ROBECO
The Investment Engineers

Integrated Annual Report 2023

FIT FOR THE FUTURE:

ADAPTING, INNOVATING AND REMAINING RESILIENT IN A DYNAMIC LANDSCAPE

A conversation with our CEO

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> “ *In our almost 95 years of existence, adaptability has been key to our achievements. In 2023, we took additional actions to position ourselves for continued success.*
>
> Karin van Baardwijk, Chief Executive Officer Robeco

Our CEO Karin van Baardwijk reflects on a year where Robeco continued to make good progress on the execution of its strategy, despite the dynamic environment.

How do you look back at 2023?
I believe 2023 was a good year for Robeco. We are reporting solid results, demonstrating progress towards achieving our financial targets and strategic priorities. During the year, we continued to improve the fundamentals of our business and the development of our people, making sure that Robeco remains fit for the future.

The world is marked by increased change and insecurities. Uncertainty has been triggered by tensions such as the ongoing wars in Ukraine and the Middle East, having serious impacts on people's lives, as well as the broader economic and geopolitical implications.

Markets were volatile once again in 2023. A prevailing theme was the ability of central banks to rein in inflation and the potential impact on the global economy. Towards the end of the year, inflation fell significantly. The anticipation of interest rate cuts by central banks sparked a 'rally of everything' in the stock markets in the final weeks, making 2023 a good year for stock returns. At the same time, investors and consumers were in 'risk off mode' directing flows towards money market solutions, and other low-risk strategies.

Extreme weather conditions, caused by climate change, underpin the importance of sustainable investing and the need for transition. 2023 was the hottest year on record, with notable extremes such as the Hawaii wildfires, where 100 people lost their lives, and the Mediterranean Storm Daniel which saw torrential rain, resulting in thousands of fatalities. The financial industry is uniquely positioned to help making companies more sustainable.

Turning to Robeco's performance in 2023: what stood out the most?

It was a good year in terms of relative performance for most of our investment capabilities. Of all the portfolios managed or sub-advised by Robeco, 57% outperformed their benchmark. We saw strong appetite for our quantitative strategies, which performed well, and also for our credit and bond strategies and sustainable solutions. We continue to leverage our sustainability intellectual property, launching new initiatives, such as a Climate Global High Yield Bonds fund, a thematic Fashion Engagement Equities fund, and carbon offsetting share classes. During the year, Robeco's total assets under management increased by EUR 10 billion to approximately EUR 181 billion. However, net inflows in the Institutional segment were tempered by outflows in the Wholesale channel, due to reduced risk appetite and rising interest rates.

We strongly believe that performance is the outcome of our business results, and our personal conduct. That is why we invest in the ability to get results and our ability to lead. In early 2023, we launched a leadership development program, aimed at improving strategy execution and fostering an inclusive environment. The program is resonating well, and we will make this available to all colleagues worldwide in 2024. The focus of the program is closely aligned with our corporate values and Code of Conduct, providing guidance on interactions with others, and helping to maintain a culture of honesty, integrity and accountability, based on trust and confidence. During the year, we updated the existing version of our Code of Conduct, to include guidance for our global organization.

Regarding the value of our people, we took new steps to make our company more diverse and inclusive. All colleagues should feel safe, valued and empowered, no matter where they come from, what they look like or whom they love. In 2023, we built a solid foundation for our long-term Diversity, Equity and Inclusion (DE&I) goals and committed to an ambitious roadmap towards 2025. We are revising our policies, making them more inclusive. Furthermore, we initiated a more data-driven DE&I approach, as relevant metrics help us to determine necessary next steps.

The fact that the number of women in senior management positions has steadily increased to 25% in 2023 is a promising sign. Still, we have not yet reached our 30% target, which clearly indicates that there is still work to do. We are open about our journey and learn every day: from society, our clients and, first and foremost, our colleagues. We are pleased with the high level of engagement they have shown, expressed in an increased employee engagement score of 7.8 (up from 7.7 in 2022) in our 2023 employee engagement survey.

And of course, the publication of this first-ever integrated annual report is an important milestone for Robeco, marking our commitment to sustainable value creation and transparent stakeholder communication.

In 2023 markets were volatile, and even though inflation came down during the year, it was still high. How is this impacting Robeco?

In this context, adaptability and resilience are crucial. A key strength remains our comprehensive range of products and solutions based on active management, serving diverse clients globally. This diversity acts as a shield against asset class-specific or local market downturns, positioning Robeco favorably among its peers.

To further diversify our product offering, we decided to enter the active exchange-traded fund (ETF) space with an expected first launch by the second half of 2024. We believe that ETFs are a relevant vehicle for bringing our investment strategies to the market. They will enable clients to benefit from transparency, liquidity and immediacy.

Costs have clearly risen in this inflationary environment. However, when we increase expenditure, we do so for good reason and with profitability in mind.

You mentioned adaptability and resilience in relation to Robeco's products, how does this translate into Robeco's organization?

In our almost 95 years of existence, adaptability has been key to our achievements. In 2023, we took additional actions to position ourselves for continued success.

Take our decision to move to a single CIO model. The main goal was to solidify collaboration and coordination across investment capabilities, grouped around our Sustainable Investment Center of Expertise. The key point is that we manage and report according to our investment capabilities, not by department. With this governance in place, we can further grow and strengthen our position.

We have also strengthened our sales and marketing organization with a new global sales strategy and structure. Our current technology set-up is effective in providing for today's needs. The rapid developments in this area, however, require profound next steps for us to become future-proof. Lately, we have been restructuring our COO domain to better support our strategy execution.

There are increasing regional differences in the adoption of sustainability. For Robeco, it's a key element of its corporate strategy. How do you bridge these differences?
We understand that clients in different markets view sustainable investing differently, that they have their own definition, appetite, and maturity towards the topic. Robeco caters for all clients, wherever they are on their sustainability journey. The pace in which sustainable investing will grow in relevance, might differ depending on which lens of the world you look through, but make no mistake: sustainable investing will continue to dominate our strategic agendas. The winning companies of the future will be those that embrace sustainability and the energy transition today. Sustainable investment is therefore a way of identifying tomorrow's leading, low-sustainability-risk companies.

I am convinced that we can find alpha in companies making the transition, ensuring polluters become part of the solution and do not remain the problem. Especially in emerging markets, where the battle against climate change will be won or lost. Our expertise in equities and credits, our deep understanding of emerging markets and our cutting-edge sustainability expertise are key ingredients in driving successful transition investment.

In this context, credibility and measurability are important principles. The quality of sustainability data is becoming increasingly important. Companies with high-quality data, and that are being transparent about it, will be the ones with the most credible reputations. In October, Robeco broadened its Sustainable Investing Open Access initiative to provide sustainability data to everyone who is interested. We believe sharing data is crucial to improve quality via the wisdom of the crowd.

The challenge is that there is no global taxonomy as of yet. In Europe we adhere to the Sustainable Finance Disclosure Regulation (SFDR), and there will be Asian, American, and UK versions. Over time, I hope we'll get to a point where good practices will converge towards a set of clear global definitions.

Looking ahead, what are your expectations for 2024?
We cannot predict the future, but we can ensure our readiness for different scenarios. There are factors that we can influence, and factors that we can't, such as the risk of continued higher inflation, which undermines consumers' real purchasing power. Robeco's annual investment outlook anticipates a shift in the global economic landscape in 2024. It's too early to declare victory over the biggest inflation surge in a generation. Decreased consumer spending and reduced corporate investment may still reflect a deeper slowdown of the G7 business cycle, and the impact of continuing high rates may trigger unemployment rising towards 2025. The geopolitical landscape remains complex in 2024, with elections in almost all G7 countries. The rise of far-right parties, ongoing conflicts, and a fractious relationship between the US and China contribute to a fragmenting world order and increasing economic policy uncertainty.

Whatever crosses our path in 2024, Robeco's focus remains on the execution of our strategy, excellent investment performance, diversifying our book of business, unlocking the full potential of our people, and invigorating our technology growth path. I am convinced that in a world marked by increased change and insecurities, we are well positioned to capture growth possibilities and meet our clients' evolving needs. A final remark: I would like to share a heartfelt thank you to all our Robeco colleagues and other stakeholders for their ongoing support and confidence.

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Starting from the financial year 2023, Robeco Holding B.V. will publish an integrated report annually applying to Robeco Holding B.V. and all its direct and indirect subsidiaries (hereinafter referred to as 'Robeco'). This first integrated annual report brings together the consolidated sustainability and financial information for the year ended 31 December 2023. Robeco emphasizes long-term value creation over short-term gains, stakeholder alignment and the relevance of non-financial information for improved decision-making. This report contains information on our strategy, performance, impacts, the risks we are exposed to and the opportunities available to us.

We have prepared the report in accordance with the GRI Universal Standards of the Global Reporting Initiative (GRI), the International Integrated Reporting <IR> Framework from the International Integrated Reporting Council (IIRC) and Robeco's own reporting criteria. Our risk assessment incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). This year, we started a project to get ready to report in compliance with the European Sustainability Reporting Standards (ESRS) under the EU Corporate Sustainability Reporting Directive (CSRD) by financial year 2025. We continue to apply the double materiality principle to report on material topics in preparation for the implementation of ESRS in this integrated annual report. All financial information in this report has been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union (IFRS-EU).

We believe in maintaining an open and transparent relationship with our stakeholders. By publishing this report, we aim to improve readers' understanding of how we create value and fulfill our mission. We welcome any feedback you may have as it helps us to continue to improve. Please send your comments or questions to cc@robeco.com.

→ *Discover Robeco's sustainability reports and policies*

→ *Read the Robeco Sustainability Report 2022*

→ *Read further information regarding Reporting principles in Appendix 1*

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Our mission & vision
About Robeco and our foundation

Founded in 1929, Robeco is an international active asset manager focusing on a combination of fundamental, sustainable and quantitative investment strategies. Headquartered in Rotterdam, we operate across the globe. We generate return on investment for our clients, contributing to economic stability in the form of, for example, pension payments and investments in companies that generate employment. With our research-centric approach we simultaneously aim to take part in addressing the societal challenges of our time, such as climate change, biodiversity and social equality.

Leading the way on the sustainability journey
Robeco was one of the first asset managers to invest in emerging markets, to adopt quantitative investing, and to see the opportunities in and the need for sustainable investing. Extensive research has convinced us that a sustainable business is more future-proof. Our commitment to sustainability is a fundamental part of our investment philosophy and our way of working. It is an integral part of who we are and what we want to be. As an international active asset manager, we enable clients to achieve their financial and sustainability goals wherever they may be on their sustainability journey.

Research and innovation
At Robeco, each investment decision we take is research-driven. As 'The Investment Engineers', our in-house research creates socioeconomic benefits alongside competitive financial returns. Over two decades of sustainable investment research has equipped us with the tools and expertise we need to define financially material environmental, societal and governance (ESG) information, to incorporate sustainability into a wide range of investment products, and to measure outcomes and impact. Our first ESG-aligned fund was launched in the 1990s, placing us among the first asset managers to make such a product available for investment. In 2017, we constructed an effective framework linked to the Sustainable Development Goals (SDGs) to quantify the level of contribution to sustainability of companies we invest in.

OUR MISSION
We enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

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

OUR VALUES
Our core values reflect the essence of Robeco and serve as a reference for our daily work. They create and strengthen a clear and shared identity and drive the behavior needed to successfully achieve our strategic ambitions. Robeco has four core values:

Client-centered
We always act in the best interest of our clients

Innovative
We are inquisitive and goal driven

Sustainable
We act responsibly for Robeco, the environment, and society

Connecting
We help each other be successful

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2023 in figures

EUR **180.6** BILLION
Assets under management

EUR **177.0** BILLION
Managed in ESG-integrated assets

EUR **143.0** BILLION
Assets under engagement

10.9 MILLION TONNES
Carbon footprint of investments

292
Companies engaged

68%
Portfolios outperforming their benchmark*

1,049
Headcount

EUR **112.9** MILLION
Net result

* for the three-year period ending on 31 December 2023

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Our offices

16 OFFICES IN | **13** COUNTRIES

North America

● Miami*
US Offshore & Latam
Client relations

● New York
Robeco USA
Investment research
& Client relations

Europe

● Rotterdam
Robeco Headquarters
Asset management
& Client relations

● London
Robeco UK
Investment research
& Client relations

● Frankfurt
Robeco Germany
Client relations

● Paris
Robeco France
Client relations

● Madrid
Robeco Spain
Client relations

● Milan
Robeco Italy
Client relations

● Zürich
Robeco Switzerland
Asset management
& Client relations

Middle East

● Dubai
Robeco Middle East
Client relations

Asia Pacific

● Hong Kong
Robeco Asia Pacific
Asset management
& Client relations

● Tokyo
Robeco Japan
Client relations

● Shanghai
Robeco China
Asset management
& Client relations

● Singapore
Robeco Singapore
Asset management
& Client relations

● Sydney
Robeco Australia
Client relations

● Melbourne
Robeco Australia
Client relations

* Per 1 July 2024 our Miami office will be closed. Colleagues will transition to New York during the first half of 2024.

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2023 financial results summary

Below we give a summary overview of our financial results for 2023 and previous years[1]. More information on our consolidated financial statements, can be found in the Financial statements chapter.

2023 financial results

	2023	2022	2021	2020
ASSETS UNDER MANAGEMENT - AuM (EUR x billion)[2]				
Beginning of the year	171.1	200.7	173.5	171.7
Inflows/(outflows)	(9.3)	(3.1)	1.6	3.8
Market appreciation/(depreciation)	18.8	(26.5)	25.6	(2.0)
End of the year	180.6	171.1	200.7	173.5
FINANCIAL RESULTS (EUR x million)				
Operating income	576.5	608.6	657.8	508.0
Operating expenses	449.5	435.7	428.6	372.7
Operating result	127.0	172.9	229.2	135.3
Non-operating result	3.9	-1.7	0.2	-7.0
Result from associated companies and sale of business[3]	17.5	-0.2	0.1	0.0
Taxes	-35.5	-42.6	-52.2	-33.6
Net result for the year	112.9	128.4	177.3	94.7

Source: Robeco, 29 December 2023

Our assets under management (AuM) grew from EUR 171.1 billion at the start of year to EUR 180.6 billion by the end of December 2023. Market movements added EUR 18.8 billion to our asset base, but we also faced EUR 9.3 billion of net outflows, predominantly from our wholesale channel. The wholesale market faced challenging market sentiment in 2023.

Robeco's operating income in 2023 was EUR 576.5 million, a decrease of EUR 32.1 million (5%) compared with 2022, mainly because of lower fees due to our lower average AuM in 2023 compared with 2022. Fees fell by EUR 8.5 million, following the sale of Robeco's online retail distribution platform in 2023.

Our operating expenses increased by EUR 13.8 million (3%) to EUR 449.5 million in 2023, mainly due to higher salary and IT related costs. We also experienced higher one-off costs in 2023 as we accelerated the transformation of our sales and marketing organization.

The non-operating result relates to our own investments (seeding portfolio) result, interest income and bank charges. The result increased compared to 2022 as a result of positive market performance and higher interest rates.

Results from associated companies and sale of business also includes the sale of Robeco's online retail distribution platform in 2023.

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

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1. We adjusted the prior period figures and moved fund-related costs from operating income to operating expenses.
2. Assets under management includes assets managed, sub-advised or distributed by Robeco Institutional Asset Management, Robeco Switzerland and other subsidiaries of Robeco Holding.
3. Excluding the one-off proceeds of the sale of our ESG ratings and benchmarking business to S&P Global in 2020.

Trends in the industry

The asset management sector is navigating a transformative period characterized by shifting investor preferences, technological advancements and a heightened focus on sustainability and inclusivity. Embracing these trends and adapting to the evolving landscape will be imperative for industry participants to thrive in the years to come.

Growth trajectory

The global asset management industry is poised to expand from USD 98 trillion in 2022 to an estimated USD 128 trillion by 2027[4], showcasing the robust potential and resilience of the sector amidst global economic shifts.

Active versus passive investing

A notable trend is the divergence between active and passive investment strategies. While active funds experienced net outflows in 2023, passive European and international funds as well as ETFs attracted substantial net inflows, underscoring a preference for low-cost, index-tracking options[5].

Rise of active ETFs in Europe

Europe witnessed a remarkable surge in the popularity of active ETFs in 2023. With an accelerated pace of launches, assets in active ETFs soared from EUR 11.2 billion in 2020 to EUR 24.3 billion in 2023[6], signaling a shift towards actively managed strategies in the ETF universe.

Alternative investments

Looking ahead to 2027, alternative investments are well positioned to claim a larger share of market assets, rising to an estimated 22%. Moreover, these alternatives are projected to contribute significantly to global revenues, accounting for a substantial 55%, reflecting investors seeking diversification in non-traditional asset classes[7].

Sustainable investing

Sustainable investing has gained unprecedented momentum in recent years. Over USD 1.5 trillion of private investment has poured into climate finance over the past five years, and there is growing recognition for investments of transition opportunities. Research shows that an estimated USD 150 trillion of capital is needed by 2050 to achieve net zero emissions and address pressing environmental challenges[7].

Growth in Asia-Pacific

Assets under management (AuM) in the Asia-Pacific region(APAC) have been growing the fastest in the industry representing ~20% of global AuM today. Strong growth is expected to continue, driven by an increasing penetration of financial products[9].

ESG discourse

There has been some backlash against ESG issues in the US, driven by political opinion, and this has had a big impact on companies and investors. However, long-term sustainable development is still supported by strong demand from regulators, clients and society[10].

Harnessing generative AI

Generative Artificial Intelligence (AI) is poised to revolutionize various facets of asset management. With applications ranging from enhancing operational efficiency to enabling personalization at scale and accelerating research, generative AI holds the potential to democratize coding and improve decision-making capabilities within the asset management industry[11].

Embracing Diversity, Equity & Inclusion

The importance of Diversity, Equity, and Inclusion (DE&I) is increasingly recognized within European asset management firms. In a 2022 survey, 52% of respondents (a group of 420 executives) acknowledged the substantial contribution of DE&I efforts to their business success, a marked increase from just 22% three years earlier. This highlights a growing commitment towards fostering a more inclusive and equitable industry landscape[12].

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4. BCG: Global Asset Management 2023—21st Edition
5. Broadridge Global Market Intelligence
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7. BCG: Global Asset Management 2023—21st Edition
8. BCG: Investors Can Measure and Maximize Their Climate Impact
9. Oliver Wyman: The AI Tipping Point
10. CED: Policy Backgrounder: ESG and the Backlash
11. BCG: How Asset Managers Can Transform with Generative AI
12. Heidrick & Struggles: Financial services focus: Learning from portfolio management principles in approaching DE&I

Financial markets environment and market outlook

Economies grew in 2023 against a backdrop of a maturing monetary policy tightening cycle. In their successful battle against inflation, policymakers in the G7 raised policy rates by 427 basis points (calculated as a weighted average) between March 2022 and the end of 2023. Central banks seemed to have settled on keeping rates on hold by the end of 2023.

A key feature of the 2023 economic landscape was that central banks managed to contain inflation without unemployment rising, delivering what has become known as "immaculate disinflation". From its 10.6% peak in October 2022, Eurozone consumer price inflation dropped to 2.9% by December 2023. While the Eurozone entered a recession, the unemployment rate in December 2023 stood at just 6.4%, an all-time low. While the weakness of the Eurozone's economic activity was mainly concentrated in the manufacturing sector at the start of 2023, there were indications of a slowdown in the services sector during the second half of the year.

The US economy defied prior consensus expectations that it would enter a recession in 2023. Leading macro indicators such as the inverted US sovereign bond yield curve and producer confidence surveys in the manufacturing sector had been flagging a looming slowdown for the business cycle before 2023 began. Yet the US real economy (in other words, corrected for inflation) expanded at an above-trend rate of 2.5% in 2023. Household consumption growth was the main reason, with spending power underpinned by high savings, real wage growth thanks to a tight US labor market and a lingering positive fiscal impulse.

Japanese real activity expanded by a healthy 1.5% in 2023 against a backdrop of signs of sustained reflation and the corporate governance reforms initiated under former Prime Minister Abe starting to pay off.

Persistent weakness in China's housing market inhibited domestic consumption growth in 2023. While it achieved its official 2023 growth target of 5% due to exports of high-value-added items like electric vehicles and solar panels, China is experiencing a different macro cycle from the members of the G7. In fact, the country is battling deflation due to excess supply issues and ongoing efforts to deleverage. Chinese consumer price inflation fell to -0.5% year-on-year in November 2023.

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Outlook for equity markets

The MSCI World Index rose by 19.6% in euro terms in 2023. Even though this was almost three times the average annual return for equities over the past century, it only brought the index back to the level it was at the end of 2021. And while the breadth of US equity market returns increased in the fourth quarter, US equities' performance was still mainly driven by a small number of leading US technology companies, which became known as the "Magnificent 7", in 2023. The potential of generative AI created a powerful narrative about increased cash flows that led to multiple expansion for major technology stocks such as Meta and Microsoft. Strong earnings helped large technology companies in the S&P 500 Index gain more than 50% over the year, whereas the broad S&P 500 Index was only up by 24%.

2024 could be much more challenging for equity investors, as the prevailing environment of negative inflation surprises and positive macroeconomic surprises is unlikely to persist. Getting inflation back down to 2% is likely to prove difficult for central banks, as doing so will probably come at the cost of rising unemployment, which will hit consumer sentiment. This means that current consensus double-digit earnings growth forecasts for developed markets are expected to be too optimistic. Furthermore, the prevailing consensus for 2024 seems to involve some inconsistencies. If there is a soft landing for the US economy, which is a widely held view, it is unlikely to see the deep rate cuts as currently reflected in the Fed funds futures curve materialize. Something will have to give in this respect during 2024, probably leading to volatility in the equity markets. It will also be a busy election year, with 40 countries voting in 2024, which could lead to geopolitical turbulence[13]. On the positive side, increased adoption of AI across sectors could create a benign disinflationary supply-side shock that could sustain and broaden equity market performance beyond technology stocks.

Outlook for bond markets

The Bloomberg Global Aggregate Bond Index (EUR hedged) rose by 4.7% in 2023. Inflation fell in many developed and emerging economies in 2023, led by goods and energy. Interest rates were volatile but fell significantly towards the end of the year. Tightening cycles seem to have concluded, and there seems to be room for many central banks to cut rates by the middle of 2024, so interest rates may continue to fall over the year.

The outlook for government bonds is therefore positive for 2024, with positive total returns expected. Many economies are likely to feel the effects of past rate hikes feeding through and having a detrimental impact on private sector activity. There is already evidence in many countries that high policy rates are impacting the broader economy via corporate defaults and restructurings in private debt markets, which are expected to spill over to the public markets such as the high-yield credit market. Strong economic growth, a resilient jobs market and relatively healthy economic fundamentals have led to optimism of a soft landing, leading to tighter credit spreads. However, credit spreads are pricing in a lot of good news, and tighter financial conditions and higher-for-longer interest rates are significant risks and potential sources of volatility. All this warrants a cautious stance on corporate bonds in 2024.

Outlook for sustainable investing

Sustainable investing ran into some headwinds in 2023 as high oil and gas prices favored fossil fuel companies while high interest rates deterred renewable energy projects in an already highly competitive industry. However, we see several structural trends firmly underpinning the case for long term sustainable development. First, the regulatory tide is still rising, lifting sustainable boats. Globally, legislation is pushing for more sustainable solutions. For instance, we expect regulations fulfilling the Kunming Montreal Global Biodiversity Framework[14] soon. In addition, regulatory frameworks are being fortified as the detrimental consequences of climate change are becoming more tangible, with biodiversity loss following in close second[15]. Second, we see durable client demand for sustainable investments by end clients as evidenced by the increasing issuance of green investment securities, like green bonds. Lastly, new generations are vocal in their preference for a green, sustainable global economy, and they expect financial institutions to use their influence to progress sustainable development. For example, they believe that financial institutions should engage with companies and vote in favor of climate action in shareholder meetings.

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13. Democracy's Super Bowl: 40 elections that will shape global politics in 2024 | World news | The Guardian
14. Adopted at the COP15 in December 2022, the Kunming-Montreal Global Biodiversity Framework sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050 including shorter-term targets for 2030.
15. Our 2023 Global Climate Survey shows that climate change and biodiversity are both top of mind for investors.

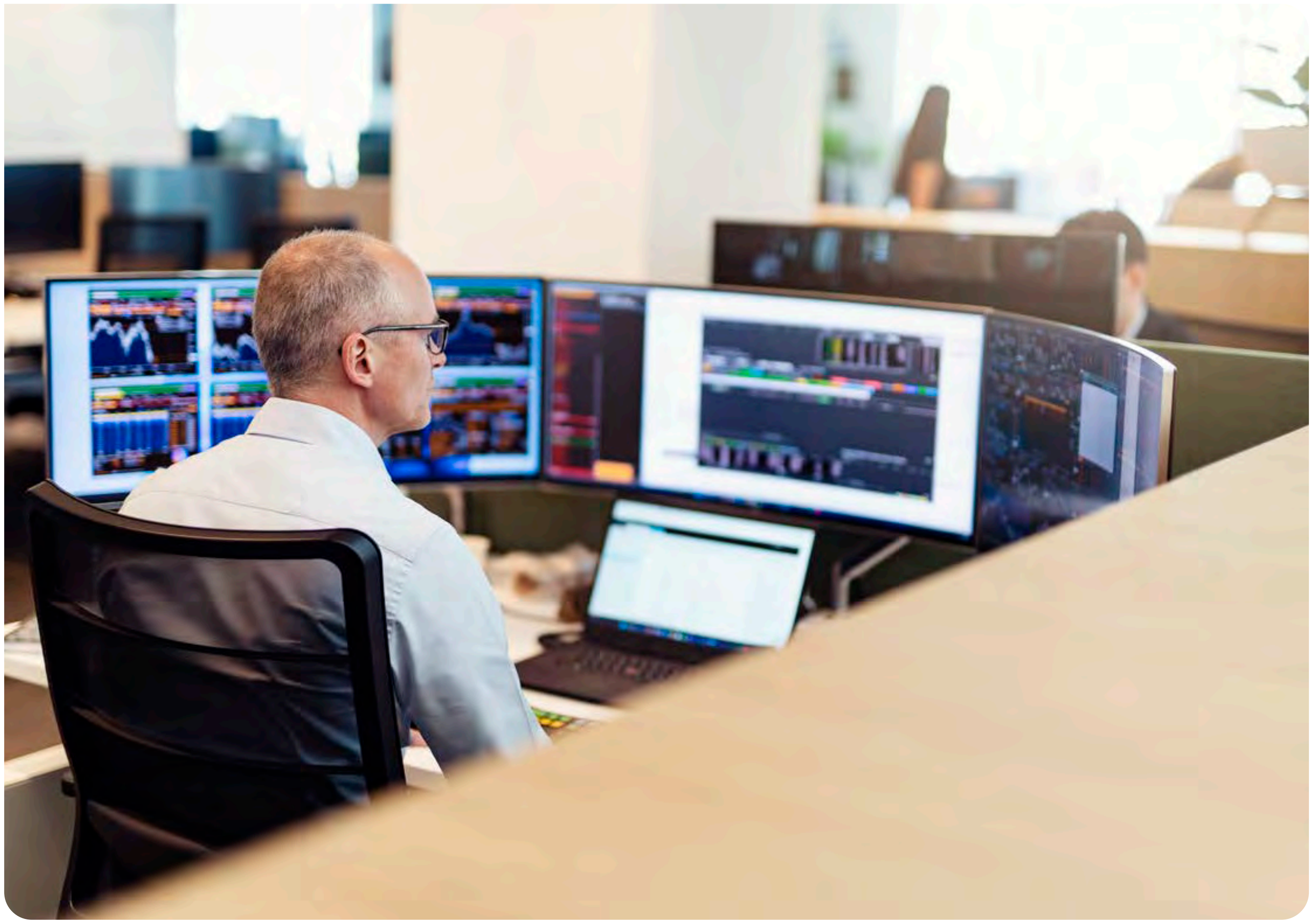
Investment performance

Of all the portfolios managed or sub-advised by Robeco, 68%[16] outperformed their benchmark over the three years to the end of 2023 (2022: 69%). 57% outperformed in 2023 (2022: 58%). For more detailed information, please refer to our funds' annual reports.

Equity markets from developed and most emerging economies rose in value in 2023. 55% of our equity portfolios outperformed their benchmark over the year (2022: 55%), while 59% outperformed over the three years to the end of 2023 (62% in 2022).

Fixed-income markets also rose in value over the year. 62% of our fixed-income funds outperformed their benchmark in 2023 (2022: 63%). 84% of the portfolios outperformed over the three years to the end of 2023 (2022: 83%).

The table below shows the returns of some of our funds over 2023. We show their returns in absolute terms and their outperformance (+) or underperformance (-) versus their benchmark. We also show the Sharpe ratios[17] of our conservative equity funds, which invest in low-volatility stocks, and their benchmarks as we expect a lower downside risk for these funds



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16. All returns are gross of fees.
17. The Sharpe ratio is a measure of risk-adjusted return. It is calculated by taking the annualized return minus the annualized return of the risk-free rate divided by the annualized volatility of the portfolio or index.

Performance of select Robeco funds in 2023	Performance	Outperformance/ underperformance
Equities		
Robeco Asia-Pacific Equities (EUR)	10.4%	+2.7%
Robeco BP Global Premium Equities (EUR)	11.7%	- 7.9%
Robeco BP US Large Cap (USD)	14.1%	+2.6%
Robeco BP US Premium Equities (USD)	13.0%	+1.3%
Robeco BP US Select Opportunities (USD)	17.2%	+4.5%
Robeco Chinese A-share Equities (USD)	-25.5%	-12.4%
Robeco Emerging Markets Equities (EUR)	12.7%	+6.6%
Robeco Emerging Stars Equities (EUR)	15.8%	+9.7%
Robeco FinTech Equities (EUR)	26.1%	+8.0%
Robeco Global Consumer Trends Equities (EUR)	29.7%	+11.7%
Robeco New World Financial Equities (EUR)	14.8%	+3.2%
Robeco QI Emerging Conservative Equities (EUR)	15.3%	+9.2% (Sharpe ratio 1.7 vs. 0.2)
Robeco QI Emerging Markets Active Equities (EUR)	17.8%	+11.7%
Robeco QI European Conservative Equities (EUR)	9.8%	-6.0% (Sharpe ratio 0.9 vs. 1.1)
Robeco QI Global Developed Sust. Enhanced Index Equities (EUR)	19.4%	-0.2%
Robeco QI Global Multi-Factor Equities (EUR)	14.0%	-4.0%
Robeco QI Inst. Emerging Markets Enhanced Index Equities (EUR)	11.2%	+5.1%
Robeco QI Inst. Global Dev. Conservative Equities (EUR)	5.4%	-14.2% (Sharpe ratio 0.5 vs. 1.7)
Robeco Sustainable European Stars Equities (EUR)	16.6%	+0.8%
Robeco Sustainable Global Stars Equities (EUR)	22.2%	+2.6%
RobecoSAM Global SDG Engagement Equities (USD)	27.2%	+4.5%
RobecoSAM Smart Energy Equities (EUR)	10.9%	-8.7%
RobecoSAM Smart Materials Equities (EUR)	13.0%	-6.6%
RobecoSAM Smart Mobility Equities (EUR)	13.9%	-5.7%
RobecoSAM Sustainable Water Equities (EUR)	16.7%	-2.9%
Rolinco (EUR)	24.8%	+6.8%
Fixed income		
Robeco All Strategy Euro Bonds (EUR)	6.8%	-0.4%
Robeco Euro Credit Bonds (EUR)	9.3%	+1.2%
Robeco Euro Government Bonds (EUR)	8.2%	+1.1%
Robeco Financial Institutions Bonds (EUR)	11.2%	+1.1%
Robeco Global Credits (EUR)	7.1%	+0.6%
Robeco Global Total Return Bond Fund (EUR)	3.3%	-1.4%
Robeco High Yield Bonds (EUR)	9.9%	-1.3%
Robeco QI Global Dynamic Duration (EUR)	8.3%	+4.8%
Robeco QI Global Multi-Factor Credits (EUR)	6.5%	0.0%
RobecoSAM Euro SDG Credits (EUR)	9.0%	+0.8%
RobecoSAM Climate Global Credits (EUR)	6.7%	+0.3%
RobecoSAM Global SDG Credits (EUR)	6.8%	+0.3%
RobecoSAM SDG Credit Income (USD)	9.9%	No official benchmark
RobecoSAM SDG High Yield Bonds (EUR)	10.0%	-0.5%
RobecoSAM US Green Bonds (USD)	6.1%	-0.4%
Multi-Asset		
Robeco ONE Neutral (EUR)	12.2%	No official benchmark

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Robeco's corporate outlook

Although our book of business is well diversified, market developments will affect Robeco's performance in 2024. In 2023, we took several actions to help accelerate our productivity in the long run.

We conducted a thorough review of the efficacy of our sales and marketing processes, leading to the implementation of a new global sales strategy and a revamped organizational structure for our sales and marketing departments. This strategic shift aims to improve how we capitalize on our sustainability intellectual property and diverse investment capabilities. We also set ambitious sales targets, but achieving them hinges partly on investor sentiment, which was weak in the wholesale market in 2023, and uncertainty is likely to linger for 2024. However, we expect the effects of our new global sales strategy will drive sales growth in the years ahead.

Our sustainability achievements were again externally recognized. Morningstar reaffirmed Robeco's commitment to ESG, acknowledging us as one of eight global firms truly dedicated to ESG through robust processes, resources, and active ownership. We attained five-star ratings in all modules of the Principles for Responsible Investment assessment. We attribute our success to actively managed products, a broad client base, and geographic diversification, which insulates us from market downturns. We also got ready to enter the active ETF space, with plans for an initial launch in the second half of 2024, as we view ETFs as a complementary avenue to our existing investment strategies.

Our commitment to leadership development was evident with the launch of our leadership journey in 2023, and we will extend this program to all employees in 2024. Furthermore, recognizing the importance of technology, we are reshaping our operational and technology departments to align with our strategic goals. Initiatives like cloud migration, front office architecture, and modern data platform are underway to bolster our technological capabilities, with the appointment of a Head of Technology to spearhead future initiatives.

Our current initiatives require time to translate into profits. Additionally, portfolio outflows in 2023 will negatively affect our 2024 financial performance. Profits in 2023 were boosted by positive market sentiment early in the year and one-off gains, including the transfer of our Dutch online retail platform to Van Lanschot Kempen. Consequently, we project a lower profit in 2024. The positive effects of our organizational changes are expected to materialize from 2025 onwards.

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Materiality assessment

Every three years we conduct an extensive materiality assessment to identify topics that are material to Robeco based on our current strategy. As our strategy remained unchanged from the previous year and there were no major changes to our internal and external environment, we only performed a review of the material topics we identified in 2022. The results of the 2022 in-depth assessment served as a starting point. In 2023, we engaged with the same internal and external stakeholder groups identified in 2022 and used a survey to validate the results.

→ *See the recap of our 2022 materiality assessment in Appendix 2*

Effectively identifying material topics coupled with stakeholder engagement[18] enables us to prevent or mitigate potential negative impacts that could be important to our business and our ability to make a positive impact. In doing so, it is important that we differentiate between material topics related to our own operations and material topics that are connected to our investments.

Managing impacts

We can describe in general the potential negative and positive impacts for topics that are material to the investments we make. However, we are dependent on the actions and reporting by the companies we invest in when it comes to determining their actual impact. This can make it difficult or sometimes impossible to fulfill all the Global Reporting Initiative's requirements. In this report we explain how we integrate sustainability, including material topics, in our investment processes. We also report on the latest developments linked to our sustainable investing focus topics (climate change, biodiversity and human rights), which align with our key material topics. It is important to bear in mind that some of these topics are in their infancy and, although we recognize their importance, it may be too early to comprehensively report on our policies towards these issues, the actions we have taken and their effectiveness.

→ *See the list of material topics with definitions in Appendix 2*

→ *More details on the materiality assessment in 2022 are available in our Sustainability Report 2022*

Material topics
Material topics represent the areas related to environmental, social and governance issues in which Robeco has the most significant impacts and is exposed to the greatest financial risks and opportunities. Impacts are the effect that Robeco has (or potentially can have) on the economy, environment and people.

Update of our materiality assessment in 2023

The stakeholders were requested to confirm whether the topics identified in the 2022 materiality assessment are still material for Robeco and if the scope and level of materiality remained the same. Stakeholders had the opportunity to let us know if they thought we should consider any new material topics through surveys. We also invited key stakeholders for an interview, enabling us to gather further insights.

If at least three stakeholders or one expert stakeholder indicate that the level of materiality of an existing material topic should be adjusted, the proposal is discussed during meetings between the Sustainability and Impact Strategy Committee (SISC), Executive Committee (ExCo) and Supervisory Board. The same process applies when the scope of a material topic is proposed to be adjusted (material in connection to our own operations and/or the companies we invest in), a new material topic is suggested or when it is suggested that a topic is no longer material.

DOUBLE MATERIALITY EXPLAINED

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

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

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18. The ExCo delegates the stakeholder engagements that form part of our annual materiality assessment or review to our Corporate Sustainability Officer. The findings of these engagements are reviewed, validated and approved by the SISC, ExCo and Supervisory Board. Stakeholder engagement helps inform Robeco's corporate strategy.

We show the results of our 2023 materiality assessment in the diagram below. Note that the order in which topics are listed does not imply a ranking of materiality – there are only two options: high materiality or moderate materiality.

There are two changes from 2022:

1. Business conduct (own operations) moved from moderate to high materiality
2. Compliance (own operations) moved from high to moderate materiality

We increased the level of materiality of our business conduct because it involves major potential reputational risks for Robeco and as societal and regulatory expectations about how companies act are increasing. The stakeholders noted that, given Robeco's role as a participant in the financial sector, the relevance and risk of this topic for Robeco are greater than for the companies we invest in in general.

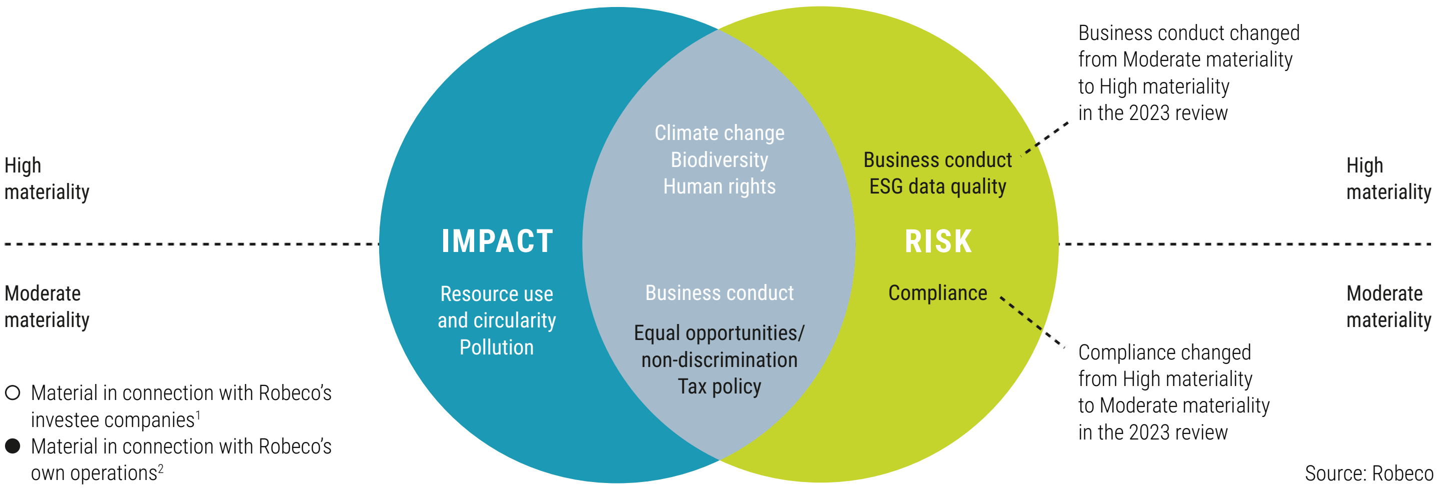
We reduced the level of materiality of compliance (own operations).

Recent changes to our control framework and related processes, which we set out in the risk management section, have resulted in reduced compliance risk compared with last year. However, we recognize that it is essential to ensure that we comply with all relevant current and future regulations. As such, compliance is designated a moderately material topic.

We provide more information on our approach to material topics linked to our own operations in the relevant sections of this report.

An expert stakeholder is defined as:
- a topic owner within Robeco for a specific topic (for example, our Climate & Biodiversity Strategist for these specific topics);
- a stakeholder holding a position within Robeco that is highly relevant to a topic (for example, the Head of Compliance is assumed to have expert knowledge of compliance);
- a stakeholder holding a position within Robeco in which they make decisions or oversee issues linked to a material topic (for example, an ExCo member).

Results of our 2023 materiality assessment



Source: Robeco

1. Referred to throughout the rest of the document as 'Investment perspective'
2. Referred to throughout the rest of the document as 'Own operations perspective'

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Strategy and value creation

Our strategy has been built on our key strengths and considers the interests of all our stakeholders. We have both financial and strategic ambitions for how Robeco can grow sustainably and maximize our added value, ensuring resilience in the face of future challenges.

The context

We acknowledge key long-term trends such as the importance of scale, increased regulation, technological advancements and the maturation of sustainable investing. Meanwhile, scarcity of talent makes it more difficult to attract and retain skilled individuals.

Focus areas

Clients and Distribution

Striving for client-centricity, we are expanding into existing and new markets. This involves strengthening existing capabilities and venturing into new areas (such as developing an Exchange Traded Funds (ETF) business to provide broader access to Robeco's Intellectual Property).

Investments and Products

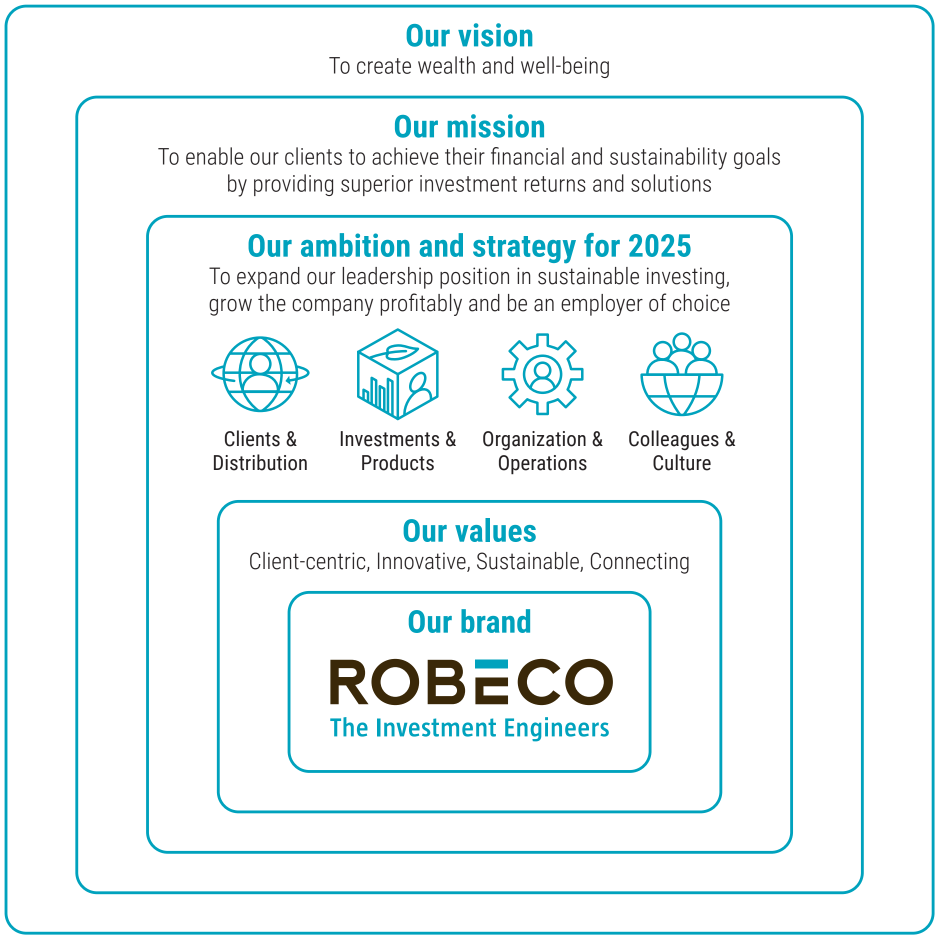
Our goal is to deliver superior, research-driven, investment strategies and innovative products that cater to client needs, building on our key strengths: Sustainable Investing, Quantitative Investing, Thematic Investing, Credits and Emerging Markets.

Organization and Operations

Efficiency and resilience are paramount. We are enhancing our operational robustness and scalability, and are continually seeking ways to increase revenue while lowering costs.

Colleagues and Culture

Focusing on being an employer of choice, we emphasize diversity, equity, inclusion, leadership development and a sustainability mindset. We are guided by our shared values: being client-centric, innovative, sustainable and connecting.



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Risks and opportunities

Successful execution of our strategy depends on both internal factors, such as financial, operational and compliance risks, and external factors, such as market dynamics, client expectations and regulation. We have a well-diversified book of business and global coverage. We are well positioned not only to face market challenges, but also to seize opportunities as they arise. We are optimizing our global sales organization to further increase our sales effectiveness in the long-run. The section on governance and managing risks explains in detail how risks are carefully managed at Robeco.

Our long-term commitment to innovation extends to the realm of Next-Gen Quant, where we harness advancing technologies to develop novel investment insights and strategies. This transformative journey began with a significant overhaul of our quant infrastructure platform, enabling us to test and assimilate alternative data sources at an unprecedented pace.

Looking ahead, we are developing a suite of next-gen investment strategies distinct from our existing quant offerings, emphasizing diversification with significant weight given to novel elements. This represents a quantum leap in our approach, offering investors unique and diversified quant products.

We believe Exchange Traded Funds (ETFs) will become the vehicle of choice for actively-managed investment strategies in the long run. As such, Robeco has concluded that we will pursue ETFs as an additional wrapper for our investment strategies. Robeco can turn its investment and sustainability expertise into differentiated content to provide a range of distinctive ETFs.

Demand for sustainability-oriented investment strategies is expected to continue to grow in the years to come. Robeco is recognized as leader in sustainable investing. Our commitment was reaffirmed in 2023 when we received the highest possible score from the Principles for Responsible Investment (PRI). Rooted in an international coalition of institutional investors, PRI underscores the increasing relevance of environmental, social and corporate governance issues in investment practices. Robeco received Morningstar awards for "Best Asset Manager – Sustainable Investing" in Luxembourg, Belgium, Italy, the UK, Netherlands and Taiwan. We were also ranked 1st and were the only asset manager with an AA ranking in the Share Action Global Responsible Investment Benchmark "2023 Point of No Returns" report.

We have a strong proposition integrating sustainability into our investment products. This starts with our approach to ESG integration and extends to the use of our SDG framework. The SDG framework enables us to align invested capital with the sustainability interests of the capital owner. To combat climate change, we have a clear roadmap towards net zero emissions for our assets under management. For other important topics such as biodiversity and human rights, we are in the process of developing investment frameworks. More information on this is available in the section in which we explain how we integrate sustainability in our investment processes.

With the integration of sustainability in our product offering and our continued recognition as a leader in sustainable investing, we are well positioned to capitalize on the growing demand for sustainability-oriented investment strategies, especially within the more nascent sustainable investing markets.

Our continued commercial success relies on our ability to successfully allocate our available resources (human, financial and intellectual capital) in the short-term. We need to balance this allocation between activities that ensure the continued integrity of all our processes and smart investment in developments that make us fit for the future. An example of the latter is our continued investment in IT systems for ESG data. Following regulations such as the Sustainable Finance Disclosure Regulation, there are many new data points becoming available, but not all are of high quality yet. Ensuring access to the necessary high-quality data is key for sustained commercial success.

Looking ahead, our focus will shift to medium and long-term challenges, notably the risk associated with improving our competitive position amid market consolidation and the imperative to scale up. Our 2021-2025 strategy sets ambitious yet achievable targets. Leveraging our key strengths and research-driven approach, we aim to expand the breadth of our offering, fortifying our competitive advantage.

NEXT GENERATION QUANT

The cornerstone of our Next-Gen Quant initiatives lies in leveraging alternative data and artificial intelligence, using machine learning and natural language processing. Our proprietary machine learning, deep learning, and natural language libraries are finely tuned for investment applications, fully cloud-native and production-ready. A testament to this is our reporting assistant powered by General Purpose Technologies (GPT), operational since 2022, offering streamlined insights from diverse sources such as reports, news, filings, employee feedback and client reviews.

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How Robeco creates value

Our input

Financial
- Assets under management: EUR 180.6 billion
- Operating expenses: EUR 449.5 million

Human & intellectual
- Number of employees: 1,049
- Internal expertise
- Data providers
- Consultancy

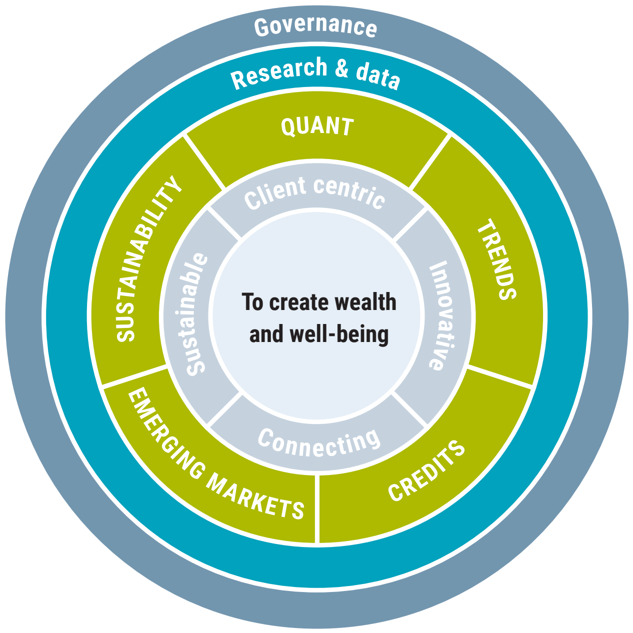
Social & relationship
- Clients (institutional and wholesale)
- Partnerships
- Shareholder
- Suppliers
- Other key stakeholders such as regulators and NGOs

Manufactured & natural
- Offices electricity used: 2,651 MW
- Facilities: 16 offices
- IT infrastructure
- Business travel: 2,939.8 tonnes CO_2e

Our business model

ROBECO
The Investment Engineers

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



The value we create

Financial
- Net result: EUR 112.9 million
- 68% of portfolios outperformed their benchmark (3yr period)

Human & intellectual
- Employee engagement score: 7.8
- Research and development
- Intellectual property

Social & relationship
- 25 engagement themes
- 319 engagement cases
- 7,042 shareholder meetings voted

Manufactured & natural
- Impact via engagement themes and investment policy (e.g. commitment to net-zero roadmap and exclusions)

Outcome for our stakeholders

Customers
We enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions

Shareholders
We help ORIX to enhance their services and pursue their growth ambitions as a diversified multinational financial group

Employees
We empower our employees to reach their full potential in an inspiring, engaging and respectful work environment

Business partners & society
We aim to contribute to real-world positive impact, for example via our active ownership activities; we share our knowledge on sustainable investing with stakeholders and the wider public; and we support communities where we have a presence

Stakeholder dialogue | client feedback | employee survey

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We generate value in two primary ways: first, through our investments, where the finance we allocate indirectly via the companies we invest in contributes to economic growth and job creation, integrating sustainability considerations to support positive impacts. Second, at the corporate level, we provide employees with career opportunities and a safe, inclusive working environment. Acknowledging the potential harm of our investment activities, we follow rigorous investment guidelines, analyze controversial behaviors and adopt active ownership practices to minimize negative impacts in line with the sustainability profiles of our products. For more information please refer to the section explaining how we integrate sustainability in our investments.

Value creation model

Our value creation model reflects how our strategy creates value for our stakeholders. It aligns with the International Integrated Reporting Council's (IIRC) framework, drawing on financial, human and intellectual, social and relationship, and natural and manufactured capital.

Financial capital consists of our assets under management, client fees, operating expenses and net revenue. Human and intellectual capital consists of our employees' time, skills and expertise; training and development programs; our brand and reputation; innovation; data and software. Social and relationship capital consists of our interactions with our stakeholders, such as relationships with our clients, employees and business partners. We also engage with various stakeholders in industry networks and participate in external initiatives. Lastly, we make use of natural and manufactured capital through our consumption of energy, water and other resources.

Through our business activities, we transform these inputs into value and impact in line with our mission and vision. Our operations are guided by our core values, and our products (funds, mandates and indices) are based on in-depth research and high-quality data. Our governance system provides a solid set of rules, practices and processes, ensuring we consider all stakeholder interests and align risks with our risk appetite. Sustainability is ingrained at every stage, impacting our relationships with employees, customers, our shareholder, the communities we engage with, and society at large.

By making it possible to evaluate the contribution to each Sustainable Development Goal (SDG) for any issuer (from companies to countries) within our investment sphere, our SDG framework plays a crucial role in shaping sustainability-oriented investment strategies and enables us to pursue positive impact through our investments. It enables us to foster a positive impact through our investments. Likewise, in our own operations, we prioritize the measurement and management of our social, environmental and economic impacts on both people and planet, aligning with our commitment to advance the SDGs.

