ROBECO
The Investment Engineers

Robeco Institutional Asset Management B.V.

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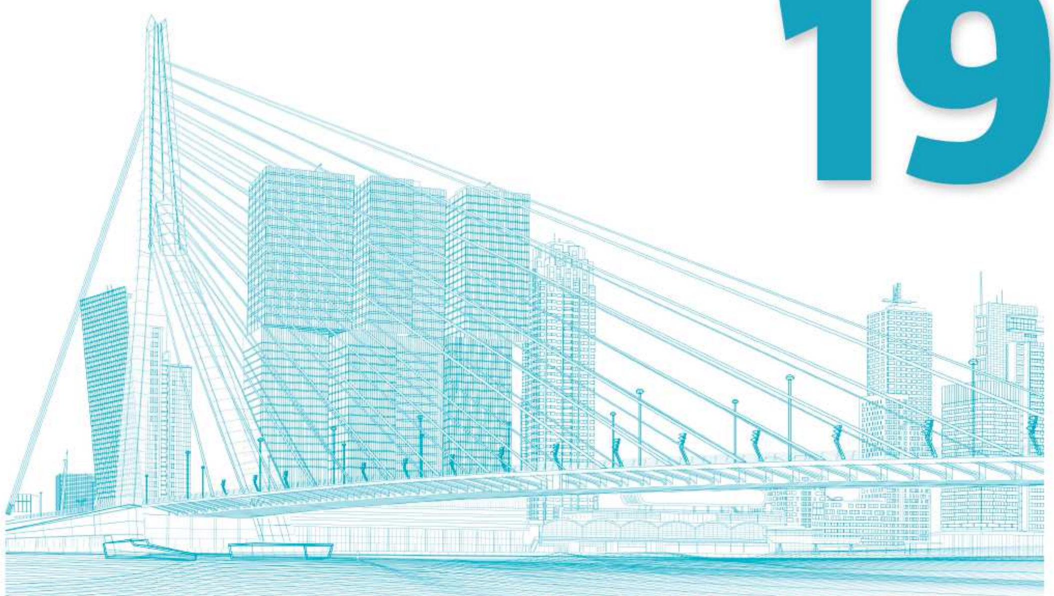

Annual Report

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General information

Executive Committee ('ExCo')
G.O.J.M. (Gilbert) Van Hassel*
K. (Karin) van Baardwijk*
A.J.M. (Lia) Belilos-Wessels (since 1 December 2019)
M.D. (Monique) Donga (until 30 June 2019)
P.J.J. (Peter) Ferket*
M.C.W. (Mark) den Hollander* (since 24 June 2019)
M.O. (Martin) Nijkamp
H-Ch. (Christoph) von Reiche
V. (Victor) Verberk

* also statutory director

Supervisory Board
J.J.M. (Jeroen) Kremers (Chair until 30 March 2020)
S. (Sonja) Barendregt - Roojers (Vice-chair)
Y. (Yoshiko) Fujii (until 31 December 2019)
M.A.A.C. (Mark) Talbot (since 18 September 2019)
R.R.L. (Radboud) Vlaar

More information on the Supervisory Board and the ExCo can be found on the website www.robeco.com.

Independent Auditor
KPMG Accountants N.V.
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3528 BJ Utrecht
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Report of the Executive Committee

General

We are pleased to present the financial statements of Robeco Institutional Asset Management B.V. (also referred to as 'Robeco' or 'the Company') for the financial year 2019 along with the report of the Executive Committee.

Established in Rotterdam in 1929, Robeco offers investment management and advisory services to institutional and private investors, and manages UCITS[1] and alternative investment funds. As such, Robeco acts as the manager of investment funds (and as director in case the funds are in the form of legal entities) in the Netherlands, and also operates as the direct distribution channel in the Dutch retail market for Robeco funds.

Robeco has both an AIFMD license as referred to in Article 2:65 of the Dutch Financial Supervision Act ('Wft') and a license to act as manager of UCITS as referred to in Article 2:69b of the Wft and to offer the additional services within the meaning of Article 2:97 under 3. Total client assets[2] (assets managed, sub-advised or distributed by the Company) amounted to around EUR 172 billion as at 31 December 2019 (EUR 131 billion as at 31 December 2018). Total assets under advice, including fiduciary management, amounted to around EUR 2 billion as at 31 December 2019 (EUR 31 billion as at 31 December 2018).

Corporate structure

The Company is established in the Netherlands. Robeco Holding B.V. holds 100% of the shares of the Company. ORIX Corporation is the sole shareholder of ORIX Corporation Europe N.V., the domestic parent company of Robeco Holding B.V., which also holds 100% of the shares in Robeco Nederland B.V., the Dutch central service company of Robeco. Robeco Nederland B.V. is the formal employer of almost all Robeco staff based in the Netherlands, who are provided to Robeco by Robeco Nederland B.V. on the basis of an intercompany service agreement.

ORIX Corporation Europe N.V. is also the direct or indirect (unless otherwise indicated) sole shareholder of the following other main operating companies within the ORIX Europe group: Boston Partners Global Investors Inc., Harbor Capital Advisors Inc. and Transtrend B.V.

Corporate governance

The Company has a two-tier board: an Executive Committee (also referred to as the 'ExCo') of which four members are also statutory directors (members of the Management Board), and a Supervisory Board. The governance principles of the Company are laid down in its Articles of Association, Supervisory Board Rules, Management Board Rules and ExCo Rules and in the Charters of the Supervisory Board committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. In addition, ORIX Corporation Europe N.V., Robeco Holding B.V., Robeco Nederland B.V. and the Company agreed a governance protocol in 2016. One of the agreements in this protocol is that the management boards of Robeco Holding B.V., Robeco Nederland B.V. and Robeco have the same composition.

As the so-called 'moderate version' of the 'Large Company Scheme' (*Structuurregime*, Article 2:155 of the Dutch Civil Code) applies, a Supervisory Board has been established for Robeco. In addition to performing general duties relating to supervision and advice, the Supervisory Board must also approve certain resolutions of the ExCo.

Executive Committee

According to its Articles of Association, the Company is managed by the Management Board under the supervision of the Supervisory Board. The Articles of Association also provide that the Management Board may establish an Executive Committee, consisting of one or more statutory directors and one or more other members,

[1] Undertaking for Collective Investment in Transferable Securities

[2] Related to all Robeco entities

to support the Management Board in performing its tasks. Based on this provision, four persons have been appointed, who, together with the members of the Management Board, constitute the ExCo. The ExCo is responsible for the daily management of the Company.

As of 31 December 2019, the ExCo consisted of Gilbert Van Hassel (Chairman and CEO), Karin van Baardwijk (COO), Peter Ferket (Head of Investments), Mark den Hollander (Chief Financial & Risk Officer), Martin Nijkamp (Head of Strategic Product & Business Development), Christoph von Reiche (Head of Global Distribution & Marketing), Victor Verberk (Deputy Head of Investments) and Lia Wessels-Belilos (Chief Human Resources Officer).
Statutory directors are appointed by the General Meeting of Shareholders. The Supervisory Board must be consulted on an intended appointment, which is subject to the prior approval of the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, 'AFM'). The appointment of ExCo members by the Management Board also needs prior approval from the AFM, because an ExCo member is considered to be a 'daily policymaker' of Robeco. An intended appointment to the ExCo must be submitted to the Works Council for advice. So far, the Works Council has always issued a positive opinion on proposed appointments.

Supervisory Board
By law, and according to the Company's Articles of Association, the role of the Supervisory Board is to oversee the policies of the Management Board and the general course of the Company's affairs and its business operations, and to support the Management Board by providing advice. The Supervisory Board has two committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. The tasks and responsibilities of the committees are laid down in their respective Charters. In summary, the role of the committees is to prepare decisions to be taken by the Supervisory Board and to take decisions and carry out responsibilities that are delegated to them by the Supervisory Board. During 2019, the Supervisory Board consisted of Jeroen Kremers (Chairman), Sonja Barendregt-Roojers, Yoshiko Fujii (until 31 December 2019), Mark Talbot (since 18 September 2019) and Radboud Vlaar.

According to the 'Large Company Scheme', the General Meeting of Shareholders and the Works Council may recommend nominees for the position of supervisory director to the Supervisory Board. The Works Council has an enhanced right of recommendation for one-third of the supervisory directors. The Works Council's nominee can only be rejected in exceptional circumstances. Given the total number of members, one member of the Supervisory Board (Sonja Barendregt-Roojers) was appointed on the Works Council's recommendation.

The Supervisory Board and the Executive Committee meet regularly. The meetings can include all members or, if desired, only the Chairman of the Supervisory Board, the CEO and the relevant member of the Executive Committee responsible for the specific topics or matters to be discussed. Members of the Executive Committee will be invited to and will in principle attend the meetings of the Supervisory Board, however the Supervisory Board may also decide to meet without (one or more of) these members.

Strategy 2017-2021
Robeco's strategy for the period 2017-2021 is aimed at monetizing the company's intellectual property in combination with a continued focus on providing our clients with the best possible investment performance and services. During this strategic period, Robeco is striving to accelerate its growth in the UK, US, Italy, Australia, Japan and in the Asia-Pacific region. These countries offer the best opportunities for growth in the years to come.

Global financial institutions are also an important growth segment. In other countries, regions and market segments where the Company has a sales presence, the aim is to maintain current growth levels. In China, Robeco continues to strengthen its presence, so that it will be prepared when the market opens up further. Since 2017, we have grown from EUR 11 billion in net inflows, to EUR 14.9 billion in 2019.

In terms of products and solutions, the focus is on further increasing the scale of those investment capabilities that are currently among the world's best in terms of performance, investment process and consultant ratings. These include quant equities (including factor investing), credits, emerging markets equities, Asia-Pacific equities and trends & thematic investing. Sustainable investing (SI) is also a key strength, and sustainability is integrated across investment capabilities. Robeco carries this out in close collaboration with our affiliate RobecoSAM, and together we aim to maintain and expand our leading position in this area. To this end, the two companies share a joint mission statement: 'To enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions'.

In response to an increase in client interest, Robeco's fundamental global equities, global macro fixed income, fundamental multi-asset and quant allocation capabilities will be continue to be further strengthened in the coming years. In addition, Robeco intends to build, buy or seek strategic partnerships for capabilities that institutional investors are looking for in their search for yield.

In 2019, Robeco announced the discontinuation of its fiduciary management services, in line with its ambition to focus on its key asset management activities. Another organizational change is the outsourcing of part of Robeco's operations and administration activities to JP Morgan, announced in 2018. A large part of this program was completed in 2019, and the final milestone is due to be completed in 2020. The outsourcing of operations activities will not lead to changes in investment policies and teams. Client portfolios will continue to be managed according to their investment policies by the responsible portfolio managers and portfolio management teams.

Also in 2019, our affiliate RobecoSAM announced the sale of its ESG ratings and benchmarking business to S&P Global, including the SAM Corporate Sustainability Assessment (CSA). Robeco and RobecoSAM will continue to have access to the CSA data for use in investment strategies and will provide advice on the CSA methodology. In line with our strategy, in which sustainable investing is a key capability, the transaction will allow Robeco and RobecoSAM to focus on the interpretation and application of ESG data, as well as sustainable investing research for its core asset management activities.

Next to this, Robeco is considering the integration of the business Robeco Luxembourg S.A. into Robeco Institutional Asset Management B.V. in Rotterdam and is reviewing the strategic positioning of its private equity business.

Sustainable investing and corporate responsibility

Our corporate mission is to enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions. We are convinced that integrated sustainability leads to better-informed investment decisions and enhanced risk-adjusted returns. We also believe that exercising our voting rights and engaging with the companies in which we invest will have a positive impact on both our investment results and on society. As part of our sustainable investing approach, Robeco aims to contribute to the Sustainable Development Goals (SDG) and we are convinced that we can create socioeconomic benefits in addition to competitive financial returns. Robeco has also implemented an exclusion policy for companies involved in the production of, or trade in, controversial weapons such as cluster munition and anti-personnel mines, along with tobacco, controversial behavior in relation to the production of palm oil and companies that structurally and severely breach the United Nations Global Compact (UNGC) and/or the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Sustainable investing in figures (year end 2019)		
Assets in Sustainability Inside	EUR	134.8 billion
Assets in Sustainability Focus	EUR	8.2 billion
Assets for Impact Investing	EUR	8.3 billion
Assets 'under engagement [3]	EUR	316 billion
Assets 'under voting' [4]	EUR	91 billion

[3] A total of 255 engagement cases covering 22 different themes were handled in 2019.
[4] In 2019, Robeco voted at 5,926 shareholder meetings

ESG integration into the investment process
In 2019, we saw a strong demand for sustainability solutions from clients. To meet this, we have a consistent sustainability approach across three ranges:

- Sustainability Inside: the majority of Robeco strategies fall into this category that includes full ESG integration, proprietary research, exclusions and voting and engagement.
- Sustainability Focus: in addition to Inside, these strategies have an explicit sustainability policy and at least better-than-benchmark targets for ESG profile and environmental footprint.
- Impact Investing: in addition to Inside, these strategies aim to contribute to specific sustainable themes such as energy or mobility, and/or the UN’s Sustainable Development Goals.

All Robeco’s investment activities comply with the United Nations Principles for Responsible Investing (UNPRI). In 2019, Robeco was awarded the highest possible score (A+) for the majority of the UNPRI modules of Sustainable Investing. Robeco obtained the highest score for the majority of the modules assessed by UNPRI for the sixth year in a row.

At the end of 2019, ESG integration was applied to EUR 151.3 billion of Robeco's assets under management. Our main supplier for sustainability research and impact analysis with regard to SDGs is affiliate RobecoSAM.

