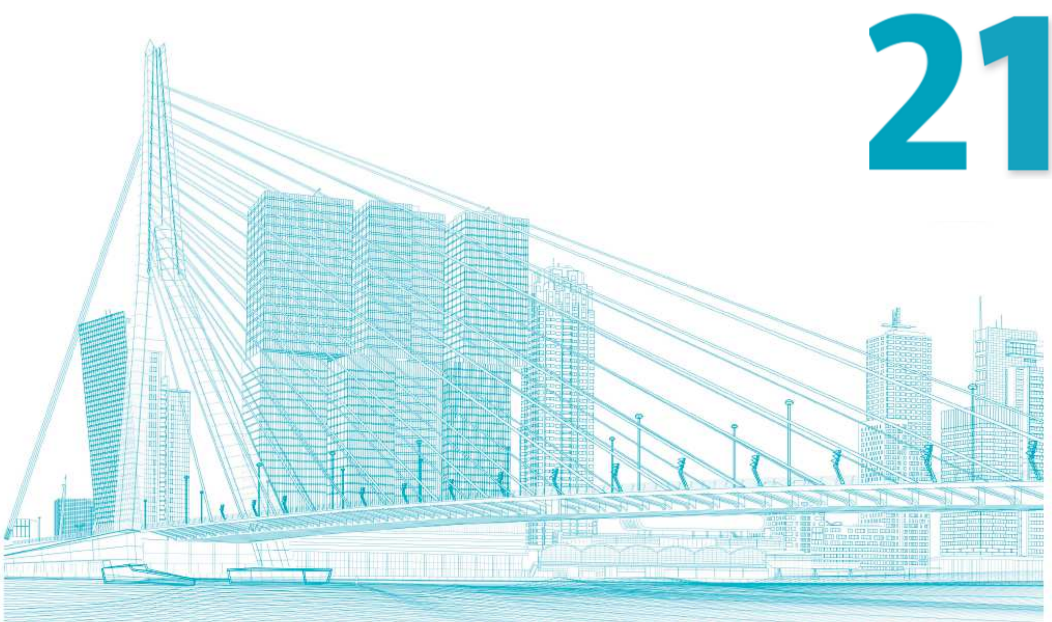
Robeco Institutional Asset Management B.V.



Annual Report

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General information

Management Board ('MB')
K. (Karin) van Baardwijk (Deputy CEO until 31 December 2021, CEO since 1 January 2022)
M.C.W. (Mark) den Hollander
G.O.J.M. (Gilbert) Van Hassel (CEO, until 31 December 2021)

Executive Committee ('ExCo')
K. (Karin) van Baardwijk (Deputy CEO until 31 December 2021, CEO since 1 January 2022)
I.R.M. (Ivo) Frielink (since 1 March 2022)
M.C.W. (Mark) den Hollander
M.F. (Mark) van der Kroft
V. (Victor) Verberk
A.J.M. (Lia) Belilos – Wessels (until 31 January 2022)
M.O. (Martin) Nijkamp (until 31 December 2021)
H-Ch.(Christoph) von Reiche (until 31 March 2022)
G.O.J.M. (Gilbert) Van Hassel (CEO, until 31 December 2021)

Supervisory Board
M.F. (Maarten) Slendebroek (Chair)
S. (Sonja) Barendregt – Roojers (Vice Chair)
S.H. (Stanley) Koyanagi
M.A.A.C. (Mark) Talbot
R.R.L. (Radboud) Vlaar

More information can be found on the website www.robeco.com.

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Rotterdam Chamber of Commerce number 24123167

Report of the Management Board

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 2021 along with the report of the Management Board.

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 in the Netherlands and France (and as director in case the funds are in the form of Dutch legal entities), and for its Luxembourg-based investment funds from 1 January 2021. It 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 (3). Total client assets[2] (assets managed, sub-advised or distributed by the Company) amounted to approximately EUR 200.7 billion as at 31 December 2021 (EUR 173.5[3] billion on 31 December 2020).

Corporate governance
The Company has a two-tier board consisting of a Management Board and a Supervisory Board. In addition, an Executive Committee ('ExCo') is in place to assist the Management Board in the exercise of its day-to-day management of the Company.

Management Board
The Management Board is the Company's statutory managing board and is entrusted with the management of the Company. The Management Board is ultimately responsible for setting the strategy, objectives and overall direction, and overseeing and monitoring management decision-making. The Management Board directs the Company. The members of the Management Board are appointed by the General Meeting of the Company. 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'*). Finally, the Works Council provides its advice on the appointment of members of the Management Board.

On 31 December 2021 the Management Board consisted of Gilbert Van Hassel (CEO), Karin van Baardwijk (COO) and Mark den Hollander (CFRO).

In October 2021 Gilbert Van Hassel announced that he would step down as member of the Management Board and CEO of the Company as of 1 January 2022. We thank Gilbert Van Hassel for his valuable contribution to the Company in the past five years and for his focused and successful leadership. Karin van Baardwijk has succeeded him as CEO as of 1 January 2022.
On 31 March 2022, Robeco has announced the appointment of Marcel Prins as Chief Operating Officer, effective as of 1 June 2022. Marcel Prins will join the Management Board and Executive Committee.

Executive Committee
The Articles of Association of the Company provide that the Management Board may establish an Executive Committee ('ExCo'), consisting of all members of the Management Board and one or more other members to support the Management Board in performing its tasks. Certain key officers (Senior Executives) have been

[1] Undertaking for Collective Investment in Transferable Securities
[2] Related to all Robeco entities
[3] The 2020 amount has been restated with EUR -2.5 billion to provide like-for-like numbers.

appointed to support the Management Board in the exercise of its duties and responsibilities, and to perform the day-to-day management of the Company together with the Management Board.
Senior Executives are appointed, dismissed and suspended by the Management Board upon proposal by the CEO. The Supervisory Board, advised by the Nomination & Remuneration Committee, approves such appointment, dismissal or suspension. The appointment of Senior Executives also needs prior approval from the AFM, because a member of the ExCo is considered to be a daily policymaker of Robeco.

On 31 December 2021, the ExCo consisted of the members of the Management Board and the following Senior Executives: Lia Belilos-Wessels (Chief Human Resources Officer), Mark van der Kroft (CIO Fundamental and Quant Equity), Martin Nijkamp (Head of Strategic Product & Business Development), Christoph von Reiche (Head of Global Distribution & Marketing) and Victor Verberk (CIO Fixed Income and Sustainability).

In December 2021 it was announced that Lia Belilos and Martin Nijkamp would leave Robeco as per 1 February 2022 and 1 January 2022 respectively, Christophe von Reiche left Robeco as per 1 April 2022. We thank all three of them for their commitment and contributions to the Company. As per 1 March 2022, Ivo Frielink succeeded Martin Nijkamp. Effective as of 1 June 2022 Marcel Prins will be appointed as Chief Operating Officer. The process for succession of Lia Belilos and Christoph von Reiche is currently ongoing.

The ExCo has five sub-committees with the following responsibilities:
- the Product Approval Committee;
- the Enterprise Risk Management Committee;
- the Sustainability and Impact Strategy Committee;
- the Pricing Committee; and
- the Customer Committee.

Please refer to the section 'Risk Management' for a description of the abovementioned Executive Committee sub-committees.

Supervisory Board
As the so-called 'moderate version' of the 'Large Company Scheme' (*Structuurregime*, Article 2:265 of the Dutch Civil Code) applies to the Company, and also with a wider view to ensure strong governance, a Supervisory Board has been established.

The Supervisory Board is responsible for supervising the duties with respect to the general affairs of the Company and its business as executed by the Management Board and the ExCo. The Supervisory Board advises both the Management Board and the ExCo, taking into account the dynamics and the relationship between the ExCo and the Management Board and their members while preserving the respective statutory tasks and responsibilities in compliance with applicable law and regulations, the articles of association and the applicable rules of procedure. In carrying out its duties, the Supervisory Board shall be guided by the interests of the Company, its group companies and their connected businesses. The Supervisory Board shall take into account the relevant interests of all relevant stakeholders.

The Supervisory Board has two sub-committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. The tasks and responsibilities of the committees are laid down in their respective rules of procedure. The role of the committees is to advise and prepare decisions to be taken by the Supervisory Board and carry out responsibilities that are delegated to them by the Supervisory Board.

The Audit & Risk Committee ('A&RC') supervises 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 Risk Management, Compliance, Internal Audit, Legal Affairs, Business Control & Finance and the external auditor and on updates from the business.

The Nomination & Remuneration Committee supervises Robeco's remuneration policy and the implementation thereof, as well as succession planning of its Management Board, Executive Committee and Supervisory Board. Furthermore, in furtherance to Robeco's Remuneration Policy and articles of associations, the Nomination & Remuneration Committee advises the Supervisory Board on the remuneration of the Management Board, as well as the approval of the yearly variable remuneration pool, the remuneration of members of the Executive Committee not being statutory directors, Heads of Control Functions and employees in excess of EUR 500,000, the awarding of a variable remuneration in excess of 200% of a total fixed income and the KPI setting of Executive Committee members and Heads of Control functions.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders upon nomination by the Supervisory Board. 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. She was re-appointed for a new period of 4 years until 1 April 2026. The appointment of members of the Supervisory Board also needs prior approval from the
AFM. On 31 December 2021, the Supervisory Board consisted of Maarten Slendebroek (Chairman), Sonja Barendregt-Roojers (Vice-Chair), Stan Koyanagi, Mark Talbot and Radboud Vlaar.

The Supervisory Board meets at least four times per year, normally once per quarter, and furthermore whenever the Chairperson calls a meeting or one or more of the Supervisory Directors so request. The Supervisory Board and the Executive Committee shall have regular interaction, which can take place between all members or, if desired, between the chairperson of the Supervisory Board, the CEO and the relevant member of the Executive Committee responsible for the specific topics or matters concerned. In 2021 all members of the Executive Committee were invited to attend the regular meetings of the Supervisory Board.

The governance principles of the Company and its corporate bodies are laid down in its Articles of Association, Supervisory Board Rules of Procedure, Management Board and Executive Committee Rules of Procedure, and in the Charters of the Supervisory Board committees: the Audit & Risk Committee and the Nomination & Remuneration Committee.

Corporate structure
The Company is incorporated under Dutch law and has its corporate seat in Rotterdam, the Netherlands. Robeco Holding B.V. holds 100% of the shares of the Company and also holds 100% of the shares in Robeco Nederland B.V., the Dutch central service company of Robeco and other operating entities that are part of the Robeco group.

Robeco Nederland B.V. is the formal employer of almost all of the Company's staff based in the Netherlands, who are provided to the Company by Robeco Nederland B.V. on the basis of an intercompany service agreement.

ORIX Corporation in Japan is the sole shareholder of ORIX Corporation Europe N.V., the domestic parent company of Robeco Holding B.V.