Stakeholder engagement

At Robeco, we engage with our stakeholders to ensure we create long-term value while contributing to sustainable economic, social and the environmental progress. In line with our value creation model, we define our stakeholders as any group or individual impacted by our business activities, outputs or outcomes, or that may influence our ability to create value over time. Our main stakeholders are our clients, shareholder (ORIX Corporation), employees, business partners and society at large. We seek input from them and incorporate their perspectives, wherever feasible, into our decision-making, strategy and reporting processes.

Our clients are key stakeholders. We strive to deliver exceptional service to them and offer a range of investment solutions that address their unique needs.

ORIX Corporation, our shareholder, plays an important role in overseeing Robeco. We collaborate with ORIX to enhance its asset management services and support its growth ambitions.

Our employees are essential to Robeco's success. We invest in their personal development, promote diversity, equity and inclusion, and prioritize their well-being by fostering a safe and healthy work environment.

Our broader stakeholder group includes business partners and society at large, including suppliers, the companies we invest in, local communities, governments, regulators and NGOs. We engage with them through various channels to obtain an understanding of their concerns and expectations and incorporate our findings into our decision-making.

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Stakeholder engagement and key highlights[19]

Stakeholder group	Examples of how we engage	Key highlights in 2023
Clients	• Maintain regular contact with clients to keep them informed of relevant developments • Client queries • Face-to-face review meetings • Provide clients with relevant data to ensure they can make informed investment decisions	• Developing an Exchange Traded Funds (ETF) business • Increased focus on our institutional and wholesale clients after we transferred our Dutch online direct retail distribution platform and its clients to Van Lanschot Kempen • 2023 Global Climate Survey • Launching new funds and strategies
Shareholder	• ORIX, through ORIX Corporation Europe (OCE), is involved in shareholder approvals in accordance with Robeco's articles of association and Dutch corporate law • Regular management meetings between Robeco and ORIX • Regular reporting to ORIX on risks and financial matters	• Celebrated 10th anniversary of being part of ORIX
Employees	• Employee Engagement SurveyLearning and development opportunities for employees • Meetings with Works Council and other employee representative groups • Employee Resource Groups • Confidential counselor	• Announced pension scheme changes • Leadership journey • Updated our Code of Conduct • Developing Diversity, Equity and Inclusion roadmap
Business partners & society	• Dialogues with industry bodies and regulators • Close collaboration and partnerships with NGOs, such as WWF-NL and academia • Active ownership through voting and engagement with the companies we invest in • Contributing to our communities in three ways: the Robeco Foundation, volunteering and social commitments	• Expansion of SI Open Access initiative for clients and academics, including providing full transparency about companies' SDG scores on Robeco.com • Received top rankings for our approach to sustainable investment from multiple respected industry bodies • Part of various collaborations, including the collaborative engagement program Nature Action 100

Our value chain

Operating in the asset management industry, we aim to enable our clients to achieve their financial and sustainability goals through the investments they make with us. We group our clients into two distinct segments: institutional investors and wholesale clients.

In the context of the asset management business, the impacts within our upstream value chain are limited and primarily confined to services such as back-office activities, transport, data and research and data centers.

Assessing the impact of our downstream value chain is more intricate and involves considerations extending beyond our clients to the influence exerted through the investments we facilitate. Although we lack direct ownership of these investments, we bear responsibility for guiding client funds through the investment products we manage, thereby underscoring our commitment to sustainability.

Our downstream impact remains indirect and reporting on the effects of the companies we invest in is constrained by regulatory requirements and the willingness of firms we invest in to publicly disclose relevant performance indicators. The absence of a standardized agreement on what constitutes an asset manager's value chain complicates matters, with some excluding the companies they invest in. We choose transparency by including them and emphasizing our belief in active ownership. We do acknowledge there are limitations on what we can report. We remain vigilant in monitoring developments in the ongoing discussion. Any sector-specific guidance is promptly incorporated into our approach as it emerges.

There were no significant changes to Robeco's size, structure and ownership or supply chains in 2023.

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19. Please note this is intended to be an overview only; it does not provide an exhaustive list of topics discussed during the year

Our stakeholders

We value our interactions with all our stakeholders. In this section we share some information on how we engage with our key stakeholder groups: our clients, our shareholder, our people, our business partners and society.

Our clients

We distinguish two client segments:

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

Investment strengths and products

Our business proposition is based on our five key strengths:

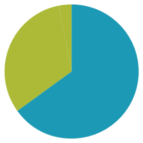
- Sustainable investing
- Quantitative investing
- Credits
- Emerging markets
- Thematic investing

Robeco's product range consists of 159 investment funds. They are grouped into 35 strategy types and subdivided into three levels of sustainability integration.

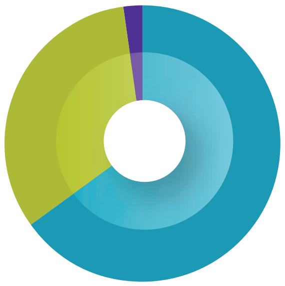
→ *Read more about our sustainability integration*

Assets under management: EUR 180.6 billion

Institutional clients	Wholesale clients
114.1	66.5

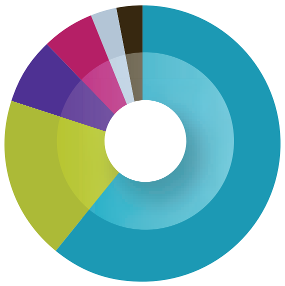


Asset classes



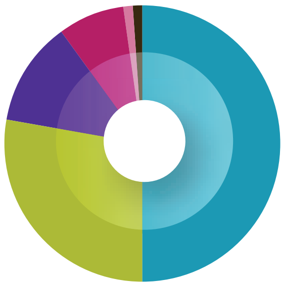
Equities	65%
Fixed income	33%
Balanced	2%

Clients by region



Europe ex Netherlands	61%
Netherlands	19%
Asia - Pacific	8%
Americas	6%
Middle East	3%
Africa	3%

Client type breakdown



Banks & other financials	50%
Pension funds	28%
Official institution	12%
Insurance	8%
Corporate	1%
Foundation / endowment or other	1%

Strategic partnership
In February 2023 we announced a strategic partnership with Van Lanschot Kempen, bringing together the deep-seated knowledge and expertise of two investment houses with a long Dutch history. This partnership included the transfer of our retail client segment to Van Lanschot Kempen. On 1 July 2023 this transfer was completed. The clients that were transferred are still able to invest in Robeco's investment strategies, but client servicing is now carried out by Van Lanschot Kempen.

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Our clients

We put our clients first in everything we do. We always act in their best interests, doing our utmost to form long-term relationships based on integrity and trust, while striving to achieve superior risk-adjusted returns.

This means we have to fully understand our clients' needs, goals and aspirations. This gets to the heart of what they expect. We are in regular contact with our clients to keep them informed about relevant developments, and to ensure that the service we provide remains in line with their evolving needs. We achieve this in various ways, including promptly answering queries and conducting face-to-face review meetings. The high standard of reporting that we provide is instrumental in this process, as a means of ensuring they receive all the relevant information about their investments with us.

Our reports form the basis for further discussions, which can sometimes lead to our clients making changes to their portfolios, such as adjusting the risk return characteristics of the portfolio or switching to lower-carbon investments if carbon footprints are too high.

We consider it our responsibility to explain all available investment options and the potential outcomes of the decisions they take. This enables them to make informed choices in their best interests.

Outlook

By putting our clients' interests at the heart of everything we do, we aim to deliver exceptional service. We believe this focused approach will lead to deeper engagement, lasting relationships, greater satisfaction and, ultimately, mutual success. We will continue to enable our clients to achieve their financial and sustainability goals by providing superior investment returns and solutions.

Robeco has committed to achieve net zero greenhouse gas emissions across all its assets under management by 2050. We have done so because it is in our clients' interests and society's as a whole. We are collaborating with clients to accelerate the transition to net zero investing and are expanding our range of climate-aligned investment solutions.

Our shareholder

Robeco is wholly owned by ORIX Corporation Europe (OCE), a subsidiary of ORIX Corporation. ORIX Corporation is a Japanese business conglomerate that dates back to 1964. ORIX Group's stated purpose is: "Finding Paths. Making Impact." and it seeks to put this into practice in a range of businesses around the world. ORIX operates in financing and investment, life insurance, banking, asset management, leasing, real estate, concession businesses (such as operating airports), the environment and energy, automobile-related services, industrial/ICT equipment and ships and aircraft.

Through its subsidiary OCE, ORIX oversees Robeco's activities. This includes the implementation of an appropriate control framework for risk management, compliance, legal, tax, audit and financial reporting. OCE oversees the management of various operating companies, including Robeco, under a holding company structure. This ensures that activities at the holding company level are kept separate from the asset management and investment activities of OCE's operating companies. The Supervisory Board supervises the general affairs of Robeco and its businesses as executed by the Management Board. The management boards of the operating companies liaise with OCE as their shareholder. OCE helps Robeco develop new products by providing seed capital for them.

Within ORIX's portfolio of asset managers, ORIX appreciates Robeco's long investment track record, wide product range and status as a leader in sustainable investment. As such, Robeco provides clear added value to ORIX. Looking ahead, ORIX sees scope for Robeco to expand its existing strengths in, amongst others, sustainable investments.

Our people

At Robeco we aspire to be an employer of choice for talent and strive to unleash the power of our people. We foster an environment in which our employees feel empowered to be their best selves and achieve the best possible results for our clients and company. It is important for us that our employees are able to find the right balance between work and private life and we support them in achieving a harmonious balance. This enables us to meet the company's requirements and fulfil our clients' expectations.

We recognize that the world has changed since the Covid-19 pandemic and, as a result, we adjusted our flexible working guidelines in 2023. Our commitment to help our employees achieve their best performance while maintaining a healthy work-life balance is reflected in our people proposition, which sets out what Robeco offers its employees and what we expect in return.

Our workforce in figures[20]

Number of employees, hires and turnover

	2023	2022	2021
Number of employees			
Headcount	1,049	1,052	961
FTE	1,019	1,015	927
Hires (headcount)			
Total	136	165	130
Male	82	92	69
Female	54	73	61
Voluntary turnover			
Turnover Headcount	48	54	69
Male	22	27	40
Female	26	27	29
Turnover percentage	4.6%	5.4%	7.0%

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20. All figures in the Our people section are reported at the end of the reporting period (31 December 2023), unless otherwise specified.

Headcount by region

	Total	Male	Female
Total	1,049	680	369
Asia	100	39	61
Europe	934	630	304
USA	15	11	4
Permanent	982	637	345
Asia	98	39	59
Europe	869	587	282
USA	15	11	4
Temporary	67	43	24
Asia	2	0	2
Europe	65	43	22
USA	0	0	0
Full-time	894	615	279
Asia	100	39	61
Europe	779	565	214
USA	15	11	4
Part-time	155	65	90
Asia	0	0	0
Europe	155	65	90
USA	0	0	0

Our organization thrives on the strength and diversity of our workforce, which includes not only our permanent employees, but also workers that we employ temporarily, such as those on fixed-term contracts, contingent workers[21] and interns. We worked with 149 contingent workers at 31 December 2023[22]. Relying on contingent workers enables us to flexibly scale our workforce, usually to cover short-term absences or temporary increases in work load. The tasks range from administrative to executive duties. We also offer paid internship opportunities to students who wish to gain experience in the asset management industry. These internships are also valuable for Robeco, as we gain from our interns' fresh perspectives and innovative ideas.

Regardless of the exact nature of our working relationship, we appreciate that each member of our workforce plays a role in our success, and we are committed to providing a supportive and inclusive environment for all.

Diversity, equity and inclusion (DE&I)

At Robeco we recognize the value of diversification as a key driver of the success of our investment strategies, and the same applies to our workforce. We believe that the different perspectives held by our employees make us more innovative, flexible and resilient. We aim for a culture in which we connect together: we seek to foster a workplace in which all colleagues feel safe, included, valued and empowered to be their best selves, regardless of their gender, age, experience, ethnicity, race, religion, disability, sexual orientation, social background or family responsibilities.

We have a DE&I Board in place that collaborates with our colleagues around the world, formulates our DE&I strategy (see our DE&I roadmap) and provides support while overseeing the coordination of diverse DE&I initiatives across Robeco. Our DE&I Board consists of 12 members from different departments across regions and is chaired by our Chief Operations Officer. All our Employee Resource Groups (ERGs) are represented on the DE&I Board.

The ERGs provide our employees with the opportunity to share their perspectives on ideas, resources, support and education with each other. The ERGs help us to advance the firm's DE&I roadmap. We currently have four ERGs: GEA (Gender Equality Alliance), EDGE (Empowering Diversity, Growth and Equity), PRISMA and Ro-Next:

- GEA aims to raise awareness related to gender diversity, gender equality and (unconscious) biases to empower women across the company at every stage of their career;
- EDGE fosters a diverse, inclusive and equitable workplace for all cultures, backgrounds and ethnicities;
- PRISMA advocates a work environment that respects, welcomes and supports straight and LGBTQ+ professionals, enabling them to meet their full potential and contribute to Robeco's goals;
- Ro-Next is an initiative by young professionals (aged 35 or under) for young professionals at Robeco that creates a platform for them to connect, share and learn from each other.

The ERGs organized 29 events in 2023 to strengthen the sense of belonging among our employees. They created a silence room in the FIRST building which provides a quiet area for colleagues and clients to meditate, pray, reflect or relax privately. The ERGs also challenge our company practices and provide ideas to the DE&I Board and guidance on creating inclusive policies, practices and cultures.

In 2023 we also adjusted our policies to allow every colleague to care for their family members, and we updated our leave policies and procedures to be more inclusive. All employees have the freedom to use gender pronouns in internal and external communication. We also use exit interviews to gain insight in areas where we need to improve in the field of DE&I.

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21. Contingent workers are employees that are not directly employed by Robeco, but indirectly through a third party.
22. Compared to 157 contingent workers in 2022.

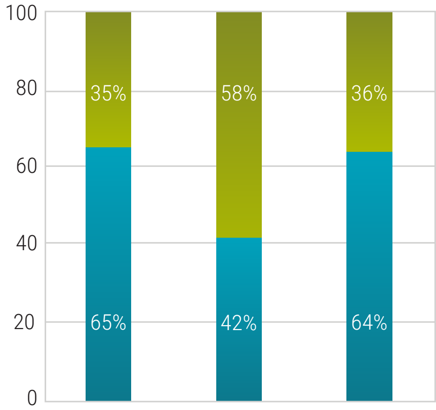
GENDER DIVERSITY

Our long-term ambition is to achieve a 50% gender balance at Robeco. We have established specific targets for gender diversity at different levels of our company, aiming for:

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

To improve the level of gender diversity at senior management level, we are transforming our performance management and retention practices. We have implemented a process that helps managers build career paths, thereby delivering on our ambition to improve gender equality. Every year in our performance cycle, HR monitors the gender pay gap and the gender distribution of promotions and nominations. This enables HR and management to validate and check the outcomes and take measures when needed. The ExCo actively engages with senior leaders in DE&I dialogues to address concerns, create understanding and build support. Our leadership program focuses on making our colleagues more aware of and knowledgeable about diversity, equity and inclusion.

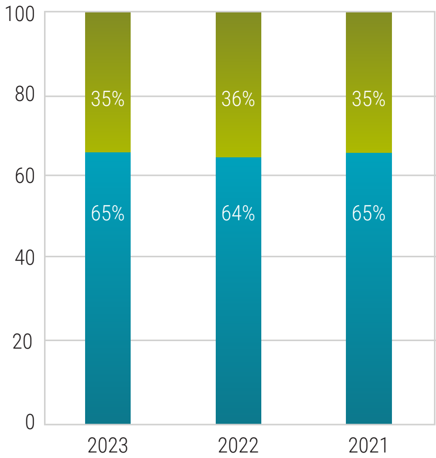
Gender distribution in general, by type of contract and by working time



1,049 headcount | 155 part-time contracts | 67 temporary contracts

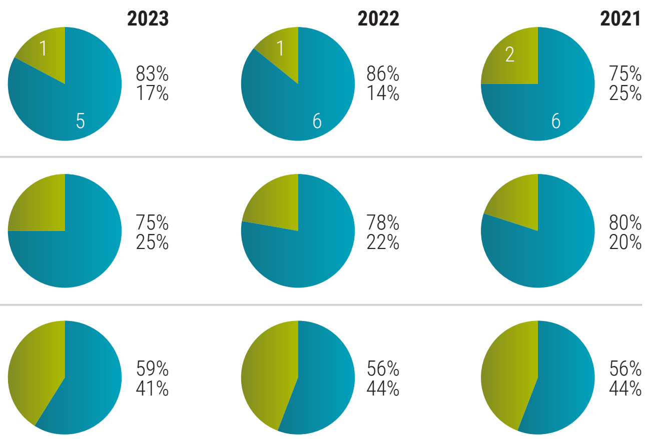
● Male ● Female

Gender distribution per reporting year in headcount



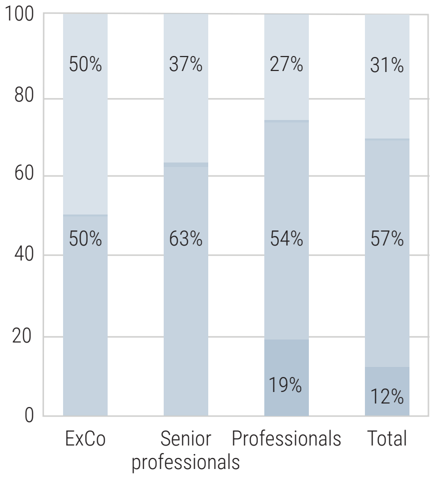
● Male ● Female

Gender distribution per employment category



● Male ● Female

Age distribution per employment category in headcount



● Under 30 years ● 30-50 years ● Over 50 years

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DE&I roadmap

In addition to specific targets for gender diversity, we strive to achieve broad diversity in multiple dimensions. We believe that setting targets for one minority creates the right backdrop against which we can achieve diversity, equity and inclusion for other underrepresented groups. Our DE&I roadmap sets out our plan for fostering diversity, equity and inclusion within our organization based on clear objectives and actionable steps.

In 2023, we built a foundation for our long-term DE&I goals. We reviewed our policies and adopted a strategy that will provide better results in terms of diversity and inclusion in our recruitment and staff retention. We recognize that it is important to ingrain diversity, equity and inclusion in our organizational DNA. Our main aims for 2024 are to:

- continue to increase adoption of DE&I and incorporate it in our leadership training;
- increase our employees' engagement with ERG events;
- review existing policies to make them more inclusive;
- further enhance our DE&I reports and participate in external benchmarks.

Target outcomes by 2026 set out in our DE&I Roadmap

Organization policy and infrastructure	• Active engagement with Employee Resource Groups (ERG) • Improve inclusiveness of our policies
Build and sustain an inclusive culture	• DE&I-related training being an integral part of our leadership, management, personal leadership and onboarding training • Improved DE&I score in employee engagement survey
Attract, promote and retain diverse talent	• DE&I strategy covering more diversity domains, with concrete goals and action plans being implemented • Quantitative progress being visible in our reporting
Communication	• Internal DE&I strategy and sustainable investing engagements being fully aligned
Reporting and benchmarking	• DE&I metrics forming part of our internal performance dialogues and external reporting

DE&I metrics and report

In 2023, we developed a DE&I report that contains company-wide DE&I information. This will be accessible to all employees in 2024. Analyzing trends for various demographic dimensions such as gender, age and nationality in our hiring, promotion and retention practices helps us work towards and improve our DE&I Roadmap and DE&I initiatives and to report internally and externally on our progress.

It is important to understand where we stand in terms of DE&I, our progress over time and how we compare with other companies. In the first half of 2024 we will conduct our first Inclusion & Diversity survey of all our employees across the world. The survey will be carried out by an independent external party. We intend to keep on monitoring our progress on DE&I over the coming years, which will also form the basis of updates to our DE&I policies and procedures.

→ *Visit our webpage on diversity, equity and inclusion*

SUSTAINABILITY WEEK

In 2023, our Sustainability Week evolved into a truly global event. The week involved various internal initiatives intended to raise awareness on sustainability among our employees. The 2023 Sustainability Week focused on our employees and the culture pillar of the Robeco strategy, and in particular:

1. Stimulating diversity, equity and inclusion
2. Being 'one connected' company and breaking down boundaries between domains
3. Driving a sustainability mindset and promoting 'walking the talk'

During the week, employees could listen to a new podcast series; discuss sustainability dilemmas during lunch sessions; join a global event focused on sustainable fashion; and take part in various local activities in several of our offices around the world.

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Upskilling our workforce

Employee development is an important part of our strategy. We encourage all employees to fully embrace the opportunities for self-development we make available to them within the course of their work and/or through specialist learning and development programs. We encourage managers and employees to discuss what the focus of their development should be and the best way to put this into practice.

LEADERSHIP SKILLS DEVELOPMENT

We foster a positive work environment and contribute to our company's success by providing leaders with the necessary skills and knowledge to effectively guide and inspire their teams. In 2023, 175 leaders underwent training in core people leadership skills. This included training on Secure Base Leadership, which focuses on striking the right balance between 'being caring and being daring', and Growth Mind-Shift training focused on balancing responsibilities and learning. There was also Courageous Conversations training on how to have the conversations needed to discuss complex and sensitive issues, and Feed Forward training on how to give and receive feedback. The programs consisted of two days in-person training followed by online courses spread over several weeks.

All our employees have a variety of learning and development opportunities available to them. These include in-person training and online courses. Focusing on personal and professional development, our training courses help our staff acquire the skills and knowledge vital for today's dynamic business environment. Examples include the Young Professional Journey; Executive Performance Training; and Every Day Impact and Presentation Skill Training. The most popular courses in 2023 were Unconscious Bias, Confronting Bias; Thriving across our Differences and Difficult Conversations; and Talking about Race at Work.

Given the pivotal role that sustainable investing plays at Robeco, we run a specialized training program known as the Sustainable Investing Academy (SI Academy). It consists of basic, advanced and expert courses that our employees can include as part of their sustainability KPI in their annual appraisals. As per the end of 2023, 666 of our employees participated in one of the SI training courses. We updated the content of these courses during the year, with the new content set to be released in 2024.

We also provide a 'Connect and Learn' program, through which lecturers and researchers share their knowledge on topics that are relevant to Robeco. In 2023 we held eight sessions, with a total of 1,268 enrolments. The three most popular were Time Management and Mental Health, Cyber Security: Ransomware, Spam and Scams, and International Women's Day. Robeco's Mentor Program helps our employees to learn from each other and benefit from each other's experience. This program includes the more traditional way of mentoring (senior employees mentoring junior employees) and reverse mentoring (junior employees mentoring senior employees), as well as peer mentoring. In addition to mentoring, we make internal and external coaching available to our employees to help them grow.

Given the importance we allocate to business ethics and compliance, several mandatory compliance trainings were provided to all employees during 2023.

→ *Read more about the compliance trainings provided in the Business conduct and compliance section*

Employee engagement

Our workforce is a dynamic community of passionate professionals dedicated to our shared mission and values. We value collaboration and encourage continuous feedback on the company's performance and open communication. With this in mind, we conduct an annual survey to measure overall engagement and satisfaction among our colleagues. The 2023 survey was conducted in July, and our

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engagement score increased to 7.8 (2022: 7.7) with a response rate of 84% (2022: 89%). Our employee net promoter score, a measure of our staff's satisfaction with Robeco, increased from 27 in 2022 to 29 in 2023. All managers are requested to discuss their teams' results together in order to create an action plan to address areas for improvement. Action plans are followed up by the ExCo members for each domain.

Employee engagement survey results

	2023	2022	2021
Engagement score	7.8	7.7	7.6
Number of respondents	837	901	818
Percentage of surveys filled in	84%	89%	88%

Employee representation and workplace integrity

Employee representation at Robeco involves giving our employees a voice in decision-making processes. This can be through the Works Council or designated representatives. Robeco has a Works Council in the Netherlands. In other locations, we encourage employees to share their opinions through different channels, such as via their country manager, members of our HR department and our engagement survey.

Departments within HR, such as Rewards, Learning & Development and HR Operations, regularly meet with country managers to understand the needs of employees in their offices. HR advisors are the first port of call for our employees to share their requests or concerns. Workplace integrity focuses on maintaining ethical standards within the organization, emphasizing fair treatment, transparency and compliance with laws and policies. We focus on this because we believe it contributes to a work environment that fosters employee engagement, builds trust and helps protect our employees' rights.

→ *Read more about workplace integrity, including monitoring, in the Business conduct and Compliance section*

Works Council

Robeco's employees in the Netherlands are represented by a Works Council, which is governed by the Works Councils Act (Dutch: WOR) and has drawn up its own Works Council Regulations (Dutch: OR Reglement) based on the Works Council Act. The Works Council is represented by a group of employees elected by their colleagues in the Netherlands, with each member assigned to the council for a period of four years. The council includes a board that takes care of day-to-day affairs and sub-committees that focus on specific topics.

The Works Council seeks to act in the best interests of both the company and its employees. It evaluates decisions linked to the company's strategy and employment conditions made by the Executive Committee (ExCo), taking into account the company's business interests and, in particular, the collective interests of Robeco's employees in the Netherlands.

Advice and consent

The Works Council provides advice to the company and its employees in matters such as:

- major investments;
- reorganizations;
- takeovers, mergers and other long-term forms of cooperation such as partnerships;
- changes to the terms and conditions of employment;
- introduction of or changes to pivotal technology.

The ExCo needs the consent of the Works Council before it can proceed with actions that affect all employees or a group of employees. This does not apply to decisions relating to individual members of staff. Works Council consent is required for the following matters:

- pension insurance, profit-share schemes and savings schemes;
- guidelines for working hours and vacations;
- remuneration or remuneration frameworks;
- employment conditions and absence due to sickness;
- policy on recruitment, promotion and dismissal;
- staff training;
- staff appraisals;
- employee complaints procedures;
- registration of personal data;
- annual salary negotiations.

The Works Council is able to bring topics to the attention of the ExCo and to approach them with proposals. But even though it participates in discussions and provides advice, the Works Council does not make decisions.

Composition and meetings

The Works Council has 14 members from different departments. There is an election system in place through which new members are appointed every two years for a four-year term. The elections are staggered: 50% of the seats are up for election every two years. The Works Council has six meetings per year with members of the Executive Committee. Robeco's CEO is present at these meetings on behalf of the ExCo, together with the head of Human Resources. The Works Council also meets at least once a year with a member of the Supervisory Board. Every week all Works Council members meet informally to discuss a range of issues.

Key topics in 2023

Changes to Robeco's pension scheme in the Netherlands were the main topic for discussion by the Works Council in 2023. For this reason, the sub-committee responsible for pensions had regular meetings with the board of the Robeco Pension Fund. Salaries, internal restructuring and Robeco's retail department's transfer to Van Lanschot Kempen were other topics in which the Works Council was involved.

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Collective bargaining agreements

While Robeco employees in the Netherlands are represented by the Works Council, collective bargaining agreements apply to all our employees in France, Spain and Italy, who account for 2.5% of our total headcount (26 people in total). The agreements cover various aspects of the employment relationship, such as compensation, benefits and working hours. Collective bargaining agreements play an important role in fostering a cooperative and harmonious relationship between the company and its employees by providing a framework for resolving disputes, outlining grievance procedures and ensuring that both parties adhere to agreed terms. For other countries, we ensure working conditions and terms of employment are aligned with market practices.

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Business partners and society

Our broader stakeholder group encompasses a diverse range of entities that represent our business partners and society at large. These include the companies we invest in, tax authorities, suppliers and the communities in which we operate. In the following sub-sections we offer insights into our relationships with these groups and how we collaborate with them, seeking to create a harmonious balance between financial success, societal well-being, and environmental stewardship.

The companies we invest in: Active ownership

We are convinced that companies that adopt sustainable business practices have a competitive edge and are more successful in the long run. We also recognize that society benefits from sustainable business practices. At Robeco we believe that actively exercising our stewardship responsibilities is an integral part of our sustainable investment approach. Doing so involves using our influence and rights as an investor to improve the behavior of the companies we invest in. This approach is aligned with our mission to use research-based, quality-driven processes to produce the best possible results for our clients over the long term.

→ *Read more about our active ownership activities in the section on Stewardship*

Tax authorities: Contributing to tax transparency

We strive to act in accordance with our Tax Policy at all times, as explained in our Approach to Tax. In practice this means that we aim to comply with all applicable laws, regulations and reporting obligations and to apply good tax practices.

We are a responsible taxpayer and let our mission and values guide our approach to tax. While tax represents a cost to our company, paying it is a vital part of our contribution to a healthy and sustainable society. Our tax payments are the result of the local business activities we perform. Our approach to tax should have no negative impact on society, but benefit the communities we operate in and the markets that we invest in.

Our approach to tax applies to Robeco[23] and Robeco investment funds[24].

Our tax principles

We abide by the following tax principles.

1. We are strongly committed to complying with both the spirit and the letter of applicable tax laws and regulations.
2. We are transparent about our tax affairs.
3. We do not engage in aggressive tax planning.
4. We strive to establish and maintain mutually respectful relationships with tax authorities.

Our tax governance

Our Executive Committee (ExCo) bears ultimate responsibility for the firm's compliance with our approach to tax and has delegated the execution of this responsibility to Robeco's Fiscal Affairs department. The Fiscal Affairs department continually updates and deepens its knowledge of the current state of tax affairs and seeks to enhance the company's tax compliance, control and reporting. For example, the Fiscal Affairs department organizes an annual tax workshop for our payroll department to help it keep track of developments on wage taxes. The team also attends tax courses for permanent education purposes and sets out an annual plan with projects and tax legislation that are to be monitored.

Robeco's Fiscal Affairs department reviews Robeco's Tax Policy and Approach to Tax every two years. Any changes have to be approved by the ExCo.

Managing our tax risks

We have a low risk appetite, and we proactively seek to identify, monitor and manage any tax risks to ensure we comply with laws and regulations. To mitigate the tax risks we are exposed to, we have a Tax Control Framework in place, which is part of the Robeco Control Framework.

Stakeholder engagement/public policy engagement

With the business environment constantly evolving, it is essential that we understand what matters to our stakeholders and contribute to public policy. We therefore:

1. Engage with the tax authorities of the jurisdictions that we operate in with integrity, respect, transparency, trust and, where applicable, co-operative compliance.
2. Engage in open and constructive dialogues with our stakeholders.
3. Participate in public policy discussions as a member of different industry associations, such as DUFAS (Dutch Fund and Asset Management Association) and EFAMA (European Fund and Asset Management Association).

Applying good tax practices to our investment funds

We apply the same tax principles that we outline above for our own operations to our investment funds. We also endorse the widely accepted principle that investing by means of investment funds should not lead to a higher tax burden than investing directly in the same underlying financial instruments.

Applying good tax practices – the companies we invest in

For the companies we invest in, where deemed appropriate, we apply our stewardship approach, which is based on similar tax principles.

→ *Read more about how we apply our tax principles in our investment funds in our Approach to Tax*

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23. Robeco refers to Robeco Holding B.V, its majority-owned subsidiaries and branches, and all legal entities not owned but controlled by one of these entities.
24. Robeco investment funds are investment funds that have appointed a Robeco entity as the management company and as a result the Robeco entity is responsible for the tax affairs of the investment fund.

New developments

In 2023 we reviewed our publicly available Approach to Tax to ensure it aligns with our sustainability and transparency ambitions. We also further aligned our approach to tax with GRI 207. The results are as follows.

1. We updated our Tax Policy and our Approach to Tax to reflect and incorporate our view on the impact of tax on sustainability.
2. We proactively identified, monitored and managed tax risks that our company is exposed to. For example, Robeco's Fiscal Affairs department reviewed wage tax withholding obligations in respect of our Netherlands-based workforce (covering our own employees and contingent workers) and strengthened our framework for mitigating payroll tax risks for contingent workers, which is an important and current topic in the Netherlands. We shared and discussed this framework with the Dutch Tax and Customs Administration.
3. We reviewed our approach to stakeholder engagement and public policy and incorporated these practices in our Approach to Tax.

Next steps

In 2023 we focused on reporting on our approach to tax, our tax governance, tax risk management and stakeholder engagement in line with GRI 207. We recognize the importance of transparency of tax contributions on a country-by-country basis. For Robeco value added tax is for a large part non-deductible and as a result an important element of our total tax contribution. Therefore, we feel it is important to present a comprehensive overview including corporate income tax and value added tax. This increases the complexity of country-by-country reporting. In 2024 we will make resources available to report on our tax contributions on a country-by-country basis, starting with our Integrated Annual Report on 2024.

Robeco's current effective corporate income tax rate amounts to 23.8%. As Robeco is part of the ORIX Corporation Group, the Japanese-Controlled Foreign Company regime, which is a mechanism designed to tackle under-taxation, applies.

Suppliers and our procurement practices

An important group of business partners is our suppliers. These partners are vital to our success, as they provide goods and services that enable us to operate efficiently and effectively. We collaborate with them to ensure ethical and sustainable practices are applied throughout our upstream value chain.

Our procurement processes are based on our procurement policy, which sets out how we organize all our purchasing activities. We do this by finding a balance between cost, value, risk and sustainability. In 2023 we focused on improving our third-party risk management policy. Third party risks include cyber, business continuity and business conduct-related risks. In 2024, we will further integrate sustainability in our procurement policy by considering more criteria that reflect sustainability aspects of the goods and services that we buy.

Robeco already requires its vendors to conduct their business in a responsible and sustainable manner. We have defined seven principles of sustainable procurement that we communicate to both existing and new vendors that represent a medium to critical risk to Robeco[25]. After being made aware of the principles, the vendors are required to confirm that they commit to these principles.

We also encourage our vendors to share a sustainability report that provides details of their environmental and sustainability goals and how they plan to reach them. As a pilot scheme, in 2023 we engaged with a selection of key vendors to understand the methods they use to calculate and report on ESG data and to help us determine how we can use this data to calculate a 'Robeco footprint'.

→ *Read more about our corporate environmental footprint*

Seven principles of sustainable procurement

Every proposal or quote we receive from a potential vendor must match our seven principles of sustainable procurement.

Human rights

1. We expect vendors to support and respect the UN's Universal Declaration of Human Rights and ensure that they are not complicit in any form of abuse. In other words, all parts of their supply chain must be managed in an ethical way.

Labor

2. We encourage vendors to promote diversity and inclusion by not discriminating on the grounds of race, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin, union membership or marital status when hiring and employing.
3. All forms of forced, compulsory and child labor are unacceptable.
4. Vendors should act responsibly to ensure the health and safety of their employees.

Environment

5. We expect vendors to support and promote environmental protection and to comply with local environmental laws and regulations.
6. We expect vendors to promote environmental responsibility and to support us in the use of goods and services that help mitigate our environmental impact. This can include better management and use of resources such as energy, paper and water, and minimizing waste.

Anti-corruption

7. We expect our vendors to behave ethically and to respect local laws. Bribery and corruption in any form are strictly prohibited. Any potential conflicts of interest affecting vendors must be declared, and engaging in any activity that might reasonably be interpreted as an attempt to affect the impartiality of a vendor´s employees must be avoided.

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25. Committing to the seven principles is currently mandatory for all medium, high-risk and critical vendors. This position is to be reviewed as part of the 2024 initiative to further integrate sustainability into our policies and procedures.

The way we treat our suppliers is also important to us, and making timely and correct payments to our suppliers is a key aspect of our relationship with them. We have procedures and controls in place that govern how supplier invoices are processed. These are described in our procurement policy. One of the controls is that all invoices are submitted for approval before payment takes place. We also have standardized payment terms[26] of 30 days. In 2023, the average payment term was 29 days and we paid 79% of the invoices within the standardized payment term. When processing invoices we treat all suppliers equally and do not differentiate between them based on the size of the company or any other criteria. We do not have any legal proceedings outstanding for late payments.

Our communities

At Robeco we care about the wellbeing of the communities we operate in. We promote equal opportunities for underprivileged groups and support projects that help children reach their full potential. We respect the environment and seek to protect it for the future.

During the year there are many activities that have an impact on our communities and every September we organize a Sustainability Week. In this week all of our offices dedicate time to discover what sustainability means for Robeco, our communities and on a personal level. This year our employees connected in small groups to discuss sustainability-related topics and our teams around the world took part in a range of volunteering activities. Below we discuss the Robeco Foundation, our volunteering and our social commitments.

Robeco Foundation

The Robeco Foundation contributes to educational projects that aim to help disadvantaged children reach their full potential. We focus our efforts on locations where Robeco has a presence in order to strengthen our bond with the local community. Programs or initiatives that contribute to Sustainable Development Goal (SDG) 4 – Quality Education, SDG 10 – Reduced Inequalities and SDG 1 – An End to Poverty are eligible for funding. There is a review committee in place that meets every week to assess any new requests for donation. In addition to validating that an initiative contributes to the relevant SDGs, the committee checks if the funds are allocated in a balanced way. A compliance check of the organization requesting a donation is also part of the assessment process. When the review committee decides that it wants to make a donation, it advises the Board of the Robeco Foundation. The Board has the final say in the award of any funding.

In 2023, the Robeco Foundation supported 11 projects. It also supported six schools in Rotterdam through the Rotterdam Digital Skills program. This initiative provides funding to primary and secondary schools in Robeco's home city, paying for activities designed to improve the digital skills of pupils from less advantaged backgrounds to help prepare them for tomorrow's world. In total, donations in 2023 amounted to EUR 0.3 million. In 2022, we donated EUR 0.4 million.

THE ROBECO FOUNDATION IN 2023

The Robeco Foundation supported various initiatives in 2023. We provide details of some of these projects below.

IntoUniversity: Robeco contributed to this academic support program in a London borough with one of the highest child poverty rates in the city. The program provides weekly after-school sessions in which students receive support with their schoolwork and access to resources and a quiet place to study.

Giovanni van Bronckhorst Foundation: This foundation provides support and stimulation to vulnerable underprivileged children in Rotterdam. In 2023, Robeco funded a pilot project that follows up with children who have previously participated in the foundation's regular program. The children are between 13 and 18 years old, and the project aims to create an extended family that provides a social network that will help them with their studies and access job opportunities.

Room to Read: Robeco has been supporting Room to Read since 2019. This charity focuses on encouraging more people in South Africa to read and providing quality reading materials in local languages. Robeco's contribution helped fund a literacy program that started in 2022, benefiting 1,250 students.

During the year, the Board of the Robeco Foundation expressed a desire to better reflect Robeco's international profile and, as a result, to stop providing funding to the Digital Skills program. Instead, it aims to form long-term partnerships with a limited number of charities in Europe, Asia and the United States.

The Robeco Foundation will continue to provide one-off support to projects that help disadvantaged children reach their full potential.

Volunteering

We encourage our employees to help underprivileged groups in our local communities and take care of our environment. Robeco grants every employee one day a year off work to participate in a volunteering event. Since 2014 we have been a partner of NL Cares, an initiative that brings together projects and volunteers. Through this collaboration we provided our employees with access to five volunteering opportunities in Rotterdam in 2023. Activities include helping in a community garden and coaching children in sporting activities. Our offices outside the Netherlands also provide volunteering opportunities. For example, in 2023 members of our Italian office helped children with disabilities at a local hospital. In Switzerland, employees joined the World Wildlife Fund and spent a day helping to restore a raised bog.

Social commitments and donations

Some of our employees are involved in social initiatives in their local communities. We appreciate these efforts, which they make in their

26. Payment term refers to the total number of days between the date of the invoice and the payment date.

own time. Staff members can request that Robeco makes a donation to such a project on condition that they are actively involved in the project themselves. We also support several ongoing initiatives in which larger groups of our employees are involved, such as Cycling for Sophia and Roparun.

CYCLING FOR SOPHIA: In March 2023, 26 colleagues took part in a cycling event to raise money for the Center of Rare Diseases at the Sophia Children's hospital in Rotterdam. Robeco also donated to the cause.

ROPARUN: Eight runners, six cyclists, two drivers and two caregivers from Robeco participated in this year's Roparun, a 535-kilometer relay race to raise money for the Roparun Foundation. This foundation provides palliative care for people with cancer in the Netherlands. The Robeco team raised money by taking part in several activities and Robeco also made a donation.

Other donations

Robeco made other donations that fall outside our Policy on Social Commitments and Donations in 2023. The most notable was a donation that we made towards the Cooperating Aid Organizations Foundation (known as Giro 555 in the Netherlands) in support of the victims of the devastating earthquakes that struck Turkey and Syria during the year.

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Limiting our own environmental footprint

Our own environmental footprint reflects our direct impact on the planet. While our direct influence may be limited compared with that of the companies we invest in, we remain committed to upholding sustainability as a core value. Conscious of the emissions and resource consumption associated with our operations, we strive to minimize our negative environmental impact.

As part of our dedication to sustainability, we are a proud member of Rotterdam's Green Business Club. Collaborating with like-minded companies and organizations, we actively engage in sustainability projects focused on energy, waste, and mobility. This collaborative approach enables us to align with our commitment to responsible business practices.

Reducing our operational emissions

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

The table below shows our operational carbon emissions. Compared with our baseline year of 2019 (4,086 tonnes) our own operation's emissions increased by 163 tonnes of CO_2e in 2023 to 4,249 tonnes. This 4% increase is partly driven by an increase in the number of FTE, especially in our offices outside Europe. Emission per FTE fell slightly from 4.31 tonnes/FTE in 2019 to 4.17 tonnes/FTE in 2023. We recognize that we need to improve our performance in order to reach our reduction targets. Below we explain the main developments.

Our operational carbon emissions[27]

Scopes and emissions[1]	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Metric unit	tonnes CO_2e	tonnes CO_2e	tonnes CO_2e	tonnes CO_2e	tonnes CO_2e	in %	in %	in %	in %	in %
Scope 1										
Company vehicles	190.1	236.2	237.7	306.3	470.9	4.5%	7.4%	14.0%	16.0%	11.5%
Company facilities	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Scope 2										
Company vehicles	153.4	117.0	125.8	99.0	102.0	3.6%	3.7%	7.4%	5.2%	2.5%
Company facilities[2]	394.6	446.6	363.9	360.3	453.9	9.3%	14.0%	21.5%	18.8%	11.1%
Scope 3 Upstream										
Purchased goods and services[3,4]	242.9	447.4	419.7	353.1	535.1	5.7%	14.0%	24.8%	18.4%	13.1%
Fuel and energy related activities	115.1	102.6	184.6	156.4	38.1	2.7%	3.2%	10.9%	8.2%	0.9%
Waste generated in operations	50.8	44.4	35.0	34.3	36.7	1.2%	1.4%	2.1%	1.8%	0.9%
Business travel	2,939.8	1,668.3	258.9	484.2	2,186.0	69.2%	52.3%	15.3%	25.3%	53.5%
Employee commuting[5]	162.4	125.0	67.2	124.1	263.6	3.8%	3.9%	4.0%	6.5%	6.5%
Total	4,249.0	3,187.5	1,692.7	1,917.7	4,086.3	100.0%	100.0%	100.0%	100.0%	100.0%

Notes
Legend: tonnes CO_2e = 1000 kg CO_2 equivalents
Reporting period: 1 January 2023–31 December 2023
1. More information on the conversion factors that have been used to calculate the emissions including the updated factors of conversion compared to prior years if applicable can be found in appendix 9.
2. The figures from 2019 to 2022 have been restated due to improved calculations.
3. As of 2023, data centers & SAAS have been included in the category purchased goods and services in line with the GHG protocol. The comparable data have been transferred from the category fuel and energy related activities accordingly for the years 2019-2022.
4. The decrease in the usage of purchased goods and services is caused by a change in the measuring methodology by the data centers. The comparable data for previous years have not been restated to reflect this.
5. The employee commuting figure also contains the private car use for business travel, which accounts for around 1% of the total figure. The figures for 2020-2022 have been restated to reflect this.

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27. We calculate our operational carbon emissions in line with the Greenhouse Gas Protocol, but do not fully report in line with the protocol. Additionally, we use an operational control approach for our emission consolidation

Company vehicles

In 2022 we implemented our updated car lease policy, which only permits us to lease fully electric vehicles in the Netherlands and plug-in hybrid or electric vehicles at other office locations. The updated policy took effect in January 2022 and applies to every vehicle on a new lease contract. The gradual decarbonization of our lease car fleet is visible in the 2023 figures and is contributing to our business operation emission targets for 2024. The majority of our car fleet (around 70%) is fully electric and this level is increasing by about 7% per year. More than 65% of our non-electric vehicles are hybrid.

Company facilities

Our buildings' energy consumption, especially electricity usage and heating remain the main source of our Scope 2 emissions. Robeco's head office is the FIRST building in Rotterdam, which has been awarded an 'Excellent' rating from BREEAM, one of the most comprehensive rating systems covering sustainable building design. The building incorporates many sustainable elements such as a thermal energy storage system to cool and heat it using as little energy as possible.

In 2023 we improved the quality and reliability of our Scope 1 and Scope 2 emissions data for all our offices. In Rotterdam we use an on-line, real-time energy dashboard and have enhanced the underlying data collection process through thorough analysis in collaboration with the landlord. We discovered two errors in the monitoring of our energy consumption, which affected our Scope 2 emissions calculation. As a result, the previous historical data of our Rotterdam office's energy consumption in heating was overstated by around 50-80 tonnes CO_2 per year. The amount of electricity we use in Rotterdam was overstated by 22% due to a measurement error, but this is wind-power-generated electricity. This year's report includes a restatement of the figures for previous years.

Thanks to our improved dashboard we were able to accurately assess the effects of energy-saving initiatives we implemented in our Rotterdam office in 2022. These projects included:

- the replacement of fluorescent lighting with LED lighting;
- reducing our electricity consumption by turning off USB ports;
- switching off the heating of water in toilet areas;
- using sensors that monitor whether lighting above blocks of desks is needed during the day;
- completely switching off electricity on all floors at night.

All these measures helped us reduce the building's electricity use in 2023 compared with 2019 levels. The electricity we used in Rotterdam (excluding charging of electric vehicles) fell by 22% from 2,316 MWh in 2019 to 1,803 MWh in 2023. This means we are making progress towards our target of a 35% reduction in our use of electricity by 2025 compared with 2019.

In 2024, we will conclude an agreement with our landlord in Rotterdam to explore opportunities for additional energy savings in the years up to 2030. This may involve optimizing installation settings and replacing components to enhance efficiency.

We consider sustainability at all our office locations. When relocating an office or opening a new office, sustainability is a key factor in our selection criteria, alongside other factors such as lease price, and location. Given that we want our offices to be located in the financial districts of a city, we are limited in terms of the options available to us.

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Business travel

Business travel is the main component of our Scope 3 upstream emissions. Every year we set carbon budgets for business travel for each of our business domains in line with our annual target reduction. Due to our international book of business, we need to visit clients and prospects around the world. Our challenge is to balance our net zero ambitions with our commercial aspirations.

The majority of our employees are located in the Netherlands and they travel to visit clients and prospects all over the world. Our offices in the Asia Pacific region and the US cover large areas, and travel by air is often the only feasible option to visit clients and prospects. To keep our environmental footprint as low as possible, we promote lower-carbon options such as train journeys where possible. In 2023, our train use significantly increased on business routes where trains are a good alternative to air travel. We also encourage employees to use digital meetings where possible.

Despite these efforts, our carbon emissions related to business travel per full-time employee increased from 2.3 tonnes CO_2e/FTE in 2019 to 2.9 tonnes CO_2e/FTE in 2023. This increase was caused by growth in number of employees in offices outside Europe, where it is not possible to travel by rail instead of air. Our emissions in 2023 were significantly higher than 2022's level of 1.6 tonnes CO_2e/FTE due to the need for in-person meetings after a prolonged period of Covid-19 restrictions. These restrictions explain our lower emissions in 2020, 2021 and 2022.

We will be taking several steps in 2024 to reduce our emissions linked to business travel in line with our targets. Senior management is providing guidance on when to travel. We have enhanced our internal reporting processes, and plan to update our travel policy in 2024. In 2024 we also plan to streamline all our travel arrangements via a single supplier to better control the process and the reporting of booked and used flights. We are furthermore taking steps to ensure that when travel is required, we make smarter choices, such as covering multiple destinations or goals in one trip and avoiding long-distance travel.

Other Scope 3 upstream emissions

To assess the emissions resulting from activities carried out by third parties on Robeco's behalf, we performed a pilot study with an external consultant in 2023. This study provided an initial insight into the scale of our Scope 3 upstream emissions. However, we have some concerns about the quality of the resulting emission data. The method used to estimate emissions is not vendor-specific, and there are some very large deviations compared to the information directly received from some of our suppliers. In our pursuit of well-informed decision-making, we recognize the need for a more precise understanding of Scope 3 emissions from our suppliers' activities. Consequently, we have opted to initiate a second study in Q2 2024 with another external consultant, and we will compare the results with those from the initial study. Once we have sufficient confidence in the reliability of the data, we will incorporate it into our reporting on Scope 3 emissions.

In 2023 we continued our engagements with our largest data center providers, DXC and Microsoft. Based on these engagements, we have obtained a good understanding of how much of the data centers' carbon footprints Robeco is responsible for. The engagements have also made it clear that the two companies are striving to reduce their energy use through technology improvements. We also see this in the downward trend in reported emissions.

Carbon offsetting

While our main focus is on avoiding and reducing our operational emissions and improving data quality, Robeco compensates for its carbon footprint by buying carbon credits. We perform ongoing due diligence on the carbon credits we buy to ensure their integrity and quality.

→ *Read our net zero roadmap*

Resource consumption and waste

Resource use and circularity are important topics for Robeco, so we seek to minimize the waste we produce and recycle what we do produce. Our service level agreements for catering and cleaning at our headquarters in Rotterdam include incentives for our providers to use sustainable solutions, and we encourage affiliated cleaning companies to use environmentally safe cleaning products. We continue to look for opportunities to further reduce our waste.

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Resource consumption[1]

	Metric unit	Data quality[8]	2023	2022	2021	2020	2019
Company vehicles							
Total	km	***	3,355,858	2,923,315	2,866,438	2,629,610	4,133,962
Fueled	ltr	**	65,716	83,069	74,800	105,422	159,255
Electric	kWh	***	515,464	358,639	226,230	178,125	157,102
Company facilities							
Offices	kWh	***	2,651,032	2,578,120	2,327,420	2,545,510	3,002,631
City heating[2]	GJ	**	492	634	571	397	410
Purchased goods and services							
Drinking water	m3	***	5,904	6,369	3,729	2,362	3,893
Paper consumption	kg	**	2,296	2,526	4,451	5,770	11,110
Data centers & SAAS[3]	kg CO_2	*	238,333	442,444	413,188	345,425	520,536
Fuel and energy related activities							
Work from home[4]	kWh	***	252,498	196,206	332,044	281,255	58,700
Waste generated in operations[5]	kg	**	72,549	60,221	49,188	50,926	73,009
Business travel							
Air	km	***	10,195,374	6,802,739	1,150,158	2,160,570	13,382,886
Public transport[6]	km	***	776,531	855,375	165,000	188,351	888,346
Hotel stays	days	***	6,592	4,834	1,528	29	1,160
Employee commuting[7]	km	***	3,431,850	2,418,959	1,039,048	1,455,782	3,403,937

Legend: kWh = kilo watt hour; km = kilometer; M3 = cubic meter; kg = kilogram; ltr = liter
1. Reporting period: 1 January–31 December
2. City heating is only used in Zurich and New York. The comparable figures for previous years for city heating have been adjusted due to a misinterpretation of the input data.
3. The decrease in the usage of purchased goods and services is caused by a change in the measuring methodology by the data centers. The comparable data for previous years have not been restated to reflect this.
4. Work from home includes the energy consumption of laptops and external monitors, assuming an average of 2,5 days of working at home for 2023 (2022: 2 days).
5. Waste includes paper, cardboard and residual waste.
6. Public transport is mainly by train. The 2023 figure includes transport by taxi. The 2022 figure has been restated to include the transport by taxi.
7. The employee commuting figure also contains the private car use for business travel, which accounts for around 1% of the total figure. The figures for 2020-2022 have been restated to reflect this.
8. Data quality specifies the reliability of the aggregated data which corresponds with the evidence based consumption related to the total reported consumption: >80% - ***, >60% - **, <60% - *.

The table shows our resource consumption and the waste we have generated over recent years, including data quality for each measure. The reported data quality indicates the reliability of the data.

Reducing waste

In 2022 we cut down on electronic waste. In 2023 a replacement of our laptops took place. Instead of replacing all laptops at once, as we have done in the past, we retained the relatively new ones. We also extended the period we use the new laptops from three to four years, with sustainability being a key factor in their selection.

Our old laptops will be refurbished as we have partnered with an experienced IT firm that will refurbish and resell them. To compensate for the electronic waste our laptops will eventually result in, we are collaborating with Closing the Loop, a Dutch company that collects end-of-life electronics in Africa, where they would otherwise end up in landfills, and ensures that they are properly recycled. The reusable materials are circulated back into manufacturing processes.

In our Rotterdam office we use paper-based single-use coffee cups. In 2024 we will no longer permit single-use coffee cups in our offices in the Netherlands to minimize plastic waste. We will look for an environmentally friendly replacement.

