overseas Investment Fund Management (Shanghai) Limited Company, Robeco Private Fund Management (Shanghai) Co., Ltd., Robeco Schweiz AG, SAM Sustainable Asset Management AG, RSSLF GP S.a.r.l., Robeco Singapore Private Limited and Robeco United Kingdom branch office.

7. Assets under management includes assets managed, sub-advised or distributed by Robeco Institutional Asset Management, Robeco Switzerland and other subsidiaries of Robeco Holding.

8. We discontinued our fiduciary management business (including assets under advice) in 2020.

9. The gross margin includes fund and client related costs.

10. The non-operating results in 2020 excluded the one-off proceeds of the sale of our ESG ratings and benchmarking business to S&P Global.

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Governance

Robeco has a two-tier board consisting of a Management Board and a Supervisory Board. An Executive Committee ('ExCo') is in place to assist the Management Board in exercising its duties and responsibilities, and to perform the day-to-day management of Robeco together with the Management Board.

Management Board

The Management Board is Robeco's statutory board and is ultimately responsible for setting Robeco's strategy, objectives and overall direction and for overseeing and monitoring decision-making. The members of the Management Board are appointed by Robeco's general meeting. The Supervisory Board must be consulted on any intended appointments to the Management Board.

Gilbert Van Hassel, our former CEO, left Robeco on 1 January 2022. Karin van Baardwijk was our Chief Operating Officer before being appointed CEO.

Management Board as of 31 December 2022



Karin van Baardwijk

Chair and CEO
(female, 1977)

Appointed on
01/01/2022



Mark den Hollander

Chief Financial and Risk Officer
(male, 1969)

Appointed on
24/06/2019



Marcel Prins

Chief Operating Officer
(male, 1969)

Appointed on
01/06/2022

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Executive Committee as of 31 December 2022



Ivo Frielink

Head of Strategic and Business Development (male, 1976)

Appointed on 01/03/2022



Mark van der Kroft

CIO Fundamental and Quant Equity (male, 1964)

Appointed on 01/09/2020



Alexander Preininger

Head of Distribution and Marketing (male, 1975)

Appointed on 01/11/2022



Victor Verberk

CIO Fixed Income and Sustainability (male, 1974)

Appointed on 01/09/2020

Executive Committee

Robeco's Articles of Association provide that the Management Board may establish an Executive Committee consisting of all members of the Management Board and one or more other members to support them in performing their tasks ("Senior Executives").

Senior Executives are appointed, dismissed or suspended by the Management Board based on the CEO's proposal. The Supervisory Board, advised by the Nomination & Remuneration Committee, approves any such appointments.

Lia Belilos (our previous Chief Human Resources Officer) left Robeco on 1 February 2022 and Martin Nijkamp (our previous Head of Strategic and Business Development) left on 1 January 2022. Christoph von Reiche (our former Head of Distribution and Marketing) left Robeco on 1 April 2022.

Renske Paans has been appointed our new Chief Human Resources Officer, taking up her responsibilities as of 1 February 2023. She is an advisor to the Executive Committee and as such attends the ExCo's meetings. However, she is not a member of the Executive Committee and has no voting rights at its meetings.

Executive Committee Sub-Committees

The Executive Committee has five sub-committees with the following responsibilities:

- the Product Approval Committee: approves new products and services;
- the Enterprise Risk Management Committee: advises the Executive Committee on general risks that Robeco faces;
- the Sustainability and Impact Strategy Committee: oversees, coordinates and drives sustainability matters

from a company-wide perspective;

- the Pricing Committee: ensures that we provide attractive investment solutions and services to our clients at appropriate prices while ensuring Robeco is sufficiently profitable, in compliance with applicable laws and regulations;
- the Customer Committee: assesses client relationships from an integrity risk perspective.

The tasks and responsibilities of the Executive Committee sub-committees are laid down in their respective rules of procedure. The role of the Executive Committee sub-committees is to advise and prepare decisions to be taken by the Executive Committee and carry out responsibilities delegated to them by the Executive Committee.

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Supervisory Board as of 31 December 2022



Maarten Slendebroek
Chair
(male, 1961)

Appointed until 01/08/2024



Sonja Barendregt-Roojers
Vice-Chair
(female, 1957)

Appointed until 01/04/2026



Stan Koyanagi
(male, 1960)

Appointed until 01/08/2024



Mark Talbot
(male, 1968)

Appointed until 01/09/2023



Radboud Vlaar
(male, 1977)

Appointed until 30/04/2023¹¹

Supervisory Board

The Supervisory Board is responsible for supervising Robeco's general affairs and business. It advises both the Management Board and the ExCo, in compliance with applicable laws and regulations. In carrying out its duties, the Supervisory Board is guided by the interests of Robeco, the companies in the group and their connected businesses. It also takes into account the interests of all relevant stakeholders.

Members of the Supervisory Board are appointed at the Annual General Meeting.

All members of the Supervisory Board are independent, with the exception of Stan Koyanagi, who is a representative of ORIX Corporation in Japan, Robeco's ultimate (indirect) shareholder.

Supervisory Board Sub-Committees

The Supervisory Board has two sub-committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. Their role is to advise and prepare decisions to be taken by the Supervisory Board and carry out responsibilities that are delegated to them by the Supervisory Board.

Diversity

Robeco strives to achieve sufficient diversity in terms of gender, race, ethnicity, religion, disability, family responsibility, sexual orientation, social origin, age or experience on its Supervisory Board, Management Board and Executive Committee. We aim for at least 30% of positions to be held by women and at least 30% by men.

THE SEARCH FOR A NEW COO

In 2022 a lot of effort was put into the composition of the Executive Committee. The aim was to balance the necessary diversity in thinking within the team and the above-mentioned gender ratio. Although we followed an extensive process, including pre-selections of possible female candidates, interviews within the organization and assessments, ultimately this did not lead to the desired outcome concerning the gender ratio. We are committed to finding the right balance, but we also recognize that in finding the right person, more than just gender must be taken into account.

11. The appointment period of Radboud Vlaar ends per the end of April 2023. It is proposed that he will be re-appointed as member of the Supervisory Board for a period of two years ending 1 April 2025.

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As at 31 December 2022, we had met this gender target for the Management Board (one of the three members is female, and two are male), but not for the Supervisory Board or Executive Committee. Robeco will take account of its gender target when filling vacancies.

Corporate structure

Robeco is incorporated under Dutch law and has its headquarters in Rotterdam, the Netherlands. It is wholly owned by ORIX Corporation Europe N.V., whose sole shareholder is ORIX Corporation in Japan.

Robeco Holding B.V. is the top holding company of the Robeco group of companies, including Robeco Institutional Asset Management B.V.

→ [Please refer to Robeco Institutional Asset Management B.V.'s Annual Report 2022 for further details on its governance and corporate structure](#)

Sustainability governance

The ExCo is responsible for defining Robeco's approach to sustainability, including our company-wide values, policies, initiatives and actions; as well as overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people. It is also responsible for assessing the sustainability risks connected to our business activities. The ExCo is supported in these tasks by our Sustainability & Impact Strategy Committee (SISC), which acts as a sub-committee delegated by the ExCo and oversees all matters related to sustainability and sustainable investing in our company¹². It has the authority to approve policies and set practical guidelines for the implementation of our Sustainable Investing strategy.

Our investment teams are responsible for integrating ESG within their own investment strategies. Our company's six competence groups oversee the individual components of Robeco's sustainable investing activities. They are made up of senior members of our organization, including senior sustainability experts and members of our investment teams. The groups advise the SISC on topics related to their competence.

There is also an advisory committee – the Corporate Sustainability Committee – which focuses on sustainability within Robeco's own operations and advises the Sustainability & Impact Strategy Committee and the ExCo on corporate sustainability and governance. This committee is chaired by the Corporate Sustainability Officer.

Lastly, our Diversity, Equity and Inclusion Board focuses on driving Robeco's ambitions with respect to diversity, equity and inclusion in its own organization and advises the ExCo on this topic. This committee is chaired by the Chief Operating Officer.

ADVANCING KNOWLEDGE ON SUSTAINABILITY

Robeco is a leading asset manager in sustainable investing, therefore sustainability is at the heart of the collective knowledge, skills, and experience of the highest governance body. To continuously advance their knowledge and performance, the Supervisory Board and the ExCo conduct periodic self-assessments.

Governance of sustainable investing

SUSTAINABILITY & IMPACT STRATEGY COMMITTEE

12 members, consisting of members of the executive committee, senior managers and sustainability specialists who oversee and drive sustainable investing.
Chair: Head of Sustainable Investing

Climate Change Committee

Responsibility: Overseeing, coordinating and driving Robeco's approach to climate change in an overarching and leading strategy.
Chair: Climate Strategist

Biodiversity Taskforce

Responsibility: To act as central group of competence on biodiversity related topics. Its purpose is to oversee, coordinate and drive Robeco's approach to biodiversity in an overarching and leading strategy.
Chair: Climate Strategist

SDG Committee

Responsibility: Maintaining and updating SDG mapping framework, systems and processes that are of the highest quality, including the assessment of proposed amendments to the framework.
Chair: SDG Strategist

Sustainable Investing Research Board

Responsibility: To ensure a close connection between research and investment activities, the research board discusses and monitors focus, prioritization and quality of SI research.
Chair: Head Credit Research

Controversial Behavior Committee

Responsibility: Oversight decision-making body for controversial behaviors of companies and implications to Robeco's investment and outcomes of other Enhanced Engagement processes.
Chair: Controversy specialist

12. The SISC holds bi-weekly meetings and communicates the outcomes of these meetings on a monthly basis to the ExCo, who oversees the management of impacts.

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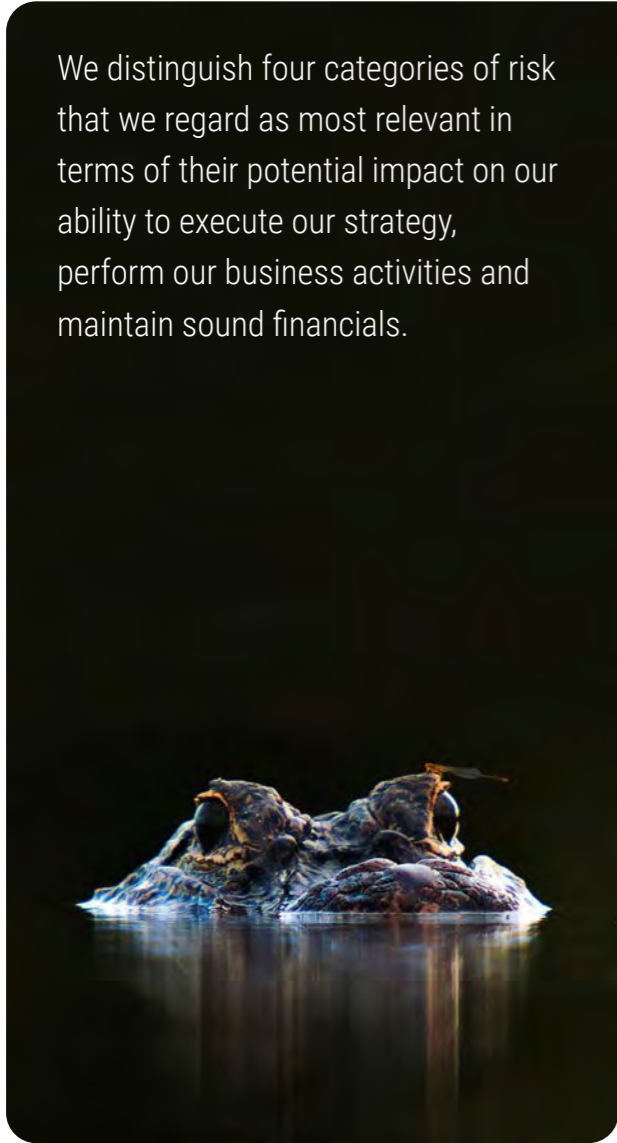
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Sustainability risk integration

We distinguish four categories of risk that we regard as most relevant in terms of their potential impact on our ability to execute our strategy, perform our business activities and maintain sound financials.



1 Strategic risks: external factors such as macro-economic developments, increasing fee pressure or competition may negatively affect our profitability. Continuous monitoring of such developments and maintaining a diversified base of clients, assets and products can help mitigate their potential impact.

2 Operational and compliance risks: Robeco manages a wide range of services and products for different kinds of clients in various regions of the world. This means that we are exposed to operational risks such as processing failures, cyber risk events and, non-compliance with laws or regulations. Our extensive control framework identifies the major risks throughout the entire investment process. It also includes the measures we have in place to reduce the likelihood that risks occur and their impact (risk mitigation). An incident procedure evaluates operational incidents to improve the quality and robustness of our operational processes and informs clients of any errors that have been made and their consequences.

3 Financial risks: we are exposed to counterparty credit risk on our cash balances and receivables. To mitigate this risk, we carefully select and monitor financial counter-parties. Market risks are managed by offering a diversified range of products and services covering various regions, currencies and asset classes. Furthermore, we have established a framework to ensure we have a solid liquidity position to mitigate liquidity risk and ensure we comply with capital requirements.

4 Sustainability risks: the value of investments in the portfolios we manage may fall due to ESG-related risks, such as climate change. Failing to mitigate such risks could directly impact our clients and indirectly represent a business risk for Robeco.

Sustainability risk integration

Sustainability factors – such as environmental, social and employee-related matters, respect for human rights and anti-corruption and anti-bribery issues – may have a positive or negative impact on the financial performance of our investments. For the purpose of risk management, we focus on the downside potential linked to these factors.

Our sustainability risk policy sets out sustainability risk limits and controls and how we react in the event that a risk limit is breached. The policy was updated in 2022 and is fully aligned with Sustainable Financial Disclosure Regulation (SFDR). Our approach on climate risk is in line with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

We expanded our toolkit to measure and monitor sustainability risks in Robeco's product range. This included setting up a dashboard to evaluate all our products and identify outliers. We also enhanced and expanded the scope of the climate risk scenarios that we use.

Robeco has two frameworks in place that prescribe how climate risks are measured and monitored. One involves a climate risk self-assessment at the corporate level and the other focuses on the climate risk that our clients' portfolios are exposed to.

→ [Read Robeco's Sustainability Risk Policy](#)

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Robeco Corporate Risk

As part of our assessment of our capital adequacy assessment (ICLAAP), Robeco performs a self-assessment of the climate risk our company is exposed to. We consider the potential impact of climate risk scenarios against our capital requirements to ensure that Robeco's financial position remains healthy in different climate risk events. To mitigate any risks our analysis suggests that we would be exposed to, we have a climate change strategy in place.

[→ Go to the Climate section](#)

Client portfolio risk

Our sustainability risk policy and framework is a three-pillar approach that sets out minimum requirements in terms of how we handle sustainability risk in our client portfolios:

- The **first pillar** lays down the minimum requirements for all portfolios in terms of exclusions of companies based on their activities and behavior.
- The **second** specifies how sustainability issues are promoted within products and defines limits for sustainability criteria such as ESG ratings, greenhouse gas emissions and contributions to the SDGs.
- The **third pillar** involves Financial Risk Management evaluating all our products according to several dimensions of sustainability, including climate risk scenarios. This process aims to raise awareness of sustainability risks, promote a deeper understanding, and encourage discussion between stakeholders to whom we communicate our findings. Climate risk analysis includes an evaluation of the impact of the climate transition, physical risks and opportunities linked to the climate transition.

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Sustainability risk control framework

Robeco's organizational structures, established around a three-lines model, support and promote effective and prudent decision-making with respect to the integration of sustainability risk-taking. The three lines of risk control are:

1. The teams managing our portfolios have primary responsibility for managing the risks linked to their investment activities and as such represent the first line of risk control. Robeco considers sustainability throughout the entire investment process by setting a sustainability risk appetite for all portfolios and determining criteria for our investment due diligence processes, security selection and monitoring. This is described in the [sustainability risk integration approach](#).
2. The second line monitors our company's business activities and risk controls and practices:
 - Risk Management is responsible for setting a risk appetite and applying appropriate risk controls, including sustainability-related ones. It periodically reports its findings to relevant internal committees and other stakeholders.
 - Our Compliance function monitors the alignment of Robeco's activities with regulatory requirements, including sustainability regulation.
3. Our Internal Audit function (the third line of risk control) provides independent assurance of internal control by conducting various audits and reviews. As part of its audit activities, it assesses whether sustainability risks are appropriately handled.

Risk Management and Internal Audit operate independently, with no link to our commercial functions. Risk Management reports directly to our Chief Finance and Risk Officer, while Internal Audit reports to the Chief Executive Officer. Both functions also report to the chairman of the Audit and Risk Committee of the Supervisory Board.

There are several risk management committees to ensure risk is comprehensively and consistently overseen within the company:

- the Audit and Risk Committee (ARC; a sub-committee of the Supervisory Board) supervises the financial reporting process, the control environment, the system of internal controls, risk management and internal audit;
- the Enterprise Risk Management Committee (ERMC; a sub-committee of the ExCo) is the highest body within Robeco that focuses on risk;
- the Risk Management Committee (RMC; a sub-committee of the ERMC) is responsible for determining the risk policies and monitoring risk levels in client portfolios.

An evolving field

The consideration of risks linked to sustainability is an evolving field. The available data, expertise and technology to help us identify, measure and mitigate sustainability risks are increasing. The interpretation and understanding of sustainability risks and how they affect investment portfolios are also developing over time. As such we regularly review and, where necessary, recalibrate how we integrate sustainability risk management into our processes to ensure that they remain up to date.

Over the past two years, we have set up an extensive sustainability risk framework and enhanced our toolkit to analyze, understand and report on sustainability risks. We have planned the following initiatives to further develop our sustainability risk management processes in 2023:

- further developing our risk control framework and related processes such as reporting;
- further improvement of how we determine risk appetite by using quantitative elements and developing key risk indicators;
- exploring the possibility of incorporating important themes such as biodiversity and human rights in our sustainability risk policy in quantitative terms;
- investigating the possibility of improving our climate risk scenarios by incorporating additional climate risk indicators. This would enable bottom-up analysis and identification of industry winners and losers within each scenario;
- incorporating the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) and exploring the implementation of nature loss scenarios.

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Managing and integrating climate-related risks

To better understand the risks and opportunities arising from climate change, we acquire and generate various climate-related data. Our analysts take this data and convert it into scores, footprint reports, impact reports and insights that are integrated across our range of products and services.

→ See our TCFD table (Appendix 5)

Our Risk Management department monitors the sustainability risks to which all our portfolios are exposed, including climate risks. We assess climate risks using scenario analysis and climate-related indicators. Scenario analysis involves a range of scenarios that may be internally developed, modeled on the basis of external guidance¹³ or provided by a third party¹⁴. We assess our portfolios' exposure to climate risks both in absolute terms and relative to their benchmarks. We produce a monthly report on climate risk exposures, which where relevant is discussed with the respective investment teams. At the company level, climate risk forms part of the assessment of our capital adequacy. Each quarter, Risk Management analyzes the impact of climate risk on Robeco's revenues and compares this with our minimum amount of required capital and available capital. In doing so, we use four climate transition risk scenarios based on guidance from the Dutch Central Bank (DNB).

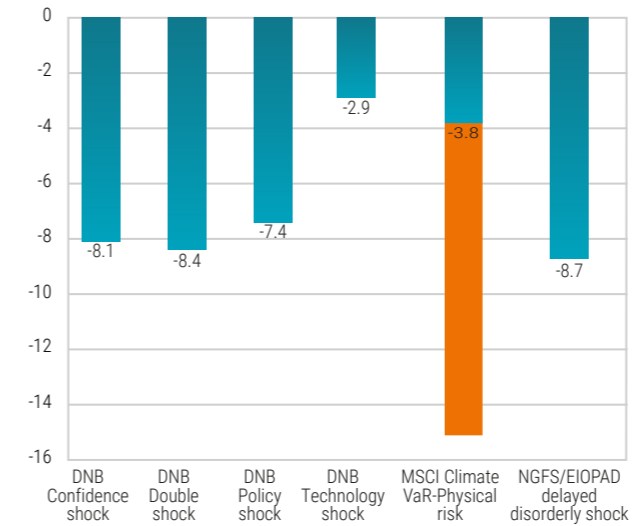
The four scenarios describe shocks at the macro and meso-economic levels. These shocks, which have a one-year time horizon, are translated into impact on assets under management and the asset management industry. As such, they are suitable for assessing our capital adequacy, which uses the same time horizon.

The four scenarios are as follows:

1. Confidence shock: corporations and households postpone investment and consumption due to uncertainty about policy measures and technology. This scenario only leads to a shock to equities.
2. Policy shock: carbon prices rise by USD 100 per ton due to additional policy measures.
3. Technology shock: the share of renewable energy in the energy mix doubles due to a technological breakthrough.
4. Double shock: carbon prices rise by USD 100 per ton due to additional policy measures. The share of renewable energy in the energy mix doubles due to a technological breakthrough.

The chart shows the projected impact of the climate-risk scenarios on Robeco's revenues. With an estimated impact of 8.4%, the DNB's double-shock scenario has the biggest projected negative impact on our revenues. In all scenarios, Robeco would remain a profitable company.

Impact of climate-risk scenarios on Robeco's revenues in %



Source: Robeco

13. Some scenarios are provided by the Dutch Central Bank and another scenario is based on guidance of the Network for Greening the Financial System (NGFS).

14. MSCI Climate Value-at-Risk.

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In addition to the capital adequacy assessment based on the DNB scenarios, we use two scenarios to assess the long-term climate risk sensitivity of our revenues. The first is based on assumptions by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), while the other relates to the Climate Value-at-Risk metric of MSCI. The potential impact of these two scenarios on Robeco's revenues is shown to the right of the graph.

- The NGFS provides a set of stress tests with different assumptions. Robeco chose to implement the Delayed Disorderly scenario, which helps us test our revenues' sensitivity in the event of a delayed transition toward a green economy. The scenario assumes there will be no major policy action until approximately 2030-32, when the price of carbon emissions rises sharply to above EUR 300/tonne.

- MSCI Climate Value-at-Risk (CVaR) model assesses our revenues' sensitivity to long-term climate transition risks and opportunities, but also to physical risk. Technological opportunities mitigate the potential negative impact of policy risks. The transition risk scenario reflects a 1.5°C pathway, while the physical risk scenario¹⁵ sets a range of between 4-6°C above pre-industrial levels, with a midpoint of 4.5. Within this range, we make use of an aggressive scenario.

If the NGFS scenario were to impact Robeco's current assets, revenues would decline by an estimated 8.7 percent. The estimated impact of the Climate VaR is higher at almost 15 percent. However, this is the only scenario that incorporates physical climate risk, which accounts for 11 percent of the total impact. The impact of these long-term scenarios is not severe enough to affect Robeco's profitability.

15. Based on the Representative Concentration Pathways (RSP) 8.5 by the Intergovernmental Panel on Climate Change (IPCC). More information can be found on https://www.ipcc-data.org/guidelines/pages/glossary/glossary_r.html.

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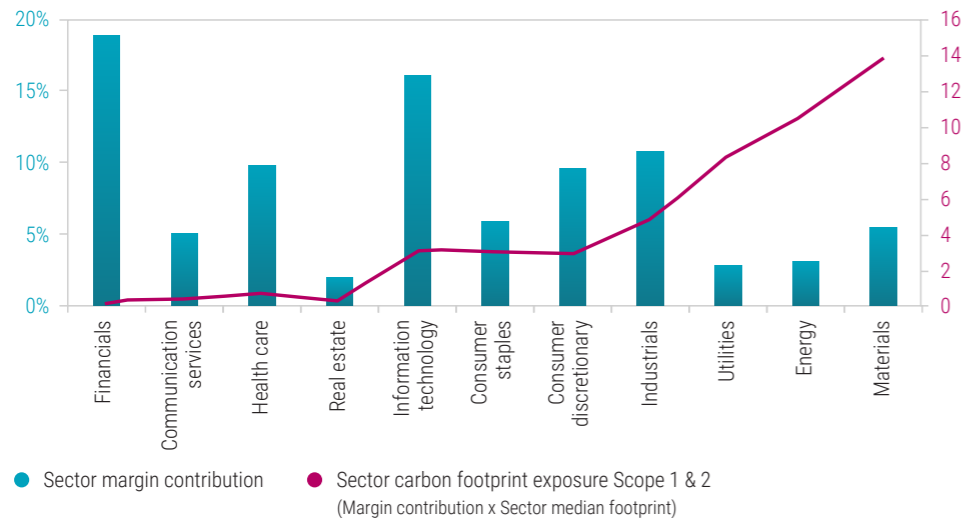
Carbon sensitivity

The carbon footprints of our investments are the key determinant of the climate-transition risk to which our portfolios are exposed. The higher a company's carbon footprint, the more action it needs to take to become climate-neutral and the higher the costs involved in doing so. We also assess the impact on Robeco's revenues to identify how vulnerable it is to the carbon footprint of the companies we invest in. The greater the amount we invest in assets with high carbon footprints, the greater the risks to our company.

We perform two assessments: one using Scope 1 and 2 carbon emissions, the other using Scope 1, 2, and 3¹⁶. Scope 1 and 2 emissions are directly within the control of companies, which face taxation and costs when transitioning. Scope 3 is more indirect, and there can be disputes among companies upstream and downstream in the value chain about who is responsible for carbon emissions. This means that companies with a high Scope 3 carbon footprint face additional risks on their journey to becoming climate neutral.

Robeco's expected revenue contribution by sector and carbon footprint exposure Scope 1 & 2

In Ton CO₂ / EVIC Market (Million EUR)



Source: Robeco

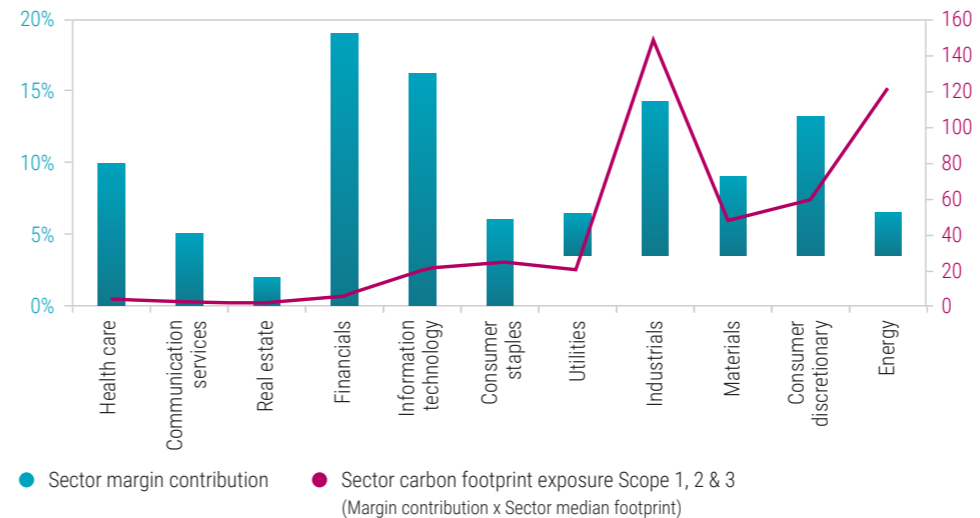
16. The assessments are done by using the GICS Industry median carbon footprint
 17. The contributions of the sectors do not add up to 100%. Not all investments have a sector classification, such as cash and derivatives.

The graph below shows the expected annual margin contribution¹⁷ of sectors based on Scope 1 and 2 emissions, as defined by the Global Industry Classifications Standard (GICS), and carbon footprints by sector¹⁸. The expected annual margin is based on the investment positions per ultimate 2022¹⁹. It indicates that the materials, energy and utilities sectors make a relatively low contribution to our revenues (as can be seen by the low blue bars), and that these sectors have a high carbon footprint (high magenta line). Despite our relatively low exposure (low blue bars) to these three sectors, they are responsible for much of Robeco's overall carbon sensitivity, as shown by the high magenta line.

The following chart shows the results when we include Scope 3 carbon emissions in the assessment. While the materials sector has the highest carbon footprint in Scope 1 and 2 terms, it only has the third-highest footprint when considering all scopes (third sector from right to left). Meanwhile, industrials, which are not amongst the three most polluting sectors from a Scope 1 and 2 perspective, is the sector to which Robeco's revenues are the most sensitive when adding Scope 3 emissions, followed by energy and consumer discretionary, as shown by the magenta line.

Robeco's expected revenue contribution by sector and carbon footprint exposure Scope 1, 2 & 3

In Ton CO₂ / EVIC Market (Million EUR)



Source: Robeco

18. These emissions are normalized for the enterprise value including cash (EVIC).
 19. The assumption is that the positions remain fixed for a year and there are no changes in valuation.

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Our Sustainable Investing strategy

Throughout 2022, Robeco continued to execute its Sustainable Investing strategy 2021-2025, which we launched in 2021. Our ambition is to be the first contact point for clients when they start their sustainable investing journey. As part of our strategy we provide sustainable investing solutions for all clients, some of which we have specifically designed to create positive real-world impact.