Engagement and enhanced engagement
Robeco is involved in engagement activities with companies worldwide, in relation to both equity and credit portfolios. Our engagement program is focused on financially material ESG issues and executed in collaboration with analysts and portfolio managers. RobecoSAM’s knowledge of and expertise in ESG factors is used to determine the most material issues so that we can then address these with the companies concerned. One part of Robeco's active ownership strategy focuses on companies that structurally and severely breach the UN Global Compact and/or the OECD Guidelines. This engagement approach is called enhanced engagement. If an enhanced engagement dialogue does not lead to the desired result, the Sustainability and Impact Strategy Committee (SISC) can decide to make an addition to the exclusion list[5]. The process for enhanced engagement is a formal part of Robeco's exclusion policy.

Managing Robeco’s own operations
Robeco's sustainability policy describes our attitude and approach towards stakeholders, the environment and society as a whole. In this policy, we address sustainable investing, our sustainability governance structure and the integration of sustainability in Robeco’s own operations. We recognize that our people are key to achieving our goals and employee relations is therefore a key focus. We actively promote diversity, equal opportunity and human capital development to ensure a positive working environment for our employees. We value initiatives by our employees to support societal projects and have programs in place for financial support and/or active participation. We are conscious of our use of resources and therefore strive to reduce our use of energy, water and paper. Sustainability is also a key feature of Robeco’s housing policy and is integrated in our purchasing decisions. By offsetting the remaining footprint, we are able to conduct our operations in a carbon-neutral manner. Our efforts to integrate sustainability in our own operations are governed by our commitment to the UN Global Compact and progress is reported yearly in our sustainability report.

Product development
Within the strategic framework, Robeco product development focuses on:

- suitability of new and existing products and services for clients
- devising new strategies to invest in future growth opportunities for clients
- growing existing investment capabilities and products, to optimally leverage Robeco's current strengths for its clients and prospects

[5] https://www.robeco.com/docm/docu-exclusion-policy-and-list.pdf
The joint SISC was established in July 2018 as one of the initiatives to drive the evolution of Robeco and RobecoSAM and aims to support decision making on SI topics. The governance of the exclusion policy rests with the ExCo of Robeco.

- enhancing the global appeal of Robeco's investment strategies for investors by exploring new fund structures, domiciles or other means of distributing Robeco's intellectual property, and professionally catering to specific client preferences
- developing/co-developing new customized products in collaboration with clients
- onboarding institutional clients via single client mandates or funds
- ensuring high-quality processes and operational excellence as a prerequisite for effective product development and life cycle management, together with an up-to-date framework of fund structures to support commercial growth
- performing key maintenance of products and fund processes, including product reviews and product quality procedures.

Sustainability and impact investing is an integral part of Robeco's investment strategies and is an important component of the product development responsibilities. Robeco collaborates closely with RobecoSAM in the development of the ESG-integrated[6] strategies, products and solutions, thus leveraging on the combined sustainability expertise of Robeco and RobecoSAM for the benefit of investors.

Staff

All Robeco staff active in the Netherlands is provided by Robeco Nederland B.V. by way of an intercompany service agreement. Thus, from a legal standpoint, the staff that carries out the Company's activities in the Netherlands is employed by Robeco Nederland B.V. In 2019, the average number of staff active on behalf of Robeco in the Netherlands was 689 (2018: 690). In addition, the Company also directly employs a number of staff that are active abroad at its international branch offices. In 2019, the average number of employees formally and directly employed by Robeco at the international branch offices of the Company was 51 (2018: 49).

Learning & Development

Committed and empowered employees are essential for the Company to achieve its long-term goals and adhere to its core values. The learning and development programs were further rolled out to help empower employees, with the focus in 2019 being on encouraging entrepreneurial thinking and enhancing culture of constructive feedback.

The Young Professional Journey program in 2019, aimed at accelerating the learning process of young colleagues by giving them a range of different experiences, was successful. Managers were offered the Managing at Robeco program to help them develop and strengthen their core managerial capabilities.

The Robeco Leadership Conference 2019 focused on two of our core values: connection and client centricity. Along with client experiences from two clients, the group of 76 senior managers discussed engaging client cases and dilemmas.

As well as these specific programs, Robeco offers mentorship and internal and external coaching to all employees, which they value highly. Part of the success of our internal coaching is the ease with which employees who have career development questions can access it. This is also the case with our mentorships: 20 mentees were mentored by a Robeco mentor. The Connect & Learn program offers continuous learning from experts in the academic field on various topics to broaden people's mindset. The Robeco Learning World learning portal offers broad online and offline learning opportunities. In 2019, for example, nearly a quarter of the employees enrolled in a Python course (an alternative tool for Excel to analyze and process data).

Diversity

Besides a focus on development, there was a focus on diversity and inclusion. Robeco recognizes that the ability of a company to retain talent is an important driver in promoting diversity, and an overall contributor to its sustainability performance. Robeco aims for a diverse global workforce in terms of gender, age, cultural background and education to ensure diverse opinions. This will lead to much richer debates and help us arrive at much better decisions, come up with better ideas and, ultimately, achieve better results for our clients. A focus team (Diversity@FIRST team), existing of a diverse group of employees, advises Robeco's Executive Committee

[6] ESG: Environmental, Social and Governance

on the execution of several initiatives to further increase diversity throughout the company. The Diversity@FIRST team also promotes and supports bottom-up initiatives.

Financial results

The Company's gross margin over the reporting year was EUR 359.3 million, EUR 3.8 million (1%) lower than in 2018. Main drivers for this are fee compression, transfer of securities lending activities to a third party and revised contract terms as of June 2018 with another third party. This is to a large extent compensated with increased fee income as a result of a higher average Assets under Management due to market appreciation.

The operating result decreased from EUR 110.0 million in 2018 to EUR 78.5 million in 2019, due to increased recharged pension costs, increased severance costs, expenses to support the set-up of distribution opportunities in China, Japan, Singapore and USA, and increased recharged costs of other Robeco entities. During 2019 the financial markets were bullish and the related market impact on the Assets under Management of the Company were positive and made up for market downturn at the end of 2018. Total client assets (assets managed, sub-advised or distributed by the Company, AuM) amounted to around EUR 172 billion as at 31 December 2019 (EUR 131 billion as at 31 December 2018). Total assets under advice, including fiduciary management, amounted to around EUR 2 billion as at 31 December 2019 (EUR 31 billion as at 31 December 2018). The decrease is a result of the discontinuation of fiduciary management services of Robeco, which is in line with its ambition to focus on its key asset management activities.

The tax expense in 2019 was EUR 20.5 million (2018: EUR 27.5 million) implying an effective tax rate of 26.1% (2018: 25.0%). The result after tax for the year 2019 was EUR 66.1 million, a decrease of EUR 21.4 million (24%) compared to the previous year.

Management considers the financial position of the Company to be sound. During the financial year, a EUR 66.0 million dividend was distributed to the shareholder. The equity of the Company, before profit appropriation, amounts to EUR 193.8 million as at 31 December 2019 (2018: EUR 193.8 million).

The Company submits the FINREP and COREP reports to the Dutch Central Bank (De Nederlandsche Bank, 'DNB') on a quarterly basis as required by CRD[7] IV rules, and did so most recently as at 31 December 2019. Furthermore, the Company reports the information required by the Alternative Investment Fund Managers Directive ('AIFMD') to the AFM on a semi-annual basis. The most recent reporting relates to 31 December 2019 and has been submitted to both DNB and AFM through one combined filing. All capital requirements were met as at these reporting dates and are met continuously.

Financial markets environment

2019 has been a paradoxical year for financial markets; stellar performances for equity and fixed income in an uncertain global environment. The global economy in 2019 continued on the path of decelerating expansion that emerged in late 2018 on the back of skyrocketing geopolitical uncertainty. Persisting trade disputes between the US and China, the twists and turns around Brexit, protests in Hong Kong and an increasingly tribal political landscape in the US created an environment tough to navigate for global leaders and investors alike. Global trade volumes declined below trend as retaliatory rounds of tariffs were put in place by the US and China, especially hitting open, export-oriented economies with a strong manufacturing base. The deceleration in global economic growth was therefore mainly concentrated in the manufacturing sector while the services sector remained fairly resilient. As 2019 unfolded, a domestic slowdown in China spilled over to the European continent, notably the German economy where Germany's car industry was already facing a difficult transition towards cleaner forms of mobility. As a result, Germany narrowly escaped a technical recession in 2019. Overall, global activity remained in expansion, with the global growth forecast reaching 2.9% in 2019 (IMF estimate).

Despite record high levels of geopolitical risk, equity returns have been stellar, with the MSCI World unhedged in euro returning 27.49%. This past year was one of the best since the financial crisis for fixed-income returns. There

[7] Capital Requirements Directive

was a significant dovish shift in Federal Reserve policy, which led to increased demand for both interest-rate and credit risk markets. Because of the Fed's pause, followed by rate cuts in the second half of the year, the environment remained supportive throughout 2019. Global government bonds (hedged to euro) returned 4% while at the same time global corporate credit bonds (hedged to euro) returned 8.5%.

Global economic growth disappointed with regard to consensus expectations and slowed from 3.6% in 2018 to a notably lower pace of 3%. Alongside a slowdown in external demand, this softening in global activity was mainly due to a deterioration in global investment expenditures, as signs of fading multilateralism and international cooperation weakened CEO confidence to undertake new global investment projects. In advanced economies, capital expenditures slowed from 2.6% in 2018 to 1.8% in 2019 (IMF estimate), concentrated in the US. In conjunction with lower investment demand, aggregate demand from the consumer side advanced at a lower rate of growth as well in 2019.

Even as this period of US economic expansion has now become the longest post-WWII, consumption growth has remained significantly below the average growth rate observed during previous US expansion phases. This is partly due to a significant household deleveraging post great financial crisis. Another element is that economic growth has become less inclusive. Especially those with the highest marginal propensity to spend have missed out on the rising economic tide. US nominal wage growth has picked up to around 3% but given that the US unemployment rate at 3.5% indicates that the US is experiencing the tightest labor market in the past 50 years, this level is still subdued. In most advanced economies, employment numbers have increased (though overall at a more modest pace compared to 2018) and unemployment rates are now close to or at cyclical lows. Household demand remains underpinned by a rising trend in real disposable incomes, increased housing wealth and generally low interest rates.

Despite higher import tariffs in some countries, global inflation remained muted. As the global manufacturing slowdown led to higher inventory-to-sales ratios, capacity utilization rates came down and as a result core inflation decelerated further below target for many advanced economies and emerging markets. In the US, core PCE inflation (which excludes changes in consumer food and energy prices) remained at 1.6%, below the symmetrical inflation target of 2% of the Fed. Inflation is increasingly influenced by global factors such as global commodity prices, global slack, exchange rates and producer price competition.

In the UK, the twists and turns in the debate around Brexit continued to be as relentless as they were in 2018, until Boris Johnson convincingly won the December general election. The UK Prime Minister indicated he would limit the transitional period and not seek an extension of the UK's transition away from the EU beyond 31 December 2020. Given the challenging timetable the UK government has set itself, the UK will likely negotiate a minimum trade deal, concentrating on the trade in goods. As Johnson may opt to remove the self-imposed 31 December 2020 deadline, the chances of a no-deal 'hard' Brexit by the end of 2020 have diminished but not vanished altogether.

In China and other emerging markets**,** weakness in domestic consumer spending dominated the deterioration in external demand. Chinese economic growth slowed to 6.1% in 2019. Debt, deleveraging and demographics are three key words influencing China's domestic policy agenda. Policy makers are undertaking a difficult balancing act to keep near-term growth around the 6% target while also trying to remove excess leverage (overall non-financial corporate debt is around 250% of GDP) to keep the economy on a sustainable longer-term path. China's rapidly ageing society is also hampering its long-term potential growth.

Financial market environment Q1 2020

The first quarter of 2020 will be the focus of many future financial history books. Initially, the first weeks of 2020 got off to a promising start. The long-anticipated signing of a "phase 1" trade agreement between China and the US took place on January 15th while global leading indicators surprised to the upside and confirmed expansion of economic activity. In the second half of January, however, these signals of reflation (increasing global growth towards trend level) were completely overshadowed by rising concerns over the outbreak of a coronavirus starting in Wuhan, which the WHO eventually named "Covid-19". On January 23th, China started a drastic, but effective lockdown of the city of Wuhan and other cities in the Hubei area to contain the virus. Still, Covid-19 had already crossed borders; the WHO declared Covid-19 a pandemic on March 11th. By March 31st, Covid-19 had exponentially spread to at least 163 countries with 858,361 people infected, causing 42,309 deaths.

Many countries followed the example set by China in containing the spread of Covid-19. As a result of increasing lockdowns and social distancing measures, the global economy has come to a sudden stop, leaving a global recession inevitable at this juncture. Covid-19 has delivered a simultaneous negative supply-as well as demand shock. In addition, social distancing measures aggravate the impact of the oil supply glut that erupted after OPEC+ negotiations about oil production cuts failed.

Leading producer confidence indicators already plummeted in March to 2008 recession lows. Markets now (rightly) infer a Q2 global GDP collapse not seen in the post-WWII era. Another clue in this direction are the staggering weekly jobless claims numbers (+10 million) in the US. The latest March jobless claims statistic was already exactly 10.0 times the highest number observed during the GFC recession.

Earlier in March, the Fed swiftly lowered its conventional policy rate from 1.75% to 0.25% and expanded its balance sheet by almost USD 1000 billion by asset purchases and repo agreements. Other central banks also pursued a "whatever it takes" strategy and undertook similar measures. Next to central banks, governments have pulled all the stops as well in effort to dampen the economic impact of Covid-19. The US Congress approved an emergency fiscal stimulus package amounting to 10% of US GDP. In Europe, Germany swiftly approved a package worth 4.5% of GDP.
As the above dramatic events evolved, financial markets went into a tailspin of unprecedented scale. The S&P500 index peaked on February 19th before sliding into a bear market at the fastest pace seen since 1929, ending the longest bull market in history that began in March 2009. In the enormous market turbulence (a measure of implied equity volatility, the VIX, spiked above the peak level seen during the Great financial Crisis of 2008), liquidity pressures mounted. Even safe-haven assets like US Treasuries and gold were battered initially as investors scrambled for cash. Eventually, haven assets recovered in the second phase of the turmoil as massive liquidity injections by central banks eased forced selling pressures.