As of 1 March 2022 a new governance structure was introduced for Robeco Holding B.V. The key features of the new governance structure are: (i) the introduction of a supervisory board and executive committee for Robeco Holding B.V., (ii) a personal union between respectively the members of the Management Board, ExCo and Supervisory Board of the Company and Robeco Holding B.V., (iii) new procedures addressing the conflict of interest concerns arising in the current governance structure when certain shareholder rights of Robeco Holding B.V. in relation to the Company are exercised (including the appointment of members of the Management Board and Supervisory Board) and (iv) the introduction of certain instruction matters for ORIX Corporation Europe N.V.

In 2020, Robeco decided to merge Robeco Luxembourg S.A. into Robeco Institutional Asset Management B.V., which took effect as of 1 January 2021. As of that date, the responsibilities for managing and overseeing

Robeco's Luxembourg domiciled funds were transferred to the Netherlands. No change to the services provided to Robeco's investors as a result of the legal merger. The merger is accounted for using the carry-over method. As a result of this transaction, RIAM's equity has increased with EUR 12.9 million, as well the operational result before tax has increased. The legal merger of Robeco Luxembourg S.A. as of 1 January 2021 simplified Robeco's organizational and regulatory structure.

Strategy

In early 2021 Robeco announced its strategy for the period 2021-2025, building on the foundations laid in the previous strategic period (2017-2021). During this time, Robeco expanded its global position in sustainable investing ('SI'), expanded its global presence, grew its assets under management and increased its revenues from net new money growth.

Robeco's Strategy 2021-2025 combines organic and non-organic growth. It aims to expand its distribution and asset base in markets with potential for significant growth, and it will also be exploring potential acquisitions in selected product and skill areas. Robeco has partnered with large financial institutions to launch several investment strategies. In July 2021 Robeco and Quintet Private Bank partnered to launch one of Europe's first USD green bond strategies and in September it launched the RobecoSAM Global SDG Engagement Equities fund, developed in partnership with UBS Global Wealth Management.

The Company's intellectual property is unique and forms the foundation for its world-class investment capabilities. In the coming years, Robeco will continue to build on its position in SI, and aims to accelerate its growth in this area as well as in its other key strengths: Quant, Credits, Trends & Thematic, and Emerging Markets. In addition, Robeco has identified key areas in which it aims to develop further, including Private Debt, Multi-Asset and Next Generation Quant. The latter involves, for example, further investing in artificial intelligence and machine learning.

Robeco has continued to invest significantly across teams and domains to increase its SI capacity. In August 2021 it announced it had expanded its SI Research team, followed by the appointment of several investment professionals for its Thematic investment teams in during the second half of 2021. In October 2021, Robeco announced its interim targets and strategy to reach net zero emissions by 2050 (see Sustainable Investing and Corporate Social Responsibility.) Also in 2021, we launched our SI Strategy 2021-2025. Our ambition is to be the client's first call when starting their sustainable investing journey. Our strategy is to maximize profitable sustainable assets under management, creating positive real-world impact.

In terms of distribution activities, the aim is to maintain the current growth trajectory in the countries, regions and market segments where the Company has a presence. In addition, we will strive to accelerate its growth in two of the largest wholesale markets in EMEA: Germany and Italy. Broadening its client base via the insurance market with a focus on Europe and Asia is also one of the cornerstones of Robeco's strategy for 2021-2025. It will also focus on strengthening its presence in China, where its wholly-foreign-owned enterprise (WFOE), Robeco Private Fund Management (Shanghai) Co., LTD, was granted a Private Fund Management (PFM) license by the Asset Management Association of China (AMAC) on 27 September 2021. Furthermore, Robeco announced ambitious plans in July 2021 to scale its business in Singapore and advance environmental, social and governance (ESG) capabilities in Asia. This includes expanding its range of sustainable strategies available to investors in the region and strengthening the investment team in Singapore with new hires.

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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. In 2021, Robeco issued its roadmap to net zero emissions by 2050, reducing the carbon footprint of our investments and operations by an average of 7% year on year. This is in line with what science indicates is required for keeping the global temperature rise to 1.5˚C.

Robeco is committed to achieving net zero greenhouse gas emissions across all its assets under management by 2050. Our decarbonization targets[4] are -30% by 2025 and -50% by 2030, both relative to 2019. This means that we will follow a trajectory of 7% decarbonization year on year for aligning our investments with the goals of the Paris Agreement. We will leverage our influence as investors to accelerate climate action by companies and countries. We will also collaborate with clients, peers, standard setters and relevant stakeholders in the industry to accelerate net zero investing. As part of our sustainable investing approach, Robeco aims to contribute to the Sustainable Development Goals (SDGs) and we are convinced that we can create socioeconomic benefits in addition to competitive financial returns. We have developed our own SDG Framework which enables us to define to what extent a company has a positive or negative impact on the goals, thus informing our investment decisions. 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. Robeco's fossil fuel exclusion policy excludes companies involved in thermal coal, Arctic drilling and oil sands, subject to certain revenue thresholds. In 2021, the criterion of no new coal power plants was added to the exclusion policy.

Sustainable investing in figures (year end 2021)		
Assets in Sustainability Inside	EUR	153.7 billion
Assets in Sustainability Focus	EUR	19.8 billion
Assets for Impact Investing	EUR	21.8 billion
Assets 'under engagement [5]	EUR	388.6 billion
Assets 'under voting' [6]	EUR	154.0 billion

ESG integration into the investment process

In 2021, we continued to see a strong demand for sustainability solutions from clients, despite the challenging social and economic circumstances. We offer our clients a consistent sustainability approach across three ranges:

- Sustainability Inside: the majority of Robeco strategies fall into this category, which includes full ESG integration, proprietary research, exclusions, voting and engagement.
- Sustainability Focus: these strategies have more specific sustainability targets for ESG profiles , such as a lower carbon footprint than the benchmark.
- Impact investing: these strategies aim to make a measurable impact on society as well as deliver financial returns, such as by targeting the SDGs.

[4] The initial scope is the Robeco fund range, ~40% of total AuM. Our metric is carbon footprint (tons of CO2e per EUR invested), based on companies' scope 1 and 2 emissions. For further details refer to Robeco's roadmap to net zero emissions by 2050 - https://www.robeco.com/docm/docu-robeco-roadmap-to-net-zero.pdf

[5] A total of 270 engagement cases covering 26 different themes were handled in 2021.

[6] In 2021, Robeco voted at 7,723 shareholder meetings

All Robeco's investment activities comply with the United Nations Principles for Responsible Investing (PRI). In 2020[7], Robeco was awarded the highest possible score (A+) for all PRI modules of sustainable investing, the highest score for the majority of the modules assessed by PRI for the seventh year in a row.

At the end of 2021, ESG integration was applied to EUR 195.3 billion of Robeco's assets under management.

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. 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[8]. The process for enhanced engagement is a formal part of Robeco's exclusion policy. With the introduction of our net zero road map and targets at the end of 2021, a subset of 15 companies that are lagging in the climate transition, with a climate performance and strategy that is not aligned to net zero, have become subject to enhanced engagement with escalation steps.

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 and water. As part of our commitment to achieve net zero greenhouse gas emissions by 2050, we have set targets to reduce our operational emissions. We aim to achieve a 50% absolute reduction of our operational emissions by 2030 compared to 2019. Our interim target is a 35% reduction by 2025, which is somewhat faster than our overall trajectory of 7% annually. We have set a specific target to reduce our emissions from business travel (air transport and public transport), as it accounts for a significant portion of our operational carbon footprint. We target a 7% annual reduction per FTE, from 2021 to 2025, compared to 2019. In addition, Robeco offsets its operational carbon footprint on an annual basis by investing in carbon offsetting projects. Sustainability is also a consideration in Robeco's housing policy and is integrated in our purchasing decisions. We aim to minimize our waste and to recycle waste. 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:
- developing investment solutions to cater to the needs of clients, in a controlled process, ensuring compliance with laws and regulations and that the interest of clients always takes center stage;
- suitability of new and existing products and services for clients;
- developing and extending our SI leadership, maximizing wealth and well-being for our 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;

[7] 2021 PRI scores will be awarded with a delay because of changes to PRI's assessments and scoring methodology, and are expected mid 2022

[8] 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;
- 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 are an integral part of Robeco's investment strategies and important components of product development responsibilities. Robeco aims to further grow the offering and development of ESG-integrated[9] strategies, products and solutions, thus leveraging on the combined sustainability expertise within Robeco for the benefit of investors.

Sustainable Finance Disclosure Regulation

In 2021 Robeco committed substantial resources to prepare for the implementation of new legislation as part of the EU Sustainable Finance Action Plan. Key components are (i) the Sustainable Finance Disclosure Regulation (EU 2019/2088) ("SFDR"), introduced by the EU to combat greenwashing and make the sustainable investing landscape more transparent and easier to understand for investors, and (ii) the EU Taxonomy, which aims to create a common classification system for environmentally sustainable economic activities in order to create a level playing field across the European Union.

The measures in the context of the EU Sustainable Finance Action Plan are in response to the landmark signing of the Paris Agreement in December 2015, and the United Nations 2030 Agenda for Sustainable Development earlier in 2015, which created the Sustainable Development Goals.

In 2021 Robeco implemented SFDR Level 1 in which it is set out which sustainability related disclosures must be made for an investment product. Key milestones in this implementation included the classification of Robeco's funds and mandates and the update of Robeco's fund prospectuses to reflect the necessary disclosures required under SFDR and to include information on how each fund has been classified.

Pursuant to SFDR, as of 10 March 2021, a range of additional policies and disclosures at the level of Robeco itself were published on Robeco's website. This included a new sustainability risk integration and disclosure document setting out Robeco's approach to the integration of relevant sustainability risks in our investment strategies, client solutions and our organization. This includes investment analyses and decisions, risk management, product governance and client suitability assessment processes, as well as Robeco's governance of these processes.

Another statement made in this context was the Principal Adverse Impact Statement, published on Robeco's website in June 2021. The Principal Adverse Impact Statement was subsequently updated in December 2021.

Throughout 2021, the European Supervisory Authorities finalized their SFDR Regulatory Technical Standards ("RTS"), also referred to as Level 2 Regulation. While SFDR Level 1 set out the high-level requirements and expectations of the regulators, much of the detail and guidance as to how the regulation should be applied is included in the RTS.

After March 2021, the fund classifications and disclosures were again assessed, taking into account new insights, the concept of double materiality and the introduction of additional 'binding elements' for each strategy to further outline and clarify the sustainability approach used in each investment strategy. With this update, Robeco (i) further improved its disclosures made under SFDR Level 1, (ii) started to integrate the RTS requirements, which were clear from a regulatory perspective, and (iii) further improved the overall quality of its disclosures. The updated disclosures were published on 1 January 2022.