Our Sustainable Investing strategy is underpinned by Robeco's values and beliefs: every decision we take is research-driven, we take a 'pioneering but cautious' approach, and we believe that ESG integration leads to better-informed investment decisions and better risk-adjusted returns.

SIX PILLARS

Our Sustainable Investing strategy consists of six pillars.

1. Sustainable investing solutions for all clients

Sustainable investing represents a key business opportunity for Robeco. We aim to grow our market share of assets under management in sustainable strategies by providing a broad choice of profitable, innovative products that includes thematic strategies offering solutions to sustainability challenges, Paris-aligned fixed income and equity strategies and sustainable indices.

→ *For more information, see the Sustainable investing solutions section*

2. High quality sustainable investing intellectual property

Robeco has practiced ESG integration since 2010 and now routinely integrates sustainability factors in the investment processes of its entire range of fundamental equity, fixed income, quantitative and bespoke sustainable strategies. We intend to further enhance our approach to sustainable investing, specifically focusing on climate change, biodiversity, human rights and the SDGs.

→ *For more information, see the Climate, Biodiversity, Human Rights and Sustainable investing solutions sections*

3. Create real-world impact

We aim to make a positive real-world impact through our activities. For example, through voting and engagement we encourage the companies we invest in to adopt sustainable practices. We are continuously improving our approach and the tools we use to measure both the positive and adverse impacts of our investments and reporting.

→ *For more information, see the Active ownership section*

4. Build partnerships

We believe it is vital to take part in collaborations and strategic partnerships to make progress toward sustainability goals. We build partnerships with certain clients to support them on their sustainable investing journey. And through close collaboration and partnerships with academia and NGOs, we aim to strengthen our proprietary research on topics such as climate change, biodiversity and the SDGs.

→ *For more information, see the list of our association memberships and participations in external initiatives*

5. License to operate

To maintain our license to operate we aim to comply with continuously evolving regulations and wider society's expectations on sustainable investing. The European Union's Sustainable Finance Disclosure Regulation (SFDR), which came into effect in 2021, has been a key area of focus for Robeco. In addition, we place great emphasis on the quality, reliability and coverage of ESG data.

→ *For more information, see the section on ESG data quality*

6. Walk the talk:

We believe we need to live up to the same standards that we expect of others. At Robeco, we 'walk the talk' by integrating sustainability in our business operations. At the same time, through our Sustainable Investing (SI) Academy, we increase awareness, understanding and involvement regarding sustainability of our colleagues across the globe.

→ *For more information, see the section on Our environmental footprint*

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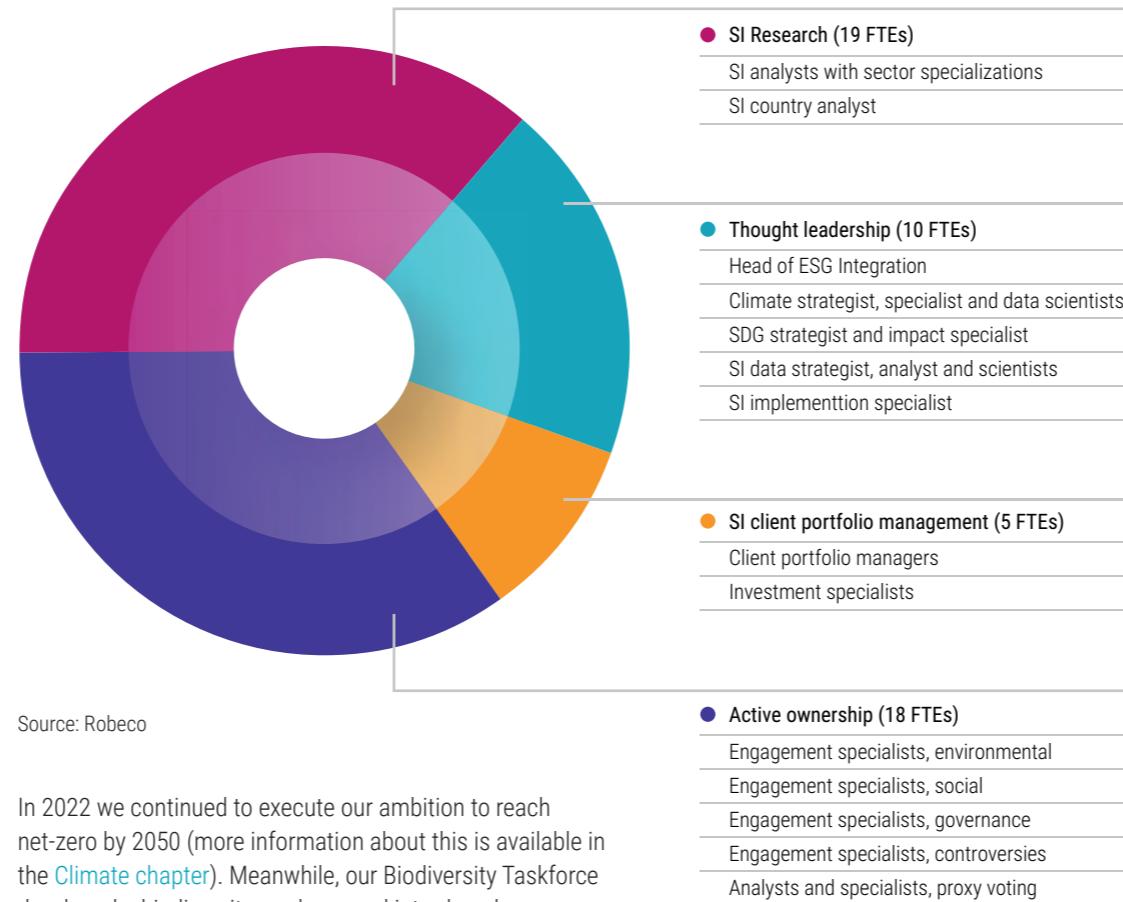
Sustainability expertise, targets and goals

Our Sustainable Investing strategy involves everyone who works for Robeco. The strategy sets out our ambitions, which are backed up by action plans. We have set forward-looking and impact-oriented key performance indicators (KPIs) to measure the progress of both our business and each member of staff, and these KPIs form an important part of our performance management cycle.

Our Sustainable Investing Center of Expertise is a focal point within the company for all our sustainable investing activities. It delivers sustainable investing expertise and insights to our investment teams, clients, and the broader market. The center has four focus areas: (i) Active Ownership; (ii) Thought Leadership; (iii) Sustainability Investing Research; and (iv) Sustainable Investing Client Portfolio Management. Members of the center work closely with the 200+ members of our investment teams, who are responsible for integrating sustainability into their investment strategies.

Robeco's dedicated sustainable investing capacity has grown significantly in recent years. In 2022, the number of members in our Sustainable Investing Center of Expertise increased from 46 to 52.²⁰ During the year, we increased our focus on human rights by expanding the scope of our voting policy to include human rights and by establishing a Human Rights Taskforce. This taskforce will further institutionalize our approach to human rights and develop a human rights framework and roadmap to ensure that we implement our commitments in this area consistently across our company's activities.

Robeco's Sustainable Investing Center of Expertise



Source: Robeco

In 2022 we continued to execute our ambition to reach net-zero by 2050 (more information about this is available in the [Climate chapter](#)). Meanwhile, our Biodiversity Taskforce developed a biodiversity roadmap and introduced a biodiversity framework, which measures companies' contributions towards halting or reversing biodiversity loss.

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20. As of 30 December 2022

The overview below shows some of our key ambitions for the 2021-25 period, our achievements in 2022 and our goals for 2023 and beyond for each of our sustainable investing pillars.

Our sustainable investing (SI) ambitions, achievements and goals

SIX PILLARS	2021-25 AMBITIONS INCLUDE	ACHIEVEMENTS IN 2022 INCLUDE	GOALS FOR 2023 AND BEYOND INCLUDE
SI solutions for all clients	<ul style="list-style-type: none"> - To develop a complete suite of innovative SI products - Top brand recognition on sustainable investing 	<ul style="list-style-type: none"> - Launch of several sustainable, thematic and climate strategies to broaden our offering, including fundamental climate and biodiversity strategies and the SDG Low-Carbon Equity Index family 	<ul style="list-style-type: none"> - Further product development of sustainable strategies - Further development SI approach in Private debt family
High-quality SI Intellectual Property	<ul style="list-style-type: none"> - Top-quality ESG integration - To establish and implement an ambitious but realistic climate strategy - Institutionalize SDG thinking - Establish biodiversity and human rights as the next emerging frontier in SI 	<ul style="list-style-type: none"> - Launch of SI Open Access for clients and academics - Executed our net-zero roadmap - Implemented biodiversity roadmap - Development of biodiversity investment framework - Further strengthened our SDG framework and SDG governance - Development of country SDG framework - Further developed our approach to human rights 	<ul style="list-style-type: none"> - Expand SI Open Access data offering - Continue to execute our net-zero roadmap - Bring climate analytics into production - Implement biodiversity investment framework; integrate into SDG framework - Further develop and integrate the human rights framework
Create real world impact	<ul style="list-style-type: none"> - Measure positive and adverse impacts on our funds - SI client digital and interactive reporting to show real-world impact - Further develop impact and measurement of active ownership efforts 	<ul style="list-style-type: none"> - Set up impact reporting for our funds with positive SDG impact - Piloted engagement attribution impact measurement - Launched Principal Adverse Impact-related engagement themes 	<ul style="list-style-type: none"> - Implement adjustments in engagement setup and focus - Further develop engagement attribution impact measurement
Build partnerships	<ul style="list-style-type: none"> - Contribute to leading SI initiatives and continue to be seen as a leader in sustainable investing - Further develop SI partnerships with clients - Involvement in academic networks to strengthen the outside research perspective 	<ul style="list-style-type: none"> - Continued our involvement in SI initiatives such as the Climate Action 100+ group - Main driver behind the launch of collaborative engagement program Nature Action 100 - Launch of WWF-NL Partnership 	<ul style="list-style-type: none"> - Supporting clients with net-zero ambitions - Develop investor guidance for biodiversity target-setting (with Finance for Biodiversity Foundation) - Ensure successful implementation of Nature Action 100
License to operate	<ul style="list-style-type: none"> - Meet requirements under the EU Sustainable Finance Regulation (SFDR) - Focus on quality, reliability and coverage of SI data and analytics 	<ul style="list-style-type: none"> - Implementation of SFDR level 2 - Conducted knowledge-sharing sessions focused on preventing greenwashing 	<ul style="list-style-type: none"> - Ongoing implementation of SFDR and other regulatory requirements - Continue educating colleagues on sustainable investing
Walk the talk	<ul style="list-style-type: none"> - Increase SI knowledge across the company - Foster a workplace that reflects our diverse communities, and where everyone feels seen, heard, valued, and empowered to succeed - Step up Robeco's sustainability efforts in operations and reporting 	<ul style="list-style-type: none"> - Energy-saving measures at Robeco headquarters - Focus on carbon reduction in business travel - Electrification of our car fleet - Reporting in accordance with the GRI Universal standards 2021 	<ul style="list-style-type: none"> - Extend on energy saving measures - Improve the travel policy to include additional carbon reduction measures - Engage with our suppliers to lower the carbon footprint - Develop integrated reporting in line with the CSRD

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The EU Sustainable Finance Disclosure Regulation

Through its Sustainable Finance Action plan, the EU aims to ensure the economy is financed in a way that supports the Sustainable Development Goals (SDGs) and the Paris Agreement. The plan is supported by a comprehensive regulatory package designed to direct more capital into sustainable development across the EU, combat greenwashing and make the sustainable investing landscape more transparent and easier to understand for investors. This regulation has major implications for the entire finance sector.

Sustainable finance regulations

The regulatory framework includes newly created regulations and integrates sustainability into existing regulation. Its key components are:

- the Sustainable Finance Disclosure Regulation (EU 2019/2088 - SFDR)
- the EU Taxonomy, which aims to create a common classification system for environmentally sustainable economic activities in order to create a level playing field across the EU
- the inclusion of sustainability preferences in the client suitability assessment process of the Markets in Financial Instruments Directive (MiFID)
- the mandatory inclusion of double materiality in Undertakings for Collective Investment in Transferable Securities (UCITS)

From a sustainability perspective, the regulation provides guidance to help all market participants to define sustainability and ensure their products are comparable. It has also established the integration of sustainability risk as a minimum requirement for all investment products throughout the EU.

The UCITS Delegated Directive and the Alternative Investment

Fund Managers Directive (AIFMD) Delegated Regulation set out that Management Companies of UCITS/AIFs must take into account sustainability risks and principle adverse impact of investments in the selection and monitoring of investments. The SFDR subsequently requires Robeco to disclose on its website how sustainability risks are integrated in the investment decision-making process and, as a 500+ employees financial market participant, how principle adverse impact of investment decisions are considered. Robeco's approach to measuring impact is explained in the [Principal Adverse Impact Statement](#) published on our website

Implementation

In 2022, Robeco committed substantial resources to prepare for the implementation of the legislation linked to the EU's Sustainable Finance Action Plan. Building on the implementation of SFDR Level I in March 2021, in 2022 we implemented the SFDR Regulatory Technical Standards (RTS), also referred to as Level 2 Regulation. While SFDR Level 1 sets out the regulator's high-level requirements and expectations relating to disclosure standards, risk integration and product classification, the RTS provide detailed guidance on how the regulation should be applied. The RTS are bundled in a European Commission Delegated Act that applied as of 1 January 2023.

Following on from SFDR RTS and further guidance by the regulator, in 2022 Robeco updated various [disclosures, policies and procedures](#) linked to sustainability, including those published on our website. Disclosures related to the EU Taxonomy were included and the concept of double materiality was further integrated into Robeco's investment processes.

While the SFDR is designed to enhance transparency about

the integration of sustainability factors, the process is ongoing and there is still discussion about minimum requirements for sustainable products. We are following the process closely, and as a result have decided to narrow down our internal definition of sustainable investments to funds that only have positive SDG scores. In 2022, Robeco reclassified seven of its sub-funds that were previously labeled Article 9 funds to Article 8 funds. The funds' strategies have not changed as a result of this reclassification.

In May 2022, Robeco made its ESG Electronic Template available to distributors, providing them with extensive data about the sustainability features of our products. Meanwhile, our Principal Adverse Impact Statement, which sets out how Robeco considers the negative impact of its investments on society and the environment, was updated in June 2022 using the SFDR RTS format.

In August, we implemented the amended MiFID regulation, ensuring that our clients are asked about their sustainability preferences during onboarding. Our clients' sustainability preferences are taken into account when assessing the suitability of the products we offer to them.

Sustainable finance regulation is here to stay

Sustainable finance regulation has resulted in large-scale changes to our business. Over the past 2.5 years a team of over 50 people has worked on projects linked to this theme. Now that the fundamentals are in place, the projects have ended, and responsibilities lie with the relevant teams and departments. Work will continue as we expect more changes and new sustainable finance regulations in the months and years ahead.

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SUSTAINABLE INVESTING

A double materiality approach to sustainable investing

We consider double materiality in how we integrate sustainability in managing our investment portfolios.

Considering financially material ESG issues helps us make better-informed investment decisions. Doing so represents an extra lens in our investment analysis, which helps us understand how sustainability trends impact the return potential of the companies and countries we invest in. We translate this into ESG integration and engagements with companies on financially material issues (what we refer to as value engagements).



Impact materiality takes into account the positive and/or negative impacts that companies and countries make on the environment and society. Considering impact materiality enables us to channel finance into companies and countries making a positive impact, thus promoting sustainable development. It also helps us avoid companies and countries making a negative impact. At Robeco this is supported via exclusions, negative/positive screening, and engagements on controversies or the SDGs.

In developing our strategies, we take into account our clients' objectives with respect to both the financial performance and sustainability credentials of their investments.

Strategies with a range of approaches to sustainability

A key pillar of Robeco's Sustainable Investing strategy is providing our clients with a full range of investment solutions that cater to their sustainable investing needs. In 2022, we launched a number of sustainable, thematic and climate strategies to broaden our offering, which we elaborate on later in this chapter. The figure on the next page provides a general overview of our solutions and how they take sustainability into account, ranging from ESG integration to impact-aligned strategies whose key feature is an investable universe defined by one of our sustainability frameworks, like our SDG Framework or our Green Bond Framework.

Overall, we divide our strategies into three different types based on their approach to incorporating sustainability.

Sustainability inside

These strategies include ESG integration, exclusions, voting and engagement as part of their investment processes. The key focus is on considering the financial materiality of ESG

factors for the securities they invest. Simultaneously, we introduce elements for avoiding significant negative impact by setting a minimum standard through our exclusion policy and engaging with companies breaching international standards. Relative to our sustainability focused and impact-aligned strategies, the degree of impact materiality considered is lower.

Sustainability focused

These strategies incorporate all of the sustainability components we use in our Inside strategies and some additional aspects, such as aiming to achieve lower environmental footprints (in terms of water usage, waste production and greenhouse gas emissions) than their benchmarks and implementing a more extensive range of exclusions. We refer to these strategies as sustainable, as they focus on both impact and financial materiality.

Impact-aligned

These strategies only invest in securities that are deemed sustainable investments. Their investment universe may be determined by, for example, alignment with the Sustainable Development Goals or membership of a Paris-aligned benchmark. These strategies include our sustainable thematic, sustainable indices, SDG and climate strategies. As they focus on impact materiality and producing attractive investment returns, we refer to them as impact-aligned strategies.

→ *Read more:*

- [Seven steps to ESG integration](#)
- [ESG integration by strategy \(explained in Robeco's Sustainability Risk Policy\)](#)

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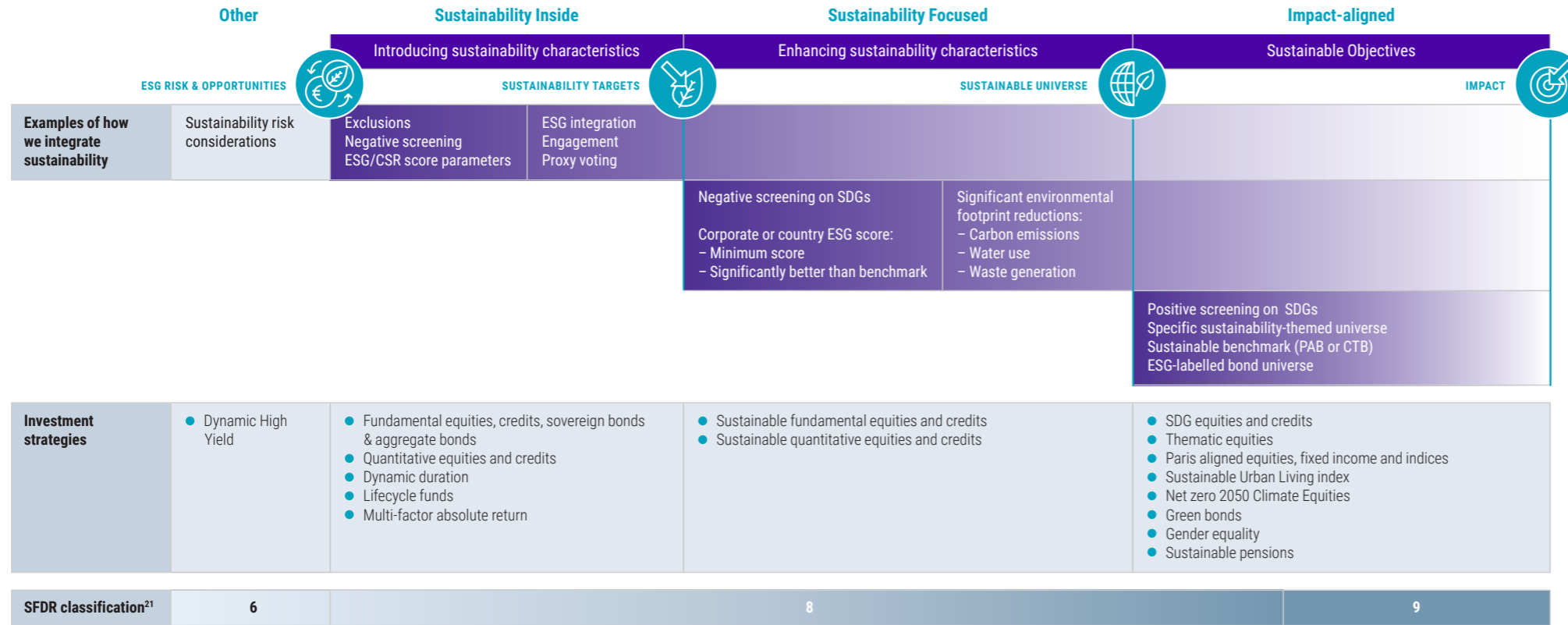
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Our spectrum of solutions on sustainability



→ For more information, refer to the appendix 10 for the legend of the figure.

CLASSIFICATION OF OUR STRATEGIES

Robeco classifies its strategies' sustainability characteristics differently from the SFDR. Our most sustainable strategies – our Impact-aligned range – includes all our funds that apply a distinct sustainability objective. However there are some funds in this range that do not meet the SFDR Article 9 requirement to have 100% of the fund's investments to be sustainable. These funds have the Article 8 classification²².

Meanwhile, our Sustainability Inside range includes two Article 6 strategies.²³ Even though they integrate sustainability risks in their

investment process and apply a basic level of exclusions, they do not meet Robeco's requirements to classify as Article 8 strategies.

We intend to realign our internal framework with SFDR classifications during 2023. In the meantime, we provide details of SFDR classifications on the fund pages on our website and in our funds' prospectuses, whereas we mainly use our internal framework in our sales and marketing literature covering Robeco's approach to sustainability investing.

21. Article 6, 8 and 9 funds are the three classifications of investment strategy that apply to Robeco's products under the EU's Sustainable Finance Disclosure Regulation.
22. This concerns RobecoSAM SDG Engagement Equities, RobecoSAM Climate Global Bonds, RobecoSAM Euro SDG Credits, RobecoSAM Global SDG Credits, Robeco Sustainable Pension Income, RobecoSAM SDG Credit Income, RobecoSAM SDG High Yield Bonds and RobecoSAM Global Gender Equality Equities
23. These are the Robeco Customized Liability Driven Fund I and the Robeco Actions petites capitalisations US.

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Growth in existing sustainable investment strategies

Unlike in previous years, our assets under management in sustainable strategies did not increase in 2022. Almost 100% of our assets apply ESG integration, so changes in the related assets under management now primarily reflect market movements as it is almost impossible to increase the proportion of our total assets that they account for. With markets falling in 2022, assets under management in our Inside strategies fell from EUR 154 billion at the end of 2021 to EUR 130 billion at the end of 2022.

Assets under management in our Sustainability Focused and Impact range (sustainable, thematic, SDG and climate funds) fell from EUR 42 billion at the end of 2021 to EUR 37 billion at the end of 2022, with market movements the main reason for this decline. Over this period, there were net inflows into our Sustainability Focused strategies and slight outflows from our

Assets under management in our sustainable strategies (Focused and Impact-aligned investing) over time (EUR billion)



Source: Robeco

Impact-aligned strategies. The net result was that the proportion of our total assets under management that our Sustainability Focused and Impact strategies accounted for increased slightly from 20% at the end of 2021 to 22% in 2022.

Developing new solutions

Although the majority of our clients are invested in the Inside range, they are increasingly moving towards sustainable and impact-aligned strategies. Climate, biodiversity and compliance with all regulatory requirements – most notably the implementation of SFDR Level 2 – continue to be important themes for our organization and clients.

In designing our products, we actively partner with clients, and sometimes NGOs, while meeting the requirements of regional regulations, including SFDR. We aim to offer the best possible solutions to meet our clients' sustainability needs. All of our funds are subject to our Product Quality Procedure which ensures they are all carefully designed and subject to a rigorous approval process.

In 2022 we launched an innovative sustainable index family that combines two megatrends in the asset management industry: sustainability and index investing. The Robeco SDG Low-Carbon Indices aim to contribute to both the UN Sustainable Development Goals and a low-carbon economy, as described in more detail in our press release: [Robeco introduces innovative Sustainable Index family](#).

We also launched several funds during the year:

- **RobecoSAM QI Global SDG & Climate Multi-Factor Credits**, which adopts a systematic approach to produce a corporate bond portfolio aligned with the Paris Agreement and the Sustainable Development Goals.
- Two equity funds (**Global SDG & Climate Beta Equities and QI US Climate Beta Equities**) that aim to provide returns similar to those of the broad equity market but with a significantly enhanced sustainability profile. The funds invest in companies contributing towards the United Nations Sustainable Development Goals and the goals of the Paris Agreement. These strategies could prove attractive to investors looking to adopt a passive approach that integrates sustainability.
- **RobecoSAM Net Zero 2050 Climate Equities** is a net-zero climate strategy with a forward-looking approach. The fund invests in companies that are pivotal to the transition to a low-carbon economy and has a carbon footprint target based on the EU's climate transition benchmark.
- **Robeco Sustainable Asian Bond fund** is an SDG-aligned bond strategy that allocates to a diverse range of Asian corporate bonds. It invests at least 5% of its assets in green and social bonds and applies our Sustainability Focused level 2 exclusions criteria.
- **RobecoSAM Biodiversity Equities** promotes biodiversity rather than just investing in environmental or climate-related stocks generally. It invests in companies supporting more sustainable use of natural resources and ecosystem services, and in technologies, products and services that are helping reduce threats to biodiversity or restore natural habitats.

We set up a number of bespoke mandates for clients that want to generate market-like returns while taking into account their specific sustainability preferences.

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Enhancing ESG integration

In 2022 we enhanced how we integrate ESG in all of our quantitative strategies by adding two new financially material ESG signals to their management process.

- **Resource efficiency:** using carbon intensity as a proxy of operational efficiency.
- **Human capital:** higher employee satisfaction signals happier and more productive employees which translates into higher financial returns.

Furthermore, as corporate governance is deemed highly financially relevant, we added corporate governance information to our portfolio construction process.

In our fundamental equity and corporate bond strategies, we enhanced our ESG integration analysis. In each investment analysis, we add a paragraph on climate risk and SDG scores to create more awareness about companies' impact on climate change and how they contribute to sustainable development.

For our fundamental equity and corporate bond portfolios, we limit how much can be invested in companies with a very high sustainability risk profile. What's more, if a fund does invest in a company that involves high ESG risk, the portfolio manager must deliver an investment analysis that clearly shows that this risk has been taken into account. Approval from our [Controversial Behavior committee](#) is required for investments in such firms.

We also made some enhancements to our country sustainability analysis for our sovereign bond investments, increasing the focus on climate change and biodiversity in our country sustainability rankings as we believe these topics are becoming more financially relevant. We are also researching how to create a sustainable enhanced indexing approach for a government bond universe.

THE SDGs AS A BLUEPRINT FOR SUSTAINABLE INVESTING



Robeco views the Sustainable Development Goals (SDGs) as a blueprint for sustainable investing. These 17 goals were unanimously adopted by all United Nations member states in 2015, marking a historic milestone for sustainable development and investing. The SDGs provide a measurable and actionable blueprint to help us create a better world for current and future generations.

But bold plans like the SDGs require action. So how do we integrate the SDGs into our equity and credit investment strategies across our fundamental, quant and index ranges at Robeco?

Robeco was one of the first asset managers to develop a framework to measure our investment portfolios' contributions to the SDGs. Our [SDG Framework](#) systematically assesses individual companies' impacts on key targets for each individual SDG, helping us determine a company's overall contribution to each SDG. We then aggregate these figures into an overall SDG score for each firm.

This score can range from -3, indicating that a company has a highly negative impact on the SDGs, to +3, signaling a highly positive contribution. A score of 0 indicates that a company has no significant impact on the goals.

The overall score is calculated as follows: a company that only has neutral and positive scores for the individual SDGs receives the highest score as its total score, but if it has one or more negative scores for an individual SDG, then it will obtain the lowest, most negative, score. This logic is based on the premise that negative impacts on one SDG cannot be offset by positive contributions to other goals.

We use these scores throughout our investment activities. For one, we use them when constructing portfolios that seek to make a positive impact through investee companies, avoid negative impacts and support sustainability in the economy, society and natural environment.

We use our SDG scores as inputs in our engagements to understand how companies make a positive or negative impact on sustainable development. Our SDG Equity Engagement fund invests in companies with SDG scores of -1, 0 or +1 – the large group of companies that are neither very sustainable nor very unsustainable and often make good candidates for engagement to improve their practices. We engage with each firm the fund invests in to increase their positive impact on the SDGs over time.

We also use our SDG scores to comply with the regulations. SFDR requires us to disclose the proportion of some of our funds' assets that invest in 'sustainable investments'. A positive SDG score signals that a company represents a sustainable investment given that it contributes to sustainability objectives, does not harm to a sustainability objective and follows good governance practices.

→ [For more information on our SDG Framework, see Robeco's SDG Framework publication](#)

In 2022 there were several developments linked to the SDGs at Robeco. Through our Sustainable Investing (SI) Open Access project, we started to publish our SDG scores for our clients and academics to improve transparency, share our knowledge, garner feedback and inspire others to invest in line with the SDGs. We also conducted research to validate our SDG scores and launched funds that contribute to the SDGs.