Global government bonds (hedged, EUR) generated a positive return of 4.5% in Q1 2020. Riskier fixed income asset classes with equity-like risk characteristics suffered losses. Global high yield (hedged, EUR) lost 15.1%, whereas global investment grade bonds (hedged, EUR) lost 4.6%. Global equities as measured by the MSCI World index (hedged, EUR) lost 20.4% in Q1 2020.

The first quarter of 2020 has been extraordinary. The exceptional market volatility in this quarter reflects exceptional future macro-economic volatility. Monetary- and fiscal stimulus is important but solving the health crisis is the key priority for economic recovery. The Covid-19 pandemic is still with us at the time of writing this report, though the strenuous efforts undertaken by governments to "flatten the curve" are starting to pay off with case fatality rates in most countries decelerating. Together with the massive amount of fiscal-and monetary stimulus and policy measures taken (i.e. the lowering of countercyclical buffers for banks to protect the flow of credit to the real economy, liquidity assistance for corporates as well as wage subsidies to keep workers employed), some positives for a future global economic recovery have arrived at the end of March.

Outlook for the equity markets
We are cognizant of the fact that global growth expectations are likely to be revised even lower in light of the prolonged duration of the Covid-19 outbreak well into 2020 and recognize that the road to recovery will be a very erratic one and certainly not in a straight line or typical V-shape. We do expect a bounce in economic activity from the very depressed levels in the first half of 2020 but we also take notion of direct and longer lasting negative second round effects on consumption, employment and business investment despite large-scale stimulus by central banks and governments.

Equity investors will need to navigate two-way risk in 2020. On the upside, current equity markets have largely discounted average recession risk already. Although it must be noted that historically bear markets tend to last an average of 14 months. Also, the swift and massive intervention by central banks and governments provides a powerful counterbalance to the coming economic downturn. If history is a guide than equities should enter a trough midway into a recession and rally 25% in the subsequent 12 months.

Nonetheless, we are not out of the woods yet. An important variable determining the duration and depth of bear markets is the Shiller CAPE at the prior market peak. Prior to the Covid-19 pandemic the US was at historically stretched valuation levels. Add to this low visibility on the duration of the recession and the subsequent economic recovery path, a state of denial in investor sentiment and limited conventional monetary policy space. Therefore, tactical equity investors should remain vigilant as additional downside risk remains. However for long term investors, interesting value opportunities in equities are emerging.

Because of the very rapid developments around the Covid-19 pandemic and its impact on the worldwide economy, we refer to our website www.robeco.com for the latest updates on our outlook for equity markets.

Bond market outlook
We are cognizant of the fact that global growth expectations are likely to be revised even lower in light of the prolonged duration of the Covid-19 outbreak well into 2020 and recognize that the road to recovery will be a very erratic one and certainly not in a straight line or typical V-shape. We do expect a bounce in economic activity from the very depressed levels in the first half of 2020 but we also take notion of direct and longer lasting negative second round effects on consumption, employment and business investment despite large-scale stimulus by central banks and governments.

We expect global interest rates to trade in a tight range given that all major central banks have lowered their policy rates to zero in combination with increased quantitative easing programs which will in effect act as a cap on yields. For lower rated sovereigns like Italy and Spain but also various emerging markets we expect ratings downgrades and upward pressure on yields as their already stretched fiscal balance sheets will be put under pressure given the economic fall-out and increased fiscal needs. In corporate credit, we think rating and sector selection is key and strongly favor the higher grade part of the credit spectrum over the remainder given central bank support and increased default losses in the lower credit spectrum due to increased corporate leverage and exposure to very cyclical sectors like oil and exploration.

Because of the very rapid developments around the Covid-19 pandemic and its impact on the worldwide economy, we refer to our website www.robeco.com for the latest updates on our outlook for equity markets.

Investment performance
Of all portfolios managed or sub-advised by the Company, 62%[8] (2018: 51%) outperformed compared to the relevant benchmark over a three-year period; 56% (2018: 52%) over a one-year period. For detailed information, please refer to the annual reports of the respective investment funds.
In 2019, equity markets of developed and emerging economies posted positive returns, with 39% of the equity portfolios outperforming their benchmark. The percentage of outperforming equity portfolios over the past three years was 52% (39% for 2018).

Fixed income also had a positive year in both absolute and relative terms. At the Company level, 88% of fixed-income portfolios outperformed the benchmark over a three-year period (2018: 76%). Over a one-year period, this figure was 90%.

In the table below, the returns and relative performance of the most relevant funds are shown as examples of the figures mentioned above. The outperformance (+) or underperformance (–) compared to the relevant index

[8] All returns are gross of fees.

is indicated and the Sharpe[9] ratio is shown for conservative equity funds investing in low volatility stocks with lower expected downside risk.

	Fund	Performance	Outperformance / underperformance
Equities	Robeco Asia-Pacific Equities (EUR)	20.6%	- 1.0%
	Robeco BP Global Premium Equities (EUR)	22.5%	- 7.5%
	Robeco BP US Large Cap (USD)	23.8%	- 2.7%
	Robeco BP US Premium Equities (USD)	28.7%	+ 2.5%
	Robeco BP US Select Opportunities (USD)	30.8%	+ 3.7%
	Robeco Emerging Markets Equities (EUR)	28.7%	+ 8.1%
	Robeco Emerging Stars Equities (EUR)	29.7%	+ 9.0%
	Robeco Global Consumer Trends Equities (EUR)	37.7%	+ 8.8%
	Robeco Global Fin Tech Equities (EUR)	38.6%	+ 9.7%
	Robeco New World Financial Equities (EUR)	34.0%	+ 8.5%
	Robeco QI Emerging Conservative Equities (EUR)	17.6%	- 3.1% (Sharpe ratio 2.0 vs 1.6)
	Robeco QI Emerging Markets Active Equities (EUR)	21.1%	0.5%
	Robeco QI European Conservative Equities (EUR)	24.4%	- 1.6% (Sharpe ratio 3.8 vs 2.5)
	Robeco QI Global Multi-Factor Equities (EUR)	24.7%	- 4.3%
	Robeco QI Inst. Emerging Markets Enhanced Fund (EUR)	20.2%	- 0.4%
	Robeco QI Inst. Global Dev. Conservative Equities (EUR)	25.9%	- 4.2% (Sharpe ratio 3.6 vs 2.8)
	Robeco Sustainable European Stars Equities (EUR)	24.6%	- 1.4%
	Robeco Sustainable Global Stars Equities Fund (EUR)	32.7%	+ 2.6%
	Rolinco (EUR)	36.4%	+ 7.5%
Fixed income	Robeco All Strategy Euro Bonds (EUR)	6.3%	+ 0.3%
	Robeco Euro Credit Bonds (EUR)	7.1%	+ 0.8%
	Robeco Euro Government Bonds (EUR)	7.4%	+ 0.6%
	Robeco European High Yield Bonds (EUR)	11.8%	+ 1.2%
	Robeco Financial Institutions Bonds (EUR)	12.2%	+ 1.8%
	Robeco Global Credits (EUR)	10.2%	+ 1.0%
	Robeco Global Multi-Factor Credits (EUR)	9.3%	0.0%
	Robeco Global Total Return Bond Fund (EUR)	5.5%	+ 0.2%
	Robeco High Yield Bonds (EUR)	12.2%	+ 1.7%
	Robeco Investment Grade Corporate Bonds (EUR)	6.6%	+ 0.4%
	Robeco QI Global Dynamic Duration (EUR)	4.8%	+ 0.2%
	RobecoSAM Euro SDG Credits (EUR)	6.5%	+ 0.3%
Multi-Asset	Robeco ONE Neutral (EUR)	17.4%	no official index

Remuneration policy

Introduction and scope

The remuneration policy of Robeco as described below applies to all of the employees of Robeco.

Goals of the remuneration policy

The Robeco Remuneration Policy has the following objectives:

- to stimulate employees to act in our clients' best interests and avoid taking undesirable risks
- to promote a healthy corporate culture, focused on achieving sustainable results in accordance with the long-term objectives of Robeco and its stakeholders

[9] The Sharpe ratio is a measure of the risk-adjusted return. The Sharpe ratio of the portfolio and the benchmark is shown for conservative equity funds investing in low volatility stocks with lower expected downside risk. 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.

- to attract and retain good employees, and to reward talent and performance fairly.

Responsibility for and application of the policy
The Robeco remuneration policy is determined and applied by and on behalf of Robeco with the approval, where applicable, of the Supervisory Board on the advice of the Nomination & Remuneration Committee, a committee of the Supervisory Board.

Fixed remuneration
Each individual employee’s fixed salary is determined on the basis of their function and/or responsibility and experience according to the Robeco salary ranges and with reference to the benchmarks of the investment management industry in the relevant region. The fixed salary is deemed to be adequate remuneration for the employee to properly execute their responsibilities, regardless of whether the employee receives any variable remuneration.

Besides the fixed salary, a temporary allowance may be granted for a maximum of five years. The purpose of such an allowance is to attract and retain employees, for example, in a scarce labor market (market-driven scarcity allowance), to set up business activities in new countries or markets (new business market allowance) or to secure key staff for a strategic investment capability. The temporary allowance is solely function and/or responsibility based and is not related to the performance of the employee or Robeco.

Variable remuneration
The amount of the variable remuneration pool is determined annually by and on behalf of Robeco and approved by the Supervisory Board. The pool is, in principle, determined by taking a certain percentage of the operational profit. To ensure that the total variable remuneration is an accurate reflection of performance and does not adversely affect Robeco’s financial situation, the total amount of variable remuneration is determined with due consideration of the following factors:
- the financial result compared to the budgeted result and long-term objectives
- the required risk-minimization measures and the measurable risks.

To the extent that the variable remuneration pool allows, each employee’s variable remuneration will be determined at the reasonable discretion of Robeco, taking into account the employee’s behavior and individual and team and/or the department’s performance, based on the pre-determined financial and non-financial performance factors (business objectives). Poor performance or unethical or non-compliant behavior will reduce individual awards or may even result in no variable remuneration being awarded at all.

The business objectives for investment professionals are based on the risk-adjusted excess returns over one, three and five years and are mainly non-financial. For sales professionals, the financial business objectives are related to the net run rate revenue, whereas non-financial business objectives are mainly related to client relationship management. The targets for business objectives should not encourage excessive risk-taking. The business objectives for support professionals are mainly non-financial and function and/or responsibility specific. At least 50% of all employees’ business objectives are non-financial. The variable remuneration of all Robeco staff is appropriately balanced with the fixed remuneration.

Payment and deferral of variable remuneration and conversion into instruments
Unless stated otherwise in this paragraph, variable remuneration up to EUR 50,000 is paid in cash immediately after being awarded. If an employee’s variable remuneration exceeds EUR 50,000, 60% is paid in cash immediately and the remaining 40% is deferred and converted into instruments, as shown in the table below. The value of this non-cash instrument is limited to the EBIT[10] of Robeco and RobecoSAM. These instruments are ‘Robeco Cash Appreciation Rights’ (R-CARs), the value of which reflects the financial results over a rolling eight-quarter period.

[10] Earnings Before Interest and Tax

	Year 1	*Year 2*	*Year 3*	*Year 4*
Cash payment	60%			
R-CARs redemption		13.34%	13.33%	13.33%

Until 2017, Robeco occasionally granted ‘long-term incentives’ ('LTI') to staff who were key to achieving the group’s strategic goals. The awarded LTIs were converted in full into CARs/R-CARs and were redeemed four years after the date on which they were granted, provided the employee was employed with Robeco without interruption and several other conditions were met.

Additional rules for Identified Staff and Monitoring Staff
The rules below apply to Monitoring Staff and Identified Staff. These rules apply in addition to the existing rules as set out above and will prevail in the event of inconsistencies. Monitoring Staff refers to senior employees who perform control functions (Human Resources, Compliance, Risk Management, Business Control, Internal Audit and Legal). Identified Staff is defined as employees who could have a material impact on the risk profile of Robeco and/or the funds it manages.

Identified Staff includes:
- members of the governing body, senior management, (senior) portfolio management staff and the heads of the control functions
- other risk-takers as defined in the AIFMD and UCITS V, whose total remuneration places them in the same remuneration bracket as the group described above.

Monitoring Staff
The following rules apply to the fixed and variable remuneration of Monitoring Staff:
- The fixed remuneration is sufficient to guarantee that Robeco can attract qualified and experienced staff.
- The business objectives of Monitoring Staff are predominantly function and/or responsibility-specific and non-financial.
- The financial business objectives are not based on the financial results of the part of the business that the employee oversees in their own monitoring role.
- The appraisal and the related award of remuneration are determined independently of the business they oversee.
- The above rules apply in addition to the rules which apply to the Identified Staff if an employee is considered to be part of both the Monitoring Staff and Identified Staff.
- The remuneration of the Head of Compliance and the Head of Risk Management falls under the direct supervision of the Nomination & Remuneration Committee.

Identified Staff
The following rules apply to the fixed and variable remuneration of Identified Staff:
- The fixed remuneration is sufficient to guarantee that Robeco can attract qualified and experienced staff.
- Part of the variable remuneration is paid in cash and part of it is deferred and converted into instruments, based on the more stringent payment/redemption table below. The threshold of EUR 50,000 does not apply. In the rare event that the amount of variable remuneration is more than twice the amount of fixed remuneration, the percentages between brackets (*) in the table below will apply.
- Individual variable remuneration is approved by the Supervisory Board.

	Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Cash payment	30% (20%*)	6.67% (10%*)	6.66% (10%*)	6.66% (10%*)	
R-CARs redemption		30% (20%*)	6.67% (10%*)	6.66% (10%*)	6.66% (10%*)

* see abovementioned rule 2

Risk control measures
Robeco has identified the following risks that must be taken into account in applying its remuneration policy:

- misconduct or a serious error of judgement on the part of employees (such as taking undue risks, violating compliance guidelines or exhibiting behavior that conflicts with the core values) in order to meet business objectives or other objectives
- a considerable deterioration in Robeco's financial result becomes apparent
- a serious violation of the risk management system is committed
- evidence that fraudulent acts have been committed by employees
- behavior that results in considerable losses.

The following risk control measures apply, all of which require the approval of the Supervisory Board.

Clawback – for all employees
Robeco may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event that fraud has been committed by the employee, (iii) in the event of serious improper behavior on the part of the employee or serious negligence in the performance of their tasks, or (iv) in the event of behavior that has resulted in considerable losses for the organization.

Ex-post malus – for Identified Staff
Before paying any part of the deferred remuneration, Robeco may decide, as a form of ex-post risk adjustment, to apply a *malus* on the following grounds:
- misconduct or a serious error of judgement on the part of the employee, such as committing a serious violation of the internal code of conduct, taking undue risks, violating the compliance guidelines or exhibiting behavior that conflicts with the core values
- a considerable deterioration in Robeco's financial results that changes the circumstances as assessed at the time the relevant variable remuneration was awarded
- a serious violation of the risk management system which changes the circumstances as assessed at the time the relevant variable remuneration was awarded
- fraud committed by the relevant employee as a result of which the award of variable remuneration was based on incorrect and misleading information.

Ex-ante test at individual level – for Identified Staff
Individual variable remuneration for Identified Staff requires the approval of the Supervisory Board, taking into account the advice of the heads of the monitoring functions and the Nomination & Remuneration Committee.

Shareholder approval
Shareholder approval is obtained where required in accordance with the governance.

Annual audit
Internal Audit annually audits the Robeco Remuneration Policy, the implementation of possible amendments to this policy, and whether remuneration practice has been in compliance with the policy. As a result, no material changes were necessary.

Remuneration figures

	*FTE **	*Headcount **	*Fixed remuneration in EUR million*	*Variable remuneration** in EUR million*	*Total in EUR million*
Current and former statutory directors	4	4	2.0	2.3	4.3
Other employees	722	754	72.4	27.9	100.3
Total	**726**	**758**	**74.4**	**30.2**	**104.6**

** Situation as at 31 December 2019*
***Based on the awarded amounts*

In 2019, remuneration amounting to over EUR 1 million was paid to a total of 3 employees.

The above figures are disclosed on the basis of Article 1:120 of the Dutch Financial Supervision Act ('Wft'). Furthermore, the table above includes the remuneration of the FTEs for the performance of services on behalf of Robeco, either on a full- or part-time basis. The total full-time remuneration for these FTEs is included in the table, which therefore means that for several of them the remuneration for the services performed for mutual funds managed by Robeco or legal entities other than Robeco Institutional Asset Management B.V. has been included.

Risk management

The following section presents an overview of the Company's approach to risk management and highlights the main risks for Robeco.

<u>Governance</u>

At Robeco, risk management is based on the principles of sound management, as formulated in the Dutch Corporate Governance Code and in the COSO Enterprise Risk Management (ERM) principles. This ensures that risks are managed according to what are currently considered to be the best business practices.

Robeco's risk management is built on the 'three lines of defense' model. The primary risk management and compliance responsibility rests with the line management in their day-to-day decision-making process. The second-line functions are fulfilled by Compliance and Risk Management (RM), which develops and maintains the relevant policies to enable line management to effectively perform their responsibilities. Moreover, the second line monitors the risk management practices of the business and regularly reports about them to various internal committees as well as to external stakeholders. The Internal Audit function (IA) acts as the third line of defense and provides independent assurance of internal control by means of various audits and reviews. Both the second-line and third-line activities operate independently. There are also several cross-functional committees that have specific decision-making powers.

Audit & Risk Committee

Robeco's Supervisory Board has an Audit & Risk Committee (A&RC) in place to supervise the financial reporting process, the control environment, the system of internal controls, risk management and internal audits. The A&RC also reviews the process used to monitor compliance with legislative and regulatory requirements and Robeco's own internal policies. In its oversight, the A&RC relies on reporting from RM, Compliance, IA, Finance and the external auditor and on updates from the business.

Enterprise Risk Management Committee

Several risk management committees ensure comprehensive and consistent risk oversight throughout Robeco. The Enterprise Risk Management Committee (ERMC) is the highest body within the Company that focuses on risks and consists of the members of the ExCo and the relevant staff departments. The ERMC is chaired by the CFRO and is responsible for evaluating and approving company-wide policies relating to risk management and compliance. The ERMC also assesses whether the risks relating to Robeco's activities remain within the defined risk tolerance levels. If risks exceed these levels, the ERMC has the power to decide to remedy the situation. The ERMC is supported by a dedicated risk management committee in respect of the financial risks associated with client portfolios and by committees and sub-committees that focus on specific issues (e.g. valuation, security, crisis management and new products).

Risk Management Committee

The Risk Management Committee (RMC) of Robeco is responsible for monitoring the quality and completeness of risk oversight for Robeco's clients. More specifically, the RMC is responsible for the development of policies and procedures for client portfolio risk management and the implementation of methodologies, systems and infrastructures for the measurement and monitoring of all relevant financial risk types within client portfolios. It is chaired by an ExCo member responsible for Investments and consists of representatives of the relevant staff and investment departments. The RMC reports to the ERMC. The financial risks in client portfolios (funds and mandates) are managed and regulated by means of the Company's financial risk management policies for client portfolios. For all portfolios, Limit and Control Structures (LCS) and investment restrictions have been established that reflect the clients' risk appetite. LCS and investment restrictions are monitored through the risk management and compliance functions and reported to portfolio managers and the RMC. If risks exceed the pre-defined limits, the RMC can take steps to remedy this.

Other committees
In addition to the RMC, the Company has established committees focusing on specific types of risk. The Information Risk Committee governs the effectiveness of all information risk management activities and makes decisions regarding information security that is consistent with the overall risk framework. As part of its approach to business continuity management, Robeco set up a Crisis Management team that is mobilized in cases involving operational crises regarding facilities, IT and staff. The Product Approval Committee (PAC) formally decides on the development and implementation of new products as well as significant changes to existing products. The PAC consists of the members of the ExCo, and representatives of Product Management and Compliance. There is a clear distinction between the assessment of new products performed by the PAC Robeco and the RMC Robeco. The RMC (or sub-RMCs) ensures that a limit and control structure is in place for each individual product prior to the launch that complies with the relevant rules and regulations, with agreements entered into with clients, and is in line with Robeco's internal risk appetite. The PAC assesses the client suitability, the commercial attractiveness and the technical feasibility of the product, and reviews the product on the basis of market risk, reputation risk and liability risk.

<u>Risk and control</u>
Robeco has developed a comprehensive control framework (RCF) which enables the Company to maintain integrated control of its operations and helps ensure compliance with laws and regulations. The RCF consists of several components that form a seamless process in which all significant risks are identified, assessed, controlled and monitored. Robeco's risk appetite plays a central role in the RCF, as it provides high-level guidance for determining the significance of risks and defining the appropriate control levels. The RCF is assessed regularly to determine whether the controls in place are adequate to mitigate all material risk and whether they are operating effectively.

The categories of risk described below are regarded by Robeco as the most relevant in terms of their potential impact on the Company's ability to pursue its strategy and business activities and to maintain a good financial status.

Strategic risks
Strategic risks can be external or internal. External circumstances such as macroeconomic developments or increasing fee pressure or competition may negatively affect the profitability of the Company. Continuous monitoring of these developments and diversification of clients, assets and products can help mitigate the resulting impact. Underperformance of the Company's products or a dependence on a limited number of key products can pose a strategic risk. The Company is sufficiently able to address this risk through its formal review and approval procedure for new products and business initiatives and by maintaining an adequately diversified product range. As part of the Strategy 2017-2021, Robeco focuses on a number of points, but these still ensure a wide range of products and markets are targeted, which guarantees sufficient diversity.

Operational risk
Operational risk is defined as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems, or from external events. The Company manages a broad range of services and products for different types of clients in various parts of the world. This means it is an organization which is exposed to risks linked to high operational costs and operational errors. In order to mitigate these risks and achieve excellence in its operations, Robeco continuously searches for ways to simplify processes and reduce complexity. The RCF is assessed periodically to verify that the risks that are identified are mitigated by the controls in place and that those controls are effective.

Furthermore, the number of regulations and supervisory body policies in the asset management industry[11] has

[11] e.g. Financial Markets Amendment Act 2016 (*Wijzigingswet financiële markten 2016)*, UCITS V, MAR, SFTR, EMIR, MiFID II

been increasing since the financial crisis. Dealing with the uncertainty associated with new regulations is also demanding, as their interpretation and the timeframes for implementation are often not clear. Hence, part of the Company's operational risk stems from the regulatory environment. To manage these risks, the Company is actively involved in the regulatory development process at an early stage, both directly and through representative associations (e.g. EFAMA, DUFAS). The monitoring activities and impact analyses of planned regulations and policies are performed at an early stage. The relevant staff departments initiate and/or monitor the subsequent implementation of new or amended laws and regulations.

Financial risk

The Company is exposed to counterparty credit risk in respect of its cash balances and receivables. Default risk concerns the risk that a counterparty will not honor its obligations towards Robeco. To mitigate this risk, a comprehensive counterparty risk policy is in place, which is maintained by the Risk Management function. The guiding principle is that counterparty risk is mitigated wherever possible, through the selection of counterparties (i.e. banks or other financial institutions) with high creditworthiness (based on strict rating criteria) and diversification.

Market risk is the risk of undesirable fluctuations in market prices of financial instruments that result in financial loss. Robeco has limited direct market risk exposure, resulting fluctuations in foreign currency rates in respect of its financial positions and cash flows, (primarily related to receivables and payables, revenue to be received and expenses to be paid), and from interest rate risk in relation to its current account balances. The interest rate risk in very low given the short duration of these positions and foreign currencies are directly converted to euros to mitigate FX risk.

Indirect market risk is more important as fee income is related to assets under management, which fluctuates in line with financial markets. In case of sharply declining financial markets this can reduce profitability as a result of lower income from management fees. This risk is mitigated among others by offering a broad and diversified range of products and services, in various regions, currencies and asset classes and a sound capital position.

Liquidity risk is the risk that Robeco would be unable to honor short-term obligations due to a lack of liquidity. Robeco has no substantial liquidity risk, as the majority of its obligations are operational liabilities to Robeco Nederland B.V., which (through Robeco Holding B.V.) is a wholly owned operating subsidiary of ORIX Corporation Europe N.V. To mitigate liquidity risk, cash positions are closely monitored by the Finance department and reported to the ERMC on a periodic basis.

Capital is held to cover counterparty, operational and business- and strategic risk. In respect of both counterparty and operational risk, the capital is calculated based on regulatory requirements. The capital requirement for business risk is based on an internal model that focuses on the key determinants of Robeco's revenues and costs while taking into account extreme market scenarios and flow assumptions.

<u>Management review</u>

The ongoing monitoring of risk management and internal control systems is embedded in Robeco's risk governance. This provides insight into the key risks affecting the Company. In the ERMC, the relevant staff discusses these risks with the ExCo. In addition, reports are submitted to and discussed regularly with the ExCo and Supervisory Board of the Company.

It is important to note that the proper design and implementation of internal risk management and control systems significantly reduces, but cannot eliminate, the risks associated with poor judgment, human error, control processes being deliberately circumvented, management overriding controls and unforeseen circumstances.

Based on the monitoring of risk management and internal control systems, and an awareness of their inherent limitations as described above, we have concluded that there is reasonable assurance that the Company has sufficient insight into the extent to which its objectives will be realized and the reliability of its internal and external financial reporting.

Specific attention: Corona Pandemic crisis

The Corona Crisis puts markets in unprecedented territory. Almost all western countries put their societies in different forms of lock down. As result, business activities and supply chains immediately stood still, causing a severe economic impact. As reaction on these developments, financial markets depreciated in a pace never seen before.

This puts Robeco on multiple challenges. Robeco needs to ensure that its employees work in a safe environment, meet with local lock-down requirements and ensure that investment portfolios are managed in the best way to protect its client's interest. In addition, all of these developments will impact the profitability of Robeco and the capital requirements. Robeco has taken measures to ensure business continuity and protect clients interest.

Crisis organization

Robeco has several governance bodies and process in place to cope with crisis situations. The Corona Crisis is coped by (1) the Robeco Crisis Team, (2) Business and Continuity Management, (3) the Financial Crisis Committee, and (4) the Valuation Committees. The Coronavirus is discussed regularly in the weekly ExCo meetings. In addition, several meetings between the CEO and representatives of the crisis team have taken place and will continue to take place whenever there are relevant updates.

Robeco Crisis Team

A dedicated crisis team composed of Business Continuity Management, representatives of the Executive Committee (ExCo), Corporate Communications and HR meets frequently - at least once a week - to discuss developments in the Coronavirus outbreak and measures to ensure the health and safety of our people.

Business Continuity Management

A global BCM meeting is held via Skype every Friday with all Foreign Offices, members of the Exco, Corporate Communications and HR, to review the worldwide status, gain local insights as well as looking ahead of coming week. All decisions from the Exco are shared and acted upon.

Financial Crisis Committee

As a precautionary measure, the Financial Crisis Committee convenes on a daily basis, this includes investments, risk management, product management, compliance, legal and corporate communications. From a financial risk perspective, bringing this committee together is the highest alert. The last time the FCC convened before the Corona Crisis was in 2017. The FCC decided to:

- intensify and increase the frequency of monitoring on counterparty, market and liquidity risk
- intraday monitor the capital flows in and out of Robeco's portfolios

The main objective is to be ready to take any necessary measures. From an open-end investment fund perspective, the worst that can happen is that clients want to exit our funds, but we are unable to generate the cash to cover these outflows. In times of stress, credit markets are much less liquid than equity markets, so there is an extra focus on these markets. Up to the end of March, outflows were limited with the result that no emergency action was needed.