Water usage

We aim to minimize our water usage, which we measure and monitor. At our Rotterdam office we use a grey water circuit for flushing the toilets using rainwater that is collected on the roof and stored in tanks.

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Corporate governance

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

The governance principles of Robeco and its corporate bodies are laid down in:

- Robeco's Articles of Association;
- Supervisory Board Rules of Procedure;
- Management Board and Executive Committee Rules of Procedure;
- the rules of procedure of the Supervisory Board sub-committees (the Audit & Risk Committee and the Nomination & Remuneration Committee);
- the rules of procedure of the Executive Committee sub-committees.

Management Board

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

→ *Read more information about the Management Board members' background*

MANAGEMENT BOARD

Karin van Baardwijk
Chair and Chief Exective Officer
(female, 1977)

Appointed on
01/01/2022

Mark den Hollander
Chief Financial and Risk Officer
(male, 1969)

Appointed on
24/06/2019

Marcel Prins
Chief Operating Officer
(male, 1969)

Appointed on
01/06/2022

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Executive Committee

Robeco's Articles of Association state that the Management Board may establish an Executive Committee composed of all Managing Board members and one or more other members (Senior Executives) to support the Management Board in the exercise of its duties and responsibilities, and to perform the day-to-day management of Robeco together with the Management Board.

Senior Executives are appointed, dismissed or suspended by the Management Board based on a proposal of the Chief Executive Officer (CEO). The Supervisory Board, after taking advice from the Nomination & Remuneration Committee, approves any such appointments, dismissals and suspensions.

There were a number of changes within the ExCo in 2023.

→ *Read more information about the Executive Committee members' background*

EXECUTIVE COMMITTEE

Management Board plus:

Ivo Frielink
Head of Strategic and Business Development (male, 1976)

Appointed on 01/03/2022

Mark van der Kroft
Chief Investment Officer (male, 1964)

Appointed on 01/09/2020

Malick Badjie
Global Head of Sales and Marketing (male, 1981)

Appointed on 01/01/2024

On 14 March 2023 it was announced that due to personal circumstances, Alexander Preininger would be going on leave until further notice. During his leave, Malick Badjie, Head of Institutional Sales Europe, North America and Africa, took over all of Alexander Preininger's responsibilities as Global Head of Sales and Marketing on an interim basis. As of 31 December, Alexander Preininger stepped down from his role and Malick Badjie was formally appointed as his successor.

On 5 June 2023 it was announced that Victor Verberk, CIO Fixed Income and Sustainability, would leave Robeco to pursue other career opportunities. Mark van der Kroft took over all Victor Verberk's responsibilities for Fixed Income and Sustainability, combining them with his existing CIO role for Equities. We would like to thank Victor Verberk and Alexander Preininger for their contributions to Robeco and wish them luck in their future careers.

Renske Paans was appointed Chief Human Resources Officer as of 1 February 2023. She is an advisor to the ExCo and as such attends ExCo meetings. However, she is not a member of the ExCo, has no voting rights at its meetings and is therefore not considered a daily policymaker[28].

Executive Committee Sub-Committees

The ExCo has five sub-committees, with the following responsibilities:

- Product Approval Committee: approves new products and services;
- Enterprise Risk Management Committee: advises the Executive Committee about the general risks that Robeco faces;
- Sustainability and Impact Strategy Committee: oversees, coordinates and drives sustainability matters from a company-wide perspective;
- Pricing Committee: ensures that we provide attractive investment solutions and services to our clients at appropriate prices while ensuring Robeco is sufficiently profitable, in compliance with applicable laws and regulations;
- Customer Committee: assesses client relationships from an integrity risk perspective.

28. The AFM defines daily policymakers as people that are statutory directors and people who formally do not have the position of statutory director, but in practice are responsible for the daily management of the company.

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

→ *Read more about the responsibilities of the Executive Committee sub-committees*

Self-assessment

In accordance with the Management Board & Executive Committee Rules of Procedure, the ExCo performs an annual assessment to monitor its performance and the ongoing suitability of its members. In performing these self-assessments, the focus will be on relevant changes in Robeco's business activities, strategies and risk profile, the distribution of duties within the ExCo and their effect on the required collective knowledge, skills and experience of the ExCo. The results of the self-assessment are discussed with the Supervisory Board. In Q4 2022, the ExCo started an assessment of its efficiency and dynamics with an external advisor and this assessment continued throughout 2023.

Permanent Education

Members of the ExCo must ensure that they maintain sufficient skills for their function through education, training and practice (Permanent Education). In 2023, the ExCo received collective Permanent Education training on the following topics: Digital Strategy and Data, Digital Assets, Sustainability & Sustainable Investing (separate sessions on climate, biodiversity and human rights) and Anti Money Laundering & Sanctions.

Supervisory Board

The Supervisory Board is responsible for supervising the general affairs of Robeco and its businesses as executed by the Management Board and ExCo, including Robeco's strategy, financial and non-financial targets, budget, risk framework and policies. It advises, challenges and supports both the Management Board and the ExCo, in compliance with applicable laws and regulations. In doing so it shall be guided by the interests of Robeco, its group companies and their businesses. The Supervisory Board supervises, advises, challenges and supports the ExCo and Management Board in the exercise of their powers and duties, 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 laws and regulations, including Dutch law, the Articles of Association and the applicable rules of procedure.

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

→ *Read more information about the Supervisory Board members' background*

SUPERVISORY BOARD

as at 31 December 2023

Maarten Slendebroek
Chair
(male, 1961)

Appointed
until 12/08/2024

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

Appointed
until 01/04/2026

Stan Koyanagi
Member
(male, 1960)

Appointed
until 01/08/2024

Mark Talbot
Member
(male, 1968)

Appointed
until 17/09/2027[29]

Radboud Vlaar
Member
(male, 1977)

Appointed
until 01/05/2025[30]

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29. Reappointed on 17 September 2023
30. Reappointed on 19 April 2023

Supervisory Board Sub-Committees

The Supervisory Board has two sub-committees: the Audit & Risk Committee and the Nomination & Remuneration Committee. The tasks and responsibilities of these sub-committees are laid down in their respective rules of procedure. Their role is to provide advice to the Supervisory Board, 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 Robeco's financial reporting process, control environment, system of internal controls, risk management and internal audits. It also reviews Robeco's processes for monitoring its compliance with legislative and regulatory requirements and its own internal policies. In doing so, the A&RC relies on reporting from Robeco's Risk Management, Compliance, Internal Audit, Legal Affairs and Business Control & Finance departments and our external auditor.

The Nomination & Remuneration Committee (N&RC) supervises Robeco's remuneration policy and its implementation as well as the succession planning for the company's Management Board, ExCo and Supervisory Board. Under Robeco's Remuneration Policy and Articles of Association, the N&RC also advises the Supervisory Board on matters including the appointment and remuneration of the Management Board, the approval of the annual variable remuneration pool, the remuneration of members of the ExCo who are not statutory directors, heads of control functions, any total annual remuneration for employees in excess of EUR 500,000, any award of variable remuneration in excess of 200% of total fixed pay, and KPI setting for ExCo members and heads of control functions.

Self-assessments

In accordance with the Supervisory Board Rules of Procedure, the Supervisory Board performs an annual self-assessment to monitor the ongoing suitability of its members. Additionally, every three years the Supervisory Board has an external assessment performed (such an assessment was performed in 2023). The results of each assessment are discussed by the N&RC and Supervisory Board and, where relevant, follow-up actions are discussed with and monitored by the CEO and Executive Committee.

Meetings

The Supervisory Board meets at least four times a year, normally once every quarter, and whenever the Chair calls a meeting, or one or more of the members of the Supervisory Board requests one. The Supervisory Board and the Executive Committee maintain regular contact, which can take place between all members or between the Chair of the Supervisory Board, the CEO and the relevant member of the ExCo responsible for specific topics. In 2023, all ExCo members were invited to attend the regular meetings of the Supervisory Board.

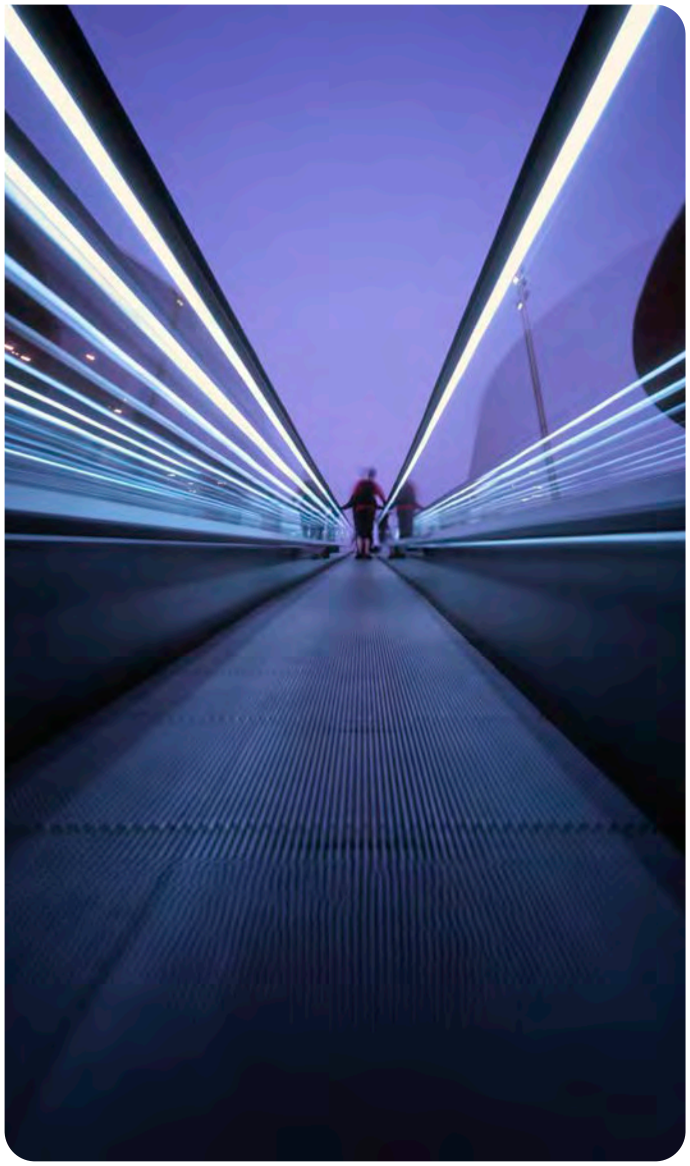
Permanent Education

Members of the Supervisory Board must ensure that they maintain sufficient skills to carry out their function through education, training and practice (Permanent Education). In 2023, the Supervisory Board received collective Permanent Education training on the following topics: general developments in the asset management industry, Sustainable Investing and Anti-Money Laundering & Sanctions.

Criteria for nominating, selecting and appointing members of the Management Board, Supervisory Board and Executive Committee (Management Body)

After the selection process for a member of the Management Board, Supervisory Board or Executive Committee (which, combined, are known as Robeco's 'Management Body') has finished, an assessment of the suitability of the selected individual and the collective Management Body in its executive or supervisory function needs to be performed, including a decision about whether any remedial measures should be taken, as such person is regarded as a daily policymaker in accordance with the Dutch Financial Supervision Act (Wet financieel toezicht, or Wft).

The assessment of the collective suitability of the ExCo and Supervisory Board takes into account how the candidate fits into the groups and whether diversity is sufficiently taken into account.



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The assessment of individual suitability of the candidate considers questions such as:

- Does the candidate have adequate knowledge, skills and experience to fulfill his function and is the candidate able to commit enough time to perform their function as a member of the Management Body?
- Is the candidate of sufficiently good repute, and does the candidate uphold the highest standards of integrity and honesty?
- Is the candidate able to act with independence of mind?

Conflicts of interest

Generally, the Executive Committee is responsible for promoting and effecting Robeco's corporate governance structure, its reporting lines, the allocation and segregation of duties and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of our clients. The Supervisory Board is responsible for overseeing the implementation and maintenance of a code of conduct and conflict-of-interest policy, and effective policies to identify, manage and mitigate actual and potential conflicts of interest.

If a member of the Management Board, ExCo or Supervisory Board has a conflict of interest, that member does not participate in any discussions or decision-making in relation to the matter in which they have a conflict of interest. If as a result of such conflicts no resolution of respectively the ExCo or the Management Board can be adopted, the resolution is adopted by the Supervisory Board. Each member of the Management Board, ExCo or Supervisory Board must immediately report any actual or potential conflict of interests.

As a result of the overlap between the members of the Management Boards of Robeco and Robeco Institutional Asset Management B.V. (RIAM), members of Robeco Holding's Management Board may be subject to conflicts of interest when Robeco Holding B.V. exercises its shareholder rights in relation to RIAM. These shareholder rights are:

- the appointment, suspension or dismissal of members of RIAM's Management Board;
- granting discharge to members of RIAM's Management Board;
- establishing their remuneration and remuneration policy;
- adopting any resolutions of the Supervisory Board of RIAM in respect of which all members have a conflict of interest as referred to in Section 2:250, Subsection 5, of the Dutch Civil Code.

Decision-making about the above matters, in which Robeco Management Board members have a direct conflict of interest, as they are also acting on behalf of Robeco as RIAM's sole shareholder, are escalated to the general meeting of Robeco (in other words, to ORIX Corporation Europe N.V.).

In addition, certain matters have been identified in the articles of association of Robeco for which the exercise by Robeco of certain shareholder rights with respect to RIAM would not be appropriate from a good governance perspective (Good Governance Matters). An example of such matters is the decision to appoint or dismiss members of RIAM's Supervisory Board. This decision may not represent personal conflicts of interest for all Robeco Management Board members, but it is undesirable from a good corporate governance perspective that Robeco Management Board members are involved in the decision to appoint and dismiss their own supervisors (at RIAM level). The same applies to other matters including the appointment of RIAM's statutory auditor, the adoption of its annual accounts and the distribution of dividends and interim dividends by RIAM, and certain other matters. Decision-making on Good Governance Matters by Robeco's Management Board acting as sole shareholder of RIAM is also escalated to ORIX Corporation Europe N.V.

Diversity

Robeco strives to achieve diversity in terms of gender, race, ethnicity, religion, disability, family responsibility, sexual orientation, social origin, age or experience on its Supervisory Board, Management Board and Executive Committee.

In 2021, the Dutch Senate passed legislation aimed at achieving more balanced gender ratios on company boards, in connection with which a target figure and transparency regulation came into force for large Dutch companies, including Robeco, in 2023. The target figure requirement stipulates that all large companies are obliged to draw up appropriate and ambitious target figures regarding gender diversity in the sub-top[31] of their companies.

With this in mind, this year Robeco has adopted the following gender diversity targets for 2025:

- Management Board: 33%
- Supervisory Board: 33%
- Sub-top: 22%

As at 31 December 2023, we had already achieved this gender target for the Management Board (one of the three members is female and two are male), but not for the Supervisory Board (only one of the five members is female). Robeco will take these gender targets into account when filling future vacancies.

The ExCo does not have a separate gender target, as it is included in the definition of sub-top. ExCo is 29% female (including Renske Paans as an advisor to the ExCo).

Ancillary functions

The members of the ExCo have the following ancillary functions:

- Karin van Baardwijk: member of the board at DUFAS, member of the Advisory Board of Leaders in Finance, member of the board of Stichting Capital Amsterdam and member of the Oversight Board of Kunsthal Rotterdam;
- Mark van der Kroft: member of the audit committee of Nedlloyd Pension Fund;
- Marcel Prins: member of the supervisory board of Rabobank Herverzekeringsmaatschappij and of the supervisory board of Rabobank Zaanstreek; member of the Client Advisory Boad of

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31. The sub-top is defined as all staff in job levels 9 and 10 and as all members of the Executive Committee not being Management Board members.

Euronext Netherlands;
- Malick Badjie, Ivo Frielink and Mark den Hollander have no ancillary functions.

The members of the Supervisory Board have the following ancillary functions:

- Maarten Slendebroek: non-executive board member at Mintus Trading (until 30 June 2024), trustee of the Orchestra of the Age of Enlightenment in London, chairman of the board at Brooks Macdonald, member of the advisory board at Mesmerise, and non-executive director Law Debenture;
- Sonja Barendregt: member of the supervisory board at ASR Nederland N.V.;
- Stanley Koyanagi: member of the board at ORIX Corporation, ORIX Corporation Europe N.V., Boston Partners Global Investors, Inc. and at Ormat Technologies, Inc.;
- Mark Talbot: non-executive member of the board at St Andrews University Hong Kong;
- Radboud Vlaar: non-executive board member at Safened Holding, Fourthline B.V., Oh Goodlord Ltd, Nomu Pay Ltd, HWS Solutions B.V., Plutus B.V., and Crastorhill Investments SP Z.o.o. and board member at Finch Capital Partners B.V. (and related entities, such as OGC Partners B.V., and the different fund vehicles).

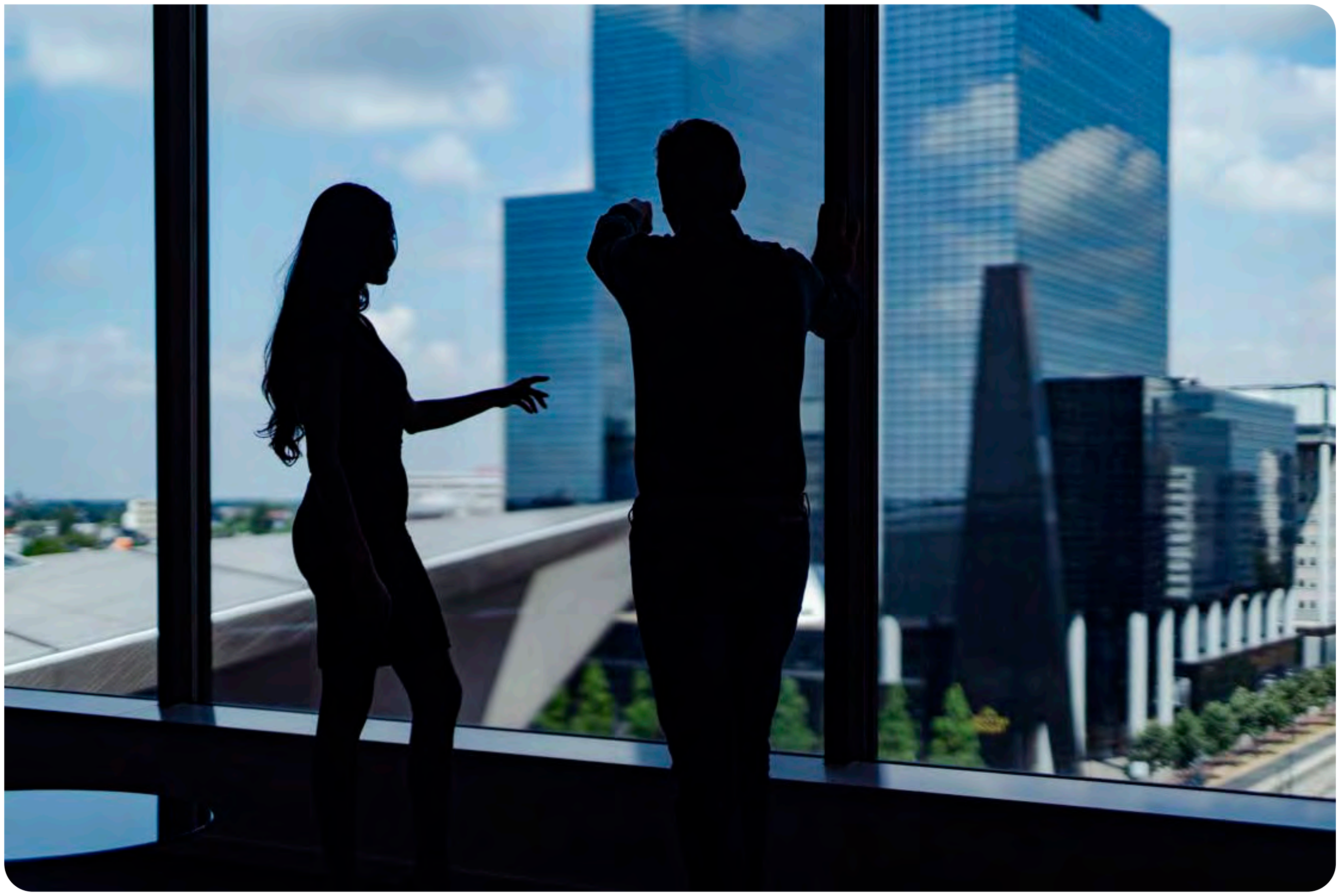
Corporate structure

Robeco is incorporated under Dutch law and has its corporate seat in Rotterdam, the Netherlands. It is wholly owned by ORIX Corporation Europe N.V., whose sole shareholder is ORIX Corporation in Japan. Good corporate governance is critical for Robeco if we are to create value for our clients, shareholders, investors, employees and society at large. Our corporate governance adheres to all applicable regulatory requirements covering roles and responsibilities; composition and diversity; and appointments, suspensions and dismissals of all board members.

Robeco Holding B.V. is the top holding company of the Robeco group of companies, including Robeco Institutional Asset Management B.V. and Robeco Nederland B.V., the Dutch central service company of Robeco. Robeco Nederland B.V. is the formal employer of almost all of Robeco's staff based in the Netherlands., who are provided to Robeco by Robeco Nederland B.V. through an intercompany service agreement.

Governance relationship with Robeco Institutional Asset Management B.V.

The composition of the Management Board, ExCo and Supervisory Board of Robeco and Robeco Institutional Asset Management B.V. (RIAM) is the same. As RIAM is a regulated entity, appointments of



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members of the Management Board, ExCo (Senior Executives[32]) and Supervisory Board require prior approval from the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, AFM). In addition, there is a Works Council in place at the RIAM level. The Works Council provides advice on appointments to RIAM's Management Board.

Appointments to RIAM's Supervisory Board are made by its general meeting based on nominations by the Supervisory Board. The 'Large Company Regime' (Dutch Civil Code) applies to RIAM, which means that RIAM's general meeting and the Works Council may recommend nominees for the position of Supervisory Board member to the Supervisory Board. The Works Council has an enhanced right of recommendation for one-third of the Supervisory Board members. The Works Council's nominee can only be rejected in exceptional circumstances. Currently one appointment (Sonja Barendregt-Roojers) was based on the Works Council's recommendation.

Sustainability governance

The ExCo is responsible for defining Robeco's approach to sustainability, including our company-wide values, policies, initiatives and actions. It is responsible for overseeing the organization's due diligence and other processes to identify and manage its impact on the economy, environment and people. It is also responsible for assessing the sustainability risks connected to our business activities. The ExCo receives support in these tasks from our Sustainability and Impact Strategy Committee (SISC), which is a sub-committee delegated by the ExCo and oversees all matters related to sustainability and sustainable investing in our company[33]. It has the authority to approve policies and set practical guidelines for the implementation of our Sustainable Investing strategy.

Our investment teams are responsible for integrating ESG in their own investment strategies. We have six competence groups assisting the SISC in overseeing the various components of Robeco's sustainable investing activities (see visual). They are made up of senior members of our organization, including sustainability experts and members of our investment teams. The groups advise the SISC on topics linked to their areas of expertise.

→ *More detailed information on the governance of sustainable investing is available in appendix 6*

MAINTAINING SUSTAINABILITY KNOWLEDGE

The Supervisory Board, Management Board and ExCo are continuously updated on how we integrate sustainability in our investment processes. All three bodies are also involved in the process of identifying and managing material topics. These topics reflect our key sustainability issues related to investee companies as well as on the level of our own operations. Sustainability is key to our commercial success and is at the heart of the collective knowledge, skills and experience of Robeco's highest governance body.

An advisory committee – the Corporate Sustainability Committee – focuses on the sustainability of Robeco's own operations and advises the Sustainability & Impact Strategy Committee and the ExCo on matters linked to corporate sustainability and governance. This committee is chaired by the Corporate Sustainability Officer.

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

Governance of sustainable investing

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32. Members of the Executive Committee that are not members of the Management Board.
33. The SISC holds bi-weekly meetings and communicates the outcomes of these meetings on a monthly basis to the ExCo, who oversees the management of impacts.

Report of the Supervisory Board

In 2023, the Supervisory Board met eleven times. The Audit & Risk Committee met six times and the Nomination & Remuneration Committee seven times. All regular plenary Supervisory Board meetings were attended by all Supervisory Board members. Furthermore, all active members of the Executive Committee (ExCo) and other guests attended the regular Supervisory Board meetings in 2023. The Supervisory Board also met in closed sessions, mostly without any of the ExCo members present, 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 Robeco's financial results. 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 the Audit & Risk Committee regularly received updates on the review of and improvements in Robeco's internal risk management and internal control framework. The interests of clients are considered to be a key issue and, consequently, an important focus.

Another subject that comes up on a regular basis in the Supervisory Board's discussions is the developments in the financial markets and 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 for key senior executives are therefore also monitored and discussed regularly in Supervisory Board meetings.

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

RECOMMENDATION TO ADOPT ANNUAL FINANCIAL STATEMENT

The Supervisory Board has taken note of the contents of the annual financial statements and the report presented by KPMG, who issued an independent auditor's report on the 2023 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 112.9 million comprising the 2023 Company's net result. This proposal will be submitted to the Annual General Meeting of Shareholders.

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Remuneration

At Robeco, employees and their knowledge and capabilities are our most important asset. In order to attract and retain staff who enable Robeco to provide value to our clients and satisfy their needs, paying them fixed and variable remuneration is vital. It is equally vital to reward talent and performance fairly and competitively. In line with our reputation as a leader in sustainability, Robeco compensates its employees and applies its policy in a non-discriminatory and gender-neutral manner.

The key objectives of our Remuneration Policy are:

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

The remuneration policy in a broader perspective

In general, Robeco aims to align its remuneration policy and practices with its risk profile, its function and the interests of all its stakeholders. Robeco's approach to remuneration is intended to attract, motivate and retain employees with the necessary skills, capabilities, values and behaviors needed to deliver on its strategy. Robeco's remuneration policy and practices aim to: (i) reward success and (ii) maintain a sustainable balance between short and long-term value creation and build on Robeco's long-term responsibility towards its employees, clients, shareholders and other stakeholders.

Robeco's remuneration policy is shaped by regulation and fine-tuned by its stakeholders

Robeco is active in a sector that is strictly regulated, impacting every aspect of its business model – including its remuneration policy and practices. A common denominator between the various sector remuneration regulations to which Robeco is subject is that they all endeavor to align, at least in general terms, the interests of covered institutions[34] with those of their stakeholders through the use of deferral mechanisms, retention periods and restrictions on disproportionate ratios between fixed and variable remuneration.

Closely observing these requirements – both in letter and in spirit – in developing our remuneration policy is a first step for Robeco to ensure alignment between its remuneration and the interests of its key stakeholders.

Robeco's remuneration policy seeks to strike a balance between its function as a trusted asset manager for institutional and wholesale clients on the one hand and its desire to offer its employees a well-balanced and competitive remuneration package on the other while recognizing the inherent risks to the former posed by the latter. Robeco believes that the balance between the interests of our clients and employees is served by the use of specific performance criteria (KPIs), such as those emphasizing customer centricity.

In addition, Robeco recognizes that excessive variable remuneration can be inappropriate. Therefore, annual variable remuneration within Robeco in principle does not exceed 200% of fixed remuneration. This is a limit that Robeco considers appropriate in light of the market and global arena in which it operates.

Finally, in recognition of Robeco's social responsibilities in addressing sustainability challenges, Robeco has explicitly integrated sustainability risk factors in the performance indicators of relevant employees, so that their remuneration can be aligned with sustainability risk management.

Robeco's approach to remuneration is subject to constant monitoring and change

Robeco constantly seeks and receives input from clients, its shareholder, regulators and other stakeholder groups about its remuneration approach, enhancing the link between remuneration outcomes and stakeholder interests.

34. Institutions to which the remuneration regulations apply

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Robeco has set up robust governance and monitoring arrangements to ensure its remuneration policy and approach remain aligned not just with applicable law, but also with the interests of its stakeholders.

Remuneration elements

When determining the total remuneration of employees, Robeco periodically performs a benchmark review. All remuneration awarded to employees can be divided into fixed remuneration (payments or benefits without consideration of performance criteria) and variable remuneration (additional payments or benefits, that depend on performance).

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 salary ranges and with reference to benchmarks of the investment management industry in the relevant region. The fixed remuneration is sufficient to remunerate the staff member for professional services rendered, in line with their level of education, degree of seniority, level of expertise and skills required and work experience and the relevant business sector and region.

Fixed remuneration – temporary allowances

Under certain circumstances, temporary allowances[35] may be awarded. In general, such allowances are solely function and/or responsibility-based and are not related to the performance of the individual employee or Robeco as a whole. Allowances are granted pursuant to strict guidelines and principles.

Variable remuneration

The variable remuneration pool is established based on the financial results of Robeco and includes a risk assessment. This assessment takes into account both financial and non-financial risks, consistent with the risk profile of Robeco, the applicable businesses and the underlying client portfolios. When assessing risks, both current and future risks that are taken by the staff member, the business unit and Robeco as a whole are taken into account. This is to ensure any variable remuneration grants are warranted in light of the financial strength of the company and based on effective risk management.

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 their individual and team's and/or 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 and can even result in no variable remuneration being awarded at all. The variable remuneration of all staff is appropriately balanced with the fixed remuneration.

Performance indicators (KPIs)

The KPIs for investment professionals are mainly based on risk-adjusted excess returns over one, three and five years. For sales professionals, the KPIs are mostly related to net run rate revenue, and client relationship management. The KPIs should not encourage excessive risk-taking. 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.

All employees have a mandatory risk & compliance KPI: control, compliance and risk-related performance is defined as a 'hygiene' factor. Their risk & compliance performance is assessed and used to adjust their overall performance downward if it does not meet the required level. Unethical or non-compliant behavior overrides any good financial performance generated by a staff member and will result in reduced variable remuneration.

All employees also have a sustainability KPI. Sustainable risk factors are integrated in the annual goal setting of relevant employees so that their remuneration is aligned with sustainability risk management. Robeco's SISC develops an overview of relevant KPIs to measure the successful implementation of our sustainable investing strategy. This is used as a starting point to develop relevant KPIs for relevant employee groups. For example, portfolio managers have decarbonization and ESG integration-related KPIs, and risk professionals have enhancement-of-portfolio sustainability risk and monitoring-related KPIs. Staff members' variable remuneration is based on their performance with respect to their KPIs, and is based on their managers' discretion.

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 operational financial results over a rolling eight-quarter period of all direct or indirect subsidiaries of Robeco.

Payment and deferral of variable remuneration

	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 an employee voluntarily resigning or being dismissed for seriously culpable malpractice. Severance payments to daily policymakers as defined in the Wft (Dutch Financial Supervision Act) are capped at 100% of fixed remuneration. No severance is paid to daily policymakers in the event of dismissal due to a failure of the institution (for example in case of a request for state aid or if substantial sanctions are imposed by the regulator).

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35. Fixed allowance granted for a period of two years.

Additional rules for Identified Staff

The rules below apply to Identified Staff. These rules apply in addition to the existing rules as set out above and prevail in the event of inconsistencies. Identified Staff are defined as employees who can have a material impact on the risk profile of Robeco and/or the funds it manages. Identified Staff include:

- members of the governing body, senior management, senior portfolio management staff and the heads of control functions (Compliance, Risk Management, Internal Audit);
- other risk-takers as defined in Alternative Investment Fund Managers Directive (AIFMD) and UCITS V whose total remuneration places them in the same remuneration bracket as the group described above.

Control Function Staff (Compliance, Risk Management, Internal Audit)

The following rules apply to the fixed and variable remuneration of Control Function Staff.

- The fixed remuneration is sufficient to guarantee that Robeco can attract qualified and experienced staff.
- The business objectives of Control Function 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 their own monitoring role.
- The appraisal and the related award of remuneration are determined independently of the business they oversee.
- The rules above apply in addition to the rules which apply to the Identified Staff if an employee is considered to be part of both the Control Function Staff and Identified Staff.
- The remuneration of the Head of Compliance, Head of Internal Audit and the Head of Risk[36] 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.

Payment and deferral of variable remuneration of Identified Staff

	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.

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36. There are two heads of Risk Management: head of Risk and head of Investment Restrictions.

The following risk control measures apply, all of which are monitored by the Supervisory Board.

Ex-post risk assessment claw-back – 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 risk assessment 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.

- Evidence of fundamental misconduct, error and integrity issues by the staff member, such as a breach of the code of conduct, if any, or of other internal rules, especially concerning risks.
- A staff member having caused a considerable deterioration in the financial performance of Robeco or any fund managed by it, especially if this performance was relevant to the award of variable remuneration.
- A significant deficiency in the risk management of Robeco or any fund managed by it.
- Significant changes in the overall financial situation of Robeco.

Ex-ante risk assessment – for Identified Staff

Before granting in-year variable remuneration to Identified Staff, Robeco may decide, as a form of ex-ante risk adjustment, to reduce the variable remuneration proposal, potentially to zero, in the event of compliance or risk-related issues, collectively or individually.

Shareholder approval

In accordance with our governance, the remuneration of the Management Board is determined by the shareholder, based on a proposal from the Supervisory Board, which has been advised by the Nomination & Remuneration Committee. Remuneration for employees who earn in total more than EUR 500,000 per year or who are granted variable remuneration in excess of 200% of fixed remuneration requires the approval of the Supervisory Board (advised by the Nomination & Remuneration Committee) and the shareholder.

Annual review

Our remuneration processes are audited and reviewed each year internally. Any relevant changes made by regulators are incorporated in our remuneration policies and guidelines. Every year, an independent external party reviews our remuneration policy to ensure it is fully compliant with all relevant regulations.

Supervisory Board members receive fees for their service on the Supervisory Board.

All fees are paid out fully in cash. No variable remuneration is provided, ensuring the Supervisory Board members act impartially. Supervisory Board members are not eligible to receive any benefits in relation to their position on the Supervisory Board. There are no differences between the retirement benefit schemes and the contribution rates for the highest governance body members, senior executives and all other employees.

Remuneration figures current and former statutory directors[37]

	FTE	Headcount	Fixed remuneration in EUR million	Variable remuneration in EUR million[38]	Total in EUR million
Current and former statutory directors	3	3	1.9	2.4	4.3

Women-to-men remuneration ratio[39]

	Fixed remuneration percentage	Total remuneration percentage
Women-to-men remuneration ratio Senior Professionals and Executive Committee	101%	95%
Women-to-men remuneration percentage Professionals	96%	93%

Annual total compensation ratio[40]

	2023	2022	2021
Ratio of highest-paid individual to median annual total compensation for all employees	21:1	20:1	28:1

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37. The FTE and Headcount numbers in this table are reported at the end of the reporting period: 31 December 2023.
38. Based on awarded amounts. A part of the variable remuneration is deferred, including a partial conversion into 'Robeco Cash Appreciation Rights' (R-CARs) instruments. Robeco has certain risk control measures on variable remuneration including malus and claw back arrangements.
39. The 2023 calculation is in line with the respective GRI standard (405), which does not take into account the unequal distribution between women/men over the different job levels. If we were to apply the weighted average remuneration by job level (including headcount) and then summarize for the categories, the following women-to-men remuneration percentages would apply:
    – Senior Professionals + Executive Committee: Fixed Remuneration 105% and Total Remuneration 98%.
    – Professionals: Fixed Remuneration 103% and Total Remuneration 102%.
    While this calculation method is not in line with the GRI standards, we believe that this calculation provides a more accurate comparison of the women-to-men remuneration. The scope of the women-to-men remuneration percentage is Robeco Holding.
40. The ratio reflects the highest-paid individual compensation to the median (excluding the highest-paid individual). The following compensation elements are included: fixed pay (FTE) as per end of calendar year, allowances such as vacation allowance and 13th month, and awarded incentives over the performance year.

Business conduct and compliance

All employees[41] at Robeco are expected to behave appropriately at all times. In this context, 'appropriate behavior' means acting with integrity, in line with our core values, in the interest of our clients and other stakeholders and in compliance with applicable laws and regulations.

Code of conduct

In 2023, Robeco updated its code of conduct, and the update was rolled out at the beginning of 2024. Our code of conduct sets out core principles that help us maintain a culture of honesty, integrity and accountability that is based on trust and confidence. These principles are structured around the different stakeholders that are likely to experience the impact of our conduct in practice. The principles are as follows.

1. We treat our clients and business partners fairly
2. We act in the interests of Robeco
3. We treat each other with respect
4. We take our responsibilities as a sustainable investor and as organization

→ *Read Robeco's code of conduct*
→ *Read more about our core values*

The principles are based on applicable laws and regulations that provide guidance on how to deal with conflicts of interest, avoid market abuse and provide transparent communication about products. The principles go an extra step by also focusing on sustainability; diversity, equity and inclusion; and the leadership priorities (see text box) that we developed during 2023 as part of our Leadership Journey.

→ *Read our Conflicts of Interest Policy*

Conflicts of interest

Preventing and controlling conflicts of interest is important in ensuring that the interests of our clients and the financial markets and Robeco's integrity and reputation are protected. Robeco's Conflicts of Interest Policy takes into account potential conflicts of interest including, conflicts linked to sustainability-related aspects of our business and operations, which may for instance lead to risks of greenwashing, mis-selling or misrepresentation of our products and services.

During 2023 we implemented further improvements to our governance and procedures to prevent and manage conflicts of interest. Input to these improvements included internal assessments of conflicts of interest related to sustainable investing.

The third principle is particularly important, as we prioritize creating a safe environment in which all employees feel valued, respected and able to communicate openly. We do not accept any form of misconduct or unacceptable behavior, such as harassment of any kind, intimidation, aggressive behavior, violence, bullying or discrimination. Any such behavior is considered a violation of our code of conduct and will be followed up accordingly.

The code of conduct also provides guidance on how to apply the core principles on a day-to-day basis. All employees are expected to apply them in every aspect of their work and all their dealings with our clients and other stakeholders as representatives of Robeco. An issue in practice is that different people have different views on what they deem to be acceptable or unacceptable behavior. Our rule of thumb is to view the behavior from the perspective of the person on the receiving end. To avoid misunderstandings and create a safe environment in which our employees feel confident in what they can say or do, it is recommended that our employees actively discuss any issues among themselves for example what people expect of each other and what behavior is considered normal or inappropriate). Encouraging these dialogues helps to foster a safe and strong performance culture.

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41. 'All employees' refers to all current and contingent employees, whether they work for us full-time or part-time, on permanent or temporary contracts, on an internship or on secondment. In exceptional cases, even former employees can (contractually, as part of exit mechanisms) be bound to the code.

Each new employee is introduced to our code of conduct through an e-learning program that explains and provides training on our core principles. New employees are required to confirm that they have read and understood the code, that they will act with integrity and that they will apply the standards expected of them. All our employees must reconfirm that they will do so every year. In 2023, Robeco started rolling out mandatory compliance trainings (Data Privacy, Conflicts of Interest, Fighting Market Abuse) around the world, and more are to follow. These are state-of-the-art e-learning courses that are custom-made to suit Robeco's specific requirements and they are mandatory for everyone.

Employees in managerial or risk taking roles, or who are in direct contact with our clients are also required to take an oath swearing they will perform their duties conscientiously and with integrity, and that they will always act in the interests of their clients.

Violations of the code of conduct

We require all our employees to adhere to our code of conduct. Any violation of the code of conduct is considered an 'integrity incident' and may lead to sanctions, depending on the severity of the violation. Whenever employees become aware of any suspected or actual violations of the code of conduct, they are encouraged to speak up and report them without delay. This is because we believe violation of the code of conduct may jeopardize Robeco's goals and performance and keep us from being the organization we want to be for our employees, clients, business partners and all our other stakeholders.

Our employees can reach out for help or advice if they are concerned about poor conduct. Besides their manager, they can approach their HR business partner, an internal confidential advisor, our external confidential counselor or a member of the Compliance department. All of these people have been trained and know how to safeguard the psychological safety of the person seeking advice while maintaining confidentiality.

LEADERSHIP AT ROBECO

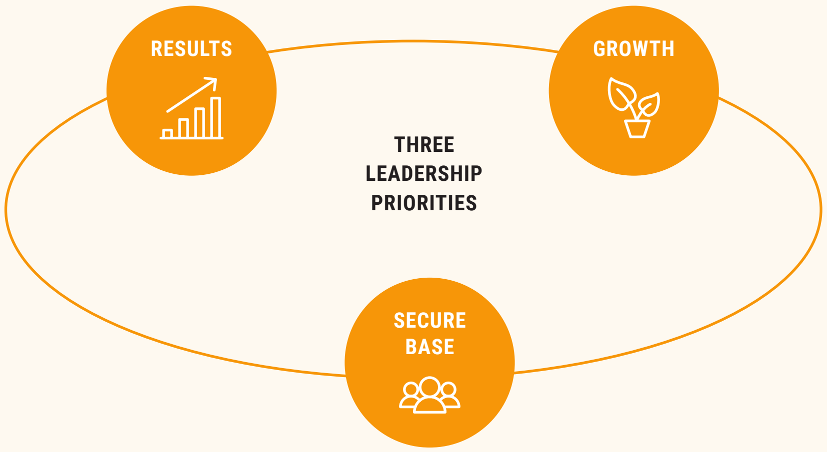
Personal leadership and individual accountability are key to upholding our core values, delivering on our strategic goals and maintaining a culture in which people act with integrity. To provide guidance on these expectations we have developed the following leadership priorities which apply to everyone in our company – not just those in leadership positions.

Secure base
- I will create an environment of trust and support to ensure my fellow employees feel valued and included and can thrive.
- I will support my fellow employees in exploring new opportunities, using their full potential and seeking guidance.

Delivering results
- I am focused on achieving and exceeding goals aligned with Robeco's mission, strategy and values.
- I will demonstrate competence and resilience, adapting to challenges and finding effective solutions.

Growth
- I see success, challenge and failure as equal drivers of personal and professional growth.
- I embrace mutually constructive feedforward and bold conversations.

To advance these priorities, our ExCo initiated a leadership journey, supported by the International Institute for Management Development in Switzerland. During 2023 we implemented the first two phases of this leadership journey, involving 175 leaders in the organization. This group included all employees with formal management responsibilities. During 2024, the journey will progress to phase 3, which will involve all Robeco employees.



Employees can also formally report a suspected or actual violation of the code of conduct through a number of reporting channels:
1. all integrity incidents can be reported to the Compliance department;
2. all integrity incidents can be reported to the ORIX Hotline[42];
3. all integrity incidents involving unacceptable behavior can be reported to Robeco's external confidential counselor;
4. depending on the circumstances, an employee may report an integrity incident directly to a competent external authority via applicable whistleblowing procedures.

Employees can choose which channel they wish to use. More information about the different reporting processes can be found in our Incident Management Policy and Integrity Incident & Whistleblowing Procedure. In 2023, five integrity cases were reported in total, one of which included elements of discrimination. Two of

42. A reporting tool that our parent company, ORIX, set up in 2022 for its entire group.

Updating our Incident Management framework
In 2023 we updated our Incident Management framework, a process that included aligning definitions, governance, processes and responsibilities. This new framework more clearly sets out our incident processes, reporting channels and the guidance and support that are available to our employees. We introduced a clear definition of "Compliance incidents" and improved our process for following up on integrity incidents. In 2024 we will implement the updated framework and embed it in our day-to-day practices.

the cases were settled in 2023 through counseling and by providing advice. Three of the cases are still pending as they require further investigation. One integrity incident that originated in 2022 was finalized and settled in 2023. By applying counseling, advice and sensitivity, all complaints have been investigated carefully.

Robeco has zero tolerance for any retaliation against anyone who reports a concern or misconduct in good faith and with the reasonable belief that the information is true. Any employee who engages in retaliation will be subject to disciplinary action, which may include dismissal. We strongly believe employees should feel free to speak up if they believe our code of conduct has been violated.

→ *Read Robeco's Integrity Incident & Whistleblowing Procedure*

Corporate sustainability commitments

Robeco appreciates values that promote harmony within society and aims to conduct its business in a way that supports environmental, social and governance objectives and expectations.

Robeco has committed to adhere to several independent and broadly accepted corporate sustainability principles and best practices[43], in what we call our corporate sustainability commitments. We embed these principles in our investment processes, the way we conduct our business (including a commitment to respect human rights in procurement), and in our policy on sustainability integration[44]. Our commitments stipulate that we must conduct due diligence and apply the precautionary principle[45] to prevent and mitigate potential negative impacts of climate change through our net zero roadmap.

→ *Read Robeco's policy on Sustainability integration*

In 2023, Robeco implemented a Complaints and Grievance Handling Policy that sets out a process for handling complaints and grievances received from clients or other external stakeholders. Our grievance mechanism facilitates the submission of external statements of dissatisfaction, being allegations, issues or problems, whether perceived or actual, related to Robeco's activities. All grievances are treated confidentially, and those making the complaint can remain anonymous through representation by a third party.

In case of a grievance related to the integration of sustainability into our investments, our Complaint & Grievance Handling Officer collaborates closely with the SI Centre of Expertise. Together they investigate and assess grievances completely, diligently and impartially, and decide on any follow-up actions that may be needed. We have set up a remediation of adverse impact procedure based on the guidance of the United Nations Guiding Principles on Business and Human Rights and other independent codes of conduct. Depending on the adverse impact level, Robeco implements necessary resolutions. We apply our stewardship and exclusion policies when seeking to mitigate any negative impacts of the companies we invest in through engagement, or to end any contribution to negative impacts by exclusion or divestment.

Critical concerns identified through grievance mechanisms or other channels are reported to the Enterprise Risk Management Committee in quarterly reports submitted by the Risk Management and Compliance functions and, where deemed appropriate, on an ad-hoc basis to Controversial Behavior Committee for decision-making on investment eligibility and to the SISC and/or the ExCo for information purposes. The ExCo ensures that Robeco has appropriate policies and procedures in place to handle complaints and grievances in compliance with relevant standards and legislation.

In 2023, there were 3 grievances recorded, of which one was a follow up to a grievance that was responded to in 2022 and pertains to a company that is on the exclusion list of Robeco. The second grievance was in relation to a company which was alleged to be involved in illegal wildlife trade by sourcing ingredients for traditional Chinese medicine, but Robeco was not invested at the time of responding to the grievance from the NGO. The third grievance raised was a critical concern as it alleges Robeco to be linked with its investment in a company that is contributing to financing human rights violations in a conflict-affected high risk area. Robeco has entered into dialogue with the NGO and taken action by concluding its engagement with the company. This ultimately lead to the Controversial Behavior Committee, the highest governance body for grievances raised at Robeco based on corporate conduct of investee companies, deciding to exclude the company from Robeco's investment universe in February 2024.

→ *Read Robeco's Complaints and Grievance Handling Policy*

Dialogue with the Environmental Investigation Agency
At the beginning of 2023 the Environmental Investigation Agency (EIA) sent a letter to Robeco about our approach to assessing Traditional Chinese Medicine (TCM) companies. We began a dialogue with EIA and they shared their research with us on the risks that investors face related to certain TCM businesses that manufacture products containing derivatives of endangered species. They also shared their concern about a company we hold in one of our investment portfolios. In response, we shared with EIA that we no longer invest in that company and have since conducted additional research on the topic, which led to adjustments in our approach to assessing TCM companies under our SDG ratings framework. These types of dialogue, together with input from NGO data providers and our in-house sustainable investing research, help strengthen our understanding of, and approach to, evolving sustainability issues.

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43. The most important codes are the International Corporate Governance Network (ICGN) statement on Global Governance Principles, the United Nations Global Compact, the United Nations Sustainable Development Goals, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and Responsible Business Conduct for Institutional Investors.
44. The policy is updated annually, approved by the SISC and published on Robeco's website.
45. As set out in Principle 15 of the UN Rio Declaration on the Environment and Development.

Avoiding greenwashing

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

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

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

Our risk management and compliance functions monitor these policies and changes to relevant regulations on an ongoing basis. They report the outcomes of these monitoring activities to our Enterprise Risk Management Committee and Risk Management Committee. The effectiveness of our control measures is also periodically audited by our internal audit department. Oversight on all matters related to sustainability and sustainable investing in our company performed by the SISC includes issues linked to greenwashing.

In 2023 we paid particular attention to our sustainability-related marketing materials and we collected information from our discretionary portfolio management and advisory clients regarding their sustainability preferences, on the basis of which we confirmed that the services we provide them with meet their expectations and needs. These activities aimed to prevent mis-selling or the misrepresentation of the sustainability characteristics of our products and services.

As a result of the publication of regulatory guidance documents, particularly those from the European Securities and Markets Authority (ESMA) and the Netherlands Authority for the Financial Markets (AFM), about high-risk areas linked to greenwashing in the investment value chain, our Compliance department organized internal self-assessment workshops to assess the relevance of the guidance to Robeco's activities and processes. These workshops were organized for various departments that play a role in the investment value chain and where greenwashing may occur. These included the Marketing department, Corporate Communications, Product Management, Enterprise Data Management and the Sustainable Investing Center of Expertise. Robeco also participated in a study by a consultancy firm into how banks and asset managers manage greenwashing risks.

The findings of these workshops and the study provided valuable input into our approach to prevent greenwashing. The workshops confirmed which of the high-risk areas described by ESMA and the AFM are perceived to be most relevant to Robeco. For instance, it was agreed we should always aim to make our sustainable investing disclosures, including policies and methodologies easy to understand, and that we should ensure that these documents are consistent and accessible. The workshops also helped increase knowledge within the departments about how to prevent greenwashing. In order to build further awareness about greenwashing risks, we developed an anti-greenwashing e-learning module for inclusion in our internal sustainability training program, the SI Academy, in 2024.

What is greenwashing?
We define greenwashing as a practice in which sustainability-related statements, declarations, actions or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, financial product or financial service. This practice may be misleading to consumers, investors or other market participants.

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Risk management

At Robeco, risk management is based on the principles of sound management, as set out in the Dutch Corporate Governance Code and the principles of the Committee of Sponsoring Organizations Enterprise Risk Management. We therefore manage risks according to what is currently considered to be best practice.

Governance of risk management

Robeco's risk governance structure is based on a Three Lines Model, which helps us identify and define the responsibilities of key players in our risk governance structure. It also enables them to interact and effectively align, collaborate and be accountable when helping the company achieve its objectives within our defined risk appetite. All Robeco employees have a role in risk governance, with risk management and compliance responsibilities.

The three lines of the Three Lines Model are as follows.
- The first line consists of the primary risk owners who identify, assess and manage risks in their day-to-day work within our company.
- The second line is our Compliance and Risk Management departments which develop and maintain the risk policies and frameworks that enable the first line to manage risk. These departments also monitor and report to the Enterprise Risk Management Committee on the risk and compliance activities of the first and second lines and on relevant developments.
- Our Internal Audit function is the third line. It performs various independent audits and reviews of our risk management procedures.

A cross-functional committee structure is in place with the following five ExCo sub-committees:

Enterprise Risk Management Committee (ERMC)

The ERMC is the most senior body within Robeco that focuses on risk. It consists of members of the ExCo and relevant departments. The ERMC is chaired by the Chief Financial and Risk Officer (CFRO) and is responsible for evaluating and approving company policies relating to risk management and compliance. The ERMC also assesses whether the risks that Robeco's activities involve fall within defined risk tolerance levels. If risks exceed these levels, the ERMC has the power to remedy the situation. The ERMC is supported by a dedicated risk management committee to control the financial risks associated with our client portfolios and by committees and sub-committees that focus on issues such as valuation, security, outsourcing and crisis management.

Sustainability and Impact Strategy Committee (SISC)

The SISC oversees, coordinates and drives sustainability matters across Robeco. Sustainable investing is one of the key pillars in Robeco's strategy. The implementation of sustainable investing is spread across the different investment teams at Robeco in Rotterdam, Hong Kong and Zurich. Consistent integration of sustainability in our investment processes requires close collaboration with our Active Ownership and Sustainable Investing Research team and is incorporated into our sales and marketing, strategic product management, risk management and IT and data processes.

Product Approval Committee (PAC)

Our PAC is ultimately responsible for approving new products, changes (including liquidations) to our products, seed capital requests, product reviews and other topics included in our Product Quality Procedure. The PAC ensures that products are launched, maintained or discontinued in the best interest of our clients and that they adhere to Robeco's corporate values. Each member of the PAC is responsible for representing their area of expertise (Product Management & Development, Operations, Compliance, Risk Management, Investments, SI Center of Expertise and Sales) and for evaluating proposals to assess whether they align with Robeco's strategic goals. The Head of Compliance is responsible for safeguarding our clients' interests.

Pricing Committee

The Pricing Committee ensures that we provide attractive investment solutions and services at prices appropriate to our clients, while ensuring our business is sufficiently profitable and complies with applicable laws and regulations. It also verifies whether pursuing new or amended business proposals aligns with Robeco's strategic focus in terms of clients, investment strategies and services provided to clients. Another of the Pricing Committee's roles is to ensure fees are consistent for similar business proposals.

Customer Committee

The Customer Committee is responsible for assessing the acceptability of customer relationships from an integrity risk perspective. It provides a safeguard against the risk of accepting or continuing relationships with customers that do not fit within

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Robeco's integrity risk appetite or represent a threat to Robeco's reputation as a reputable financial institution. The Committee is mandated by the ExCo to ensure there is an explicit, coordinated and well-documented risk review for customers, especially those perceived to involve high risk to our integrity or reputation. Within the context of applicable laws and regulations, the Committee ultimately decides whether to accept or reject each client.