→ [For more information on SI Open Access, see Open Access](#)

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INVESTMENT RESEARCH AND INNOVATION

Research into the SDGs

Robeco's SDG score is a novel sustainable investing metric. But how do we objectively test whether it measures what it is supposed to measure? And is it sufficiently distinct from existing sustainability metrics, such as ESG ratings?

In 2022, we published a working paper entitled [ESG to SDG: Do Sustainable Investing Ratings Align with the Sustainability Preferences of Investors, Regulators, and Scientists?](#) to investigate these questions. In this paper, we tested whether the Robeco SDG score and four established ESG ratings align with what investors, regulators and climate scientists perceive to be sustainable companies.

Our SDG score performed well in the tests we performed. It was shown to:

1. capture investors' sustainability preferences by assigning poor scores to companies that are on asset owners' exclusion lists and good scores to companies in sustainable thematic funds;
2. align well with the EU taxonomy by assigning poor scores to companies breaching the 'do no significant harm' principle and good scores to firms generating significant revenues from taxonomy-aligned activities;
3. contribute to climate change mitigation ambitions by assigning poor scores to most companies producing very high emissions.

By contrast, we found that ESG ratings, which generally aim to gauge if companies are exposed to sustainability risks rather than measuring their sustainability impacts, do not score well on these tests. We believe that sustainable investing must be based on metrics that reveal if companies contribute to a better future: our novel SDG score aims to do just that.

With this research, we aim to contribute to the fierce debate that is now raging about the use of ESG ratings in sustainable investing²⁴. There have been some concerns that ESG ratings do not provide information on whether companies contribute to sustainable development. We agree with this concern, which is confirmed by our research. We posit that ESG ratings focus on whether companies face E, S or G risks that might undermine a company's financial profitability. This is not enough for a sustainable investing solution. By determining if companies contribute to the SDGs, our SDG scores serve as a useful blueprint for sustainable investing.

→ [You can read our full research paper here](#)

In addition to this paper, our [Sustainable Index Solutions](#) team and SDG Strategist published numerous "Indices Insights" articles related to "SDG versus ESG scores" and the investment implications of integrating the SDGs in investment strategies.

→ [You can read the summary document of these Indices Insights here](#)

Innovation

Innovation is a key part of our approach to sustainable investing, and we keep improving our data and systems. Below we list some of our most notable developments in 2022.

- We integrated several new ESG-focused data sources (such as from MSCI and Sustainalytics) into our systems, enabling us to use the data they provide in our investment and reporting processes.
- We expanded our ability to automatically exclude instruments from our portfolios based on their ESG characteristics.
- We developed new capabilities to store, analyze and retrieve the results of our research into sustainability-related topics such as controversies and adverse media exposure.
- We implemented several new features in ESGenius, Robeco's core application for ESG analysis and reporting, such as support for new data sources and new sustainability reports to provide additional insights into the sustainability characteristics of our mandates.

INTRODUCING A NEW MEASURE: CLIMATE BETA

The initial research project into our Climate Beta measure commenced in 2020. In 2022, the project moved from the research phase to the implementation phase.

Climate Beta measures a stock's or portfolio's sensitivity to the climate risk factor. High-climate-beta stocks tend to be more vulnerable to climate transition risk than low-climate-beta stocks. Climate Beta is derived from market prices, has forward-looking properties and represents an additional indicator of climate transition risk beyond traditional carbon emissions data. We can use our Climate Beta measure to reduce a portfolio's sensitivity to climate transition risk.

→ [For more information on our Climate Beta measure, please read here](#)

24. Robeco has contributed to this debate in the Dutch daily newspaper Trouw. You can read the article (in Dutch) [here](#).

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- We added several sustainability-related features to the Client Portal, Robeco’s online application for client portfolio insights. These included sustainability reporting features for portfolios and engagement reporting features.

In 2023 we will continue to invest in new sustainability-related IT capabilities. Our Sustainable Investing roadmap includes a continued focus on SFDR compliance, ESG-driven investment universes and custom benchmarks, enhanced ESG analysis and reporting, significant further investments in our Sustainable Investing (SI) Open Access initiative, and additional sustainability features for ESGenius and the Client Portal.

ESG DATA QUALITY

Access to high-quality ESG data is vital for Robeco’s investment decisions. We use sustainability-related information throughout our processes: when selecting securities, managing our portfolio exposures, and in our reporting. Poor-quality inputs could lead to a wide variety of negative outcomes both for Robeco and for our clients. We want to ensure that our clients are able to make the impacts they set out to achieve through their investments.

Incorrect data could prevent that from happening or, worse, lead to results inconsistent with investment preferences and unintended greenwashing. Meanwhile, Robeco places great emphasis on engaging with the companies we invest in. We define the universe of companies to engage with based on data. This is another area where incorrect inputs could lead to a loss of credibility.

The regulatory backdrop

The ESG industry is still in its infancy. A lack of corporate reporting standards has resulted in data sets that are often unreliable and incomparable. However, over the coming years, we expect to see considerable sustainability-related legislation

as regulators aim to combat greenwashing. Progress will be made in company disclosures, with sustainability now at the center of conversations. We will continue to monitor and, wherever possible, get involved with initiatives to support the development of standards and frameworks that will increase the availability of useful sustainability data. Such initiatives include the upcoming CSRD in Europe, the TNFD and Net Zero Public Data Utility. There remains a risk that international standards do not converge, perpetuating confusion about what to report on, and when and where.

Robeco’s approach to sustainability data

While regulatory initiatives are a vital means of ensuring a good supply of high-quality ESG data in the future, we need to deal with the problem of limited data today. Robeco has a long history of taking a data-driven approach to investing, both in our fundamental and quantitative investment processes. We use a variety of approaches, including data cleaning and gap filling and SFDR guidance, to create a sustainability data set as robust as possible today, while also keeping an eye on what we need to do in the future.

Data owners within Robeco are ultimately accountable for the strategy, priorities and data quality of their respective topics. They are responsible for creating and maintaining a data manual that details the processes that have been used to deliver that content. This includes details about vendor selection, methodological choices and integration points throughout our information systems. We also carry out validations for any in-house sustainability model to ensure that the methodology behind the model and its design are properly scrutinized.

Other initiatives

We have increased our number of staff working in sustainability data over the past two years. We now have a dedicated Sustainable Investing Data Strategist, who reports to the head of Sustainable Investing, and a team of data scientists focused solely on sustainability and ESG data.

This team is responsible for identifying and integrating new relevant sustainability data sets into our infrastructure. They work with people throughout our firm, including colleagues in investments, sustainability investing, risk, data management and IT. In this way, we identify not only the key issues affecting sustainability data sets that we have already integrated, but also our future needs.

The team spends much of its time analyzing and cleaning data to make it ready for use. As well as developing innovative sustainability data analysis tools, our data scientists assess the quality of ESG data. Corporate data about carbon, water and waste, for instance, undergo an annual assessment across our entire investment universe. We process other data sets, such as ESG scores and ratings or inputs to exclusion criteria, more frequently to ensure that they are up to date. Our data scientists also enhance the understanding of data of people across our firm, helping colleagues apply appropriate data analysis strategies as part of their sustainability initiatives.

INVESTMENT PERFORMANCE

Of all the portfolios managed or sub-advised by Robeco, 69%²⁵ outperformed their benchmark over the three years to the end of 2022. The corresponding figure for the three years to the end of 2021 was 62%. 58% outperformed in 2022 (2021: 61%). For more detailed information, please refer to our funds’ annual reports. Equity markets from both developed and emerging economies fell in value in 2022. 55% of our equity portfolios outperformed their benchmark over the year (2021: 63%, while 62% outperformed over the three years to the end of 2022 (61% in 2021). Fixed income markets also fell in value over the year. 63% of our fixed-income funds outperformed their benchmark in 2022 (2021: 57%). 83% outperformed over the three years to the end of 2022 (2021: 68%).

25. All returns are gross of fees.

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The table below shows the returns of some of our funds over 2022. We show their returns in absolute terms and their outperformance (+) or underperformance (-) versus their benchmark. We also show the Sharpe ratios²⁶ of our conservative equity funds, which invest in low-volatility stocks, and their benchmarks as we expect a lower downside risk for these funds.

Fund	Performance	Outperformance/ underperformance
Equities		
Robeco Asia-Pacific Equities (EUR)	-5.1%	+6.7%
Robeco BP Global Premium Equities (EUR)	3.3%	+16.0%
Robeco BP US Large Cap (USD)	-4.6%	+3.0%
Robeco BP US Premium Equities (USD)	-2.4%	+5.6%
Robeco BP US Select Opportunities (USD)	-6.7%	+5.3%
Robeco Chinese A-share Equities (USD)	-32.1%	-6.3%
Robeco Emerging Markets Equities (EUR)	-15.2%	-0.3%
Robeco Emerging Stars Equities (EUR)	-14.8%	0.0%
Robeco FinTech Equities (EUR)	-34.6%	-21.6%
Robeco Global Consumer Trends Equities (EUR)	-32.1%	-19.1%
Robeco New World Financial Equities (EUR)	-14.0%	-10.1%
Robeco QI Emerging Conservative Equities (EUR)	-6.5%	+8.3% (Sharpe ratio -0.6 vs. -0.9)
Robeco QI Emerging Markets Active Equities (EUR)	-11.5%	+3.4%
Robeco QI European Conservative Equities (EUR)	-10.3%	-0.8% (Sharpe ratio -0.7 vs. -0.5)
Robeco QI Global Multi-Factor Equities (EUR)	-8.4%	+4.7%
Robeco QI Inst. Emerging Markets Enhanced Index Equities Fund (EUR)	-13.1%	+1.8%
Robeco QI Inst. Global Dev. Conservative Equities (EUR)	0.1%	+12.8% (Sharpe ratio 0.0 vs. -0.7)
Robeco Sustainable European Stars Equities (EUR)	-10.5%	-1.0%
Robeco Sustainable Global Stars Equities Fund (EUR)	-14.7%	-1.9%
RobecoSAM Global SDG Engagement Equities (USD)	-20.6%	-5.1%
RobecoSAM Smart Energy Equities (EUR)	-15.0%	-2.2%
RobecoSAM Smart Materials Equities (EUR)	-19.9%	-7.1%
RobecoSAM Smart Mobility Equities (EUR)	-20.8%	-8.0%
RobecoSAM Sustainable Water Equities (EUR)	-20.2%	-7.4%
Rolinco (EUR)	-28.4%	-15.4%

Fund	Performance	Outperformance/ underperformance
Fixed income		
Robeco All Strategy Euro Bonds (EUR)	-17.0%	+0.2%
Robeco Euro Credit Bonds (EUR)	-13.0%	+0.6%
Robeco Euro Government Bonds (EUR)	-18.3%	+0.2%
Robeco Financial Institutions Bonds (EUR)	-12.5%	+1.4%
Robeco Global Credits (EUR)	-16.4%	-0.1%
Robeco Global Total Return Bond Fund (EUR)	-13.9%	-0.7%
Robeco High Yield Bonds (EUR)	-9.5%	+3.1%
Robeco QI Global Dynamic Duration (EUR)	-14.6%	-0.7%
Robeco FinTech Equities (EUR)	-34.6%	-21.6%
Robeco QI Global Multi-Factor Credits (EUR)	-16.2%	+0.1%
Robeco QI Global Multi-Factor High Yield (EUR)	-11.5%	+1.1%
RobecoSAM Euro SDG Credits (EUR)	-13.3%	+0.4%
RobecoSAM Global SDG Credits (EUR)	-16.6%	-0.3%
RobecoSAM SDG Credit Income (USD)	-9.3%	No official benchmark
RobecoSAM SDG High Yield Bonds (EUR)	-10.9%	+2.1%
RobecoSAM US Green Bonds (USD)	-12.1%	+0.2%
Multi-Asset		
Robeco ONE Neutral (EUR)	-11.9%	No official benchmark

26. The Sharpe ratio is a measure of risk-adjusted return. It is calculated by taking the annualized return minus the annualized return of the risk-free rate divided by the annualized volatility of the portfolio or index.

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Stewardship

Active ownership involves using our influence and rights as an investor where needed. At Robeco we use engagement and voting to improve the behavior of the companies we invest in because we are convinced that doing so both enhances the financial performance of those firms and benefits society. Exercising our stewardship responsibilities is an integral part of Robeco's approach to sustainability investing. Doing so is aligned with our mission to use research-based, quality-driven processes to produce the best possible results for our clients over the long term.

Our in-house Active Ownership team is responsible for carrying out all of our stewardship activities, including exercising voting rights on stocks that our portfolios invest in and maintaining an active dialogue on a range of ESG issues with many of the companies we hold in our equity and credit portfolios. Robeco's Active Ownership team and approach date back to 2005, when we carried out our first engagement and first voted on behalf of our clients.

We also help our clients formulate and execute their own approaches to stewardship, in compliance with all the relevant regulations. The processes and guidelines that we follow are outlined in our stewardship policy, which we review and update every year to ensure it remains aligned with best practices.

EUR **350** BILLION
Assets under engagement²⁷

252
Engagement cases

215
Engaged companies

72%
Number of cases closed successfully

22
Number of engagement themes

2022

EUR **136** BILLION
Assets under voting²⁷

7,422
Number of shareholder meetings voted

72
Number of markets voted

60%
% Meetings with votes against management

77,193
Number of proposals voted on

27. These figures are based on the latest available holdings information received by Robeco as of 31 December 2022.

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Our Active Ownership team works closely with our investment teams and the other members of Robeco's Sustainable Investing Center of Expertise (SI Center of Expertise), who provide input for the team's analysis of voting and engagement cases. The Active Ownership team also capitalizes on Robeco's global presence. For example, team members collaborate with investment professionals in our regional offices, such as Shanghai, Hong Kong and Singapore, on engagement cases, leveraging their local-language capabilities and local networks. Our local market insight and on-the-ground presence enhance our engagements around the world.

In 2022, we broadened the scope of our stewardship policy to include sovereign engagement, updated references to the Principal Adverse Impact (PAI) statement and exclusion procedures and governance related to our enhanced engagements.

→ *For more information, see Robeco's Stewardship policy*

The assets under engagement figures are based on Robeco's equity and credit portfolios for which we conduct engagements. Added to this are the engagements we conduct on behalf of our overlay clients (in other words, the figures cover engagements we conduct both for Robeco portfolios and those run by other asset managers). The assets under voting figures are based on voting activities for Robeco's equity portfolios and our overlay clients.

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Voting

Voting

Responsibility for deciding how to vote on ballot items lies with our Active Ownership team, in accordance with our voting policy, which we formally review at least once a year. This policy provides guidance on common proposals for shareholder meetings and is based on the widely accepted principles of the International Corporate Governance Network (ICGN), which provides a broad framework for assessing companies' corporate governance practices. The ICGN's principles offer scope for companies to be assessed according to local standards, national legislation and corporate-governance codes of conduct. We also consider company-specific circumstances and local market best practices when voting.

→ For more information, see [Robeco's proxy voting guidelines](#)

Voting in 2022

In 2022 we voted on 77,193 proposals at 7,422 shareholder meetings across 72 countries. The first half of 2022²⁸ was particularly noteworthy as we voted on a record-breaking (for Robeco) 903 ESG-related shareholder resolutions addressing a wide range of topics.

Companies continued to face mounting pressure from investors on climate change over this period. Say-On-Climate proposals²⁹ were introduced in the 2021 proxy season, and in 2022 more companies came out with these proposals. Social topics brought to the fore by the Covid-19 pandemic remained high on the agenda, while shareholders also focused on governance issues, pushing to further expand their rights and to hold.

We also assess on a case-by-case basis whether we want to (co-)file shareholder resolutions as part of our voting and engagement activities. Whenever we do so, our clients are welcome to join the process.

Our voting activity, including the rationale behind our voting decisions, is published on [robeco.com](#) shortly after the shareholder meeting takes place. This is in line with best practices on voting disclosure. In our annual [Proxy Season Overview](#) publication, we disclose statistics summarizing our voting activity and the rationale behind our voting decisions for significant shareholder meetings.

Voting policy update

The voting policy is part of our stewardship policy and was reviewed and updated in 2022. We made amendments to our climate, biodiversity and human-rights voting assessments. For climate change, we set new expectations for banks using the Institutional Investors Group on Climate Change Framework for Banks and stricter criteria for high-emitting sectors, and we introduced sector assessment frameworks for Say-on-Climate voting. For human rights, we added non-compliant and watchlist companies³⁰, while for biodiversity, we introduced new criteria based on the Forest 500 assessment methodology and Sustainalytics Global Standards Screening. For corporate governance, we introduced clearer best practice expectations for company committees.

FILING A RESOLUTION AT ALPHABET

As part of our stewardship efforts, we co-filed a shareholder proposal at Alphabet Inc that successfully made it to the ballot in 2022. The resolution requested that the board commission a human rights impact assessment report evaluating the efficacy of Alphabet's existing policies and practices in addressing the impact on human rights of its content management policies. The proposal received 66% support from non-controlling shareholders – a significant approval rate given the company's multi-class voting structure. This outcome indicates that, despite the company's existing disclosures, investors would like additional information on how the company is managing such issues.

28. Robeco uses Sustainalytics Global Standard Screening which assesses companies as Compliant, Non-Compliant and Watchlist, focusing on companies being (in potential) breaches of UN Global Compact Principles or OECD Guidelines. Non-Compliant companies are companies in breach of these standards and watchlist companies are companies being monitored as they could be in potential breach in the near future.
29. Say-on-Climate proposals are management proposals linked to climate strategies. They are asking for an explicit shareholder advisory vote on their climate strategies or reporting.
30. Robeco uses Sustainalytics Global Standard Screening which assesses companies as Compliant, Non-Compliant and Watchlist, focusing on companies being (in potential) breaches of UN Global Compact Principles or OECD Guidelines. Non-Compliant companies are companies in breach of these standards and watchlist companies are companies being monitored as they could be in potential breach in the near future.

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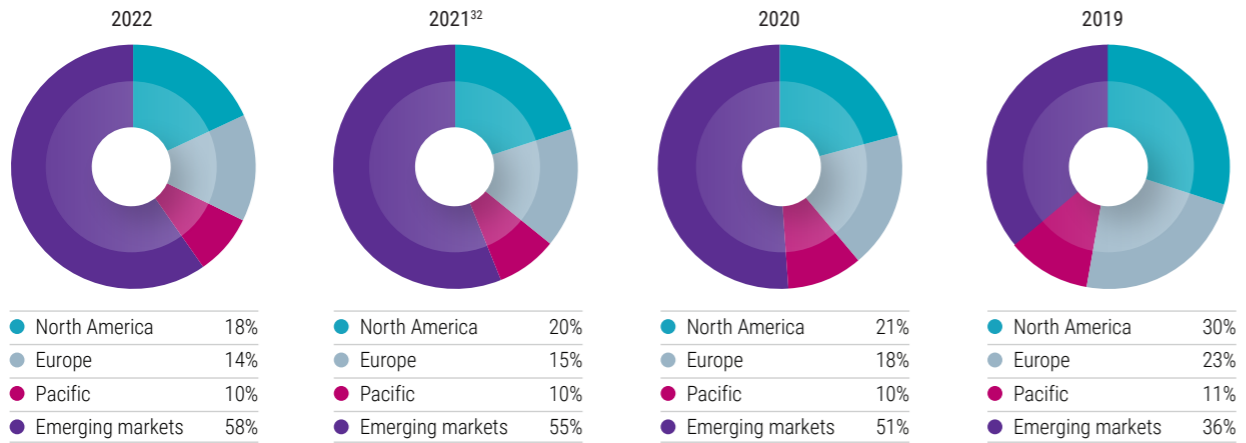
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Voting distribution by region³¹



CLIMATE VOTING POLICY IN PRACTICE

We apply a set of thresholds using established independent benchmarks, such as Climate Action 100+ Net Zero Benchmark laggards and Transition Pathway Initiative Laggards, to identify poor performers whose boards have not sufficiently recognized the risks that climate change involves. For these companies, we vote against the Chairman of the Board. If this individual is not up for election, we oppose the election of the Chair of the Audit Committee or the approval of accounts. We also consider ESG-related issues in remuneration when making decisions on compensation votes. Our publications include examples of votes against board members due to climate reasons.



31. The key markets per region: North America includes the United States and Canada; Europe includes European countries including the United Kingdom; Pacific includes Australia, New Zealand, Japan; Emerging Markets includes Asia ex Japan, South Africa, Brazil, Mexico. Information on all the countries by region can be found in Appendix 11.
 32. The 2021 figures have been restated due to the reclassification of markets per region.

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Say on climate



Say-On-Climate proposals were introduced in the 2021 proxy season, and the debate on whether to support these proposals continued this year. In the 2021 Annual General Meeting (AGM) season, many Say-on-Climate proposals received a high level of support from shareholders. In 2022, investors were more critical and took a more rigorous voting approach to assess the effectiveness of these climate transition plans, with investors more likely to reject climate proposals as not being ambitious enough. As a result, there was a significant drop in support rates, signaling investors' concerns about companies' inadequate climate plans.

Robeco's voting team assesses Say-on-Climate proposals on a case-by-case basis in consultation with our environmental engagement specialists, climate strategists and ESG data scientists. Our voting approach requires companies to have set targets such as net-zero carbon for all their relevant emission scopes. Additionally, the Say-on-Climate proposals must use the guidelines and implementation plans laid out by the TCFD and must be aligned with the Paris Agreement. In 2022 we voted against 83.3% of Say-on-Climate resolutions and reached out to discuss how these companies can improve their climate strategies.

→ For more information on Robeco's voting policy, see Robeco's Stewardship policy

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Engagement

Our Active Ownership team focuses on constructive dialogues. We target a relevant selection of companies we invest in to foster dialogues on ESG factors such as good governance, human rights, environmental risk management and climate change.



Corporate engagements

We conduct three types of corporate engagements.

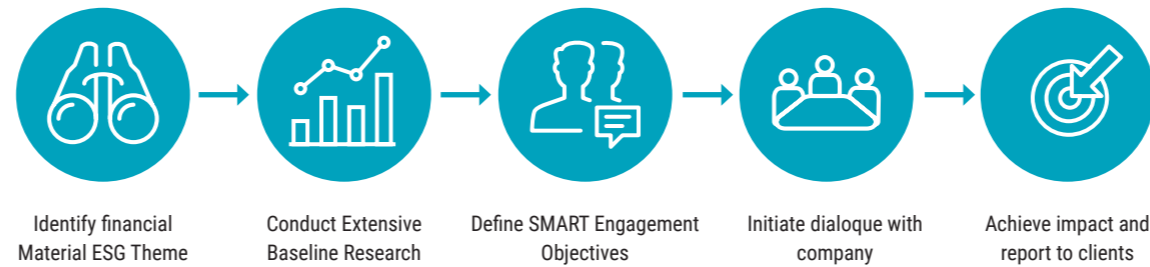
- **Value engagement** is a proactive approach focusing on long-term issues that are financially material and/or are causing adverse sustainability impacts. The primary objective is to create value for investors by improving sustainability conduct and corporate governance.
- **Enhanced engagement** focuses on companies that severely and structurally breach minimum behavioral norms in areas such as human rights, labor, environment, biodiversity and business ethics. The primary objective of enhanced engagement is to address reported shortfalls against internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency.

- **Sustainable Development Goal (SDG) engagement** aims to drive a clear and measurable improvement in a company's SDG contribution over three to five years of engagement. By ensuring company's persistent relevance reflected by their ability to address key societal needs, this strategy creates value for both investors and society at large.

1. Value engagement

Our value engagement activities focus on a limited number of sustainability themes that we believe have the greatest potential to create financial value for the companies we invest in and address adverse sustainability impacts. We adopt a structured approach to engagement that consists of five steps.

THE FIVE STEPS OF ENGAGEMENT



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Our Active Ownership team typically decides upon three or four new engagement themes every year in close collaboration with our engagement specialists, portfolio managers, analysts and clients. We prioritize around 10-15 companies we invest in that have the highest exposure to the selected theme.

We inform these companies of the behavior that investors expect, encouraging them to adopt better practices. Each engagement theme typically runs for three years. Over this time, the engagement analyst is in regular contact with the company, monitoring progress on the objectives we have set. The engagement analyst reports on the engagement activities she/he has conducted and their progress to our clients. At the end of the period, we close our engagement and assess whether it was successful or unsuccessful based on the company's progress on our predefined objectives.

Our four new engagement themes in 2022 were as follows:

- **Net Zero Carbon Emissions.** This theme, launched in Q1, is an extension of our corporate decarbonization theme, which opened in Q4 of 2020. Our engagements under this new theme set out our expectations for companies to set long-term net-zero targets and to substantiate them with credible short- and medium-term emissions reduction strategies and transition plans that will ensure a reduction in real-world emissions over the coming decade.
→ [Read more in the Climate section](#)
- **Natural Resource Management.** Launched in Q2, this theme focuses on companies for which the management of water and waste is a financially material issue or whose corporate operations have a significant actual or potential impact on the environment due to water or waste issues. Our engagements aim to improve how companies manage risks related to water and waste issues and avoid or mitigate adverse impacts on the environment, as required by the Principle Adverse Impact (PAI) indicators³³.
→ [Read more in the Biodiversity section](#)

- **Diversity & Inclusion (D&I).** We launched this theme in Q3. It aims to promote robust corporate D&I practices. The program focuses on the disclosure of companies' unadjusted gender pay gaps and board gender diversity, as required by the Principle Adverse Impact (PAI) indicators.
→ [Read more in the Human rights section](#)
- **Nature Action 100.** This is a collaborative engagement program that builds on the lessons learned from Climate Action 100+. Nature Action 100 focuses on terrestrial, freshwater and marine biomes, addressing the impacts on biodiversity of deforestation, overfishing and pollution.
→ [Read more in the Biodiversity section](#)

We closed the following engagement themes after they had run for three years.

- Single Use Plastics
- Digital Innovation in Healthcare
- Social Impact of Artificial Intelligence

Number of engagement activities per region

	2022	2021	2020
North America	84	104	94
Europe	68	74	71
Pacific	28	29	40
Emerging Markets	72	63	41
Total engagement cases	252	270	246

The 2021 figures have been restated due to the reclassification of markets per region.

33. Principal Adverse Impact (PAI) indicators are defined in the EU Sustainable Finance Disclosure Regulation (SFDR). This regulation requires investors in the EU to disclose the performance of their holdings against at least the mandatory PAIs, using a set of ESG metrics reflecting their negative impacts.

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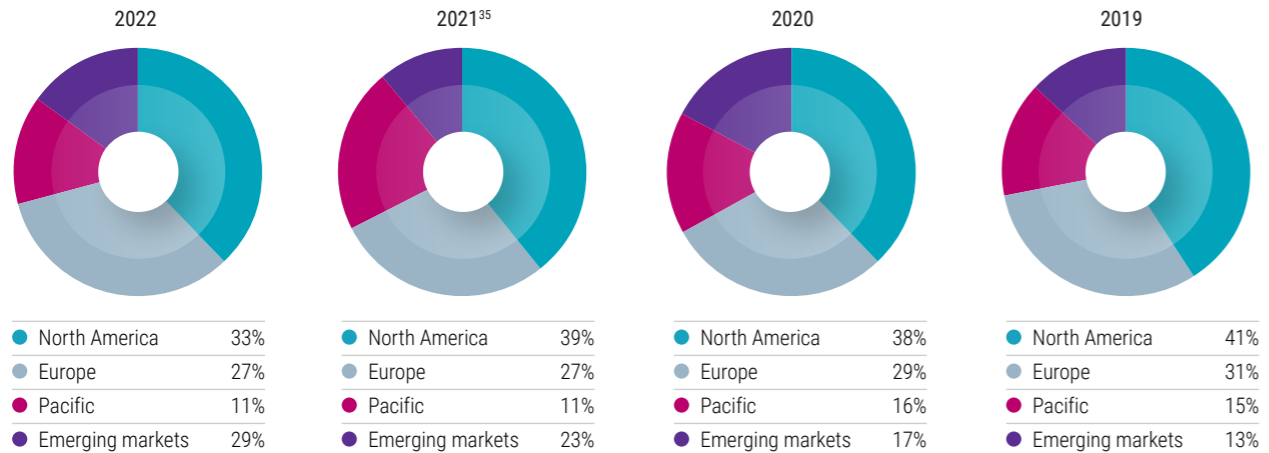
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Distribution of engagement cases by region³⁴



2. Enhanced engagement

Our enhanced engagements focus on companies that severely breach minimum standards in terms of corporate behavior, climate or biodiversity. If a company does not improve its practices during our engagement, our Controversial Behavior Committee can decide to exclude it from our investment universe.

Our enhanced engagement program addresses the following topics:

- **Global Controversy:** these engagements focus on companies that severely and structurally breach minimum behavioral norms outlined in the United Nations Universal Declaration of Human Rights, the International Labor

Organization's labor standards, the United Nations Guiding Principles for Business and Human Rights, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. If a company does not improve its practices during our engagement, it could become a candidate for exclusion from our investment universe.