[9] ESG: Environmental, Social and Governance

The RTS will be bundled in a European Commission Delegated Act. In November 2021, the European Commission postponed the application of this Delegated Act to 1 January 2023.

Financial results

The operating result over the reporting period increased from EUR 99.7 million in 2020 to EUR 153.7 million, thanks to an increase in gross margin, partly offset by higher operating expenses. In 2021, financial markets continued to rise after the Covid crisis. The average Assets under Management of the Company were higher in 2021 compared to the prior period thanks to market appreciation and positive net client flows. Total client assets (assets managed, sub-advised or distributed by the Company) amounted to EUR 200.7 billion as at 31 December 2021 (EUR 173.5 billion as at 31 December 2020).

The Company's 2021 gross margin over the reporting period was EUR 510.5 million, EUR 134.9 million (36%) higher than in 2020 mainly due to higher average Assets under Management. Also performance fees are higher. The fees related to Robeco's Luxembourg-domiciled funds were directly received by the Company in 2021 because of the legal merger with Robeco Luxembourg S.A. at the start of 2021, where in previous years this fee was – based on the transfer pricing model – received net of fund-related expenses in Luxembourg, increasing gross margin in 2021.

Administrative expenses increased from EUR 227.6 million in 2020 to EUR 262.7 million in 2021 due to (amongst others) higher employee benefit costs and lower recharges to other Robeco entities.
Other expenses increased with EUR 39.4 million to EUR 70.8 million due to Luxembourg fund-related expenses that are accounted for in the Company since the legal merger with Robeco Luxembourg in 2021 and the addition of EUR 17.6 million to the other provisions.

The tax expense in 2021 was EUR 39.9 million (2020: EUR 25.1 million). In 2021 the effective tax rate was 26% (2020: 26%). The result after tax for the period was EUR 113.2 million, an increase of EUR 38.8 million (52%) compared to the previous year.

Management considers the financial position of the Company sound. During the financial period a dividend of EUR 74.4 million was distributed. Thanks to the net result 2021 of EUR 113.2 million, the effect on equity of EUR 12.9 million of the legal merger with Robeco Luxembourg S.A. and the dividend distribution, equity increased with EUR 51.7 million to an amount of EUR 286.9 million (31 December 2020: EUR 235.2 million). The available cash position at the end of the period is EUR 256.1 million. Both are sufficient to meet regulatory requirements.

The Company submits FINREP&COREP and IF reports to the Dutch Central Bank (De Nederlandsche Bank, 'DNB') on a quarterly basis as required by CRD IV rules, and did so most recently on 31 December 2021. Furthermore, the Company reports the information required by the Alternative Investment Fund Managers Directive ('AIFMD') to the AFM. The most recent reporting relates to 31 December 2021 and has been submitted to both DNB and AFM through one combined filing. All capital and liquidity requirements were met on these reporting dates and are met continuously.

On 26 June 2021 the new prudential regime for EU investment firms (IFD/IFR) came into effect. RIAM qualifies as a Class 2 investment firm under IFD/IFR, where the so-called K-factors are applicable. There is no impact on the capital requirements of the Company, since the AIFMD/UCITS Pillar I capital requirement is higher than the capital requirement under the IFR/IFD regime. Also other requirements of IFD/IFR are met such as the liquidity requirement.

Financial markets environment

In 2021, the global economic business cycle progressed from recovery to accelerating expansion. The latest IMF projections show global real GDP grew by 5.9% in 2021 compared to the 3.1% global real GDP contraction in 2020. The 'trilemma' challenging policymakers, i.e. solving the Covid health crisis, maintaining economic momentum, and safeguarding personal freedoms all at once, notably eased. Increased vaccination rates and the emergence of milder Covid variants towards the end of 2021 contributed to this easing. In addition, the sensitivity of economic activity to pandemic related restrictions declined, partly thanks to increased digitalization across sectors. Continuing fiscal and monetary policy support underpinned the upward growth trajectory in developed markets as well. Leading indicators in the US, like the ISM non-manufacturing index, hit all-time highs.

Yet the economic landscape in 2021 portrayed widely divergent recoveries. While advanced economies enjoyed above trend GDP growth, the global expansion became less synchronized. Emerging markets experienced a slowdown in the recovery pace on the back of local fiscal overreach, an early tightening cycle by central banks to address rampant domestic inflation, and a Chinese policy paradigm shift. The 'Common Prosperity' program launched by Chinese President Xi Jinping to boost productivity growth and tackle economic inequality, has produced a regulatory crackdown, leaving China's traditional growth engines (manufacturing, real estate, infrastructure and technology) sputtering. The restructuring of real estate giant Evergrande epitomizes this.

In addition to Covid, intensifying supply chain constraints and receding economic slack made inflation top of mind in 2021. With both cyclical and non-cyclical forces exerting upward pressure, the closely watched US core PCE inflation index reached the highest level in 30 years touching 4.9% in November 2021. Natural disasters like a historic flooding in Germany and Belgium show climate change is becoming more evident by the day. The COP26 climate summit in Glasgow in November 2021 delivered important pledges on halting deforestation, reducing methane emissions and phasing out coal to deliver on the Paris Agreement goal of limiting global warming to 1.5°C above pre-industrial levels.

Robeco statement on Ukraine
At Robeco we are deeply saddened by the situation in Ukraine. Our thoughts and hearts are with the innocent people affected by this human tragedy. While we don't have offices in Ukraine or Russia, we do employ people from these countries. We stand firmly with them and keep them in our thoughts during this devastating time. Russia has committed a violation of international law by invading a sovereign state which we condemn. We believe that this situation calls for restrictions that go beyond the current sanctions imposed by the EU and the US. Robeco cares deeply about the situation in Ukraine and the humanitarian impact. That's why we have donated to the International Red Cross to support the victims of this crisis.

Markets outlook
The global economy is confronted with yet another negative supply shock in the aftermath of the Covid shock. There are several key channels through which the conflict impacts the global economy. Rising commodity prices, worsening financial conditions and elevated policy uncertainty (sanctions regime, conflict escalation), negatively impact inflation, consumer confidence and real activity. Also in this respect it is near impossible to estimate the impact with sufficient accuracy given historically stretched volatility in real activity. Yet, the OECD Interim Report of March 2022 estimates suggests the impact of the conflict will shave of 1% of global GDP growth compared to OECD's prior estimates for 2022. This would amount to an earnings per share growth impact for the global MSCI AC World benchmark in the order of minus 2-6%.

Russia has transformed from a respected emerging market (EM) constituent to the pariah of global financial markets, thereby impacting the financial wealth of our clients. However, the humans affected by these geopolitical events ultimately bear the real costs.

These recent events remind us how important it is to focus on financial wealth as well as well-being when managing portfolios on behalf of our clients. Given the size of Russia in emerging and global indices and the objective of our portfolios to deliver high absolute or relative risk-adjusted returns, it means that having exposure to these stocks has been inevitable for most portfolios. Therefore, and this accounts for all emerging markets, when selecting stocks we always aim to integrate sustainability dimensions in the best way possible when searching for alpha opportunities. The sustainability integration made us aware risk premia should be high for Russian assets and therefore we often only had limited positions.

Trading in the Moscow stock exchange has partially resumed for 33 stocks of the 50 stocks with foreign investors forbidden to sell stocks until April 1st 2022. It is yet unclear whether there will be continued reluctance among brokers and custodians to facilitate trading and settlement.
Meanwhile, index providers MSCI and FTSE have confirmed the new treatment of Russia. MSCI Russia will be reclassified from 'emerging markets' status to 'standalone markets', effective after market close on 9 March 2022. FTSE Russia will be removed from all FTSE Russell Equity Indices, taking effect after market close on 4 March.

Ramped up sanctions against Russia have severely weakened the country's ability to meet its international financial obligations. According to the central bank of Russia total debt owed to foreigners stood at USD 490 bn at the end of September 2021. How much of this exposure will ultimately be wiped out remains uncertain. The drastic measures have prompted a widening of Russian credit default swaps to peak at 6954 basis points on March 14th 2022 and caused the ruble to tumble by more than 40%.

The EU has barred 7 Russian banks from SWIFT effective after 12 March 2022. For now, one area still carved out from sanctions is energy. Russia continues to export its gas to Europe and its oil globally – although the discount on Russian oil is increasing as some countries are banning the purchase of Russian barrels. As it is the single most important source of income into the state coffers, trade in energy remains a lifeline for the Russian government. Besides oil, Russia is also responsible for a significant portion of global production in a number of commodities given its resource-rich landmass. The war has therefore had an impact on the prices of soft and hard commodities, adding to upward pressure on inflation. The impact of sanctions on global supply chains is a further consideration for inflation.

Other commodity-rich EM countries stand to benefit from this unfortunate situation. South Africa, for example, could benefit given its exposure to gold and platinum-group metals. Certain Latin American countries could similarly benefit, given their resource base. Of course, the opposite is true for commodity-importing countries, who will be hurt by rising prices.

Indirect exposures to Russia are possible, for example via issuers that derive part of their revenues from Russian clients, through Russian companies with subsidiaries in other jurisdictions, or via market moves driven by the geopolitical situation. Portfolio managers and analysts continuously assess the impact of such indirect exposure on the qualitative and quantitative investment theses of such issuers.

Investment performance

Of all portfolios managed or sub-advised by the Company, 62%[10] (2020: 53%) outperformed compared to the relevant benchmark over a three-year period; and 61% (2020: 42%) outperformed over a one-year period. For detailed information, please refer to the annual reports of the respective investment funds.

In 2021, equity markets in developed and emerging economies posted positive returns, with 63% of the equity portfolios outperforming their benchmark (2020: 34%). The percentage of outperforming equity portfolios over the past three years is 61% (42% in 2020).

Fixed income had a negative year in absolute terms for most markets relative returns however are positive for most strategies. At the Company level, 68% of fixed-income portfolios outperformed the benchmark over a three-year period (2020: 79%). Over a one-year period, this figure was 57% (2020: 59%).