In addition to the five ExCo sub-committees, there is one supervisory board sub-committee that complements our risk management governance.

Supervisory Board – Audit & Risk Committee
Please refer to the 'Corporate governance' section for a discussion of the Audit & Risk Committee's responsibilities and the Report of the Supervisory Board for a description of its activities in 2023.

Management review
The ongoing monitoring of risk management and internal control systems is embedded in Robeco's risk governance framework and provides insight into the key risks affecting Robeco. The relevant members of the ERMC discuss these risks with the ExCo. In addition, reports are submitted to and discussed regularly with the ExCo, Audit & Risk Committee and Supervisory Board.

It is important to note that well designed and implemented internal risk management and control systems significantly reduce, but cannot eliminate, the risks associated with poor judgment, human error, control processes being deliberately circumvented, management overriding controls, or unforeseen circumstances.

Based on our monitoring of our risk management and internal control systems and an awareness of their inherent limitations, we conclude that Robeco has sufficient insight into the extent to which its objectives will be realized and the reliability of its internal and external financial reporting.

Risk and control
Robeco has a comprehensive control framework (the Robeco Control Framework – RCF) that enables us to maintain control of our operations and helps ensure we comply with laws and regulations. The RCF consists of several components that enable us to identify, assess, control and monitor significant risks. Robeco's risk appetite plays a central role in the RCF as it provides high-level guidance to help us determine the significance of risks and define the appropriate controls. We assess the RCF on an ongoing basis to determine whether the controls we have put in place are adequate to mitigate risks and whether the controls are operating effectively.

We regard the categories of risk we describe below as the most relevant in terms of their potential impact on Robeco's ability to pursue its strategy and business activities and to maintain a sound financial position.

Strategic risks
Strategic risks can be external or internal. External circumstances such as macroeconomic developments or increasing pressure on fees and competition may negatively affect our profitability. Continuous monitoring of these issues and diversification in terms of clients, asset classes and products can help mitigate their impact. Inability to meet our sustainability commitments, underperformance of our products or dependence on a limited number of key products could all represent internal strategic risks. We address these risks through our formal review and approval procedure for new products and business initiatives and by maintaining a well-diversified product range. Our Strategy 2021-2025 ensures that Robeco is focused on our key strengths, and also that our wider product range remains relevant and available in all markets that we operate in. Our risk governance framework ensures there is sufficient monitoring of the sustainability risk we are exposed to.

Operational risks
Operational risks include failure to process or execute transactions and IT problems; risks relating to information security; data management; third-party, model and fraud issues; and legal matters. We define operational risk as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems, or from external events. Robeco provides a broad range of services and products for different types of client in various parts of the world. This means we are exposed to risks linked to high operational costs and operational errors. We perform periodical Risk & Control Self Assessments (RCSAs) to identify and mitigate operational risks. Controls identified during RCSAs are periodically tested and monitored to ensure their effectiveness.

Having a strong reputation for integrity is crucial for us to safeguard the market's confidence and public trust in us. Fraud can undermine such confidence and trust. Therefore, we have put in place an approach to mitigate the risk of fraud, including actions to reduce the fraud risk we are exposed to and assessments of the effectiveness of our internal controls to reduce fraud risk. We have two Anti-Fraud Officers (AFOs), one from our Operational Risk Management department focusing on external fraud and the other from Compliance focusing on internal fraud. These AFOs are the first point of contact for any potential instances of fraud risk and ensure that they are dealt with in a timely and efficient manner. The AFOs have the following tasks:

- to perform periodical fraud risk assessments and report on their outcome to the ERMC and Audit & Risk Committee;
- to perform gap analysis to identify missing controls in the RCF;
- to align with IT Security on the anti-fraud measures that we have implemented and consider ways to further improve fraud detection;
- to ensure that internal and external fraud incidents are properly followed up.

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The risk of fraud exists within each department. We have implemented measures to mitigate this risk, such as the segregation of the duties of portfolio managers, traders and our middle and back office staff. Although there is always a risk of internal fraud resulting from employees overriding or bypassing our internal controls, we consider this risk to be limited due to the way we segregate assets: no assets our products invest in can be stolen, as they are held by custodians that only act upon instructions that follow agreed processes and authorizations.

Compliance and integrity risks

Robeco has a code of conduct that forms the basis of our Compliance Framework. This code describes the standards of behavior that Robeco expects of its employees. All employees must sign the code when they join the company; by signing the code they commit to act in accordance with it. All employees also sign on an annual basis to confirm that they will continue to adhere to the code of conduct.

The number of regulations and supervisory body policies governing the asset management industry[46] has increased since the global financial crisis. Dealing with the uncertainty associated with new regulations is demanding, as their interpretation and the timeframes in which they are to be implemented are often unclear. Part of the operational risk we are exposed to therefore stems from the regulatory environment. To manage this risk, Robeco is actively involved in the process of developing regulation, both directly and through representative associations such as the European Fund and Asset Management Association (EFAMA) and the Dutch Fund and Asset Management Association (DUFAS). We monitor and assess the potential impact of planned regulations at an early stage, and relevant departments initiate and/or monitor the subsequent implementation of new or amended laws and regulations. Robeco performs a Systematic Integrity Risk Assessment (SIRA) periodically to assess our level of control over integrity risks, as integrity risk events may lead to financial loss, financial misstatements and/or reputational damage. Robeco wants to ensure that it operates in a controlled way and that it is demonstrably in control of the integrity risks it is exposed to. Performing the SIRA is also a legal requirement.

Financial risk

Robeco is exposed to counterparty credit risk in respect of its cash balances and receivables. Default risk involves the risk that a counterparty will not honor its obligations to Robeco. To mitigate this risk we have put in place a counterparty risk policy that is maintained by our Risk Management function. Its guiding principle is that counterparty risk should be mitigated wherever possible through the selection of counterparties (banks or other financial institutions) with high creditworthiness (based on strict rating criteria) and by limiting exposure to individual counterparties by diversification.

Market risk is the risk of the market prices of financial instruments falling, resulting in financial loss to the company. Robeco has limited direct market risk exposure, with the exposure that we do have resulting from fluctuations in foreign currency rates affecting our 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 affecting our current account balances. Interest rate risk is very low given the short duration of these positions, and foreign currencies are directly converted into euros to mitigate foreign exchange risk.

Indirect market risk is more important than strategic risk as our fee income is linked to our assets under management, which fluctuate in line with the financial markets. Declines in financial markets lead to lower income from management fees, which can reduce our profitability. The measures we take to mitigate this risk include offering a broad, well-diversified range of products and services covering various regions, currencies and asset classes, and maintaining a sound capital position.

Liquidity risk is the risk of Robeco being unable to honor its short-term obligations due to a lack of liquidity. To mitigate liquidity risk, cash positions are closely monitored by our Finance department and reported to the ERMC on a periodic basis.

We hold capital to cover counterparty, operational and business and strategic risks. For both counterparty and operational risks, 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.

The potential effect of climate transition risk on our profitability is assessed by using four different climate transition risk scenarios. The results are compared to the capital requirement and may lead to an increase if the expected impact is higher than the risk capital requirement. This process is explained in more detail in the next paragraph.

→ *Read more about our financial risk management objectives and policies*

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

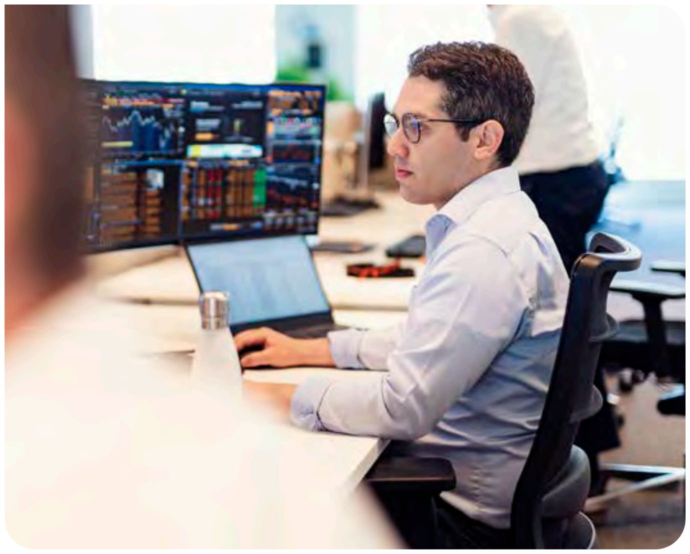
Sustainability risk management

At Robeco we manage sustainability risk in our investment portfolios and at the corporate level. Below we explain how sustainability risk is managed at the portfolio level and how our findings at the portfolio level are also relevant for sustainability risk at the corporate level.

Sustainability risk in investment portfolios

Sustainability factors (such as environmental, social and employee-related matters, respect for human rights, and anti-corruption and anti-bribery issues) may have a positive or negative impact on the financial performance of our investments. For risk management purposes, we focus on the downside potential these factors involve. Our sustainability risk policy sets out sustainability risk limits and controls for our portfolios, and how we react in the event that a risk limit is breached. It is a three-pillar approach that sets out minimum requirements to handle sustainability risk. The pillars are as follows.

- The first pillar lays down minimum requirements for all portfolios by applying exclusion lists of companies and governments based on their activities and behavior, and by integrating ESG in the investment process.
- The second pillar specifies how sustainability is promoted within products and sets out limits for sustainability criteria such as ESG ratings, greenhouse gas emissions, minimum allocations to sustainable investments and contributions to the SDGs.
- The third pillar involves our Risk Management department evaluating all our products according to different dimensions of sustainability, including climate risk scenarios. This process aims to raise awareness of sustainability risks, promote a deeper understanding of them and encourage discussion between stakeholders to whom we communicate our findings. Climate risk analysis includes an evaluation of the impact of the climate transition and the physical risks and opportunities linked to climate change.



We review this policy every year to ensure it adheres to the latest standards and practices, including the Sustainable Finance Disclosure Regulation (SFDR), Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD).

Translating portfolio risks into corporate risks

The way we assess the sustainability risks our investment portfolios are exposed to differs from how we determine the sustainability risks that Robeco as a corporate entity is exposed to. The risk profile of Robeco as an entity is based on the revenues generated through these investment portfolios. Robeco's income is the fee that we receive in relation to our assets under management (AuM). Based on the composition of our AuM our Risk Management department models the revenues that should be generated in a year. The contribution all our investments make to our revenues is referred to as the Margin Portfolio. It enables Risk Management to perform risk analysis, including sustainability risk analysis.

In assessing corporate sustainability risk, Risk Management focuses on climate transition risk. Risk Management assesses the carbon sensitivity of our revenues and the potential impact of climate risk scenarios on these revenues. The results of this analysis are communicated to the ERMC every quarter.

Carbon sensitivity of our revenues

Risk Management assesses the carbon sensitivity of our revenues by estimating the carbon footprint of the underlying AuM. The translation of our AuM into revenues enables us to assess the biggest contributors to the carbon footprint of our revenues. Risk Management reports to the ERMC on which sectors and which investment capabilities contribute most to our carbon footprint. The assessments are used for information purposes and to create awareness about carbon sensitivities. If a vulnerability that may require action is identified, the ERMC can decide how to respond.

Impact of climate risk scenarios on our revenues

Our Risk Management department also assesses the potential impact of climate risk on our revenues by running several climate risk analyses on the Margin Portfolio. Doing so provides insight into the extent to which our revenues could fall due to climate risk, assuming that the holdings making up our current AuM remain unchanged over the time horizon of the scenarios.

Climate risk scenario analysis forms part of our risk budgeting process. As part of our Capital Adequacy Assessment process and internal Risk Assessment Process[47], Robeco performs a self-assessment of the climate risk our company is exposed to. This involves considering both our revenues and our costs to determine the potential effect of climate risk on our profitability. We compare the potential impact of climate risk scenarios to our capital requirement to ensure that Robeco's financial position would remain healthy in the event that climate risk manifests over time.
Risk Management has a broad set of climate risk scenarios available, most of which have a long-term horizon. For the risk budgeting process we use a subset of scenarios with a horizon of one year. As a

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47. An annual process to determine the minimum amount of risk capital to be held. This is a regulatory requirement and we communicate our findings to the Dutch Central Bank.

consequence, we only consider transition risks. Physical risks are longer-term in nature and as such do not match our budgeting horizon.

Corporate sustainability risk figures

To help us understand the risks and opportunities arising from climate change in greater depth, we acquire and generate climate-related data. Our analysts take this data and convert it into scores, footprint reports, impact reports and insights that are integrated across our range of products and services. The net impact of the sustainability risks faced by a company should also be seen in terms of the opportunities they create (such as in climate transition risk, gains from resource efficiency and cost savings, low-emission energy sources and the development of new products and services). This means that transition opportunities should also be considered when assessing climate risks.

Climate risk scenarios

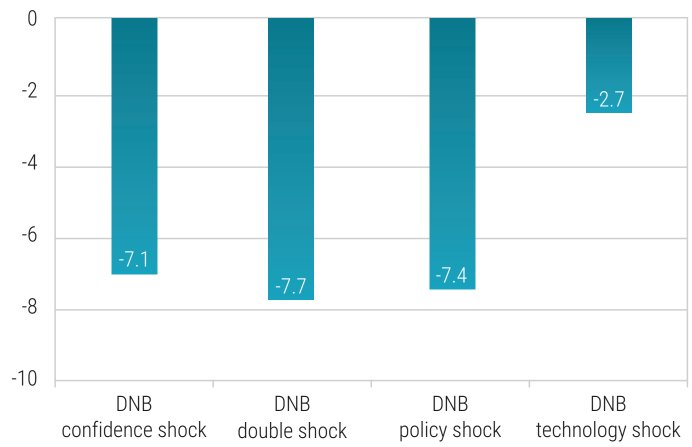
Climate risk forms part of our assessment of Robeco's capital adequacy. Every quarter, Risk Management analyzes the possible impact of climate risk on Robeco's revenues and available capital. The outcome is compared with our minimum amount of required capital. In this analysis we use four climate transition risk scenarios based on guidance from the Dutch Central Bank (DNB).

The four scenarios describe shocks at the macroeconomic and mesoeconomic levels. These shocks, which have a one-year time horizon, are translated into impacts on Robeco's assets under management and the asset management industry. They are therefore suitable for assessing our capital adequacy, which uses the same time horizon. The four scenarios are as follows.

- Confidence shock: companies and households postpone investment and consumption due to uncertainty about policy measures and technology. This scenario only leads to a shock to equity prices.
- Policy shock: carbon prices rise by USD 100 per ton due to additional policy measures.
- Technology shock: the proportion of renewable energy in the energy mix doubles due to a technological breakthrough.
- Double shock: carbon prices rise by USD 100 per ton due to additional policy measures, and the proportion of renewable energy in the energy mix doubles due to a technological breakthrough.

The chart shows the projected impact of these climate-risk scenarios on Robeco's revenues. With an estimated impact of 7.7%, the DNB's double-shock scenario has the biggest projected negative impact on our revenues. Based on our calculations, Robeco would remain a profitable company in all scenarios.

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



Source: Robeco, 29 December 2023

Carbon sensitivity

The carbon footprints of our investments are the key determinant of the climate-transition risk our portfolios are exposed to. In general, the higher a company's carbon footprint, the more action it needs to take to become climate-neutral and the higher the costs involved in it doing so. We also assess the impact on Robeco's revenues to determine their exposure to the carbon footprints[48] of the companies we invest in. The greater the amount we invest in assets with high carbon footprints, the greater the risks to our company.

We perform two carbon footprint assessments: one using Scope 1 and 2 carbon emissions, the other using Scopes 1, 2 and 3[49]. Scope 1 and 2 emissions are directly within the control of companies and will face taxation and costs when transitioning. Scope 3 is more indirect and there can be disputes among companies upstream and downstream in the value chain about who is responsible for carbon emissions. This means that companies with a high Scope 3 carbon footprint face additional risks on their journey to becoming climate neutral.

The graph below shows the expected annual contribution to Robeco's revenues (the margin contribution)[50] of sectors, as defined by the Global Industry Classifications Standard (GICS), based on Scope 1 and 2 emissions and carbon footprints by sector[51]. The expected annual margin contribution is based on the investment positions in our portfolios as at the end of 2023[52]. The graph indicates that the materials, energy and utilities sectors make a relatively low contribution to our revenues (low blue bars). Despite this low margin contribution, these three sectors do account for a large part of Robeco's overall carbon footprint exposure, as shown by the high orange line.

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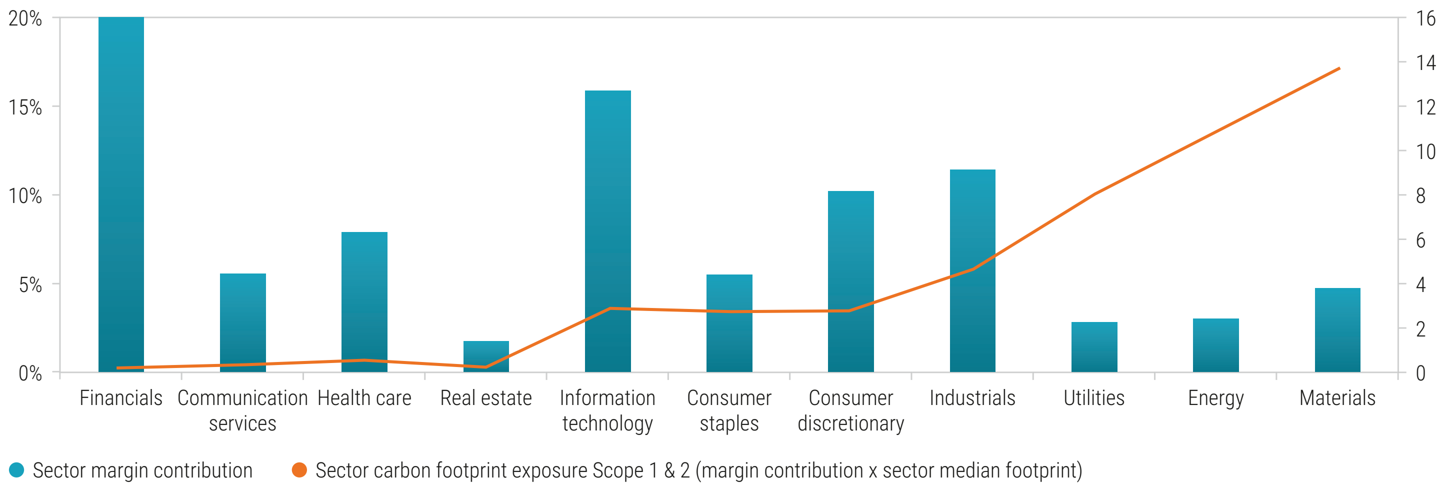
48. Carbon footprint for scopes 1, 2 & 3 are provided by Trucost.
49. The assessments observe the median carbon footprint using the GICS classification system.
50. The contributions of the sectors do not add up to 100%. Not all investments have a GICS sector classification (e.g., cash and derivatives).
51. Emissions are normalized for the Enterprise Value Including Cash (EVIC).
52. It assumes that the positions remain fixed for a year and that there are no changes in valuation.

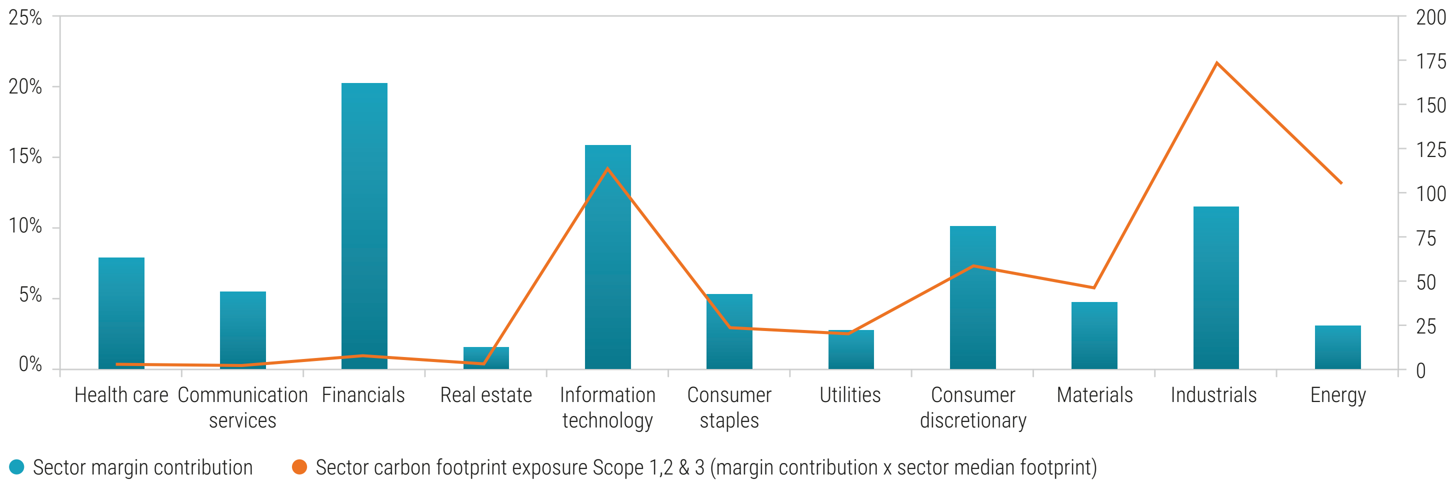
Robeco's expected margin contribution by sector and carbon footprint exposure Scope 1 & 2



Source: Robeco, 3 January 2024

While the materials sector has the highest carbon footprint in Scope 1 and 2 terms, it only has the fifth-highest footprint (orange line) when considering all scopes as reported in the graph below. Looking at all scopes, the industrials sector, which is the fourth most polluting sector from a Scope 1 and 2 perspective, is the sector which has the largest carbon footprint sensitivity to revenues (orange line). Energy and information technology, report the second- and third-highest exposures in this perspective.

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



Source: Robeco, 3 January 2024

Sustainability risk: an evolving field

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

In recent years we have developed an extensive sustainability risk framework and enhanced our toolkit to analyze, understand and report on sustainability risks. We intend to improve our sustainability risk management processes in the coming years by:

- further developing our risk control framework and related processes such as reporting;
- further improving how we determine a risk appetite by using quantitative elements and developing key risk indicators;
- exploring the possibility of incorporating important themes such as biodiversity and human rights in our sustainability risk policy in quantitative terms;
- investigating the possibility of improving our climate risk scenarios by incorporating additional climate risk indicators enabling us to identify potential winners and losers within industries in each scenario;
- incorporating the requirements of the Taskforce on Nature-related Financial Disclosures and exploring the implementation of nature loss scenarios;
- enhancing the methodology we use to assess the impact of climate-related risks on Robeco's revenues.

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Information and cybersecurity

Robeco's business relies on accurate and complete data being available whenever it is needed, and only to those who are authorized to access it. Protecting our clients', employees' and company data is a top priority for us. Information security and cybersecurity play a crucial role in promoting sustainability by safeguarding Robeco's intangible assets, including our data, reputation, earned trust and innovations.

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

As an international asset manager, we are subject to laws and regulations of several jurisdictions, whose guidelines on information security and resilience are not all the same. That said, most of the guidelines and requirements share some common ground and are based on widely accepted frameworks, including the recently introduced Digital Operational Resilience Act (DORA), described below in our Outlook. We regularly assess the requirements of applicable laws, regulations and supervisory guidelines with respect to information security, based on which we update our Information Security Policy[53].

Robeco's integrated vision of cybersecurity interconnects various functions and dependencies with other parts of the organization, external stakeholders and service providers. Robeco uses several outsourced services, including data centers, digital workplaces, back office, cloud computing and Software-as-a-Service. We use various tools and techniques to monitor the information security and cybersecurity capabilities of Robeco and our service providers. The rapid changes in today's highly digitized world have resulted in the convergence of different risk-related functions. These functions complement each other to effectively address the needs of our clients and regulators.

Therefore, our vision entails that cybersecurity within Robeco:

- is everyone's responsibility;
- is embedded in strategic decision-making, adapting to and benefiting from ongoing innovation;
- is driven by well-governed risk alignment, risk awareness and risk prioritization;
- is situationally aware and intelligence-driven, which enables us to identify threats and determine responses in a timely manner;
- minimizes the impact of disruptions and keeps pace with sustainable business growth.

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53. The last update of our Information Security Policy was performed in August 2023.

Highlights in 2023

To keep pace with the increasing number of cyber threats, we continued to improve and integrate advanced security tools to enhance our cybersecurity capabilities. Besides preventive security measures, we continued investing in strengthening our ability to detect and quickly respond to anomalies or malicious behavior. These investments were accompanied by programs to further improve our resilience and employees' awareness of such risks and the behaviors they should adopt to minimize them.

Robeco participated in a pilot of the new Advanced Red Teaming framework set up by the Dutch Central Bank (DNB). The objective was to test Robeco's security posture and improve resilience. Representatives from both the DNB and AFM, the Dutch financial regulator, were involved in the exercise and participated in the regular meetings to ensure that the exercise ran in accordance with high standards and was based on current threats to the financial sector.

Technical measures such as email filtering are complemented by an employee security awareness program. As technical email filtering does not filter out all malicious emails, in 2022 we implemented a 'report phishing' button on our email client. This enables our employees to easily report suspected phishing emails to our IT Service Desk to start the response process. This button was used by 62% of our employees in 2023. During the year, 53% of emails sent to Robeco were filtered out by our technical email filters, indicating they involved spam, phishing or malware.

These figures indicate both the effectiveness of our email filtering system and the level of awareness in identifying phishing emails among our employees. We conduct phishing simulation training sessions that helps our employees to recognize and respond to phishing attacks. The frequency of our phishing simulations increased from quarterly to monthly in 2023. Feedback is directly provided to the users when they click on the hyperlink in the simulated phishing mail or when it is reported to the IT Service Desk.

Robeco takes appropriate measures to ensure the continuity of all its processes. Disaster Recovery Plans are updated annually by relevant departments to reflect the prevailing backdrop and to ensure the appropriateness and completeness of our processes, data and systems. In addition, we regularly perform tests of the business continuity measures that we have implemented.

In 2023 we implemented application security test tooling, which ensures the security of software applications. By identifying vulnerabilities in software before malicious actors can exploit them, these tools ensure security measures are in place from the start of the development process, covering the whole software development lifecycle. In 2024 this tooling will be implemented in all the software we develop at Robeco.

In 2023, there were no identified breaches of our systems, or cybersecurity-related issues that adversely impacted our services or business continuity.

To enhance our digital operational resilience, Robeco participates in trusted communities for information sharing on cyber threats and intelligence. These include FI-ISAC, FS-ISAC, Information Security Forum and other special interest groups.

Outlook

In 2023 we began the process of becoming compliant with the Digital Operational Resilience Act (DORA). DORA is a new European framework that aims to enhance the digital operational resilience of financial entities and came into force on 16 January 2023. With an implementation period of two years, financial entities will be expected to be compliant by early 2025. The impact on Robeco and our ICT service providers is significant as we will have to adopt new policies, processes and systems to meet the new requirements.

In 2023 we developed our first policies and internal standards in accordance with DORA regulations, and in 2024 we will implement complementary requirements. We aim to fully adhere to all DORA regulations, including its regulatory and technical standards, by the end of 2024.

Predicting cybersecurity developments remains challenging. However, it is vital to be prepared to protect ourselves against potential cyber threats. We use a Cyber Security Threat Radar to assess the cyber threat landscape and defines security solutions to counteract identified threats. Threats currently high on our radar include the proliferation and professionalization of ransomware, threats delivered via malicious emails in the form of social engineering attacks targeting our employees, our systems being compromised via a third party or a supply chain, and an increased threat from Artificial Intelligence being used by malicious actors.

Our focus for the future is to keep pace with rapidly evolving cyber threats. We will therefore take action to:

- raise awareness of security issues among all our employees and ensure they adhere to our policies;
- strengthen the supply chain cyber resilience of the third parties we work with;
- improve control over data access rights and privileged accounts[54],
- improve our 'Assume Breach' strategy which requires capabilities in detecting and responding to potential threats with a strong focus on threat-led penetration testing[55] (TLPT);
- optimize our ability to monitor, detect and respond to security threats;
- anticipate emerging technological developments, such as AI, quantum computing and post-quantum cryptography.

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54. A privileged account has greater access rights than regular user accounts, typically for performing administrative and/or sensitive activities.
55. TLPT is a type of security testing that simulates cyberattacks.

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Our Sustainable Investing strategy

Sustainability is a key element in our corporate strategy. We expect our employees to act sustainably and sustainable investing is one of our key strengths. To support our strategic ambitions in this area, in 2021 we launched our Sustainable Investing strategy 2021-2025. Our ambition is to be the first point of contact for clients when they start their sustainable investing journey. As part of our strategy we provide sustainable investing solutions for all clients. We have designed some of these specifically to support positive impact in the real world.

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

SIX PILLARS

Our Sustainable Investing strategy consists of six pillars.

Sustainable investing solutions for all clients	Sustainable investing represents a key business opportunity for Robeco. We aim to grow our market share of assets under management in sustainability-oriented investment strategies by providing a broad choice of profitable, innovative products that includes thematic strategies offering solutions to sustainability challenges, Paris-aligned fixed income and equity strategies, and sustainable indices.	→ *For more information, see the Investing solutions section*
High-quality sustainable investing intellectual property	Robeco has integrated ESG in its investment processes since 2010 and now routinely integrates sustainability factors in the investment processes of its entire range of fundamental equity, fixed income, quantitative and bespoke investment strategies. We intend to further enhance our approach to sustainable investing by focusing on climate change, biodiversity, human rights and the Sustainable Development Goals (SDGs).	→ *For more information, see the Climate, Biodiversity, Human Rights and SDG contribution sections*
Create real-world impact	We aim to support positive real-world impact through our investment-related activities. For example, through voting and engagement we encourage the companies we invest in to adopt sustainable practices. We are continuously improving our approach and the tools we use to measure both the positive and negative impacts of the companies we invest in and how we report on those impacts.	→ *For more information, see the Stewardship section*
Build partnerships	We believe it is vital to take part in collaborations and strategic partnerships to make progress toward sustainability goals. We build partnerships with certain clients to support them on their sustainable investing journeys. Through close collaboration and partnerships with academia and non-governmental organizations, we aim to strengthen our proprietary research and collaborate through knowledge-sharing on topics such as climate change, biodiversity and the SDGs.	→ *For more information, see the list of our association memberships and participations in external initiatives*
License to operate	To maintain our license to operate we aim to comply with continuously evolving regulations and wider society's expectations on sustainable investing. The European Union's Sustainable Finance Disclosure Regulation (SFDR), which came into effect in 2021, has been a key area of focus for Robeco. We also place great emphasis on the quality, reliability and coverage of ESG data.	→ *For more information, see the section on SFDR and ESG data quality*
Walk the talk	We believe we need to live up to the same standards that we expect of others. At Robeco we walk the talk by integrating sustainability in our business operations. At the same time, through our Sustainable Investing Academy, we increase the awareness and understanding of and involvement in the sustainability of our employees across the globe.	→ *For more information, see the section on Limiting our own environmental footprint*

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Sustainability expertise, targets and goals

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

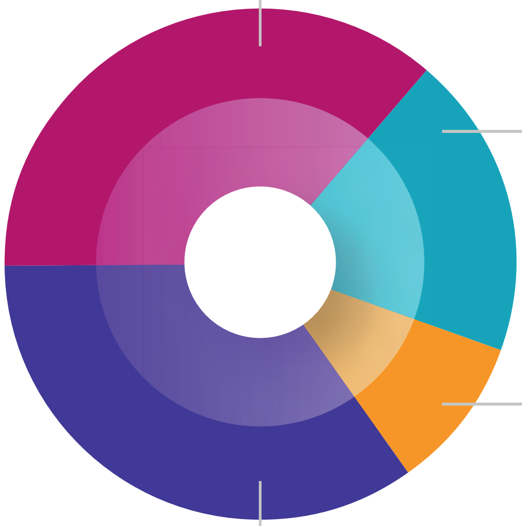
Our Sustainable Investing Center of Expertise is a focal point within the company for all our sustainable investing activities. It delivers sustainable investing expertise and insights to our investment teams, clients and the broader market. The center has four focus areas:

1. Active ownership
2. Thought leadership
3. Sustainable investing research
4. Sustainable investing client portfolio management

Robeco's dedicated sustainable investing capacity has grown significantly in recent years. As at the end of 2023, there were 52 members in our Sustainable Investing Center of Expertise. Members of the center work closely with the 200+ members of our investment teams who are responsible for integrating sustainability in their investment strategies.

In 2023, we further expanded our SI Open Access initiative, making our Country Sustainability Rankings available via the platform. We also completed the development of our new Country SDG ranking framework and an enhanced suite of new Climate Analytics. We took steps to further develop our climate engagement program with the aim of helping fuel the transition in the broader economy.

Robeco's Sustainable Investing Center of Expertise



Source: Robeco, 31 December 2023

→ *Read more about our active ownership efforts in the area of SI in the Stewardship section*

In 2023 we continued to execute our net zero roadmap, making further progress towards our short and medium-term targets. More information about this is available in the section on climate change. We continued our involvement in the Climate Action 100+ group, and Robeco was also a founding signatory of the new collaborative engagement program Nature Action 100.

Below we set out some of our key ambitions for 2021-2025, our achievements in 2023 and our goals for 2024 and beyond for each of our sustainable investing pillars (as of 31 December 2023).

WORKING TOWARDS A COMBINED CLIMATE AND NATURE ROADMAP

Our priorities for 2024 include setting targets to fulfil our Finance for Biodiversity Pledge in line with the published guidelines. We intend to incorporate these targets into our net zero roadmap so that we take an integrated approach to nature which not only addresses climate change but also the related topics of biodiversity loss, pollution, waste and circularity. We aim to release our updated nature and net zero roadmap in 2025.

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OUR SUSTAINABLE INVESTING AMBITIONS, ACHIEVEMENTS AND GOALS

Pillar	2021-25 ambitions include	Achievements in 2023 include	Goals for 2024 and beyond
Sustainable investing solutions for all clients	• To develop a complete suite of innovative sustainable investing products • Top brand recognition for sustainable investing	• Launch of fashion engagement equities and high-yield climate strategies	• Launch of a full suite of (climate) transition products across asset classes
High-quality sustainable investing intellectual property	• Top-quality ESG integration • To establish and implement an ambitious but realistic climate strategy • Institutionalize SDG thinking • Establish biodiversity and human rights frameworks	• Expansion of SI Open Access initiative, including providing improved transparency on scores on Robeco.com • Addition of Country Sustainability Rankings to the Open Access Portal • Continued to execute our net zero roadmap, including developing and rolling out new Robeco climate analytics • Increased collaboration between sustainable investing and Next-Gen Quant teams • Further strengthened our SDG framework with new research into water footprints • First roll-out of country SDG framework • Published multiple high-quality academic articles on SDGs • Integration of a new Sustainable Investment Model Governance Framework • Founding partner of new Avoided Emissions Database with 12 other asset managers • Launched carbon offset share class for select funds • Launched Robeco's Decarbonization Pathway tool	• Development of an integrated, combined climate and nature roadmap • Full roll-out of new climate analytics • Finalization and roll-out of Robeco's Biodiversity Investment Framework and score
Create real-world impact	• Measure positive and adverse impacts of our funds • Sustainable investing digital and interactive reporting to show real-world impact for clients • Further develop our measurement of the impact of our active ownership efforts	• Set up impact reporting for our funds that positively contribute the SDGs • Published first Principle Adverse Impact Statement with data	• Further expansion of Robeco's climate engagement program • Lead the roll-out of Nature Action 100 initiative • Expand engagement attribution impact measurement
Build partnerships	• Contribute to leading sustainable investing initiatives and continue to be seen as a leader in sustainable investing • Further develop sustainable investing partnerships with clients • Involvement in academic networks to strengthen the outside-in research perspective	• Continued our involvement in sustainable investing initiatives such as the Climate Action 100+ group • One of the main drivers behind the launch of collaborative engagement program Nature Action 100	• Working across our client base to help them implement their own net zero commitments
License to operate	• Meet requirements of the EU Sustainable Finance Disclosure Regulation • Focus on quality, reliability and coverage of sustainable investing data and analytics	• Implementation of SFDR level 2 and published first annual reporting disclosures for our fund range • Expanded the range of sustainable investing information available in fund factsheets • Conducted internal knowledge-sharing sessions focused on preventing greenwashing	• Conduct further training sessions across the organization on future trends in Sustainable Investing regulation
Walk the talk	• Increase knowledge of sustainable investing across the company • Foster a workplace that reflects our diverse communities, and where everyone feels seen, heard, valued and empowered to succeed • Step up Robeco's sustainability efforts in operations and reporting	• Started using demineralized water for cleaning at Robeco headquarters, which greatly reduces the need for cleaning agents • Organized a global Robeco Sustainability Week • Focused on carbon reduction in business travel • Continued electrification of our car fleet • First integrated annual report (based on Integrated Reporting Framework)	• Extend energy saving measures • Review business travel practices (smarter travel choices) • Improve Scope 3 upstream reporting (carbon emissions) • Engage with key suppliers to lower our carbon footprint • Develop integrated reporting in line with the CSRD

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The EU Sustainable Finance Disclosure Regulation (SFDR)

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

Sustainable finance regulations

The key components of the action plan targeting investors include:

- Sustainable Finance Disclosure Regulation, commonly referred to as SFDR (EU 2019/2088), requires website disclosures on how sustainability risks are integrated in the investment decision-making process and how principal adverse impacts are considered within investment decisions;
- the inclusion of sustainability preferences in the client suitability assessment process of the Markets in Financial Instruments Directive (MiFID);
- the mandatory inclusion of double materiality in Undertakings for Collective Investment in Transferable Securities (UCITS).

From a sustainability perspective, these regulations provide guidance for market participants in terms of defining sustainability and improving the comparability of different products' sustainability credentials. They also introduce a minimum requirement that all investment products throughout the EU should consider sustainability risk.

Implementation

Robeco implements SFDR by adhering to the regulation's requirements and reviewing our internal processes on an ongoing basis to improve our alignment with the regulation and our disclosures.

SFDR Level 1 sets out the regulator's high-level requirements and expectations relating to disclosure standards, risk integration and product classification. This includes entity-level disclosures and general product-level requirements, which Robeco implemented in March 2021.

SFDR Level 2 is centered on the implementation of the Regulatory Technical Standards (RTS), which came into force on 1 January 2023 and provide detailed guidance about how the regulation should be applied. In 2022, Robeco committed substantial resources to enable us to meet the requirements of this legislation.

In 2023, Robeco continued to comply with MiFID and UCITS requirements, which required additional efforts throughout the year.

In 2023, Robeco's Article 9 funds' disclosures introduced further detail about how the funds allocate sustainable investment assets based on their environmental or social objectives. We continuously review our definition of sustainable investment to ensure it is robust and aligned with the regulatory framework. In response to regulatory guidance, we updated various disclosures, policies and procedures linked to sustainability, including those published on our website. Our Principal Adverse Impact Statement, which sets out how Robeco considers the negative social and environmental impacts of the companies and governments we invest in, was updated in June 2023 based on the SFDR RTS format.

→ *Read more on how we classify our funds under SFDR*
→ *Read more about our sustainability policies and positions*
→ *Read our Principal Adverse Impact Statement*

Sustainable finance regulation is evolving

The Sustainable Finance Disclosure Regulation has resulted in large-scale changes to our business, with extensive cross-department collaboration and years of implementation work. A consultation launched by the European Commission in autumn 2023 is gathering feedback on the implementation of SFDR to date and seeking the opinions of financial market participants on the future of the regulation. The results of the consultation may have major consequences, and potentially require extensive adaptation. In the meantime, the regulation's RTS have proposed changes that will require improvements to Robeco's internal processes and adjusted reporting in 2024 and beyond. Furthermore, the EU Taxonomy, a consistent classification system for environmentally sustainable economic activities, enables for comparable reporting across the EU. Robeco will continue its work to report EU taxonomy alignment across its activities.

Investing solutions

This chapter provides a detailed assessment of how Robeco integrates sustainability elements in its investment strategies. Our growing range of sustainability oriented investment solutions is a reflection of our ongoing mission to help our clients achieve their financial and sustainability goals. In 2023 we enhanced our sustainable indices business, developed transition investment strategies and consistently integrated financially material ESG issues in our investment processes. We also enriched our client reporting by adding sustainability information to almost all our investment product factsheets.

Sustainable investing

We consider double materiality in how we integrate sustainability in the management of our investment portfolios. 'Double materiality' means we consider both the impact of sustainability factors on the financial value of our investments ('financial materiality') and the impact of our investments on the environment and society ('impact materiality').

Considering financially material environmental, social and governance (ESG) issues helps us make better-informed investment decisions. Doing so represents an extra lens in our investment analysis, helping us understand how sustainability trends impact the return potential of the companies and countries we invest in. We integrate the findings of this analysis in our investment processes (this is known as 'ESG integration') and it informs our engagements with companies on financially material issues.

Impact materiality takes into account the positive and/or negative impacts that companies and countries make on the environment and society. Considering impact materiality enables us to finance companies and countries that are making a positive impact, thus promoting sustainable development. It also helps us avoid investing in companies and countries that make a negative impact. At Robeco, the process of considering positive and negative contributions is supported by our Sustainable Development Goal (SDG) framework. Our stewardship activities aim to increase positive impacts and reduce or mitigate negative impacts.

In developing our investment strategies, we take into account our clients' financial and sustainability objectives.

In our 'Sustainability Integration: approach and guidelines' we describe in more detail how we integrate ESG in our investments and our approach to climate, biodiversity and human rights issues. We also describe our SDG framework.

→ *Read our Sustainability Integration approach and guidelines*

Strategies with a range of approaches to sustainability

Providing our clients with a full range of investment solutions that cater to their sustainable investing needs is a key pillar of Robeco's Sustainable Investing strategy. Doing so supports our company's mission to help our clients achieve their financial and sustainability goals by providing superior investment returns and solutions.

We integrate sustainability to different degrees in our range of investment products. We integrate ESG considerations in almost all of our investment strategies. In the figure below we provide an overview of how we internally classify our investment strategies, their naming conventions and some examples of how we integrate sustainability in them. The prospectus of our investment funds contains details of the sustainability profile.

Our goal for 2023 was to align our internal classification with the SFDR classification. However, we encountered some complex operational issues and challenges in the area of naming conventions that we need to resolve before this alignment can take place. As a consequence, in this report we refer to our existing categories: Sustainability Inside, Sustainability Focused and Towards Impact. The section on SFDR contains more information on how Robeco implements this regulation.

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Integrating sustainability in our products

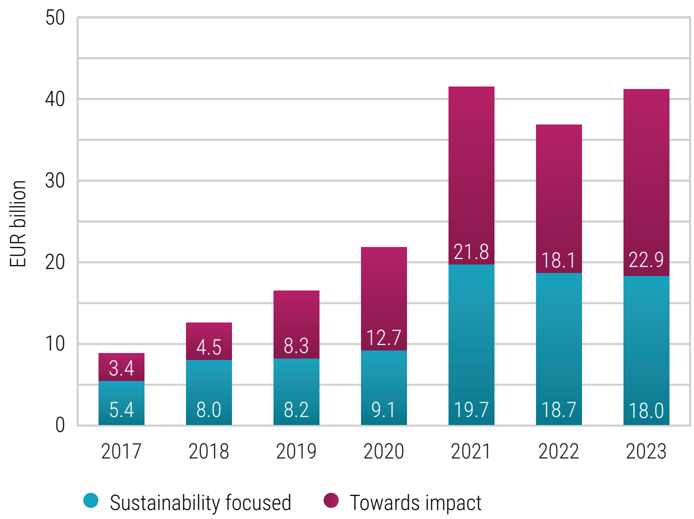
	CONSIDERING SUSTAINABILITY RISK	SUSTAINABILITY INSIDE	SUSTAINABILITY FOCUSED	TOWARDS IMPACT
	Robeco products		Robeco sustainable products	Climate net zero 2050 / SDG SDG & climate / Thematic (sustainable)
Sustainable content examples		• Level I exclusions • 20-30% sustainable investments • Better than benchmark on ESG risk & carbon emissions • Limited investment in issuers with severe ESG risks	• Level II exclusions • 40-50% sustainable investments • Substantially better than benchmark on ESG risk & carbon emissions • Exclude companies that have (high) negative SDG scores	• Level II exclusions • 80-100% sustainable investments • Sustainable thematic universe • EU climate benchmark • Only (high) positive SDG scores
SFDR classification	6	8	8	8 (Climate net zero 2050, SDG) / 9 (Thematic)

Source: Robeco

Growth in existing sustainable investment strategies and solutions

Our assets under management in ESG-integrated strategies grew by 6.4% in 2023, primarily due to market movements. As at the end of 2023, 98% of our assets integrated ESG considerations in their investment processes (the remainder invest almost entirely in derivatives, for which it is too complex to integrate ESG). As such, changes in our assets under management in ESG-integrated strategies primarily reflect movements in Robeco's total assets under management, as it is almost impossible to increase the proportion of our total assets that they account for. Assets under management in our Sustainability Inside strategies increased from EUR 129.6 billion at the end of 2022 to EUR 136.1 billion at the end of 2023.

Assets under management in Sustainability Focused and Towards Impact strategies



Source: Robeco, 29 December 2023

The assets under management in our Sustainability Focused and Towards Impact ranges of products increased from EUR 37 billion at the end of 2022 to EUR 41 billion at the end of 2023, with market movements once again the main reason for this increase.

In 2023 we experienced net outflows of EUR 1.5 billion from our Sustainability Focused range and received EUR 153 million of net inflows into our Towards Impact range. Our Sustainability Inside range experienced outflows of EUR 8.0 billion. This is very much in line with what we have seen in the market in 2023. Actively managed products generally experienced outflows, but sustainable and impact funds were still attracting inflows. For example, our sustainable multi-thematic strategies received inflows from institutional clients, our sustainable global stars equity strategy attracted new clients and significant inflows, and our global climate credit fund received steady inflows, with more interested clients in the pipeline.

The net result was that the proportion of our total assets under management that our Sustainability Focused and Towards Impact strategies accounted for increased from 22% at the end of 2022 to 23% at the end of 2023.

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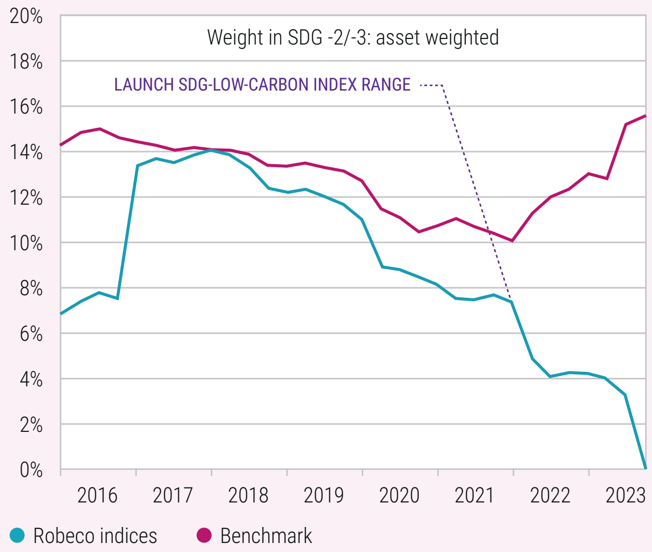
SUSTAINABLE INDEX SOLUTIONS

Our expertise in sustainable and factor investing enables us to deliver customized sustainable index solutions that meet our clients' financial and sustainability objectives. In 2023 we made progress in our sustainable indices business, as we set out below.

- All clients now incorporate material sustainability elements in their indices.
- We incorporated both the SDGs and a carbon footprint reduction mechanism in our customized multi-factor sustainable indices.
- We integrated 'climate beta', a forward-looking measure of climate transition risk, in our flagship sustainable index families and also in several custom client indices.
- A sustainable multi-factor index client also integrated Paris-Alignment criteria.
- We eradicated the exposure our indices had to companies with medium or high negative impact on the SDGs (those with an SDG score of -2 or -3).

The graph shows the evolution of our sustainable indices' exposure to companies with a medium or high negative impact on the SDGs (blue line). The significant reduction in exposure in 2022 and 2023 reflects large index clients explicitly integrating the SDGs in their custom sustainable multi-factor indices. By the end of 2023, all large clients fully embraced this approach, resulting in a 0% exposure to companies with a -2 or -3 SDG score, whereas the market-cap benchmark (grey line) experienced an increase in such exposures.

Change in exposure of our sustainable indices to companies with a -2 or -3 SDG score over time



Source: Robeco

Developing new solutions

Although most of our clients invest in our Sustainability Inside range, the proportion of our assets under management in our Sustainability Focused and Towards Impact strategies is gradually increasing, as explained earlier. In 2023 we launched several new strategies in our Sustainability Focused and Towards Impact ranges, as we set out below.

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

Our approach towards transition strategies

In 2023 we developed our approach towards transition investment strategies. This topic is particularly important in emerging markets and Asia. As such, the first equity and bond transition strategies we will launch in 2024[56] will focus on those regions.

There is no standard definition of transition funds, and the term 'transition' can have different meanings in different countries. In the EU, for example, the term has a strong link to the climate and environmental transitions, whereas draft regulation in the UK includes a broader definition, focusing on improvements in the environmental and/or social sustainability profile of assets over time.

Robeco uses a broad definition of transition, so our transition strategies can be linked to, for example, the climate transition, the social transition, the biodiversity transition or a combination of transitions. All the transition products we launch must adhere to the following principles:

- Intentionality: the objective of the strategy must be to contribute to specific sustainability improvements;
- Measurability: the strategy must have a clear and measurable transition objective;
- Credibility: there must be clear scope for the strategy to meet its transition objectives.

Preferably, the transition we are investing towards should relate to international certifications or frameworks. We show the frameworks that our climate transition strategies adhere to, including their intentionality and how we measure their success, in the table below.

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56. Robeco Emerging Markets Climate Transition Equities, Robeco Transition Asian Equities, Robeco Transition Asian Bonds, Robeco Transition Emerging Credits. Note that these products have yet been not formally approved by the relevant regulators.

Robeco's transition framework

Areas of investment	Asset class	Transition objective	Intention	How eligibility is measured
Transition solutions	Equity/fixed income	Climate transition	To invest in companies contributing to the goals of the Paris Agreement by providing solutions to mitigate climate change.	Have a positive Robeco Climate Solutions Score, which aims to identify companies whose activities help mitigate climate change.
Transition leaders	Equity/fixed income	Climate transition	To invest in companies contributing to the goals of the Paris Agreement by enforcing credible emission reduction targets and demonstrating the credibility of those targets.	Have an 'aligned' or 'aligning' assessment based on Robeco's forward-looking assessment of a company's alignment with the goals of the Paris Agreement.
ESG bonds	Fixed income	Climate and/or social transition	To invest in bonds whose proceeds are used to finance or refinance, in part or in full, new and/or existing projects with an environmental and/or social objective. These may include green, social, or sustainability bonds.	Based on the existing Robeco ESG Bond Framework.

To make sure that our transition strategies are credible we set minimum requirements, as set out in the table below.

Minimum requirements of our transition strategies

Strategy	Description	Characteristics
Climate transition	Invests in assets contributing to a climate transition aligned with environmental objectives and the goals of the Paris Agreement	– >80% of strategy's holdings meet environmental/social characteristics as promoted by the fund (SFDR Article 8 classification). – >80% of strategy's holdings are transition investments. – >50% of strategy's holdings meet Robeco's definition of sustainable investments under SFDR. – ≤5% exposure to companies with very high ESG risks as measured by the Sustainalytics risk score. – Applies Robeco's Level 2 exclusion policy.
Transition	Invests in assets with a sustainable objective and assets that contribute to an environmental and/or social transition	– >80% of strategy's holdings meet environmental/social characteristics as promoted by the fund (SFDR Article 8 classification). – >50% of strategy's holdings are transition investments – >50% of strategy's holdings meet Robeco's definition of sustainable investments. – Any assets that do not fulfill the three criteria above have a minimum Robeco SDG score of 0. – ≤5% exposure to companies with very high ESG risks as measured by the Sustainalytics risk score. – Applies Robeco's Level 2 exclusion policy.

Combining return potential and positive impact in our fashion fund

Fashion is a powerful force in society and the global economy. However, the industry faces some serious social and environmental challenges. Through focused investments and tailored engagement, Robeco's Fashion Engagement Equities Strategy, which we launched in 2023, aims to drive sustainability in fashion while capturing the industry's growth potential. It is the first fund of its kind in the world.

As it stands, the fashion industry is far from sustainable. On average, garment workers are paid 45% below local living wages, and under 1% of garments are recycled. It is critical that sustainable solutions are implemented to transform the sector's operations from a linear, take-make-waste model to a circular model, and that important social issues such as workers' rights and wages are addressed.

Robeco sees these challenges as value-generating opportunities. Our fund aims to capture financial returns and drive positive change in the industry through a disciplined, long-term investment approach based on engagement. The strategy invests in and engages with 30 to 40 publicly listed companies across the entire fashion value chain, from sourcing to production and consumption, to end of life.

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Enhancing how we integrate financially material ESG issues to make better-informed decisions

Robeco has been routinely integrating financially material ESG issues in its investment processes since 2010. Even though doing so has been part of our day-to-day work for many years, we continuously look for areas of improvement. In 2023 we made the following improvements.