- **Palm Oil:** these engagements contribute to the establishment of a sustainable palm oil industry. They cover five issues: promoting better environmental management; fauna and flora restoration and conservation; adopting circular economy principles within companies' production lines; disclosures of product certifications and traceability; and the social aspect of the production process. The desired outcome is for companies under engagement to reach 80% Roundtable on Sustainable Palm

34. The key markets per region: North America includes the United States and Canada; Europe includes European countries including the United Kingdom; Pacific includes Australia, New Zealand, Japan; Emerging Markets includes Asia ex Japan, South Africa, Brazil, Mexico. Information on all the countries by region can be found in Appendix 11.

35. The 2021 figures have been restated due to the reclassification of markets per region.

36. To be successful a company must make progress on at least three engagement objectives. Eight out of ten engagement dialogues were closed successfully.

SINGLE-USE PLASTICS

In 2019, Robeco launched the Single Use Plastics engagement theme to drive the global plastic packaging value chain towards a more circular model and improve the supply and demand dynamics for recycled plastic.

Between 2019 and 2022, we engaged with ten companies involved in two parts of the single-use plastics value chain: chemical companies and packaged consumer goods companies. Our engagements aimed to drive the global plastic value chain towards a more circular model.

After three years, we successfully closed 80%³⁶ of these dialogues. The companies we engaged with are implementing innovative recycling initiatives and are involved in industry-wide collaborations. However, there has been little improvement in terms of generating a fully circular model, and evidence of concrete responsible lobbying efforts is limited.

Case study

Nestlé is a Swiss multinational food and drink processing company and the largest publicly held food company in the world. The company has launched an innovative drinking water ecosystem initiative that was recognized by the UN PRI as representing a best practice in avoiding waste. Nestlé has developed two new packaging innovations for its natural mineral water bottles. First, it has developed ultra-thin bottles that are made entirely from recycled content and use half as much plastic as a traditional bottle. Second, the plastic layer is surrounded by a fiber-based material made entirely from recycled cardboard and newspapers. Proprietary technologies enable the plastic and fiber-based layers to lock together to create a sturdy water bottle.

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Oil land certification by the end of 2025. If a company does not achieve this goal, we add it to our exclusion list.

- **Acceleration to Paris:** these engagements focus on companies that are lagging in terms of aligning with the Paris Agreement to keep the rise in global temperature well below 2°C/1.5°C above pre-industrial levels and the largest emitters in our investment universe, with the aim of helping them ramp up their decarbonization efforts and set up robust transition plans. Failure to make progress can be regarded as a breach of global standards, with escalation or exclusion as a potential consequence.

Enhanced engagements are a formal part of our exclusion policy. If a company does not improve its practices over the course of an engagement, our Controversial Behavior Committee can decide to exclude it from our investment universe. We consider exclusion to be the last resort, only to be used if enhanced engagement has failed. We re-evaluate the practices of excluded companies at least once a year and only reinstate them if they have made significant improvements.

3. SDG engagement

Our SDG engagements aim to drive a clear and measurable improvement in a company's contributions to the SDGs over a 3-5-year period. These engagements aim to create value both for investors and society at large.

We use our SDG framework as a reference for these engagements, using our SDG scores to identify how engaging with individual companies can lead to a positive impact on a particular SDG.

→ *For more information on our SDG framework, see the section on the SDGs as a blueprint*

Our SDG engagements use fundamental research by our Sustainability Investment Research team. For every company under engagement, we develop an SDG engagement strategy with annual milestones that aims to improve the contributions that companies make towards one or more of the 17 SDGs. These define a trajectory for the company to improve its SDG score at the end of the engagement, and are used to track progress.

Sovereign engagement

In 2022, we continued with our collaborative approach to engaging with governments in our sovereign bond portfolios – a process that we began in 2020. Since that year, we have been engaging with Brazil and Indonesia on the subject of deforestation in collaboration with the Investor Policy Dialogue on Deforestation (IPDD)³⁷, which Robeco is an active member of. In 2022, we continued our engagement with the Indonesian government.

We also initiated an engagement with the Australian government on climate. Robeco is a member of the advisory committee of the PRI-led Collaborative Sovereign Engagement on Climate Change. This is a pilot scheme developed by the PRI as an investor initiative to support governments in taking action to mitigate climate change, in line with the Paris Agreement.

ENGAGEMENT AT ADOBE

Adobe is a US computer software company. We have been engaging with this company as part of our SDG Engagement program since early 2022. Adobe's most significant link to the SDGs is its potential involvement in the manipulation of digital content, including AI-created 'deepfakes'³⁸. The potential for adverse use of products such as Photoshop and its video counterpart, Premier, exposes Adobe to the risk of having a negative impact on SDG 16 (peace, justice and strong institutions). To address this risk, Adobe has created a digital watermark to promote transparency and enable authentication of digital images, and we are encouraging the firm to roll out this tool across its product range. It has also taken a leading role in a cross-sector collaboration that seeks to create an open industry standard for content authentication, which we support. Our engagement with the company is still going on.

37. The IPDD is an investor-led coalition consisting of over 65 investors from 19 countries with a combined USD 10 trillion of assets. The goal of the initiative is to coordinate a public policy dialogue on halting deforestation. Robeco is co-chairing the workstreams involved in engaging with the governments of Brazil and Indonesia.

38. A photo or video of a person in which their face or body has been digitally altered so that they appear to be someone else, typically used maliciously or to spread false information.

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Exclusions

Carrying out our stewardship responsibilities is an integral part of Robeco's approach to sustainable investing. We wish to avoid making any investments that we or our clients deem unsuitable, so we exclude some firms from our investment universe.



Robeco's exclusion policy serves three purposes. First, it represents a minimum standard: we set out minimum standards for products, services and business practices that Robeco deems detrimental to people or the planet, or that are at severe risk of becoming stranded assets and where Robeco believes the possibility of changing this through engagement is limited. Second, it is a means of escalation: we use exclusion to escalate engagements initiated due to misconduct. Finally, it enables us to comply with regulations.

Our exclusion policy applies to all assets under management in all funds over which we have full discretion, including those that are sub-advised by group members, but it does not encompass discretionary mandates or client-specific funds.

During 2022, we made the following changes to our exclusion policy.

- 1. Simplification of the policy:** we removed the categories adult entertainment, alcohol, cannabis and gambling from the policy, as for our most sustainable products these categories are already addressed in other ways, for example through the SDG Framework. Overall, the impact for this change is low as the categories are still part of the SDG Framework. Most strategies that followed impact exclusions also screen out negative SDG scores. The rule going forward is that if a strategy screens out negative SDG scores, the four categories are excluded through the SDG Framework.
- 2. Removal of nuclear energy from the exclusion policy:** given the urgency of the climate transition and the need for energy security, we removed nuclear energy from our exclusion policy. For more information on the rationale behind this change, please refer to this [article](#).
- 3. Expanding the policy's scope:** we integrated the Good Governance policy into our exclusion policy. We also introduced the Climate Standards category for our enhanced engagements on climate through our Acceleration to Paris engagement theme. To comply with anti-money-laundering and counter-terrorism financing regulations, we also added screenings related to money laundering and the financing of terrorism to the policy.

Additionally, it was decided to go from three to two levels in the exclusion policy, i.e. changing from Inside and Focus/Impact to Level 1 and Level 2.

- Level 1 'Exclusions': minimum exclusion criteria considered by Robeco for all funds.
- Level 2 'Exclusions+': adds to Level 1 by enhancing criteria and categories in scope. These enhanced criteria also mean that companies under engagement due to misconduct are no longer eligible for strategies following Level 2.

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Robeco's exclusion policy

		Exclusion category	Measure for screening	Level 1 'Exclusions' criteria	Level 2 'Exclusions+' criteria	
Product-based	Behavior-base	Controversial behavior	ILO, UNGP, UNGC and OECD compliance ^{EE}	Subject to engagement ³⁹	Fail test	
		Climate standards	Engagement on Robeco's Paris Alignment assessment ^{EE}	Subject to engagement ³⁹	Fail test	
		Good governance	Robeco's Good Governance test ^{EE}	Subject to engagement ³⁹	Fail test	
		AML/CTF	Robeco's KYA assessment based on AML/CTF criteria	Fail test	Fail test	
	Product-based	Weapons	Controversial weapons	Revenues from production, key components or services	≥ 0%	≥ 0% ⁴⁰
			Military contracting	Revenues from weapon-related products or services	Not applicable	≥ 5%
			Firearms	Revenues from production	Not applicable	≥ 5%
				Revenues from retail	Not applicable	≥ 10%
		Fossil fuels ⁴¹	Thermal coal	Revenues from coal extraction/mining	≥ 20%	≥ 20%
				Revenues from coal power generation	≥ 20%	≥ 20%
				Coal power expansion plans in MW (pro rata) ^{EE}	≥ 300 MW ⁴²	≥ 300 MW
			Arctic drilling	Revenues from extraction	≥ 5%	≥ 5%
			Oil sands	Revenues from extraction	≥ 10%	≥ 10%
		Other products	Palm oil	RSPO-certified hectares of land at plantation ^{EE}	≤ 50%	≤ 80%
	Tobacco		Revenues from production	≥ 0%	≥ 0%	
			Revenues from retail	≥ 10%	≥ 10%	
		Revenues from related products/services	≥ 50%	≥ 50%		
Sovereign exclusion criteria		Countries	Robeco's Country Exclusion test	Fail test	Fail test	

Source: Robeco

→ [Read our exclusion policy](#)

→ [Read our exclusion list](#)

^{EE} Enhanced Engagement: The exclusion criteria are linked to Robeco's enhanced engagement program.

39. Companies may be subject to engagement before exclusion. In such cases, exclusion is triggered if the engagement is unsuccessful. If engagement is deemed undesired, companies will be subject to direct exclusion. The extent to which engagement is deemed desired is based on the exclusion category and factors such as engageability, relevance, and regulatory compliance.

40. The scope under the Level 2 criteria also covers companies involved in nuclear weapons from so-called 'Nuclear States' (US, UK, France, Russia and China) as defined in the Treaty on the Non-Proliferation of Nuclear Weapons (1968).

41. Investments in green bonds from issuers excluded under one of the climate-related categories remain eligible.

42. Companies under climate-related enhanced engagement remain eligible.

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Climate change

Climate change, if unmitigated, will have unacceptable long-term impacts on society and the global economy. Climate science has made clear that the world needs to act now as the costs and impact of inaction increase by the year. Climate change poses material risks to our clients' investment portfolios, but it is also leading to opportunities, and it is our fiduciary duty to identify and manage these properly.

→ [For more information on our SDG framework, see the section on the SDGs as a blueprint](#)



Working in partnership with our clients, Robeco aspires to take a leading role in the move towards a net-zero economy. We firmly believe that doing so will lead to opportunities to enhance the long-term risk-adjusted returns of our clients' portfolios.

Robeco supports the objective of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels and preferably to 1.5°C. Robeco is a founding signatory of the Net Zero Asset Managers Initiative and we have set out clear policies and a roadmap for reducing the greenhouse gas emissions associated with both our investment portfolios and our own operations. We also endorse the Dutch National Climate Agreement and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

→ [Read *Navigating the climate transition: Robeco's roadmap to net-zero emissions by 2050*](#)

→ [Refer to our TCFD table, Appendix 5, for a comprehensive overview of our approach to the climate](#)

Our commitment

As responsible stewards of our clients' assets, Robeco is committed to achieving net-zero emissions for 100% of our assets under management by 2050. We are convinced that the low-carbon transition is not only a moral imperative – it is also the prime investment opportunity of our generation.

Our net-zero strategy focuses on reducing emissions in the real economy. Divesting from high-carbon assets does not mean that they go away – they simply reappear in other portfolios. For the net-zero transition to be successful, we need to decarbonize high-emission sectors. This will require considerable capital. Our role as investors is to invest in and accelerate the transition by decarbonizing the assets that we invest in. To be effective, we need to work alongside governments, industry and consumers. Governments need to set a price for carbon emissions, companies need to increase green capital expenditure and consumers need to shift to sustainable consumption patterns.

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Progress on Robeco's net-zero roadmap: reading guide

Pillars	Our commitment	Key actions	Reference
1 Decarbonization	To reduce the carbon footprints of our investments by 30% by 2025 and of our operations by 35% by 2025.	1 Decarbonize our portfolios	Climate change
		2 Reduce our operational emissions	Limiting our environmental footprint
2 Real-world transition	To use our influence as an investor to accelerate climate action by companies and countries. We will assess companies to identify those that can outperform in the transition. For companies that do not act fast enough, we will step up engagement activities. We will collaborate with other investors to step up dialogue with sovereign bond issuers.	3 Accelerate the transition of companies	Climate change and Active ownership
		4 Call for climate action by countries	
3 Climate-aligned investing	To collaborate with clients, peers, standard setters and relevant stakeholders in the asset management industry to accelerate net-zero investing. We will actively contribute to the development of market standards and policies.	5 Work with clients on decarbonization	Climate change
		6 Industry collaboration to promote net-zero investing	Climate change

The carbon footprints of our portfolios

As part of our pathway to net zero by 2050, we monitor the carbon footprints of our investments. Our carbon footprint report sets out the carbon footprints of the listed equity and fixed income holdings in Robeco's funds and segregated client mandates according to the Platform for Carbon Accounting for Financials' (PCAF) carbon accounting standard. This year we have included emissions from our government bond holdings for the first time as PCAF published the necessary methodology for us to follow in December 2022.

To calculate the footprints of our portfolios linked to their holdings in securities from corporate issuers⁴³ we use Trucost data for emissions and revenues and S&P Capital IQ data for calculations of Enterprise Value Including Cash (EVIC). Trucost does not provide details of market-based Scope 2 emissions⁴⁴, which is our preferred measure of Scope 2 emissions as we like to reward companies taking action to reduce emissions. Therefore, we source market-based Scope 2 emissions from the Carbon Disclosure Project (CDP) and override Trucost's location-based Scope 2 figures where necessary. For our portfolios' sovereign holdings we use emissions per unit of inflation-adjusted GDP, obtained from the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR). We also use carbon data from various other corporate and sovereign data providers for research and cross-checking purposes. We report on footprint figures for previous years, in line with the PCAF standard. We have also calculated and reported PCAF data quality scores. These have been obtained using a mapping provided by Trucost's of the emissions' disclosure type to the appropriate PCAF data quality score. These scores range from 1 to 5 and give an indication of the quality of the emissions' data being used where reported & verified data is

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43. In scope are all issuers that have Bloomberg sector level 1 classification 'Corporate' and all issuers that have level 2 classification 'Agencies' which are regarded as corporate issuers. In addition, derivatives and cash are not in-scope.

44. Market-based Scope 2 emissions are those based on the company's contractual agreements of purchased energy (for example the purchase of long-term renewable energy contracts), while location-based scope 2 emissions are those based on the energy mix of the grid at the company's location.

given the best score (1) and fully estimated data is given the worst score (5). In 2022 we chose not to report on figures for the previous year because, in 2021, Robeco migrated from using in-house carbon data to figures from Trucost and CDP, which rendered the comparison uninformative.

We report Scope 3 emissions separately from Scopes 1 and 2 because we have significant questions about the quality of Scope 3 data and its aggregation at the portfolio level. However, we believe that accurate integration of Scope 3 data is vital if we are to assess our portfolios' real climate impacts, so we have made this one of the main focuses of our research in 2023. We are also collaborating with data providers and peers to find solutions to the problems involved in reporting on Scope 3 emissions.

Compared with last year, the carbon footprints based on Scope 1 and 2 emissions of all our equity and bond funds and mandates have fallen. This can be explained either by falling emissions (used in the numerator of carbon footprint), rising market prices (part of Enterprise Value Including Cash used in the denominator) or shifts in asset allocation amongst funds or within funds. We are developing an attribution tool which will help us identify which one is driving the change in emissions.

Coverage is as expected, with substantially higher coverage for equities than for bonds, both for our funds and mandates. Over the past year the PCAF data quality score has improved (lower score is better), which is an indicator of more

companies reporting and / or higher overall coverage by third-party data providers.

Our equity funds have lower economic emissions intensity than our equity mandates for two reasons. First, we have integrated our sustainability policies in almost all our funds, while for mandates this remains an ongoing process in consultation with our clients. Second, our mandates have higher exposure to emerging markets overall. Emerging economies are generally more carbon intensive due to their greater focus on manufacturing and lower exposure to services than developed economies.

Financed emissions of Robeco's listed equity and corporate bonds assets under management

		Total AuM (EUR billion)	Total AuM in scope ⁴⁵ (EUR billion)	Absolute emissions (million tonnes of CO ₂ e)		Economic emissions intensity (tonnes of CO ₂ e per EUR million invested)		Weighted Average Carbon intensity (tonnes of CO ₂ e per EUR million revenue)		Coverage for absolute emissions (CO ₂ e based on % AuM in scope)	PCAF data quality score ⁴⁵ for absolute emissions
				Scope 1 and 2	Scope 1, 2 and 3	Scope 1 and 2	Scope 1, 2 and 3	Scope 1 and 2	Scope 1, 2 and 3		
Funds	Equities	53,5	50,4	2,6	28,1	52,2	556,9	120,4	1.145,8	100%	2,09
	Fixed income	24,0	17,7	1,4	8,8	77,7	498,3	192,6	1.492,1	97%	2,63
	Subtotal	77,4	68,1	4,0	36,9	58,9	541,6	139,2	1.235,8	99%	2,23
Mandates	Equities	61,9	51,4	3,6	32,4	70,1	629,8	148,7	1.225,3	100%	2,05
	Fixed income	31,7	17,9	1,0	7,1	54,4	398,7	154,3	1.148,9	95%	2,38
	Subtotal	93,7	69,4	4,6	39,5	66,1	570,1	150,1	1.205,6	99%	2,14
Total as per 31 December 2022		171,1	137,5	8,6	76,4	62,5	556,0	144,7	1.220,6	99%	2,18
Total as per 31 December 2021		200,7	165,5	12,8	107,3 ¹	77,4 ¹	648,3 ¹	158,4 ¹	1.145,6 ¹	99%	2,22

1. The figures have been restated compared to the ones reported in the last reporting period due to an increase in data quality from the data vendors.

Source: Robeco

45. Scores range from 1 to 5, with 1 representing certain data and 5 uncertain data. Over the past year the PCAF data quality score has improved.

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By contrast, our fixed income funds have higher carbon footprints overall than our fixed income mandates. This is because our funds have higher exposure to high-yield credit. In general, smaller companies (which are more likely to be rated high yield than larger companies) have relatively bigger footprints than larger companies (which are more likely to be investment grade). Also, the investment-grade universe has higher exposure to financials, which have low carbon footprints.

For sovereign debt issuers we report financed emissions and footprint based on an inflation-adjusted measure of GDP. This approach is advocated by PCAF as it is not possible to use EVIC or revenues to attribute ownership of sovereign emissions. We see that Robeco's sovereign financed emissions and footprint have decreased in 2022. This is due to changes in country allocations in portfolios as well as countries' decarbonization efforts and changes in GDP for example. Lower financed emissions are due to the same effects, and also partly due to a reduction in assets under management.

Financed emissions of Robeco's government bond assets under management

	Type	In scope AUM ⁴⁶ (EUR billion)	Financed emissions tonnes of CO ₂	Footprint tonnes of CO ₂ per EUR million	Coverage of in scope AUM
31 December 2022	Fund	4,468	799,378	179	100%
	Mandate	7,5098	1,193,473	159	100%
	Total	11,9778	1,992,851	166	100%
31 December 2021	Fund	5,5108	1,101,338	200	100%
	Mandate	7,7058	1,329,340	173	100%
	Total	13,216	2,430,678	184	100%

Source: Robeco

46. We include all issuers that have a Bloomberg Level 2 sector classification equal to Treasuries or Sovereign. We also include the European Union, which is classified as Supranational, but should in our view be regarded as a sovereign issuer.

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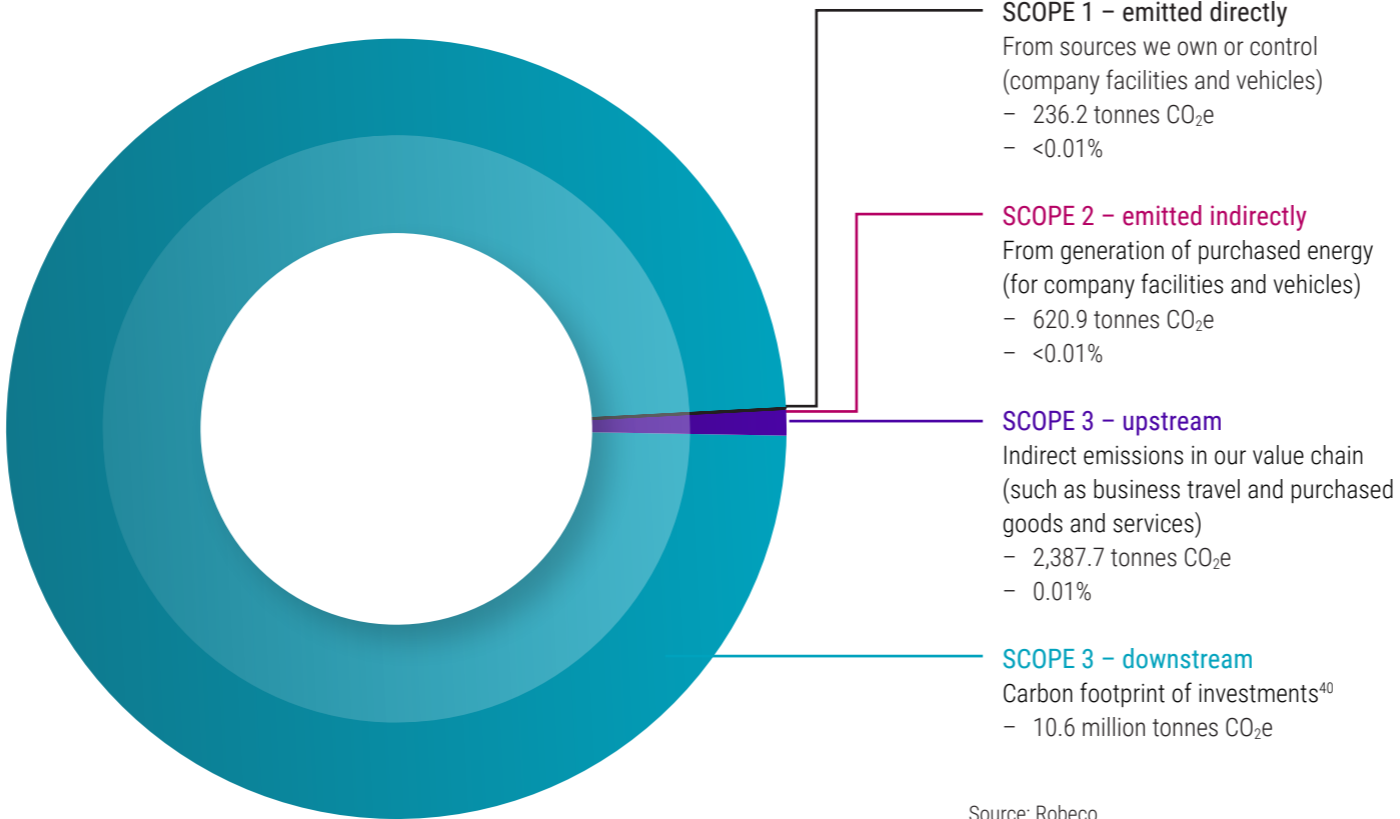
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Integrated carbon report

The visual below shows all of Robeco's emissions (Scopes 1, 2 and 3)³⁹. The emissions from our investments are scope 3 Downstream and total 10.6 million tonnes CO₂e. The emissions from our business operations are scope 1, scope 2 and scope 3 Upstream. These total around 3,244.8 tonnes CO₂e. In other words, financed emissions represent 99.99% of Robeco's total emissions.

→ Refer to the section on 'Limiting our environmental footprint' for further details on our operational emissions



Source: Robeco

39. As defined by the Greenhouse Gas protocol. For definitions, see [Greenhouse Gas Protocol | \(ghgprotocol.org\)](https://www.ghgprotocol.org).
 40. This figure represents the sum of the financed emissions of Robeco's listed equity and corporate bond assets under management and the financed emissions of Robeco's government bond assets under management.

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Decarbonizing our portfolios

To align with the Paris Agreement, our aim is that our portfolios have a 30% lower carbon footprint than 2019 levels by 2025 and 50% lower by 2030. This means we need to decarbonize our portfolios by an average of 7% per year. Due to methodological limitations, our decarbonization target only applies to the equity and corporate bond holdings in Robeco funds. These account for around 40% of our total assets under management. The rationale behind this and our approach to decarbonization are explained in our Net-Zero Roadmap.

Our portfolios' carbon footprint in 2022 was 45.1% lower than the baseline of 2019. This means that we are ahead of our target to reduce their footprint by 30% by 2025. In 2020, their footprint fell by 4.6% compared to the baseline, slightly below the 7% target. In 2021 it fell by 31.2% compared to the baseline, while in 2022 it fell by 16.3% compared to the baseline.

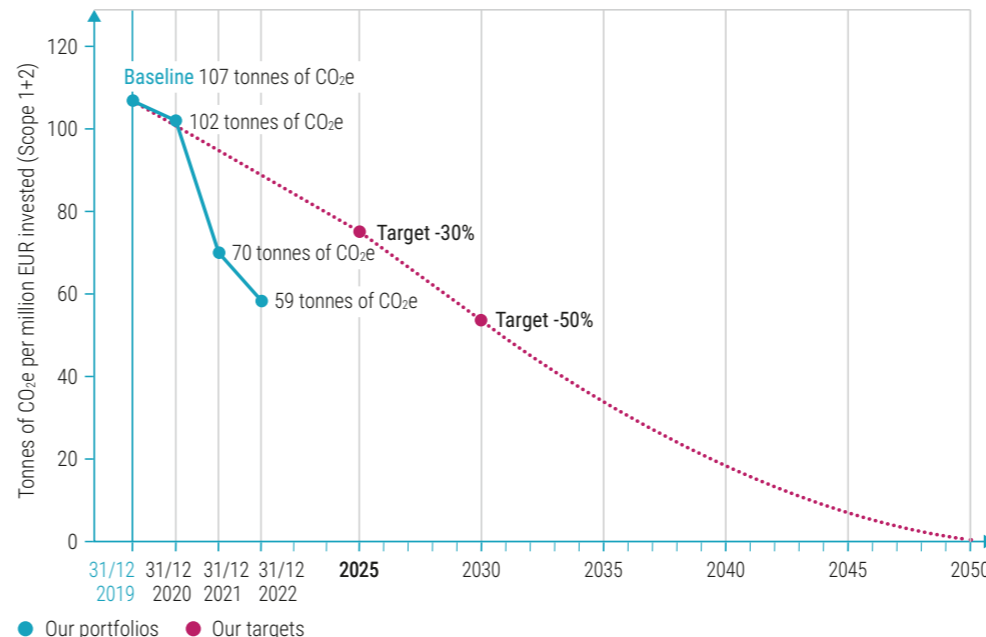
These figures are corrected for asset price inflation⁴¹, which could potentially artificially reduce our portfolios' carbon footprints. We correct for this effect by adjusting the decarbonization amount using a market-weighted average EVIC growth factor, in line with the PCAF standard. We use the current asset mix to determine historical footprints to avoid an artificial decarbonization effect resulting from client outflows from dirtier asset classes and client inflows into greener asset classes. Year-on-year changes in asset prices and the asset mix also impact historical footprints. The baseline footprint will therefore also change every year; this is called re-baselining.

Our portfolios' decarbonization over the past three years is the result of various factors. Over this period there has been both a tech rally which helped lower our footprint and a large rise in oil prices which had the opposite effect of increasing our footprint relative to the baseline. Our reduced carbon footprint is amongst others due to our active management, however, preferring greener assets to browner assets. Decarbonization of the companies we hold in our portfolios has also contributed, as have market movements. It is, however, difficult to fully disentangle these effects and attribute exact figures to them.

Incorporating climate considerations in our investment processes and strategies

We believe that systematically considering climate change in our investment processes is essential for the future success of our investment strategies. Our research determines the sectors and industries for which climate change will have a material impact and over what time horizon. In cases where we deem climate change to be material for a company within a particular investment horizon, our sustainability and financial analysts work together to analyze the company's climate-change strategy, understand how it compares with its peer group and assess the impact of climate on the company's business model, products, services and financial results.

Decarbonizing our portfolios



Source: Robeco

In 2022, we expanded our research program on sector-level decarbonization pathways for carbon-intensive sectors such as steel, cement, power and oil & gas. As part of this research, we analyze how each sector needs to decarbonize over time to keep its carbon budget well below the 2°C pathway and what types of technologies and policies are needed to help it do so. We then analyze how individual companies are performing against their sector benchmark, considering both their current carbon emissions and their forward-looking transition plan. Our analysts use this knowledge to assess the financial implications for each company, taking into account factors such as capital expenditure and carbon pricing.

41. If the EVIC of a company increases, a company's footprint (as represented by its emissions divided by its EVIC) would fall, which would make the company look cleaner. If we would not correct for asset price inflation the decarbonization path would have been: 1.7% (2020), 39.5% (2021), 23.7% (2022), resulting in a three year cumulative decarbonization of 54.7%.