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

[10] All returns are gross of fees.

is indicated and the Sharpe[11] 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)	16.7%	+ 10.7%
	Robeco BP Global Premium Equities (EUR)	31.4%	+ 0.4%
	Robeco BP US Large Cap (USD)	29.7%	+ 4.6%
	Robeco BP US Premium Equities (USD)	25.6%	+ 0.2%
	Robeco BP US Select Opportunities (USD)	27.5%	- 0.8%
	Robeco Chinese Equities (EUR)	- 10.0%	+ 4.1%
	Robeco Emerging Markets Equities (EUR)	6.3%	+ 1.4%
	Robeco Emerging Stars Equities (EUR)	9.7%	+ 4.8%
	Robeco Fin Tech Equities (EUR)	13.4%	- 14.1%
	Robeco Global Consumer Trends Equities (EUR)	10.7%	- 16.8%
	Robeco New World Financial Equities (EUR)	26.2%	- 7.6%
	Robeco QI Emerging Conservative Equities (EUR)	21.2%	+ 16.4% (Sharpe ratio 2.8 vs 0.5)
	Robeco QI Emerging Markets Active Equities (EUR)	15.6%	+ 10.8%
	Robeco QI European Conservative Equities (EUR)	24.6%	- 0.5% (Sharpe ratio 2.4 vs 2.6)
	Robeco QI Global Multi-Factor Equities (EUR)	33.1%	+ 5.6%
	Robeco QI Inst. Emerging Markets Enhanced Index Fund	10.4%	+ 5.5%
	Robeco QI Inst. Global Dev. Conservative Equities (EUR)	27.4%	- 3.6% (Sharpe ratio 2.8 vs 3.5)
	Robeco Sustainable European Stars Equities (EUR)	24.0%	- 1.2%
	Robeco Sustainable Global Stars Equities Fund (EUR)	30.9%	- 0.2%
	RobecoSAM Smart Energy Equities	29.1%	- 1.9%
	RobecoSAM Smart Materials Equities	26.6%	- 4.4%
	RobecoSAM Sustainable Water Equities	40.9%	+ 9.9%
	Rolinco (EUR)	22.1%	- 5.5%
Fixed income	Robeco All Strategy Euro Bonds (EUR)	- 2.5%	+ 0.3%
	Robeco Euro Credit Bonds (EUR)	- 0.5%	+ 0.5%
	Robeco Euro Government Bonds (EUR)	- 3.1%	+ 0.4%
	Robeco European High Yield Bonds (EUR)	3.1%	- 0.4%
	Robeco Financial Institutions Bonds (EUR)	1.3%	+ 0.8%
	Robeco Global Credits (EUR)	- 1.1%	+ 0.6%
	Robeco Global Total Return Bond Fund (EUR)	- 2.0%	+ 0.3%
	Robeco High Yield Bonds (EUR)	3.6%	- 0.6%
	Robeco QI Global Dynamic Duration (EUR)	- 3.6%	- 0.5%
	Robeco QI Global Multi-Factor Credits (EUR)	- 0.8%	+ 0.9%
	RobecoSAM SDG Credit Income (EUR)	0.5%	no official index
	RobecoSAM Euro SDG Credits (EUR)	- 0.9%	+ 0.1%
	RobecoSAM Global SDG Credits (EUR)	- 1.7%	0.0%
Multi-Asset	Robeco ONE Neutral (EUR)	11.9%	no official index

Staff

All Robeco staff active in the Netherlands are provided by Robeco Nederland B.V. by way of an intercompany service agreement. Thus, from a legal standpoint, the staff carrying out the Company's activities in the

[11] 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.

Netherlands is employed by Robeco Nederland B.V. In 2021, the average number of staff active on behalf of Robeco in the Netherlands was 654 (2020: 641). In addition, the Company also directly employs a number of staff that are active abroad at its international branch offices. In 2021, the average number of employees formally and directly employed by Robeco at the international branch offices of the Company was 55 (2020: 48).

Impact of Covid
The Covid pandemic continued to have an impact on society around the world in 2021. As in 2020, we made the health and safety of our employees our first priority in 2021. During the pandemic we realized that we could continue to run our business and work remotely using our homes as our office. Our people are equipped to work remotely and mostly appreciate the autonomy they have to decide on when and where to accomplish their work. Still, connectedness is essential in our business.

In 2021, we developed our 'New Way of Working' guidelines, providing guidance on flexible working during and after the pandemic, to be rolled out in 2022. Our policies, leadership style and IT need to foster an environment in which when and where to work is defined by the nature of the work as well as individual preferences of our employees and clients. Our office will become a place where employees focus on connecting, engaging and being energized by working together. This way of working will support vitality and staff work-life balance, and it will also help us to reduce our overall travel and improve our CO_2 footprint as a company.

Learning & Development
Committed and empowered employees are essential for the Company to achieve its long-term goals and adhere to its core values. In 2021 we continued with our existing programs and converted them to remote or hybrid versions. We also launched a new learning platform which makes online courses and training available to all employees globally. This platform provides more content in different languages for our offices around the world. It also enables the creation of online programs and courses, using our own materials and materials which are available via LinkedIn and other providers.

Part of our learning and development is a mandatory Compliance program for new joiners. It is vital that we continue to build a culture of integrity and compliance, and this course supports our aim. All our people are required to complete Compliance awareness training on a regular basis.

Sustainability is an integral part of Robeco's mission and strategy. We 'walk the talk' in our own business and daily work and have set up a Sustainable Investing Academy ('SI Academy'). This SI Academy serves two objectives: spreading knowledge, and facilitating education so that this enables Robeco employees to be a SI Ambassador. To spread knowledge, the SI Academy provides access for all employees to the most important internal information on Robeco's SI approach and expertise. By providing access to free online education programs covering diverse SI dimensions, the SI academy facilitates a broad spectrum of internal and external education.

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

Robeco's Diversity, Equity & Inclusion Committee (DE&I) is responsible for developing and evolving our overall strategy and policy for diversity and inclusion, working with colleagues worldwide to establish and balance appropriate priorities, and to facilitate the various diversity initiatives around Robeco. Our long-term ambition is to have a 50% gender balance in Robeco because we want to reflect the diversity of the world in which we work. We strive for gender pay equality at all levels in the organization.

RIAM Remuneration Policy

Introduction and scope

The remuneration policy of Robeco Institutional Asset Management BV (hereafter 'RIAM') as described below applies to all of the employees of RIAM. An integral review of the remuneration policy took place in 2021.

Goals of the Remuneration Policy

The RIAM Remuneration Policy has the following objectives:

- to stimulate employees to act in our clients' best interests and to prevent potential conduct of business and conflict of interest risks, adversely affecting the interests of clients;
- to support effective risk management and avoid employees taking undesirable risks, taking into account the internal risk management framework;
- to ensure a healthy corporate culture, focused on achieving sustainable results in accordance with the long-term objectives of RIAM, its clients and other stakeholders;
- to ensure consistency between the remuneration policy and environmental, social and governance risks and sustainable investment objectives by including these risks in the key performance indicators (KPIs) used for the determination of variable compensation of individual staff members;
- to provide for a market competitive remuneration to retain and attract talent.

Responsibility for and application of the policy

The RIAM Remuneration Policy is determined and applied by and on behalf of RIAM with the approval, where applicable, of the Supervisory Board with the advice of the Nomination & Remuneration Committee (a committee of the Supervisory Board) and, where applicable, the shareholders (Robeco Holding B.V. and ORIX Corporation Europe N.V.).

Where considered appropriate the Supervisory Board can request the advice of the Monitoring Committee[12] or individual Monitoring functions in exercising their responsibilities.

Fixed remuneration

Monthly fixed pay

Each individual employee's monthly fixed pay is determined based on their function and/or responsibility and experience according to the RIAM salary ranges and with reference to the benchmarks of the investment management industry in the relevant region. The fixed remuneration is sufficiently high to remunerate the professional services rendered, in line with the level of education, the degree of seniority, the level of expertise and skills required, job experience, the relevant business sector and region.

Temporary allowances

A temporary allowance may be granted in principle for a period of two years and can be extended, with annual evaluation. The purpose of such an allowance is to ensure market competitiveness, 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. Such allowances are solely function and/or responsibility based and are not related to the performance of the individual employee or RIAM as a whole.

Variable remuneration

A variable remuneration budget is established for all RIAM employees as a whole. The budget is set as a percentage of the pre-incentive EBIT of RIAM, determined from year to year. It requires the approval of the Supervisory Board after advice of the Nomination & Remuneration Committee. The variable remuneration pool is established based on the financial results and includes a risk assessment on the total actual variable remuneration pool. In such assessment both financial and non-financial risks are taken into account, consistent with the risk profile of RIAM, the applicable businesses and the underlying client portfolios.

[12] The Monitoring Committee consist of the Heads of Compliance, Legal, Operational Risk and Human Resources.

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 pre-determined financial and non-financial performance factors (KPIs). Poor performance or unethical or non-compliant behavior will reduce individual awards or can even result in no variable remuneration being awarded at all. Furthermore, the variable remuneration of all RIAM staff is appropriately balanced with the fixed remuneration.

The KPIs for investment professionals are mainly based on the risk-adjusted excess returns over one, three and five years. For sales professionals, the KPIs are mostly related to the net run rate revenue, and client relationship management. The KPIs should not encourage excessive risk-taking. Furthermore, sustainability KPIs are set to ensure decisions are taken in line with the sustainability risk considerations related to investment strategies and also facilitate the implementation of relevant ESG risk-related factors consistent with our sustainability risk policy. The KPIs for support professionals are mainly non-financial and role-specific. KPIs for Control Functions are predominantly (70% or more) function and/or responsibility specific and non-financial in nature. KPIs may not be based on the financial results of the part of the business they oversee in their monitoring role.
At least 50% of all employees' KPIs are non-financial.

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. These instruments are 'Robeco Cash Appreciation Rights' (R-CARs), the value of which reflects the financial results over a rolling eight-quarter period of all direct or indirect subsidiaries of RIAM and Robeco Holding B.V.

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

Severance payments
No severance is paid in case of voluntary resignation of the employee or in case of dismissal of the employee for seriously culpable behavior. Severance payments to daily policy makers as determined in the Wft are capped at 100% of fixed remuneration and no severance shall be paid to daily policy makers in case of dismissal due to a failure of the institution, e.g., in case of a request for state aid or if substantial sanctions are imposed by the regulator.

Additional rules for Identified Staff and Heads of Control Functions
The rules below apply to Heads of Control Functions (Compliance, Risk Management, Internal Audit) and Identified Staff. These rules apply in addition to the existing rules as set out above and will prevail in the event of inconsistencies. Identified Staff is defined as employees who can 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 monitoring functions other than 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 and Control Staff
The following rules apply to the fixed and variable remuneration of Monitoring and Control Staff:

- The fixed remuneration is sufficient to guarantee that Robeco can attract qualified and experienced staff.
- The business objectives of Monitoring and Control Staff are predominantly role-specific and non-financial.
- The financial business objectives are not based on the financial results of the part of the business that the employee covers in his or her 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 or Control Staff and Identified Staff.
- The remuneration of the Head of Compliance and the Head of Risk[13] 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 payment/redemption table below. The threshold of EUR 50,000 does not apply. In the occasional 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%)

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 non-permitted 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 are monitored by 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 his or her 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 non-permitted 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

[13] There are 3 Heads of Risk Management: Head of Operational Risk, Head of Financial Risk, Head of Investment Restrictions.

Ex-ante test at individual level – for Identified Staff
Individual variable remuneration for Identified Staff requires the approval of the Management Board, taking into account the advice of the Monitoring Committee. The variable remuneration of Identified staff being Executive Committee members or Head of a Control Function also requires the approval of the Supervisory Board advised by the Nomination & Remuneration Committee.