All of our fundamental equity and credit teams create investment cases for the companies they invest in, and each investment case contains a paragraph about ESG, with a separate section on climate strategy. Given the importance of this topic in emerging markets, our emerging markets equity team places more emphasis on this section of an investment case, linking the impact of the climate risks and opportunities each company is exposed to with its valuation. Moreover, all of our investment teams have incorporated Robeco climate intellectual property into their investment processes to improve their climate analysis.

Our sustainable multi-asset team has developed its approach to ESG integration further. It has added a dedicated sustainability section as part of the monitoring process of the underlying Robeco strategies that its strategies invest in. It has also developed a sustainable investing toolkit, which helps them manage and monitor their portfolios' sustainability characteristics.

Our quantitative investment teams have introduced SDG tilting in all their equity and credit strategies. SDG tilting promotes the allocation of capital towards companies that aim to make a positive impact and away from companies that are expected to do significant harm. It may reduce the risk the strategies are exposed to over the long term, as companies making a negative impact on the world's progress towards the SDGs might face increased uncertainty about the long-term sustainability of their business models.

Improving how we report on sustainability to our clients

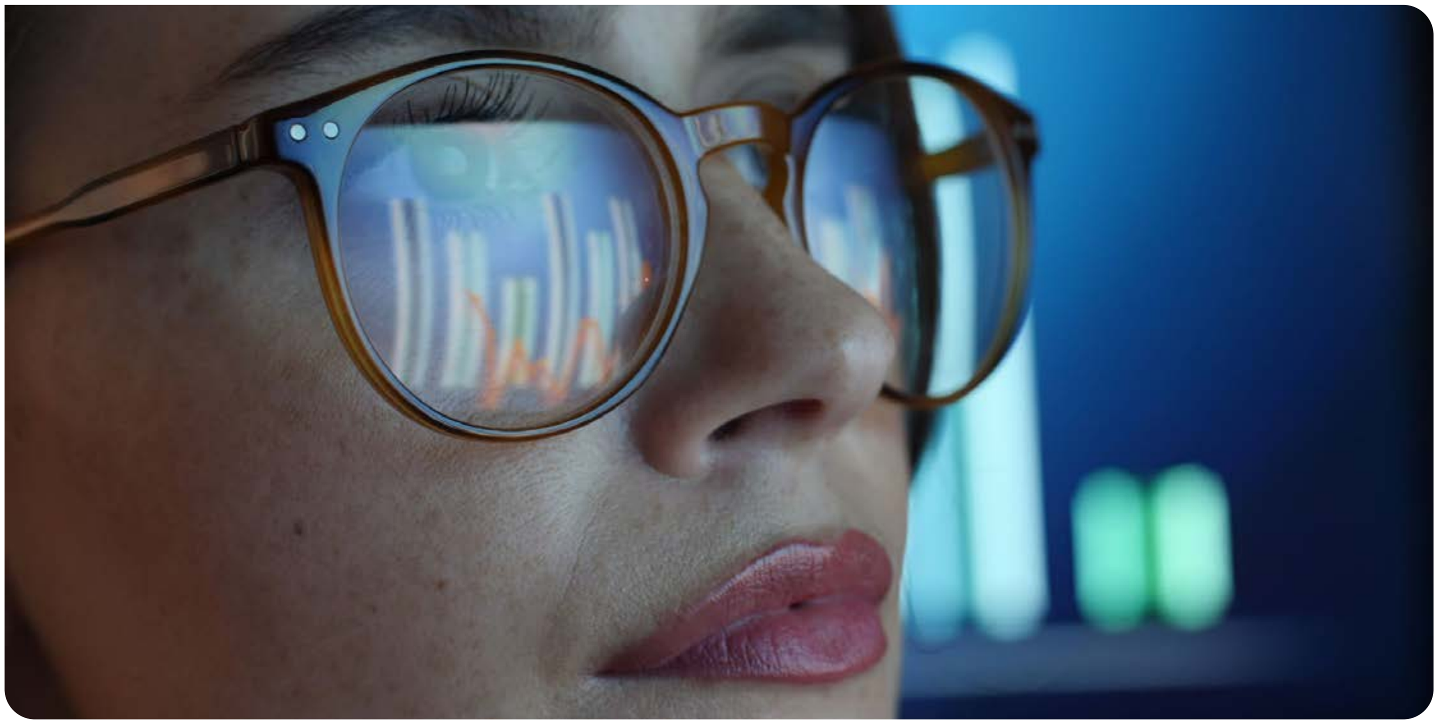
In 2023 we improved our client reporting on sustainability by adding sustainability information to the factsheets of almost all of our investment products[57] and the associated product pages on Robeco's websites. The sustainability information we provide includes a portfolio's environmental footprint, its alignment with the SDGs, details of engagements and exclusions, and the product's ESG rating by external data providers such as Sustainalytics.

Our quantitative investment team also improved sustainability disclosure by providing each client for which we run a dedicated mandate with information about its carbon footprint, ESG risk, SDG scores and engagement activities.

Contributing to the debate about sustainable investing

In 2023 we published substantial amounts of content and research about sustainable investing. This included updating our Big Book of Sustainable Investing, which we first published in 2018. The Big Book of Sustainable Investing is intended as a means of sharing our knowledge on sustainable investing rather than promoting Robeco's strategies.

→ *Read the Big Book of Sustainable Investing*
→ *Read more about our innovations and research in the area of sustainability*



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57. This is not possible for products that primarily invest in derivatives. The information is not available yet for our multi-asset strategies.

The SDGs as a blueprint for sustainable investing

Robeco has developed methodologies and frameworks that measure the contributions of firms and countries to the Sustainable Development Goals (SDGs). Robeco's SDG frameworks are based on rigorous research, and enables us to establish SDG scores for firms and countries within the investment universes of SDG-focused strategies.

Robeco continues to view the SDGs as a blueprint for sustainable investing and has been running fundamental credit and equity strategies that aim to contribute towards the SDGs since 2018. In 2023 we undertook a number of initiatives linked to the SDGs:

- as part of our Sustainable Investing Open Access initiative we publicly shared the Robeco SDG scores of around 12,000 companies on our website
- we published several research papers to share our insights linked to the SDGs
- we enhanced our Country SDG Framework using the latest data science and machine learning methods

→ *Read more about our SDG Framework*

Robeco's company SDG scores shared publicly

Our Company SDG Framework assesses a company's contribution to the SDGs. These impacts can stem from the products or services that it provides, its operations, or from any controversies it is involved in. The framework involves a systematic approach to rating the impacts that companies have on the diverse economic, social and environmental sustainability objectives set by the United Nations.

Our Company SDG Framework culminates in an SDG score for every firm we analyze, showing the firm's impacts on each of the 17 SDGs and its overall impact on the goals. The SDG scores range from -3, indicating that a company has a highly negative impact on the SDGs, to +3, signaling a highly positive contribution. A score of 0 indicates that a company has no significant impact on the goals.

In 2022 we made our SDG scores available to our clients and academics as part of our Sustainable Investing Open Access project. In 2023 we went a step further by making the SDG scores of around 12,000 companies available on our website to anyone who is interested. Through this initiative we aim to advance research and thought leadership on sustainable investing, promote transparency and build a consensus around how to analyze companies' contribution to sustainable development.

→ *Read more about our Sustainable Investing Open Access initiative*

Calculation of the SDG score
A company that only has neutral or positive scores for the individual SDGs receives the highest score as its total score, but if it has one or more negative scores for any individual SDG it receives the lowest, most negative score. This logic is based on the premise that negative impacts on one SDG cannot be offset by positive contributions to other goals. We use these company SDG scores to construct fundamental, quantitative and indexed equity and credit investment strategies that aim to contribute towards the SDGs.

New research

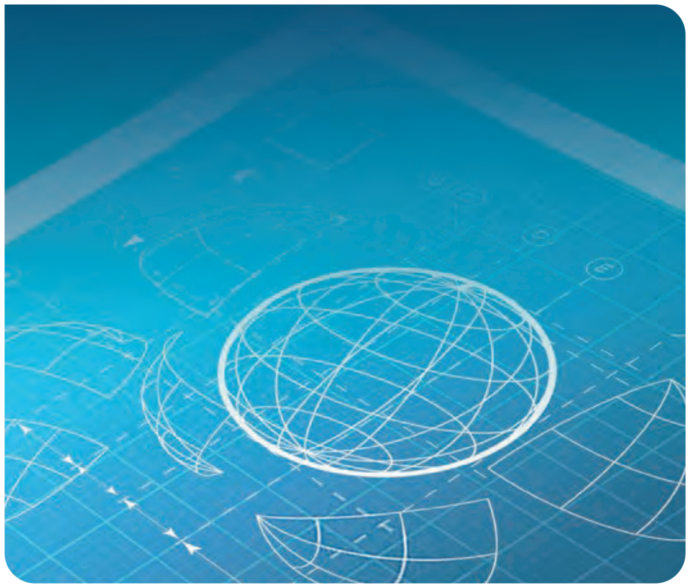
We published three research papers linked to the SDGs in 2023. For more information, please refer to the Innovation section below.

Enhanced Country SDG Framework

Our Country SDG Framework analyzes whether countries' policies support the SDGs, whether investors can help countries gain better access to the capital they need to promote sustainable development, and whether countries are involved in controversies that violate the SDGs. Similar to our SDG Framework for companies, the outcome of this assessment is a Country SDG score that ranges from -3 to +3. These scores help us construct sovereign bond portfolios that contribute towards the SDGs.

Having developed the first version of this framework in 2022, we made a number of improvements in 2023. In particular we applied machine learning techniques to automate the analysis, improve its robustness and perform more in-depth assessments.

In the figure below we show how countries score on their policies for SDG 7 – Affordable and Clean Energy. We assess each country according to diverse variables that measure if its citizens have access to electricity and whether its energy comes from renewable sources. We use models to cluster countries based on their performance and assign countries a score.



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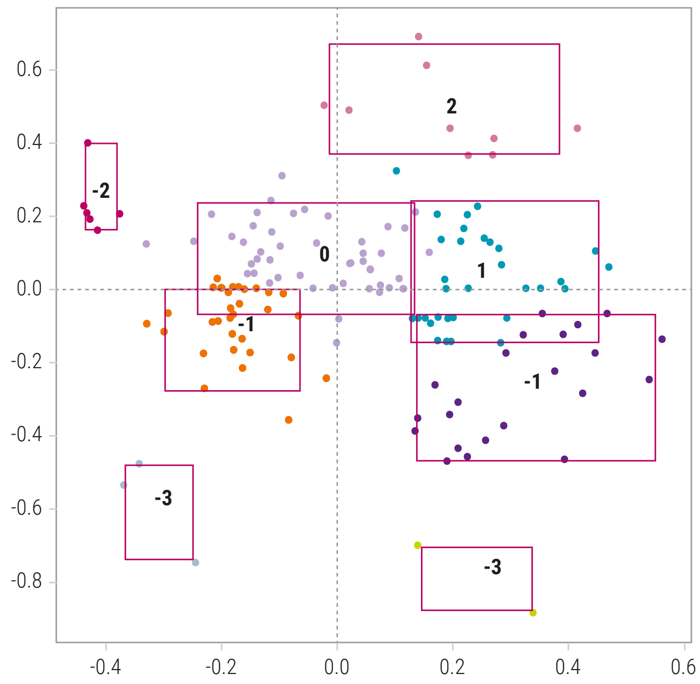
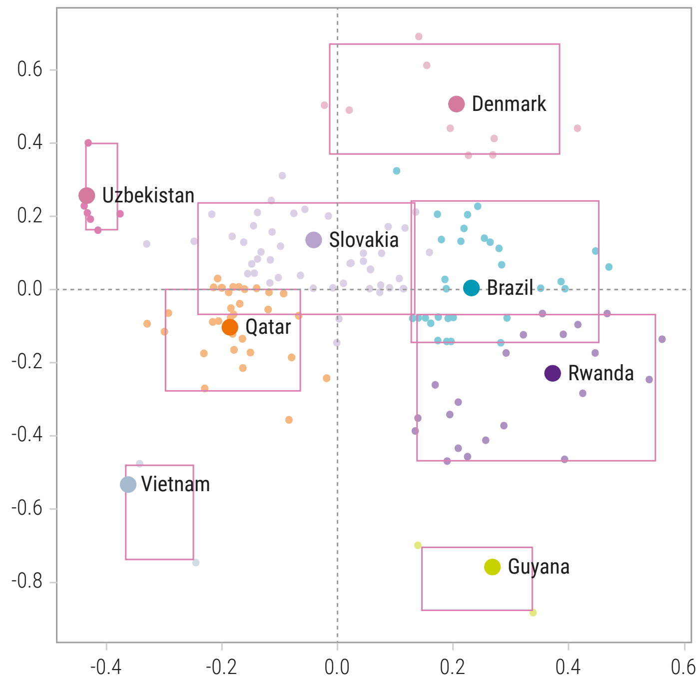
Country SDG 7 – Affordable and Clean Energy scores





Source: Robeco[58]

Country scores on SDG 7: Affordable and Clean Energy scores
The left-hand graph shows how 170 countries have been clustered on two features relevant to SDG 7 (access to energy and renewable energy). The red squares delimit clusters that have been assigned an SDG score, which is shown in bold. The SDG scores are based on the position of the clusters, whereby countries in the top-right corner, which are showing positive performance on both features of SDG 7, receive the most positive scores, while countries in the bottom left quadrant receive the most negative scores. The right-hand graph shows countries in each cluster.

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58. For further information on the Country SDG Framework, please refer to research paper we published: Integrating the Sustainable Development Goals in Government Bond Investment Strategies.

Innovation

Innovation is a key part of our approach to sustainable investing. The biodiversity investment framework that we designed in 2023 is a good example. It combines sector-level information on biodiversity with company-specific data. Below we outline some of the most notable developments in 2023 in terms of data and systems we use, our new sustainable quantitative equity and fixed income strategies, and our contribution to research.

→ *Read more about the Biodiversity investment framework*

Innovations in the data and systems we use

We list some of the innovations and developments in the data that we use and our systems below.

- We initiated a multi-year project to build a new data platform.
- We integrated several new ESG-focused data sources into our systems for use in our investment and reporting processes.
- We developed new capabilities to store, analyze and retrieve the results of our research into sustainability-related topics.
- We implemented several new features and visual representations of underlying data in ESGenius, our core application for ESG analysis and reporting. These included the ability to use new data sources and the development of various new sustainability reports. These reports contain additional information about the sustainability characteristics of our mandates and funds.
- We added several sustainability-related features to the Client Portal, Robeco's online application that provides our clients with information about their portfolios. These included sustainability reporting features for portfolios and engagement reporting features.
- We made ESG data (including Country Sustainability Ranking scores and company Sustainable Development Goal (SDG) scores) available through the Sustainable Investing Open Access initiative to anyone who is interested.
- We redesigned our factsheets and quarterly reports to provide more information about the ESG-related characteristics of our products.

In 2024 we will continue to invest in new sustainability-related IT capabilities. Our Sustainable Investing roadmap includes a continued focus on SFDR compliance; new ESG-driven indices, investment universes and custom benchmarks; enhanced ESG analysis and reporting; further investments in our Sustainable Investing Open Access initiative; expanding our SDG data analysis capabilities; and additional sustainability features for ESGenius and our Client Portal.

New sustainable quantitative equity and fixed income strategies

Incorporating sustainability targets fits in well with the rules-based nature of quantitative investing. We highlight some of the strategies we developed in 2023 below.

Green beta strategy for government bonds

Reducing carbon emissions in a government bond portfolio is challenging. The simplest way to create a portfolio with lower emissions is to take a regular index as a starting point and adjust the country weights solely based on emissions. The pitfalls of such a naïve approach to decarbonization are that it changes the portfolio's risk profile in unintended ways, it can reduce the portfolio's yield, and it can worsen the portfolio's profile with respect to other measures of sustainability, which may increase the risk it is exposed to. We have developed a risk-controlled portfolio construction process that avoids these pitfalls and decarbonizes portfolios more efficiently, resulting in increased reduction of emissions for a given tracking error.

Next-generation sustainability-focused equity strategy

After launching the next-generation Quantum product in 2022, which goes beyond the traditional Fama-French factor approach and incorporates novel datasets, machine learning techniques and short-term signals, in 2023 we launched a sustainability-focused next-generation strategy. It revolves around a range of innovative new alpha signals based on alternative data machine learning and natural language processing, which incorporate a sustainability dimension.

Sustainable high-yield bond strategies

In 2023 we launched a Sustainable High Yield Enhanced Indexing strategy and a Paris-Aligned Global High Yield Bond strategy. The Paris-aligned strategy aims to reduce carbon footprints by investing in high-yield bonds aligned with the decarbonization pathway of the Paris Agreement. The strategy is one of the first of its kind in the world and has already raised EUR 125 million from one seeding client.

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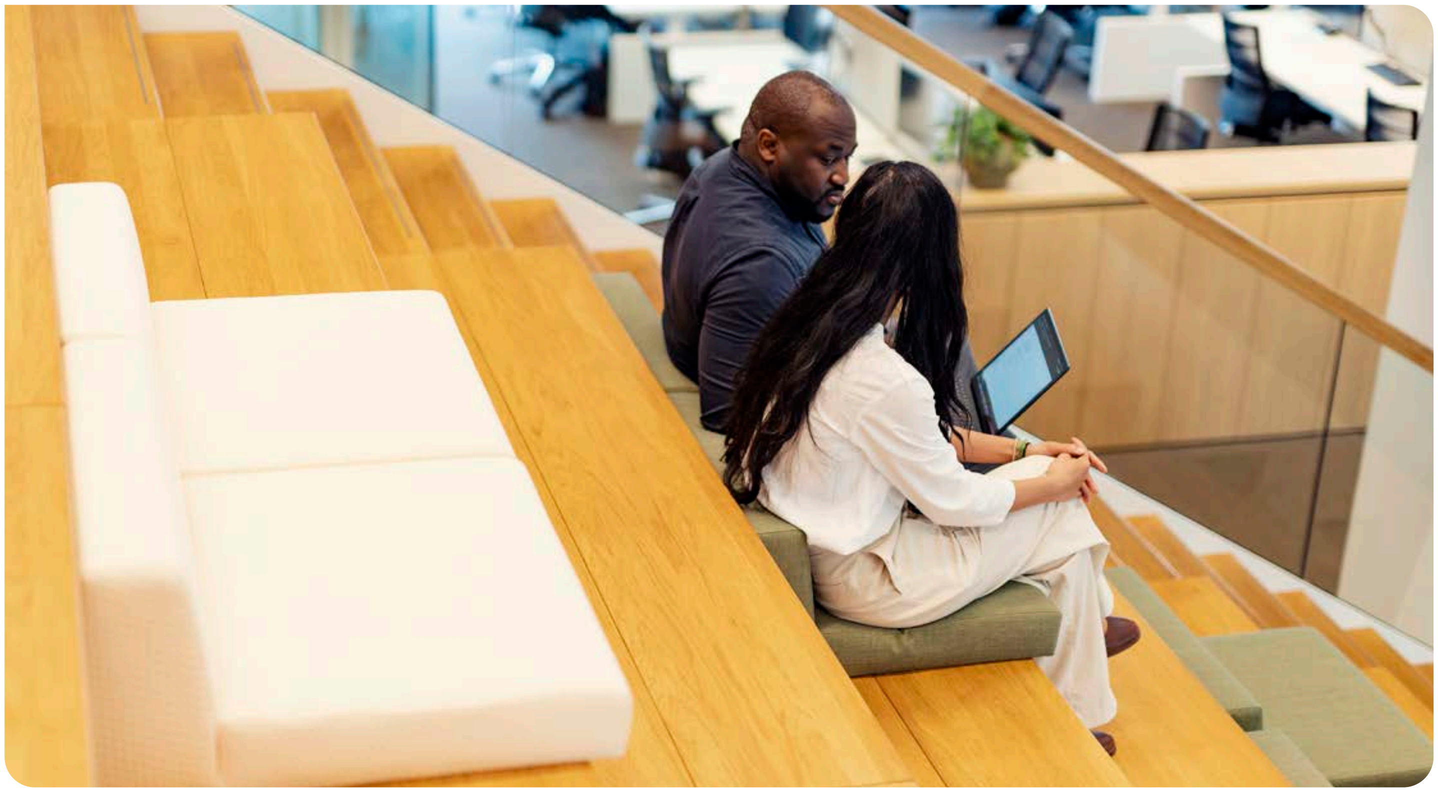
Our contribution to research

We list some of the areas of new sustainable investing research we conducted and shared in 2023 below.

- Sustainable investing and performance: we discussed topics including introducing sustainable investing alpha signals, how to efficiently replace sustainability exclusions and how to avoid climate traps when value investing. We also analyzed the added value of ESG integration and exclusions in fundamental global equity portfolios in our article 'Sustainable investing: Don't sign the divorce papers just yet'.
- Integrating sustainability in asset allocation: in our 5-year Expected Returns publication we set out our expectations of how climate change will impact investment returns. We also published a paper on our approach to integrating climate considerations in our strategic asset allocation decisions.
- Green, social, and sustainability bonds: we explored the 'greenium' (the difference in yield between green and traditional bonds) and the extent to which this is driven by the 'greenness' of the bond. We also published a paper explaining new types of ESG-labeled bonds.
- Analyzing progress towards the SDGs: our sustainable indices team performed extensive research into the world's progress towards the UN Sustainable Development Goals. It created a video to illustrate the message that progress needs to speed up if the goals are to be achieved by 2030.

We published three research papers related to the SDGs:

- Beyond Confusion: Principles for Sustainable Investing Ratings and an Open Access SDG Score: there is considerable debate about the ratings that investors use to construct sustainability-oriented portfolios. In this paper we set out five principles that we believe are important in the development of sustainable investing ratings that aim to support sustainable development. We also introduce the Robeco SDG score as a novel measure of sustainability performance that is based on these principles.
- Who owns (un)sustainable companies?: we know that sustainable development requires more capital to be allocated to sustainable companies and less to unsustainable firms. But the factors that drive sustainable investing are not well understood. In this paper, which was published in the peer-reviewed Journal of Cleaner Production, we examine three determinants of sustainable investing: (1) investors' commitment to sustainable investing initiatives; (2) the extent to which investors experience normative pressure; and (3) home-country influences.
- Integrating the Sustainable Development Goals in Government Bond Investment Strategies: in this paper we investigate how investors can integrate the Sustainable Development Goals in government bond portfolios and introduce the Robeco Country SDG Framework as a tool to determine which countries deserve to be included in SDG-aligned government bond portfolios. We apply this framework to 170 countries, creating SDG scores for each country. We show how these scores can be used in practice by creating a hypothetical sovereign bond portfolio that contributes towards the SDGs. We also discuss some of the implications for sustainable investing and how the SDGs are financed.



ESG data quality

High-quality ESG data is fundamental to Robeco's success, as we use sustainability-related information in many of our processes. It enables us to effectively select securities, manage portfolio exposures and risks, evaluate impact, meet client expectations, comply with regulations, maintain positive stakeholder relations and gain a competitive edge in the market.

The quality of ESG data is becoming increasingly critical for successful responsible investment management. Access to accurate, timely information can lead to better-informed decisions that may lead to improved investment returns and real-world outcomes for our clients. Conversely, inferior data could lead to results inconsistent with investment preferences.

Robeco also places considerable emphasis on engaging with the companies we invest in. We define the universe of companies to engage with based on data. Incorrect inputs could lead to a loss of credibility.

Regulation

In 2023, there were several regulatory developments in the field of sustainability disclosure and reporting. Highlights include the ratification of the Corporate Sustainability Due Diligence Directive (CSDDD), the launch of the Corporate Sustainability Reporting Directive (CSRD) in Europe, the launch of the International Sustainability Standards Board (ISSB) and considerable progress with respect to disclosure in the US, in California and, more broadly, under the remit of the U.S. Securities and Exchange Commission (SEC).

We welcome the introduction of regulation that will lead to improved corporate disclosure as the information provided by companies is one of the key inputs in our investment research process and in the disclosures on our investment activities required by the Sustainable Finance Disclosure Regulation (SFDR). That said, we remain cautious as to how companies will determine material topics and whether we will have all the data we need in the near future. We expect further regulatory developments in 2024 and beyond. It is very important that there is consistency and alignment between the different regulations (CSRD, CSDDD and SFDR). We will closely monitor developments and continue to provide feedback in public consultations on these topics.

Highlights of 2023 – stakeholder engagement

In 2023, Robeco expanded its Sustainable Investing Open Access initiative, making information available on our website to anyone who is interested. Previously, this was only available to our clients and academics. We made this move because we want to foster the debate on sustainability and for people to ask questions about our data. Our aim is to contribute to setting new standards in sustainable investing and improve the quality of sustainable investing data.

We also supported external initiatives that are working to develop ESG data that will be useful in our investment processes. For instance, we worked with the Finance Sector Deforestation Alliance to engage with major data companies on the provision of data that would enable us to track deforestation.

We support the development of regulatory initiatives by contributing to relevant consultations. We do this on an individual basis or as part of larger initiatives such as DUFAS (Dutch Fund and Asset Management Association) and SSF (Swiss Sustainable Finance). Doing so helps us influence the most material frameworks for our industry in terms of driving higher data availability, such as CSRD, SFDR or Swiss Climate Scores. These engagements are high on our priority list from a data perspective.

Policies and guidelines

We apply stringent internal controls to ESG data. We aim to apply the same rigor to how we source, acquire and integrate ESG data as we do to traditional financial data and other inputs to our investment processes. We have strict due diligence processes in place to help us determine which ESG data to use. Our Enterprise Data Management and Investment Data Engineering departments manage the ingestion pipeline, striving to automate processes as much as possible to reduce the risk of human error. The most challenging part of the ESG data quality process is the acquisition phase, given its lack of maturity compared with traditional financial metrics. To this end, we ensure that subject matter experts such as SI researchers are involved throughout the process of deciding which providers to use, from identifying potential providers through to comparing the data they provide.

In 2023 we formed a Biodiversity Data Working Group under our Biodiversity Committee. Its task was to look for sources of biodiversity data to further support our investment framework and decisions. It consists of representatives from various departments in our company, including various departments in our investment domain. We evaluated 20 providers and ultimately narrowed them down to a shortlist of two, performing thorough bottom-up company-level and top-down sector-level analyses to identify those which most closely reflect our own fundamental view on nature. This informed our procurement decision. We will publish a paper in 2024 to share our findings with the broader stakeholder community.

Beyond due diligence processes, there are internal bodies within our company responsible for the oversight of matters linked to data. In January 2023 we formed a Data Governance Board, which is responsible for formulating our data policies and ensuring they are adhered to across the firm. The Sustainable Investing Data Strategist represents the Sustainable Investing domain on this board. They hold our Sustainable Investing Data Owners to account for the quality of their content.

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Outlook

We expect the ESG data market to continue to mature as more participants in the financial markets scrutinize providers' offerings and processes. We support the introduction of regulation that will govern the activities of ESG rating providers in Europe: it will improve transparency as providers sometimes use black-box models, and it will ensure that providers are held accountable for the quality of their output.

In the coming years we expect to see new sources of biodiversity and geospatial data. The launch of the Task Force on Nature-related Financial Disclosures (TNFD) in 2023 set out the standards that financial market participants need to follow to better understand their impacts and dependencies on nature. We expect data providers to position themselves to help meet these requirements, but it will be important to evaluate new datasets critically given the current paucity of corporate reporting on these issues and companies' overreliance on highly modelled, proxy content.

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Stewardship

We are convinced that companies that adopt sustainable business practices have a competitive advantage and are more successful in the long term. Actively exercising our stewardship responsibilities is an integral part of Robeco's approach to sustainable investing.

At the core of our stewardship activities is our Active Ownership team, which focuses on engagement and voting. Active ownership involves using our influence and rights as an investor where needed. We also help our clients formulate and execute their own approaches to stewardship in compliance with relevant regulations. The processes and guidelines that we follow are outlined in our Stewardship Approach and Guidelines, which we review and update every year to ensure it remains aligned with best practices.

EUR 143 BILLION
Assets under engagement

319
Engagement cases

292
Engaged companies

65%
Percentage of cases closed successfully

25
Number of engagement themes

EUR 76 BILLION
Assets under voting

7,042
Number of shareholder meetings voted

73
Number of markets voted

59%
Percentages of meetings with at least one vote against management

72,432
Number of proposals voted on

Source: Robeco

The assets under engagement and assets under voting figures we show above are based on Robeco's equity and credit portfolios for which we conduct engagements and voting. Robeco also votes and engages for clients whose portfolios are run by other asset managers; we call these 'overlay clients'. In 2023, we had 11 overlay clients, representing roughly EUR 300 billion in assets. These figures are based on the latest available holdings information received by Robeco as of 31 December 2023.

→ *For more information, see Robeco's Stewardship Approach and Guidelines*

We believe that a constructive dialogue with the companies we invest in on behalf of our clients is the most effective way to improve their behavior. However, there are instances where escalation, including exclusions, is necessary. This may be the case when there is a lack of responsiveness or progress despite continued involvement in controversies. We elaborate more on voting, engagement and exclusions in the sections below.

Voting

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

→ *For more information, see Robeco's proxy voting guidelines and Stewardship Approach and Guidelines*

Voting in 2023

In 2023 we voted on 72,432 proposals at 7,042 shareholder meetings in 73 countries. Most of our votes covered corporate governance practices. We also held 30 one-off engagements related to Annual General Meetings (AGM) with companies to provide them with feedback on how they could enhance their governance practices.

As was the case in 2022, many shareholder proposals were filed at shareholder meetings during the first half of 2023, and we continued to vote on numerous ESG-related shareholder resolutions

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covering a range of topics. Climate change was still in sharp focus, but there were some differences from previous years. While more climate-related shareholder proposals covering a broader range of topics were submitted, proposals received lower support from shareholders. These outcomes highlight that companies continue to face mounting scrutiny from investors on climate change, yet the topic appears to be more and more polarizing.

The 2023 AGM season also saw a large number of governance-related shareholder proposals pushing to further expand investors' right to hold management accountable, such as by asking for an independent board chair or requiring shareholder approval for certain executive severance agreements. Remuneration practices also came under the spotlight, with companies facing considerable scrutiny of how they dealt with windfall gains driven by market factors such as the rise in energy prices and the general economic recovery after Covid-19 rather than company-specific performance. We assessed these proposals on a case-by-case basis, considering a variety of factors.

Our voting activity, including the rationale behind our voting decisions, is published on Robeco's website shortly after the shareholder meeting takes place. This is in line with best practices on voting disclosure. In our annual Proxy Season Overview publication, we disclose statistics summarizing our voting activity and the rationale behind our voting decisions for significant shareholder meetings.

Voting policy update

Our voting policy is part of our Stewardship Approach and Guidelines and was reviewed and updated in 2023. We made changes to our approaches to voting on climate and biodiversity, which we implement in 2024. For climate change, our voting focuses on three categories of activity – high emitters, banks and coal. For coal, we will increase the scope of the policy to include not just coal power, but also coal mining. To strengthen our biodiversity voting approach, which currently focuses on deforestation, we conducted a study to determine all of the companies that Robeco invests in that have exposure to activities that involve deforestation risk and refined our voting criteria based on data from providers including ForestIQ and Sustainalytics.

Filing a resolution at Amazon
We co-filed a shareholder proposal at Amazon that successfully made it to the ballot in 2023. The resolution requested that the board commission an independent third-party report assessing Amazon's customer due diligence process to determine whether customers' use of its products and services that involve surveillance, computer vision such as facial recognition, or cloud storage contributes to human rights violations such as mass surveillance. The proposal received 34% support among shareholders, which equates to over 41% support from independent shareholders if we exclude the 12.3% shareholding of the Executive Chairman and other Amazon board members from the calculation. This high support rate indicates that the company's due diligence of customers buying products that could have an adverse impact on human rights is seen as an important topic by shareholders.

Climate voting in practice
We apply a set of thresholds using established independent benchmarks such as Climate Action 100+ and the Transition Pathway Initiative company scores to identify companies making poor progress towards achieving net zero emissions and whose boards do not seem to recognize the risks that climate change involves. For these companies, we vote against the Chairman of the Board. If this individual is not up for election, we oppose the election of the Chair of the Audit Committee or the approval of the accounts. We also consider ESG-related issues in remuneration when making decisions on compensation vote.

→ *Please see our Proxy season overview for further examples*

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Voting distribution by region

	2023	2022	2021	2020
● North America	19%	18%	20%	21%
● Europe	13%	14%	15%	18%
● Pacific	9%	10%	10%	10%
● Emerging markets	59%	58%	55%	51%

Source: Robeco

Engagement

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

We conduct three types of corporate engagement.

- **Value engagement** is a proactive approach focusing on long-term issues that are financially material and/or are causing adverse sustainability impacts. The primary objective is to create value for investors by improving sustainability conduct and corporate governance.
- **Enhanced engagement** focuses on companies that severely and structurally breach minimum behavioral standards in areas such as human and labor rights, the environment or business ethics. The objective is for companies to eliminate, remediate and, in the future, prevent any similar breaches, allowing for escalation if our expectations are not met.
- **Portfolio engagement** aims to drive a clear and measurable improvement in a company's contribution to the sustainability vision set out by the fund in question, generally linked to one or more of the Sustainable Development Goals (SDGs). By ensuring that companies continue to reinforce their social license to operate through improved sustainability performance, the engagements aim to create value for both investors and society at large.

1) Value engagement

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

Our value engagement program includes core and focus themes. Core engagement themes are ongoing themes that are aligned with our Sustainable Investing strategy, focusing on climate change, biodiversity and human rights, and ensuring that companies meet basic corporate governance expectations. Within these evergreen themes, individual three-year engagements can be initiated as needed. Our focus engagement themes, by contrast, have a defined time horizon of three years, during which we engage with a set number of companies on specific sustainability sub-topics.

All of our value engagements (core and focus), adopt a structured approach that consists of five steps.

THE FIVE STEPS OF ENGAGEMENT

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Our Active Ownership team typically decides on one or two new focus engagement themes every year in close collaboration with our engagement specialists, portfolio managers, analysts and clients. For each focus theme, we prioritize engagements with around 10-15 companies we invest in that have the highest exposure to the selected theme. Individual engagements typically run for three years, and at the end of the engagement we assess whether it was successful or unsuccessful based on the company's progress towards our predefined objectives.

Our three new engagement themes in 2023 were as follows.

- Just Transition in Emerging Markets. Launched in Q3, this theme adds a social perspective to our ongoing climate engagements, raising awareness about the impact of companies' climate transition pathways on workers, communities and customers in emerging markets. This engagement theme covers companies in various sectors, starting off with mining and energy. As part of the theme we expect companies to define socially just transition ambitions and strategies, conduct social transition risk analyses and find sustainable solutions.

  → *Read more in the Human Rights section*

- Modern Slavery in Supply Chains. Launched in Q4, this theme focuses on companies involved in five areas – food, retail, technology, mining and automotive – and aims to strengthen their supply chain human rights due diligence and improve disclosures and practices linked to the detection, prevention and remediation of forced labor.

  → *Read more in the Human Rights section*

- Tax Transparency. This theme was launched in Q3 and focuses on companies using aggressive tax optimization strategies. The engagements will encourage companies to be more transparent when it comes to their taxation practices, to set up responsible tax policies and create strong accountability and governance systems.

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

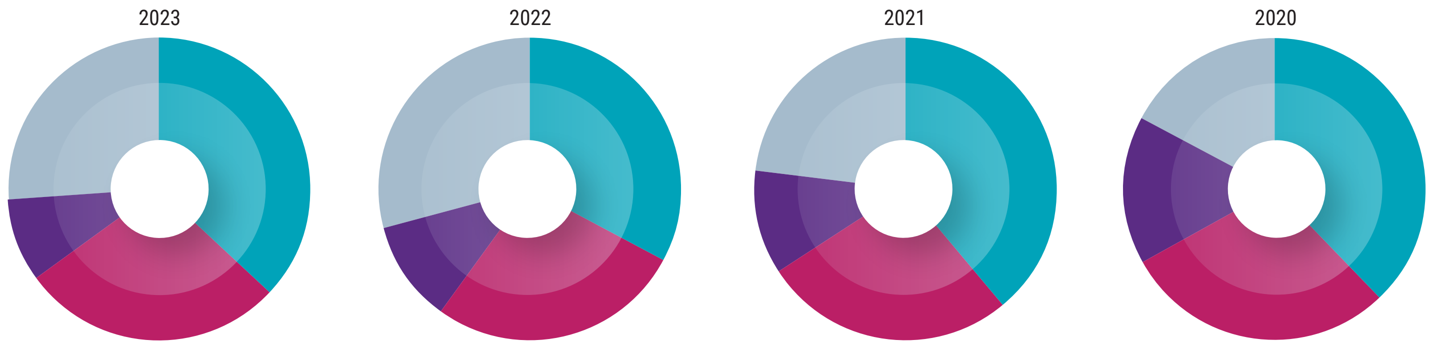
- Lifecycle Management of Mining
- Responsible Executive Remuneration
- Social Impact of Gaming

We also changed the status of our Biodiversity engagement theme from a focus to a core engagement theme, concluding the engagement dialogues that had been running for the past three years and starting engagements on the topic with new companies.

Number of engagement activities per region

	2023	2022	2021	2020
North America	118	84	104	94
Europe	89	68	74	71
Pacific	29	28	29	40
Emerging Markets	83	72	63	41
Total engagement cases	**319**	**252**	**270**	**246**

Distribution of engagement cases by region



	2023	2022	2021	2020
North America	37%	33%	39%	38%
Europe	28%	27%	27%	29%
Pacific	9%	11%	11%	16%
Emerging markets	26%	29%	23%	17%

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Biodiversity engagement: from focus to core
In 2020 we launched our Biodiversity engagement theme, focusing on one of the key drivers of biodiversity loss – deforestation. Our engagements have focused on companies involved in some of the soft commodities that are among the biggest causes of deforestation: cocoa, pulp and paper, natural rubber, beef and soy.

Between 2020 and 2023, we engaged with 12 companies, urging them to make credible zero deforestation and native vegetation conversion commitments, implement strong monitoring systems and address related social challenges, such as land grabbing, in their supply chains.

After three years and more than 150 company interactions, including two withdrawn shareholder resolutions and a visit to Brazil to visit a company's operations and meet its representatives in person, we successfully closed 66%[59] of the dialogues. Throughout the period of engagement, most companies established and accelerated 'no native vegetation conversion' targets (through which they commit to end the clearing of biodiversity-rich land) to as early as 2025, significantly improved supply-chain monitoring systems, and started the process of scaling up regenerative agriculture models.

Deforestation continued to increase in 2022[60]. While regulatory and corporate actions to combat biodiversity loss may take time to take effect, it is clear that there is not enough financing for biodiversity-enhancing initiatives and that there are still deficiencies in traceability and monitoring systems. As biodiversity is a key pillar of our Sustainable Investing Strategy, we changed the status of this theme from a focus to a core engagement theme, enabling us to continue to push companies to improve their impacts on biodiversity, and no longer just focusing on deforestation.

2) Enhanced engagement
Our enhanced engagements focus on companies that severely breach minimum standards linked to corporate behavior, climate or biodiversity. If a company does not improve its practices during our engagement, our Controversial Behavior Committee can decide to exclude it from our investment universe. We re-evaluate the practices of excluded companies at least once a year and only reinstate them if they have made significant improvements.

Our enhanced engagement program addresses the following topics:

- Global Controversy: these engagements focus on companies that severely and structurally breach minimum behavioral standards outlined in the United Nations Universal Declaration of Human Rights, the International Labor Organization's labor standards, the United Nations Guiding Principles for Business and Human Rights, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. If a company does not improve its practices during our engagement, it could become a candidate for exclusion from our investment universe.
- Palm Oil: these engagements contribute to the establishment of a sustainable palm oil industry. They cover five issues:
  - promoting better environmental management
  - fauna and flora restoration and conservation
  - adopting circular economy principles within companies' production lines
  - disclosures of product certifications and traceability
  - the social aspect of the production process.

  The desired outcome is for companies that we are engaging with to reach 80% Roundtable on Sustainable Palm Oil land certification by the end of 2025. If a company does not achieve this goal, we will add it to our exclusion list.
- Acceleration to Paris: these engagements focus on companies that are lagging in terms of aligning with the Paris Agreement to keep the rise in the average global temperature well below 2°C above pre-industrial levels and the largest emitters in our investment universe, with the aim of helping them ramp up their decarbonization efforts and set up robust transition plans. Failure to make progress will be regarded as a breach of global standards, with escalation or exclusion a potential consequence.

3) Portfolio engagement
Our engagement funds invest money and engagement time in companies with the potential to become tomorrow's sustainability leaders. Our portfolio engagements target some or all of the companies in our engagement funds and aim to drive a clear and measurable improvement in companies' contributions to the funds' sustainability aims. The engagements take a holistic approach to sustainability, often focusing on companies' contribution to one or more of the UN SDGs. By strengthening companies' social license to operate, focusing on sustainable solutions and operational models, the engagements aim to create value for both investors and society at large.

Our three current portfolio engagement themes are as follows.

- Sustainable Development Goals (SDGs): launched in 2021, we engage with all of the companies that the RobecoSAM Global SDG Engagement Equities fund invests in. The engagements aim to increase companies' positive contributions to the SDGs using Robeco's proprietary SDG framework as a starting point to identify and engage on key impact opportunities.
  → *For more information on our SDG framework, see the SDGs as a blueprint for sustainable investing section*
- Biodiversity: launched in 2022, these engagements cover 25% of the holdings in the RobecoSAM Biodiversity Equities fund, helping them to move towards more sustainable use of natural resources and ecosystem services and to scale biodiversity solutions. The theme sets out our expectations about biodiversity-friendly sourcing and operational practices and explores how portfolio holdings can take meaningful steps towards halting and reversing nature loss.
  → *Read more in the Biodiversity section*
- Fashion Transition: launched at the end of 2023, the Fashion Transition theme covers all the companies that our Fashion Engagement Equities fund invests in, helping them move to more responsible and future-proof business models. The theme sets out our expectations with respect to issues including decent work, natural resource stewardship and circular business models and aims to unlock sustainability opportunities across the fashion value chain, from sourcing to end-of-life management.

59. To be successful, a company must make progress on at least three out of five pre-defined engagement objectives. With three engagements left open due to important ongoing engagement activities, we closed six out of the remaining nine engagement dialogues successfully.
60. According to the Forest Declaration Assessment 2023.

SDG engagement at Volvo
We are engaging with Swedish car manufacturer Volvo as part of our SDG engagement theme due to the positive contributions the electrification of its vehicles is making towards SDGs including SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action). Recently the focus of the engagement has been on the company's climate strategy, which is now aligned with limiting global warming to 1.5°C. Volvo is striving for a net zero value chain by 2040 and plans to achieve net-zero emissions by 2050. Due to concerns that we and other stakeholders have expressed, in 2023 the company published not only its decarbonization roadmap, including intermediate targets, but also shared its technology roadmap, illustrating the decarbonization of customers' use phase, which accounts for 95% of Volvo's Scope 3 emissions. Besides the improvements it has made with respect to transparency, Volvo has increased deliveries of fully electric vehicles in recent years, in line with its target that 35% of the vehicles it sells by 2030 should be battery electric vehicles. Our engagement with the company is still going on.

Sovereign engagement
Robeco engages not just with corporate but also sovereign debt issuers. We are involved in collaborative investor dialogues with the Brazilian and Indonesian governments coordinated by the Investor Policy Dialogue on Deforestation (IPDD)[61], and with Australia, coordinated by the PRI-led Collaborative Sovereign Engagement on Climate Change[62]. These engagements encourage and support the countries in question to safeguard and invest in the environmental assets and services that their economies depend on.

In 2023, these engagements focused on strengthening our relationships with these countries. As part of a collaborative investor engagement initiative, our engagement specialists traveled to Australia, Brazil and Indonesia to meet government officials, civil society organizations and companies to discuss climate change and deforestation.

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

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

We apply two levels of exclusion, depending on the sustainability profile of the fund.

- Level 1 exclusions: minimum exclusion criteria applied by Robeco in all funds.
- Level 2 exclusions: more stringent than Level 1, as they apply stricter criteria and cover more categories. Companies under engagement due to misconduct are not eligible for investment by our strategies that apply our Level 2 exclusions.

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

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61. The IPDD is an investor-led coalition consisting of over 65 investors from 19 countries with a combined USD 10 trillion of assets. The goal of the initiative is to coordinate a public policy dialogue on halting deforestation. Robeco co-chairs the workstreams involved in engaging with the governments of Brazil and Indonesia.
62. The Collaborative Sovereign Engagement on Climate Change is a pilot PRI-led investor initiative to support governments to act on climate change. The engagement with Australia consisted of 25 international investors that were collectively responsible for USD 8 trillion of assets under management as at August 2023.

Robeco's exclusion policy

			Exclusion category	Measure for screening	Level 1 'Exclusions' criteria	Level 2 'Exclusions+' criteria	Other exclusions
Corporate exclusion criteria	Behavior-based		Controversial behavior	ILO, UNGP, UNGC and OECD compliance[EE]	Subject to engagement[1]	Fail test	Paris-aligned benchmarks (EU Benchamrk Regulation)
			Climate standards	Engagement on Robeco's Paris Alignment assessment[EE]	Subject to engagement[1]	Fail test	FeBelFin 'Towards Sustainability'
			Good governance	Robeco's Good Governance test[EE]	Subject to engagement[1]	Fail test	Sanctions
			AML/CTF	Robeco's KYA assessment based on AML/CTF criteria	Fail test	Fail test	
	Product-based	Weapons	Controversial weapons	Revenues from production, key components or services	≥ 0%	≥ 0%[2]	
			Military contracting	Revenues from weapon-related products or services	Not applicable	≥ 5%	
			Firearms	Revenues from production	Not applicable	≥ 5%	
				Revenues from retail	Not applicable	≥ 10%	
		Fossil fuels[3]	Thermal coal	Revenues from coal extraction/mining	≥ 20%	≥ 20%	
				Revenues from coal power generation	≥ 20%	≥ 20%	
				Coal power expansion plans in MW (pro rata)[EE]	≥ 300 MW[4]	≥ 300 MW	
			Arctic drilling	Revenues from extraction	≥ 5%	≥ 5%	
			Oil sands	Revenues from extraction	≥ 10%	≥ 10%	
		Other products	Palm oil	RSPO-certified hectares of land at plantation[EE]	≤ 50%	≤ 80%	
			Tobacco	Revenues from production	≥ 0%	≥ 0%	
				Revenues from retail	≥ 10%	≥ 10%	
				Revenues from related products/services	≥ 50%	≥ 50%	
Sovereign exclusion criteria			Countries	Robeco's Country Exclusion test	Fail test	Fail test	

Source: Robeco

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

1. Companies may be subject to engagement before exclusion. In such cases, exclusion is triggered if the engagement is unsuccessful. If engagement is deemed undesired, companies will be subject to direct exclusion. The extent to which engagement is deemed desired is based on the exclusion category and factors such as engageability, relevance, and regulatory compliance.
2. The scope under the Level 2 criteria also covers companies involved in nuclear weapons from so-called 'Nuclear States' (US, UK, France, Russia and China) as defined in the Treaty on the Non-Proliferation of Nuclear Weapons (1968).
3. Investments in green bonds from issuers excluded under one of the climate-related categories remain eligible.
4. Companies under climate-related enhanced engagement remain eligible.

→ *Read our Exclusion policy*
→ *Read our Exclusions list*

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Sustainable investing focus topics

We have identified three Sustainable Investing focus topics – climate change, biodiversity, and human rights. These three areas were mentioned by the World Economic Forum as encompassing the world's most challenging short and long-term risks, while also offering the best opportunities for positive action as the world inexorably changes.

Climate change

2023 was the hottest year on record, with extreme weather events causing damage around the world. Examples include massive wildfires in Canada and the US, a prolonged heatwave in Europe and record typhoons and floods in Africa. These events confirm the insights from climate science that the world needs to act now to minimize climate change, as the costs and impact of inaction are increasing by the year.

Climate change poses material risks to our clients' investment portfolios, but it is also leading to opportunities, and it is our fiduciary duty to identify and manage these properly. Working in partnership with our clients, Robeco aspires to take a leading role in the move towards a net zero economy. We firmly believe that doing so will lead to opportunities to enhance the long-term risk-adjusted returns of our clients' portfolios.

Robeco supports the objectives of the Paris Agreement and we are a founding signatory of the Net Zero Asset Managers Initiative. Based on these commitments we have set out clear policies and a roadmap for reducing the greenhouse gas emissions associated with both our investment portfolios and our own operations. We also endorse the Dutch National Climate Agreement and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

→ *Read Navigating the climate transition: Robeco's roadmap to net zero emissions by 2050*
→ *Refer to our TCFD table for a comprehensive overview of our approach to the climate*

Our commitment

As responsible steward of our clients' assets, Robeco is committed to achieving net zero emissions for 100% of our assets under management by 2050. We are convinced that the low-carbon transition is not only a moral imperative – it is also the prime investment opportunity of our generation. To capture these opportunities, in 2023 we worked to expand our range of investment strategies that enable our clients to invest in the transition towards a net zero economy.

Our net zero strategy focuses on reducing emissions in the real economy. Divesting from high-carbon assets does not mean that they go away – they simply reappear in other portfolios. For the net zero transition to be successful, we need to decarbonize high-emission sectors. This will require considerable capital. We believe our role as investors is to invest in and accelerate the transition by decarbonizing the assets that we invest in. To do so effectively, we need to work

An overview of our progress along our net zero roadmap

Pillars	Our commitment	Key actions	Reference
Pillar 1: Decarbonization	To reduce the carbon footprints of our investments by 30% from 2019 levels by 2025 (intensity) and of our operations by 35% by 2025 (absolute).	Decarbonize our portfolios	Climate change
		Reduce our operational emissions	Limiting our environmental footprint
Pillar 2: Real-world transition	To use our influence as an investor to accelerate climate action by companies and countries. We will assess companies to identify those that are well prepared for the transition. For companies that do not act fast enough, we will step up our engagement activities. We will also collaborate with other investors in dialogues with governments whose bonds we invest in.	Use our influence to accelerate companies' transitions	Climate change and Stewardship
		Call for climate action by countries	
Pillar 3: Climate-aligned investing	To collaborate with clients, peers, standard-setters and relevant stakeholders in the asset management industry to accelerate net zero investing. We will contribute to the development of market standards and policies	Working with clients on decarbonization	Climate change
		Industry collaboration to promote net zero investing	Climate change

Source: Robeco, 31 December 2023

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alongside governments, companies and consumers. Governments need to set a price for carbon emissions, companies need to increase their green capital expenditure and consumers need to shift to sustainable consumption patterns.

The carbon footprints of our portfolios

As part of our pathway to net zero by 2050, we monitor our financed emissions, in other words, the carbon footprints of our investments. Our carbon footprint report sets out the carbon footprints of the listed equity, corporate bond and government bond holdings in Robeco's funds and discretionary client mandates according to the Platform for Carbon Accounting Financials' (PCAF) carbon accounting method.

To calculate the footprints of our portfolios linked to their holdings in securities from corporate issuers[63], we use data from Trucost for emissions and revenues and data from S&P Capital IQ for calculations of Enterprise Value Including Cash (EVIC). Trucost does not provide details of market-based Scope 2 emissions[64], which is our preferred measure of Scope 2 emissions as we like to reward companies taking action to reduce emissions. Therefore, we source market-based Scope 2 emissions from the Carbon Disclosure Project (CDP) and override Trucost's location-based Scope 2 figures where necessary. For our portfolios' sovereign bond holdings we consider emissions per unit of inflation-adjusted GDP, which we obtain from the Electronic Data Gathering, Analysis and Retrieval system (EDGAR). We also use emissions data from various other corporate and sovereign data providers for research and cross-checking purposes.

We report on footprint figures for previous years, in line with the PCAF standard[65]. We have also calculated and reported PCAF data quality scores[66]. These scores range from 1 to 5 and give an indication of the quality of the emissions data that we are using, with reported and verified data receiving the best score (1) and fully estimated data the worst (5).

We report Scope 1 and 2 emissions separately from Scope 3 because we have concerns about the quality of Scope 3 data and its aggregation at the portfolio level. However, we believe that accurate integration of Scope 3 data is vital if we are to assess our portfolios' true impact on the climate. In 2024 we will include Scope 3 upstream in our standard definition of carbon footprints, and we are collaborating with data providers and peers to help us take further steps in integrating Scope 3 emissions into our calculations of carbon footprints.

The total financed Scope 1 and 2 emissions of all our funds and mandates remained approximately the same in 2023 as in 2022. In scope assets under management[67] increased, while the economic emission intensity, often referred to as their footprint, decreased, resulting in stable absolute emissions. For the weighted average carbon intensity, often called intensity, the Scope 1 and 2 metric was lower than in 2022. However, if we look at the Scope 3 figures, we see that all the metrics increase substantially.

The difference in Scope 1 and 2 and Scope 1, 2 and 3 emissions is significant. Although there are multiple determinants of the Scope 3 metrics, we suspect it is mainly caused by large revenue growth after the pandemic. As Scope 3 figures rely more on estimated data, for which revenue is often the primary input, Scope 3 emissions have consequently increased in line with revenues.