Valuation Committees

Valuation Committees (VaCo) per capability meet frequently to discuss pricing matters within the funds and act in the best interest of clients and ensure a fair treatment of shareholders. The VaCos consist of investments, risk management, product management and compliance.

The Fixed Income VaCo reports that bond markets experience a lower liquidity and a lower appetite form market makers for taking positions on book, therefore the market for cash bonds is very thin. As it is difficult to assess true market prices the Valuation Committee decides on fair value corrections daily based on discounts derived from liquidity indicators.

Within equity markets the intraday market volatility is very high and bid ask spreads have more than doubled in March. This has an impact on transaction costs due to price uncertainty and elevated bid ask spread levels. The Equity VaCo convenes more frequently than normal to ensure that current market developments are reflected in the swing pricing.

<u>Crisis measures for business continuity</u>
Given the rapid development of the Coronavirus in the Netherlands, Robeco's Executive Committee decided to divide employees over various locations in the Netherlands to help protect the health and safety of the people, and ensure the continuity of the business. In an early stage, as per Wednesday 11 March, staff has been divided into three groups:

- Group A: work from Robeco's alternative office location COIN located in Schiphol-Rijk. Group A should avoid contact with the rest of the Robeco population to ensure the effectiveness of the plan.
- Group B: continues to work from Robeco's Rotterdam office.
- Group C: is comprised of all colleagues working from home (including anyone who has either been in a high-risk area, is feeling unwell or has cold or flu-like symptoms).

Outlook
As mentioned under the heading 'Strategy 2017-2021', Robeco's strategy for these years is aimed at monetizing the Company's intellectual property, while also preparing for market headwinds and other challenges, such as ongoing pressure on fees, regulation-driven cost increases and disruptive developments in demographics and technology.

The 2017-2021 Strategy builds on the foundations laid by the previous strategy (for the period 2014-2017) and envisages further internationalization of both the Company's investment and client servicing activities. In this context, the Company decided to outsource part of its operations activities to a global full-service provider, JP Morgan. The outsourcing process began in early 2018 and involves a phased migration that is due to be completed in 2020. The first milestones have been realized according to plan. The risks associated with the outsourcing were investigated in advance and will be monitored continuously.

During the course of 2019, Robeco announced the discontinuation or sale of a number of its activities. This will enable the Company to strengthen its focus on its key asset management activities going forward. The ExCo also agreed to several cost containment measures in 2019. These measures will help the Company face persistent market challenges, and allow us to remain successful in attracting new clients as well as being entrusted with additional funds from existing clients.

After some nine years of market growth mid-February 2020 the COVID-19 (Corona) Pandemic created a financial crisis and marked a significant decline of the markets. Under this crisis Robeco needs to keep ensuring that its employees work in a safe environment, meet with local lock-down requirements and make sure that investment portfolios are managed in the best way to protect our client's interest. The downturn will affect 2020 revenues and regulatory capital requirements and will likely result in a revenues decline in 2020 compared to 2019. Furthermore the market challenges such as fee pressure which have been addressed in the strategy will keep playing a role resulting in present and future profit margins for the global asset management industry decreasing compared to prior years.

With such a market environment it is nearly impossible to give a forecast about the development of markets for the year 2020 and as a consequence our revenues and results. Nevertheless, the Company is well positioned to face the almost unprecedented market challenges under the COVID-19 Pandemic. After the crisis, the Company will remain successful in attracting new clients and additional entrusted funds from existing clients. The Company's financial position in terms of equity and financial resources is sound. For 2020 the ExCo anticipates a positive net result, but most likely lower than 2019 profit due to the effect of the COVID-19 Pandemic and discontinuation or sale of a number of its activities as described above.

Recently, we have been informed that the AFM has determined that we are to undertake remedial measures with respect to our compliance framework regarding customer due diligence and related requirements in the area of our retail fund distribution activities, and that the AFM intends to impose an order in this respect. We are committed to ensuring full compliance with all relevant laws and regulations, and we will extend our ongoing compliance enhancements to incorporate these measures.

Subsequent events

Robeco Institutional Asset Management B.V. considers the COVID-19 (Corona) pandemic as a significant event after closing the Annual Report 2019. As the business of the Company is strongly interrelated with international financial markets through the assets under management, this will have a significant impact on the financial performance of the Company. The revenue of the Company in the form of management fees are highly dependent on the level of assets under management while costs are partly invariable. The impact of the pandemic on people, companies and the economy at large cannot be assessed in full depth at this stage. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, clients, suppliers and all other relevant stakeholders. As the financial markets remain highly volatile at the moment of finalizing the 2019 financial statements it is impossible to estimate the impact with sufficient accuracy and reliability at this time. However, the impact most likely will have a downward effect on profitability.
Based on our current knowledge, our available capital reserves and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the future.

The ExCo thanks all employees for their contribution and their efforts in 2019.

Rotterdam, 22 April 2020
The Executive Committee

Report of the Supervisory Board

Composition of the Supervisory Board

As the so-called 'moderate version' of the 'Large Company Scheme' (*Structuurregime*, Article 2:155 of the Dutch Civil Code) applies to the Company, and also with a wider view to strong governance, a Supervisory Board has been established. The Supervisory Board consists of Jeroen Kremers (Chair until 30 March 2020), Sonja Barendregt-Roojers (Vice-chair since 30 March 2020), Yoshiko Fujii (until 31 December 2019), Mark Talbot (since 18 September 2019) and Radboud Vlaar.

According to the 'Large Company Scheme', the General Meeting of Shareholders and the Works Council may recommend nominees for the position of supervisory director to the Supervisory Board. The Works Council has an enhanced right of recommendation for one-third of the supervisory directors. Pursuant to Article 2:158-6 of the Dutch Civil Code, one member (Sonja Barendregt-Roojers) was appointed on the Works Council's recommendation.

We thank Jeroen Kremers for his important contribution to Robeco and the commitment he has shown during the six years he has served the Company. We thank Yoshiko Fujii for her valuable contribution and her commitment and efforts during the time that she was a member of the Supervisory Board.

Meetings of the Supervisory Board

In 2019, the Supervisory Board met in person and by way of exception by conference call. During 2019, six Supervisory Board meetings were held and the Audit & Risk Committee and the Nomination & Remuneration Committee each met six and seven times respectively. All of the face-to-face meetings took place in Rotterdam and were attended by all Supervisory Board members and, where applicable, members of the Executive Committee ('ExCo'). The Supervisory Board also met in closed sessions (eight times in 2019), without any of the ExCo members and sometimes without the Company Secretary.

The Supervisory Board oversees the activities of Robeco as well as the activities of other companies that fall within the scope of Robeco's management, in other words, the business conducted by Robeco itself and by other subsidiary legal entities owned directly or indirectly by Robeco, the business conducted by Robeco Nederland B.V. and the part of the business of legal entities owned and controlled by Robeco Holding B.V. (except RobecoSAM AG) and Robeco Asia Holding B.V. (except Canara Robeco).

At the meetings of the Supervisory Board and those of its committees, due consideration was given to developments in the financial markets, the performance of products, the position of clients and the financial results. With regard to changes in rules and regulations, the Supervisory Board endorses the emphasis on regulatory control and ensures due consideration of regulatory developments. The interests of clients are considered to be a key issue and, consequently, an important point of focus.

The Supervisory Board has ascertained the application of Robeco's Principles on Fund Governance, which have been defined by Robeco to address conflicts of interest between Robeco as fund manager and the investors in the funds. In this context, quarterly reports, thematic reports on specific principles such as 'best execution', 'fair allocation' and 'broker services', as well as an annual overview of fund governance-related monitoring activities have been prepared by Robeco's Compliance function, which have been discussed in the meetings of the Supervisory Board.

Developments in the financial markets is another subject that comes up on a regular basis in the Supervisory Board's discussions, together with the strategic challenges for Robeco that result from these developments. International political developments are also discussed, for example the consequences and impact of Brexit. In terms of human resources, the Supervisory Board acknowledges the importance of retaining, training, developing and recruiting talent as a key element in successfully running an asset management company. That means providing professionals with the appropriate opportunities, while pursuing a remuneration policy that is in line with market standards and complies with the applicable laws and regulations. Therefore, developments in human resources are also monitored regularly and discussed in Supervisory Board meetings.

On the basis of periodic reports, the Supervisory Board has discussed the Company's results with the ExCo. It has focused on the realization of the budgetary targets, the investment results, the development of assets under management as a result of market movements and net new money flows, the cost/income ratio, the overall profitability and operational matters.
Recently, we have been informed that the AFM has determined that Robeco is to undertake remedial measures with respect to its compliance framework regarding customer due diligence and related requirements in the area of our retail fund distribution activities, and that the AFM intends to impose an order on Robeco in this respect. Robeco has informed us that it is committed to ensuring full compliance with all relevant laws and regulations, and that it will extend its ongoing compliance enhancements to incorporate these measures.

Supervisory Board committees
There are two Supervisory Board committees: the Audit & Risk Committee ('A&RC') and the Nomination & Remuneration Committee ('N&RC').

Audit & Risk Committee
The members of this committee are Sonja Barendregt-Roojers (Chairman), Yoshiko Fujii (until 31 December 2019), Jeroen Kremers (until 30 March 2020), Mark Talbot and Radboud Vlaar. Prior to the meetings of the committee, closed sessions were held with the independent auditor, KPMG. Audit, risk, compliance and legal matters were discussed a number of times in 2019 in the committee and Supervisory Board meetings. The meetings were attended by members of the ExCo as well as the heads of Internal Audit, Compliance, Risk Management, Legal and representatives of KPMG. The (interim) financial reports and the independent auditor's reports were regular agenda items. Among other subjects, various risk management-related issues, incident management, the cash management policy and the tax position were discussed. On the basis of quarterly reports from the respective departments, the A&RC discussed various internal audit, compliance, legal and risk management-related issues. Due consideration was given to issues related to fund governance and the role and responsibilities of the Supervisory Board. Amongst others, the following items were on the agenda: monitoring of fund principles, investment results, audit plan for the funds, a review of Robeco products and the funds' annual reports.

Nomination & Remuneration Committee
The members of this committee are Mark Talbot (Chairman), Sonja Barendregt-Roojers, Yoshiko Fujii (until 31 December 2019), Jeroen Kremers (until 30 March 2020), and Radboud Vlaar. Nomination and remuneration matters were discussed several times in 2019. The CEO and the (interim) Head of Human Resources also attended meetings. One of the recurring items on the agenda is fixed and variable remuneration. The results of the Employee Engagement Survey were also reported and discussed, as were the Robeco Reward Framework. Amongst other items, the N&RC reported to the SB regarding KPIs of the ExCo members and periodically assessed the performance of the individual members of the ExCo.

Composition of the ExCo
At the start of 2019, the ExCo consisted of Gilbert Van Hassel (Chairman), Karin van Baardwijk, Monique Donga, Peter Ferket, Martin Nijkamp, Christoph von Reiche and Victor Verberk. Mark den Hollander was appointed CFRO on 24 June 2019, Lia Belilos-Wessels was appointed Chief Human Resources Officer on 1 December 2019, and Monique Donga stepped down as member of the ExCo on 1 July 2019.

We thank the ExCo as well as the Company's staff for their efforts and dedication.

Recommendation to adopt the annual financial statements

The Supervisory Board has taken note of the contents of the report presented by KPMG, who have issued an independent auditor's report on the 2019 annual financial statements. We recommend approval of the annual financial statements by the Annual General Meeting of Shareholders and we concur with the ExCo's proposal to pay out a part of the 2019 profit of EUR 33.0 million as a dividend to the shareholder, which proposal will be submitted to the Annual General Meeting of Shareholders.

Rotterdam, 22 April 2020
The Supervisory Board

Financial Statements 2019

Income Statement

for the year ended 31 December

EUR x million	*Notes*	*2019*	*2018*
Net revenues	1	565.2	582.6
Distribution and subadvisory costs	2	-205.9	-219.5
Gross margin		**359.3**	**363.1**
Administrative expenses	3	240.7	219.4
Wages and salaries	4	14.2	14.9
Social security expenses	4	1.5	1.2
Depreciation and amortization	7-9	2.2	0.8
Other expenses	5	22.2	16.8
Total operating expenses		**280.8**	**253.1**
Operating result		**78.5**	**110.0**
Finance income and similar income		0.3	0.3
Finance expense and similar expenses		-0.3	-0.4
Result before tax		**78.5**	**109.9**
Income tax expense	6	20.5	27.5
Result from investments in group and associated companies after tax	10	8.1	5.1
Result for the year		**66.1**	**87.5**

Balance Sheet as at 31 December

before profit appropriation

EUR x million	*Notes*	*2019*	*2018*
ASSETS			
Fixed assets			
Intangible assets	7	2.6	1.0
Tangible fixed assets	8	0.6	0.6
Right-of-use assets	9	1.3	-
Investment in group and associated companies	10	-	5.2
Loans	11	1.6	1.4
Deferred tax assets	12	0.8	0.9
Total fixed assets		**6.9**	**9.1**
Current assets			
Trade receivables	13	18.0	21.3
Receivables from group companies	14	136.2	129.2
Other receivables	15	24.8	21.5
Cash and cash equivalents	16	106.4	97.5
Total current assets		**285.4**	**269.5**
Total assets		**292.3**	**278.6**
EQUITY AND LIABILITIES			
Equity	17		
Issued capital		0.1	0.1
Share premium		31.5	31.5
Other reserves		96.1	74.7
Unappropriated result financial year		66.1	87.5
Total equity		**193.8**	**193.8**
Provisions	18	**7.6**	**11.9**
Non-current liabilities			
Employee benefits	19	2.1	2.8
Lease liabilities	9	0.5	-
Other liabilities	21	0.9	-
Total non-current liabilities		**3.5**	**2.8**
Current liabilities			
Liabilities to group companies	20	46.7	25.5
Lease liabilities	9	0.7	-
Other liabilities	21	40.0	44.6
Total current liabilities		**87.4**	**70.1**
Total equity and liabilities		**292.3**	**278.6**

Notes to the financial statements

General information

Robeco Institutional Asset Management B.V. (also referred to as "the Company") is established in the Netherlands, having its legal seat in Rotterdam. The main activities of the Company are regular investment management activities on behalf of clients, including investment funds. The Company receives management fees and other fees for these activities. Offering alternative investments, including private equity and structured investment products, can also be considered as main activities of the Company. The Company also offers investment products to retail clients directly. The product range encompasses equity and fixed-income investments and also facilitates saving products through Rabobank (Coöperatieve Rabobank U.A). In addition, the Company provides clients with Fiduciary Management services in close cooperation with Corestone Investment Managers A.G. Sales relate mainly to funds which are legally located in the Netherlands and Luxembourg.