Shareholder approval
In accordance with our governance, the Supervisory Board, advised by the Nomination & Remuneration Committee as well as the shareholders (Robeco Holding B.V. and ORIX Europe Corporation N.V.) gives its approval on the remuneration of the members of the Management Board and high earners.

Annual audit
Internal Audit audits the Robeco Remuneration Policy annually, as well as verifying the implementation of possible amendments to it and that remuneration has been in compliance with the policy.

Remuneration figures

	*FTE **	*Headcount **	*Fixed remuneration in EUR million*	*Variable remuneration** in EUR million*	*Total in EUR million*
Current and former statutory directors	3	3	1.9	4.1	6.0
Other employees	726	754	74.7	44.0	118.7
Total	**729**	*757*	*76.6*	*48.1*	*124.7*

** Situation as at 31 December 2021*
*** Based on the awarded amounts*

In 2021, remuneration amounting to over EUR 1 million was awarded to a total of 8 employees, mainly working in the Sales domain and the Investments domain.
The above figures are disclosed on the basis of Article 1:120 of the 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 of risk management</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 is currently considered to be best practice.

The risk governance structure within Robeco is based on the Three Lines Model. The Three Lines Model helps Robeco to identify and define the responsibilities of key players in the risk governance structure and enable them to interact and achieve effective alignment, collaboration and accountability in realizing organizational objectives within the defined risk appetite. As such, all Robeco employees have a role in the risk governance with dedicated risk management and compliance responsibilities. The following lines are distinguished:

- First-line roles are the primary risk owners that identify, assess and manage risks in their day-to-day decision making in the provision of products and services.
- Second-line roles are represented by the Compliance and Risk Management departments, which develop and maintain the risk policies and frameworks that enable line management to take on their risk management responsibility. Furthermore, these departments monitor and report on risk and compliance activities within the first- and second-line roles as well as relevant developments to the ERMC.
- The Internal Audit function acts as the third line and provides independent assurance on internal control by means of various audits and reviews.

In addition, to ensure efficiency in decision making, a cross-functional committee structure is in place with the following five ExCo sub-committees that have an explicit ExCo mandate for decision-making on a particular task or area.

ExCo committee - Enterprise Risk Management Committee
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, outsourcing, crisis management and new products).

ExCo Committee - Sustainability and Impact Strategy Committee
The Sustainability and Impact Strategy Committee as an ExCo committee has the purpose to oversee, coordinate and drive sustainability matters from a company-wide perspective across Robeco. Sustainable investing is one of the key strategic pillars of Robeco's strategy. The implementation of sustainable investing is spread across the different investment teams at Robeco in Rotterdam, Hong Kong, and Zurich. Furthermore, it requires close collaboration with the specialist teams of Active Ownership and SI research, and relies on incorporation into sales & marketing, (strategic) product management, risk management and IT and data processes.

ExCo Committee - Product Approval Committee
The Robeco Product Approval Committee (PAC) is ultimately responsible for approval of new products, product changes (including liquidations), seed capital requests, product reviews, and other topics as included in the Product Quality Procedure. The PAC ensures that products are launched, continued, or discontinued in the best interest of clients and adhere to Robeco's corporate values. Each member of the PAC is responsible for representing the relevant domain as well as evaluating proposals in order to ensure they align with Robeco's strategic goals. The Head of Compliance functions to safeguard client interest.

ExCo Committee - Pricing Committee
The Pricing Committee ensures that attractive investment solutions and services are provided at prices appropriate to our clients while ensuring a sufficient profitable business and compliance with applicable laws and regulations. Furthermore, the Pricing Committee verifies whether pursuing specific new or amended business proposals fall within Robeco's strategic focus in terms of clients, investment strategies and services provided to clients. One last goal of the Pricing Committee is to create consistency and to align fees for similar business proposals between equivalent client segments.

ExCo Committee - Customer Committee
The Customer Committee is responsible for assessing the acceptability and continuation of a customer relationship from an integrity risk perspective. It provides a safeguard against accepting or continuing relationships with customers that do not fit within Robeco's integrity risk appetite or otherwise represent a threat to Robeco's reputation as a longstanding reputable financial institution. The Committee is mandated by the ExCo

to have explicit, coordinated and well-documented risk acceptance for customers, especially those with increased risk indicators. Within the context of applicable laws and regulations, the Committee takes the ultimate decision on the acceptance or rejection of the integrity risk exposure of each Customer.

Supervisory Board - Audit & Risk Committee
See the section 'Governance' for a description of the Audit & Risk Committee responsibilities, and the Report of the Supervisory Board for a description of its activities in 2021.

Risk and control
Robeco has developed a comprehensive control framework (the Robeco 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. The inability to meet the Company's sustainable commitment, underperformance of the Company's products or a dependence on a limited number of key products can all pose a strategic risk. The Company is able to address this risk sufficiently through its formal review and approval procedure for new products and business initiatives and by maintaining an adequately diversified product range. The Strategy 2021-2025 gives Robeco focus, but still ensures that a wide range of products and markets are targeted, guaranteeing sufficient diversity and attention for sustainability. The satiability risk governance framework ensures sufficient monitoring of the sustainability risk.

Organizational risk
Organizational risks consist of operational risk, HR risk, legal and compliance risk and fraud 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. The risk of internal fraud inherently exists within each department with employees. Mitigating measures have been implemented within the Company, such as segregation of duties between for example portfolio management, trading and mid- and back office. Such measures limit the actual risk of internal fraud. Although there is always the (inherent) risk of internal fraud from overriding or bypassing the internal controls, Robeco considers this a limited risk due to amongst other the organizational setup with a proper segregation of assets; no (fund) assets (e.g. equities and bonds) can be stolen, as these are held by the custodians who only act upon instructions following the agreed upon processes and authorizations. 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.

Robeco has a Code of Conduct which forms a basis of its Compliance Framework. This Code describes the behavior standards Robeco expects from its employees. All employees must sign the Code at onboarding; by signing the Code they commit to act in accordance with it. All employees sign for adherence to the Code of Conduct on an annual basis.

Furthermore, the number of regulations and supervisory body policies in the asset management industry[14] has been increasing since the global 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 such as the European Fund and Asset Management Association (EFAMA) and Dutch Fund and Asset Management Association (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. Robeco performs a Systematic Integrity Risk Assessment (SIRA) periodically in order to gain insight into the level of control over integrity risks, as integrity risk events may lead to financial loss, financial misstatement, and/or reputational damage. Robeco wants to ensure that it operates in a controlled way and wants to be demonstrably in control of its integrity risks. Having a strong reputation for integrity is crucial for Robeco to safeguard market confidence and public trust. In addition, the performance of the SIRA is a legal requirement.

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 and 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 limiting exposure to counterparties by 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 from 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 is 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. Sharply declining financial markets leads to lower income from management fees, which can reduce profitability. 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 of Robeco being 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, Audit & Risk Committee and Supervisory Board of the Company.

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

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.

Robeco has started a project to further enhance the robustness of its control environment, to improve its ability to demonstrate control over business risks and adherence to applicable laws and regulations. As part of this project, Robeco enhanced the design of its risk governance and -framework in 2021 and in the coming year we bring this into practice by, among others, renewing risk and control assessments for all key processes within the Company.

Specific attention: Covid crisis

The Covid pandemic has put markets in unchartered territory last years. Almost all countries put their societies a form of lockdown at some point in time. As a result, business activities and supply chains were – and in some cases are still – under pressure, causing (severe) economic impact.

This has presented Robeco with multiple challenges: we need to ensure that our employees work in a safe environment and meet local lockdown requirements. At the time of writing, most of our offices have fully opened from being (partially) closed, including our headquarters in Rotterdam. The (prior) working from home situation creates an inherent risk to the efficiency and effectiveness of processes, including processes that ensure that investment portfolios are managed in the best way to protect clients' interests. Also, the risk exists that our ability to raise AuM is impacted by risk appetite of clients, travel restrictions and social distancing in certain jurisdictions where restrictions still apply. Robeco has taken measures to ensure continuation of Robeco's processes and protect our clients' interests.

Specific attention: Russia-Ukraine conflict

International Sanctions

Every Robeco customer is continuously screened using an automated system on the basis of the applicable international sanction lists. These sanctions lists also include the most recent lists related to the Ukraine/Russia conflict. Every potential customer[15] of Robeco is entered into our AML/CDD16 monitoring system, Compliance Catalyst/RDC, when entering into the relationship. This system screens Robeco customers - among other things - for whether they appear on one or more international sanctions lists. When a customer has been entered and accepted, daily screening takes place on the basis of the then applicable international sanction lists. If there is a hit, the Robeco Know Your Customer Center will check whether there is an actual or a false hit. If there is an actual hit on the basis of a sanction list, the decision will be made together with the Robeco Compliance department to freeze the account of the customer concerned. This is reported to the Robeco Customer Committee.

The AuM exposure to Russian domiciled clients is insignificant[17]. The platform-distributors that have attracted this money have confirmed in writing to us that it has taken the necessary steps to comply with the recently imposed EU sanctions and continue to monitor the situation. The platform-distributors confirm that all appropriate measures have been taken as a result.

15 This includes Robeco Retail clients, please note that for Retail clients there is a client stop since February 2021.
16 Anti-Money Laundering and Customer Due Diligence
17 Based on the information available for the Company.

Operational Impact & Risks
Robeco has a wide range of IT-controls and procedures to cover the risk of cyber-attacks on its operations. Robeco confirms no cyber security incidents and all appropriate controls are in place.
Robeco's Cyber security analysis function assesses the actual threats for Robeco, including developments related to Russia and Ukraine. Based on our security monitoring we identify increased scans and attempts from external sources, but with no impact on our operations. Based on the analyses specific security events are monitored or investigated and additional security measures are implemented if needed. Robeco works closely together with other organizations to share information, e.g. via the FI-ISAC[18].

Impact on our funds and measures
For our funds we have decided to implement the following investment measures for now:

- Russian government bonds have been excluded from the investment universe. Robeco is currently not invested in Russian government bonds, however this step follows the criteria of Robeco's exclusion policy.
- Given the current circumstances, buying restrictions are placed on equities and corporate bonds that are majority owned by the Russian government. Similar restrictions have also been placed on other Russian equities and corporate bonds. This is in addition to the already applicable US and EU sanctions.
- The ESG analysis and its systematic integration into our overall country assessment and related investment process has helped us to identify the risks related to Russia and to take a cautious stance towards this country for quite some time. Russia has always had a rather weak ESG score (both in our Country Sustainability Ranking and in our SDG Country Assessment), it has further deteriorated over the past year as tensions have increased, reflected, among others, in declines in the scores for political risk and stability.
- The Robeco valuation committee has met several times. Fair value corrections have been made in accordance with the Robeco fair value policy and its procedures to protect existing shareholders. The committee has decided to decrease the valuation of 75 Russian equities listed in Russia, in the UK and in the US to near 0. The exposure to Russian corporate bond issuers are very limited. The decision follows the relevant trading halts and suspended markets.
- Large redemptions are monitored and reported by Financial Risk Management.
- We are in constant contact with DNB, AFM and CSSF to discuss the effects of the conflict.