Coverage is as expected, with higher coverage for equities than for

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

		Total AuM (EUR billion)	Total AuM in scope* (EUR billion)	Absolute emissions (million tonnes of CO_2e)		Economic emissions intensity (tonnes of CO_2e per EUR million invested)		Weighted Average Carbon intensity (tonnes of CO_2e per EUR million revenue)		Coverage for absolute emissions (CO_2e based on % AuM in scope)	PCAF data quality score* for absolute emissions
Scope				1, 2	1, 2, 3	1, 2	1, 2, 3	1, 2	1, 2, 3		
Funds	Equities	50.9	49.1	2.3	40.0	46.9	815.0	144.5	2,314.6	100%	2.0
	Fixed income	24.6	19.1	1.3	10.9	69.3	569.7	146.4	1,260.3	92%	2.6
	Subtotal	75.5	68.1	3.6	50.9	53.2	746.3	145.0	2,019.3	98%	2.2
Mandates	Equities	69.4	59.2	3.8	46.8	63.9	789.8	141.7	1,766.5	96%	2.1
	Fixed income	35.6	21.3	1.3	10.2	59.2	481.8	133.9	1,075.7	92%	2.6
	Subtotal	105.0	80.5	5.0	57.0	62.6	708.4	139.7	1,584.0	95%	2.2
Total as per 31-12-2023		**180.6**	**148.6**	**8.7**	**107.9**	**58.3**	**725.8**	**142.1**	**1,783.6**	**96%**	**2.2**
Total as per 31-12-2022		171.1	137.5	8.6	76.4	62.5	556.0	144.7	1,220.6	99%	2.1

Source: Robeco, 31 December 2023

* Total AuM in scope: AuM in scope for listed equities and corporate bonds includes all issuers that have Bloomberg sector level 1 classification 'Corporate' and all issuers that have level 2 classification 'Agencies' which are regarded as corporate issuers. Derivatives, cash and securitized derivatives are not in scope.
PCAF data quality score: The PCAF data quality score, as defined by the PCAF Global GHG Standard ranges from 1 to 5, with 1 representing the most certain data and 5 the most uncertain data. For all corporate holdings, we only report the scores of Scope 1 emissions. For more information, refer to the appendix on definitions of sustainability key indicators.

63. We define corporate issuers as all issuers with a Bloomberg sector Level 1 classification of 'Corporate' and all issuers with Level 2 classification of 'Agencies' which are regarded as corporate issuers. We do not include derivatives, cash or securitized derivatives.
64. Market-based scope 2 emissions are those based on the company's contractual agreements of purchased energy (for example, the purchase of long-term renewable energy contracts), while location-based scope 2 emissions are those based on the energy mix of the grid at the company's location.
65. We measure our carbon footprint for investments in line with the PCAF standard, but do not fully report in line with the PCAF standard.
66. We report on the data quality scores for all corporate holdings looking only at scope 1 emissions.
67. AuM in scope for listed equities and corporate bonds includes all issuers that have Bloomberg sector level 1 classification 'Corporate' and all issuers that have level 2 classification 'Agencies' which are regarded as corporate issuers. In addition, derivatives, cash and securitized derivatives are not in scope.

bonds, both for our funds and mandates. Over the year the PCAF data quality score remained almost unchanged, suggesting there were no major differences in the number of companies reporting their emissions and/or overall coverage by third-party data providers.

→ *Read more about market versus location-based scope 2 emissions in the following Robeco article: The CO_2lumnist: Market versus location based Scope 2 emissions*

→ *Read more about our view on the importance and challenges of Scope 3 emissions in the following Robeco article: Navigating the murky waters of Scope 3 emissions is crucial*

For sovereign debt issuers we report financed emissions and footprints based on an inflation-adjusted measure of GDP. This approach is advocated by PCAF as it is not possible to use EVIC or revenues to attribute ownership of sovereign emissions. Robeco's sovereign financed emissions increased in 2023, while production emission intensity was unchanged. We can therefore conclude that the increase in our financed emissions was due to an increase in our assets under management rather than investing higher proportions in more polluting countries.

Financed emissions of Robeco's government bond assets under management

	Type	In scope AuM (EUR billion)	Financed emissions (million tonnes of CO_2)	Footprint (tonnes of CO_2 per EUR million)	Coverage of in scope AUM
31 December 2023	Fund	4.2	0.7	180	100%
	Mandate	8.6	1.4	160	100%
	Total	12.8	2.1	167	100%
31 December 2022	Fund	4.5	0.8	179	100%
	Mandate	7.5	1.2	159	100%
	Total	12	2	167	100%

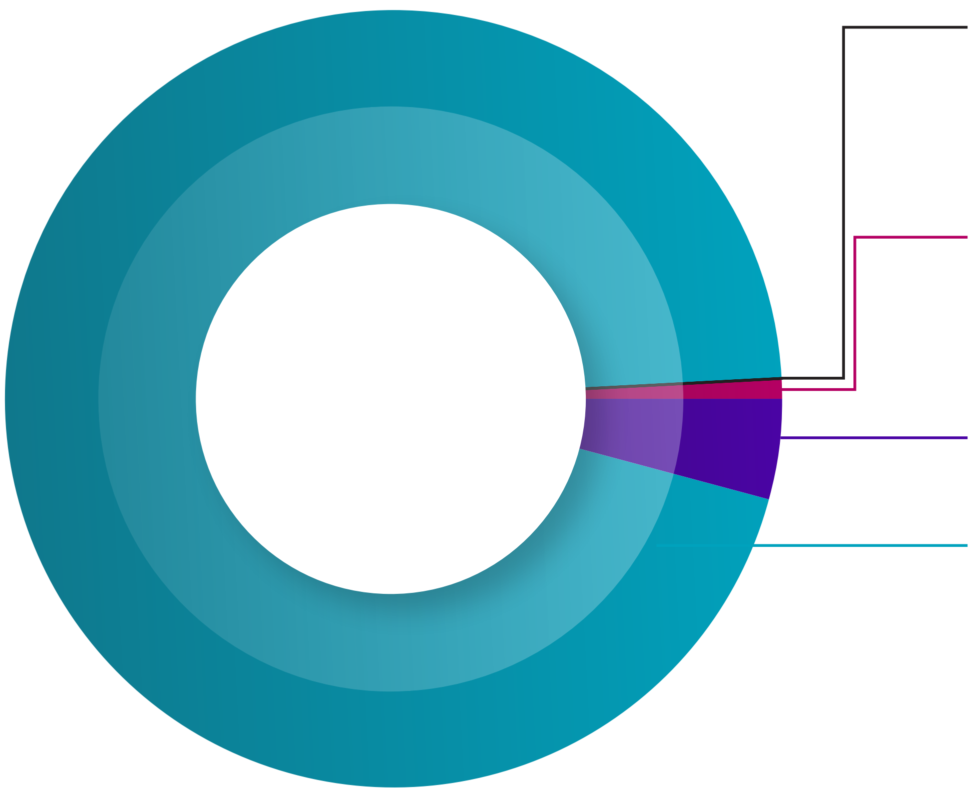
Source: Robeco

Integrated carbon report

The visual below shows all of Robeco's Scope 1, 2 and 3 emissions[68]. The emissions from our main business operations are Scope 1, Scope 2 and Scope 3 upstream. These add up to around 4,249.0 tonnes CO_2e. The emissions from our investments are Scope 3 downstream and total 10.9 million tonnes CO_2e[69]. In other words, financed emissions represent 99.99% of Robeco's total emissions.

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

Robeco's integrated carbon report



Source: Robeco

68. As defined by the Greenhouse Gas Protocol. For definitions, see Greenhouse Gas Protocol | (ghgprotocol.org).
69. This figure represents the sum of the financed emissions of Robeco's listed equity and corporate bond assets under management for scope 1 and 2 emissions and the financed emissions of Robeco's government bond assets under management.

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Decarbonizing our assets under management

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

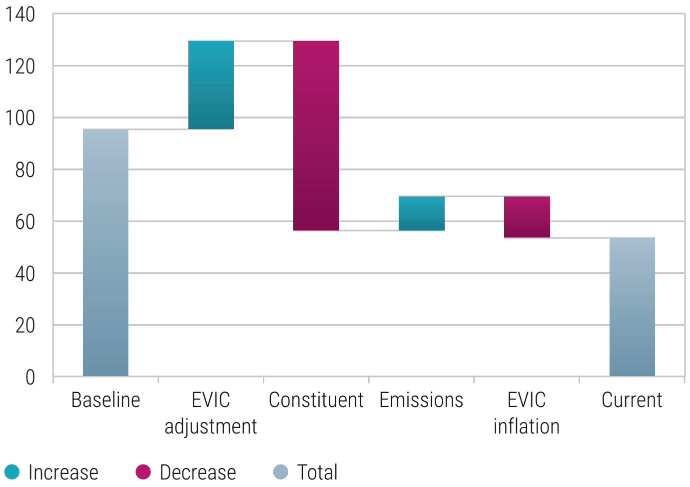
Our portfolios' carbon footprint in 2023 was 43.7% lower than the baseline of 2019. This means that we are well on track to meet our target to reduce their footprint by 30% by 2025. The main reductions in their footprints were achieved in 2021 and 2022. In 2023, we saw a slight increase of the footprint. However, the buffer built in previous years remains substantial.

These figures are corrected for asset price inflation, which could potentially artificially reduce our portfolios' carbon footprints[70]. We correct for this effect by adjusting the level of decarbonization using a market-weighted average EVIC growth factor, in line with the PCAF approach. We use the current asset mix to determine historical footprints to avoid an artificial decarbonization effect resulting from client outflows from dirtier asset classes and inflows into greener asset classes. Year-on-year changes in asset prices and the asset mix also impact historical footprints. The baseline footprint will therefore also change every year; this is called re-baselining.

In the attribution analysis chart we show the main drivers of the decarbonization of our portfolios. The unadjusted baseline value, not corrected for EVIC inflation, increased by 36% in 2023, from 95 to 129 tonnes of CO_2e per million euros invested. Our current footprint is 54 tonnes CO_2e per million euros invested, as a result of changes in the constituents of our investment portfolios (56%), emissions from the companies we invest in (10%) and increases in EVIC. These figures show that, although the reduction in the size of our carbon footprint could partly be because of general market movements, the lion's share is due to our active decisions to divest from dirtier companies. It is interesting to note that the companies we invest in have increased their footprints compared to the baseline.

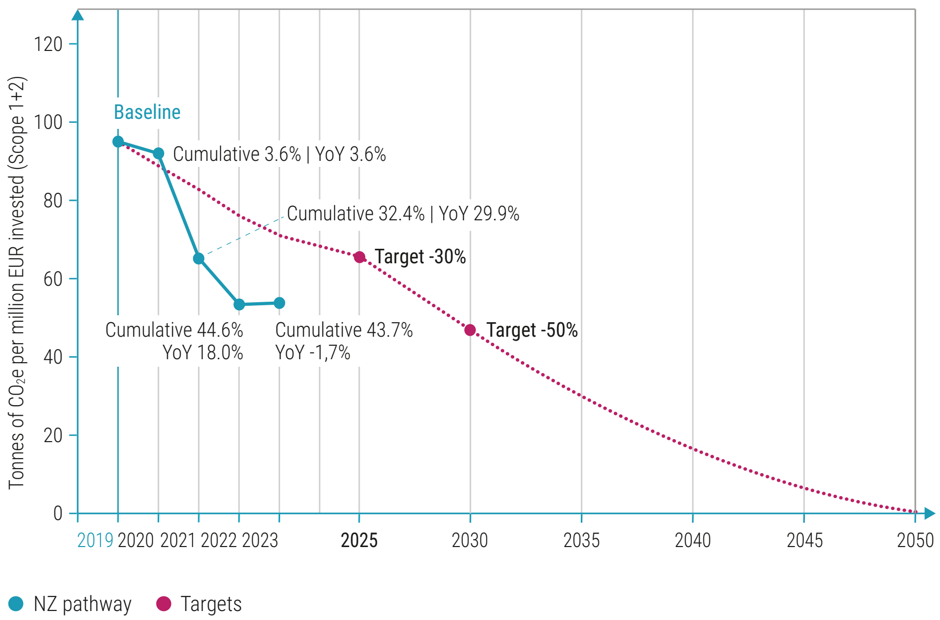
In our method, we adjust for EVIC inflation because otherwise our portfolios would decarbonize automatically as the market value of companies increases. The attribution analysis shows that our adjustment approach (based on the PCAF method) is overly conservative: we adjust more than the real inflation that has happened. This means that in reality our portfolios decarbonized by more than the 43.7% that we report. We stress the importance of continuous development of methodologies to track decarbonization.

Attribution analysis of the main drivers of decarbonization
(in tonnes of CO_2e per million euros invested)



Source: Robeco, 12 February 2024

Our progress towards our decarbonization target for the assets we manage



Source: Robeco, 12 February 2024

Our energy-mix exposure

To be transparent about our contribution to the energy transition, in 2022 we started disclosing the annual energy-mix exposure of our funds relative to their benchmarks in terms of the percentage revenues of relevant holdings in the energy and utilities sector.

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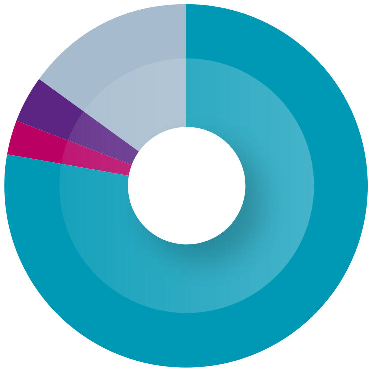
70. Without any adjustment for EVIC inflation, the total decarbonization is 58.5% since the baseline year. In the individual years from 2020 until 2023, the unadjusted annual decarbonization is 0.9%, 38.3%, 25.6% and 8.7%, with the figure for 2023 differing most from the adjusted figures.

As at 31 December 2023, Robeco's exposure to energy-related investments[71] was 4.5%. This exposure is expressed as a proportion of the in-scope assets[72] for which we have data on revenue exposure to energy production, generation and supporting practices and services[73]. Covered assets amount to EUR 145 billion, or 80.3% of our assets under management. The aggregate exposure of the indices our portfolios are benchmarked[74] against was 5.9%.

This energy exposure is split between thermal coal, oil & gas, nuclear and renewables in the proportions shown in figure 1 for Robeco's assets in scope and in figure 2 for the benchmarks. The charts show that our energy exposure includes more renewable energy and less fossil fuels than the benchmarks. This is a reflection of the multiple climate measures that we have implemented, such as our decarbonization targets, our thermal coal exclusion policy and climate standards for the companies we invest in.

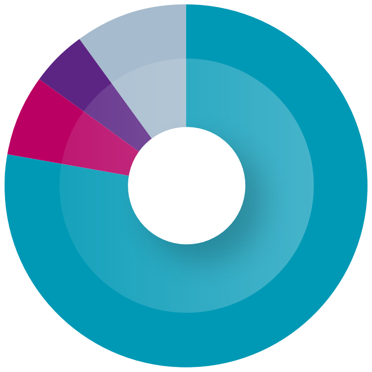
Figure 1: Energy mix of Robeco's energy-related holdings



Oill & gas	78%
Thermal coal	3%
Nuclear	4%
Renewable	15%

Source: Robeco, 31 December 2023

Figure 2: Energy mix of energy-relates holdings in the benchmark



Oill & gas	78%
Thermal coal	7%
Nuclear	5%
Renewable	10%

Source: Robeco, 31 December 2023

Incorporating climate considerations in our investment processes and strategies

We believe that systematically considering climate change in our investment processes is essential for the future success of our investment strategies.

In 2023, we further expanded our research program on sector-level decarbonization pathways. As part of this research, we analyzed how different sectors need to decarbonize over time to keep their carbon budget well below the 2°C pathway and the types of technologies and policies that are needed to help them do so. We went on to analyze how individual companies are performing against their sector benchmark, considering both their current carbon emissions and their forward-looking transition plan. Our analysts use this knowledge to assess the financial implications for each company, taking into account factors such as capital expenditure and carbon pricing. Our sector pathway now covers around 70% of the investment universe. Based on this research, we have developed proprietary forward-looking climate measures that we can use in our investment strategies.

These include:

- Climate Traffic Light that measures the alignment of a company's targets with the Paris Agreement and the credibility of these targets.
- Climate metric that measures a company's total contribution to climate change, including its current emissions and the future mitigation of these emissions.

In 2023 we incorporated these new measures in the dashboards and systems that our investment teams use on a day-to-day basis. In 2024 we will work on geographical adjustments to these measures as the Paris Agreement acknowledges that the climate transition will occur at different speeds in different regions. For example, companies in emerging markets have more time to reduce their emissions.

Working with clients

We offer our clients a broad range of climate-oriented investment strategies. As part of Robeco's net zero strategy we will launch new low-carbon investment products. We will also help clients who invest with us via mandates to achieve their individual decarbonization goals. We estimate that nearly two-thirds of our mandate assets are managed on behalf of clients that have made a commitment to net zero. However, most of these assets do not yet have a formal decarbonization target. In 2024 our teams will reach out to our clients to discuss their net zero plans and how to integrate them into the mandates that we run for them.

Climate engagements

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

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71. The exposure is calculated as the weighted average of the energy-related revenues (as a percentage of total revenues) of portfolio holdings, weighted by holding amount. Energy-related revenues are based on data from Sustainalytics' product involvement and Impact Metrics datasets. These include revenues from the generation, production, extraction and supporting of products and services for oil and gas, thermal coal, nuclear and renewables. For renewables data, in our 2022 report we used the sustainable products dataset. This was discontinued by Sustainalytics in 2023 and replaced with the Impact Metrics dataset, which we use in this report.
72. In scope are all issuers that have Bloomberg sector level 1 classification 'Corporate' and all issuers that have level 2 classification 'Agencies' which are regarded as corporate issuers. In addition, derivatives, cash and securitized derivatives are not in scope.
73. Coverage of in scope assets is 98% for the energy-related revenue dataset.
74. The benchmark used is an aggregation of each of the underlying performance benchmarks of the underlying funds, weighted by the AuM of the respective funds. This gives an idea of what the market energy mix exposure is, putting Robeco's reported figures into context.

Our proprietary climate traffic light model helps us identify companies that represent priorities for engagement. This model assigns companies a color of dark green (aligned), light green (aligning), amber (partially aligning) or red (misaligned) based on their level of alignment with the goals of the Paris Agreement. In 2023 we assessed the top 250 emitters in our equity investment universe according to our traffic-light model. We found that only a small proportion of these companies are transitioning their business models in line with the Paris Agreement. Most of the companies remain misaligned.

In 2023 our climate engagement program consisted of 54 engagement cases. Overall, we have seen progress in companies committing to net zero emissions by 2050 and setting intermediate emission reduction targets for their direct emissions (Scope 1 and 2). However, significant challenges remain for most companies in implementing credible decarbonization strategies and setting targets for Scope 3 emissions, particularly for companies in the oil & gas, chemical and mining industries.

Robeco participates in collaborative engagements whenever possible and deemed to be of added value. In 2023 Robeco participated in collaborative engagements at over 20 of the Climate Action 100+ initiative's focus companies, either as a lead or a contributing investor.

We use voting power as an escalation strategy when companies do not meet our expectations on climate change. We base this judgment on our traffic-light model and external benchmarks, including the Climate Action 100+ initiative's Net Zero Benchmark and Urgewald's Coal Exit List. As a result, in 2023 we voted against management recommendations at 208 shareholder meetings due to our concerns about companies' climate change performance. The management resolutions relate primarily to the nomination of the chair of the board and other relevant directors.

A growing number of companies are putting their climate transition plans up for vote at annual general meetings. In 2023 we voted against 65% of the transition plans put to vote. We expect these management resolutions to include greenhouse gas emission reduction targets that are aligned with the goals of the Paris Agreement, covering all material scopes of emissions, and a decarbonization strategy for how the targets will be met. In particular, we did not support plans with significant gaps in their emission reduction targets, such as the emissions they cover, or that lacked credible decarbonization strategies.

We also use our voting rights to support shareholder proposals that help address risks linked to climate change. In 2023 we supported 78% of climate-related shareholder resolutions. We assess shareholder resolutions on their merit. In general, we support resolutions requesting enhanced climate-related disclosures or risk management and the setting of targets in line with the goals of the Paris Agreement.

Robeco also calls on governments to fulfill their vital roles in the transition toward net zero. Governments are in the unique position of being able to steer the behavior of companies and consumers through their legislative power, and they also have a duty to protect their citizens from the adverse effects of climate change. In 2023, there were two climate-related policy engagement activities worth highlighting:

1. Robeco supported a letter by the Institutional Investor Group on Climate Change (IIGCC) sent to UK Prime Minister, Rishi Sunak, following the UK government's announcement on key net zero policies. The letter signaled deep concern with the proposals to "backtrack on vital policy measures that support the UK's transition to net zero". The letter was supported by 31 other investors and financial institutions.
2. Robeco supported a collective letter from 36 financial institutions sent to the International Seabed Authority (ISA) asking it to postpone granting permits to dredge the seabed for valuable minerals until the full risks and opportunities involved in doing so are known.

→ *Learn more about engagement, voting and exclusions*

Climate collaborations

If a net zero economy is to be achieved, global markets need to price carbon emissions and climate risks into the value of goods, services and assets. Robeco works in partnership with asset owners, other asset managers, standard-setters, policymakers and academics in support of this outcome. Our collaborations in 2023 included:

- initiating a collaboration with Mirova and 10 other investors to set up an industry standard and database for measuring avoided emissions from investments in climate solutions;
- participating in various working groups of the Institutional Investor Group on Climate Change (IIGCC) to develop guidance and solutions for investors on, for example, climate solutions and Scope 3 emissions (see IIGCC);
- working with the Glasgow Financial Alliance for Net Zero (GFANZ) to develop guidance on a just transition in Asia (see GFANZ);
- working with the Dutch financial sector commission on implementing the Dutch Climate Accord (see Climate Accord).

Biodiversity

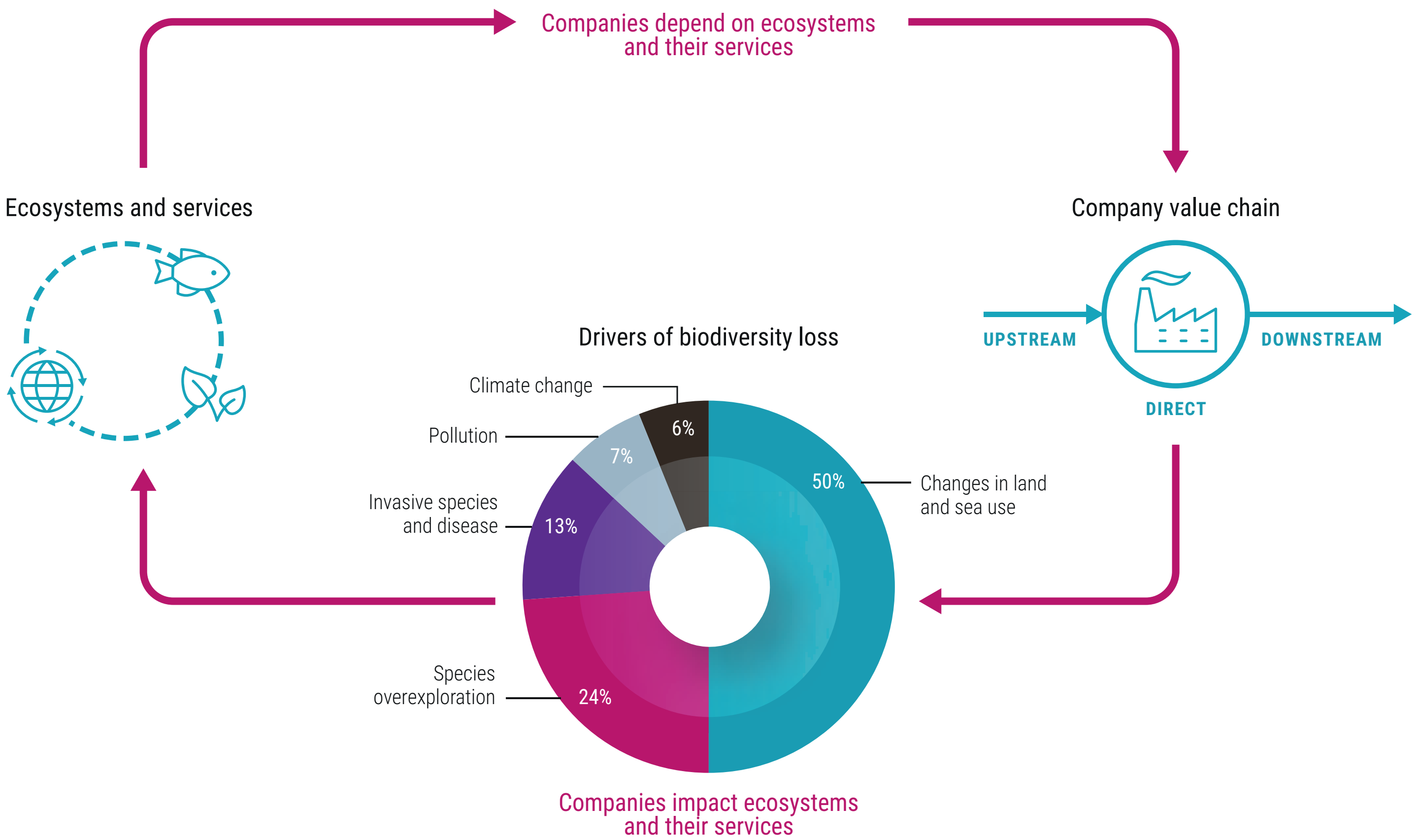
The decline in biodiversity has significant implications for businesses. Companies depend on the services nature provides and at the same time business activities contribute to the drivers of biodiversity loss, reducing nature's ability to provide the services (as shown in the figure below). The World Economic Forum estimates that $44 trillion of economic value generation – over half the world's total GDP in 2020, is critically dependent on the services that nature provides[75].

Importance of nature for people and the economy

The 2023 update of the Stockholm Resilience Centre's planetary boundaries[76], which define the safe operating space needed to keep our planet's systems resilient and stable for humanity, shows that six of the nine boundaries have already been transgressed. The six boundaries that have been crossed are:

- pollution by excessive use of nitrogen & phosphorus;
- pollution by synthetic chemicals and substances and other novel entities;
- the decline of biodiversity integrity;
- climate change;
- the conversion of land and waterways for human production.

Relationship between company impacts and dependency with biodiversity



Source: Robeco and IPBES

75. World Economic Forum: Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy
76. Planetary boundaries - Stockholm Resilience Centre

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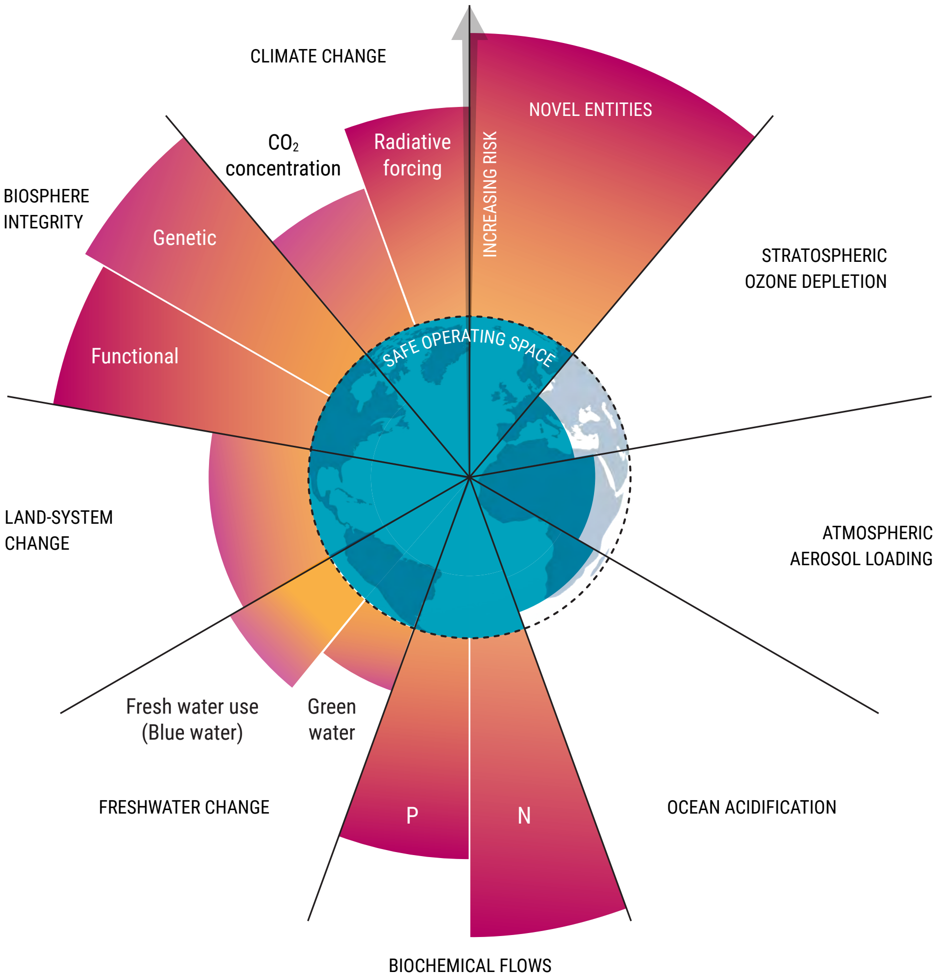
There is increasing recognition among central banks and regulators that nature risk is financial risk, and they are consequently assessing whether this risk falls within their scope. The European Central Bank conducted a study in 2023 of 4.2 million firms in the EU to assess their exposure to nature-related risks and concluded that 75% of bank loans are to firms that are highly dependent on at least one ecosystem service[77].

The materiality of nature-related transition risks is primarily driven by legislation, particularly in the EU, where the European Commission has progressed in implementing the Green Deal. The EU Deforestation Regulation has come into force, requiring companies to ensure that key commodities they use such as palm oil, cattle, soy, coffee, cocoa, timber and rubber do not contribute to deforestation. The EU Nature Restoration law also came into force in 2023 with the aim to restore 20% of degraded land and sea areas by 2030. This has implications for current and planned economic activity.

These developments confirm the status of biodiversity as a material topic for Robeco and our clients. In 2023 we took significant steps to identify and manage the biodiversity-related risks we are exposed to and capitalize on the opportunities.

Planetary bounderies status



Source: Science Advances[78], 13 September 2023

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77. The economy and banks need nature to survive (europa.eu)
78. Earth beyond six of nine planetary boundaries

Our commitment

Biodiversity has been a pillar of our Sustainable Investing strategy since 2020. We have a commitment to incorporating biodiversity considerations into our ESG integration process. This practice extends beyond purely financial materiality. Through engagement and stewardship we have been addressing drivers of nature loss, such as plastics, resource use and commodity-driven deforestation, by engaging with and voting on companies with exposure to these issues in their value chains.

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

Delivering on our 2020 commitment to the Finance for Biodiversity Pledge, our biodiversity roadmap sets out our plans to analyze and disclose our exposure to nature-related risks and opportunities and develop a comprehensive biodiversity policy including metrics and targets. The updated policy will include targets for reducing our negative impact and increasing our positive impact on biodiversity by the end of 2024, and will also specify how we report on our progress towards these targets.

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

Biodiversity roadmap

Prior to 2020

Environmental management and deforestation

- ESG integration
- Company and sovereign engagement
- Palm oil policy

2020-2021

Committing and building knowledge

- Finance for biodiversity Pledge
- Biodiversity Committee
- Partnerships with academics and peers
- Materiality & impact analysis
- Review data providers

2022

Making it actionable

- Partnership with WWF-NL
- Biodiversity thematic equity fund
- Biodiversity investment framework
- TNFD piloting
- Launch Nature Action 100

2023

Integration

- Bring biodiversity intellectual property into production & usage
- Industry framework for target-setting
- Implement Nature Action 100
- Implement TNFD reporting

Source: Robeco

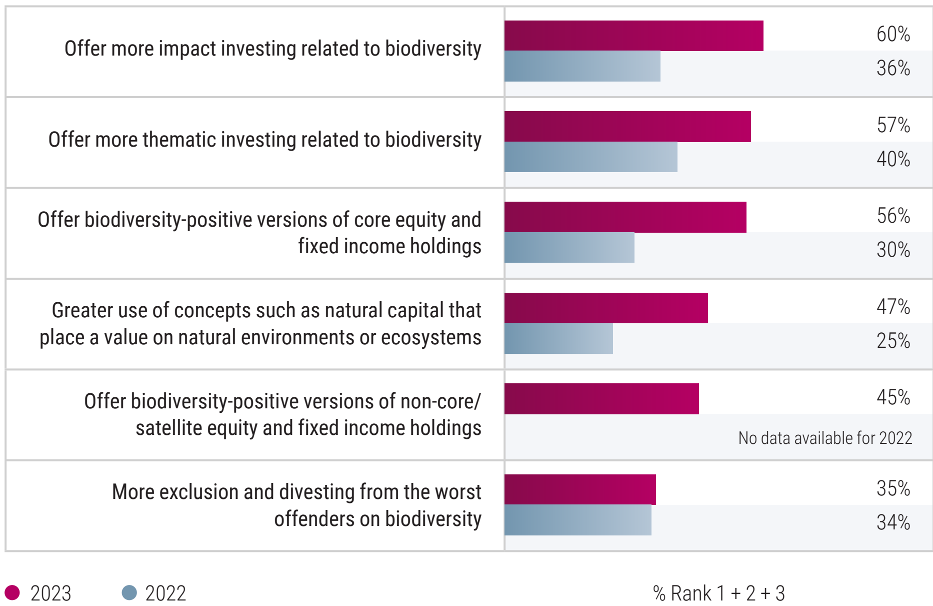
→ *Learn more about our biodiversity roadmap*
→ *Read our Biodiversity & Palm Oil policy, as part of our broader Sustainability Policy*

Momentum in the market

The Global Biodiversity Framework agreed in Montreal in December 2022 has prompted strong interest among investors about biodiversity-related risks and opportunities. Our 2023 Global Climate Survey (see figure) and many meetings with our clients confirm that the topic is high on their agenda. We have seen increased willingness and interest from clients, although many are still at the fact-finding stage and are pointing to a lack of suitable data and insufficient expertise as the main barriers to considering biodiversity in their investment decisions. In response to their need for capacity building, Robeco has developed a biodiversity training course as part of its SI Essentials curriculum.

Robeco 2023 Global Climate survey

Question: What does the asset management industry need to do to help with biodiversity?



Legend: The percentages indicate the percentage of respondents who agreed with each statement.
Source: Robeco

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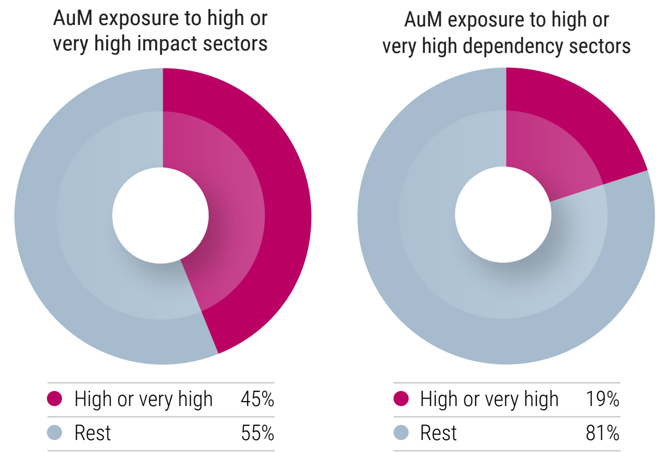
Biodiversity impacts and dependencies assessment

In 2023, the Task Force on Nature-Related Financial Disclosures (TNFD) guidelines were published and the European Sustainability Reporting Standards including specific requirements for biodiversity disclosures, were adopted. In line with these recommendations and requirements we assessed how much of our AuM at the end of 2023 was invested in sectors with a high or very high impact and dependency on nature[79]. As we show in the figures below, 45% of our AuM was invested in sectors with a high or very high impact and 19% of our AuM are invested in sectors with high or very high dependencies[80].

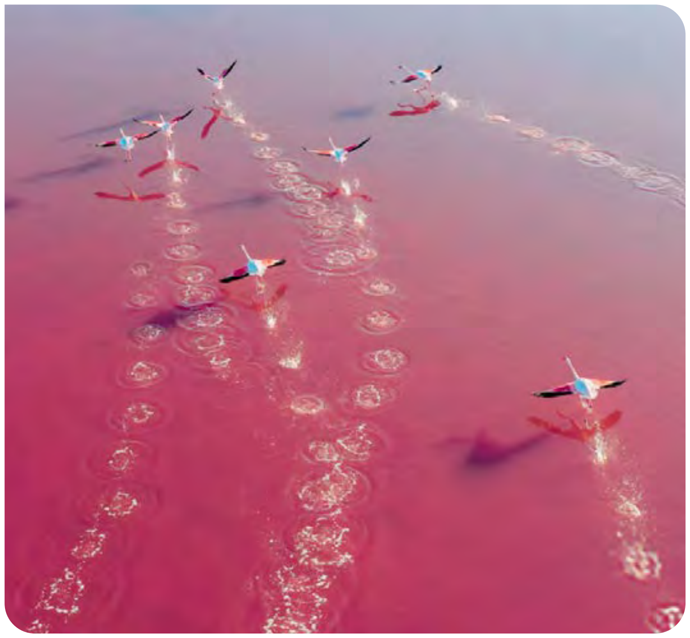
Robeco has classified sector impacts and dependencies by combining third party data and our in-house sustainability expertise. We also took into account high-priority sectors as defined by external organizations such as the TNFD. For more information on classified sectors with high or very high impacts and dependencies on nature, please see appendix 8. The results[81] confirm that biodiversity is a material topic for our investments.

Exposure analysis of biodiversity impacts and dependencies of our AuM



Source: Robeco, 31 December 2023

The results show the nature-related risks we are exposed to at the sector level, but give no insights into risks at the company level. We require data at the company level to guide our investment and stewardship activities related to biodiversity. Now that the TNFD recommendations have been published, we have an indication of the metrics that companies should disclose. However, given that coverage and quality of the data are currently very low, we expect it to take some time before enough companies provide information that we can use in our investment processes.



In 2023, Robeco established a data working group to assess the current state of biodiversity data and look for new sources of information to use in our investment processes. There has been an explosion in specialist biodiversity data providers using a variety of approaches. There are many datasets that can help companies assess the biodiversity assets under their stewardship or that could be used by national and international policymakers. However, we did not find sources providing reliable issuer-level data that can be aggregated for use for portfolio management purposes.

Most of the products currently available on the market are modelled estimates of the biodiversity footprint of a company. They start with assumptions about the environmental pressures facing specific sectors. As a result, these models give indications of which drivers are material for which sectors. However, they do not provide insights at the company level, nor do they help us meaningfully differentiate within sub-industries. We have therefore determined that as it stands, the best way we can use these tools is to help us understand our exposures to nature-related impacts and dependencies at the sector level. For issuer-level insights we refer to other datasets providing relevant information about companies' products and production processes, such as their green revenues, use of renewable materials, recycling rates, sustainable sourcing and waste reduction.

In February 2024 we published a paper to share what we have learned from analyzing the biodiversity data landscape.

→ *Find more information about our TNFD alignment, in appendix 3*
→ *Read our paper on biodiversity data*
→ *Learn more about ESG data quality*

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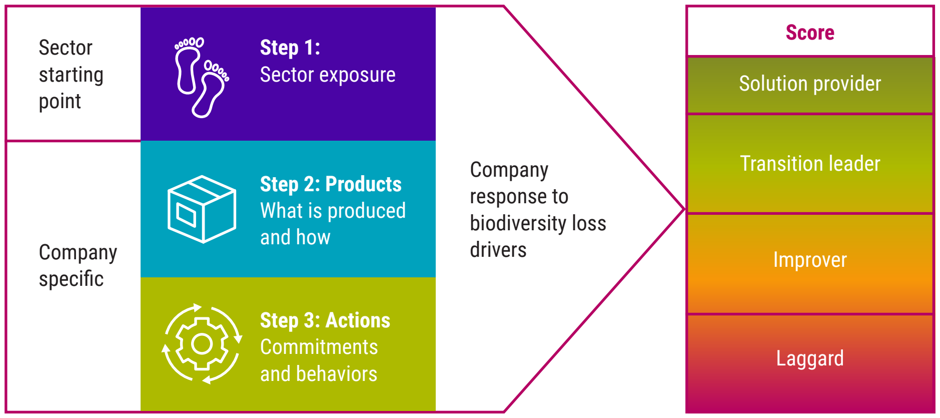
79. Our total AuM includes listed equities and corporate bonds as well as treasury, government bonds, and securitized investments. It also includes investments that are not classified by GICS or BCLASS such as futures, ETF's, funds, cash and swaps.
80. Our previous assessment from 2021 showed 29% of AuM was in sectors with high or very high impacts, and that a quarter of sectors had high or very high dependencies. One of the main reasons for the difference from 2023's is that the previous assessment was carried out at GICS4 level and the current one is done at the GICS2 level, combined with in-house reclassification. More information about the results of this process can be found "in the appendix 8.
81. These results are for awareness purposes only, they do not inform Robeco's investment decisions.

Biodiversity investment framework

In 2023 we finalized the design of our Biodiversity investment framework (illustrated in the figure below). We combine sector level impact based on the biodiversity footprint with other data that captures the extent to which companies put or relieve pressure on the material drivers of biodiversity loss through their products, operations and commitments. This approach helps us evaluate how well companies are addressing biodiversity loss and differentiate between leaders and laggards. Experts from our biodiversity partner World Wide Fund for Nature Netherlands (WWF-NL) have provided feedback on our approach to assessing companies' impact on nature loss. In 2024 we will start using this framework in our investment processes.

Our Biodiversity investment framework is based on three steps



Source: Robeco

More in-depth analysis of four priority sectors

The exposure analysis we discuss above is based on our classification of sector impacts from low to very high. We cross-referenced our sector exposure with priority sectors with high impacts on biodiversity as defined by the TNFD, Nature Action 100 (a global investor engagement initiative), and other initiatives. This led us to identify four sectors (mining, chemicals, food and textiles) in which we want to seek more detailed information about companies' biodiversity impacts and dependencies. Impacts on nature occur locally, so we have been exploring how to use geospatial data, for example to assess mining companies' operations in areas of water scarcity and companies' proximity to Key Biodiversity Areas. Our research so far has provided promising results in terms of how we can refine our analysis by considering the impact of companies on biodiversity based on the location of their operations.

Biodiversity stewardship

Our biodiversity engagements concentrate on companies in sectors that have a high impact on biodiversity loss. In 2023 we continued our Natural Resource Management engagement program, which focuses on the responsible management of natural resources and the mitigation of significant adverse impacts on the environment. We also continued our engagement on behalf of our RobecoSAM Biodiversity Equity strategy, focusing on how companies involved in the apparel, packaged consumer product and animal protein sectors manage biodiversity risks and opportunities. These companies are exposed to high-risk commodities through the materials they source and also stand to benefit from innovation both in products and operational processes that could eventually reduce their impacts on biodiversity.

The collaborative engagement under Nature Action 100 officially started at the end of 2023. It is targeting 100 companies in eight sectors that are deemed to have an important role to play in reversing nature and biodiversity loss by 2030. This includes companies in the chemical, food and metals & mining industries, which are major drivers of nature loss due to their large impacts on habitat loss, overexploitation of resources, and their contribution to soil, water and solid waste pollution.

Our engagement program tackling commodity-driven deforestation came to an end in 2023, and we closed two-thirds of the dialogues successfully. During the engagement we learned about a wide range of challenges and opportunities that companies face in different parts of their supply chains. Some involve corporate deforestation policies and companies' efforts to prevent and manage deforestation risks upstream in their value chains. Regulatory developments such as the Deforestation Regulation that the EU introduced in 2023 have accelerated firms' efforts to eliminate deforestation from their supply chains. Encouragingly, several companies that we engaged with have made clear their willingness to align their disclosures with the TNFD framework and have started to assess their impacts and dependencies on nature, especially for their direct operations. They are also exploring ways to minimize their negative impact on biodiversity or compensate for it such as by encouraging producers to implement sustainable agroforestry farming practices.

We are aware that halting deforestation requires more than just engaging with companies – we also need to urge governments to act, as they have the power to drive the change that is needed. We have accordingly been engaging with sovereigns as part of the Investor Policy Dialogue on Deforestation initiative since it was set up in 2020. We co-chair the workstream responsible for engaging with Indonesia's government and actively participate in the Brazilian workstream.

In 2023 we also introduced a deforestation proxy voting policy targeting companies with high exposure to deforestation risk[82] and inadequate procedures to reduce their impact, and companies that have been involved in repeated severe deforestation-linked controversies. We have voted against the most appropriate agenda items for the companies involved.

→ *Learn more about engagement, voting and exclusions*

82. Examples of such companies are companies involved in the production and trade of soy, beef & leather, paper, pulp and timber.

Biodiversity as an investment theme

The RobecoSAM Biodiversity Equities strategy aims to leverage the shift towards a nature-positive world. The fund focuses on sustainable forestry and food systems, pollution reduction and ecosystem restoration. The investment team has worked with WWF-NL to scrutinize biodiversity credentials to guide the strategy's selection of companies. The fund also features a dedicated biodiversity engagement overlay, covering at least 25% of its holdings. In 2023 we initiated engagements with 13 portfolio holdings, including calls with the companies and setting engagement milestones and targets to alleviate pressure on biodiversity.

Collaborations and external commitments

- Our WWF-NL partnership continues to provide expert input for our work: experts from WWF-NL provided detailed input for our biodiversity investment framework and feedback on the initial scores. We developed our deforestation risk assessment with WWF-NL's support. WWF and Robeco jointly presented at events in Australia, Belgium and the Netherlands.
- Finance for Biodiversity Foundation. As the co-chair of the Target-Setting working group, Robeco is taking an active role in developing industry-wide guidelines for investors to set nature targets in line with our pledge.
- Supporting a moratorium on deep sea mining. In 2023 Robeco was a signatory[83] to a letter sent to the International Seabed Authority asking it to postpone the granting of permits to dredge the seabed for minerals. While it may be economically attractive to source minerals from the deep sea, we share the concerns of the scientific community about the irreversible impact this could have on deep ocean ecosystems.
- Part of the collaborative engagement under Nature Action 100, targeting 100 companies in eight sectors that are deemed to have an important role to play in reversing nature and biodiversity loss by 2030.

Priorities for 2024

Our priorities for 2024 include setting targets to fulfil our Finance for Biodiversity Pledge in line with the published guidelines. We intend to incorporate these targets into our net zero roadmap so that we take an integrated approach to nature that not only addresses climate change but also the related topics of biodiversity loss, pollution, waste and circularity. We will start using our Biodiversity Investment Framework in our investment processes and in addition to our ongoing engagements we will begin the Nature Action 100 engagement for the companies for which Robeco is the lead engagement investor.

We will also continue to enhance our biodiversity data capability, focusing on our priority sectors. This process will include looking for sector-specific biodiversity data and information specific to particular biological communities (such as forests and oceans), where there are big knowledge gaps. We will continue our research combining the location of company assets and biodiversity data and intend to explore conducting scenario analysis.

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83. Letter sent to the International Seabed Authority

Human rights

Human rights are universal and should apply equally to everyone, everywhere, at all times. Companies have a responsibility to respect human rights within their operations and supply chains. This responsibility extends to investors in those companies and their portfolios.

The concept of human rights encompasses a broad range of topics that vary in terms of priority and implementation throughout the world. The Universal Declaration of Human Rights, adopted by the UN General Assembly in 1948, with 2023 marking its 75th anniversary, provides the principles and building blocks of human rights conventions, treaties and other legal instruments.

Protecting human rights remains an important issue in our engagements, particularly for companies operating in or sourcing from high-risk or conflict zones. This is reflected in our 'Human rights due diligence for conflict-affected and high-risk areas' engagement theme, which we expanded in 2023 to include companies linked to the Russia/Ukraine conflict in addition to adding new companies that are linked to the Xinjiang province of China. At the November 2023 UN Forum on Business and Human Rights, the UN's High Commissioner for Human Rights spoke of the highest number of ongoing violent conflicts and wars since 1945. This highlights the importance for companies operating in conflict-affected and high-risk areas of having in place adequate human rights due diligence and management systems to mitigate the operational, legal and reputational risks that they are exposed to. Halfway through the three-year period of this engagement theme we have seen some of the companies under engagement hire dedicated human rights specialists and develop effective due diligence processes.

Our commitment

Robeco embraces its responsibility to respect human rights and believes that we can play a role in advancing human rights by engaging with companies we invest in on human rights issues. The UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises underpin our approach to considering human rights issues in our investment and active ownership processes. Our approach to human rights is also aligned with the International Labor Organization's labor standards. Input from our data providers and our in-house research highlight the major human rights issues that our portfolios are exposed to. We actively engage with firms we invest in on their implementation of the UN Guiding Principles on Business and Human Rights. We regularly review our policy and procedures on human rights, considering key takeaways from engagements and feedback from both internal and external stakeholders.

→ *Learn more about our commitment to human rights*

Tackling the data challenge

In 2022 we set up a Human Rights Task Force to contribute to developing our approach to human rights. After assessing our approach with respect to key international human rights frameworks, in 2023 we developed a draft social framework to improve how we assess human rights and social issues at the companies we invest in. We developed our social framework in close consultation with our investment teams as it is intended to help them understand the social performance of the companies we invest in. Our social framework covers the following topics:

1. Workplace practices
2. Community impact
3. Product responsibility
4. Social supply chain management

We have performed a sector-level assessment (see the table below for a sample) and aim to develop company-specific scorecards in 2024.

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Sample of sector-level assessment of social issues

	Workplace practice		Community impact		Product responsibility		Social supply chain management
	Labor Rights and working conditions	Diversity, equity and inclusion	Indigenous people's rights	Expression and privacy	Expression and privacy	Right to health and safety	Social supply chain management
Energy	Medium	High	High	High	Low	Low	High
Healthcare	Low	Medium	Low	High	Medium	High	Low
Industrials – Transportation	High	High	Medium	Medium	Low	Low	Medium

Legend: Sectors can receive high, medium, or low scores for different sub-sections of workplace practice, community impact, product responsibility and social supply chain management. High, medium and low refer to the importance of the topic with the sector, analyzed from a double materiality perspective.

Active ownership

In 2023 we started two new social engagement themes: one focused on the just transition in emerging markets and the other on modern slavery in global supply chains. These themes will run for three years, initially alongside the themes that we began in 2021 and 2022. We also continue to integrate social considerations in our voting decisions.

Engagement on the just transition in emerging markets

Climate action requires a holistic approach. While limiting environmental impacts is key, doing so should not come at a cost to vulnerable workers, local communities or other stakeholders. Socially adverse impacts of companies' climate actions, such as jobs lost due to the downscaling of polluting activities, need to be taken into account. As part of our new Just Transition in Emerging Markets engagement theme we are engaging with a limited number of companies in various sectors, starting off with mining and energy firms, about their just transition ambitions and strategies. Our approach includes assessing and managing their transition risks, engaging with stakeholders (such as labor unions and community representatives) to find sustainable solutions to problems such as job losses, and developing best practices that can serve as examples for other companies.

→ *Learn more about just transition in emerging markets in the Q3 Active Ownership Report*

Engagement on modern slavery in global supply chains

Through their complex supply chains, companies across the globe are exposed to modern slavery risks. It is crucial for companies to identify and address modern slavery conditions – which can be hidden deep within their supply chains – to meet their obligation to respect human rights, avoid reputational risks, prevent disruptions and comply with an increasing number of regulations. Through this new engagement theme we will engage with a limited number of companies across the food and retailing, mining, technology and automotive sectors with the aim of enhancing their effectiveness in identifying and addressing modern slavery risks. The engagement will also focus on how companies provide impacted stakeholders with effective remediation measures and prevent further recurrences by working closely with suppliers and establishing the right accountability structures within their organization.

→ *Learn more about modern slavery in global supply chains in the Q4 Active Ownership Report | Robeco Global*

Social voting policy

Social topics mostly find their way onto Annual General Meeting (AGM) agendas via shareholder proposals. As not all AGMs include such proposals, in 2022 Robeco developed another way to integrate human rights and social considerations in our voting approach: we started flagging human rights and social concerns with companies that have exposure to such issues and that do not provide any evidence of having adequate human rights due diligence processes in place – a key requirement of the UN Guiding Principles on Business and Human Rights. In 2023, we continued to vote against the sustainability committee chair or the financial statements and audit reports at companies involved in human rights issues. We will evaluate the success of our approach and consider how we can enhance it over time.

→ *Learn more about Voting to promote the S in ESG*

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CLOSED ENGAGEMENT THEME: THE SOCIAL IMPACT OF GAMING

The role of video games in the lives of young and old alike gained prominence during the COVID-19 pandemic. People suddenly had a lot of spare time, but limited options in terms of how to use it. Video games filled the gap for a lot of people. The companies creating them came under considerable scrutiny from parents, teachers and regulators on issues such as in-game purchases and gaming addictions. We got involved by starting an engagement theme on this in 2020, starting engagements in 2021. In 2023 we concluded this engagement program, closing our engagements with four of the five online gaming companies successfully.