All shares of the Company are held by Robeco Holding B.V. The domestic ultimate parent of the Company is ORIX Corporation Europe N.V. ORIX Corporation (ORIX), with registered office in Tokyo, Japan, holds a 100% stake in ORIX Corporation Europe N.V.

In these financial statements, Robeco Group Companies refer to subsidiaries of ORIX Corporation Europe N.V.

The Company has both an AIFMD license as referred to in article 2:65 of the Dutch Financial Supervision Act ('Wft') and a license to act as manager of UCITS as referred to in article 2:69b of the Wft and to offer the additional services within the meaning of article 2:97 under 3.

General policies, accounting policies applied to the valuation of assets and liabilities and principles for the determination of the result

The financial statements of the Company are prepared in accordance with Dutch law (section 2:9 of the Dutch Civil Code) and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

The valuation principles and method of determining the result are the same as those used in the previous year, except for the effects of changes in accounting policies.

Changes in accounting policies
The Company makes use of the option in RJ 292.101 (Dutch Accounting Standards) to apply IFRS 16 Leases as a replacement for RJ 292 for lease accounting as per 1 January 2019.

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in addition to the accounting policy note below 'Leasing'.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019 following the modified retrospective approach.

Adjustments recognized on adoption of IFRS 16
On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of RJ 292 *Leasing.* These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.7%.

EUR x million	**2019**
Operating lease commitments disclosed as at 31 December 2018	2.3
(Less): Discount amount using the lessee's incremental borrowing rate of at the date of initial application	-0.1
(Less): low-value leases recognized on a straight-line basis as expense	-0.1
Lease liability recognized as at 1 January 2019	**2.1**
Of which are:	
Current lease liabilities	0.8
Non-current lease liabilities	1.3
Lease liability recognized as at 1 January 2019	**2.1**

The associated right-of-use assets for housing leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

EUR x million	**31 December 2019**	**1 January 2019**
Property (office buildings)	1.3	2.1
Total right-of-use assets	**1.3**	**2.1**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:
- right-of-use assets – increase by EUR 2.1 million
- lease liabilities – increase by EUR 2.1 million.

The net impact on equity on 1 January 2019 was nil.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Furthermore the intercompany service agreement with Robeco Nederland B.V. has been reviewed because housing costs are recharged to the Company. The intercompany service agreement is not considered a sub-lease agreement under IFRS 16 and has therefore no further consequence on lease accounting within the Company. We note that the right-of-use asset and lease liability relating to the Robeco Nederland B.V. office building amounts to EUR 28.2 million respectively EUR 28.4 million at 31 December 2019.

Consolidation
For the annual financial statements of Robeco Institutional Asset Management B.V. a company balance sheet and income statement will suffice. In accordance with the provisions in article 2:408 of the Dutch Civil Code consolidated financial statements are not part of the financial statements of the Company. Consolidation of the financial information of Robeco Institutional Asset Management B.V. and its participating interests in group companies is performed in the financial statements 2019 of ORIX Corporation Europe N.V., statutory established in Rotterdam.

Basis of preparation
The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

The financial statements are presented in euros. The euro is the functional and presentation currency of Robeco Institutional Asset Management B.V. Numbers are rounded to the nearest tenth of a million and all amounts disclosed in the notes to the income statement and the balance sheet are in millions, except when explicitly stated otherwise.

The financial statements have been prepared on the basis of the going concern assumption.

Significant accounting judgments, estimates and assumptions
The preparation of financial statements requires the use of judgment and estimates. This affects the recognition and valuation of assets, provisions and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ ultimately from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The following accounting policy is in the opinion of management the most critical in preparing these financial statements and require judgements, estimates and assumptions:
- Restructuring provision.

Foreign currencies
At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company using the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in other currencies are translated into euros at the spot rates prevailing at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rates prevailing at the date of the initial recognition of the transaction. Non-monetary items measured at fair value are converted using the exchange rates at the date when the fair value was determined. The assets and liabilities of foreign operations are translated into euros at exchange rates prevailing at the balance sheet date.

Income and expenses are converted at the average exchange rate of the relevant month. The exchange rate differences are taken to the income statement and are recorded in the other expenses. Changes in the valuation of investments in foreign entities are recorded in equity as part of the translation reserve. Translation reserves are restricted by nature (and according to Dutch law).

Cash flow statement
According to RJ 360.104, a cash flow statement is not required in the financial statements of the Company since the cash flows are included in the consolidated statement of cash flows of ORIX Corporation Europe N.V., the domestic ultimate parent of the Company are available at with the Dutch Chamber of Commerce.

Income and Expense recognition
Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate.

Net revenues
Net revenues include management fees, service fees, subadvisory fees, performance fees, securities lending fees, administration fees, fees from clients, revenues from marketing and sales activities and other fees. Fees are recognized when the services have been performed. Management and service fees are primarily based on predetermined percentages of the market values of the assets under management and are affected by changes in assets under management, including investment performance, net subscriptions or redemptions and fluctuations in exchange rates. Performance fees are calculated as a percentage of the performance of the relevant assets under management and recorded when earned. Securities lending fees, administration fees, fees from clients, revenues from marketing and sales activities and other fees are recognized in the period in which the services are rendered.

Distribution and subadvisory costs
Distribution and subadvisory costs include trailer fees and subadvisory costs payable to third- and related parties. Trailer fees and subadvisory costs are recognized when the services have been provided. Trailer fees are primarily based on predetermined percentages of the market values of the average assets under management of the investments, including investment performance and net subscriptions or redemptions. Subadvisory costs are paid to third party asset managers. These costs are mainly based on predetermined percentages of the market values of the average assets under management of the investments.

Carried interest
The Company, acting directly or through subsidiaries as the General Partner of some Robeco Private Equity vehicles, is entitled to receive a share of the realized profits of the Investee Funds (carried interest). Carried interest is calculated based on a share of profits taking into account the cash already distributed by the Investee Funds and the amount of divestment proceeds receivable or to be received upon disposal as estimated by the General Partner. Proceeds are distributed by the Investee Funds in such a manner that the General Partner will not receive a distribution of carried interest before the Partners have received their Contributed Capital and an agreed upon return on their investments.

Since only the carried interest amounts received in cash are to be regarded as reasonably assured, carried interest is recognized as revenue in the Income Statement as from the actual distribution by the Investee Funds. The paid out carried interest amounts are to be regarded as advances on the final amount calculated upon liquidation of the Investee Funds, since they are subject to claw back until a point in time toward the end of life of the Investee Funds.

Employee benefits expense
Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognized as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

Relating to the deferred variable remuneration of employees the projected costs are taken into account during the employment e.g. service period. The following main assumptions are taken into consideration for the costs accrued:

- The service period is split into 75% (current year) and 8,33% for the next three years (deferred part).
- The value of the deferred variable remuneration – predominantly 'Robeco Cash Appreciation Rights' (R-CARs) – is based on a rolling eight-quarter period of Robeco's operational result.

Termination benefits are employee benefits provided in exchange for the termination of the employment. These are included in Employee benefits expenses and are recognized as an expense when the Company is demonstrably and unconditionally committed to make the payment of the termination benefit. If the termination is part of a restructuring, the costs of the termination benefits are part of the restructuring provision. See the policy under the heading 'Provisions'.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

Dutch pension scheme
Domestic staff is made available to the Company through an intercompany service agreement. Robeco Nederland B.V. is legally the employer of personnel, recharging related expenses to the Company. Robeco Nederland B.V. has a pension scheme for its employees with Stichting Pensioenfonds Robeco, a company pension fund.

The provisions of the Dutch Pension Act ('Pensioenwet') are applicable for the Dutch pension scheme. Premiums are paid for the Company and are based on (legal) requirements, a contractual or voluntary basis to its pension fund. The Company applies the liability approach for all pension schemes. Premiums are recognized as employee cost when they are due.

Foreign Pension plans
Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (the Company, the fund and its members) are recognized and measured in accordance with Dutch pension plans.

Finance income and expense and similar income and expenses
Finance income and expense are recognized as earned or incurred. Finance income comprises of income related to cash and short-term loans. Finance expense comprises of interest payable on interest-bearing loans.

Corporate income tax
Robeco Institutional Asset Management B.V. is part of a fiscal unity for Dutch corporate income tax purposes headed by ORIX Corporation Europe N.V. within the meaning of the Dutch Corporate Income Tax Act 1969. The Company is jointly and severally responsible for the resulting tax liability, as are the other companies that are part of the tax group. Some foreign offices of the Company are considered to be permanent establishments. These offices are therefore subject to corporate income tax in the country they operate and file their own corporate income tax returns. The profits made by these foreign offices will not be taxable in the Netherlands due to participation exemption rules avoiding double (corporate income) taxation.

The calculation of corporate income tax is made as if the Company is an independent taxpayer. Payable corporate income taxes have been settled, through Robeco Holding B.V, with ORIX Corporation Europe N.V. via the current account under the heading Group companies. The taxes are calculated on the basis of the applicable rate for tax, taking into account tax-exempt profit constituents and deductible items. The tax rates and laws used to compute taxable amounts are those enacted or substantially enacted at the reporting date.
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.
Deferred tax is provided on temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply in the year when the asset is realized and the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.
A deferred tax asset is recognized for tax benefits relating to the carry forward of unused tax losses when it is probable that estimated future taxable profits will be available to offset these losses.

The carrying amount of deferred income tax assets is reviewed annually and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be realized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

A deferred tax liability is provided for the recognized taxable temporary differences between the tax base and the carrying amount for financial reporting purposes at the reporting date. Deferred tax liability is also provided in respect of loss recapture due to double tax relief regulations. The deferred tax liability is recorded at nominal value.

Result from investments in group and associated companies after tax
Income from investments in group and associated companies after tax is the Company’s share in the net result of the investments in associated companies determined in accordance with the accounting policies applied in these financial statements.

Recognition and derecognition of assets
An asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. It remains on the balance sheet if a transaction (with respect to the asset) does not lead to a major change in the economic reality with respect to the asset. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset is no longer recognized in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset being transferred to a third party. In such cases, the results of the transaction are directly recognized in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognized of which the Company does not have the legal ownership, this fact is being disclosed.

Intangible assets
Intangible assets are measured at acquisition cost less any accumulated amortization and any accumulated impairment losses determined individually for each asset.

Intangible assets consist of customer relations acquired in business combinations. Intangible assets which have been acquired in business combinations are recognized at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at initial fair value less accumulated amortization and any accumulated impairment losses. The useful lives of customer relations are finite and such assets are amortized on a straight-line basis over their estimated useful lives, with amortization being charged to the income statement.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of the annual reporting period. Amortization is effected on a straight-line basis. The amortization period is 3 years.

The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

Tangible fixed assets
Tangible fixed assets are measured at acquisition cost less accumulated depreciation and impairment losses. Tangible assets are depreciated over their estimated useful lives, on a straight-line basis. The depreciation period is 3 to 10 years.

The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

Impairment testing of fixed assets
In accordance with RJ 121, Impairment of Assets, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment, at each reporting date. If such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Reversal of a previously recognized impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied if no impairment loss had been recognized in previous years for the asset.

Share in result of participating interests
The share in the result of participating interests consists of the share of the Company in the results of these participating interests, determined on the basis of the accounting principles of the Company. Results on transactions, where the transfer of assets and liabilities between the Company and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognized as they can be deemed as not realized.

Financial instruments
A financial asset or a financial liability is recognized in the balance sheet when the contractual rights or obligations in respect of that instrument arise. Financial instruments (and individual components of financial instruments) are presented in the separate financial statements in accordance with their legal form.

The following financial instruments are recognized in the financial statements: investments in group and associated companies, loans, trade and other receivables, cash items and (other) financial liabilities. Financial instruments are initially measured at fair value, including discounts/premium and any directly attributable transaction costs, with involving parties who are well informed regarding the matter. If instruments are not subsequently measured at fair value with value changes recognized in the profit and loss account, any directly attributable transaction costs are included to the initial measurement.

After initial recognition, financial instruments are valued in the manner described below. Loans and (other) receivables are valued at amortized cost on the basis of the effective interest method less impairment losses.

(Other) financial liabilities are measured after their initial recognition at amortized cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

A financial instrument is no longer recognized in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position.

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

Trade and other receivables found not to be individually impaired are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default and the increase of the number of receivables in its portfolio that are past due for more than 90 days. The outcome is adjusted when management is of the opinion that current economic and credit conditions are such that it is probable that actual losses will be higher or lower than the historical trends are suggesting. The carrying amount of receivables is reduced by an allowance for doubtful debts. Receivables that appear to be irrecoverable are written off against the allowance. Other additions to and withdrawals from the allowance are recognized in the profit and loss account.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Investment in group and associated companies
Participating interests where significant influence can be exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity. In assessing whether the Company has significant influence over the business and financial policies of a participating interests, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

Loans
Receivables recognized under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortized cost. For determining the value, any impairments are taken into account.

Current assets
The accounting policies applied for the valuation of the current assets are described under the heading 'Financial instruments'.