We will continue to closely monitor developments, evaluate and adjust our investment approach if we deem necessary.

Outlook
In February 2021 Robeco announced its new strategy for the coming five-year period, 2021-2025, which aims to build on the success of our current trajectory and further focus on our key strengths: Sustainable Investing, Quant, Credits, Trends & Thematic and Emerging Markets. In addition, Robeco has identified key areas in which it aims to develop further, including Next Generation Quant. This involves, for example, further investing in artificial intelligence and machine learning. New areas of growth potential have been identified to support the acceleration achieved in our key distribution markets. We will aim to grow our penetration in the insurance market, and broaden our coverage of wholesale markets in targeted areas. Robeco will also establish an ambitious climate strategy, including a decarbonization trajectory and forward-looking indicators. Carbon objectives will be set for all our funds, aiming for an average of 7% reductions per annum, to help meet the 2050 net zero ambition. Our objective is to successfully steer the Company through the current challenges brought on by the global Covid pandemic, the Russia-Ukraine conflict, as well as the persistent market challenges facing the asset management industry.

As of 10 March 2021, all financial market participants in the EU must disclose the differing levels of sustainability integration and focus of each investment strategy that they offer, to comply with the Sustainable Finance Disclosure Regulation (SFDR). The SFDR is one of the key elements of the EU's Sustainable Finance Action Plan,

18 Financial Services Information Sharing and Analysis Center

which aims to create a more transparent playing field and prevent greenwashing by increasing the comparability between funds for end investors. By standardizing sustainability regulation and reporting, the plan aims to increase transparency in sustainable investing, and accelerate the transition to a low carbon economy. Robeco set up a workgroup to lead the company through this major regulatory initiative and at the end of 2021 almost 91% of our total managed assets (and 95% of our funds) were classified under the categories of Article 8 or 9.

At the beginning of 2020, the implementation started of Workday, a cloud-based software platform to oversee HR management, employee data, procurement, financial accounting, and expense management which would replace current HR and finance tooling. Implementation for HR applications was completed globally in early November 2020, followed by the implementation of all finance-related processes in the Netherlands and Switzerland in January 2021. Further roll-out to a number of other international offices took place in the course of 2021 with a few remaining international offices scheduled to implement the platform in the first half of 2022.

In 2020, the AFM issued an Order under Penalty ('Last onder dwangsom') to Robeco to undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers before 31 December 2021.
The work to undertake remedial measures commenced in 2020 and has continued throughout 2021. To ensure full compliance while ensuring our business model remains future proof, we decided in early 2021 to stop accepting new direct retail clients until further notice, in order to focus on our existing clients. As part of the improvements we have a new administrative setup, including a semi-automated process to identify customers, new client screening tools to identify money laundering and terrorist financing risks, and new customer due diligence process tooling.
We reached out to all our clients to re-identify themselves throughout 2021. This was a necessary measure, but we regret the inconvenience this has caused to our clients. We have fully completed all required improvements to our processes before 31 December 2021 except one improvement which, with the consent of the AFM , was completed in the first quarter of 2022. In January 2022, Robeco provided a report to the AFM describing all actions Robeco took to resolve all the issues as stated in the Order under Penalty. The AFM has not yet informed us that they accept all our improvements or any penalty has been forfeited.
In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. We have accepted both the order and the fine and we will not file an appeal. We regret that not all of our processes met the required standards, and we trust that we have made the necessary improvements to prevent recurrence. We would like to emphasize that none of the deficient processes were related to or had an impact on our asset investment operations or the investment results for our clients.

Robeco sees the ongoing Covid pandemic as a major event and the impact on people, companies and the economy worldwide has been significant. Despite the development of vaccines and an increasing vaccination rate the outlook of the global economy remains uncertain as new variants of the virus (such as the omicron in variant early December 2021) may impact the opening and closing of countries and business operations. Other elements with a potential negative impact on the opening of countries and markets are vaccine logistics and distribution worldwide, reduced effectiveness of the vaccines and public resistance to (mandatory) vaccination.

In 2020 and 2021 Robeco's staff were impacted by the pandemic and the related measures. Robeco decided in mid-March 2020 to let all staff (in the Netherlands) work from home. In returning to the office Robeco is following government policy. At the time of writing, most of our offices have fully opened from being (partially) closed, including our headquarters in Rotterdam.

Despite the difficult and challenging circumstances in this pandemic period Robeco managed to achieve in 2021 its best ever operating result. This has been a result of favorable financial markets, increasing fee income thanks to a shift to higher fee-generating equity capabilities, positive net client fees in higher fee-generating equity capabilities, and sound cost management.

Robeco Institutional Asset Management B.V. considers the Russia-Ukraine conflict as a significant event after closing the Annual Report 2021. As the business of the Company is strongly interrelated with international financial markets through the assets under management, the impact of the conflict will have a negative 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. Further, as the financial markets remain volatile at the moment of finalizing the 2021 financial statements, based on a number of scenarios we estimate that this will have more or less downward effect on profitability, but the most negative scenario still projects a healthy profit level for the company.

Given the still ongoing health crisis and the Russia-Ukraine conflict, it remains difficult to predict what the equity markets will do in 2022. Other industry developments will have impact on the future profitability of the Company such as ongoing fee pressure due to the rise of passive asset management, regulatory pressure and increasing competition among active managers. Furthermore, costs face upward pressure, partly because of increasing regulation affecting the industry, investments in new technology, new markets and products and a high demand for people/talent. Nevertheless, the Company is well positioned to face future market challenges. The Company's financial position in terms of equity and financial resources is sound, but we will keep monitoring the impact of the pandemic and the Russia-Ukraine conflict on our capital position carefully. For 2022 the Management Board anticipates a positive net result and operating cash flows.

The Management Board thanks all employees for their commitment and resilience in challenging times throughout the last two years.

Rotterdam, 21 April 2022

The Management Board

Report of the Supervisory Board

Meetings of the Supervisory Board

In 2021 the Supervisory Board met 13 times, mostly remotely due to Covid restrictions. The Audit & Risk Committee and the Nomination & Remuneration Committee met eight and ten times respectively. All regular Supervisory Board meetings were attended by all Supervisory Board members, with one exception. Furthermore, all members of the Executive Committee ('ExCo') and other guests attended the regular Supervisory Board meetings in 2021. The Supervisory Board also met in closed sessions, mostly without any of the ExCo members and sometimes without the Company Secretary.

At the meetings of the Supervisory Board and those of its committees, due consideration was given to developments in the financial markets, performance of products, and the financial results of the Company. Furthermore, the Supervisory Board discussed the new governance structure introduced for Robeco Holding B.V. and the Company (see Section 4 "Corporate Structure"), the succession of Gilbert Van Hassel as CEO (see Section 3 "Corporate Governance"), and the amended remuneration policy introduced in 2021. With regard to changes in rules and regulations, the Supervisory Board adheres to regulatory control and ensures due consideration of regulatory developments. In that context, the Supervisory Board and Audit & Risk Committee received regularly updates on the review and improvements to the internal risk management and internal control framework of the Company, as well as the progress of the remedial measures at Robeco Retail. The interests of clients are considered to be a key issue and, consequently, an important point of focus.

The Supervisory Board has ensured 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.

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

The Supervisory Board discussed the Company's results with the ExCo on the basis of periodic reports. It 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 risk management, compliance, legal and operational matters. The Supervisory Board was regularly updated on and involved in Robeco's strategic projects throughout the year.

The Supervisory Board has been informed that the AFM issued an Order under Penalty to Robeco in 2020 to undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers. The Supervisory Board and the ExCo have regularly discussed approach and progress on this matter. The ExCo informed us that the work to undertake remedial measures commenced in 2020 and that all required improvements were completed within the deadlines as set by the AFM. The Supervisory Board notes that in connection to this matter, the AFM has also imposed an administrative fine of EUR 2 million on 31 March 2022 and that both the order and the fine have been accepted by the Company. Together with management we regret that not all of the Company's processes met the required standards, and we trust that Robeco has made the necessary improvements to prevent recurrence.

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 (Chair), Stan Koyanagi, Maarten Slendebroek, Mark Talbot and Radboud Vlaar. Audit, risk, compliance and legal matters were discussed by the committee and where relevant also in the Supervisory Board meetings. The meetings were attended by some of the members of the ExCo as well as the heads of Internal Audit, Compliance, Risk Management, Legal and by the external auditor. On the basis of quarterly reports from the respective departments, the A&RC discussed various financial reporting, internal audit, compliance, legal and risk & control related issues. The (interim) financial reports and the independent auditor's reports were regular agenda items. Among other subjects, various risk management-related issues were discussed, as well as monitoring of fund principles, investment results, internal and external audit plans, a review of Robeco products, and Robeco's and the Robeco funds' annual and semiannual reports. In the context of the Covid pandemic, the A&RC was informed on matters of health and safety and other aspects of business continuity. The improvement of the compliance framework regarding client due diligence and related requirements in the area of our retail fund distribution activities was closely monitored.
A closed session was held with the independent auditor, KPMG, as well.

Nomination & Remuneration Committee

The members of this committee are Mark Talbot (Chair), Sonja Barendregt-Roojers, Stan Koyanagi, Maarten Slendebroek and Radboud Vlaar. Nomination, succession and remuneration matters were discussed several times in 2021. The CEO and the Chief Human Resources Officer also attended the 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. Amongst other items, the N&RC reported to the Supervisory Board regarding KPIs of the ExCo members and periodically assessed the performance of the individual members of the ExCo. Finally, succession matters of the Management Board and ExCo members were discussed, including the succession of Gilbert Van Hassel as CEO by Karin van Baardwijk.

Recommendation to adopt the annual financial statements

The Supervisory Board has taken note of the contents of the report presented by KPMG, who issued an independent auditor's report on the 2021 annual financial statements. We recommend approval of the annual financial statements by the Annual General Meeting of Shareholders and we concur with the Management Board's proposal to pay out a dividend to the shareholder of EUR 146.3 million comprising of the 2021 net profit of EUR 113.2 million and EUR 33.1 million out of the retained earnings, which proposal will be submitted to the Annual General Meeting of Shareholders.