Following our engagement, we have seen companies take concrete steps towards more responsible game development. For example, most companies made progress in instilling features in their games to combat inappropriate behavior and prevent people – children in particular – spending too much time and money. These features include automatic text filtering and age verification. Through our engagements, we also highlighted the importance of sound human capital management practices as we saw workplace conduct scandals and frustration at overwork in the industry lead to media coverage. We were particularly pleased to see progress across the board in terms of the companies' diversity and inclusion policies, and they also put in place improved employee engagement feedback and complaints mechanisms.

CASE STUDY
Activision Blizzard, a US video game company, faced allegations of employee misconduct towards the end of 2021, generating widespread media coverage and leading to employee outrage. The company has resolved an investigation with a state regulator. It also implemented a multi-pronged initiative to increase diversity among its personnel and strengthen its employee protection policies. We discussed the initiative at length with the company as part of our engagement and provided feedback on how Activision could progress the resolution of the issue by increasing the efficacy of its new measures. We were pleased to see this feedback, the actions taken, and the results of the actions reflected in a comprehensive public report detailing how the company and its employees managed workplace conduct and harassment claims. Furthermore, we see the company's progress on this issue over the period of engagement as a positive example that can be referred to by other companies facing similar claims.

Enhanced engagement and exclusions

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

A similar screening process forms part of our Country Sustainability Ranking, which we conduct twice a year and helps us identify countries with significant human rights problems. As part of this process, we review and/or use data from:

- The World Bank: World Governance Index on Political Stability and Absence of Violence/Terrorism
- Freedom House: Freedom in the World index on political rights and civil liberties
- Fund for Peace: Fragile States Index
- International sanctions

If a country exceeds pre-defined thresholds for at least three of these four criteria, we exclude it from our investment universe.

→ *Learn more about engagement, voting and exclusions*

Collaboration

We act with other companies and institutions to further the causes of responsible investment and human rights. For example:

- Robeco is a member of PRI's Human Rights Stewardship initiative's Advisory Council (Advance). This initiative aims to coordinate investors' efforts to address social challenges through collaborative engagements.
- We are also part of the Advisory Council of the Investor Alliance for Human Rights, a platform for collective action on responsible investment that is grounded in respect for people's fundamental rights and receives support from various NGOs.

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Consolidated income statement

for the year ended 31 December

EUR x million	Notes	2023	2022
Revenues	1	768.3	824.1
Distribution and subadvisory costs	2	-195.0	-218.3
Net income from fees		**573.3**	**605.8**
Other income	3	3.2	2.8
Operating income		**576.5**	**608.6**
Employee benefits expenses	4	238.7	234.8
Depreciation and amortization	5	14.0	13.4
Other expenses	6	196.8	187.5
Total operating expenses		**449.5**	**435.7**
Operating result		**127.0**	**172.9**
Interest income	7	4.0	1.0
Interest expense	7	-0.5	-2.3
Other net finance income/(expense)	7	1.4	-2.3
Share in result of entities accounted for using the equity method	13	0.0	-0.2
Result on sale of business	12	17.5	-
Result before tax		**149.4**	**169.1**
Income tax expense	8	35.5	42.6
Result for the year		**113.9**	**126.5**
Attributable to:			
Owner of the parent company		112.9	128.4
Non-controlling interests		1.0	-1.9
		113.9	**126.5**

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Consolidated statement of comprehensive income
for the year ended 31 December

EUR x million	Notes	2023	2022
Result for the year		113.9	126.5
Other comprehensive income			
Items that are or may be reclassified to profit or loss in subsequent periods:			
• Net result on hedge of net investment		-4.0	-6.8
• Income tax effect		-	-
		-4.0	**-6.8**
• Foreign exchange rate differences on translation of foreign operations		5.9	7.0
• Income tax effect		-	-
		5.9	**7.0**
• Share in other comprehensive income of an associate and/or joint venture		-	-
		-	**-**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	43	**1.9**	**0.2**
Items not to be reclassified to profit or loss in subsequent periods:			
• Re-measurement gains/(losses) on defined benefit plan		1.2	2.1
• Income tax effect		-0.2	-0.3
	43	**1.0**	**1.8**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1.0**	**1.8**
Other comprehensive income for the year, net of tax		**2.9**	**2.0**
Total comprehensive income for the year, net of tax		**116.8**	**128.5**
Attributable to:			
• Owner of the parent company		115.8	130.4
• Non-controlling interests		1.0	-1.9
		116.8	**128.5**

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Consolidated statement of financial position

at 31 December before profit appropriation

EUR x million	Notes	2023	2022	2021
ASSETS				
Property, plant and equipment	9, 10	38.1	42.7	41.2
Intangible assets and goodwill	11	110.5	106.2	100.5
Investments accounted for under the equity method	13	-	0.4	0.6
Financial assets	14	101.4	93.1	110.3
Pension assets	23	1.1	0.4	-
Deferred tax assets	16	12.4	10.6	16.4
Non-current assets		263.5	253.4	269.0
Trade and other receivables	17	140.5	128.3	141.4
Current tax receivables	16	2.3	3.9	0.5
Other financial assets	14, 15	1.9	3.4	6.4
Cash and cash equivalents	19	275.7	308.4	428.1
Current assets		420.4	444.0	576.4
Total assets		683.9	697.4	845.4
EQUITY AND LIABILITIES				
Equity				
Issued capital		0.0	0.0	0.0
Share premium		4.8	4.8	4.8
Other reserves		8.3	6.4	6.2
Retained earnings		313.4	306.8	366.6
Unappropriated result financial year		112.9	128.4	177.3
Equity attributable to owner of the parent company	20	439.4	446.4	554.9
Non-controlling interests	21	8.7	10.2	11.9
Total equity		448.1	456.6	566.8
Provisions	22	3.0	3.0	3.0
Employee benefits	23	18.7	22.2	25.0
Deferred tax liabilities	16	0.0	0.1	0.1
Lease liabilities non-current	10	20.7	24.2	25.1
Non-current liabilities		42.4	49.5	53.2
Bank overdraft	24	19.3	3.9	6.0
Financial liabilities	24	4.3	1.2	1.8
Lease liabilities current	10	10.3	9.3	9.8
Current tax liabilities	16	4.8	2.7	12.7
Provisions	22	-	-	10.7
Trade and other payables	25	154.7	174.2	184.4
Current liabilities		193.4	191.3	225.4
Total liabilities		235.8	240.8	278.6
Total equity and liabilities		683.9	697.4	845.4

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EUR x million	Attributable to owner of the parent company							Non-controlling interests	Total equity
	Issued capital	Share premium	Translation /Hedging reserve	Other revaluation reserve	Retained earnings	Un-appropriated result	Total		
At 1 January 2023	0.0	4.8	6.4	0.0	306.8	128.4	446.4	10.2	456.6
Result for the year	-	-	-	-	-	112.9	112.9	1.0	113.9
Other comprehensive income	-	-	1.9	-	1.0	-	2.9	-	2.9
Total comprehensive income	-	-	1.9	-	1.0	112.9	115.8	1.0	116.8
Dividends	-	-	-	-	-122.8	-	-122.8	-	-122.8
Addition to reserves	-	-	-	-	128.4	-128.4	-	-	-
Movements in non-controlling interests	-	-	-	-	-	-	-	-2.5	-2.5
At 31 December 2023	0.0	4.8	8.3	0.0	313.4	112.9	439.4	8.7	448.1

At 1 January 2022	0.0	4.8	6.2	0.0	366.6	177.3	554.9	11.9	566.8
Result for the year	-	-	-	-	-	128.4	128.4	-1.9	126.5
Other comprehensive income	-	-	0.2	-	1.8	-	2.0	-	2.0
Total comprehensive income	-	-	0.2	-	1.8	128.4	130.4	-1.9	128.5
Dividends	-	-	-	-	-238.9	-	-238.9	-	-238.9
Addition to reserves	-	-	-	-	177.3	-177.3	-	-	-
Movements in non-controlling interests	-	-	-	-	-	-	-	0.2	0.2
At 31 December 2022	0.0	4.8	6.4	0.0	306.8	128.4	446.4	10.2	456.6

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Consolidated statement of cash flows
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EUR x million	Notes	2023	2022
Cash flows from operating activities	31		
Result before tax		149.4	169.1
Adjustments to result before tax:			
Depreciation and amortization		14.0	13.4
Other movements from operations		-17.5	-
Share in result of associates and joint ventures		-	0.2
Results on non-current financials assets and liabilities		-6.4	5.3
Provisions		-	-10.7
Lease liabilities		-9.6	-11.4
Pension		0.3	0.8
Interest income/expenses		-	-
		130.2	166.7
Other movements from operations:			
Change in assets		-12.3	14.8
Change in liabilities		-18.1	-13.6
Payment of/proceeds from hedges of net investments		-4.0	-6.8
		95.8	161.1
Income tax paid		-34.0	-50.3
Net cash flows from operating activities		**61.8**	**110.8**
Cash flows from investing activities	32		
Purchase of property, plant and equipment		-1.9	-4.2
Purchase of other intangible assets		-	-0.8
Purchase of financial assets at fair value through profit or loss		-30.7	-44.5
Proceeds from sale of financial assets at fair value through profit or loss		26.4	53.9
Proceeds from sale of property, plant and equipment		0.1	0.1
Proceeds from sale of other intangible assets		18.4	-
Dividends received		0.6	0.5
Net cash flows used in investing activities		**12.9**	**5.0**
Cash flows from financing activities	33		
Repayment of loans		-	5.5
Dividends paid		-122.8	-238.9
Net cash flows used in financing activities		**-122.8**	**-233.4**
Net increase/decrease in cash and cash equivalents		-48.1	-117.6
Cash and cash equivalents at 1 January		304.5	422.1
Effect of movements in exchange rate on cash held		-0.1	0.0
Cash and cash equivalents at 31 December*	19	**256.3**	**304.5**

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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Corporate information

Robeco Holding B.V. (also referred to as "the Company" or Robeco Holding) is established in the Netherlands, having its legal seat at Weena 850, 3014 DA Rotterdam, the Netherlands. Robeco Holding is a private limited company under Dutch law and registered under number 62051598 at the Chamber of Commerce. All shares are held by ORIX Corporation Europe N.V. (also referred to as OCE) established in the Netherlands which is wholly owned by ORIX Corporation (also referred to as ORIX), with registered office in Tokyo, Japan.

Robeco Holding is a holding company that owns various operating companies worldwide which are specialized in asset management and investment services. The main activities of most of the operating companies are regular investment management activities on behalf of clients, including management of investment funds. The Company and its subsidiaries receive management fees and other fees for these activities.

Robeco Institutional Asset Management B.V. (also referred to as RIAM), a fully owned subsidiary of 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').

Robeco Schweiz AG, established in Zurich, a fully owned subsidiary of the Company, has a license as asset manager of collective assets from the Swiss Financial Market Supervisory Authority FINMA.

Robeco Hong Kong Ltd., established in Hong Kong, a fully owned subsidiary of the Company, has a license as asset management/ investment advisor (types 1, 2, 4 and 9) from the Securities and Futures Commission (SFC).

Robeco Holding B.V. also holds 100% of the shares in Robeco Nederland B.V., the Dutch central service company of Robeco Holding and other operating entities that are part of the Robeco group. Robeco Nederland B.V. is the formal employer of almost all of Robeco's staff based in the Netherlands, who are provided to Robeco group by Robeco Nederland B.V. on the basis of an intercompany service agreement.

Robeco Holding B.V.'s other subsidiaries are listed in note 28 Related parties and have licenses with financial supervisory authorities in their respective countries, except for Robeco France S.A.S., Ro-Boetie S.A.S., SAM Sustainable Asset Management AG and RSSLF GP S.à.r.l.

In these financial statements, the items Balances due from related parties and Payables to related parties refer to those subsidiaries of ORIX Corporation Europe N.V. that have transactions with the Company.

The consolidated financial statements of Robeco Holding for the year ended 31 December 2023 relate to Robeco Holding and its subsidiaries (together hereinafter referred to as the 'Group'). The Group's financial information is included in the consolidated financial statements of ORIX.

Material accounting policies

Statement of compliance

The financial statements of Robeco Holding have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), hereafter IFRS-EU, which comprise standards and interpretations approved by the International Accounting Standards Board, and with Part 9, Book 2 of the Dutch Civil Code.

The consolidated financial statements were prepared by the Management Board and approved by the Supervisory Board on 25 April 2024 and will be submitted for adoption by the Shareholder meeting on 8 May 2024.

For all periods up to and including the year ended 31 December 2022, Robeco Holding prepared its individual financial statements in accordance with Part 9, Book 2 of the Dutch Civil Code. The consolidated financial statements for the year ended 31 December 2023 are the first the Group has prepared in accordance with IFRS-EU.

Up to and including financial year 2022 the Group applied the financial statements exemption pursuant to section 2:403 Dutch Civil Code which means that a group company can, under certain conditions, avail itself of a financial statements exemption. The group company is then, among other things, exempt from the obligation to publish the financial statements.

Basis of preparation

The consolidated financial statements are presented in euros, the Group's functional and reporting currency. Unless stated otherwise, all amounts are presented in millions of euros, rounded to the nearest tenth of a million. The totals may not always match the sum of the individual values due to rounding.

The accounting policies applied for measurement of assets and

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liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles. The financial statements have been prepared on a going concern basis.

Standards issued but not yet effective

Future IFRS developments

In addition to the applied IFRS standards and interpretations in these financial statements a number of IFRS standards and interpretations are new or have been amended and apply to financial statements for periods beginning on or after 1 January 2024. We have not applied the standards outlined below in the 2023 financial statements. Unless stated otherwise, standards will be applied as soon as they become effective and have been endorsed by the EU.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The amendments relate to disclosure requirements in connection with supplier financing arrangements - also known as supply chain financing, financing of trade payables or reverse factoring arrangements. The new requirements supplement those already included in IFRS standards and include disclosures about terms and conditions of supplier financing arrangements, the amounts of the liabilities that are the subject of such agreements for which part of them the suppliers have already received payments from the financiers and under which item these liabilities are shown in the statement of position, the ranges of due dates and information on liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024. For entities applying IFRS-EU, like Robeco Holding, this obligation only applies after the corresponding EU endorsement. The amendments are not expected to have a material impact on the results or equity of the Group.

Amendments to IAS 1 Presentation of Financial Statements on classification of liabilities as current or non-current

The amendments clarify when a liability needs to be classified as current or non-current. Liabilities are classified as current when there is no unconditional right to defer settlement for at least 12 months after the reporting date. In the amendments the requirement for a right to be unconditional has removed and instead it is required that a right to defer settlement must exist at the reporting date and have substance. A company will classify a liability with covenant as non-current if it has a right to defer settlement for at least 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares. The amendments are effective for annual periods beginning on or after 1 January 2024 and are not expected to have a material impact on the statement of financial position of the Group.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained. Accounting for leases unrelated to sale and leaseback transactions does not change.

The amendment applies to annual reporting periods beginning on or after 1 January 2024, earlier application is permitted. The amendments are not expected to have a material impact on the results or equity of the Group.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. The objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. New disclosures are required to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot rate used, the estimation process and risks to the company because the currency is not exchangeable.
The amendments apply for annual reporting periods beginning on or after 1 January 2025, earlier application is permitted. The amendments are not expected to have a material impact on the results or equity of the Group.

Material accounting judgments and estimates

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 ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-relate commitments where appropriate. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

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Consolidation and equity-accounted investees

In determining whether the Company controls an investee to decide whether the investee has to be consolidated, the Company analyses whether it has power over the investee, whether it is exposed to or has rights to variable returns from its involvement with the investee and whether the Group has the ability to use its powers over the investee to affect the amount of the investor's returns. In specific cases discussed below, the Company applies judgment involving the criteria for consolidation to conclude whether the Company controls an investee.

Investment funds

Investment funds managed by the Group in which the Group holds an interest are consolidated in the financial statements if the Group has power over the decisions of that investment fund and it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In determining whether the Group has power, the following is considered:

- the purpose and design of the investee;
- the relevant activities and how decisions are made in relation to those activities;
- the rights of the investor to give it the current ability to direct the relevant activities;
- whether the investor is exposed or has rights to variable returns from its involvement with the investee;
- whether the investor can use its power over the investee to affect the amount of the investor's returns.

If the above criteria indicate that the Group has power, it is evaluated whether the Group has exposure or rights to variability of returns. The following circumstances are assessed:

- direct interest (seed capital investment) of the Group;
- the Group's potential interest through related parties;
- fees dependent on fund value (including, but not limited to, asset management fees); and
- fees dependent on performance of the fund (including, but not limited to, performance fees).

The Group applies the following standards regarding the agent/principal assessment:

- If a single third party holds substantive removal rights, and as a result, can remove the fund manager without cause, the Group acts as an agent;
- If removal rights are largely dispersed, then the Group acts as a principal in the event that variability is more than 40%;
- If no removal rights are in place, then the Group acts as a principal in the event that variability is more than 35%.

The Group also makes use of limited partnerships. For these limited partnerships, the Group determines whether it has control over these entities. This is dependent on whether the Group is a limited partner or general partner and whether other parties have substantive removal rights. The conclusion differs depending on the magnitude of the exposure to variable returns.

Goodwill and intangible assets

Goodwill arises from the acquisition of group companies, joint ventures and associates, when the costs of acquisition exceed the fair value of the Group's share of the identifiable acquired assets and assumed liabilities. Each year the Group performs an impairment test involving management estimates of expected future cash flow, the cost of capital and the value in use. See also Note 'Intangible assets' for further details.

Deferred tax assets

Deferred tax assets are recognized only if it is probable that taxable profits will be realized in the near future against which these temporary differences can be offset. Estimates are used when determining future taxable profits, since these are subject to uncertainty. Temporary differences mainly relate to capitalized and amortized goodwill of several acquired entities, carry forward of unused tax credits and unused tax losses in full.

Leases

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined the Group's incremental borrowing rate. This is the rate that the Group 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.

Extension and termination options are included in several lease agreements across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

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 Group can replace the assets without significant cost or business disruption.

Provisions

Provisions recorded for possible loss of income are measured at nominal value of the expenditure that is expected to be necessary in order to settle the obligation. The timing of the cash outflow related to these provisions is uncertain.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2023. The financial statements of the subsidiaries are prepared for the same reporting period as Robeco Holding, using consistent IFRS-EU accounting policies.

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Business combinations

Business combinations are accounted for using the acquisition method. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The consideration transferred in the acquisition is measured at fair value, as are the Identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities Acquisition costs incurred are expensed and included in the other operating expenses (except if related to issue of debt or equity securities). When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date in other comprehensive income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized, in accordance with IFRS 9, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from involvement with the entity and can affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

Non-controlling interests

For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. The profit for the reporting period that can be attributed to the non-controlling interest is disclosed separately. Non-controlling interests represent the portion of the net result and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in associates and joint ventures

The Group's interests in equity-accounted investees comprise interests in associates, joint ventures and joint operations. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint arrangement is classified as a joint operation when the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group's interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. The interests held in joint operations are consolidated under the proportional consolidation method. The assets and liabilities assigned to joint operations are recognized in the consolidated statement of financial position, classified according to their specific nature and the Group's percentage of ownership interest. Similarly, income and expenses arising from joint operations are presented in the consolidated income statement in accordance with their nature and the Group's percentage of ownership interest.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this should be the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount, and recognizes the resulting amount under 'Share in result of entities accounted for using the equity method' in the consolidated income statement.

End of 2023 there are no investments in associates and joint ventures in place within the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Summary of material accounting policies

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured in that functional currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the exchange rates at the reporting date. Non-monetary assets and liabilities based on historical cost in a foreign currency are translated into euros at the exchange rate at the dates of the initial recognition of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined. Foreign currency differences are generally recognized in profit and loss and presented within Other expenses.

However, foreign currency differences arising from the translation of the following items are recognized in Other comprehensive income:
- net investments in foreign entities
- qualifying net investment hedges to the extent that the hedges are effective.

Foreign operations

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities, including goodwill and fair value adjustments arising on acquisition, in the statement of financial position are translated at the exchange rates at the reporting date;
- income and expenses included in the income statement are translated at average exchange rates for the period. The Group decided to elect the practical expedient in IAS 21.40 to use, for practical reasons, a rate that approximates the exchange rates at the dates of the transactions; and
- all resulting exchange rate differences are recognized in the currency translation reserve within other comprehensive income.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve relating to that foreign operation is reclassified to the income statement.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when:
- it is expected to be realized, or be sold or consumed in the normal operating cycle;
- it is hold primarily for the purpose of trading;
- it is expected to be realized within 12 months after the reporting period; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- it is expected to settle the liability in its normal operating cycle;
- it is hold primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Revenues

Revenues include management fees, service fees, subadvisory fees, performance fees, fees from clients, revenues from marketing and sales activities and other fees. Revenues from the providing of services, such as those corresponding to management or maintenance contracts are recognized as the performance obligation is satisfied through the transfer of the committed services, regardless of when the resulting monetary or financial flow arises.

Performance obligations

Performance obligations related to asset management services are satisfied over time because the customer simultaneously receives and consumes the benefits provided by the asset manager as the asset manager performs the service. The Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. Therefore, the Group recognizes revenue in the amount to which the Company has a right to invoice.

Payment is generally due within 30 days after invoicing. No obligations for returns are present.

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 changes in exchange rates.

Management fees and other fees are considered to be a series of distinct services, as these services are substantially the same, have the same pattern of transfer, are satisfied over a period of time and use the same method to measure progress toward satisfaction of the performance obligation. That is, a time-based measure of progress as the customer can benefit from each increment (e.g. daily) of service on its own.

Performance fees are calculated as a percentage of the predefined excess performance of the relevant assets under management and recorded when earned and it is not probable that the fee amount has to be reversed. Fees from clients, revenues from marketing and sales activities and other fees are recognized in the period in which the services are provided.

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Performance fees based on a fund's or mandate's performance, relative to a benchmark or the realized appreciation of a fund's investments is a variable consideration. These performance fees are highly susceptible to market volatility until they are realized or are no longer subject to claw-back, which may be after the end of the reporting period. Under a clawback provision, an asset manager may be required to return certain distributions received from the fund if a specific performance threshold is not met. Performance fees are not recognized as revenue until it is probable that a reversal of the cumulative amount of revenue recognized will not occur upon the resolution of the uncertainty..

The Group 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 Group. Proceeds are distributed by the Investee Funds in such a manner that the Group 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.

Revenues from the rendering of services, such as those corresponding to management contracts are recognized as the performance obligation is satisfied through the transfer of the committed services, regardless of when the resulting monetary or financial flow arises.

The Group decided to elect the practical expedient not to disclose the transaction price allocated to the remaining performance obligations provided in IFRS 15.121, as the investment management services are invoiced in line with the value creation towards the customer (which is in accordance with paragraph B16).

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 and can be reliably measured. 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.

Other income and expenses

Other income is recognized when the performance obligation to the client has been satisfied either at a point in time or over a period of time. Other expenses are recognized when the services are provided to the Group.

Employee benefits expenses

Employee benefits are charged to the income statement in the period in which the employee services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. 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 Group.

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 expense and are recognized as an expense at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for restructuring. 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.

Benefits which are not expected to be settled within 12 months of the reporting date are discounted.

Dutch pension scheme

Robeco Nederland B.V., a fully owned subsidiary of Robeco Holding, is legally the employer of personnel. Robeco Nederland B.V. has a pension scheme for its employees with Stichting Pensioenfonds Robeco, a Group pension fund.

The pension plan for employees of Robeco Nederland B.V. is a defined contribution pension plan. The funding has been based on a CDC arrangement (Collective Defined Contribution). The premium is fixed for a certain period of time. In 2022 a fixed premium was agreed, as well as for 2023 and 2024. This contribution is based on a conditional average-salary pension plan (middelloonregeling) in line with prevailing tax and pension legislation. Pension accrual in a

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conditional average-salary pension plan has been capped at 1.738% per annum of average pensionable earnings up to a certain salary amount (EUR 84,882). Pension accrual is not guaranteed. Above this salary amount the employer makes an individual contribution available (DC) dependent on individual salary and age. The premiums payable in respect of employees' pension entitlements are paid to Stichting Pensioenfonds Robeco.

The provisions of the Dutch Pension Act ('Pensioenwet') are applicable for the Dutch pension scheme. Premiums are paid for the Group and are based on (legal) requirements, a contractual or voluntary basis to its pension fund.

Foreign pension plans

Pension plans in place at foreign operations 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 Group, the pension fund and its members) are recognized and measured in accordance with Dutch pension plans.

In Switzerland the pension plans need to be funded through a legally separate trustee administered pension fund. In this respect Swiss law defines mandatory minimum benefits.

Robeco Schweiz AG is affiliated to the collective foundation 'Groupe Mutuel VorsorgeGMP'. According to IAS 19 the insurance plan is classified as 'defined benefit' plan. The insurance plan is contribution-based. The plan contains a cash balance benefit formula. Under Swiss law the collective foundation guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion collective foundation. At retirement date members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the collective foundation.

Interest income and expense

Interest income and expense are recognized in profit or loss based on the effective interest rate. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Other net finance income and expense

Results on financial instruments at fair value through profit or loss comprise realized and unrealized gains and losses on financial instruments at fair value through profit or loss following seed capital investments.

Dividends from equity instruments are recognized when the right of payment has been established.

Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Tax on operating profit is recognized in the statement of income in accordance with applicable tax law in the jurisdictions in which Robeco Holding operates. Tax effects of any losses incurred in certain jurisdictions are recognized as assets when it is probable that sufficient future profits will be available in the relevant jurisdiction against which these losses can be offset, see also paragraph Tax assets and liabilities.

Robeco Holding 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 Group consists of ORIX Corporation Europe N.V., OCE Nederland B.V., Transtrend B.V., Robeco Holding B.V., Robeco Nederland B.V., Robeco Institutional Asset Management B.V. and Robeco Indices B.V. All these entities are jointly and severally responsible for the resulting tax liability. Some foreign offices of the Group are considered to be permanent establishments. Except Robeco Dubai, all offices and the foreign (direct and indirect) subsidiaries of Robeco Holding B.V. are subject to corporate income tax in the country they operate and file their own corporate income tax returns.

The calculation of corporate income tax is made as if the Group is an independent taxpayer. Payable corporate income taxes have been settled with ORIX Corporation Europe N.V. 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.

Pillar Two top-up income tax

The Group operates in countries that have enacted new legislation to implement the global minimum top-up tax. The Group has low-taxed operations in the United Arab Emirates via its Dubai branch which consists of a team that is active in and responsible for the sales activities of the Group in the Middle East region. The Group however does not expect to be subject to the top-up tax in relation to its low-taxed operations in the United Arab Emirates. Japan, the country of residence of the Ultimate Parent Entity, is one of the countries that has enacted the legislation to implement the global minimum top-up tax and the United Arab Emirates have not done so. As a result, any top-up tax resulting from the operations in Dubai is to be levied by the Ultimate Parent Entity of the Group, being ORIX Corporation in Japan.

Tax assets and liabilities

Tax assets and liabilities are stated at nominal value. The tax rates and laws used to compute taxable amounts are those enacted or

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substantially enacted at the reporting date.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is also recognized in respect of the fair value measurement of other intangible assets and for double tax relief in respect of recapturing tax losses within the Group.

Deferred taxes are calculated using the tax rates prevailing on the reporting date. Deferred tax assets and liabilities are offset if they relate to the same tax authority, concern the same type of tax, if it is permitted under law to offset these deferrals and if the deferrals are expected to be settled simultaneously. Deferred tax assets are recognized only if it is probable that taxable profits will be realized in the near future against which these temporary differences can be offset.

Deferred tax assets are recognized for unutilized tax losses, unutilized tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, for example leases and decommissioning liabilities. An entity is required to recognize the associated deferred tax assets and liabilities from the earliest of the earliest comparative period presented with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the integrally linked approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments the Group has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was no impact on the opening retained earnings as at 1 January 2021 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognized (see note 16. Tax assets and liabilities).

Value added tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT except

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case the VAT is recognized as part of the costs of acquisition of the asset or as part of the expense item as applicable; and
- trade receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authorities is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition, which includes all costs and expenses directly related to the assets acquired until they are ready for use, less accumulated depreciation and any recognized accumulated impairment losses. If an indication of impairment exists, the assets are impaired to their recoverable amount and the impairment is reflected in the income statement in the period in which it arises.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The useful life and depreciation rate for the owned assets are set out in the table below.

Category of property, plant and equipment	Useful life (in years)
Office alterations	10 years
Furniture and IT hardware	3-5 years
Art objects	not depreciated

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group, as a lessee, applies a single recognition and

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measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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 Group. 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.

Right-of-use assets are initially 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.

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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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, plant 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.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at the commencement date. These lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate (IBR) is used. The Group uses its incremental borrowing rate for discounting the future lease payments. ORIX Corporation Europe provides quarterly an IBR calculation tool for its subsidiaries after they have reassessed incremental borrowing rates. The rates included in this quarterly publication are mandatory.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost under 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. The Group 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.

Intangible assets and goodwill

Intangibles consist of goodwill and other intangible assets. In accordance with IAS 36, Impairment of Assets, the Group 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. Goodwill and intangible assets with

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indefinite useful lives are tested annually for impairment.

Goodwill
Goodwill represents the difference between the fair value of the acquired assets (including intangible assets) and liabilities, and the purchase price paid (excluding acquisition costs). Goodwill is included in the financial statements at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets
Other intangible assets consist of capitalized software, customer relationships, brand and licenses that are acquired by the Group. Other intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses determined individually for each asset.

The measurement of customer relations, brand assets 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 brand and specific customer relations are finite and are amortized on a straight-line basis over their estimated useful lives, with amortization being charged to the income statement. For specific customer relations acquired in business combinations, their useful life is determined to be indefinite. These relate to closed-ended funds, which are listed vehicles where the Group earns management fees in relation to locked-in capital of investors and are therefore attributed an indefinite useful life.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

The amortization periods are as follows:

Category	Amortization period (in years)
Customer relationships	5-15 years
Brand	7 years
Capitalized software	4 years
Purchased software	5 years

Impairment testing of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU is the greater 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 CGU. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets

Classification
In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment, referred to as the SPPI test, is performed at an instrument level:

A debt instrument is measured at amortized cost or fair value through OCI if it meets both of the following conditions and is not designated as at fair value through profit or loss:
1. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. Its contractual terms give rise on specific dates to cash flows that are solely payments of SPPI on the principal outstanding.

All financial assets not classified as measured at amortized cost or fair value through OCI as described are measured at fair value through profit or loss, including all derivative financial assets.

Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is

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provided to management. The business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Initial recognition based on classification

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through OCI debt instruments, fair value through OCI equity instruments, and/or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group initially measures a financial asset at its fair value plus transaction costs in the case of a financial asset not at fair value through profit or loss with the exception of trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement based on classification

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met and the financial asset not is designated as at fair value through profit and loss:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR). The amortized cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group's financial assets at amortized cost include trade and other receivables and loans to related parties included under 'Other financial assets'.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met and the financial asset not is designated as at fair value through profit and loss:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at fair value.

For debt instruments at fair value through OCI, interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses or reversals are recognized in the income statement. The remaining fair value changes are recognized in OCI. On derecognition, the gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. These financial assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be irrevocably designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Dividends on listed equity investments are also recognized as 'Other net finance income/expense' in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group applies the simplified approach and records lifetime expected losses for trade receivables, contract assets, lease receivables and debt instruments for as far these debt instruments are measured at amortized cost.

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date. It is not expected that the ECL will be significant due to the quality of the financial instruments, the guarantee nature of its receivables and the historical default rate of its receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.
The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Regarding cash and cash equivalents the Group considers that those have a low credit risk based on the external ratings of the counterparties, credit rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-months ECLs are the portion of the ECLs that result from default events that are possible within 12 months after the reporting date or shorter period if the expected life of the financial asset is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is expected to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (the difference between the cash flows due in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at fair value through OCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows on the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that would not be considered otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganization; or

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- The disappearance of an active market for an instrument because of financial difficulties.

Presentation of allowance for ECL in the statement of position
Loan allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at fair value through OCI the loss allowance is charged to profit or loss and is recognized in OCI.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Hedging activities and derivatives

Initial recognition and subsequent measurement
The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and future contracts to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value, and changes therein are generally recognized in the income statement. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

The Group has designated certain derivative financial instruments as net investments for foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Net investment hedges that meet all the qualifying criteria for hedge accounting are accounted for as follows: the effective portion of changes in the fair value of a derivative is recognized in OCI and presented in the translation reserve within equity, while any gains or losses relating to the ineffective portion of the changes are recognized in profit or loss. The amount recognized in OCI is fully or partially reclassified to the income statement as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Fair value measurement
The Group measures financial instruments at fair value. Further information about the assumptions made in measuring fair values is included in the note Fair values of financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as follows:
- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash in hand and highly liquid investments in money market mutual funds. Money market funds are carried at market value based on the reported net asset value per share of the fund. Bank overdrafts are classified as current liabilities.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and highly liquid investments in money market mutual funds as defined above, net of outstanding bank overdrafts.

Equity attributable to owner of the parent company

Equity is accounted for as the residual interest of the Group after deducting all its liabilities. The amount at which equity is shown in the statement of financial position depends on the measurement of assets and liabilities.

Dividend for distribution is recognized as a liability in the period in which it is declared. Dividend declared after the reporting date is not reflected in the 'Consolidated statement of financial position' for the reporting period.

Non-controlling interests are presented as part of total equity attributable to equity holders of the parent, separately from the Group's equity.

Provisions

A provision is recognized when the Group 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.

Restructuring provisions

Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the Group has a detailed formal plan in place regarding the business or part of the business concerned, the location and number of employees affected, a detailed estimate of associated costs and appropriate timeline. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

Onerous contracts

A contract is considered to be an onerous contract if meeting the obligations in a contract results in unavoidable future costs exceeding the future economic benefits to be received under the contract. A provision for onerous contracts will be recognized once unavoidable future costs exceed the future benefits reflecting the difference between costs and benefits. On every reporting date, the necessity of a provision for onerous contracts as well as the amount of the provision for onerous contracts is assessed.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to publicly or privately administered insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Within the Group a defined benefit plan is available for Robeco Schweiz AG employees. The liability or asset recognized in the statement of financial position in respect of the defined benefit pension plan represents the value of the defined benefit obligation at the reporting date less the fair value of plan

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assets. Annually the defined benefit obligation is calculated by independent actuaries using the projected unit credit method. Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Past service costs are recognized in profit or loss on the earlier of
- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under employee benefits expense in the consolidated income statement:
- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Other long-term employee benefits
In addition to fixed annual income, all employees have a variable income component. This depends on the realization of predetermined targets. The job profile of the employees concerned determines the range set for the variable income percentage. In general, if the awarded amount of variable income exceeds a threshold, it is partially paid out over several years.

The Group has a Long-term Incentive Plan for employees. This plan is a cash appreciation rights (R-CARs) plan to which certain employees are eligible. The value of R-CARs is related to the Group's value, which is based on the operating result, conform the audited IFRS-EU financial statements, excluding any write-off or amortization of goodwill related to acquisitions.

R-CARs are vested according to a specific timetable or subject to pre-defined conditions, but generally they mature between one and four years after being granted. Based on the fact that the R-CARs plan is a long-term employee benefit plan, as bonuses are vested and paid more than one year following the period in which they are earned, the projected unit credit method is applied for accounting purposes. The accrued cost is based on a straight-line allocation of the total expected amount of the benefit over the vesting period. R-CARs are recognized in the income statement after being granted to key employees. As per reporting date, the recognized liability related to R-CARs is based on the latest estimate of future profits.

R-CARs that have been awarded, but have not yet vested, generate a yield in cash of 5% of the basic value per year. Vested R-CARs do not generate any yield.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments, as appropriate.

Financial liabilities are measured initially at their fair value, netting their directly attributable transaction costs. The Group's financial liabilities include trade and other payables, financial guarantee contracts and derivative financial instruments.

Liabilities maturing in less than 12 months from the date of the consolidated statement of financial position are classified as current, while those with longer maturity periods are classified as non-current.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

The amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

Trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method. Trade and other payables are expected by the Group to be settled within one year.

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First time of adoption of IFRS

These financial statements, for the year ended 31 December 2023, are the first Robeco Holding has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2022, the Group prepared its financial statements in accordance with Part 9 Book 2 of Dutch Civil Code.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2023, together with the comparative period data for the year ended 31 December 2022, as described in the summary of material accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022, the Group's date of transition to IFRS.

Consolidated financial statements were not part of the 2022 financial statements of the Robeco Holding B.V., since the exemption under Section 408 of the Dutch Civil Code was used. Therefore a reconciliation with consolidated financial statements cannot be made.

Exemptions applied

IFRS 1 allows first-time adopters exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2022. Use of this exemption means that the Dutch GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognize any assets or liabilities that were not recognized under the Dutch GAAP or exclude any previously recognized amounts as a result of IFRS recognition requirements. IFRS 1.C1, IFRS 1.C4(b)-(f). IFRS 1 also requires that the Dutch GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognized on goodwill at 1 January 2022.
- The Group has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

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1. Revenues

EUR x million	2023	2022
Management fees	734.4	780.5
Performance fees	24.2	25.5
Other asset management related fees	7.2	15.7
Other	2.5	2.4
Total	**768.3**	**824.1**

Management fees represent management fees, advisory fees and service fees. Performance fees are fees receivable upon realization of predefined performance standards such as the performance of a fund's investments. Other asset management related fees relate to retail clients.

The decrease of management fees relates to lower average Assets under Management in 2023 compared with 2022. The decrease in other asset management related fees is caused by the transfer of Robeco's online distribution platform for investment services to Van Lanschot Kempen effected on 1 July 2023. See note 12. Sale of business for further information.

Contract balances

Trade receivables are non-interest bearing and are generally on payment terms of up to 30 days (see note 17. Trade and other receivables). In 2023 and 2022 no provision was recognized for expected credit losses on trade receivables due to the guaranteed nature of receivables and the default rate of those receivables.

No contract assets were recognized, as no significant upfront costs were incurred and no revenue was recognized in the reporting period from performance obligations satisfied in previous years, or (partially) satisfied in previous periods.

No contract liabilities were recognized, as no significant upfront fees that relate to future services were received from customers. Additionally, no revenue that was included in the contract liability balance at the beginning of the period was recognized in the reporting period.

2. Distribution and subadvisory costs

EUR x million	2023	2022
Distribution costs	145.5	160.4
Subadvisory costs	49.5	57.9
Total	**195.0**	**218.3**

Distribution costs include trailer fees, one-off distribution expenses and transfer agency fees. Subadvisory costs include advisory fees payable to related and third parties.

3. Other income

Other income consist of revenues on charged costs, these mainly represents services provided to OCE.

4. Employee benefits expense

EUR x million	2023	2022
Wages and salaries	182.0	180.7
Social security costs	14.3	13.8
Pension costs defined contribution plan	17.2	21.9
Pension costs defined benefit plan	2.1	2.1
Other staff costs	23.1	16.3
Total	**238.7**	**234.8**

Expressed in full-time equivalents (FTE) the average number of employees in 2023 was 1,010 FTE's (2022: 981 FTE's).

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

Average FTE's	2023	2022
Netherlands	726	704
Rest of Europe	163	156
United States	17	17
Asia, Middle East and Australia	104	104
Other	-	-
Total	**1,010**	**981**

5. Depreciation and amortization

EUR x million	2023	2022
Depreciation of Property, plant and equipment owned	2.9	2.6
Depreciation of right-of-use assets	10.6	10.3
Amortization of intangible assets	0.5	0.5
Total	**14.0**	**13.4**

6. Other expenses

EUR x million	2023	2022
Fund-related costs	52.7	53.1
Information technology	43.8	39.7
Temporary staff	30.7	33.5
Market data	22.7	19.7
Marketing	12.7	15.5
Travel and accommodation	6.1	5.0
Housing and furniture	5.5	4.5
Recruitment and courses	5.2	3.7
Advisory	4.7	3.5
Audit costs	3.2	2.5
Other	9.5	6.8
Total	**196.8**	**187.5**

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

EUR x million	2023	2022
Audit financial statements	1.2	0.9
Other audit engagements	1.3	1.0
Other non-audit services	0.7	0.6
Total audit costs	**3.2**	**2.5**

7. Net finance income and expense

EUR x million	2023	2022
Interest income		
Interest income on financial instruments at fair value through profit or loss	0.8	0.4
Other interest income	3.2	0.6
	4.0	**1.0**
Interest expense		
Negative interest on cash at banks	-	-1.8
Interest on lease liabilities	-0.5	-0.5
	-0.5	**-2.3**
Other net finance income/expense		
Net gains/(losses) on financial instruments at fair value through profit or loss	10.7	-14.6
Net gains/(losses) on derivative financial instruments	-5.6	10.8
Foreign exchange rate differences	-4.4	0.7
Dividend income	0.7	0.8
	1.4	**-2.3**
Total net finance income and expense	**4.9**	**-3.6**

8. Income tax expense

Income tax recognized in the consolidated income statement and the consolidated statement of comprehensive income consists of:

EUR x million	Notes	2023	2022
Current income tax			
Current year		36.1	38.7
Prior-year adjustments		1.5	-1.7
Total		37.6	37.0
Deferred income tax expense/income			
Temporary differences	16	0.3	3.0
Carry forward tax losses	16	-2.4	2.6
Net income tax expense at effective income tax rate		**35.5**	**42.6**

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The income tax previous financial years relates to differences in prior year tax filings of EUR 0.6 million in 2023 (2022: EUR -1.7 million). The 2021 and 2022 expenses to support distribution in China are marked as non-deductible costs in 2023, amounting to EUR 0.9 million, as a result of changes in the distribution organization in China and Hong Kong.

Under temporary differences an amount of EUR -2.7 million is recognized in 2023 related to carry forward tax losses for Robeco Australia, since future tax profits are expected.

Reconciliation between the net income tax expense and the result before tax for the years ended 31 December 2023 and 2022 is shown below.

EUR x million	2023	2022
Result before tax	**149.4**	**169.1**
Tax at statutory tax rate in the Netherlands	38.5	43.6
Difference in tax rates for foreign operations	-2.1	-3.6
Local taxes	0.3	1.2
Non-deductible costs and other non-taxable income items	1.0	0.6
Tax effects of recognition of carry forward tax losses	-4.4	0.7
Tax effects of unrecognized carry forward tax losses	0.8	1.2
Other movements in deferred income tax position	-0.1	0.6
Income tax previous financial years	1.5	-1.7
Tax on result	**35.5**	**42.6**
Effective tax rate	23.8%	25.2%
Statutory tax rate in the Netherlands	25.8%	25.8%

The difference in statutory tax rate applicable in the Netherlands (25.8%) and the effective tax rate (23.8%) is mainly caused by taxable income outside The Netherlands in different tax jurisdictions with their own tax rates, effect of carried forward losses and non-deductible costs. The non-deductible costs include expenses to support the set-up of distribution opportunities in China and Japan.

Pillar Two top-up income tax expense

The Group operates in countries that have enacted new legislation to implement the global minimum top-up tax. The Group has low-taxed operations in the United Arab Emirates via its Middle-East RIAM branch which consists of a team that is active in and responsible for the sales activities of the Group in the Middle East region. The Group however does not expect to be subject to the top-up tax in relation to its low-taxed operations in the United Arab Emirates. Because Japan, the country of residence of the Ultimate Parent Entity, is one of the countries that has enacted the legislation to implement the global minimum top-up tax and the United Arab Emirates have not done so. As a result, any top-up tax resulting from the operations in Dubai is to be levied by the Ultimate Parent Entity of the Group, being ORIX Corporation in Japan.

Furthermore, since the newly enacted tax legislation is only effective from 1 January 2024 in the relevant jurisdictions, there is no current tax impact for the year ended 31 December 2023 and 2022. Moreover, the Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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9. Property, plant and equipment

EUR x million	2023	2022
Property, plant and equipment owned	7.9	8.8
Right-of-use assets	30.2	33.9
Total property, plant and equipment	**38.1**	**42.7**

Movements in property, plant and equipment owned were as follows:

EUR x million	Office alterations		Furniture and IT hardware		Art objects		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Cost at 1 January, net of accumulated depreciation and impairment	**6.1**	**5.0**	**2.3**	**1.9**	**0.4**	**0.4**	**8.8**	**7.3**
Additions	0.5	2.5	1.4	1.7	-	-	1.9	4.2
Disposals	-	-0.1	-	-0.4	-	-	-	-0.5
Cumulative depreciation disposals	-	0.1	0.1	0.3	-	-	0.1	0.4
Impairments	-	-	-	-	-	-	-	-
Depreciation	-1.7	-1.4	-1.2	-1.2	-	-	-2.9	-2.6
Foreign exchange differences	0.0	0.0	0.0	0.0	-	-	0.0	0.0
Net carrying amount at 31 December	**4.9**	**6.1**	**2.6**	**2.3**	**0.4**	**0.4**	**7.9**	**8.8**
At 31 December								
Cost	22.3	21.4	12.6	11.2	0.4	0.4	35.3	33.0
Accumulated depreciation and impairment	-17.4	-15.3	-10.0	-8.9	-	-	-27.4	-24.2
Net carrying amount at 31 December	**4.9**	**6.1**	**2.6**	**2.3**	**0.4**	**0.4**	**7.9**	**8.8**

10. Leased property, plant and equipment

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

The carrying amounts of right-of-use assets recognized and the movements during the period:

EUR x million	Office buildings		Vehicles		Total	
	2023	2022	2023	2022	2023	2022
Cost at 1 January, net of accumulated depreciation and impairment	**31.9**	**32.0**	**2.0**	**2.0**	**33.9**	**34.0**
Additions	6.1	9.1	1.5	0.9	7.6	10.0
Disposals	-0.5	-	-0.2	-	-0.7	-
Depreciation	-9.7	-9.4	-0.9	-0.9	-10.6	-10.3
Foreign exchange differences	0.0	0.2	-	-	0.0	0.2
Net carrying amount at 31 December	**27.8**	**31.9**	**2.4**	**2.0**	**30.2**	**33.9**

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The Group leases various offices and equipment. Office 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. Extension and termination options are included in several lease agreements across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the lease payments made in the current year were optional.

The Group's obligations under its leases are generally secured by the lessor's title to the leased assets. The Group also has certain leases with lease terms of 12 months or less and leases with low value. None of the lease payments made in the current year were optional.

The Group applies the short-term and low-value lease recognition exemption. 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. Low-value assets comprise IT-equipment and small items of office furniture.

Lease liabilities

The contractual undiscounted cash flows, maturity profile and carrying amounts of the lease liabilities:

EUR x million	2023	2022
Contractual undiscounted cash flows maturity analysis at 31 December		
Less than 1 year	10.8	9.8
Between 1 and 5 years	21.1	23.8
Over 5 years	0.3	0.9
Total contractual cash flows	**32.2**	**34.5**
Carrying amount at 31 December		
Current	10.3	9.3
Non-current	20.7	24.2
Total	**31.0**	**33.5**

Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

EUR x million	2023	2022
Depreciation expense of right-of-use assets	-10.6	-10.3
Interest on lease liabilities	-0.5	-0.5
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets	-0.4	-0.4
Total amount recognized in income statement	**-11.5**	**-11.2**

The Group had total cash outflows for leases of EUR 9.6 million in 2023 (EUR11.4 million in 2022).

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11. Intangible assets and goodwill

Movements in intangible assets were as follows:

EUR x million	Goodwill		IT software		Total	
	2023	2022	2023	2022	2023	2022
Cost at 1 January, net of accumulated depreciation and impairment	**104.8**	**99.4**	**1.4**	**1.1**	**106.2**	**100.5**
Additions	-	-	-	0.8	-	0.8
Disposals	-0.9	-	-	-0.3	-0.9	-0.3
Cumulative amortization disposals	-	-	-	0.3	-	0.3
Amortization	-	-	-0.5	-0.5	-0.5	-0.5
Foreign exchange differences	5.6	5.4	0.1	0.0	5.7	5.4
Net carrying amount at 31 December	**109.5**	**104.8**	**1.0**	**1.4**	**110.5**	**106.2**
At 31 December						
Cost	**109.5**	**104.8**	**4.0**	**3.8**	**113.5**	**108.6**
Accumulated amortization and impairment	-	-	-3.0	-2.4	-3.0	-2.4
Net carrying amount at 31 December	**109.5**	**104.8**	**1.0**	**1.4**	**110.5**	**106.2**

Goodwill represents expected synergies resulting from the acquisition of RobecoSAM A.G. in 2007.

There are no accumulated impairments at 31 December 2023 and 31 December 2022.

Amortization

The amortization on other intangible assets is included in item Depreciation and amortization in the consolidated income statement.

Impairment testing

Each year the Group performs an impairment test on the recognized goodwill related to the acquired group company Robeco Schweiz AG and assesses whether there are indications of impairment of other identified intangibles. The goodwill has been allocated to the relevant cash-generating unit 'Robeco'.

The total carrying amount of the cash-generating unit (CGU) 'Robeco' as at 31 December 2023 amounted to EUR 439.4 million (2022: EUR 446.4 million), of which EUR 109.5 million (2022: EUR 104.8 million) related to goodwill. The decrease in the carrying amount of the CGU is mainly due to lower gross margins.

In December 2023 the Group carried out its annual impairment test on the goodwill arising from acquisitions in the current and prior years. To determine whether an impairment is necessary, the recoverable amount of the CGUs is compared with its carrying amount. The recoverable amount of the CGU was determined on the basis of a value-in-use calculation using cash flow projection from the financial forecast approved by senior management covering a five-year period. This cash flow projection is discounted by a pretax discount rate. Cash flows beyond the five-year period were extrapolated using long-term average growth rate in line with the expected long-term average growth rate for the underlying business.

The annual test of goodwill was performed on the operating segments to which the goodwill is allocated by management: Robeco, these being the lowest level of CGUs as defined by management.

Key parameters impairment model	2023	2022
Discount rate before tax %	13.0	12.8
Growth rate in period %	1.3	1.2
Carrying amount CGU in EUR x million	439.4	446.4

The calculation of value in use for the CGU is most sensitive to the following assumptions:

1. Earnings before interest and taxes (EBIT)

EBIT is derived from projections based on management's most recent view of the long-term outlook. In order to forecast beyond the five-year period into perpetuity, a long-term average growth rate has been used.

2. Discount rates

Discount rates reflect management's estimate of the risks specific to the unit. The weighted average cost of capital is determined using the yield on a long-term risk-free government bond as at 31 October 2023, adjusted for a market risk premium and multiplied by a relevant beta coefficient.

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3. Long-term average growth rate
Rate is based on the average growth rate in Real Gross Domestic Product for the next five-year period in the territory or territories in which the revenues are generated, as published by an independent external party.

Regarding the assessment of the value in use of the cash-generating unit, management believes that no probable change in any of the above key assumptions would result in the carrying amount of the unit materially exceeding its recoverable amount.

12. Sale of business

In February 2023, Robeco and Van Lanschot Kempen (VLK) signed an agreement for a strategic partnership including the transfer of Robeco's online distribution platform for investment services to VLK. The partnership fits in with Robeco's strategic focus on its core business in the Dutch and global wholesale and institutional markets. Robeco's clients retained their current investments under the same conditions at VLK, Robeco's investments funds remain available to clients through VLK's distribution platform Evi Van Lanschot. The agreement was closed on 1 July 2023 at a purchase price of EUR 20 million. On this date all the assets and liabilities of Robeco Retail were transferred to VLK, among others client contracts, supplier contracts, intellectual property rights, and Robeco Retail employees.

The related part of goodwill amounted EUR 0.9 million and is disposed in 2023, see note 11. Intangible assets and goodwill. Direct costs related to this transaction amounted to EUR 1.6 million, and includes costs of external advisors.

13. Investments accounted for under the equity method

Investment in associates

The Group had a 37.5% interest in Asia Climate Partners General Partner Ltd. which acted as the general partner for the Asia Climate Partners L.P. who provided global strategic and financial investors an opportunity to participate in the clean energy, resource efficiency and environmental industry sectors in Asia. This interest was liquidated on 27 December 2023.

The table below shows the summarized information of the investment.

EUR x million	2023	2022
Share of associate's statement of financial position:		
Non-current assets	-	-
Current assets	-	0.4
Non-current liabilities	-	-
Current liabilities	-	0.0
Net assets	**-**	**0.4**
Carrying amount of investments	**-**	**0.4**
Share of associate's revenue and result:		
Revenue	-	0.0
Result on associates owned as at 31 December	**-**	**-0.2**

As per 31 December 2022, the Group did not consider events that may be expected to occur in the future as objective evidence and consequently they were not used as a basis for concluding that the associates are impaired.

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14. Financial assets

EUR x million	2023	2022	2021
Non-current financial assets			
Equity securities mandatorily at fair value through profit or loss	77.3	74.7	110.3
Corporate debt securities mandatorily at fair value through profit or loss	17.3	16.7	-
Sovereign debt securities mandatorily at fair value through profit or loss	6.8	1.7	-
	101.4	**93.1**	**110.3**
Current financial assets			
Derivatives contracts used for hedging	1.7	3.2	0.7
Loans to related parties at amortized cost	0.2	0.2	5.7
	1.9	**3.4**	**6.4**

The Group has temporary capital investments in several managed funds. With regard to some of these funds, the Group is the majority shareholder and therefore consolidates these funds in the financial statements of the Group (see note 28. Related parties for further details). Consolidation of these funds leads to an additional added amount on debt securities of EUR 24.1 million (2022: EUR 18.4 million), a decrease in equity securities of EUR 17.7 million (2022: EUR 10.4 million), derivative financial instruments with a total notional amount of EUR 38.9 million and a positive fair value of EUR 0.2 million (2022: EUR 0.3 million), cash of EUR 1.0 million (2022: EUR 0.8 million) and other items of EUR 1.1 million (2022: EUR 1.1 million) being recognized in 2023. A corresponding amount of EUR 8.7 million (2022: EUR 10.2 million) is recorded as non-controlling interest.