Cash and cash equivalents
Cash and cash equivalents are valued against nominal value.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. The accounting policies applied for cash and cash equivalents in foreign currencies are described under the heading 'Foreign currencies'.

Provisions
A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are stated at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

A provision for claims, disputes and lawsuits is established when it is expected that the Company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

A restructuring provision is recognized when at the balance sheet date the entity has a detailed formal plan and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganization.

A valid expectation exists when the implementation of the reorganization has been started, or when the main elements of the plan have been announced to those for whom the reorganization will have consequences.

The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Company.

Leasing
The Company leases various offices at its branch offices. Robeco Nederland B.V. leases the office in the Netherlands and recharges the housing costs to the Company based on the intercompany service agreement. Lease accounting of this office is limited to Robeco Nederland B.V. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- (if applicable) amounts expected to be payable by the lessee under residual value guarantees,
- (if applicable) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- (if applicable) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Company uses the incremental borrowing rate for calculating the discounted value of future lease payments.

Assets arising from a lease are initially measured on a cost basis. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.
unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by
impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture. The Company uses the practical expedients and therefore not to recognize the amounts in regard to short-term leases, non-lease components and low-value assets on balance.

Extension and termination options are included in several lease agreements across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. None of the lease payments made in 2019 were optional.

Recognition and derecognition of liabilities
A liability is recognized in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. It remains on the balance sheet if a transaction (with respect to the liability) does not lead to a major change in the economic reality with respect to the liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment

A liability is no longer recognized in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the liability being transferred to a third party. In such cases, the results of the transaction are directly recognized in the profit and loss account, taking into account any provisions related to the transaction.

Equity
Amounts contributed by the shareholder of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire or acquire shares of the Company.

Related parties
Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.
Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Subsequent events
Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognized in the financial statements.

Events that provide further information on the actual situation at the balance sheet date and that appear after the financial statements have been prepared but before the adoption of the financial statements, are recognized in the financial statements only if it is essential for the true and fair view.

Events that provide no information on the actual situation at the balance sheet date are not recognized in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Notes to the income statement

1 Net revenues

The net revenues can be specified as follows:

EUR x million	**2019**	**2018**
Management fees	504.7	515.4
Fees from clients	14.0	13.8
Subadvisory fees	13.1	10.7
Revenues from marketing and sales activities	11.3	8.2
Service fees	8.7	9.7
Other income	7.1	6.3
Performance fees	3.9	4.5
Administration fees	2.4	7.1
Securities lending fees	0.0	6.9
Total net revenues	**565.2**	**582.6**

The Company receives the management fees for its asset management activities directly from funds and mandates or (in case of sub advisory activities) indirectly from group companies in the amount of EUR 365.0 million (2018: EUR 384.0 million). Service fees are collected from funds directly by the Company.

Subadvisory fees and Revenues from marketing and sales activities are received from other Robeco Group companies.

Administration fees decreased due to revised contract terms as of June 2018.

Other income also includes revenues from third parties for marketing and sales activities.

To provide better insight we presented EUR 34.6 million as management fees where they were previously shown as service fees in the comparative figures.

The securities lending activities have been transferred in 2018 to a third party.

Segment information

The following information about revenues is included to comply with Section 380 of Book 2 of the Dutch Civil Code. The revenues are allocated based on the legal entities where the revenues are recognized.

EUR x million		**2019**		**2018**
Total revenue by region				
Luxembourg	*65%*	*365.0*	66%	384.3
Netherlands	31%	177.3	30%	177.2
Rest of Europe	1%	7.8	2%	7.4
Outside Europe	3%	15.1	2%	13.7
Total net revenues	**100%**	**565.2**	**100%**	**582.6**

2 Distribution and subadvisory costs
The costs can be broken down as follows:

EUR x million	2019	2018
Distribution costs	140.3	138.8
Subadvisory costs	65.6	80.7
Total distribution and subadvisory costs	**205.9**	**219.5**

Distribution costs paid to other Robeco Group companies amount to EUR 43.9 million (2018: EUR 50.5 million). Subadvisory costs paid to other Robeco Group companies amount to EUR 56.9 million (2018: EUR 77.7 million).

3 Administrative expenses
Administrative expenses consist of costs charged from other group companies in the amount of EUR 240.7 million (2018: EUR 219.4 million). These costs are mainly charged from Robeco Nederland B.V. Robeco Nederland B.V. charges operating costs in the amount of EUR 222.9 million (2018: EUR 215.4 million), relating to the management of investment funds and mandates and related financial services. The cost allocation includes indirect organizational costs and direct business-related costs, which, amongst others, include costs for staff, information technology, marketing and housing. Part of the operating costs charged by Robeco Nederland B.V. is disbursed to other group companies. The increased recharged costs of Robeco Nederland B.V. is mainly due to increased pension and severance costs.

Domestic staff is made available to the Company through an intercompany service agreement. Robeco Nederland B.V. is legally the employer of personnel, recharging related expenses to the Company. On average, the charge concerns 689 FTE’s (2018: 690 FTE’s) direct and indirect personnel. These expenses also include disbursements by other entities within Robeco Group. Robeco Nederland B.V. is a wholly-owned subsidiary of ORIX Corporation Europe N.V., the domestic ultimate parent company of Robeco Institutional Asset Management B.V.

Administrative expenses also include EUR 14.0 million expenses to support the set-up of distribution opportunities in the China, Japan, Singapore and US and recharges of Robeco entities of EUR 3.8 million (2018: EUR nil respectively EUR 4.0 million).

4 Employee benefits expense
The staff of Robeco Institutional Asset Management B.V is employed in two different ways. Domestic staff is located in the Netherlands and is legally employed by Robeco Nederland B.V., the group's domestic service company. See note 3 for the recharge of the domestic staff expenses. International staff is formally employed by the Company and is located in the Company's international offices. Staff costs can be specified as follows:

EUR x million	2019	2018
Wages and salaries	12.4	14.3
Social security and pension costs	1.5	1.2
Other employee benefits expenses	1.8	0.6
Total employee benefits expense	**15.7**	**16.1**

In 2019 an addition of EUR 1.0 million (2018: release of 1.4 million) related to a restructuring plan is included under Other employee benefits expenses.

During 2019, on average 51 FTE’s (2018: 49 FTE’s) international staff was executing operational activities on behalf of the Company. The pensions of legally employed staff are based on defined contribution plans. These plans are provided by external insurance companies. The pension costs concern the paid insurance premiums by the Company.

The distribution of the average international staff by country is as follows:

Average FTE's	**2019**	**2018**
Germany	14	14
United Kingdom	18	15
Spain	8	9
United Arab Emirates	5	6
Italy	5	4
Norway	1	1
Total average number of employees	**51**	**49**

5 Other expenses

Other expenses can be specified as follows:

EUR x million	**2019**	**2018**
Fund and client related costs	11.4	7.6
Marketing	4.0	1.9
Housing and furniture	0.6	1.3
Audit costs	1.6	1.6
Travel and accommodation	1.1	0.8
Advisory	0.5	0.6
Information technology	0.5	0.3
Foreign exchange rate differences	0.0	1.0
Other	2.5	1.7
Total other expenses	**22.2**	**16.8**

The increase in fund and client related costs relate to the outsourcing of operations and administration activities to JP Morgan. Fund and client related costs also include fund administration costs of Private Equity funds.

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG (and its network of offices) to the Company.

EUR x million	**2019**	**2018**
Audit financial statements	0.3	0.3
Other audit engagements	1.3	1.3
Total	**1.6**	**1.6**

Other audit engagements mainly comprises of audits of funds and services related to assurance reports on controls at the Company (ISAE 3402).

6 Income tax expense

The tax on the result, amounting to EUR 20.5 million, can be specified as follows:

EUR x million	2019	2018
Result before tax	**78.5**	**109.9**
Deferred corporate income tax	0.1	1.2
Corporate income tax current financial year	20.2	26.4
Corporate income tax previous financial years	0.2	-0.1
Tax on result	**20.5**	**27.5**
Effective tax rate	26%	25%
Applicable tax rate	25%	25%

The Dutch statutory tax rate in 2019 was 25% (2018: 25%). The current tax is settled monthly, through Robeco Holding B.V., with ORIX Corporation Europe N.V., the head of the Dutch fiscal unity (see note 21).

The income tax expense in 2019 was EUR 20.5 million (2018: EUR 27.5 million). In 2019 the effective tax rate was 26% (2018: 25%). The difference of the Dutch statutory and the company's effective tax rate is mainly caused by the higher tax rate at a number of the company's branches.

Notes to the balance sheet

7 Intangible assets

Movements in intangible assets were as follows:

EUR x million	2019	2018
Cost at 1 January, net of accumulated amortization and impairment	**1.0**	**1.7**
Additions	2.8	-
Amortization	-1.2	-0.7
Net carrying amount at 31 December	**2.6**	**1.0**
At 31 December		
Cost	2.8	1.7
Accumulated amortization and impairment	-0.2	-0.7
Net carrying amount at 31 December	**2.6**	**1.0**

The intangible assets relates to software and a transfer of Austrian client relationships from Robeco Switzerland AG to the Company's branch Robeco Germany as of 1 July 2017 and is to be fully depreciated within 3 years and a transfer of Austrian and German client relationships from RobecoSAM AG to the Company's branch Robeco Germany as of 1 July 2019 and is to be fully depreciated within 3 years.

8 Tangible assets

Movements in tangible assets were as follows:

EUR x million	**2019**	**2018**
Cost at 1 January, net of accumulated amortization and impairment	**0.6**	**0.5**
Additions	0.2	0.2
Depreciation	-0.2	-0.1
Net carrying amount at 31 December	**0.6**	**0.6**
At 31 December		
Cost	1.4	1.2
Accumulated depreciation	-0.8	-0.6
Net carrying amount at 31 December	**0.6**	**0.6**

The tangible assets fully relates to leasehold improvements and hardware.

9 Leases

This note provides information for leases where the Company is a lessee.

Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

EUR x million	**2019**
Right-of-use assets related to property (office buildings)	
Cost at 1 January, net of accumulated amortization and impairment*	2.1
Additions	0.0
Depreciation	-0.8
Net carrying amount at 31 December	**1.3**
At 31 December	
Cost	2.1
Accumulated depreciation	-0.8
Net carrying amount at 31 December	**1.3**
Lease liabilities	
Contractual (undiscounted) maturities at 31 December	
Less than 1 year	0.7
Between 1 and 5 years	0.6
Over 5 years	-
Total contractual cash flows	**1.3**
Carrying amount at 31 December	
Current	0.7
Non-current	0.5
	1.2

* For adjustments recognized on adoption of IFRS 16 on 1 January 2019, please refer to page 10.

Amounts recognized in the income statement
The income statement shows the following amounts relating to leases:

EUR x million	2019
Depreciation of right-of-use assets (office buildings)	0.8

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Extension options in office leases have not been included in the lease liability, because the Company can replace the assets without significant cost or business disruption.

10 Investment in group and associated companies
The following subsidiaries are included:

			2019	2018
Robeco Bestuurder Bewaarder B.V.	Netherlands	Rotterdam	100%	100%
Robeco General Partner European II B.V.	Netherlands	Rotterdam	100%	100%
Robeco General Partner Funds B.V.[1]	Netherlands	Rotterdam	100%	100%
Robeco General Partner Global II B.V.	Netherlands	Rotterdam	100%	100%
Robeco General Partner Sustainable B.V.	Netherlands	Rotterdam	100%	100%
Robeco Manager BSR B.V.	Netherlands	Rotterdam	100%	100%
Robeco Manager Clean Tech II B.V.	Netherlands	Rotterdam	100%	100%
Robeco Manager European III B.V.	Netherlands	Rotterdam	100%	100%
Robeco Manager Global III B.V.	Netherlands	Rotterdam	100%	100%
Robeco Manager Responsible II B.V.	Netherlands	Rotterdam	100%	100%
Robeco Private Equity European Mid Market IV General Partner B.V.	Netherlands	Rotterdam	100%	100%

1. Robeco General Partner Funds B.V holds 100% of RobecoSAM Clean Tech III General Partner LLC and 100% of RobecoSAM Private Equity IV European General Partner LLC.

The Company holds two shares in Canara Robeco Asset Management Co. Ltd. Investments in associated companies also includes a 27.5% interest in SET Venture Partners B.V., the Netherlands.

The book value of the investments in group and associated companies developed as follows during the year:

EUR x million	2019	2018
Book value of investments in group and associated companies at 1 January	**5.2**	**4.8**
Dividend distribution and capital reduction	-13.3	-4.7
Result current year	8.1	5.1
Book value of investments in group and associated companies at end of period	**0.0**	**5.2**

11 Loans to related parties
For cash management purposes, the Company has granted a loan to Stichting Robeco Funds of EUR 0.4 million (2018: EUR 0.4 million) and to Stichting Effectengiro RAM of EUR 1.2 million (2018: EUR 1.0 million). Both loans are non-interest-bearing and have an indefinite duration.

12 Deferred tax assets

The deferred tax asset relates to temporary differences in branches that are deductible in determining taxable profit of future periods in total of EUR 0.8 million (2018: EUR 0.9 million). The current part amounts of EUR 0.8 million (2018: EUR 0.9 million).

13 Trade receivables

Trade receivables relate to outstanding invoices and fees from funds, which are collected without invoicing. The fair value of the receivables approximates the carrying amount due to their short-term character. No provisions for bad debt is recognized, trade receivables have no history of non-performance.

14 Receivables from group companies

This item relates to current accounts and current account loans with Robeco Group companies. The current accounts are settled periodically and amounted to EUR 56.2 million at 31 December 2019 (2018: EUR 49.2 million).

The Company has granted current account loans to Robeco Holding B.V. These loans are receivable on demand in order to meet the liquidity requirements of the regulator. The balance was EUR 80.0 million at 31 December 2019 (2018: EUR 80.0 million). The loans are granted for cash management purposes and the interest rate is based on Euribor and a risk premium. The effective interest rate in 2019 was 0.4% (2018: 0.4%). The fair value of the receivables approximates the carrying amount due to their short-term character.