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During the year we also extensively reviewed various data providers' offerings to ensure the forward-looking climate data that we are using remains the right choice. The offerings include information on transition risks, physical risks and company alignment with the Paris agreement.

We assessed the limitations of data quality, data availability and model uncertainty to design a novel approach to make forward-looking climate data available to our investment teams in an intuitive and coherent way. In 2023, we will incorporate these new metrics and data into the dashboards and systems our investment teams use daily.

Working with clients

We offer our clients a broad range of low-carbon investment strategies, and in 2022 we launched a new net-zero 2050 climate equities strategy. As part of Robeco's net-zero strategy we will continue to launch innovative low-carbon investment products. We will also help those clients who invest with us via mandates to achieve their individual decarbonization goals. We estimate that nearly 60% of our AUM in mandates is managed on behalf of clients that have made a commitment to net zero. In 2023, we intend to set up a team that will target specific client groups to boost their commitments to net zero and integrate these commitments into the mandates that we run for them.

In 2022, we made Climate Investing Essentials, a new online e-learning program that is part of our Essentials series, available to our clients in several regions. The program has local and global accreditation as part of investors' continuous professional development. The module also forms part of the learning program for Robeco's employees.

CLIMATE RISK: INSIGHTS SHARED

Robeco Climate Survey

Consideration for climate change will become central to investment strategies in the coming years, and more investors will decarbonize larger parts of their portfolios. These are the main takeaways from the 2022 Robeco Global Climate Survey on investment approaches to tackle global warming, which garnered the views of 300 wholesale and institutional investors from around the world.

Lucian Peppelenbos, Climate and Biodiversity Strategist at Robeco: *"The Climate Survey sheds light on how institutional investors view key issues linked to climate change, biodiversity and stewardship. While there is uncertainty about these topics, we also know that we must take urgent action: we don't have the luxury of waiting for perfect data or perfect solutions. As investors, we need to pull up our sleeves and work our way through it. We see it as our duty to share our expertise with others and we hope that this research helps stimulate the investment industry to step up its role in combating climate change and loss of nature."*

→ [Read the 2022 Global Climate Survey for further insights](#)

Expected Returns Outlook

In Robeco's flagship annual publication, Expected Returns, we forecast the performance of the major asset classes over the coming five years. We have been incorporating the impact of climate risk in our projections since the 2021 edition of this publication.

Laurens Swinkels, Researcher at Robeco: *"In this 'age of confusion', the future has become less predictable, and that includes the consequences of climate risk. The exact magnitude of climate change over the coming decades is uncertain, and its impact on asset prices is even more unclear. However, we do know that asset allocators need to seriously consider the long-run impact of climate change on asset class returns."*

→ [Download the full publication: 5-year Expected Returns 2023-2027](#)

Climate engagements

Our climate engagement program aims to leverage our influence as an investor to help accelerate climate action by companies and countries. Our climate engagements with corporates focus on high-emitting companies that are lagging in the energy transition. For some of these companies, divestment may be the ultimate consequence if our engagements prove unsuccessful. We include banks in our climate engagement program so that we can engage with the sources of funding for projects (such as new oil fields) that generate emissions as well as the companies that are involved.

Our proprietary climate traffic light model helps us identify companies that represent priorities for engagement. This model assigns companies a color of dark green (Aligned), light green (Aligning), amber (Partially Aligning) or red (Misaligned) based on their level of alignment with the goals of the Paris Agreement. In 2022 we assessed the top 250 emitters in our equity investment universe – which account for over 40% of our investments' carbon footprint – according to our traffic light model. We found that only a small proportion of these companies are transitioning their business models in line with the Paris Agreement. The bulk of the companies remains misaligned.

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To help improve these companies' climate performance, we increased the number of companies under engagement in our climate program from 38 in 2021 to 56. At the same time, we strengthened our voting policy to enable us to use our votes as an escalation strategy when companies do not meet our expectations on climate change. We base this judgment on our traffic light model and external benchmarks, including the Climate Action 100+ initiative's Net Zero Benchmark, the Transition Pathway Initiative and Urgewald's Coal Exit List. As a result, in 2022 we voted against management resolutions at 150 shareholder meetings due to our concerns about companies' climate change performance. The management resolutions relate primarily to the nomination of the chair of the board and other relevant directors.

Meanwhile, a growing number of companies are putting their climate transition plans up for vote at annual general



meetings. In 2022 we supported 32% of the transition plans put to vote. We expect these management resolutions to have in place greenhouse gas emissions reduction targets that are aligned with the goals of the Paris Agreement, covering all material scopes of emissions, and a decarbonization strategy for how the targets will be met. Particularly those plans with significant gaps in their emissions reduction targets, such as the emissions covered by them, or that lacked credible decarbonization strategies were not supported.

We also use our voting rights to support shareholder proposals that help address risks linked to climate change. In 2022 we supported 80% of climate-related shareholder resolutions. We assess shareholder resolutions on their merit. In general, we have supported resolutions requesting enhanced climate-related disclosures or risk management, and the setting of targets in line with the goals of the Paris Agreement.

Robeco also calls on governments to fulfill their vital roles in the transition toward net zero. Governments are in the unique position of being able to steer the behavior of companies and consumers through their legislative power, and they also have a duty to protect their citizens from the adverse effects of climate change. In 2022 Robeco responded to a public consultation by the SEC in the US by supporting enhanced climate-related financial disclosures by companies.

Climate policy

Robeco's exclusion policy prohibits investments in companies involved in – subject to certain revenue thresholds – thermal coal, Arctic drilling and oil sands. In 2022, we tightened these thresholds for our Sustainability Inside funds, reducing the revenue threshold for Arctic drilling from 10 to 5%, from 25 to 10% for oil sands and from 25 to 20% for thermal coal. At the same time we harmonized the thresholds for our Sustainability Focused and Impact funds. This simplifies the execution of the policy. The restrictions resulting from our SDG Framework

ensure that there is no relaxation of thresholds for our Focused and Impact funds.

In 2022, Robeco revised its stance on nuclear power in recognition of the increased support from climate science and public policy for the role of nuclear in the energy transition. While we remain concerned about the risks that nuclear power involves, we believe that outright exclusion of companies involved in nuclear power is no longer justified given the risk of catastrophic climate change and energy poverty. As such we have stopped excluding nuclear from our Sustainability Focused and Impact funds, and have updated our SDG Framework to include new KPIs based on which we assess and manage risks linked to nuclear waste and safety across all of our fund ranges.

During the year, we expanded our climate policy to include our explicit approach to fossil fuels. This approach involves investing in energy companies that are leading the transition and holding oil and gas companies accountable to science-based transition pathways through our engagement and voting. This underlines how Robeco aspires to play an active role in the energy transition and that we support the phasing-down of unabated fossil fuels in accordance with science-based climate transition scenarios.

Even in a 1.5°C scenario, the fossil fuel sector requires continued investment in order to avoid risks to energy security and a misalignment of supply and demand that leads to heightened demand for the dirtiest fossil fuel, coal, as we saw in 2022. Robeco's net-zero roadmap, which is part of our climate policy, clarifies how we contribute to the energy transition through our investments, active ownership and collaboration with clients and other stakeholders. In the coming years, our engagements with companies in the energy sector will increasingly focus on the alignment of capital expenditure decisions and the managed phase-out of high-carbon assets.

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Climate collaborations

If a net-zero economy is to be achieved, global markets need to price carbon emissions and climate risks into the value of goods, services and assets. Robeco works in partnership with asset owners, other asset managers, standard-setters such as the Partnership for Carbon Accounting Financials (PCAF), policymakers and academics in support of this outcome. Our collaborations in 2022 included:

- co-chairing the implementation working group of the Institutional Investor Group on Climate Change’s (IIGCC) Paris-Aligned Investment Initiative, where more than 100 investors exchange ideas and experiences in setting and implementing net-zero targets (see IIGCC);
- working with the Glasgow Financial Alliance for Net Zero (GFANZ) to develop guidance on net-zero transition planning for the financial sector. This guidance was published in December 2022 (see GFANZ);
- working with PCAF to develop market standards for sovereign bonds and enterprise value, including cash inflation corrections. These standards were launched in December 2022 (see PCAF);
- working with the national financial sector commission for the Dutch Climate Accord to develop guidance for the climate action plans that signatory institutions must submit (see Climate Accord);
- we were a supporting member of a workstream for the UK Transition Plan Taskforce. We were responsible for providing feedback and input on the development of the sector-neutral standard for setting climate transition plans along with a core group of investors and NGOs.

ROBECO’S ENERGY-MIX EXPOSURE

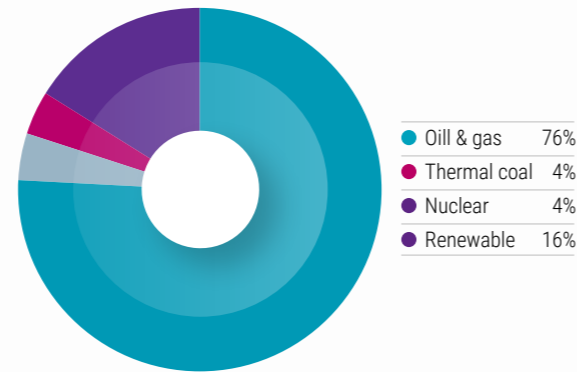
To be transparent about our contribution, in 2022 we started disclosing the annual energy-mix exposure of our funds relative to their benchmarks in terms of the percentage revenues of relevant holdings resulting from the various forms of power.

As at 31 December 2022, Robeco’s exposure to energy-related investments⁴² was 5.0%. This exposure is expressed as a proportion of the in scope assets⁴³ for which we have data on revenue exposure to energy production, generation and supporting practices and services⁴⁴. These securities account for EUR 134.8 billion, or 78.8%, of our assets under management.

The aggregated exposure of the reference indices our portfolios are benchmarked⁴⁵ against was 6.4%.

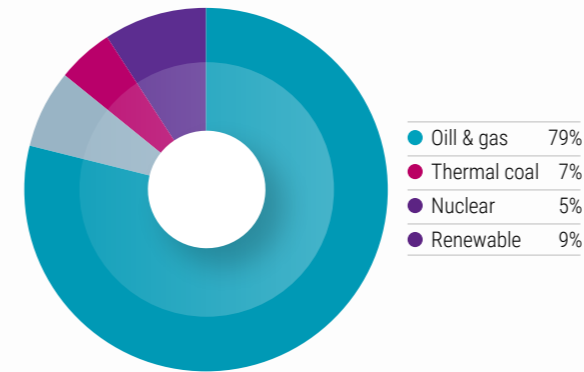
This energy exposure is split across thermal coal, oil & gas, nuclear and renewables in the proportions shown in charts 1 & 2. In order to achieve Net Zero, the global economy needs to reduce its reliance on fossil fuels (thermal coal and oil & gas) and increase the power generated from renewables. For this reason, we aim to have an exposure to renewables in Robeco’s portfolio (Chart 1) which is greater than that of the benchmark (Chart 2); and an exposure to fossil fuels which is lower than that of the benchmark⁴⁵.

1. Energy mix of Robeco’s energy-related holdings⁴³



Source: Robeco

2. Energy mix of energy-related holdings in the benchmark⁴⁴



Source: Robeco

42. The exposure is calculated as the weighted average of the energy-related revenues (in % of total revenues) of portfolio holdings, weighted by holding amount. Energy-related revenues are based on data from Sustainalytics’ product involvement and sustainable products datasets. These include revenues from the generation, production, extraction and supporting of products and services for oil & gas, thermal coal, nuclear and renewables.

43. In scope are all issuers that have Bloomberg sector level 1 classification ‘Corporate’ and all issuers that have level 2 classification ‘Agencies’ which are regarded as corporate issuers.

44. The benchmark used is an aggregation of each of the underlying performance benchmarks of the underlying funds, weighted by AUM of the respective funds. This gives an idea of what the market energy mix exposure is, putting Robeco’s reported figures into context.

45. Coverage of in scope assets is 98% for the energy-related revenue dataset.

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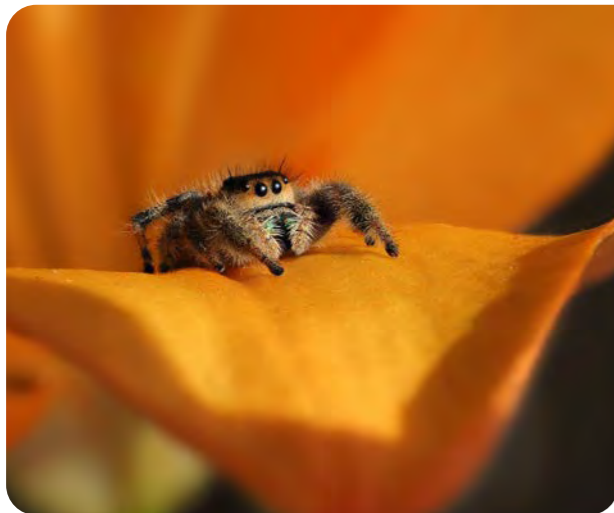
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Biodiversity

Biodiversity is declining faster than it has at any other time in history. Global warming is one of the main drivers of the process, and is exacerbating the negative impacts of other drivers, such as changes in the way that land is being used. Loss of biodiversity will have a major impact on companies' ability to continue their production at current levels due to, for example, a lack fresh water, soil depletion, reduced crop diversity or, ultimately, ecosystem collapse.



Biodiversity is increasingly recognized as a systemic risk for the financial sector, including by financial regulators and central banks. In 2021, we conducted a materiality analysis to determine the exposure of our investments to biodiversity impacts and dependencies, using data from the ENCORE tool developed by the UN Environment Program Finance Initiative. Our analysis showed that around a quarter of Robeco's assets under management are in sectors that are highly dependent on at least one ecosystem service, such as the availability of fresh water. We also found that around 29% of Robeco's investments are in sectors that potentially have a high impact on key drivers of biodiversity loss, such as changes of land use, climate change and pollution.

We are not alone in this regard: our exposures are in line with those of other participants in the financial industry. This shows that biodiversity is a material topic for investors to consider. Action is needed to ensure that our investments contribute to the targets of the United Nations Convention on Biological Diversity's global biodiversity framework.

Our commitment

Robeco is a founding signatory of the Finance for Biodiversity Pledge. By signing the pledge, financial institutions are calling for, and committing to take, ambitious action on biodiversity and to set targets before the end of 2024. To deliver on this commitment, Robeco established a Biodiversity Committee with representatives across the company's various domains.

As part of the commitment to minimize deforestation that Robeco made at COP26, we updated our sustainability policy in 2022 to pay more attention to soft commodities whose production is linked to deforestation: soy, beef and leather, paper, pulp and timber. We engage with and vote upon

companies with exposure to these commodities in their value chains.

Biodiversity Roadmap

In January 2022 we published our Biodiversity Roadmap, which sets out what we have already done and what we intend to do going forward to deliver on our Finance for Biodiversity Pledge.

The roadmap consists of three phases, which are as follows:

- 1. Already existing.** Robeco has addressed material biodiversity issues in its investment research for many years and engaged with companies on biodiversity-related topics such as deforestation and palm oil. For example, when investing in food manufacturers, we analyze how they source ingredients and how these ingredients are produced.
- 2. Knowledge building.** During 2020/21, we invested in our expertise on biodiversity. We conducted the materiality analysis described above, reviewed a number of providers of biodiversity data and established several partnerships, including with the Cambridge Institute for Sustainability Leadership, Partnership for Biodiversity Accounting Financials and the Dutch National Bank's working group on biodiversity.
- 3. Making it actionable.** In 2022 we increased our focus on implementation. We established a partnership with World Wide Fund for Nature Netherlands, launched a dedicated biodiversity investment strategy, beefed up our engagement efforts by establishing Nature Action 100 and started to develop a framework to further integrate biodiversity considerations into our portfolios. We describe all this in more detail below.

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Partnership with WWF-NL

In January 2022, Robeco and World Wide Fund for Nature Netherlands (WWF-NL) entered a partnership to work together in integrating the consideration of biodiversity in asset management. As part of this partnership Robeco and WWF-NL have agreed to inspire other stakeholders in the financial sector to implement biodiversity in their investments. WWF-NL advises Robeco on the development of Robeco's biodiversity investment framework with the aim of measuring and managing impacts and dependencies, developing a biodiversity policy, setting biodiversity targets and implementing them across our investments. Robeco will also seek advice from WWF-NL on its biodiversity investment strategies.

Launch of biodiversity fund

In October 2022, we launched the RobecoSAM Biodiversity Equities Fund. The strategy invests in companies that support more sustainable use of natural resources and ecosystem services and in firms providing technologies, products and services that help to reduce biodiversity threats or restore natural habitats. These are the companies that will benefit most from the transition to a nature-positive world that protects biodiversity in all its forms. The strategy applies a thematic investment universe arranged in four clusters: Sustainable Land Use; Freshwater Networks; Marine Systems; and Traceable Products. We will engage with around 25% of portfolio holdings⁴⁶ to try to further improve the contributions they make to biodiversity.

Development of biodiversity framework

Robeco is developing a framework to help identify companies' efforts to halt biodiversity loss by reducing their use of resources, cutting down on pollution and embracing circularity. The purpose of the framework is to identify biodiversity leaders and laggards and use this information in our investment processes. Potential applications that we will explore in 2023 include constructing investment universes, building biodiversity-tilted equity or corporate bond portfolios and index products, including it in our ESG integration, and identifying companies for engagement.

In building the framework, we are aware that biodiversity-related data and methodologies are not perfect. Biodiversity data works well at the sector level but is not yet reliable at the issuer level. However, we believe the data is good enough for us to make a start. We use third-party data to determine sector-level biodiversity footprints, and our industry experts expand upon this data by defining key performance indicators that are measurable at the company level. These include, for example, recycling rates and certified sourcing. This enables us to assess individual companies' biodiversity footprints and how they aim to minimize them.

LAUNCH OF NATURE ACTION 100

At the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP15), which was held in December 2022, a group of institutional investors, including Robeco, announced the formation of Nature Action 100, a global engagement initiative that involves investors driving urgent action on the nature-related risks and dependencies the companies they own are exposed to. Robeco was one of the 11 investors that formed the Launching Investor Group within the initiative.

Nature Action 100 aims to drive increased action by companies to tackle nature loss and biodiversity decline and will complement the United Nations Convention on Biological Diversity's Global Biodiversity Framework by identifying private sector actions that need to be undertaken to protect and restore nature and seek to catalyze these actions via investor-company engagements. The Nature Action 100 initiative will be formally launched in 2023. Investors will focus on companies in key sectors that are deemed

to be systemically important to the goal of reversing nature and biodiversity loss by 2030. They will work to ensure companies are taking timely and necessary actions to protect and restore nature and ecosystems. Specifically, the initiative will:

- map sector pathways and identify a list of 100 focus companies for investor engagement;
- support engagements between investor teams and ensure company executives and board members focus on the initiative's priorities;
- identify actions companies need to take to protect and restore nature
- track the progress of focus companies against key indicators and provide annual progress updates;
- support investor and corporate advocacy efforts with relevant policymakers on nature-focused policies.

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46. The minimum level of engagement is 20% of portfolio holdings.

Other engagement efforts

Robeco's Active Ownership team continued engagements on deforestation in the biodiversity engagement program with companies active in the supply chains of palm oil, soy, paper & pulp, timber, cocoa, and rubber. We also launched our Natural Resource Management engagement program, which focuses on the responsible management of natural resources and the mitigation of significant adverse impacts on the environment.

Taskforce on Nature-related Financial Disclosures (TNFD)

Robeco has been closely involved in developments linked to the TNFD since 2020. We expect this initiative to become the global standard used to guide companies and financial institutions as they incorporate considerations linked to nature in their business and investment decisions. Throughout 2022 the TNFD published beta versions of its framework and sought feedback from market participants. The final guidelines are expected to be announced in September 2023. Robeco is actively involved in the pilot testing of the beta versions. This is helping us learn how to apply the guidelines, and we are also shaping their development by providing feedback based on our experience of the pilot testing.

We have conducted a preliminary assessment of the disclosure requirements of the TNFD's four disclosure pillars: governance, strategy, risk management and metrics & targets. Our conclusion is that we have elements in place for each of the four pillars, and that we see two key areas to improve. First, through the pilot testing we want to learn more about using metrics and targets to identify and mitigate risks and the impacts of our investments on nature loss. Second, we also aim to learn more about using nature-loss scenarios for stress-testing our portfolios as part of our risk management procedures

ASSESSING FINANCIAL RISKS LINKED TO LAND DEGRADATION

Robeco is a member of the Cambridge Institute for Sustainability Leadership Investment Leaders Group (CISL), which focuses on nature-related risks. Together, we published a case study in 2022 to assess the financial risks linked to land degradation.

The impacts of extreme weather on degraded land can be twice as severe as in areas with healthy soil, leading to permanent reductions in crop yield⁴⁷. Yet soil degradation is common, with at least 12 percent of global agricultural land showing a downward productivity trend⁴⁸. Despite this context, soil health is one of the many nature-related risks that is often not integrated into investment decision making. To learn more about this,

we researched how deteriorating soil health may impact the profitability of companies along the food supply chain.

Restoring degraded soils is critical for meeting future food demand – set to increase 56 percent between 2010 and 2050 – without causing land conversion and deforestation that undermines net-zero emissions targets. The case study shows that there is a need for frameworks that integrate nature-related risk in investment analysis, and maybe even more important from an impact perspective that investors can play an important role through targeted engagement, and the development of thematic funds supporting solution providers.



ROBECO BIODIVERSITY CHALLENGE

In September and October, Robeco employees and clients from around the world tracked how much they exercised. For each activity, such as running or cycling, they logged, Robeco made a donation to the International Union for Conservation of Nature (IUCN) Netherlands, which works to promote biodiversity, water conservation and other ecological projects around the world.

570 participants logged their activities, and Robeco contributed one euro for every 30 minutes of activity. With 6,114 hours logged, a total of EUR 12,228 will be donated to the IUCN's Land Acquisition fund to protect endangered species.

47. Hornbeck, R. (2012, June). The Enduring Impact of the American Dust Bowl: Short- and Long-Run Adjustments to Environmental Catastrophe. *American Economic Review*, 102(4), 1477–1507. Retrieved from: <http://dx.doi.org/10.1257/aer.102.4.1477>

48. PBL Netherlands Environmental Assessment Agency. (2017). Exploring future changes in land use and land condition and the impacts on food, water, climate change and biodiversity. The Hague: PBL Netherlands Environmental Assessment Agency. Retrieved from: <https://www.pbl.nl/en/publications/exploring-future-changes-in-land-use>

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Human rights

Human rights and the 'S' in ESG continue to gain the investment industry's attention. The impact of the Covid-19 pandemic on workers has led to a sharpened focus on resilient supply chains and respect for workers' rights.

HUMAN RIGHTS POLICIES

Robeco's human rights policy has been highlighted by the PRI as a positive example in the industry. Investor human rights policy commitments: an overview | [Article](#) | [PRI](#)



Meanwhile, EU regulations highlight the need for protecting human rights as part of the mandatory Principle Adverse Impact (PAI) indicators related to the UN Global Compact (UNGC) and the Organization for Economic Co-operation and Development (OECD) Guidelines. As the market is conforming to the spirit of the regulation, we expect that investors and companies will further embed aspects of the voluntary PAI indicators focused on human rights in their operations and supply chains. This regulatory push creates an extra dimension to the pursuit of protecting human rights.

Unfortunately, there has been an increase in the number of conflict-affected areas in recent years, including as a result of Russia's invasion of Ukraine in 2022. We recognize that companies operating in conflict-affected areas can face challenges in terms of continuing to act responsibly and safeguarding human rights given the quickly changing market dynamics and roles of their business partners in periods of conflict. The situation in Ukraine triggered us to conduct enhanced human-rights due diligence on our holdings to help us identify and assess any direct or value-chain exposure to individuals or entities that may be causing, contributing to, or directly linked to human rights abuses. This is in line with our ESG country framework and the human rights framework we developed in 2021 that focuses specifically on conflict-affected areas.

Guiding principles of our approach to human rights

The UN Guiding Principles on Business and Human Rights, the UNGC and the OECD Guidelines for Multinational Enterprises underpin our approach to considering human rights in investment and active ownership processes. In line with this, we embrace our responsibility to respect human rights. Input from our data providers, including the S&P Corporate

Sustainability Assessment, and our in-house research highlight the most salient human rights issues that our portfolios are exposed to. We actively engage with firms we invest in on their implementation of the UN Guiding Principles.

Our Sustainable Investing strategy includes a focus on human rights and social issues. We believe we can play an important role in advancing human rights by engaging with firms we invest in on human rights issues. In Q1 2022, we set up a Human Rights Task Force to further develop our approach to human rights. During the year, we also assessed our approach to human rights with respect to key international human rights frameworks and consulted our investment teams on how they can be better supported. A priority for 2023 will be the development of a human rights framework aiding us to improve the assessment of our holdings' performance on human rights and social issues. A key focus will be on providing our investment teams with better data.

Active ownership

In 2022 we started a new engagement theme focused on diversity and inclusion. It will run for three years alongside themes that we initiated in 2020 and 2021. We also increased the importance we assign to social considerations in our voting decisions.

Engagement on diversity and inclusion

Our new diversity and inclusion engagement program is working to address inequalities in gender and ethnic pay, discriminatory company policies and unequal opportunities for promotion at the companies we invest in. By considering employee diversity at each step of their human capital management processes, firms can make themselves more attractive places to work, cut costs linked to turnover and

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benefit from diverse perspectives and skillsets. Through this theme, we hope to help companies tap into the full potential of everyone in their workforce, creating value both for themselves and for wider society.

As part of our focus on gender diversity and equality, Robeco has signed an [investor statement](#) encouraging the Council of the European Union and the European Parliament to explicitly consider gender in the EU's legislation on Corporate Sustainability Due Diligence.

→ [More information can be found in the section on Engagement](#)

→ [More information can be found in the Q3 Active Ownership Report](#)

Social voting policy

Social topics mostly find their way onto annual general meeting (AGM) agendas via shareholder proposals. As not all AGMs include such proposals, in 2022 Robeco developed another way to integrate human rights and social considerations in our voting approach: we started flagging human rights and social concerns with companies that have exposure to such issues and that do not provide any evidence of having adequate human rights due diligence processes in place – a key requirement of the UN Guiding Principles on Business and Human Rights. For six companies, we voted against the sustainability committee chair or the financial statements and audit reports. We will evaluate the success of our approach and consider how we can enhance it over time.

→ [More background information on this subject is available at Voting to promote the S in ESG](#)

→ [More information on our Proxy Voting Season is available here](#)

CLOSED ENGAGEMENT THEME: SOCIAL IMPACT OF AI

Artificial Intelligence (AI) represents new opportunities for companies to grow and transform their businesses. The potential benefits of artificial intelligence (AI) however come with risks that are not yet fully explored, let alone understood. As AI increasingly becomes a more important part of our daily lives, there is an urgent need for robust governance of AI systems. In September 2022, we concluded our Social Impact of AI engagement program and successfully closed four out of the five engagement cases and transferred five other cases to our SDG Engagement theme to further engage these companies on their societal impact. Through our engagement, we learned that companies are gradually aligning internal practices to principles of responsible AI. Many companies formalized AI principles that address topics like inclusiveness, fairness and transparency. Additionally, companies are increasingly pursuing a collaborative approach by actively participating and contributing to cross-industry multi-stakeholder initiatives that aim to advance responsible governance and best practices in AI. These types of initiatives play a decisive role in guaranteeing trustworthy AI across the industry.

However, ethical principles on their own do not ensure the responsible development and deployment of AI. Businesses

require robust governance mechanisms to effectively implement their principles. In our engagement, we observed that transparency around AI governance and implementation remained low, as most companies' public disclosures lacked clarity about how such principles translate into practice, and which checks and balances are in place. After talking to the companies, we learned about the specifics of the implementation, which then gave us the confidence to close some of the objectives successfully. The engagement results of this theme are, therefore, highly correlated with the company's willingness to set up constructive dialogues.

CASE STUDY

Microsoft shows strong performance in developing and implementing AI policies and guidelines. For example, the company has published six ethical principles to drive responsible AI as well as user tools, guidelines, and resources to help implement it throughout the lifecycle of technologies, from concept to deployment. One specific example is a checklist which helps prioritize fairness when developing AI. Additionally, Microsoft has added requirements on responsible use by clients in its terms of service and marketing materials for its AI products and services.



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Enhanced engagement and exclusions

In addition to engagement themes related to human rights and social issues, we also focus on companies that systematically and severely breach the principles of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises in our enhanced engagement screening and related engagement program. Exclusion is available as a last resort for any company that fails to improve.

→ [More information can be found in the Active ownership section](#)

A similar screening process forms part of our biannual Country Sustainability Ranking, which helps us identify countries with significant human rights problems. To identify these countries, Robeco makes use of data from:

- **World Bank:** World Governance Index (WGI) on Political Stability and Absence of Violence/ Terrorism.
- **Freedom House:** Freedom in the World (FIW) index on Political rights and civil liberties.
- **Fund for Peace:** Fragile States Index (FSI).
- **International sanctions.**

When a country exceeds the pre-defined thresholds for at least three of the four criteria outlined above, the country is excluded from investment.