Rotterdam, 21 April 2022
The Supervisory Board

Financial Statements 2021

Income Statement

for the year ended 31 December

EUR x million	*Notes*	*2021*	*2020*
Net revenues	1	849.3	571.0
Distribution and subadvisory costs	2	-338.8	-195.4
Gross margin		**510.5**	**375.6**
Administrative expenses	3	262.7	227.6
Employee benefits expenses	4	20.7	14.6
Depreciation and amortization	7-9	2.6	2.3
Other expenses	5	70.8	31.4
Total operating expenses		**356.8**	**275.9**
Operating result		**153.7**	**99.7**
Finance income and similar income		0.2	0.2
Finance expense and similar expenses		-0.8	-0.4
Result before tax		**153.1**	**99.5**
Income tax expense	6	39.9	25.1
Result for the year		**113.2**	**74.4**

Balance Sheet as at 31 December

before profit appropriation

EUR x million	*Notes*	*2021*	*2020*
ASSETS			
Fixed assets			
Intangible assets	7	1.9	1.4
Tangible fixed assets	8	0.4	0.5
Right-of-use assets	9	2.6	2.0
Deferred tax assets	10	8.4	2.6
Total fixed assets		**13.3**	**6.5**
Current assets			
Trade receivables	11	74.2	15.2
Receivables from group companies	12	88.9	126.4
Accrued fees	13	26.1	14.1
Other receivables	13	1.7	1.4
Cash and cash equivalents	14	256.1	168.6
Total current assets		447.0	**325.7**
Total assets		**460.3**	**332.2**
EQUITY AND LIABILITIES			
Equity	15		
Issued capital		0.1	0.1
Share premium		31.5	31.5
Other reserves		1.3	-
Retained earnings		140.8	129.2
Unappropriated result financial year		113.2	74.4
Total equity		**286.9**	**235.2**
Provisions	16	**12.3**	**12.9**
Non-current liabilities			
Employee benefits	17	3.3	1.9
Lease liabilities	9	1.7	1.3
Total non-current liabilities		**5.0**	**3.2**
Current liabilities			
Distribution and subadvisory accruals	18	48.5	37.6
Employee benefits	18	7.3	6.3
Liabilities to group companies	19	79.2	31.9
Lease liabilities	9	0.9	0.6
Current tax liabilities	10	8.8	1.5
Other liabilities	18	11.4	3.0
Total current liabilities		**156.1**	**80.9**
Total equity and liabilities		**460.3**	**332.2**

Notes to the financial statements

General information

Robeco Institutional Asset Management B.V. (also referred to as "the Company" or RIAM) 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 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). 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. which is wholly owned by ORIX Corporation (ORIX), with registered office in Tokyo, Japan.

In these financial statements, Robeco Group Companies refer to those subsidiaries of ORIX Corporation Europe N.V. that have transactions with the Company.

As at 1 January 2021, Robeco Luxembourg S.A. merged into RIAM under universal legal title. As a result of the merger, Robeco Luxembourg S.A. ceased to exist. As allowed under Dutch GAAP, the comparative figures have not been adjusted, if significant changes are applicable, these will be explained in the notes.

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. RIAM is moreover authorized to manage individual assets and give advice with respect to financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets (the 'AFM').

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 2021, which ended at the balance sheet date of 31 December 2021.

The valuation principles and method of determining the result are the same as those used in the previous year.

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year.

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 accounting policy relating to Other provisions is in the opinion of management the most critical in preparing these financial statements and requires judgements, estimates and assumptions.

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. The consolidated statement of ORIX Corporation Europe N.V. are filed 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, fees from clients, revenues from marketing and sales activities and other fees. Revenues from services rendered are recognized in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably. 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 predefined excess performance of the relevant assets under management and recorded when earned and highly probable. 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 is entitled to receive a share of the realized profits of certain Private Equity 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 Company. Proceeds are distributed by the Investee Funds in such a manner that the Company will not receive a distribution of carried interest before the Partners of the Investee Fund 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.

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.

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).

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 nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses. In case the duration of the provision is more than one year and the time value is material, provisions are stated at the present value.

A provision for claims, disputes and lawsuits is established when it is expected that the Company will be sentenced in legal proceedings. The provision 'possible loss of income' represents the best estimate of the amount for which the claim can be settled, including the costs of litigation. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

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.

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 the current year were optional.

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.

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	2021	2020
Management and service fees	795.8	516.5
Fees from clients	18.5	15.3
Subadvisory fees	16.8	9.1
Performance fees[19]	11.5	7.0
Revenues from marketing and sales activities	6.7	13.2
Administration fees	-	2.0
Other income	-	7.9
Total net revenues	**849.3**	**571.0**

The Company receives management fees and service fees for its asset management activities directly from funds and mandates. The increase of these fees relates to the combination of market appreciation, positive inflow of assets under management, introduction of the fixed service fee model from April 2020 and higher average fees amounting to EUR 246.0 million.
The fees related to Robeco's Luxembourg domiciled funds are directly received by the Company in 2021 as a result of the legal merger, this impact amounts to EUR 33.3 million.
Subadvisory fees and Revenues from marketing and sales activities are received from other Robeco Group companies. Fees from clients relate to retail clients.
Administration fees are nil in 2021, due to revised contract terms as of October 2020. Revenues from third parties for marketing and sales activities, included in other income, are nil due to revised contract terms as of October 2020.

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 domicile of the underlying fund or mandate. This presentation is introduced this year as a result of the merger with Robeco Luxembourg.

EUR x million		2021		2020
Total revenue by region				
Luxembourg	79%	668.6	70%	399.3
Netherlands	12%	103.4	19%	105.7
Rest of Europe	4%	32.8	4%	22.5
Outside Europe	5%	44.5	8%	43.5
Total net revenues	**100%**	**849.3**	**100%**	**571.0**

2 Distribution and subadvisory costs

The costs can be broken down as follows:

EUR x million	2021	2020
Distribution costs	227.7	151.0
Subadvisory costs	111.1	44.4
Total distribution and subadvisory costs	**338.8**	**195.4**

Distribution costs paid to other Robeco Group companies amount to EUR 60.9 million (2020: EUR 46.4 million).
Subadvisory costs paid to other Robeco Group companies amount to EUR 111.1 million (2020: EUR 43.7 million).

[19] To provide better insight we reclassed the comparative figures from performance to management fees for an amount of EUR 1.2 million.

3 Administrative expenses

Administrative expenses consist of costs charged from other group companies in the amount of EUR 262.7 million (2020: EUR 227.6 million) of which Robeco Nederland B.V. charges re. operating costs in the amount of EUR 249.5 million (2020: EUR 222.8 million). Charged operating cost relate 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.

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. The charge concerns 654 FTE's as per 31 December 2021 (2020: 641 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 (indirect) subsidiary of ORIX Corporation Europe N.V., the domestic ultimate parent company of Robeco Institutional Asset Management B.V.

Administrative expenses also include EUR 5.2 million expenses to support the set-up of distribution opportunities in China, Japan and the US, recharges mainly relating to staff working for the Company at other Robeco entities of EUR 10.2 million to the company and vice versa of EUR 2.2 million (2020: EUR 7.9 million, EUR 4.9 million respectively EUR 8.0 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	**2021**	**2020**
Wages and salaries	17.9	13.0
Social security and pension costs	1.7	1.4
Other employee benefits expenses	1.1	0.2
Total employee benefits expense	**20.7**	**14.6**

In 2020 a release of EUR 0.6 million related to a restructuring plan was included under Other employee benefits expenses.

During 2021, on average 55 FTE's (2020: 48 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	**2021**	**2020**
Germany	16	14
United Kingdom	19	16
Spain	7	8
United Arab Emirates	4	4
Italy	9	6
Total average number of employees	**55**	**48**

5 Other expenses

Other expenses can be specified as follows:

EUR x million	2021	2020
Fund and client related costs	46.2	13.8
Marketing	3.5	2.4
Audit costs	1.6	1.2
Travel and accommodation	0.1	0.3
Information technology	0.5	0.5
Housing and furniture	0.4	0.5
Addition to other provisions	17.6	9.6
Other	0.9	3.1
Total other expenses	**70.8**	**31.4**

The increase in fund and client related costs relates to (1) the legal merger of Robeco Luxembourg (EUR 22.2 million), (2) the introduction of the fixed service fee model as of April 2020 and (3) outsourcing of Robeco's operations and administration activities to JP Morgan from July 2020 onwards.
Other expenses includes the EUR 17.6 million addition to the Other provisions (2020: EUR 9.6 million), refer to note 16.

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	2021	2020
Audit financial statements	0.2	0.2
Other audit engagements	1.9	1.0
Total	**2.1**	**1.2**

Other audit engagements mainly comprises of audits of funds and services related to assurance reports on controls at the Company (ISAE 3402). The increase relates to the audit costs of Robeco Luxembourg funds which are included since the 2021 merger.

6 Income tax expense

The tax on the result can be specified as follows:

EUR x million	2021	2020
Result before tax	**153.1**	**99.5**
Tax at the Netherlands tax rate of 25% (2020 – 25%)	38.3	24.8
Difference in overseas tax rates	0.3	0.2
Non-deductible costs	1.2	-0.1
Deferred corporate income tax	-0.1	0.1
Corporate income tax previous financial years	0.2	0.1
Tax on result	**39.9**	**25.1**
Effective tax rate	26%	25%
Applicable tax rate	25%	25%

The Dutch statutory tax rate in 2021 was 25% (2020: 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 20).

The income tax expense in 2021 was EUR 39.9 million (2020: EUR 25.1 million). In 2021 the effective tax rate was 26% (2020: 25%). The difference in statutory (25%) and effective tax rate (26%) is mainly caused by non-deductible costs.

Notes to the balance sheet

7 Intangible assets

Movements in intangible assets were as follows:

EUR x million	2021	2020
Cost at 1 January, net of accumulated amortization and impairment	**1.4**	**2.6**
Additions	2.2	-
Disposals	-0.6	-
Cumulative amortization disposals	0.6	-
Amortization	-1.7	-1.2
Net carrying amount at 31 December	**1.9**	**1.4**
At 31 December		
Cost	3.6	2.0
Accumulated amortization and impairment	-1.7	-0.6
Net carrying amount at 31 December	**1.9**	**1.4**

The intangible assets relates to software and client relationship transfers. It includes a transfer of UK client relationships from Robeco Switzerland AG to the Company's branch Robeco United Kingdom as of 1 January 2021 and a transfer of Austrian and German client relationships from Robeco Switzerland AG to the Company's branch Robeco Germany as of 1 July 2019. Both to be fully depreciated within 3 years.