15 Other receivables

Other receivables can be specified as follows:

EUR x million	**2019**	**2018**
Accrued fees	18.3	14.1
Accrued client fees	3.2	3.0
Prepaid expenses	0.7	2.4
Current tax receivable	0.1	0.1
Other	2.5	1.9
Total other receivables	**24.8**	**21.5**

Accrued fees mainly consist of accruals for management fees, performance fees and other fees. All outstanding amounts are expected to be received within 12 months. Following the actual invoicing to clients, the management fee related costs are netted with the management fee. The fair value of the receivables approximates the carrying amount due to their short-term nature.

16 Cash and cash equivalents

Cash and cash equivalents consist of immediately available credit balances at banks.

17 Equity

At 31 December 2019, the Company's placed and paid in full share capital amounted to EUR 41 thousand (90 ordinary shares).

EUR x million	Issued capital	Share premium	Other reserves	Result financial year	Total
At 1 January 2019	**0.1**	**31.5**	**74.7**	**87.5**	**193.8**
Result 2018	-	-	87.5	-87.5	-
Dividend distribution	-	-	-66.0	-	-66.0
Rounding*	-	-	-0.1	-	-0.1
Add: result 2019	-	-	-	66.1	66.1
At 31 December 2019	**0.1**	**31.5**	**96.1**	**66.1**	**193.8**

*All amounts are rounded to the nearest tenth of a million, the remaining difference is presented under rounding.

EUR x million	Issued capital	Share premium	Other reserves	Result financial year	Total
At 1 January 2018	**0.1**	**31.5**	**74.6**	**78.5**	**184.7**
Result 2017	-	-	78.5	-78.5	-
Dividend distribution	-	-	-78.5	-	-78.5
Rounding*	-	-	0.1	-	0.1
Add: result 2018	-	-	-	87.5	87.5
At 31 December 2018	**0.1**	**31.5**	**74.7**	**87.5**	**193.8**

*All amounts are rounded to the nearest tenth of a million, the remaining difference is presented under rounding.

The Company reports to the DNB on a quarterly basis the FINREP and COREP reports as required by CRD IV rules. The most recent reporting was done as of 31 December 2019. All capital requirements were met.

18 Provisions

Movements in provisions were as follows:

EUR x million	Possible loss of income	Restructuring	Total
Cost at 1 January 2019	**1.6**	**10.3**	**11.9**
Additions	-	1.0	1.0
Usage	-	-5.3	-5.3
Release	-	-	-
Net carrying amount at 31 December 2019	**1.6**	**6.0**	**7.6**

The provision for restructuring pertains to a plan to outsource backoffice operations to a third party. This plan, which was formalized in 2017 is expected to last until mid-2020. The provision covers the estimated costs for outplacement and redundancy based on existing social plan terms and conditions; contract termination fees related to service providers and other unavoidable expenses irrevocably related to the restructuring.

Approximately EUR 3.2 million of the restructuring provision is due within one year. The remaining EUR 2.8 million is expected to be due in 2021.

In 2016 the Company has recorded a provision of EUR 1.6 million for an estimated loss of income. It is expected that the period of uncertainty is between one to five years. As per 31 December 2019 no amounts were used.

19 Employee benefits

Employee benefits consists of deferred incentives of personnel employed by the Company. We refer to Note 21 Other liabilities for the current portion of the Employee benefits.

20 Liabilities to group companies

This item relates to current accounts with Robeco Group companies, which are settled periodically.

21 Other liabilities

Other current liabilities can be specified as follows:

EUR x million	**2019**	**2018**
Distribution costs, subadvisory costs and other accrued liabilities	30.4	32.6
Employee benefits	6.6	8.0
Current tax liabilities	1.2	2.0
Social security cost, wage tax and sales tax payable	0.4	0.2
Other liabilities	1.4	1.8
Total other liabilities	**40.0**	**44.6**

All outstanding liabilities are expected to be paid within 12 months. The fair value of the current liabilities approximates the book value due to their short-term character. Other liabilities include mainly creditors.

Other non-current liabilities relates to an amount of EUR 0.9 million, with a remaining term between 1 and 12 years.

22 Contingent assets and liabilities

The amount of accrued carried interest, which is not yet distributed by the Investee Funds, is to be marked as a contingent asset of EUR 5.3 million as per 31 December 2019 (as per 31 December 2018: EUR 6.0 million). The final amount of the carried interest to be distributed by the Investee Funds may be significantly different from the amount earlier marked as contingent assets.

In a few recent judgments, the Brussels Court of Appeal confirms the previous case law of the Court of First Instance that Belgium is not entitled to levy Belgian subscription tax under the double tax treaties with the Netherlands and Luxembourg. The Belgian state has recently appealed to the Belgian High Court. If the Belgian High Court rules in favor of Robeco, the Company is entitled to receive this disputed Belgian tax amounting to EUR 0.6 million (excluding interest). Given the uncertain outcome of the legal proceedings this is marked as a contingent asset.

The Company acts as guarantor for fulfilling the obligations of Stichting Effectengiro RAM (SER) relating to the obligations to account holders regarding Dutch funds. At 31 December 2019, SER has an obligation to clients of EUR 1.7 billion (2018: EUR 1.0 billion). In the same amount SER has receivables on the funds composed of deposited securities.

The Company has issued a guarantee in which the Company commits itself to fulfill the obligations of Stichting Robeco Funds towards their clients. As per 31 December 2019, Stichting Robeco Funds has cash in the amount of EUR 1.2 million (2018: EUR 0.8 million) that relate to items to be settled in the short term.

Recently, the company has been informed that the AFM intends to impose certain remediation measures with respect to our compliance framework regarding customer due diligence, anti-money laundering and related requirements, and that the AFM intends to impose an order in this respect. The impact is not yet known. However management does not consider the cash outflow, if any, to be material.

In consideration of the Monetary Authority of Singapore granting a license to Robeco Singapore Private Limited, the Company has confirmed that it accepts full responsibility for all operations of Robeco Singapore and ensures that Robeco Singapore maintains sound liquidity and a sound financial position at all times.

The Company has commitments regarding IT-related contracts of EUR 0.1 million (2018: EUR 0.1 million). These commitments have remaining terms of between 1 and 2 years.

The Company has irrevocable credit facilities related to guarantees of EUR 0.1 million (2018: EUR 0.1 million).

The Company is part of a tax group headed by ORIX Corporation Europe N.V. and is jointly and severally responsible for the resulting tax liability, as are the other companies that are part of the tax group.

23 Financial risk management objectives and policies

The Company is exposed to several financial risk types which are detailed in this paragraph. For these risk types policies and, where relevant, limits are in place which are subject to approval by the Enterprise Risk Management Committee (ERMC) and endorsed by the Audit & Risk Committee. The financial risk types are discussed below. The Company is not directly exposed to financial risks in client portfolios.

Credit risk

Credit risk is defined as the risk that counterparties cannot fulfil their contractual obligations. A policy is in place prescribing counterparty exposure limits and the careful selection and monitoring of financial counterparties.

As the Company manages assets on behalf of clients and funds and management fees are typically charged to and paid from the underlying funds managed by the Company, there is a very low credit risk of default on management fees and other third parties' revenues and related trade receivables, who do not have a history of non-performance.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A-' are accepted. In case eligible counterparties are not available in certain countries ERMC approves these counterparties on an individual basis, with a maximum exposure threshold.

The company also has loans and current account positions with related parties, group companies and the direct parent company.

Liquidity risk

Liquidity risk is defined as the risk to the Company's earnings or capital arising from its inability to meet its financial obligations as they fall due, without incurring significant costs or losses. Liquidity risk arises from the general funding of the Company's activities and in the management of its assets and liabilities. The Company maintains sufficient liquidity to fund its day-to-day operations. Hence, liquidity is managed in a manner that addresses known as well as unanticipated cash funding needs. The liquidity of the Company is monitored by the Finance function on a regular basis, so that cash positions can be optimized when necessary. Cash and cash equivalents balances are reported to ERMC on a regular basis.

Market risk

Market risk is defined as the potential change in the market value of its financial position due to adverse movements in financial market variables. The Company is exposed to the impact of fluctuations in the prevailing foreign currency rates on its financial positions and cash flows. The Company's exposure relates primarily to the revenue to be received and expenses to be paid denominated in foreign currency. At group, limits are set and monitored on the level of exposure by currency and in total. Next to currency risk the Company is exposed to interest rate risk on its cash position and on the current account loan granted to Robeco Holding B.V. The interests received on the bank accounts and the current account loans are based on market rates. The Company does not conclude on derivatives for the incurred interest rate risk.

24 Related parties

ORIX Corporation and entities under common control of ORIX Corporation Europe N.V. form a related party. During 2019, similar to previous year, there were no operational transactions with ORIX Corporation, outside Robeco Group.

Robeco Group companies are identified as related parties. All transactions and balances with Robeco Group companies are included in the notes to the income statement and the notes to the balance sheet. Transactions are performed at arms' length.

Stichting Robeco Pensioenfonds also is a related party. The client relationship consists of mandate investments and/or direct investments in retail and institutional funds. The fees for these activities are in line with market rates.

In addition to the mentioned companies, the statutory directors can be identified as related parties. The remuneration of the managing and supervisory directors is included in note 25 and 26.

Besides the services of other market parties, the Company also uses the services of several related parties to treasury and custody. Transactions are executed at market rates.

The Company has granted current account loans to its parent, Robeco Holding B.V. and a non-current loan to Stichting Robeco Funds and Stichting Effectengiro RAM.

The Company has not created a provision for doubtful debts relating to amounts owed by related parties (2018: EUR nil), because the risks involved are not considered to be material.

25 Remuneration of statutory directors

The members of the Executive Committee, who are also statutory directors are not entitled to salaries and benefits from the Company, as the members are employed by Robeco Nederland B.V., which is indirect part of ORIX Corporation Europe N.V. The applicable remuneration recharged by Robeco Nederland B.V. and recognized as an expense during the reporting period, was as follows:

(EUR x thousand)	**2019**	**2018**
Base salary [1]	2,006	2,055
Variable remuneration (short- and long-term components)	2,509	2,998
Pension costs and other costs [2]	572	1,711
Total	**5,087**	**6,764**

1 Includes vacation allowance.
2 Includes severance payments, social-security costs, social allowance, mortgage suppletion, car lease and other allowances.

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, are charged in the financial year to the Company. The remuneration costs are included in Administrative expenses and relate to current and former statutory directors.

The statutory directors of RIAM B.V. are solely and fully dedicated to serve the Company.

26 Remuneration of members of the Supervisory Board

The total remuneration for the members of the Supervisory Board amounted to EUR 0.4 million (2018: EUR 0.4 million). The remuneration costs are included in Administrative expenses.

27 Subsequent events

Robeco Institutional Asset Management B.V. considers the COVID-19 (Corona) pandemic as a significant event after closing the Annual Report 2019. As the business of the Company is strongly interrelated with international financial markets through the assets under management, this will have a significant impact on the financial performance of the Company. The revenue of the Company in the form of management fees are highly dependent on the level of assets under management while costs are partly invariable. The impact of the pandemic on people, companies and the economy at large cannot be assessed in full depth at this stage. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, clients, suppliers and all other relevant stakeholders. As the financial markets remain highly volatile at the moment of finalizing the 2019 financial statements it is impossible to estimate the impact with sufficient accuracy and reliability at this time. However, the impact will most likely have a downward effect on profitability.
Based on our current knowledge, our available capital reserves and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

Proposed profit appropriation

The Executive Committee, with consent of the Supervisory Board, proposes to distribute EUR 33.0 million of the result for the year as dividend.

The Company meets the requirements according to the distribution and balance sheet test as referred to in Section 2:216 of the Netherlands Civil Code.

Rotterdam, 22 April 2020

The Executive Committee:

Gilbert Van Hassel
Karin van Baardwijk
Lia Belilos-Wessels
Peter Ferket
Mark den Hollander
Martin Nijkamp
Christoph von Reiche
Victor Verberk

Supervisory Board:

Sonja Barendregt - Roojers
Mark Talbot
Radboud Vlaar

Other information

Articles of Association rules regarding profit appropriation

According to article 4.1 of the Articles of Association, the profit shown in the financial statements will be at the disposal of the General Meeting of Shareholders.

Branches

The Company has the following branches:

Branch	Country
Robeco Dubai	United Arab Emirates
Robeco Germany	Germany
Robeco Italy	Italy
Robeco Spain	Spain
Robeco United Kingdom	United Kingdom

Independent auditor's report

To: the General Meeting and the Supervisory Board of Robeco Institutional Asset Management B.V.

Report on the accompanying company financial statements

Our opinion

We have audited the company financial statements 2019 of Robeco Institutional Asset Management B.V., based in Rotterdam.

In our opinion the accompanying company financial statements give a true and fair view of the financial position of Robeco Institutional Asset Management B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements comprise:

1. the income statements for 2019;
2. the balance sheet as at 31 December 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the company financial statements' section of our report.

We are independent of Robeco Institutional Asset Management B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Report on the other information included in the annual report

In addition to the company financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- General information;
- the Report of the Executive Committee;
- the Report of the Supervisory Board;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the company financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the company financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the company financial statements.

The Executive Committee is responsible for the preparation of the other information, including the annual report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the company financial statements

Responsibilities of the Executive Committee and the Supervisory Board for the company financial statements

The Executive Committee is responsible for the preparation and fair presentation of the company financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Committee is responsible for such internal control as the Executive Committee determines is necessary to enable the preparation of the company financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the company financial statements, the Executive Committee is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Committee should prepare the company financial statements using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Committee should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the company financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the company financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the company financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the company financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the company financial statements, including the disclosures; and
- evaluating whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 24 April 2020

KPMG Accountants N.V.

G.J. Hoeve RA