Collaboration

We act with others to further the causes of responsible investment and human rights:

- 2022 saw the formal launch of the PRI's new Human Rights Stewardship initiative: [Advance](#). Robeco is a member of the initiative's Advisory Council. The initiative aims to coordinate investors' efforts to address social challenges through collaborative engagements;
- we are part of the Advisory Council of the [Investor Alliance for Human Rights](#), a platform for collective action on responsible investment that is grounded in respect for people's fundamental rights and receives expert support from various NGOs;
- we are an active member of the [IMVB covenant](#) in the Netherlands, a collaboration on responsible investment between the Dutch government, NGOs, companies, trades unions and pension funds. Through this covenant, we jointly engaged with companies on human rights issues and labor rights;
- we have co-signed an investor statement on human rights and business activities in Russia. The statement sets out expectations for companies operating in Russia or that are otherwise linked to the Russia-Ukraine conflict. By the end of 2022, 59 asset managers with a collective USD 1.7 trillion of assets under management had signed the statement.

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Our people

Our success depends on the performance of our employees: they are our most valuable asset. Their knowledge, skills, experience, commitment, and engagement are vital in all that we do at Robeco.

That is why we are committed to fostering a diverse, equitable, and inclusive workplace that helps us attract and retain talent. Through ongoing employee development, fair compensation that is aligned with the performance of our business, attractive benefits and a focus on health, safety and well-being, we aim to help our employees thrive, both in our company and in their everyday lives.

Number of Employees, Hires and Turnover (%)

	2022	2021	2020
Number of employees			
Headcount	1,052	961	921
FTE	1,015	927	882
Hires (headcount)			
Total	165	130	94
Male	92	69	64
Female	73	61	30
Turnover (%)	5,4%	7%	15%

Headcount by Region

	Total	Male	Female
Total	1,052	669	383
Asia	102	43	59
Europe	934	613	321
USA	16	13	3
Permanent	982	631	351
Asia	101	43	58
Europe	865	575	290
USA	16	13	3
Temporary	70	38	32
Asia	1	-	1
Europe	69	38	31
USA	-	-	-
Full-time	869	600	269
Asia	102	43	59
Europe	751	544	207
USA	16	13	3
Part-time	183	69	114
Asia	-	-	-
Europe	183	69	114
USA	-	-	-



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Our employees⁴⁹

As of 31 December 2022, Robeco employed 1,052 people across its offices, up from 961 at the end of 2021. This increase was due to the needs of our business operation. Of these 1,052, 869 were full-time employees and 183 worked for us on a part-time basis as we seek to accommodate our employees' requests to work reduced hours. Out of the total employees, there are 70 temporary employees with fixed term contracts due to either undertaking work on temporary or seasonal projects or a temporary contract (six to twelve months) offered to new employees before an offer of permanent employment is made.

Some activities are performed by workers who are not employed by Robeco, but indirectly through third parties. The total number of this contingent workforce globally in 2022 is



157 employees which is around 10% higher than the 2021 figures (128 contingent workers)⁵⁰ to cover for short-term absences or temporary increases in workload. The number of these workers differs based on the department's requirements and the tasks range from administrative to executive duties. Most of them worked for Robeco Retail (supporting outreach to clients), and our IT department.

We also offer internship opportunities with compensation for students who wish to experience the world of investing at a leading asset manager. Eighteen interns joined Robeco in 2022, mostly working in our investment department.

Flexible working policy

When our employees started working from home during the pandemic, we quickly realized that we could continue to run our business with our people working remotely without disruption. This led us to develop a flexible working policy in 2022. Our people are equipped to work remotely, and appreciate the flexibility to decide when and where they carry out their work. That said, staying connected is essential in our business.

According to our flexible working policy, our colleagues come into the office for at least 60% of their working hours, with the option to work from home the other 40%. We also provide flexibility in terms of the time they arrive and leave the office, helping them avoid busy traffic or ensure they are able to take their children to school.

When and where our employees work is defined by the nature of their role, their individual preferences and the needs of our clients. Our office is a place where our people can connect and share ideas with each other. We believe that a flexible working policy helps improve our employees' work life balance, and it also helps us to reduce the number of journeys they make, hence reducing our company's CO₂ footprint.

Performance management cycle

Our performance management cycle, which is supported by our learning and development programs, enables our people to continuously develop their skills. The year-end appraisal meeting is not only a moment to assess their performance against the goals agreed at the beginning of the year, but also an opportunity to increase their motivation, commitment and growth potential by recognizing both their strengths and areas that may need to be developed.

As part of the 'walk the talk' pillar in our Sustainable Investing strategy, we ensure that every employee plays a role in the company's pursuit of its sustainability objectives. In 2022, employees were encouraged to include at least one KPI relating to sustainability in their annual appraisals.

→ [Read about our Sustainable Investing strategy and the 'walk the talk' pillar](#)

49. All figures are reported at the end of the reporting period: 31 December 2022.

50. The number of contingent workers in 2021 was adjusted to be aligned with GRI 2021 guidelines and the new measurement methodology of the contingent workers in 2022, which excludes workers such as consultants.

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Remuneration

A well-thought-out, balanced and sustainable remuneration policy is vital 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 unnecessary risks. Based on the policy, we pay our people according to their performance, potential and market benchmarks for the country in which they are located. Our remuneration policy aims to ensure we provide equal pay for equal work and experience, regardless of the background, age or gender of our colleagues.

We have defined a methodology to measure our success in our pursuit of equal pay. Our Human Resources (HR) team reviews pay data annually and advises our Diversity, Equity and Inclusion Board and ExCo about any potential issues and actions that need to be taken. HR reports to the DE&I Board on male and female promotions by level per year and male and female turnover data.

Our remuneration processes are audited and reviewed each year internally. Remuneration levels for all employees are compared with external benchmark data every year to ensure that we pay our employees in line with the market. Any relevant changes made by regulators are incorporated in our remuneration policies and guidelines. Every year, an independent external party reviews our remuneration policy to ensure it is fully compliant with all relevant regulations. Collective bargaining agreements apply to our employees in France, Spain and Italy and cover 3% of our total headcount of employees.

Each 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 industry benchmarks. The fixed salary is deemed adequate compensation for employees properly executing their responsibilities, regardless of the level of variable remuneration awarded.

For more information, please see [Robeco's remuneration policy](#).

Supervisory Board members receive fees for their service on the Supervisory Board. All fees are paid out fully in cash. No variable remuneration is provided to ensure that the Supervisory Board members can maintain independence. The

Supervisory Board members are not eligible to any benefits in relation to their position on the Supervisory Board.

Regarding retirement benefits, there are no differences between the retirement benefit schemes and the contribution rates for the highest governance body members, senior executives, and all other employees.

Remuneration figures

	FTE ⁵¹	Headcount ⁵¹	Fixed remuneration in EUR million	Variable remuneration ⁵² in EUR million	Total in EUR million
Current and former statutory directors	3	3	1.7	2.1	3.9

Women-to-men remuneration ratio⁵³

	Fixed remuneration ratio	Total remuneration ratio
Women-to-men remuneration ratio Senior Professionals + Executive Committee	1.02	0.98
Women-to-men remuneration ratio Professionals	0.93	0.90

Annual total compensation ratio⁵⁴

	2022	2021
Ratio of highest-paid individual to median annual total compensation for all employees	20:1	28:1

51. Situation as per 31 December 2022.

52. Based on awarded amounts. A part of the variable remuneration is deferred, including a partial conversion into 'Robeco Cash Appreciation Rights' (R-CARs) instruments. Robeco has certain risk control measures on variable remuneration including malus and claw back arrangements. For more details, please refer to the Annual Report 2022 for Robeco Institutional Asset Management B.V.

53. The calculation of the 2022 women-to-men ratio changed compared to the 2021 Sustainability Report:

- The 2022 calculation is in line with the respective GRI standard (405), which does not take into account the unequal distribution between women/men over the different job levels.
- If we were to apply similar approach as 2021 i.e. by taking the weighted average remuneration by job level (including headcount) and then summarize for the categories, the following women-to-men ratio would apply:
 - Senior Professionals + Executive Committee: Fixed Remuneration 1.07 and Total Remuneration 1.05
 - Professionals: Fixed Remuneration 1.01 and Total Remuneration 0.99
- While this calculation method is not in line with the GRI standards, we believe that this calculation provides a more accurate picture of the women-to-men pay ratio. The scope of the ratio is Robeco Holding.

54. The ratio reflects the highest-paid individual compensation to the median (excluding the highest-paid individual). The following compensation elements are included: fixed pay (FTE) as per end of calendar year, allowances such as vacation allowance and 13th months, and awarded incentives over the performance year. A decrease of 29% in the annual total compensation ratio can be observed compared to 2021.

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Employee engagement

We conduct an annual online survey that measures overall engagement and satisfaction among our colleagues⁵⁵. The response rate to the survey was 89% in 2022, up from 88% the previous year. The employee net promoter score, a measure of our staff's satisfaction with Robeco, increased from 22 in 2021 to 27 in 2022.

Every year, all teams discuss the survey's results and draw up action plans to address areas for improvement. In addition, all managers discuss their action plans with the relevant member of our ExCo.

Diversity, Equity and Inclusion (DE&I)

Robeco strives to create a workplace that reflects the diverse communities in which we operate, and where everyone feels seen, heard, valued and empowered to succeed – regardless of their gender, race, ethnicity, religion, disability, family responsibilities, sexual orientation, social background, age or experience.

The research-driven business case for DE&I is in itself relevant in establishing a diverse workforce and building an equitable and inclusive work environment with equal opportunities. Given Robeco's vision and strongly held belief in sustainable investing, we see fostering such an environment as a prerequisite for ensuring we are credible with our clients and the companies we engage with and successful for all our clients and stakeholders. Consistency of the Robeco in-house DE&I objectives and our Sustainable Investing DE&I beliefs and engagement is vital.

Employee engagement survey

	2022	2021	2020 ⁵⁶
General engagement	7.7	7.6	7.6
Number of respondents	901	818	658
% of total surveys sent out	89.0%	88.0%	81.3%

Envisioned outcomes DE&I Roadmap in 2026

Organization policy & infrastructure	Active engagement with Employee Resource Groups (ERG) partnership with industry organizations has accelerated the use of market best practices in our inclusive policies (100% coverage in 2024) and our DE&I interventions.
Build and sustain an inclusive culture	DE&I related competence training is an integral part in our leadership, management, personal leadership and onboarding training. Positive trend in DE&I score in employee engagement survey.
Attract, promote & retain diverse talent	DE&I strategy has step by step covered more diversity domains, including concrete goals and action plans under execution. Progress is quantitative visible in our reporting.
Communication	How we communicate internal and external is a clear driver in increased awareness and a positive contributor to the Robeco brand. Internal DE&I strategy and SI engagement fully aligned.
Reporting & benchmarking	DE&I metrics part of our internal performance dialogues on various management levels and external reporting. Robeco progress and practices recognized and well received by clients and consultants.

DE&I ROADMAP

In 2022 we established our DE&I Roadmap, which covers our DE&I strategy including a shared vision. The Roadmap will be executed by our DE&I Board (formerly known as the DE&I Committee), which was established in 2021 and is responsible for developing and executing our DE&I strategy, working with colleagues around the world to establish priorities, and supporting and coordinating Robeco's various DE&I initiatives. The DE&I Board is chaired by our Chief Operations Officer. All employee resource groups are represented on the DE&I Board.

55. All Robeco employees are included in the survey (except for contingent workers, contractors and interns).

56. Robeco Switzerland not included.

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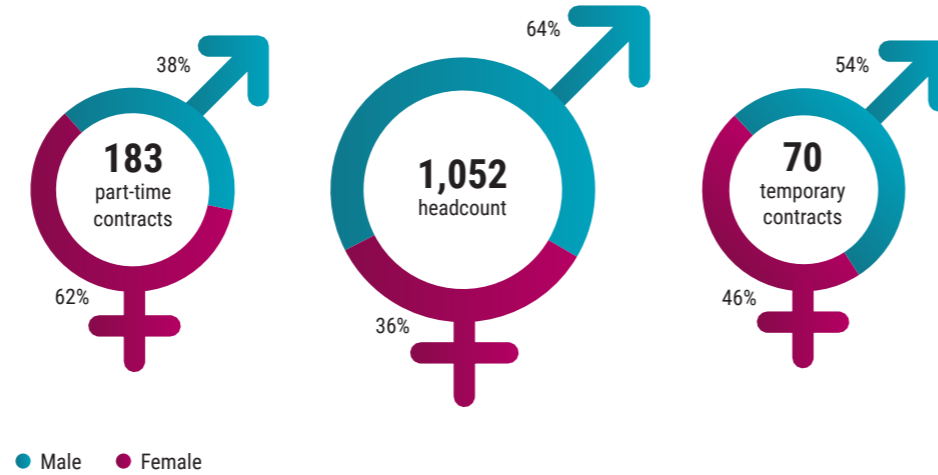
OUR GENDER DIVERSITY TARGETS

Our long-term ambition is to have a 50% gender balance in Robeco because we want to reflect the diversity of the world in which we operate. We strive for gender pay equity at all levels of our organization. We realize that we need to set clear and ambitious targets, supported by actions, to ensure we move in the right direction and achieve our long-term ambition. We have set the following gender diversity targets:

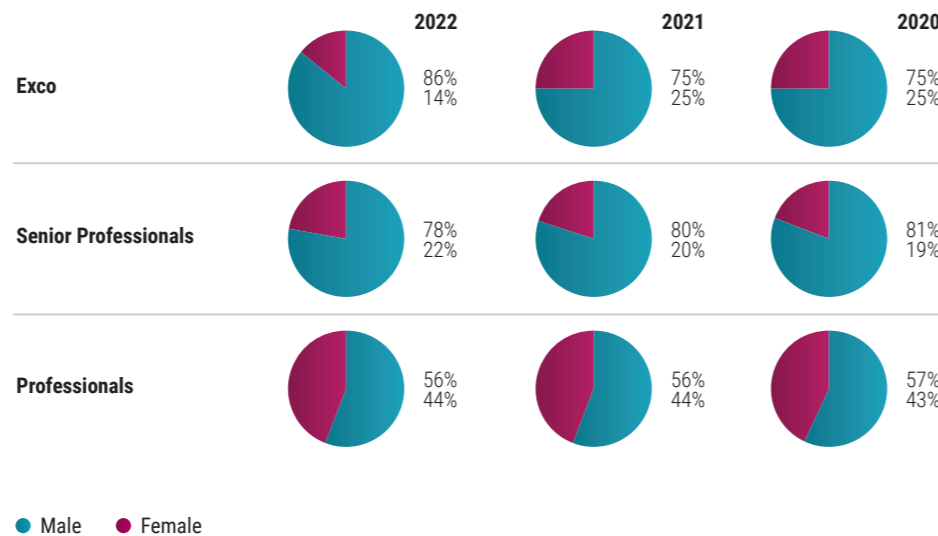
- Executive Committee: 30% gender diversity
- Senior professional and managerial levels: 30% gender diversity
- Professional level: 50% gender diversity

We strive for broad diversity, in multiple dimensions. We have initially only set specific targets for gender diversity as this is something that we can measure and transparently report on it. We believe that setting targets for one minority creates the right backdrop against which we can achieve diversity, equity and inclusion for other underrepresented groups.

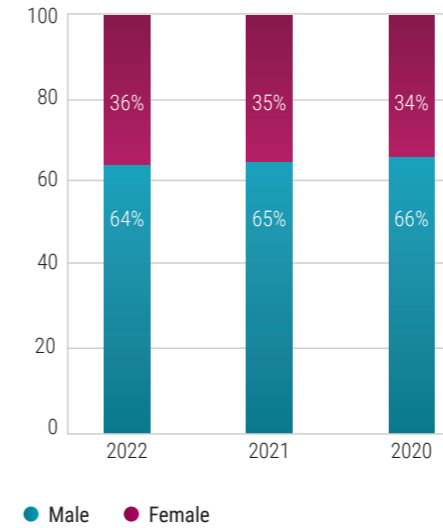
Gender distribution in general, by type of contract and by working time



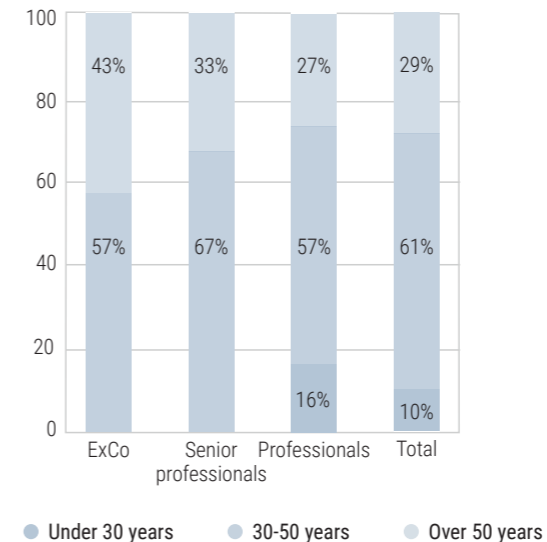
Gender distribution per employment category



Gender distribution per reporting year



Age distribution per employment category



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We have changed the employee categories we report on to align with our gender diversity targets. Our gender distribution data show that we still have some way to go to meet the long-term gender diversity targets set in 2021. As such, we will continue to develop and implement further actions to help us meet these targets, including launching a Diversity recruitment policy in 2023.

With people from various countries working for the company, Robeco has a diverse workforce, ensuring that a wide variety of viewpoints are held across the company. We do not tolerate discrimination in any form. The principle of equity applies to all of our employees and is an explicit component of application procedures. Robeco applies a fair and transparent recruitment process through which we seek to find the best talent from all over the world, regardless of ethnic or national background. All our vacancies are widely advertised. All qualified applicants will receive consideration for employment without regard to race, religion, gender, gender identity, national origin, sexual orientation, disability, age or any other characteristic. Fixed-term and part-time employees are entitled to the same benefit packages (on a pro-rata basis) that we provide to full-time employees with a permanent contract.

At Robeco, we have an established procedure for reporting cases of integrity incidents and complaints with the aim of prevention, counseling, and advice on unwanted behaviors. All reported cases have been approached with high sensitivity and confidentiality by the confidential counselor and the Compliance and HR departments. In total 11 new discrimination/harassment cases were reported in 2022. Through counseling, advice, and investigation, seven of the cases were settled during the year, one case was solved in Q1 2023 and three cases are still pending. In some cases, this is due to the fact that it was reported late 2022, and in others, the cases involve processes that require further investigation. In all cases, care is being taken to ensure that complaints are handled carefully and accurately.

To ensure that every employee feels welcomed, included and supported in our organization, we actively promote employee resource groups. The resource groups actively engage with the colleagues they represent. They aim to provide a safe environment for members in which they can bring their best. The resource groups also challenge our practices and provide ideas and insights to the DE&I Board. We currently have 3 fully active employee resource groups (Green



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Capital, PRISMA and Ro-Next) Green Capital aims to raise awareness for diversity, gender equality and biases across the firm to empower women at every stage of their career. PRISMA advocates a work environment that respects, welcomes and supports LGBTQ+ professionals and enables them to meet their full potential and contribute to Robeco's goals. Ro-Next is an initiative by young professionals for young professionals within Robeco that creates a platform to connect, share and learn from each other.

→ [Visit our webpage on diversity, equal opportunities and inclusions](#)

Learning and development

Developing our people is key to our company's growth. We see learning and development as an on-the-job process that takes place in conjunction with colleagues, a manager, a coach or a mentor. Employees, together with their managers, set their annual goals and choose courses to attend as part of the performance management cycle.

In 2022, we expanded the content of our internal Sustainability Investing Academy (SI Academy), in line with our ambition to 'walk the talk' when it comes to acting sustainably. The SI Academy provides online courses on sustainability, and sustainable investing and enables each of our employees to be a sustainability ambassador. There are three levels in the course: essentials, advanced and expert. In 2022, we launched a new essentials course on climate. Our employees can include SI Academy courses in their sustainability KPI in their annual appraisals. In 2022, 667 participants, still active as per 31/12/2022, completed one of the three SI learnings.

→ [Robeco's essentials courses are publicly available](#)

We have started the design of a Leadership Journey to support our senior leaders in the roles and responsibilities linked to leadership they hold on top of their areas of specialism. The journey focuses on the following aspects: strategic leadership, integral management and personal leadership. The first step in the journey which will kick off in 2023 has been created in conjunction with Swiss business school IMD.

LinkedIn Learning is our provider of e-learning. In total, 459 employees used this platform in 2022 and completed 606 LinkedIn Learning courses. The most popular courses were Unconscious Bias, Confronting Bias: Thriving Across Our Differences and Diversity, Inclusion and Belonging.

We offer all our colleagues the opportunity to be supported by an internal mentor. Robeco's Mentor Program helps colleagues to learn from each other and benefit from each other's experience. Besides the traditional way of mentoring, we offer reverse mentoring and peer mentoring. In cooperation with Green Capital we also offer women-to-women mentoring. In 2022, 20 employees received mentoring as part of our Mentor Program.

Robeco offers coaching to all employees. Coaching is all about self-insight, reflection and breaking habits that create more effective behavior. In 2022, 33 employees worked with a coach.

We also provide a 'Connect and Learn' program, which features lectures from academic experts. In 2022, 17 sessions were held with a total of 2,422 enrollments. The three most popular sessions were Cryptocurrency demystified (263 enrollments); Machine learning and AI (212 enrollments), and: Geopolitical trends: China vs. Russia vs. Ukraine (196 enrollments). On average, there were 142 enrollments per session.

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Business conduct

Everyone working for Robeco, including all permanent members of staff, temporary and seconded employees and those working on a contract basis, are expected to be honest and comply with all applicable laws and regulations at all times. Their behavior determines how Robeco is perceived by others and how we function as an organization.

CONFLICTS OF INTEREST

Preventing and controlling conflicts of interest at Robeco is an important element in ensuring that the interests of clients, the financial markets and the integrity and reputation of Robeco is protected. If necessary, Robeco will inform the client about the conflict of interest and/or request that the client to agree to the measures that have been taken.

→ [Read Outline Conflicts of Interest Policy Robeco Institutional Asset Management B.V.](#)

Robeco appreciates values that support and advance harmony within society and aims to conduct its business in a way that supports environmental, social, and governance objectives and expectations. Robeco adheres to several independent and broadly accepted codes of conduct, statement, and best practices and is a signatory to several of these codes⁵⁷. The principles following from these codes are embedded in the entire investment process, our responsible business conduct, including the commitment to respect human rights, in procurement principles and in the Sustainability Policy⁵⁸. Our policy commitments stipulate conducting due diligence and applying the precautionary principle⁵⁹ to prevent and mitigate potential negative impact of climate change through our net-zero roadmap.

Our code of conduct⁶⁰ sets out our vision of how we expect our employees to behave and interact with their colleagues, our clients, and everyone they work with. It provides explanations of what we perceive to be valuable conduct and helps our employees make informed choices when they are faced with a difficult decision.

The code consists of 12 principles that help to foster a culture of honesty and accountability within our company and represent our basic requirements in terms of the conduct we expect of everyone within Robeco. The principles set out that each employee should:

1. Treat our clients fairly
2. Treat each other with respect
3. Avoid conflicts of interest
4. Evaluate their ancillary functions
5. Beware of gifts and invitations
6. Treat confidential information carefully
7. Not abuse confidential or insider information
8. Communicate responsibly
9. Familiarize themselves with the rules for external communication
10. Treat Robeco's property with care
11. Identify and assess their clients
12. Contribute to a safe working environment and business continuity

The code provides guidance on each principle. For several of them, further details of what we expect are available on our company intranet.

→ [Read Robeco's code of conduct](#)

→ [Read Robeco's sustainability policy](#)

57. The most important codes are the International Corporate Governance Network (ICGN) statement on Global Governance Principles, United Nations Global Compact, United Nations Sustainable Development Goals (SDGs), United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, Responsible Business Conduct for Institutional Investors (OECD).

58. The policy is updated annually, approved by the SISC and published in Robeco's website.

59. As set out in Principle 15 of the UN Rio Declaration on Environment and Development.

60. Code of conduct, integrity incidents policy and complaints policy are reviewed annually by Compliance Department, adjustments are made when necessary.

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Creating a safe environment in which all colleagues feel valued, respected and able to communicate openly is a priority for our company. Harassment of any kind, intimidation, aggressive behavior and/or violence, bullying and discrimination are all unacceptable to us and in violation of our code of conduct.

Everyone working for Robeco is introduced to the code through an e-learning program that provides explanations of, and training on, the code's various principles. Each new employee (permanent or temporary) is required to confirm that they have read and understood the code, and that they will act with integrity and apply the standards expected of them. Thereafter, each employee must confirm they will do so every year. What's more, even though it is not mandatory for the asset management sector, Robeco has implemented an oath to be taken by employees in management positions or who are in direct contact with clients. By taking the oath they swear that they will perform their duties conscientiously and with integrity and that they will always act in the interest of their clients.

Grievance mechanisms

Contravening the code or other rules may lead to sanctions, depending on the severity of the violation. We encourage employees to report any potential inappropriate behavior in the workplace to their manager, Human Resources, Compliance or our external confidential counselor.

We have several mechanisms in place that can take effect in the event of a violation of the code. Failure to follow the code or careless actions that could damage Robeco or one of its employees are treated as integrity incidents. Our Integrity Incidents Policy sets out the process to be followed if such an incident is reported. For seeking advice and raising concerns, victims of undesirable conduct may also contact our external confidential counselor or use the ORIX Hotline, a reporting tool that our parent company, ORIX, set up in 2022 for its entire group. A process of how we deal with unwanted behavior and incorrect conduct is published in Robeco's intranet, and we are currently developing a grievance procedure for our employees.

Our grievance mechanisms in scope for investment-related complaints are integrated into the latest revision of the complaints policy, which is currently subject to the ExCo's approval. This enables Robeco to facilitate a broader group of stakeholders in submitting any grievance, allegations, issues, or problems, whether perceived or actual, related to Robeco's conduct, products, and services. All grievances are treated confidentially, and stakeholders can use the mechanisms anonymously through representation by a third party.

Robeco administers operational-level grievance mechanisms at the organizational level, where the SI center of Expertise is the contact point to engage with investee companies. Alternatively, Robeco can decide to stop investing in investee companies that do not meet universal sustainability principles as well as exclude controversial companies from Robeco's investible universe. The remediation of adverse impacts was set up following the United Nations (UN) Guiding Principles on Business and Human Rights. Our stewardship and exclusion policies are applied when Robeco mitigates impact through engagement, or to cease contribution to impact by exclusion or divestment. Design, review, operation, and improvement of the grievance mechanism are generally based on these independent codes of conduct, statements, and best practices. Critical concerns identified through grievance mechanisms or other channels are reported to the Enterprise Risk Management Committee (ERMC) in quarterly reports submitted by the Risk Management and Compliance functions, and where deemed appropriate on an ad hoc basis to the applicable governance body⁶¹.

→ [See more information in Engagement and Exclusions](#)

61. SISC and/or the ExCo.

DIALOGUE WITH AMNESTY INTERNATIONAL

Robeco entered into a dialogue with Amnesty International in early 2022 on our approach to conflict-affected areas. Amnesty International alerted and shared with us their research on the risks of doing business with Israeli settlements in the Occupied Palestinian Territories (OPT).

Robeco recognizes that conflict-affected or high-risk areas pose challenges to continuing to act responsibly and safeguarding human rights. As a response, we shared our approach to dealing with such issues, where a proprietary

methodology was developed to evaluate the human rights risk exposure and due diligence efforts of our portfolio companies. We analyze elements such as companies' human rights policies, their grievance mechanisms, and remediation measures, as well as the presence of a context analysis of the high-risk regions in which they operate. Input from NGO reports, our data providers, and in-house research further point us toward our portfolio's most salient human rights issues.

This dialogue, together with Amnesty International's research information, adds to our understanding of the issue

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Update and outlook

During 2022, there was considerable media attention regarding inappropriate behavior and the importance of an open culture and safety in the workplace. We also paid significant attention to these topics within Robeco. For example, we organized a session on psychological safety facilitated by an external speaker and our external confidential counselor. Several intranet articles and members of our Executive Committee emphasized the importance of integrity in our organizational culture and that employees should feel safe and able to speak out if they experience or witness undesirable behavior. We also set out more clearly on our intranet what we consider to be good or inappropriate behavior and the processes that can be followed in the event of violations of the code. And as a follow-up to 2021's integrity risk assessment, many managers discussed with their teams how to enhance safety within our company and how we interact with each other.

Business conduct is high on Robeco's agenda in 2023. We intend to update our code of conduct using the input of various internal and external stakeholders who will be asked to reflect on our norms and values and how they play a role in our day-to-day work. As part of this process, we will consider how we can further develop our internal practices regarding environmental, social and governance topics and diversity, equity, and inclusion. We will also continue to facilitate discussions within our company on topics like ethics, cultural safety and (in)appropriate behavior. Meanwhile, our Compliance and HR departments have started an initiative to further streamline and increase awareness of our mechanisms to safeguard the well-being of our employees and act against violations of our code of conduct.