8 Tangible assets

Movements in tangible assets were as follows:

EUR x million	2021	2020
Cost at 1 January, net of accumulated amortization and impairment	**0.5**	**0.6**
Additions	0.1	0.1
Depreciation	-0.2	-0.2
Net carrying amount at 31 December	**0.4**	**0.5**
At 31 December		
Cost	1.5	1.4
Accumulated depreciation	-1.1	-0.9
Net carrying amount at 31 December	**0.4**	**0.5**

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	2021	2020
Right-of-use assets related to property (office buildings)		
Cost at 1 January, net of accumulated amortization and impairment	2.0	1.3
Additions	1.4	1.5
Disposals	-0.6	-
Cumulative depreciation disposals	0.6	-
Depreciation	-0.8	-0.8
Net carrying amount at 31 December	**2.6**	**2.0**
At 31 December		
Cost	3.8	3.0
Accumulated depreciation	-1.2	-1.0
Net carrying amount at 31 December	**2.6**	**2.0**
Lease liabilities		
Contractual undiscounted maturities at 31 December		
Less than 1 year	0.9	0.7
Between 1 and 5 years	1.8	1.4
Over 5 years	-	-
Total contractual cash flows	**2.7**	**2.1**
Carrying amount at 31 December		
Current	0.9	0.6
Non-current	1.7	1.4
	2.6	**2.0**

Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

EUR x million	2021	2020
Depreciation of right-of-use assets (office buildings)	0.8	0.8

10 Deferred tax assets and current tax liabilities

The deferred tax asset relates to temporary differences in the company and its branches that are deductible in determining taxable profit of future periods in total of EUR 3.2 million (2020: EUR 2.6 million). The deferred tax assets also contains an amount of EUR 5.2 million as a result of the merger with Robeco Luxembourg and will be amortized in 10 years, starting 2021. The current part of the deferred tax assets amounts to EUR 3.8 million (2020: EUR 2.0 million).

The current tax liabilities include EUR 4.9 million relating to 2020 Luxembourg income tax payables.

11 Trade receivables

Trade receivables relate to outstanding invoices and fees from funds, which are collected without invoicing. The increase of the trade receivables is mainly due to the merger of Robeco Luxembourg S.A. The fees related to Robeco's Luxembourg domiciled funds are directly received by the Company in 2021 as a result of the legal merger. 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.

12 Receivables from group companies

This item relates to current accounts and current account loans with Robeco Group companies which are expected to be settled within one year. The current accounts are settled periodically and amounted to EUR 8.9 million at 31 December 2021 (2020: EUR 46.4 million).

The Company has granted a current account loan to Robeco Holding B.V. This loan is receivable on demand. The balance was EUR 80.0 million at 31 December 2021 (2020: 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 2021 was 0.4% (2020: 0.4%). The fair value of the receivables approximates the carrying amount due to their short-term character.

13 Accrued fees and other receivables

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 accrued fees and other receivables approximates the carrying amount due to their short-term nature.

14 Cash and cash equivalents

Cash and cash equivalents consist of immediately available credit balances at banks and a money market fund.

15 Equity

At 31 December 2021, 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	Retained earnings	Result financial Period	Total
At 1 January 2021	**0.1**	**31.5**	**-**	**129.2**	**74.4**	**235.2**
Dividend distribution	-	-	-	-	-74.4	-74.4
Robeco Luxembourg legal merger	-	-	1.7	11.2	-	12.9
Release: Luxembourg Net Wealth Tax	-	-	-0.4	0.4	-	-
Add: result 2021	-	-	-	-	113.2	113.2
At 31 December 2021	**0.1**	**31.5**	**1.3**	**140.8**	**113.2**	**286.9**

EUR x million	Issued capital	Share premium	Other reserves	Retained earnings	Result financial Period	Total
At 1 January 2020	**0.1**	**31.5**	**-**	**96.1**	**66.1**	**193.8**
Profit allocation	-	-	-	66.1	-66.1	-
Dividend distribution	-	-	-	-33.0	-	-33.0
Add: result 2020	-	-	-	-	74.4	74.4
At 31 December 2020	**0.1**	**31.5**	**-**	**129.2**	**74.4**	**235.2**

The Company reports to the DNB on a quarterly basis the FINREP&COREP and IF reports as required by CRD IV rules. The most recent reporting was done as of 31 December 2021. All capital and liquidity requirements were met.

The Company merged with Robeco Luxembourg S.A. on 1 January 2021 adding an amount of EUR 12.9 million to the equity of the Company.

In accordance with paragraph 8a of the Luxembourg Net Wealth Tax (NWT) law, a NWT reserve (as part of the other reserves) of EUR 1.7 million has been recognized as per 1 January 2021 to continue application of the reduction of NWT post legal merger. The reserve will gradually be released during the coming five years period.

An amount of EUR 0.4 million, which was related to the year 2016, has been released from the NWT reserve and allocated to the Retained earnings.

16 Provisions

Movements in provisions were as follows:

EUR x million	Possible loss of income	Restructuring	Other	Total
Cost at 1 January 2021	**1.6**	**3.4**	**7.9**	**12.9**
Additions	-	-	17.6	17.6
Usage	-	-3.0	-15.2	-18.2
Release	-	-	-	-
Net carrying amount at 31 December 2021	**1.6**	**0.4**	**10.3**	**12.3**

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 three years as of 31 December 2021. As per 31 December 2021 no amounts were used.

The provision for restructuring pertains to a plan to outsource back office operations to a third party. This plan, which was formalized in 2017 was completed in the second half of 2020. The provision covers the estimated costs for outplacement and redundancy based on existing social plan terms and conditions. The restructuring provision relating to the final redundancies is due within one year.

In 2020, the AFM determined that Robeco needed to undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers. The improvements have commenced in 2020 and were completed end of 2021 and for a minor part early 2022. In January 2022, Robeco provided a report to the AFM describing all actions Robeco took to resolve all the issues as stated in the Order under Penalty. The AFM has not yet informed us that they accept all our improvements or any penalty has been forfeited.
In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022. We have accepted both the order and the fine and we will not file an appeal.
The Company has added EUR 11.4 million to the other provision in 2021 based on the incremental external costs involved.

The Company has added EUR 6.2 million to the other provision in 2021 related to the termination of a service contract by a third party. As per 31 December 2021 no amounts were used.
The other provisions are due within one year.

17 Employee benefits

Employee benefits consists of deferred incentives of personnel employed by the Company. We refer to Note 18 Other liabilities for the current portion of the Employee benefits.

18 Distribution and subadvisory accruals, employee benefits and other liabilities

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.

19 Liabilities to group companies

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

20 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 4.6 million as per 31 December 2021 (as per 31 December 2020: EUR 3.2 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 the asset management industry, the Company is entitled to receive this disputed Belgian tax amounting to EUR 8.4 million (excluding interest) (2020: EUR 0.7 million). The increase relates to the merger with Robeco Luxembourg S.A. Given the uncertain outcome of the legal proceedings this is marked as a contingent asset.

The Company holds two shares in Canara Robeco Asset Management Co. Ltd. The total interest of the Company in Canara is insignificant.

Stichting Robeco Funds ("SRF") is the holding of cash for the purpose of facilitating the purchase and sale of participation rights in investment institutions managed by a manager belonging to the Robeco Group. SRF acts as facilitator for the cash flows of these investment institutions for the account and risk of such investment institutions, exclusively in the interests of the participants or shareholders. The Company has issued a guarantee in which the Company commits itself to cover the credit default risk relating to the collection accounts of Stichting Robeco Funds.

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 (2020: EUR 0.1 million). These commitments have remaining terms of between 1 and 2 years.

For a few clients where a sister company acts as formal manager, the Company covers for certain liabilities resulting from that formal manager role.

The Company has irrevocable credit facilities related to guarantees of EUR 0.1 million (2020: 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.

21 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, money market funds 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.
Overall the Company considers that the exposure to credit risk is limited given the fact that it did not write off any significant receivables over the past years.

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 and to comply with regulatory liquidity and capital requirements. 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. The company does not hedge for foreign currency exposure risks.
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. Overall the Company considers that the exposure to interest risk is limited given the fact that it relates to receivable positions only.

The balance sheet of the Company consists largely of cash together with current assets and current liabilities. Investments are not carried out for its own account and therefore the direct exposure to market risk is limited. The Company is exposed to indirect market risk caused by fluctuations in the wider financial markets that will affect the valuation of the assets that it manages. The Company is therefore subject to indirect market risk through market impacts on its gross margin. It generally considers it uncontrollable, as it is inherent in the business of asset management. In practice, the exposure to this risk is diversified, to a degree, by having exposure to multiple classes of instruments.

22 Related parties

ORIX Corporation and entities under common control of ORIX Corporation Europe N.V. form a related party. During 2021, 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 23 and 24.
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 loan to its parent, Robeco Holding B.V.
The Company has not created a provision for doubtful debts relating to amounts owed by related parties (2020: EUR nil), because the risks involved are not considered to be material.

23 Remuneration of statutory directors

The members of the Management Board 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)	**2021**	**2020**
Base salary [1]	1,872	2,183
Variable remuneration (short- and long-term components) [2]	6,940	2,897
Pension costs and other costs [3]	706	680
Total	**9,518**	**5,760**

1 Includes vacation allowance.
2 Relating to deferred variable remuneration, the projected costs are taken into account during the period of the applicable deferral schemes (four years) during employment. In case of end of service the existing deferral schemes will continue to be subject to vesting at their regular vesting dates in accordance with the Company's remuneration policy. The accrual for the long-term deferral schemes in case of end of service is recognised in full.
In the table above potential taxes to the Dutch tax authorities in relation to the remuneration is an expense to the employer and therefore not included in the table above.
3 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.

24 Remuneration of members of the Supervisory Board

The total remuneration for the members of the Supervisory Board amounted to EUR 443 thousand (2020: EUR 462 thousand). The remuneration costs are included in Administrative expenses.

25 Subsequent events

Robeco Institutional Asset Management B.V. considers the Russia-Ukraine conflict as a significant event after closing the Annual Report 2021. As the business of the Company is strongly interrelated with international financial markets through the assets under management, the impact of the conflict will have a negative 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. Further, as the financial markets remain volatile at the moment of finalizing the 2021 financial statements, based on a number of scenarios we estimate that this will have more or less downward effect on profitability, but the most negative scenario still projects a healthy profit level for the company.

There are no other subsequent events to be reported.

Proposed profit appropriation

The Management Board, with consent of the Supervisory Board, proposes to distribute EUR 146.3 million as dividend to the shareholder. This comprises the net result for the year EUR 113.2 million and EUR 33.1 million out of the retained earnings.

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, 21 April 2022

The Management Board:

Karin van Baardwijk
Mark den Hollander

Supervisory Board:

Maarten Slendebroek
Sonja Barendregt – Roojers
Stanley Koyanagi
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 audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of Robeco Institutional Asset Management B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Robeco Institutional Asset Management B.V. as at 31 December 2021, and of its result 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the income statement 2021;
2. the balance sheet as at 31 December 2021;
3. the notes to the financial statements comprising a summary of the accounting policies and other general 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 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 financial statements and our auditor's report thereon, the annual report contains other information.

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

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the 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 financial statements.

The Management Board is responsible for the preparation of the other information, including the management 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 financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

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

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

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

Our responsibilities for the audit of the 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 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 amongst others:

- identifying and assessing the risks of material misstatement of the 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 Management Board;
- 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 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 financial statements, including the disclosures; and
- evaluating whether the 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, 21 April 2022

KPMG Accountants N.V.
G.J. Hoeve RA