Our performance

In 2022, there were no significant instances of non-compliance, or failure to comply with, laws and regulations applicable to Robeco. Employees are required to report all entertainment offers regardless of the value within the Gifts & Entertainment reporting tool, which is reflected in the table below.

Compliance record regarding business ethics

	2022	2021	2020	2019
Instances of suspicions of bribery (gifts received)	None reported	None reported	None reported	None reported
Reported (indications of) breaches of compliance ⁶²	None reported	1	None reported	None reported
All reported invitations for entertainment given and received	2,202	700	N/A	N/A
Reported invitations for entertainment given and received worth over EUR 100	257	61	121	148

UPDATE ON COMPLIANCE ISSUES IN ROBECO RETAIL FROM 2020

In April 2022, Robeco fully completed the improvement of the processes in relation to the Dutch Money Laundering and Terrorist Financing (Prevention) Act and Sanctions Act in Robeco Retail, Robeco's on-line execution-only platform, as required by the AFM in 2020, when the AFM issued an order under penalty to Robeco (the "Order"). The AFM has informed us that they have accepted all the improvements and that Robeco has not forfeited any of the

penalties under the Order. In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. We have accepted and paid the fine.

None of the processes deemed deficient were related to or had an impact on our investment processes or the investment returns achieved by our clients.

62. Breaches of compliance are defined as 'major breaches of regulations applicable to Robeco'.

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Avoiding greenwashing

Interest in sustainable investments has grown significantly in recent years, and the financial industry has responded by launching many sustainable products. This has made it challenging for investors to distinguish the sustainability credentials of all the products on offer as different providers often adopt very different approaches to sustainability and use conflicting terminology.

Against a backdrop of strong investor demand, a fast-evolving market and more stringent regulation, there is a clear risk that sustainable investment products do not meet everyone's sustainability expectations. Robeco disapproves of greenwashing, and seeks to avoid it at all costs through the adoption of a series of measures.

WHAT IS GREENWASHING?

We define greenwashing as knowingly misrepresenting sustainability-related practices or the features of a financial product with the aim of portraying the practices or product as more sustainable or green than they really are.



- Our Investment due diligence policy ensures that our portfolios are always in line with the objectives and characteristics (including those related to sustainability) that we communicate to investors.
- Our Sustainability risk policy forms the basis of independent monitoring by our risk management function and our adherence to the sustainability commitments we communicate to investors.
- Our Remuneration policy aims to prevent employees from taking undesirable risks. We have established sustainability KPIs to promote the execution of Robeco's Sustainability Investing strategy, which includes explicit measures to promote transparency and prevent greenwashing.
- Our Product approval and review policy ensures that our products and services meet the objectives, needs and expectations of the target market, that applicable disclosure requirements are met and that potential conflicts of interest that may result in greenwashing risks are avoided or adequately managed.
- Our Marketing materials policy aims to ensure we produce fair, clear and not misleading marketing communications, and provides guidelines on how to communicate Robeco's approach to sustainability investing in order to avoid greenwashing.
- Our Client assessment policy requires us to collect sufficient information from our clients about their sustainability preferences so that we can ensure our services represent a good match for their needs. It also ensures our clients have a clear understanding of the sustainability credentials of the strategy they have chosen.
- Based on our Conflicts of interest policy, we have put processes in place to identify and adequately manage any potential conflicts of interest, including conflicts that could give rise to greenwashing, mis-selling or misrepresentation of our investment strategies.

Our risk management and compliance functions monitor these policies and changes in relevant regulations on an ongoing basis. The outcomes of these monitoring activities are reported to our Enterprise Risk Management Committee and Risk Management Committee. The effectiveness of our control measures is also periodically audited by our internal audit department. Meanwhile, our Sustainability & Impact Strategy Committee, which monitors the implementation of Robeco's Sustainable Investing strategy, discusses and addresses any issues linked to greenwashing.

With the entry into force of Level 2 of the EU's Sustainable Finance Disclosure Regulation, we have implemented more detailed entity-level and product-level disclosures, while ensuring that any sustainability-related claims we make are demonstrable and measurable and that we monitor our adherence to them.

To prevent greenwashing within our company, we held various presentations and training sessions in 2022, including on how we communicate about sustainability investing in our marketing materials and on obtaining information about our clients' sustainability preferences.

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Meeting our tax obligations

We strive to act in accordance with our tax policy⁶³ at all times and comply fully with all applicable laws, regulations and filing and reporting obligations. We publish our tax principles in our tax policy, which is publicly available on our website.

We abide by the following principles:

- The intent of the law is an important guideline for what we deem appropriate for Robeco's tax position and transactions.
- We manage tax risks actively to ensure that we meet our tax obligations and safeguard our reputation. This means that we seek to understand tax developments and translate them into internal rules and processes to meet our tax obligations.



- We report our income in the jurisdictions in which value is created. In practice, this means we report our income in the countries where we have offices. It also means that our investment funds are subject to tax in countries that levy tax on investment income.
- We do not enter transactions that are predominantly tax-driven or use low-tax jurisdictions without a sound underlying business rationale. Neither do we facilitate aggressive tax planning by any of our counterparties, including our clients. As such, Robeco and Robeco funds are not involved in transactions that could indicate aggressive tax planning, which would have to be reported under DAC6⁶⁴.

Robeco's Executive Committee bears ultimate responsibility for the firm's compliance with its tax policy, but has delegated the policy's execution to our Group Fiscal Affairs team. We strive for mutually respectful relationships with tax authorities, characterized by openness and trust.

New developments

In 2022, we took the first steps to integrate tax into our SFDR Good Governance practices by screening firms we invest in for involvement in tax controversies. We developed a screening model based on various tax factors that results in a list of firms that will be subject to an engagement program.

→ *For more information, please see Robeco's approach to tax*

63. The tax policy is approved by the ExCo and reviewed every two years by the Group Fiscal Affairs team.

64. DAC6 is the section of the EU Directive on Administrative Cooperation that deals with cross-border tax arrangements to counter tax evasion and aggressive tax planning.

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Investing in information security and cybersecurity

Robeco's business relies on accurate, complete data being available whenever it is needed, and only to those who are authorized to access it. Protecting our clients', employees' and company data is a top priority for us.



Our information security framework is based on a comprehensive set of policies, standards and best practices. Our Information Security Policy is aligned with the ISO27001 standard for information security management systems. Our Operational Risk Management department monitors compliance with the policy, supported by our Security department, with strict controls and frequent reporting. A formal governance and reporting structure is in place with our key IT service providers. Information security and cybersecurity form part of our Chief Operating Officer's (COO) responsibilities, while our Chief Information Security Officer heads the information security function and reports directly to the COO and functionally to our Executive Committee.

As an international asset manager, we are subject to the laws and regulations of several different jurisdictions, whose guidelines on information security and resilience are not all the same. However, most of the guidelines and requirements share common ground based on widely accepted frameworks such as ISO27001, NIST Cybersecurity Framework, Center for Information Security controls and benchmarks and COBIT for IT governance. We regularly assess the requirements of these applicable laws, regulations and supervisory guidelines with respect to information security, based on which we update our Information Security Policy. We made some minor changes to the policy in 2022.

Highlights in 2022

To keep pace with the ever-increasing number of cyber threats, we improved and integrated advanced security tools to enhance our cybersecurity capabilities, especially in terms of the protection of our devices and data as well as providing secure cloud access and cloud-native security monitoring. Besides preventive security measures, we have invested in

strengthening our ability to detect and quickly respond to anomalies or malicious behavior. These investments were accompanied by programs to further improve our employees' awareness of such risks and the behaviors they should adopt to minimize them. We also enlisted the services of independent security service providers to test the strength of our cybersecurity measures. These assessments included penetration tests (testing a specific application) and a red team assessment (broad testing of our security measures).

Technical measures such as email filtering are complemented by our employee security awareness program. As technical email filtering does not filter out all malicious emails, we have implemented a 'report phishing' button on our email client, both on laptops and smartphones. This enables our employees to easily report phishing emails to our IT Service Desk to start the response process. In 2022, nearly 44 million emails were sent to Robeco, of which 25 million were filtered out by our technical email filters, indicating they involved spam, phishing, or malware. Of the emails that passed through our filters, 2,280 were reported by employees to the IT Service Desk via the 'report phishing' button. These figures indicate both the effectiveness of our email filtering system and the good level of awareness about phishing emails among our employees.

Robeco uses several outsourced services, including data centers, digital workplaces, back office, cloud computing and Software-as-a-Service. We use various tools and techniques to monitor the information security and cybersecurity capabilities both of our own company and our service providers. In 2022, we also engaged a security rating provider to provide an independent external view of these capabilities. This provider assesses the online security risk performance of organizations

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through non-invasive collection and analysis of publicly accessible information on an ongoing basis. This results in a risk score and highlights issues to follow up on.

At the end of 2022, the European Parliament published the Digital Operational Resilience Act (DORA) for the financial sector, which come into effect on 17 January 2025. Organizations that provide services to financial institutions will be subject to DORA and supervised by the relevant financial regulator. As part of this new regulation, requirements on information security and cybersecurity controls will be harmonized and applied throughout the supply chain.

Outlook

We use a cybersecurity radar that assesses the current threat outlook and the solutions to manage these threats. Robeco continually adapts to threats as they develop and to changes in the threat landscape as identified by our Cyber Security Analyst. We also assess the potential impact of current threats on our company. Threats that are currently high on our radar include the proliferation and professionalization of ransomware, threats delivered through malicious emails as social engineering attacks against our employees, and our systems being compromised via a third party or a supply chain. Our key challenge for the future is to keep pace with

rapidly evolving cyber threats. As such, we work to:

- maintain our sound security foundation and level of cyber resilience
- make optimal use of security monitoring and analytics tools
- ensure colleagues are aware of security risks and our way of working, especially when they are working remotely
- maintain control of our continuously changing IT ecosystem and supply chain, including technology, providers and business partners
- participate in external cybersecurity communities to share intelligence on threats and good practices.



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Limiting our environmental footprint

We are fully aware of the emissions resulting from our company’s operations, our resource use and circular economy, and we strive to minimize our environmental footprint. Sustainability is a key consideration in Robeco’s daily operations and is integrated into our purchasing decisions.

Reducing our operational emissions

Our aim to be net zero by 2050 applies to Robeco’s own operations and to our investment strategies, as set out in our net-zero roadmap. Our interim target is to reduce our operational emissions by 35% from 2019 levels by 2025. We have chosen 2019 as the base year for our operational greenhouse gas emission targets as it relates to the pre-Covid environment. To achieve this goal, we have developed emission-reduction plans for our travel arrangements, buildings and the goods and services we buy.

Business travel by airplane and train accounts for a sizable portion of our operational carbon footprint. We are targeting a 7% annual reduction in our carbon footprint from business travel per full-time employee between 2021 and 2025 compared with 2019 levels, which translates into a 30% overall reduction by 2025. In 2022, we set carbon budgets for each business domain in line with this reduction target. We are

→ [Refer to Appendix 6: “Calculating our carbon emissions” for details on the conversion and global warming potential \(GWP\) rates.](#)

promoting lower-carbon options such as train journeys where possible and the continued use of digital meetings.

Before the pandemic, our employees regularly traveled to meet colleagues in other offices and to meet clients, but in 2020 and 2021 business travel was severely curtailed because of measures to contain Covid-19. Since September 2022, there has been a significant increase in travel, especially to meet clients, as a consequence of Covid restrictions being lifted in many areas of the world. However, our staff are mindful about traveling to other Robeco offices. Our overall carbon emissions resulting from business travel are currently at 75% of the 2019

level. We align with the Greenhouse Gas Protocol (see ghgprotocol.org) in reporting our carbon emissions.

The data in the table shows that carbon emissions from our own business operations increased with 83% in 2022 compared with 2021 despite only a 9% growth in our number of full-time employees. The increase is caused by business travel. Carbon emissions from business travel per full-time employee increased by 433% in 2022 (1,735.8 tonnes CO₂e/1,015 FTE) compared with 2021 (297.6 tonnes CO₂e / 927 FTE), as a result of the Covid restrictions being lifted in many areas of the world as from September 2022.

Our operational carbon emissions

Scopes and emissions	2022	2021	2020	2019	2022	2021	2020	2019
Metric unit	ton CO ₂ e	ton CO ₂ e	ton CO ₂ e	ton CO ₂ e	in %	in %	in %	in %
Scope 1								
Company vehicles	236.2	237.7	306.3	470.9	7.3%	13.4%	15.4%	11.3%
Company facilities	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Scope 2								
Company vehicles	117.0	125.8	99.0	102.0	3.6%	7.1%	5.0%	2.5%
Company facilities	503.9	446.6	433.1	523.3	15.5%	25.2%	21.8%	12.6%
Scope 3 Upstream								
Purchased goods and services	5.0	6.5	7.7	14.6	0.2%	0.4%	0.4%	0.4%
Fuel and energy related activities	545.1	597.8	501.7	558.6	16.8%	33.7%	25.2%	13.4%
Waste generated in operations	44.4	35.0	34.3	36.7	1.4%	2.0%	1.7%	0.9%
Business travel	1,735.8	297.6	506.1	2,190.6	53.5%	16.8%	25.4%	52.7%
Employee commuting	57.5	28.5	102.2	259.0	1.8%	1.6%	5.1%	6.2%
Total	3,244.8	1,775.5	1,990.5	4,155.6	100.0%	100.0%	100.0%	100.0%

Notes

Legend: ton CO₂e = 1000 kg CO₂ equivalents

1. Reporting period: 1 January – 31 December 2022
2. The appendix 6 showcases the conversion factors that have been used to calculate the emissions and the updated factors of conversion compared to prior years if applicable.

3. The data from previous years have been adjusted as the factor used to convert the number of purchased paper sheets to kilograms was incorrect. The carbon emission numbers of the Purchased goods adjusted as the following: 30.1 tonnes down in 2021, 54.1 tonnes down in 2020 and 152 tonnes down in 2019. The restated figures do not affect the total carbon emission number significantly.

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Emissions fell by 911 tonnes of CO₂e in 2022 compared with the baseline year of 2019: this represents a reduction of 21.9%. We also achieved our target reductions for carbon emissions from business travel per full-time employee in 2022, although this was still mainly due to the pandemic resulting in significantly less air travel in the first eight months of 2022

Higher emissions from business travel are expected in 2023 compared to 2022, due to the further lifting of travel restrictions and catch-up effects. However, our business travel CO₂ targets are putting pressure on departments to limit business travel that involves high CO₂ emissions.

For some areas of our business, especially our foreign offices and activities carried out by third parties on Robeco's behalf, the quality of data about emissions is still limited, but each year we improve the quality and reliability of the data by optimizing the data collection process.

In 2023 we will continue to engage with our largest data center providers, DXC and Microsoft, to increase our



understanding of the share of the carbon footprint their data centers are responsible for. We see data quality and coverage improving, but there are still improvements to be made. Data quality and coverage related to the Software as a Service (SaaS) services we use remain a challenge and we will continue our engagement with these providers. In 2023, we will start making estimates for the missing Scope 3 upstream emission.

In 2022 we implemented our updated car lease policy, which only permits us to lease fully electric cars in the Netherlands and plug-in hybrid or electric cars at other office locations. The updated policy became effective in January 2022 and applies to every vehicle on a new lease contract. The gradual decarbonization of our lease car fleet will help us achieve our business operation emission targets.

While our main focus is on avoiding and reducing our operational emissions and improving data quality, Robeco has continued to offset its residual carbon footprint by investing in carbon-offsetting projects. We perform ongoing due diligence on the carbon credits we buy to ensure their integrity and quality.

→ [Read: Navigating the climate transition: Robeco's roadmap to net-zero emissions by 2050](#)

Our buildings and their environmental footprint

Robeco's head office is in the FIRST building in Rotterdam, which has been awarded the 'Excellent' rating from BREEAM, one of the most comprehensive rating systems covering sustainable building design. The building incorporates many sustainable elements, such as a thermal energy storage system to cool and heat the building using as little energy as possible.

We always strive to further reduce our energy use and promote the use of sustainable energy. Early in 2022, an updated version of our real-time energy usage dashboard came online for our Rotterdam headquarters, providing even greater insight into

how we use electricity during working hours and how much and where electricity is used outside office hours. This enabled us to devise energy-saving programs to reduce our carbon footprint further. We replaced all fluorescent lighting with LED lighting in 2022 and reduced electricity consumption by turning off USB ports and switching off the heating of water in the toilet areas. Sensors now monitor whether lighting above blocks of desks is needed during the day, and electricity is disabled at night. These measures helped us reduce the building's electricity use by almost one third in 2022 compared with 2019 levels.

We also aim to minimize our water usage, which we measure and monitor. At our Rotterdam office, we use a grey water circuit for flushing the toilets, using rainwater that is collected on the roof and stored in tanks. Our service level agreements for catering and cleaning at our head office include incentives for sustainable solutions, and we encourage affiliated cleaning companies to use environmentally safe cleaning products. And as a member of Rotterdam's Green Business Club, we work together with like-minded companies and organizations in Rotterdam on sustainability projects involving energy, waste and mobility.

Reducing waste

As resource use and circularity are important topics for Robeco, we seek to minimize and recycle the waste we produce. In 2022 we improved our method of separating waste in our Rotterdam headquarters. We also took steps to reduce the amount of electronic waste we produce. During the year, we replaced the iPhones we provide to our employees; the old phones are being refurbished and reused via [FlexIT](#), a leading circular IT firm. We also work with [Closing the Loop](#), a Dutch firm. For each phone that we replace, Closing the Loop collects end-of-life electronics such as phones and laptops in Africa and ensures that they are properly recycled. The reusable materials are then circulated back into manufacturing processes.

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Resource consumption

Resource consumption	Metric unit	Data coverage	Data quality	2022 ⁶⁵	2021 ⁶⁵	2020	2019
Company vehicles							
Total	km	100.0%	***	2,923,315	2,866,438	2,629,610	4,133,962
Fueled	ltr	100.0%	***	83,069	74,800	105,422	159,255
Electric	kWh	100.0%	***	358,639	226,230	178,125	157,102
Company facilities							
Offices	kWh	100.0%	***	2,908,120	2,666,420	2,906,510	3,404,631
City heating	GJ	82.0%	***	3,691	4,986	4,283	4,113
Purchased goods and services							
Drinking water	m3	100.0%	***	6,369	3,729	2,362	3,893
Paper consumption	kg	100.0%	**	2,526	4,451 ⁶⁸	5,770 ⁶⁸	11,110 ⁶⁸
Fuel and energy related activities							
Work from home ⁶⁵	kWh	100.0%	***	196,206	332,044	281,255	58,700
Data centers & SaaS	kWh	90.0%	***	442,444	413,188	345,425	520,536
Waste generated in operations							
	kg	97.3%	**	60,221	49,188	50,926	73,009
Business travel							
Air ⁶⁶	km	100.0%	***	6,802,739	1,150,158	2,160,570	13,382,886
Public transport ⁶⁶	km	99.7%	***	826,051	165,000	188,351	888,346
Private car	km	86.8%	***	349,741	198,406	112,221	Not available ⁶⁹
Hotel stays	days	100.0%	***	4,834	1,528	29	1,160
Employee commuting							
	km	90.1%	***	2,069,218	840,642	1,343,561	3,403,937

The table shows our resource consumption on an annual basis. We provide an indication of the data coverage as well as data quality. The latter specifies the reliability of the aggregated data and corresponds with the evidence based consumption related to the total reported consumption (* <60%, ** 60-80%, and *** >80%). Waste includes paper, card board, residual waste and swill.

Legend: kWh = kilo watt hour; km = kilometer; M3 = cubic meter; kg = kilogram; ltr = liter

65. Work from home includes the energy consumption of laptops and external monitors. For 2022, an average of two days per week of working at home has been assumed.

66. Business travel air split by distance and by class. First and Business are combined since First Class is incidental.

67. Public transport mainly by train.

68. The data from previous years have been adjusted as the factor used to convert the number of purchased paper sheets to kilograms was incorrect.

69. The 2019 figure was incorrectly reported, however we cannot generate the comparable figure due to data availability. The change does not affect other reported figures in this table.

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Integrating sustainability in our procurement processes

Robeco expects its suppliers to carry out their business in a responsible and sustainable manner. As such, we have defined seven principles of sustainable procurement, which we share with both existing and new suppliers. Our way of working is also reflected in our policies on knowing our vendors, responsible purchasing and conducting due diligence. We regularly revisit and further develop our procurement policies. In the first half of 2023, we will enhance the sustainability of our procurement policy by introducing more criteria covering sustainability aspects of the services and goods we purchase.

SEVEN PRINCIPLES OF SUSTAINABLE PROCUREMENT

Every proposal or quote must match the seven principles of sustainable procurement.

Human rights

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).

Labor

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.

Environment

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.

Anti-corruption

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.

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Investing in our communities

At Robeco we contribute to initiatives in our local communities that aim to ensure that every child has the same opportunities in life, regardless of their background. We also support our employees' social commitments and volunteering initiatives. This gives us a meaningful connection with the people in the communities in which we operate and can provide us with new insights and experiences.

Robeco Foundation

The Robeco Foundation contributes to educational projects that aim to help disadvantaged children reach their full potential. We focus our efforts on places where Robeco has a presence in order to strengthen our bond with the local community. Programs or initiatives that contribute to SDG 4, 'Quality education', SDG 10, 'Reduced inequalities', and SDG 1 'An End to Poverty' are eligible for funding. In 2022, the Foundation supported 17 projects, with a total spend of EUR 442,855 (up from EUR 343,165 in 2021).

The Foundation's first initiative, the Rotterdam Digital Skills Program, was launched in 2018. It offers funding to primary and secondary schools in Robeco's home city for activities designed to improve the digital skills of pupils from less advantaged backgrounds to prepare them for tomorrow's world. For example, schools have invested in laptops, robots and programming tools thanks to the program. In 2022, the Foundation supported six schools in Rotterdam

In 2022 the Robeco Foundation supported initiatives in seven countries in which Robeco has a presence. We provide details of a selection of the projects below.

GO FOUNDATION: this Australian foundation provides scholarships to students from indigenous communities from primary school to university age. GO Scholarships consist of three pillars: cultural and aspirational mentoring, access and opportunities, and financial support.

CITY YEAR NEW YORK (CYNV): working in partnership with 18 schools across New York City, CYNV has supported nearly 9,000 students with their learning, helping to bridge the gap between what they need and what most schools are equipped to provide. Its services include one-on-one and small-group tutoring in literacy and mathematics, and after-school programs offering students help with their homework and fun and engaging activities. We also provided support to the project in 2021.

FUNDACIÓN RAÍCES: this Madrid-based foundation aims to provide comprehensive and individualized care to children, youths and families throughout Spain who are struggling with social and personal difficulties, marginalization and social exclusion. Our donation supports the Cocina Conciencia school, which accompanies children and youths who lack family protection during their transition to adulthood. The project helps cover the educational gap in terms of the support that public services provide to this group at a crucial stage of their lives.

THE GIRLS' NETWORK: this London-based organization is on a mission to ensure that no girl's future is limited by her background, gender or parental income. The network empowers 14–19-year-old young women from the least advantaged communities to envision and build unconstrained futures for themselves by connecting them with a mentor and a network of female role models. It also provides them with opportunities to develop their skills and share their voices. Robeco is supporting a mentoring program that is taking place between October 2022 and September 2023.

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Social commitments and donations

We also encourage our employees to get involved with projects and initiatives in their local communities. Staff members can request Robeco to make a donation for a project on the condition that they are actively involved with the project themselves. Our Social Commitment Committee assesses submissions based on our Policy on Social Commitment and Donations. We also support several larger ongoing initiatives, including:

NL CARES: this initiative brings together projects and volunteers through an online platform. Robeco has been a partner since 2014, providing funding and volunteers. In June 2022, Robeco employees volunteered at a sports day organized by NL Cares, and Robeco and NL Cares joined forces in a clean-up event in Rotterdam as part of our sustainability week in September.

CYCLING FOR SOPHIA: despite Covid restrictions, Robeco was able to participate in an indoor cycling event that took place in March. Several employees took part, and Robeco made a donation towards the thoracic center for children at the Sophia Children's Hospital.

ROPARUN: Due to Covid restrictions, it was not possible to cross borders, so the relay race took place entirely in the Netherlands, starting at Airport Twente and finishing in Rotterdam. The Robeco team raised sponsor money via several activities and Robeco made a donation. The Roparun foundation supports palliative care for people with cancer in the Netherlands.

As well as providing financial support, we encourage our employees in Rotterdam to spend one day per year doing voluntary work. We encourage our other offices to put similar arrangements in place.

Other donations

Robeco also made donations that fall outside our Policy on Social Commitment and Donations in 2022. For example:

- we made a donation to the International Committee of the Red Cross to support its response to the humanitarian crisis related to the war in Ukraine;
- as a farewell gift to Gilbert van Hassel, our outgoing CEO, we made a donation to the Hubrecht Institute, a research institute conducting pioneering work on developmental and stem cell biology.

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1. Reporting principles

Purpose

We strive to report openly and transparently about our firm's sustainability strategy and activities, consistently applying our firm's information policy and disclosure principles.

Reporting profiles and data scopes

Except where clearly identified, all of the sustainability information about Robeco included in this report applies to Robeco Holding B.V. and all companies of which Robeco is the majority owner (Robeco Hong Kong Ltd Rep Office Australia, Robeco Deutschland Zweigniederlassung der RIAM branch office, Robeco Middle East (DIFC) branch, Robeco France S.A.S., Ro-Boetie S.A.S., Robeco Hong Kong Ltd., Robeco Indices B.V., Robeco Institutional Asset Management B.V. (RIAM), Robeco Institutional Asset Management B.V. Sucursal en España branch office, Robeco Institutional Asset Management US Inc., Robeco Italy branch office, Robeco Japan Company Limited, Robeco Miami B.V., Robeco Miami branch office, Robeco Nederland B.V., Robeco Overseas Investment Fund Management (Shanghai) Limited Company, Robeco Private Fund Management (Shanghai) Co., Ltd., Robeco Schweiz AG, SAM Sustainable Asset Management AG, RSSLF GP S.a.r.l., Robeco Singapore Private Limited and Robeco United Kingdom branch office).

There are six restatements of information from previous reporting periods including the carbon emissions of our own operations, the financed emissions of our listed equity and corporate bonds assets under management in 2021, the voting distribution by region in 2021, the number of engagement activities per region in 2021, the paper consumption and the number of contingent workers in 2021. The reasons for the restatement are explained for each restated disclosure within the relevant sections of the report.

Formal financial reporting is at the level of Robeco Institutional Asset Management B.V. (RIAM), which is one of the subsidiaries of Robeco Holding B.V. Both are incorporated in the Netherlands. RIAM publishes the annual report with audited financial statements and financial information filed on public record. The annual report covers the same reporting period as the sustainability report. The financial results for Robeco Holding B.V. in this report are at Robeco Holding level.

The approach we use to consolidate the information does not involve making adjustments to the information for minority interests and does not differ across the disclosures in the GRI Standard and across material topics. Our consolidation process follows IFRS 3 and 13 for business combination taking into account mergers, acquisitions, and disposal of entities or parts of entities.

Basis of preparation

This report has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Universal Standards) and guided by recommendations from the TCFD. As a result, the report is more extensive than our Sustainability Report 2021, and the methodology applied for our materiality assessments has changed. The GRI Standards used are listed in the [GRI Content Index](#) as published on the company's website. The TCFD table can be found in the Appendix 5 of this report.

The report focuses on topics material to both Robeco and its stakeholders. Material topics relate to Robeco Holding B.V. as a whole unless stated otherwise. We selected these topics based on the materiality assessment included in the ['Materiality assessment'](#) section in this report, which also explains the stakeholder engagement process and the list of

topics we discussed with them. In accordance with the GRI Universal Standards and in line with the EU's Corporate Sustainability Reporting Directive, we prepared a visualization of material topics expressing the topics' importance with respect to both our operations and the investments we make.

The Sustainability Report is reviewed and approved by the SISC, ExCo and Supervisory Board.

Assurance

KPMG Accountants N.V. provides limited assurance for the report. The audit should be independent and cost-effective. The Business Control & Finance department monitors the reliability of Robeco's non-financial reporting and the effectiveness of internal control, receives regular information from the audit, and assesses the impartiality of the auditor. The audit company KPMG carried out a general review of the content of Robeco's sustainability reporting for 2022 in the Annual Report in accordance with the GRI Universal Sustainability Reporting Standards.

The management letter was approved by the ExCo and the Supervisory Board ([see Assurance report](#)).

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2. Long list of potential material topics

Theme	Topic	Definition	
Environmental	Climate change	The undertaking's endeavours to the general process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement.	Investments & Own operations
	Pollution	The undertaking's impacts and risks on pollution of air, water (including groundwater), soil, substances of concerns, most harmful substances and enabling activities in support of prevention, control and elimination of pollution through its investments.	Investments
	Water and marine resources	The undertaking's relationship with water through its investee companies' upstream and downstream value chain, in terms of dependencies, impacts, risks and opportunities and how it effectively addresses these issues.	Investments
	Biodiversity and ecosystems	The undertaking's impacts and risks with respect to the reduction of any aspect of biological diversity, i.e. diversity at the genetic, species and ecosystem levels, in a particular area through death (including extinction), destruction or manual removal. It can refer to many scales, from global extinctions to population extinctions, resulting in decreased total diversity at the same scale.	Investments
	Resource use and circular economy	The undertaking's efforts to stimulate a restorative system in which waste and pollution are eliminated and resource use is minimised through systemic design, maintaining and improving the value of products and components and achieving a circular flow of resources, while regenerating natural ecosystems, through its investments.	Investments
Social	Working conditions	The undertaking's impacts and risks on the working conditions of Robeco/ investee companies' own workforce and workers in the value chain (e.g. living wage, health and safety, social security, working hours, water and sanitation).	Investments & Own operations
	Equal Opportunities/ Non-discrimination	The undertaking's impacts and risks on Robeco/ its investee companies' performance on equal opportunities (e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work).	Investments & Own operations
	Human rights	The undertaking's impacts and risks on Robeco/ its investee companies' performance on other human rights, beyond working conditions (impacts related to e.g. trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing).	Investments & Own operations
	Affected communities	The undertaking's impacts and risks on investee companies: 1) communities' economic, social and cultural rights (e.g. adequate housing, adequate food, water and sanitation, land-related and security related impacts); 2) impacts on communities' civil and political rights (e.g. freedom of expression, freedom of assembly, impacts on human rights defenders); and 3) impacts on particular rights of Indigenous communities (e.g. free, prior and informed consent, self-determination, cultural rights), through its investments.	Investments
	Consumers and end-consumers	The undertaking's impacts and risks on individuals who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale or commercial purposes through its investments.	Investments
Governance	Governance, risk management and internal control	The undertaking's impacts and risks of their governance structure, and its internal control and risk management systems.	Own operations
	Business conduct	The undertaking's impacts and risks on Robeco/ its investee companies' technical and physical processes and mechanisms set in place for keeping the critical information system and corporate network safe from unauthorised access or cyber attacks.	Investments & Own operations
	Data/cyber security	The undertaking's impacts and risks of the own organizations' technical and physical processes and mechanisms set in place to keep the critical information system and corporate network safe from unauthorized access and cyber-attacks.	Investments & Own operations
	Tax policy	The undertaking's impacts and risks on adherence of Robeco/ its investee companies to good tax practices (compliance with OECD's global standard of 15% minimum tax rate).	Investments & Own operations
	Greenwashing	The undertaking's impacts and risks with regard to good governance and transparent reporting	Own operations
	Fair advice to customers	Provide adequate, clear, and transparent information about products and services, including risks and suitability; and conflicts of interest.	Own operations
	Compliance	The undertaking's impacts and risks on Robeco/ its investee companies' compliance with relevant laws and regulations	Investments & Own operations
	ESG Data Quality	The undertaking's impacts and risks on the availability, quality and accuracy of ESG data.	Investments & Own operations

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3. Changes to the list of material topics

The material topics we presented in 2021 represent a mixed picture in terms of their granularity and focus. We now see some issues that we identified as material topics last year more as tools that we use to impact a material topic; an example would be our active ownership process. Similarly, we now see other topics, such as our investment performance, as linked to how we create value.

In 2022, we changed the process through which we determine material topics. We ensured the material topics are on a similar level of detail and align with the material topics identified by the CSRD and the GRI. We ensured that relevant sector and company-specific topics were included by checking the Sustainability Accounting Standards Board (SASB) standards, the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, the Carbon Disclosure Project (CDP) guidelines and considering Robeco’s proprietary information. The table shows the changes in detail.

2021 material topics	2022 material topics	Explanation
Climate change portfolio strategy	Climate change	Content has not changed.
Risk management and compliance	Compliance	Data privacy is part of compliance and cybersecurity is a smaller topic that is addressed in the section about our own operations.
Cybersecurity and data privacy		
Diversity, inclusion and non-discrimination	Equal opportunities/non-discrimination	Content has not changed.
Tax policy	Tax policy	
Fair advice to customers	Business conduct	In 2021 these topics were more granular, and they all related to the overarching material topic of business conduct. We discuss each of the topics in this report.
Business ethics		
Responsibility and accountability of the board		
Remuneration policy for executives and employees		
Procurement policy		
New material topics in 2022	Biodiversity	A focus topic for sustainable investing.
	Human rights	A focus topic for sustainable investing.
	ESG data quality	Crucial for the proper functioning of the asset management industry.
	Resource use & circularity	Identified as an emerging topic.
	Pollution	Identified as an emerging topic.
Active ownership	No longer material topics in 2022	We now identify these topics as tools through which we can impact a material topic (direct and/or indirect). We explain how we use these tools in this report (Active Ownership and Sustainability in our Business Operations).
ESG integration in investment decisions		
Sustainability targeted product design		
Exclusions from the investment universe		
Social commitment		
Environmental footprint of Robeco’s own operations		
Investment performance (financial)	No longer a material topic in 2022	These topics are linked to how Robeco creates value, which is a key element of our operating model but not a material topic as such. We do report on our investment performance (refer to the section on Sustainable Investment Solutions) as well as our strategy and value creation model.
Long-term value creation		

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4. Association memberships and participation in external initiatives

Name	Role	ESG Focus	Region
30% Club	Member in UK and Brazil	S	Global
Access to Medicine Index	Engagement working group	S	Global
Advance Gender Equality in Business	Member	Impact	Global
AMEC (Brazilian Corporate Governance Association)	Board membership, Engagement working group	G	Brazil
Asian Corporate Governance Association (ACGA)	Council member	G	Asia
Association of Investors for Sustainable Development (VBDO)	Member	ESG	NL
Business Benchmark on Farm Animal Welfare	Engagement working group	S	Global
Cambridge Institute for Sustainable Leadership	Member, collaborative academic work	ESG	Global
Carbon Disclosure Project (CDP)	Member	E	Global
City to Sea Partnership	Member	E	UK
Climate Action 100+	Founding signatory - commitment to participate in climate action engagement	E	Global
DNB Sustainable Finance initiative	SDG impact measurement; climate risk	E	NL
Dutch Fund and Asset Management Association (DUFAS)	Sustainability Committee, Climate Committee	ESG	NL
EDGE Certification Foundation	Partnership - Global Gender Impact Fund	Impact	Global
Eumedion Dutch Corporate governance platform	Different roles (board member, Investment Committee, etc.)	G	EU
European Fund Asset Management Association (EFAMA)	ESG and Stewardship Standing Committee	ESG	EU
Eurosif	Member	ESG	EU
Farm Animal Investment Risk & Return (FAIRR)	Engagement working group	S	Global
Finance Sector Deforestation Action (FSDA)	Engagement working group	E	Global
Glasgow Financial Alliance for Net Zero (GFANZ)	Member, committed to meeting the UN-backed Race to Zero	E	Global
Global Commission on Mining 2030	Member	E	Global
Global Impact Investing Network (GIIN)	Listed Equities working group (Advisory Committee)	Impact	Global
Global Steering Group on Impact Investing (GSG) - Spain NAB	Board membership; Leading Investor Impact working group	Impact	Global
GREEN Initiative (Real Estate)	Participating in a working group	E	Global
GreenBuzz Zurich	Member	E	CH
GRESB	Member	E	Global
Impact Management Project	Member	Impact	Global
IMVB Covenant	Engagement working group	ESG	NL

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Institutional Investors Group on Climate Change (IIGCC)	Part of climate action and climate banking engagement, co-chairing the implementation working group of the IIGCC Paris-Aligned Investment Initiative	E	Global
Interfaith Center for Corporate Responsibility (ICCR)	Member	S	Global
International Corporate Governance Network (ICGN)	Chair of Board Governance policy committee	G	Global
Investor Alliance for Human Rights (IAHR)	Part of the Advisory Council	S	Global
Investor Mining and Tailings Safety Initiative	Collaborative engagement workstream	E	Global
Investor Policy Dialogue on Deforestation (IPDD)	Co-chairing the workstreams involved in engaging with the governments of Brazil and Indonesia.	E	Global
Klimastiftung Schweiz	Member	E	CH
Nature Action 100	One of the founding members, will be part of lead/supporting corporate engagements	E	Global
Net-Zero Asset Managers Initiative (NZAM)	Signatory	E	Global
Partnership Biodiversity Accounting Financials (BPAF)	Member	E	Global
Plastic Solutions Investor Alliance	Signed Investor Declaration on Plastic Pollution	E	Global
Platform Carbon Accounting Financials (PCAF)	Global: member of core team and WGs on sovereigns bonds	E	Global
Powering Past Coal Alliance (PPCA)	PPCA Finance Taskforce, Signatory of PPCA Finance Principles	E	Global
PRI Human Rights Stewardship Initiative (Advance)	Member of the Advisory Committee	S	Global
Principles for Responsible Investment (PRI)	Part of different committees	ESG	Global
Roundtable on Sustainable Palm Oil (RSPO)	Financial Institutions Technical Forum	S	Global
Sustainable Finance Geneva (SFG)	Member	ESG	CH
Swiss Sustainable Finance (SSF)	Member	ESG	CH
Task Force on Climate-related Financial Disclosures (TCFD)	Member	E	Global
Task Force on Nature-related Financial Disclosures (TNFD)	Member	E	Global
Transition Pathway Initiative (TPI)	Member	E	Global
UK Transition Plan Taskforce	Supporting member of a workstream	E	Global
UN Treaty on Plastic Pollution	Member	E	Global
United Nations Global Compact (UNGC)	Member	ESG	Global
World Benchmarking Alliance (WBA)	Member	ESG	Global
ZSL-SPOTT Palm Oil benchmark	Technical Advisory Group	S	Global

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5. Task Force on Climate-related Financial Disclosures (TCFD)

Robeco supports the recommendations of the TCFD. We expect the companies we invest in to disclose information in alignment with TCFD recommendations, and we also apply these recommendations to our own disclosures. Below we provide an overview of how and where the TCFD recommendations are embedded in Robeco's disclosures.

GOVERNANCE Robeco's governance on climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Sustainability Risk Policy, p. 8 Sustainability Policy, p. 12
Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Risk Policy, p. 9 Sustainability Policy, p. 12
STRATEGY Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Sustainability Policy, p. 13
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Sustainability Policy, p. 13 Navigating the climate transition, p. 5-6 Sustainability Report 2022, Climate Chapter: climate risk metrics
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Navigating the climate transition, p. 5-6 Sustainability Report 2022, Climate Chapter: climate risk metrics
RISK MANAGEMENT How Robeco identifies, assesses and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risks	Sustainability Policy, p. 14 Sustainability Risk Policy, p. 5-6
Describe the organization's processes for managing climate-related risks	Sustainability Policy, p. 13-16 Sustainability Risk Policy, p. 18-20
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Sustainability Policy, p. 14 Sustainability Risk Policy, p. 18-20
METRICS AND TARGETS The metrics and targets Robeco uses to assess and manage relevant climate-related risks and opportunities where such information is material	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Robeco Sustainability Report, p. 28-30
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Robeco Sustainability Report, p. 28-30, 58-60
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Robeco Sustainability Report, p. 61-62 Navigating the climate transition, p. 7, 9-14

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6. Calculating our carbon emissions

The text and footnotes provided with “the carbon metrics of relevant investments for 2022” (refer to “Climate change”) and “our operational carbon emissions” (refer to “Limiting our environmental footprint”) include information on our calculations. In addition:

1. For the carbon metrics of relevant investments for 2022 (Scope 3 downstream), our data provider Trucost uses EPA’s emissions factors and global warming potential (GWP) rates (refer to [Greenhouse Gases Equivalencies Calculator - Calculations and References | US EPA](#))
2. To calculate our operational carbon footprint (Scope 1, 2 and 3 Upstream), we used the conversion factors listed in the table below.

Conversion factors for CO_{2e} emissions 2022

Travel by lease car	Source	Factor	unit
Lease cars - Petrol	www.co2emissiefactoren.nl / Brandstoffen voertuigen / Benzine (E95)(NL) / WTW	2.784	kg CO _{2e} per liter
Lease cars - Diesel	www.co2emissiefactoren.nl / Brandstoffen voertuigen / Diesel(NL) / WTW	3.262	kg CO _{2e} per liter
Lease cars - Electricity Green	www.co2emissiefactoren.nl / Brandstoffen voertuigen / Groene stroom	0.0	kg CO _{2e} per kWh
Lease cars - Electricity Grey	www.co2emissiefactoren.nl / Elektriciteit / Grije stroom	0.556	kg CO _{2e} per kWh
Energy location based			
Energy location based	www.co2emissiefactoren.nl / Elektriciteit / Grije stroom	0.556	kg CO _{2e} per kWh
Wind Energy	www.co2emissiefactoren.nl / Elektriciteit / Groene stroom	0.0	kg CO _{2e} per kWh
Heating	CO2 emissiefactor FIRST Rotterdam submitted by Eneco	18.74	kg CO _{2e} per GJ
Business travel			
<460km - Average passenger	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Domestic	0.24587	kg CO _{2e} per km
>460km, <3700km - Economy clas	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul	0.15102	kg CO _{2e} per km
>460km, <3700km - First/Business class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul	0.22652	kg CO _{2e} per km
>3700km - Economy class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul	0.14787	kg CO _{2e} per km
>3700km - First/Business class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul	0.42882	kg CO _{2e} per km
Travel by public transport	www.co2emissiefactoren.nl / Personenvervoer / OV algemeen	0.015	kg CO _{2e} per km
Travel by private car	www.co2emissiefactoren.nl / Personenvervoer / Auto / Brandstof onbekend	0.195	kg CO _{2e} per km
Work from home			
Energy work from home	www.co2emissiefactoren.nl / Elektriciteit / Grije stroom	0.556	kg CO _{2e} per kWh
Hotel			
Hotel stays	20200322-CNG-Review_emissiefactoren_2019_2020_toelichting-final (1).pdf	20.6	kg CO _{2e} per one day stay
Drink water			
Water	www.milieubarometer.nl	0.298	kg CO _{2e} per m3
Paper consumption			
Office paper	www.milieubarometer.nl	1.21	kg CO _{2e} per kg
Waste			
Glas	CE Delft 2007 Milieukentallen van verpakkingen	0.443	kg CO _{2e} per kg
Wood	CE Delft 2007 Milieukentallen van verpakkingen	0.0	kg CO _{2e} per kg
Swill	CE Delft Afvalverwerking en CO2 (pag. 40 par. 5.3.5)	0.051	kg CO _{2e} per kg
Paper & paperboard	CE Delft 2007 Milieukentallen van verpakkingen	0.676	kg CO _{2e} per kg
Residual waste	Van Dorp installatiebedrijven B.V.	1.203	kg CO _{2e} per kg

The conversion factors highlighted in blue have been updated according to the source that we use.

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7. Assurance report

Assurance report assurance report of the independent auditor

To: the stakeholders and the Supervisory Board of Robeco Holding B.V.

Our conclusion

We have reviewed the sustainability information in the accompanying Sustainability Report 2022 of Robeco Holding B.V. (hereafter: Robeco). A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements in 2022

in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in

the 'Our responsibilities for the review of the sustainability information' section of our report.

We are independent of Robeco in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch code of ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information is prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and in accordance with the applied supplemental reporting criteria as disclosed in Robeco's Sustainability Report 2022. The GRI Standards used are listed in the GRI Content Index as published on Robeco's website.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and Robeco.

Unreviewed corresponding non-financial indicators

No review has been performed on the non-financial indicators for the periods up to 2019, except for the following indicators:

- 2019 baseline of 'Decarbonizing our portfolio' (tonnes of CO2e per million EUR invested)
- 2019 baseline of 'Operational carbon emissions' (tonnes of CO2e)

Consequently, except for the aforementioned indicators, the corresponding non-financial indicators and thereto related disclosures for the periods up to 2019 are not reviewed.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. The Sustainability Information includes, among others, information based on climate-related (risk) scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future climate-related impacts. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

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The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the Management Board and the Supervisory Board for the sustainability information

The Management Board of Robeco is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters. The Management Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to error or fraud.

The Supervisory Board is, among others, responsible for overseeing the sustainability reporting process of Robeco.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of Robeco;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board;
- Obtaining through inquiries a general understanding of control environment, processes and information systems relevant to the preparation of the sustainability information, but not to obtain assurance evidence about their implementation or their operating effectiveness;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud.

Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:

- Interviewing management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - Obtaining assurance information that the sustainability information reconciles with underlying records of Robeco;
 - Reviewing, on a limited test basis, relevant internal and external documentation;
 - Performing an analytical review of the data and trends.
- Evaluating the presentation, structure and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Management Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 25 April 2023
KPMG Accountants N.V.

T.P.D. Helsloot RA
Director

8. Glossary

Active ownership

Active ownership involves engaging with the companies on their ESG policies and performance and exercising voting rights at shareholder meetings.

Assets under management (AUM)

The amount of financial assets managed by Robeco's investment teams.

Assets under Engagement (AuE)

The assets under engagement figures are based on Robeco's equity and credit portfolios for which we conduct engagements. Added to this are the engagements we conduct on behalf of our overlay clients (in other words, the figures cover engagements we conduct both for Robeco portfolios and those run by other asset managers).

Assets under Voting (AuV)

The assets under voting figures are based on voting activities for Robeco's equity portfolios and our overlay clients.

Benchmark

An index that serves as a reference point for a portfolio's composition and investment performance.

BREEAM

The Building Research Establishment Environmental Assessment Method. A method that assesses buildings according to a range of environmental factors, including energy and water use, health and well-being, pollution, transport, materials, waste, ecology and management processes. Buildings are rated 'Acceptable', 'Pass', 'Good', 'Very Good', 'Excellent' or 'Outstanding'. The assessment is carried out by independent licensed experts.

Business ethics

The application of ethical values to business behavior, covering issues such as bribery, corruption, political contributions and financial fraud.

Code of conduct

Principles, values, standards and rules of behavior that guide the decisions, procedures and systems of an organization in a way that contributes to the welfare of its stakeholders and respects the rights of everyone affected by its operations.

Conditions of employment

Employment policies and terms offered by a company to attract and retain skilled and motivated employees.

Corporate governance

The system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different parts of a company, such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions.

Corporate responsibility

An umbrella term referring to a company's obligation to consider the social and environmental impacts of its activities.

Credits

A contractual agreement by which a corporation arranges funding, usually in the form of a financial loan, and must repay the institution from which it received the loan according to the terms of the agreement. Also referred to as corporate bonds.

Cybersecurity

Methods used to protect electronic information from being stolen, compromised or attacked.

Diversity

Differences derived from all human-attributed perspectives, identities, and backgrounds.

Environmental footprint

The impact of a person, company or community on the environment, often expressed in terms of the amount of land required to sustain its use of natural resources or the total amount of CO2 produced in its consumption of resources.

Employee engagement

An employee's commitment to the company they work for and its goals on a number of professional and personal levels.

Employee Resource Groups (ERGs)

ERGs, provide employees with space, resources, support, and education to share their unique perspectives – while advancing the firm's diversity, equity & inclusion strategies and position in the global marketplace. ERGs play various roles: social for connecting a group of people, advocacy for effecting change in Robeco and build external partnerships for connecting out in the community for brand building, community building, and talent retention and pipeline building.

Engagement

Discussions with companies or governments about ESG issues with the aim of improving their practices linked to those issues. Robeco's engagements with companies typically take three years to complete and apply pre-determined, measurable engagement objectives.

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Enhanced engagement

A dialogue between Robeco and companies that are in breach of the principles of the UN Global Compact. If the company does not make sufficient progress during the three-year engagement process, we consider excluding it from our investment universe.

Entity-level disclosure

A disclosure at investment manager level (in this case: Robeco) aggregating product-level information on sustainability topics. The most prominent example is the [Principal Adverse Impact \(PAI\) Statement](#).

Equity

1. Any stocks or other securities representing ownership interest in a company. If this is in a private company (a firm that is not listed on a stock exchange), it is referred to as private equity.
2. Correct imbalances, caused by a disproportionate society, by creating more opportunities for people who have historically had less access.

ESG factors

Environmental, social and governance issues that are used to screen investments. Environmental factors consider how a company affects the natural environment. Social factors assess how a company manages relationships with its employees, suppliers, customers and the communities in which it operates. Governance factors consider a company's leadership, executive pay, internal controls, audits and shareholder rights.

Exchange-traded funds (ETFs)

Securities that track the performance of an index, and that are traded like ordinary stocks on a stock exchange.

Exclusion

The elimination of certain companies from the pool of

securities from which we can choose investments.

Fair advice to customers

Providing adequate, clear information about products and services, including the risks they involve and their suitability for different clients, and about conflicts of interest.

Fiduciary management

An approach to asset management that involves an asset owner appointing a third party to manage all of their assets on an integrated basis through a combination of advisory and delegated investment services, with a view to achieving the asset owner's overall investment objectives.

Financed emissions

Financed emissions are the indirect greenhouse gas emissions attributable to financial institutions due to their involvement in providing capital or financing to the original emitter.

Fundamental investing

A method of evaluating securities to measure their intrinsic value by assessing a range of qualitative and quantitative economic, financial and other factors.

Global Reporting Initiative (GRI)

An independent organization that develops standards for sustainability reporting.

Government bonds

Debt securities issued by a government to finance its spending.

Human rights

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion

and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

Inclusion

Creating an organizational culture wherein anyone feels comfortable, valued, and respected.

Institutional investor (or Institutions)

A non-bank entity or organization that trades securities in large quantities and has direct access to financial markets.

Intellectual property

Knowledge, creative ideas or expressions that have commercial value and are protectable under copyright, patent, service mark, trademark or trade secret laws. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs and software. It is one of the most readily tradable properties in the digital marketplace.

Investment grade

A measure of the quality of a company's bonds. Investment-grade issues are considered to involve lower risk than high-yield issues. In order to be deemed investment-grade, the company must be rated BBB (or equivalent) or higher by Standard & Poor's or Moody's.

Investment performance

The financial return of an investment.

Investment universe

All of the securities that an investment strategy can invest in. Securities outside the investment universe are not eligible for investment.

License to operate

A formal license to operate grants an entity permission to

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undertake trade or carry out a business activity, subject to the regulations or supervision of the licensing authority. A social license to operate involves public acceptance of a company's presence and business activities.

Product-level disclosures

Product-level disclosures refer to pre-contractual information, website information and periodic information with regards to the environmental and/or social characteristics (or sustainable investment objectives) of financial products.

Physical climate risk

Risks resulting from extreme weather events, such as flooding, snowfall, and storms. These risks can be split into chronic and acute risks. Chronic risks arise from gradual changes in precipitation patterns and extreme variability in weather conditions and higher temperatures, while acute risks are associated with increased severity of extreme weather events such as cyclones and floods. Physical risks due to climate change may take long time to materialize, and their present value is much larger than transition risks.

Quant/quantitative investing

An investment approach that involves selecting securities using advanced mathematical models, systems and data analysis.

Retail investor

An individual investor who buys and sells securities from their personal account rather than on behalf of another company or organization.

Scope 1/2/3 emissions

Consider the greenhouse gas emissions that result from a company's activities in three respects: Scope 1 - direct emissions caused by the company while making its products or providing its services; Scope 2 - direct emissions resulting from the generation of the electricity or heat needed to make

the company's products or provide its services; Scope 3 - indirect emissions resulting from the company's activities, either upstream from the supply of goods and services needed to make its products, or downstream from the usage of the products or services that it provides. These scopes were developed under the Greenhouse Gas Protocol.

Social commitment

The social responsibility that an organization develops towards its community and that translates into a voluntary search for the general welfare above the needs of the individual company.

Stakeholder

A party that affects, or is affected by, an organization.

Stewardship

The use of influence by institutional investors to maximize overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend.

Sustainability

The ability to sustain an activity indefinitely. This can be expressed in environmental, social or economic terms.

Sustainability targeted product design

The development and offering of investment products specifically designed to make investments in assets with an associated positive environmental or social effect, including those that contribute to the Sustainable Development Goals.

Sustainable (or sustainability) investing

An approach to investment that considers how ESG criteria can help generate long-term financial returns and a positive impact on society and the environment.

Sustainable Development Goals (SDGs)

A set of 17 goals developed by the United Nations to end poverty, protect the planet and ensure prosperity for all as part of a sustainable development agenda to be achieved by 2030.

Transition climate risk

Risks related to the transition to a carbon-neutral economy. The risks of changing strategies, policies, and business models due to the reduction of reliance on fossil fuels. This refers to any policy or intervention that changes current patterns in businesses, economies and communities, which may be triggered by regulation or voluntarily by individuals and/or companies. On the positive side, in the transition to a carbon-neutral economy opportunities exist, such as renewable energy solutions. Some climate risk scenarios may include the opportunities as well as the risks, leading to different estimated impacts.

Voting

Shareholder voting rights give investors the power to elect directors at companies' annual or extraordinary general meetings and make their views on significant issues that may affect the value of their shares known to a company's management and directors.

Wholesale investors

Entities that distribute investment solutions. Robeco's wholesale investors include:

- private banks
- retail banks
- family offices
- wealth managers
- fund platforms
- (independent) financial advisers
- insurance companies.

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9. Global Compact Communication on Progress

Principle and reference:

Statement of continuing support

Letter from the CEO

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

The SDGs as a blueprint for sustainable investing, Human rights, Active ownership, Our people, Integrating sustainability in our procurement processes, Association memberships and participation in external initiatives.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

Human rights, Active ownership, Integrating sustainability in our procurement processes.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Active ownership, Our people.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor

Human rights, Active ownership, Integrating sustainability in our procurement processes.

Principle 5

Businesses should uphold the effective abolition of child labor

Sustainable investing, Human rights, Active ownership, Integrating sustainability in our procurement processes.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

The SDGs as a blueprint for sustainable investing, Human rights, Active ownership, Our people, Business conduct.

Principle 7

Businesses should support a precautionary approach to environmental challenges

Climate change, Biodiversity, Active ownership, Integrating sustainability in our procurement processes.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Sustainable investing, Climate change, Biodiversity, Active ownership, Association memberships and participation in external initiatives.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Sustainable investing, Climate change, Biodiversity, Active ownership.

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Active ownership, Business conduct.

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10. Legend: Our spectrum of solutions on sustainability

Exclusions	Please see Robeco's exclusion policy for more details
Negative screening	Involves screening out the companies with the worst ESG scores or the worst SDG scores (-3 and -2) or the governments and government-related holdings with the worst WGI corruption scores from the investment universe.
ESG integration	Integration of financially material ESG information in the investment decision-making process. You can find explanations by strategy in the Robeco Sustainability Risk policy.
ESG/CSR score parameters	The portfolio has binding limits for these parameters, such as a maximum limit it can invest in companies that involve very high ESG risk. You can find an explanation of our elevated risk procedure in the Robeco Sustainability Risk policy. Other funds target a better-than-benchmark ESG score. For government and government-related holdings, the fund does not invest in bonds of governments that have a score lower than the defined minimum score in our Country Sustainability Ranking (CSR). For an explanation of our CSR, please refer to our website.
Engagement	The fund uses engagement. Please see our Stewardship policy for more information.
Proxy Voting	The fund uses proxy voting. Please see our Stewardship policy for more information.
Significant environmental footprint reduction	The fund targets a weighted average carbon, water and waste footprint that is at least 20% lower than that of its benchmark.
Positive screening on SDGs	The investment universe only contains companies with a neutral or positive SDG score.
Specific sustainability-themed universe	The investment universe consists of companies that offer products and services addressing specific sustainability challenges related to the theme in question.
Sustainable Benchmark (PAB or CTB)	The portfolio's sustainability characteristics are at least as good as those of the sustainable benchmark it follows - either a Paris-aligned benchmark or a climate transition benchmark, as defined by the EU's Benchmarks Regulations.
ESG-labelled bond universe	The fund's investment universe consists solely of ESG-labelled bonds like green, social, and sustainability bonds.

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11. List of countries by region

List of countries by region

The markets per region include the following countries:

North America: Canada and United States.

Europe: Austria, Belgium, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Greece, Guernsey, Ireland, Isle of Man, Italy, Jersey, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, and United Kingdom.

Pacific: Australia, Japan, Hong Kong, and New Zealand.

Emerging markets: Argentina, Bermuda, Botswana, Brazil, Cayman Islands, Chile, China, Colombia, Czech Republic, Egypt, Ghana, Greece, Hungary, India, Indonesia, Israel, Kazakhstan, Kenya, Kuwait, Liberia, Malaysia, Mauritius, Mexico, Morocco, Nigeria, Pakistan, Panama, Peru, Philippines, Puerto Rico, Republic of Korea, Russian Federation, Saudi Arabia, Senegal, Singapore, South Africa, Taiwan, Thailand, Togo, Tunisia, Turkey, Vietnam, Virgin Islands (British), United Arab Emirates, and Zambia.

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