15. Derivatives

EUR x million	Asset			Liability			Contract amount		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
At 31 December									
Forward currency - net investment hedging	0.5	-	-	1.5	0.8	0.9	178.9	145.3	145.4
Total derivatives used for hedge accounting purposes	**0.5**	**-**	**-**	**1.5**	**0.8**	**0.9**	**178.9**	**145.3**	**145.4**
Forward currency - fair value hedging	0.9	1.4	0.5	0.2	0.2	0.0	123.1	87.4	70.3
Credit derivatives - fair value hedging	0.1	0.0	-	0.0	0.0	-	3.0	1.7	-
Interest rate swaps – fair value hedging	0.0	-	-	0.0	-	-	1.1	0.2	-
Future contracts - fair value hedging	0.2	1.8	0.2	2.6	0.2	0.9	2.8	2.0	1.1
Total other derivatives	**1.2**	**3.2**	**0.7**	**2.8**	**0.4**	**0.9**	**130.0**	**91.3**	**71.4**
Total derivatives recognized in statement of financial position	**1.7**	**3.2**	**0.7**	**4.3**	**1.2**	**1.8**			

The Group hedges foreign currency conversion risk of net investments in foreign entities using forward currency contracts. At 31 December 2023, forward contracts with a notional amount of EUR 178.9 million (2022: EUR 145.3 million) and a net negative fair value of EUR 1.0 million (2022: negative fair value of EUR 0.8 million) were designated as net investment hedges. This resulted in an exchange loss of EUR 4.0 million for 2023 (2022: loss of EUR 6.8 million) that was taken to other comprehensive income to offset the change in the value of foreign investments also due to changes in foreign currency rates. There was no hedge ineffectiveness in the years ended at 31 December 2023 and 2022.

For the managed funds, the Group temporarily invested capital at the time of their inception in the local manager's currency, if needed. The Group used forward currency contracts with a notional amount of EUR 123.1 million (2022: EUR 87.4 million), interest rate swaps and credit derivatives with a notional amount of EUR 4.1 million (2022: EUR 1.9 million) and future contracts with a notional amount of EUR 2.8 million (2022: EUR 2.0 million) to hedge the currency exposure, interest rate exposure and equity exposure resulting from these investments. The Group does not apply hedge accounting for these derivatives.

The table above provides the notional amounts and the positive and negative fair values of the Group's derivative transactions. All derivatives are held for hedge purposes.

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16. Tax assets and liabilities

EUR x million

	At 1 January 2023	Changes				At 31 December 2023
		Initial recognition	Income statement	Equity	Tax rate adjustments	
Deferred tax assets						
Net operating losses	6.5	-	2.4	-	-	8.9
Intangible assets	3.9	-	-0.2	-	-	3.7
Lease contract	1.1	-	-0.3	-	-	0.8
Pensions	0.1	-	-	-	-	0.1
Other employee benefits	2.7	-	-0.3	-	-	2.4
Lease liabilities	0.7	6.3	-0.1	-	-	6.9
Other	0.4	-	-0.1	-	-	0.3
Total before offsetting	**15.4**	**6.3**	**1.4**	**-**	**-**	**23.1**
Offsetting deferred tax assets	-4.8					-10.7
Total after offsetting	**10.6**					**12.4**
Deferred tax liabilities						
Employee benefits	4.2	-	-0.4	-	-	3.8
Right of use assets	0.6	6.3	-0.2	-	-	6.7
Pensions	0.1	-	-0.1	0.2	-	0.2
Total before offsetting	**4.9**	**6.3**	**-0.7**	**0.2**	**-**	**10.7**
Offsetting deferred tax liabilities	-4.8					-10.7
Total after offsetting	**0.1**					**0.0**

	At 1 January 2022	Changes				At 31 December 2022
		Initial recognition	Income statement	Equity	Tax rate adjustments	
Deferred tax assets						
Net operating losses	9.1	-	-2.6	-	-	6.5
Intangible assets	5.3	-	-1.4	-	-	3.9
Provisions	2.0	-	-2.0	-	-	-
Lease contract	1.4	-	-0.3	-	-	1.1
Pensions	0.1	-	-	-	-	0.1
Other employee benefits	2.7	-	-0.1	-	0.1	2.7
Lease liabilities	0.9	-	-0.2	-	-	0.7
Other	0.1	-	0.3	-	-	0.4
Total before offsetting	**21.6**	**-**	**-6.3**	**-**	**0.1**	**15.4**
Offsetting deferred tax assets	-5.2					-4.8
Total after offsetting	**16.4**					**10.6**
Deferred tax liabilities						
Employee benefits	4.5	-	-0.3	-	-	4.2
Right of use assets	0.9	-	-0.3	-	-	0.6
Pensions	-0.1	-	-0.1	0.3	-	0.1
Total before offsetting	**5.3**	**-**	**-0.7**	**0.3**	**-**	**4.9**
Offsetting deferred tax liabilities	-5.2					-4.8
Total after offsetting	**0.1**					**0.1**

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Unrecognized deferred tax assets

In 2023 we recognized a deferred tax asset of EUR 2.7 million related to carry forward tax losses for Robeco Australia, since future tax profits are expected. The remaining carry-forward of net operating losses relates to other subsidiaries. Deferred tax assets were not recognized in the carry-forward of net operating losses of EUR 9.0 million (2022: EUR 21.3 million, of which EUR 11.4 million related to Robeco Australia).

The deferred tax assets include an amount of EUR 3.4 million (2022: EUR 3.9 million) as a result of the merger of RIAM with Robeco Luxembourg in 2021 and this amount will be amortized in 10 years.

Recognition of deferred taxes on carry forward of net operating losses is based on management's judgment to the extent that the taxable profits are expected to arise in the future within the legal period for loss compensation. Management's judgment is based on profit forecasts which are based on a maximum time frame within which the strategy is established and approved. The profit forecasts indicate that it is probable that there will be future taxable profits against which the assets can be utilized.

Current tax assets and liabilities

Current tax receivable consists of corporate income tax of EUR 2.3 million (2022: EUR 3.9 million). The current tax payable consists of corporate income tax of EUR 4.8 million (2022: EUR 2.7 million). Income tax receivable and payable are not netted, as the Group has locations in different tax jurisdictions.

17. Trade and other receivables

EUR x million	2023	2022	2021
Trade receivables	61.5	60.0	76.2
Accrued income	45.9	40.9	30.6
Prepayments	16.2	15.1	15.6
Balances due from brokers	11.3	2.6	4.4
Balances due from related parties	2.2	1.0	2.5
VAT receivable	0.6	5.0	0.7
Other	2.8	3.7	11.4
Total	**140.5**	**128.3**	**141.4**

Trade receivables mainly relates to fees from funds, which are collected without invoicing. Accrued income includes items yet to be invoiced, such as management, performance and service fees. The fair value of the trade and other receivables approximates the carrying amount due to their short-term character. No allowance for credit losses is recognized, these items have no history of non-performance.

18. Other financial assets

Other financial assets comprises the positive fair value of derivatives and short term loans see note 14. Financial assets under Current financial assets.

19. Cash and cash equivalents

EUR x million	2023	2022
Cash at banks and in hand	216.0	298.4
Short term deposits (cash equivalent)	19.3	-
Investments in money market funds	40.4	10.0
Total	**275.7**	**308.4**
Bank overdraft	-19.3	-3.9
Cash and cash equivalents in consolidated statement of cash flows	*256.3*	*304.5*

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To satisfy regulatory liquidity requirements of local supervisory bodies, the Group held EUR 36.9 million cash at banks as per 31 December 2023 (31 December 2022: EUR 30.8 million), which is therefore restricted.

Robeco Holding B.V. and Robeco Nederland B.V. operate a cash pool with a bank. In the cash pooling arrangement, both companies have own bank accounts, where the bank has a legal right of offset. Individual bank accounts in this cash pool have positive cash positions and others have overdrafts. The Group manages the pooling arrangement on a net basis and there is no overdraft possible at total cash pool level. For balance sheet presentation purposes, the Group has determined that it does not satisfy the conditions in IAS 32 Financial Instruments: Presentation that are necessary to present the cash and overdraft positions on a net basis in the balance sheets.

20. Equity attributable to owner of the parent company

The share capital amounts to EUR 2 (2022: EUR 2), consisting of 2 shares with a nominal value of EUR 1 each, which is paid in full. The number of shares has not changed.

Shareholders are entitled to vote on a one-vote-per-share basis at the Company's shareholder meetings. In accordance with the proposal in the Company Annual Report 2022 (prepared in accordance with Dutch GAAP) a dividend equal to the net profit over 2022 of EUR 122.8 million is paid in May 2023 to the shareholder. In June 2022 an amount of EUR 238.9 million is paid as dividend consisting of the net profit over 2021 of EUR 173.3 and EUR 65.6 million from the reserves.

Capital management

The primary objective when managing capital is to monitor compliance with regulatory capital requirements of the Group and of its direct and indirect subsidiaries. Capital requirements are calculated and monitored per subsidiary, based on the applicable rules and regulations which differ per jurisdiction. Robeco's Risk Management department prepares quarterly reports to the ERMC (Enterprise Risk Management Committee) in which the risk capital per Robeco entity is compared to its available capital. For the Robeco Holding's largest subsidiaries RIAM, Robeco Switzerland and Robeco Hong Kong the relevant risks for capital (and liquidity) requirements are identified and re-assessed on annual basis in relation to the risk appetite statement and considering the implemented mitigating controls. In 2023, the capital requirements were met for each Robeco entity, at each relevant reporting date.

21. Non-controlling interests

The total non-controlling interest as at 31 December 2023 amounted to EUR 8.7 million (2022: EUR 10.2 million), this relates to investment funds managed by the Group in which the Group holds an interest and are consolidated in the financial statements. See paragraph 'Consolidation' under material accounting judgments and estimates.

Movements in this item were as follows:

EUR x million	2023	2022
Balances at 1 January	**10.2**	**11.9**
Net result for the financial year	1.0	-1.9
Change in third party assets and liabilities	-2.5	0.2
Balance at 31 December	**8.7**	**10.2**

22. Provisions

The maturity and amounts of the provisions are based on management's best estimate. Non-current provisions consist of the following items.

EUR x million	2023	2022	2021
Reinstatement of leased property	1.4	1.4	1.4
Possible loss of income	1.6	1.6	1.6
Robeco Retail	-	-	10.3
Restructuring	-	-	0.4
Total	**3.0**	**3.0**	**13.7**
Non-current	*3.0*	*3.0*	*3.0*
Current	-	-	*10.7*

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Reinstatement of leased property

The Group had a lease agreement with contractual obligations to return the property in its original condition. The Group recognized a provision for reinstatement costs in 2015. The provision was measured at the expected costs to be incurred to return the property to the lessor in its original state at the end of the lease. As per 31 December 2023 no amounts were used.

Possible loss of income

The provision relates to the Group's estimate of the potential reimbursement to a particular group of clients for loss of income. Whether the Group will have to pay this reimbursement and the amount thereof is dependent on the outcome of certain legal proceedings to which the Group is not directly a party. As per 31 December 2023 no amounts were used.

Robeco Retail

In April 2022, Robeco fully completed the improvement of the processes in relation to the Dutch Money Laundering and Terrorist Financing (Prevention) Act and Sanctions Act in Robeco Retail, Robeco's on-line execution-only platform, as requested by the AFM in 2020. In connection to this matter, the AFM has imposed an administrative fine of EUR 2 million on 31 March 2022, which was included in the other provisions end of 2021 and paid in 2022. The Group has added EUR 0.6 million to this provision in 2022 related to exiting the Roparco savings product in October 2022.

Both projects are finished. Total usage in 2022 relating to the other provision was EUR 10.4 million and EUR 0.5 million was released in 2022.

Restructuring

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. Final payments of EUR 0.2 million took place in 2022 and EUR 0.2 million was released.

In 2023 there were no movements in provisions, movements in 2022 were as follows:

EUR x million	Re-instatement of leased property	Possible loss of income	Robeco Retail	Re-structuring	Total
Balances at 1 January 2022	**1.4**	**1.6**	**10.3**	**0.4**	**13.7**
Unused amounts reversed	-	-	-0.5	-0.2	-0.7
Arising during the year	-	-	0.6	-0.2	0.4
Utilized	-	-	-10.4	-	-10.4
Balance at 31 December 2022	**1.4**	**1.6**	**-**	**-**	**3.0**

23. Employee benefits

EUR x million	2023	2022	2021
Pension assets	-1.1	-0.4	-
Other employee benefits non-current	18.7	22.2	24.4
Pension liability	-	-	0.6
Total	17.6	21.8	25.0

Other employee benefits consist mainly of long-term liabilities relating to R-CARs, a long-term incentive plan and employees' deferred variable income. The pension asset/liability relates to the pension scheme for employees of Robeco Schweiz AG, which qualifies as a defined benefit plan.

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Defined benefit obligation

The amounts recognized as pension assets in the statement of financial position are determined as follows (note that there are potential reconciliation differences due to rounding):

EUR x million	2023	2022
Defined benefit obligation	-33.8	-30.0
Fair value of plan assets	34.9	30.4
Net liability	**1.1**	**0.4**

Movements in the asset/liability recognized in the statement of financial position were as follows:

EUR x million	2023	2022
Balances at 1 January	**0.4**	**-0.6**
Total Group expense	-1.8	-1.8
Actual employer contributions	1.6	1.4
Remeasurements recognized in OCI	0.9	1.4
Balance at 31 December	**1.1**	**0.4**

Movements in the defined benefit obligation were as follows:

EUR x million	2023	2022
Balances at 1 January	**30.0**	**26.6**
Net service cost	1.8	1.8
Interest expense	0.7	0.1
Benefits deposited/paid	-1.7	3.0
Contributions by participants	0.9	0.8
Actuarial gains and losses	0.5	-3.7
Foreign exchange differences	1.6	1.4
Balance at 31 December	**33.8**	**30.0**

Movements in the fair value of the plan assets were as follows:

EUR x million	2023	2022
Balances at 1 January	**30.4**	**25.9**
Actual return on plan assets	1.4	-2.3
Interest income	0.7	0.1
Actual employer contributions	1.6	1.5
Contributions by participants	0.9	0.8
Benefits deposited/paid	-1.7	3.0
Foreign exchange differences	1.6	1.4
Balance at 31 December	**34.9**	**30.4**

The amounts recognized in the income statement are as follows:

EUR x million	2023	2022
Service costs	1.8	1.8
Net interest on the net Defined benefit liability/(asset)	-	-
Employee benefits expense	**1.8**	**1.8**

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Plan assets

Plan assets comprise the following plan assets classes:

EUR x million	2023	2022
Quoted market price		
Cash and cash equivalents	1.5	2.5
Equity instruments	8.2	6.8
Debt instruments (e.g. bonds)	11.8	8.7
Real estate	2.7	2.1
Derivatives	-	-0.7
Investment funds	3.1	4.6
Others	1.4	1.2
	28.7	**25.2**
Non-quoted market price		
Cash and cash equivalents	-	-
Equity instruments	0.6	0.7
Debt instruments (e.g. bonds)	2.1	1.4
Real estate	3.5	3.1
	6.2	**5.2**
Total plan assets at fair value	**34.9**	**30.4**

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023	2022
Discount rate	1.45%	2.10%
Interest rate for projecting savings capital	1.45%	2.10%
Long-term expected rate of salary increase	1.50%	1.50%
Rate of pension increase	0.00%	0.00%
Disability rates	85% of BVG 2020	85% of BVG 2020
Retiring age	65 for both men and women	65 for men and 64 for women

Sensitivity analysis

	2023	2022
DBO at 31 December with DR -0,25%	35.2	31.1
DBO at 31 December with DR +0,25%	32.6	29.0
DBO at 31 December with IR -0,25%	33.3	29.6
DBO at 31 December with IR +0,25%	34.4	30.4
DBO at 31 December with SI -0,25%	33.8	29.9
DBO at 31 December with SI +0,25%	33.9	30.0
DBO at 31 December with life expectancy +1 year	34.3	30.3
DBO at 31 December with life expectancy -1 year	33.4	29.6
SC of next year with DR +0,25%	1.8	1.6
SC of next year with IR +0,25%	1.9	1.7

Legend

DBO = Defined Benefit Obligation
SC = Service costs (employer)
DR = Discount Rate
IR = Interest Rate on retirement savings capital
SI = Future salary increases

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24. Financial liabilities

EUR x million	2023	2022	2021
Forward exchange contracts used for hedging	1.7	1.0	0.9
Future contracts used for hedging	2.6	0.2	0.9
Interest rate contracts used for hedging	0.0	-	-
Total	4.3	1.2	1.8

The Group holds certain derivative positions to hedge the foreign exchange risk, market risk and interest rate risk resulting from the Group's seeding positions.

25. Trade and other payables

EUR x million	2023	2022	2021
Creditors	2.1	1.0	2.3
Employee benefits obligation	78.4	80.9	85.0
Accrued expenses payable	55.2	63.6	78.0
Payables to related parties	5.3	14.0	8.1
Social security Tax	8.0	8.0	6.2
Balances due to brokers	-	1.4	-
VAT payable	4.0	2.9	1.8
Other non-financial liabilities	1.7	2.4	3.0
Total	154.7	174.2	184.4

Employee benefits obligation includes EUR 0.4 million (2022: EUR 0.5 million) related to pension arrangements which qualify as defined contribution plans.

Employee benefits obligation consist mainly of short-term liabilities relating to R-CARs, an incentive plan, employees' deferred variable income and current year incentive liabilities.

26. Contingent assets and liabilities

Contingent assets

The amount of accrued carried interest, which is not yet distributed by the Investee Funds, is to be marked as a contingent asset of EUR 5.3 million as per 31 December 2023 (as per 31 December 2022: EUR 3.4 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.

On 21 April 2022, the Belgian High Court ruled that Belgium is not entitled to levy Belgian subscription tax for the Dutch Robeco Investment funds registered and distributed in Belgium. The ruling of the Belgian High Court applies to the assessment years 2008-2014.

For the tax assessment years after 2014 refunds have been filed to reclaim back the Belgian annual subscription tax of EUR 0.4 million for Dutch Robeco investment funds. It remains uncertain whether these will be granted to the Company. Given the uncertain outcome of the legal proceedings this reclaim is marked as a contingent asset.

Commitments

Future minimum payments for IT services are as follows:

EUR x million	2023	2022
Less than one year	22.3	25.9
Between one and five years	32.8	41.2
More than five years	-	-
Total	55.1	67.1

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Employee benefits
Up to and including 2023, the Group has awarded Cash Appreciation Rights (R-CARs) as part of its Long-Term Incentives to a number of employees. They constitute a future cash entitlement, depending on the respective value and profitability of the Group. The entitlement is subject to certain vesting requirements. The total amount consists of the notional value of R-CARs awarded as part of the long-term incentive plan, as well as the notional value of R-CARs resulting from a mandatory conversion of deferred cash compensation. The notional value amounted to EUR 33.9 million at 31 December 2023 (31 December 2022: EUR 46.9 million).

Capital commitments
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 Group has issued a guarantee in which the Group commits itself to cover the credit default risk relating to the collection accounts of Stichting Robeco Funds.

Investments
Robeco Holding B.V. has at 31 December 2023 a fund commitment of EUR 10.0 million (31 December 2022: EUR 10.0 million) to Stafford European Private Equity V CV (SEPE V) fund (formally known as Robeco Private Equity European Mid Market IV C.V.) of which at 31 December 2023 a total of EUR 9.6 million (2022: EUR 9.3 million) has been drawn down.

Guarantees
The Group has irrevocable credit facilities related to guarantees of EUR 0.2 million (2022: EUR 0.6 million).

Fiscal unity
The Dutch Robeco companies are part of a corporate income tax group headed by ORIX Corporation Europe N.V. and a VAT group headed by Robeco Nederland B.V. (which also includes ORIX Corporation Europe N.V. and other Dutch entities held by ORIX Corporation Europe N.V.). As a result there is a jointly and severally responsibility for Dutch Robeco companies for the resulting income tax and VAT liability, as are the other companies that are part of the tax group.

27. Financial risk management objectives and policies

The Group 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. In addition to this Robeco subsidiaries are monitored that risk management policies and frameworks are in place which comply with local regulations. The financial risk types are discussed below. The Group is not directly exposed to financial risks in client portfolios.

The Group applies various indicators for assessing financial performance. The use of these indicators is part of the strategic capital allocation process, enabling the Group to improve the quality of its decision-making. This process entails the use of models for individual risk types. These models express risk in terms of risk capital. Risk capital relates to the total size of the capital buffer that is necessary to absorb unexpected losses from business activities of the entities. It addresses the key volatilities that could impact financial performance. In determining risk capital, the Group distinguishes between financial risk types (counterparty credit risk and market risk) and non-financial risk types (operational risk and business risk). As the holding Group of various asset managers, the Group is not directly exposed to market and credit risks in client portfolios. The Group does have exposure to market risk in the context of seeding positions in funds of the entities. Risk capital requirements for credit risk or counterparty risk are a consequence of cash and over the counter (OTC) positions in the Group's statement of financial position. OTC derivatives are in place to hedge foreign exchange risk and market risk of items in the statement of financial position.

It is acknowledged that both operational risk and business risk are not easy to influence in the short term. For these risk types, policies and, where relevant, limits are in place which are subject to approval by the Management Board of the Group, monitored by the risk function.

Counterparty credit risk
Counterparty credit risk is the risk of financial loss to the Group if customers or counterparties to a financial instrument fail to meet their contractual obligations. This risk arises primarily from the Group's cash position, management fees and other third parties' revenues and related trade receivables, balances due from brokers, balance due from the Group's related parties and OTC (over the counter) derivatives positions. The OTC derivatives are in place to hedge the exchange risk in the Group's statement of financial position items. The Group applies a standardized approach to calculate the capital requirements for counterparty credit risk in line with the regulatory requirements that would apply to an asset management Group.

As the Group manages assets on behalf of clients and funds and management fees are typically charged to and paid from the underlying funds managed by the Group, 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 Group also has loans and other current account positions with related parties.

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The following measures are in place to manage the Group's counterparty risk exposure:

- a limit on the amount of capital allocated to credit risk combined with exposure controls per counterparty related to the total equity of Robeco Holding B.V.;
- counterparty (for cash and OTCs) selection is based on minimum creditworthiness of the counterparty, with creditworthiness being monitored on a daily basis; and
- for most counterparties ISDA and CSA for OTC transactions is in place to ensure collateralization is performed and counterparty risk is mitigated.

The next table shows the maximum exposure to credit risk for the items included in the statement of financial position, including derivative financial instruments.

EUR x million	Notes	2023	2022
ASSETS			
Financial assets			
Financial assets at fair value through profit or loss	*14*	*92.7*	*83.0*
Non-current assets		92.7	83.0
Other financial assets			
Loans to related parties	*14*	*0.2*	*0.3*
Derivative financial instruments	*15*	*1.7*	3.2
Trade and other receivables	17	123.6	*108.2*
Cash and cash equivalents	19	275.7	308.4
Current assets		401.2	420.1
Total maximum credit risk exposure		493.9	503.1

The amounts shown above represent the current credit risk exposure. Where financial instruments are measured at fair value, the maximum risk exposure that could arise in the future as a result of changes in values is not presented.

Risk concentrations for maximum exposure to counterparty risk

At 31 December 2023, the maximum credit exposure to one client or counterparty was EUR 50.5 million on Rabobank Utrecht in the category financial institutions (31 December 2022: EUR 56.8 million).

Interest rate risk

The Group's main interest risk arises from cash at banks and money market mutual funds with variable rates, which expose the Group to cash flow interest rate risk. Please refer to Liquidity risk and Market risk for more details.

Sensitivity analysis

At 31 December 2023, if market interest rates had been 100 basis points higher with all other variables held constant, then the net result would have been EUR 0.9 million higher (2022: EUR 0.9 million) and if market interest rates had been 100 basis points lower with all other variables held constant, then the net result would have been EUR 0.9 million lower (2022: EUR 0.9 million).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Separate from the risk function, the liquidity of the Group and its asset management entities is monitored by the Group's Finance department on a regular basis, so that cash positions and required exposure can be optimized when necessary. The Finance department manages the cash pools, and cash and cash equivalents, in line with the minimum capital requirements on an entity level. Cash and cash equivalents balances are reported to the ERMC on a regular basis. The table on the next page summarizes the maturity profile of the Group's financial assets and liabilities as at 31 December. Equity securities are classified under 'No maturity'.

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EUR x million	On demand		Up to 1 year		1-5 years		More than 5 years		No maturity		Total	
At 31 december	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit or loss	-	-	6.0	1.1	7.4	6.1	10.7	10.9	77.3	75.0	101.4	93.1
Non-current assets	-	-	6.0	1.1	7.4	6.1	10.7	10.9	77.3	75.0	101.4	93.1
Loans to related parties	-	-	-	0.1	-	-	-	-	0.2	0.2	0.2	0.3
Derivative financial instruments	-	-	1.6	3.2	0.1	-	-	-	-	-	1.7	3.2
Trade and other receivables	-	-	123.7	108.2	-	-	-	-	-	-	123.7	108.2
Cash and cash equivalents	275.7	308.4	-	-	-	-	-	-	-	-	275.7	308.4
Current assets	275.7	308.4	125.3	111.5	0.1	-	-	-	0.2	0.2	401.3	420.1
Total financial assets	275.7	308.4	131.3	112.6	7.5	6.1	10.7	10.9	77.5	75.2	502.7	513.2
Total non-derivative financial assets	*275.7*	*308.4*	*129.7*	*109.4*	*7.4*	*6.1*	*10.7*	*10.9*	*77.5*	*75.2*	*501.0*	*510.1*
Non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft	19.3	3.9	-	-	-	-	-	-	-	-	19.3	3.9
Derivative financial instruments	-	-	4.3	1.2	-	-	-	-	-	-	4.3	1.2
Trade and other payables	-	-	142.7	163.3	-	-	-	-	-	-	142.7	163.3
Current liabilities	19.3	3.9	147.0	164.5	-	-	-	-	-	-	166.3	168.4
Total financial liabilities	19.3	3.9	147.0	164.5	-	-	-	-	-	-	166.3	168.4
Total non-derivative financial liabilities	*19.3*	*3.9*	*142.7*	*163.3*	-	-	-	-	-	-	*162.0*	*167.2*
Net financial assets/liabilities	256.4	304.5	-15.7	-51.9	7.5	6.1	10.7	10.9	77.5	75.2	336.4	344.8

In accordance with the Group's policy, the liquidity position is assessed and managed under a variety of scenarios, taking stress factors into consideration relating to both the market in general and to the Group in particular. For certain derivative contracts, the Group has to fulfill specific margin requirements. These collaterals are deposited on specific accounts provided by the counterparty to these contracts. The margin calls are presented in the financial statement under 'Balances due from brokers'. The Group has not pledged part of its cash and cash equivalents in order to fulfill the collateral requirements for the derivatives contracts. Working capital is monitored on a daily basis to ensure that settlement terms of forthcoming collateral calls can be met.

Currency risk

The Group is exposed to the impact of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The Group's exposure relates primarily to the revenue to be received and expenses to be paid denominated in foreign currency and the net investments in subsidiaries. The Group's main foreign currency exposure is in Swiss francs and Hong Kong Dollars due to investment in an entity established in Switzerland and Hong Kong. This exposure is largely hedged with a forward currency contract which is designated as a net investment hedge.

The Group sets limits on the level of exposure by currency and in total, which are monitored on a monthly basis by the Finance department for non-trading currency exposures as part of managing translation risks as detailed in note 14. Financial assets. As the Group uses exchange contracts such as forward contracts to hedge its currency risk, there were no significant exposures in foreign currencies at the reporting date.

Sensitivity analysis

At 31 December 2023, if Dollar to Euro exchange rate had increased by 5% with all variables held constant, net result and equity would have been higher for EUR 3.8 million respectively EUR 2.5 million (2022: EUR 4.7 million and EUR 1.9 million).

Market risk

Market risk relates to the Group's seeding positions. As a holding Group of several asset management companies, the Group is committed to supporting the product development of its operating subsidiaries.

The Group is responsible for the day-to-day management of its seeding portfolio and monitors if its seeding positions and hedges on a total level are still within the agreed limits.

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The following measures are in place to limit or mitigate the Group's market risk exposure:
1. Seeding is meant to provide temporary capital and positions are kept as small as possible in the context of building track records, alignment of interest with clients and efficient portfolio management;
2. a limit on the amount of risk capital allocated to market risk is in place;
3. the Group applies notional exposure controls per group entity and per position; and
4. in principle, price risk and foreign exchange risk in these positions is hedged.

ESG
Environment, social and governance (ESG) issues have become increasingly important topics over recent years. As a result, sustainable management and ensuring sustainable operations are a key focus for most businesses. More particularly, sustainable investing has become an important driver behind the strategy and ambitions of the Group's subsidiaries. A more stringent regulatory focus on ESG, especially from the European Union (such as the Sustainable Finance Disclosure Regulation), has made consistent execution of the ESG-related strategy of the utmost importance. Legislation and regulations to enhance alignment with sustainability goals and to prevent greenwashing have led to increased disclosure requirements on both an entity level and on the level of existing financial products managed by subsidiaries of the Group in Europe. During 2023, the Group started to monitor compliance by its subsidiaries with the applicable ESG-related legislation and regulations and is keeping a close eye on their journey to execute the ESG strategies. In addition, the Group has laid the foundations for enhancing the sustainability of its own operations and settling appropriate ESG goals. In 2024 and beyond, the Group will give priority to monitoring the ESG journey and compliance by its subsidiaries, and to further defining its own ESG strategy.

Fair values of financial assets and liabilities
The table below represents the fair value of financial instruments, including those not reflected in the financial statements at fair value.

EUR x million	Carrying amount		Fair value	
	2023	2022	2023	2022
Financial assets at fair value through profit or loss	101.4	93.1	101.4	93.1
Non-current assets	**101.4**	**93.1**	**101.4**	**93.1**
Loans to related parties	0.2	0.3	0.2	0.3
Derivative financial instruments	1.7	3.2	1.7	3.2
Trade and other receivables	123.7	108.2	123.7	108.2
Cash and cash equivalents	275.7	308.4	275.7	308.4
Current assets	**401.3**	**420.1**	**401.3**	**420.1**
Non-current liabilities	-	-	-	-
Bank overdraft	19.3	3.9	19.3	3.9
Derivative financial instruments	4.3	1.2	4.3	1.2
Trade and other payables	142.7	163.3	142.7	163.3
Current liabilities	**166.3**	**168.4**	**166.3**	**168.4**

The fair value of trade and other receivables approximate their carrying amounts largely due to short-term maturities. With respect to financial instruments carried at fair value, market prices or rates are used to determine the fair value where an active market exists (such as a recognized stock exchange), as it is the best evidence of the fair value of a financial instrument. If no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the reporting dates.

The values derived from applying these techniques are significantly affected by the choice of valuation model used and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk.

The following methods and assumptions have been applied in determining the fair values of the financial instruments presented in the table on this page, both for financial instruments carried at fair value and those carried at cost (for which fair values are provided as a comparison):
1. Financial assets and liabilities at fair value and derivative financial instruments are measured at fair value by reference to quoted market prices. If quoted market prices are not available, the fair value is estimated on the basis of appropriate discounted cash flow models and option valuation models.
2. Given the short maturity, the Group assumes that the carrying amount of the financial instruments such as short-term trade receivables and payables, and cash and cash equivalents, is a reasonable approximation of fair values.

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The table below presents the valuation methods used to determine the fair values of financial instruments carried at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

EUR x million	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit or loss:								
Equity securities	50.5	25.0	13.0	37.2	13.8	12.5	77.3	74.7
Corporate debt securities	8.4	9.1	8.9	7.4	-	0.2	17.3	16.7
Sovereign debt securities	5.9	1.7	0.9	-	-	-	6.8	1.7
Derivative financial instruments:								
Forward currency contracts	-	-	1.4	1.4	-	-	1.4	1.4
Future contracts	0.2	1.8	-	-	-	-	0.2	1.8
Credit derivatives	-	-	0.1	0.0	-	-	0.1	0.0
Interest rate swaps	-	-	0.0	-	-	-	0.0	-
Financial assets	**65.0**	**37.6**	**24.3**	**46.0**	**13.8**	**12.7**	**103.1**	**96.3**
Derivative financial instruments:								
Forward currency contracts	-	-	1.7	1.0	-	-	1.7	1.0
Future contracts	2.6	0.2	-	-	-	-	2.6	0.2
Interest rate swaps	-	-	0.0	-	-	-	0.0	-
Financial liabilities	**2.6**	**0.2**	**1.7**	**1.0**	**-**	**-**	**4.3**	**1.2**

Valuation techniques:

Level 1 Quoted market prices in active markets
Level 2 Market observable inputs
Level 3 Non market-observable inputs

Fair value techniques

Financial assets at fair value through profit or loss – level 3	SEPE V is a fund of private equity funds. The managers of portfolio companies use fair value and their valuations are audited. These fair values are the basis for SEPE V reporting.
Forward currency contracts – level 2	Forward currency contracts are OTC contracts and are not traded on an exchange. Valuation is based on a valuation model that incorporates inputs that are market observable. Most important factor in the model is the exchange rate. Foreign currency rates are quoted daily in financial publications and electronic financial databases.
Future contracts – level 1	Index futures and bond futures are exchange traded forward contracts. Quoted prices in an active market are available daily for these future contracts.
Credit derivatives – level 2	Credit derivative contracts are OTC contracts and are not traded on an exchange. Valuation is based on a valuation model that incorporates inputs that are observable. Most important factor is the credit default rate. Credit default rates are quoted daily in financial publications and electronic financial databases.

Transfers between levels

No transfers took place between levels in 2023 and 2022.

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Movements in Level 3 financial instruments measured at fair value

The level of fair value hierarchy of financial instruments is determined at the end of each period. The following table shows the reconciliation between the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value.

EUR x million	At 1 January 2023	Total gains/ losses recorded in income statement	Purchases	Sales/ dividend	Transfer to/from investments in associates	Transfers to Level 2	Transfers from Level 1 and Level 2	At 31 December 2023
Financial assets at fair value through profit or loss:								
Equity securities	*12.5*	*1.3*	*0.2*	*-0.2*	*-*	*-*	*-*	*13.8*
Corporate debt securities	*0.2*	*-*	*-*	*-0.2*	*-*	*-*	*-*	*-*
Total Level 3 Financial assets	12.7	1.3	0.2	-0.4	-	-	-	13.8

	At 1 January 2022	Total gains/ losses recorded in income statement	Purchases	Sales/ dividend	Transfer to/from investments in associates	Transfers to Level 2	Transfers from Level 1 and Level 2	At 31 December 2022
Financial assets at fair value through profit or loss:								
Equity securities	*11.0*	*1.9*	*-*	*-0.4*	*-*	*-*	*-*	*12.5*
Corporate debt securities	*-*	*-*	*0.2*	*-*	*-*	*-*	*-*	*0.2*
Total Level 3 Financial assets	11.0	1.9	0.2	-0.4	-	-	-	12.7

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28. Related parties

The following subsidiaries are currently included in the consolidated financial statements:

Name	Country of incorporation	% equity interest	
		2023	2022
Robeco Institutional Asset Management B.V.	Netherlands	100%	100%
Robeco Deutschland, Zweigniederlassung der RIAM -branch office	Germany	100%	100%
Robeco Institutional Asset Management B.V., Sucursal en España -branch office	Spain	100%	100%
Robeco United Kingdom -branch office	United Kingdom	100%	100%
Robeco Italy -branch office	Italy	100%	100%
Robeco Nederland B.V.	Netherlands	100%	100%
Robeco Indices B.V.	Netherlands	100%	100%
Robeco Schweiz AG	Switzerland	100%	100%
SAM Sustainable Asset Management AG	Switzerland	100%	100%
Robeco France S.A.S.	France	100%	100%
Ro-Boetie S.A.S.	France	100%	100%
RSSLF GP S.à.r.l.	Luxembourg	100%	100%
Robeco Miami B.V.	Netherlands	100%	100%
Robeco Miami -branch office	United States	100%	100%
Robeco Institutional Asset Management US Inc.	United States	100%	100%
Robeco Middle East (DIFC branch)	Netherlands	100%	100%
Robeco Hong Kong Ltd.	Hong Kong	100%	100%
Robeco Hong Kong Ltd. Rep Office Australia	Hong Kong	100%	100%
Robeco Private Fund Management (Shanghai) Co., Ltd.	China	100%	100%
Robeco Overseas Investment Fund Management (Shanghai) Limited Company	China	100%	100%
Robeco Japan Company Limited	Japan	100%	100%
Robeco Singapore Private Limited	Singapore	100%	100%
Robeco Institutional Asset Management UK Limited	United Kingdom	100%	-

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The following funds, temporarily controlled by the Group due to seed capital activities, are/were included in the consolidated financial statements:

Name	Country of incorporation	% equity interest	
		2023	2022
Robeco QI US Sustainable Beta Equities Fund	Luxembourg	58%	100%
Robeco Quantum Equities	Luxembourg	100%	100%
Robeco QI European Value Equities	Luxembourg	59%	67%
Robeco Sustainable China Equities Private Fund	China	100%	100%
Robeco QI Multi Factor Absolute Return IH USD	Luxembourg	100%	100%
RobecoSAM QI Global SDG and Climate Beta Equities	Luxembourg	0%	88%
Robeco Sustainable Asian Bonds	Luxembourg	100%	100%
RobecoSAM Biodiversity Equities	Luxembourg	79%	99%
RobecoSAM Net Zero 2050 Climate Equities	Luxembourg	0%	85%
RobecoSAM QI Global SDG and Climate Multi-factor Credits	Luxembourg	100%	100%
Robeco QI Global Developed Sustainable Beta Equities Fund	Luxembourg	0%	100%
Robeco Quantitative Sustainability China Equity Private Equity Fund	China	90%	-
Robeco Fashion Engagement Equities	Luxembourg	90%	-
Robeco Incubator Fund I EUR F	Netherlands	100%	-
Robeco Incubator Fund II EUR F	Netherlands	100%	-
Robeco Incubator Fund III EUR F	Netherlands	100%	-
RCGF - Robeco Quantum Market Neutral Equities	Luxembourg	100%	-
RCGF - Robeco Emerging Markets ex China Equities	Luxembourg	100%	-

In addition to these subsidiaries, the following related parties can be identified:

- Management Board
- ORIX and entities under the common control of ORIX
- Stichting Pensioenfonds Robeco
- Stichting Robeco Funds
- Stichting Custody Robeco Institutional
- Stichting Deelnemingen Robeco Groep
- Stichting Sociaal Fonds Robeco Groep
- Stichting The Robeco Foundation
- Canara Robeco Asset Management Company Ltd. (Canara)
- Asia Climate Partners General Partner Ltd.

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Related party transactions

Terms and conditions

The sales to and purchases from related parties are made at arm's length market prices. Outstanding receivables or payables at year-end are unsecured and interest-free, with settlement being in cash. The Group has not formed a provision for doubtful debts relating to amounts owed by related parties (2022: nil), because the risks involved are not considered material enough to do so. This assessment is made each year by examining the financial position of the related party and the market in which the party operates.

EUR x million	OCE		Canara		Associates		Others	
	2023	2022	2023	2022	2023	2022	2023	2022
Income statement regarding related parties								
Operating income	-45.1	1.5	-0.8	-0.7	-	-	-	-
Operating expenses	0.0	-	-	-	-	-	13.5	18.9
Operating result	**-45.1**	**1.5**	**-0.8**	**-0.7**	**-**	**-**	**-13.5**	**-18.9**

Operating expenses in 'Other' consist of expenses paid to Stichting Pensioenfonds Robeco relating to long-term employee benefits. The table above shows the total income and expenses with the aforementioned related parties for the relevant year.

EUR x million	OCE		Canara		Associates		Others	
	2023	2022	2023	2022	2023	2022	2023	2022
Outstanding balances at 31 December								
Amounts receivable	2.6	1.4	-	-	-	-	-	-
Amounts payable	-5.3	-14.0	-0.2	-0.1	-	-	-3.4	-3.5
Total outstanding balances	**-2.7**	**-12.6**	**-0.2**	**-0.1**	**-**	**-**	**-3.4**	**-3.5**

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Remuneration of Management Board
At the end of 2023, the Management Board of Robeco Holding had 3 members.

The total base salary and variable remuneration payments paid by the Group to members of the Management Board in 2023 amounted to EUR 3.6 million (2022: EUR 2.8 million). The employee benefits expense for the same amounted to EUR 4.3 million in 2023 (2022: EUR 3.9 million). The amounts disclosed in the table below are amounts recognized as an expense during the reporting period related to the current members of the Management Board. The expenses include deferred variable remuneration from previous years.

EUR x thousand	2023	2022
Base salary[1]	1.831	1.511
Variable remuneration (short- and long-term components)[2]	2.082	2.016
Pension costs and other costs[3]	435	375
Total	**4.348**	**3.902**

1. Includes vacation allowance and amounts are before (wage)tax and social contributions.
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 Group's remuneration policy. The accrual for the long-term deferral schemes in case of end of service is recognized in full. All amounts are before (wage)tax and social security contributions.
3. Includes severance payments, social-security costs, social allowance, mortgage suppletion, car lease and other allowances. All amounts are before (wage)tax and social security contributions.

The total variable remuneration granted to the current members of the Management Board during their employment at Robeco in 2023 amounted to EUR 2.4 million (2022: EUR 2.1 million). In general, if the awarded amount of variable income exceeds a threshold, it is partially paid out over several years. The annualized base salary of the current members of the Management Board at year end amounted to EUR 1.9 million (2022: EUR 1.7 million) for the services related to Robeco.

Remuneration of Supervisory Board
The total remuneration for the members of the Supervisory Board amounted to EUR 0.4 million (2022: EUR 0.4 million).

29. Appropriation of result
The Management Board, with consent of the Supervisory Board, proposes to distribute EUR 112.9 million as dividend to the shareholder. This comprises the Company's net result for the year.

30. Subsequent events
There are no subsequent events to be reported.

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Notes to the consolidated statement of cash flows

The statement of cash flows is prepared using the indirect method. It distinguishes between cash flows from operating, investing and financing activities.

31. Net cash flows from operating activities

An adjustment to the operating result for the effects of non-cash items such as the depreciation of property, plant and equipment and the amortization of intangible assets is made. The results on financial assets relate to gains and losses from financial instruments at fair value through profit and loss following seed capital investments.

Other movements from operations relate to the purchase price of EUR 20 million, goodwill disposal of EUR 0.9 million and direct costs EUR 1.6 million related to the transfer of Robeco's online distribution platform (see note 12. Sale of business).

Interest received relates to amounts received on the current accounts of the Group.

32. Net cash flows from investing activities

Purchases and sales of property, plant and equipment and financial assets are based on the consolidated purchase and selling prices. Deferred payments on the purchases and sales are recorded as movements in working capital (short-term payments) or under long-term liabilities for the payment obligations due after more than one year.

Proceeds from sale of other intangible assets relates to the purchase price of EUR 20 million and direct costs EUR 1.6 million related to the transfer of Robeco's online distribution platform (see note 12. Sale of business).

Intangible assets relate to capitalized software. In general, movements in the purchase and proceeds of financial assets are a direct consequence of the Group's seed capital activities.

33. Net cash flows from financing activities

Dividends paid relate to the appropriation of profit after tax to the shareholder.

Rotterdam, 25 April 2024

The Management Board:
Karin van Baardwijk
Mark den Hollander
Marcel Prins

Supervisory Board:
Maarten Slendebroek
Sonja Barendregt - Roojers
Stanley Koyanagi
Mark Talbot
Radboud Vlaar

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Company income statement
for the year ended 31 December

EUR x million	Notes	2023	2022
Share in results from participating interests after tax	36	114.1	129.6
Other results after tax	37	-1.2	-1.2
Result for the year		**112.9**	**128.4**

Company balance sheet
at 31 December before profit appropriation

EUR x million	Notes	2023	2022
ASSETS			
Goodwill	39	109.5	104.8
Participating interests in group companies	40	340.9	354.2
Financial assets	41	95.1	97.9
Non-current assets		**545.5**	**556.9**
Receivables from group companies		0.2	0.4
Current tax receivables		-	3.2
Other financial assets		11.3	-
Cash and cash equivalents	42	7.2	9.5
Current assets		**18.7**	**13.1**
Total assets		**564.2**	**570.0**
EQUITY AND LIABILITIES			
Equity			
Issued capital		0	0
Share premium		4.8	4.8
Foreign currency translation reserve		8.3	6.4
Retained earnings		313.4	306.8
Unappropriated result financial year		112.9	128.4
Total shareholder's equity	43	**439.4**	**446.4**
Financial liabilities		4.0	0.8
Bank overdrafts		2.3	1.0
Payables due to group companies	44	118.0	120.7
Current tax liabilities		0.5	-
Trade and other payables		-	1.1
Current liabilities		**124.8**	**123.6**
Total equity and liabilities		**564.2**	**570.0**

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34. General accounting policies
The Company uses the option provided in Article 2:362, Paragraph 8, Dutch Civil Code to set the principles for the recognition and measurement of assets and liabilities and the determination of the result for its Company financial statements. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result of the Company financial statements of Robeco Holding are the same as those applied for the consolidated IFRS-EU financial statements. Investments in subsidiaries are accounted for at net asset value which comprises the cost, excluding goodwill, of the Company's share in the net assets of the subsidiaries. Goodwill is presented separately under the net equity value method. Participating interests over which significant influence is exercised are stated on the basis of the equity method. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 of the Dutch Civil Code. Reference is made to Pages 28 to 45 for a description of these principles.

35. Basis of preparation
The financial statements are presented in euros, which is the functional currency of the Company, rounded to the nearest million (unless otherwise stated). As the Company's income statement for 2023 is included in the consolidated financial statements, a summary income statement is sufficient to comply with the provisions of Article 2:402 Dutch Civil Code. For more detailed information, please refer to the section 'Basis of consolidation' drawn up for the consolidated statement of financial position and income statement of Robeco Holding B.V. According to Dutch law, a cash flow statement is not required in the Company financial statements of Robeco Holding, since the cash flows are included in the consolidated statements of cash flows of Robeco Holding.

36. Share in results from participating interests after tax
This item includes the income from investments in group companies.

37. Other results after tax
This mainly relates to the result of the Group's seeding positions.

38. Personnel
At the end of 2023, no employees were formally employed by Robeco Holding (2022: nil).

39. Goodwill
This item is related to the goodwill initially measured at the time of the acquisitions of Robeco Schweiz AG., see note 11. Intangible assets and goodwill for further details.

40. Participating interests in group companies
Movements in this item were as follows:

EUR x million	2023	2022
Balance at 1 January	**354.2**	**417.5**
Net result of the financial year	114.1	129.6
Capital contribution	-	8.7
Dividend	-128.9	-205.0
Revaluation of subsidiaries	1.5	3.4
Balance at 31 December	**340.9**	**354.2**

For Robeco Nederland B.V. general guarantees have been issued within the meaning of Article 2:403 Dutch Civil Code for the financial year 2023.

41. Financial assets

EUR x million	2023	2022
Non-current financial assets		
Equity securities mandatorily at fair value through profit or loss	95.1	97.9
	95.1	**97.9**

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

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43. Shareholders' equity

EUR x million	Issued capital	Share premium	Translation /hedging reserve	Retained earnings	Result for the year	Total
At 1 January 2023	**0.0**	**4.8**	**6.4**	**306.8**	**128.4**	**446.4**
Result for the year	-	-	-	-	112.9	112.9
Other comprehensive income	-	-	1.9	1.0	-	2.9
Total comprehensive income	**-**	**-**	**1.9**	**1.0**	**112.9**	**115.8**
Profit allocation	-	-	-	128.4	-128.4	-
Dividend distribution	-	-	-	-122.8	-	-122.8
At 31 December 2023	**0.0**	**4.8**	**8.3**	**313.4**	**112.9**	**439.4**
At 1 January 2022	**0.0**	**4.8**	**6.2**	**366.6**	**177.3**	**554.9**
Result for the year	-	-	-	-	128.4	128.4
Other comprehensive income	-	-	0.2	1.8	-	2.0
Total comprehensive income	**-**	**-**	**0.2**	**1.8**	**128.4**	**130.4**
Profit allocation	-	-	-	177.3	-177.3	-
Dividend distribution	-	-	-	-238.9	-	-238.9
At 31 December 2022	**0.0**	**4.8**	**6.4**	**306.8**	**128.4**	**446.4**

Issued share capital

The authorized share capital amounts to EUR 2 (2022: EUR 2), consisting of 2 shares with a nominal value of EUR 1 each, which is placed and paid in full. No movements have taken place in the number of shares.

Shareholders are entitled to receive (interim) dividend when declared and are entitled to vote on a one vote-per-share basis at the Group's shareholder meetings. In 2023, the Group distributed a 2022 dividend of EUR 122.8 million to the shareholders.

Share premium

Share premium was set at a price above the par value at the time of the sale of the shares.

Translation/hedging reserve

The foreign currency translation reserve includes the exchange rate differences arising from the translation of the financial statements of foreign subsidiaries. It also includes the effect of hedging the net investments in the foreign subsidiaries.

Retained earnings

Movements in this item resulted from the increase in the result for the year and a re-measurement gain on a defined benefit plan. A restriction applies to capital distributions from retained earnings equal to the amount of the negative foreign currency translation reserves and other revaluation reserves. Apart from these reserves, retained earnings include an amount of EUR 0.5 million (2022: EUR 0.5 million) of legal reserves for non-distributable amounts held in three subsidiaries.

44. Payables due to group companies

The Group has received current account loans from Robeco Nederland B.V. of EUR 30.5 million (2022: EUR 30.5 million) and Robeco Institutional Asset Management B.V. (RIAM) of EUR 80.0 million (2022: EUR 80.0 million). These loans are payable on demand. The interest rate is based on ESTR and a risk premium. The effective interest rate in 2022 was 3.9% (2022: 1.0%). The Group has current accounts with several subsidiaries of EUR 7.5 million (2022: EUR 10.2 million).

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Articles of Association rules regarding profit appropriation

According to article 4.1 of the Articles of Association of Robeco Holding B.V., the allocation of profits accrued in a financial year shall be determined by the General Meeting of Shareholders.

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Independent auditor's report

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

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of Robeco Holding B.V., based in Rotterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Robeco Holding B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Robeco Holding B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. the consolidated statement of financial position as at 31 December 2023;
2. the following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:
1. the company income statement for 2023;
2. the company balance sheet as at 31 December 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Robeco Holding 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter Governance & managing risks of the Integrated Annual Report, the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Operational Risk Management, Fiscal Affairs, Legal and Compliance. We have also incorporated elements of unpredictability in our audit, such as involvement of forensic specialists in our audit procedures.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the consolidated financial statements in case of non-compliance:
- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft);
- the law on the prevention of money laundering and terrorist financing (Wwft).

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:
Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to employee benefits and investments.

Responses:
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries, post-closing adjustments, and estimates.
- We performed a data analysis of high-risk journal entries related to

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amongst others, manual post-closing entries and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to liabilities related to employee benefits and investments. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Revenue recognition (a presumed risk)

Risk:
We identified a fraud risk in relation to the recognition of revenue of the Company. This risk inherently includes the fraud risk that management deliberately overstates revenue, throughout the period, as management may feel pressure to achieve planned results for the current or next year.

Responses:
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls related to the revenue process.
- We performed substantive audit procedures throughout the period of revenues by determining the fulfillment of performance obligations (revenue recognition) by assessing the terms and conditions and vouching revenues recorded to the underlying agreements and supporting documentation.

We communicated our risk assessment, audit responses and results to the Management Board and the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern
The management board has performed its going concern assessment and has not identified any going concern risks. To assess the management board's assessment, we have performed, inter alia, the following procedures:
- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Unaudited corresponding figures
We have not audited the consolidated financial statements 2022. Consequently, we have not audited the corresponding figures included in the income statement and in the statements of comprehensive income, changes in equity and cash flows and in the related notes.

Report on the other information included in the Integrated Annual Report
In addition to the financial statements and our auditor's report thereon, the Integrated 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 all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.
- We have read the other information. Based on our knowledge and understanding obtained through our audit of the 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 as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding 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 EU-IFRS and 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 fraud or error.

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 frameworks 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

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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 among 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 are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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, 25 April 2024
KPMG Accountants N.V.

G.J. Hoeve RA

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Limited assurance report of the independent auditor on the non-financial information

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

Our conclusion

We have performed a limited assurance engagement on the non-financial information for 2023 of Robeco Holding B.V. (hereafter: Robeco) at Rotterdam, the Netherlands.

Based on the procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the non-financial information in the accompanying integrated report does not present fairly, in all material respects:
- the policy with regard to material topics; and
- the business operations, events and achievements in that area in 2023

in accordance with the applicable criteria as included in the section 'Criteria'.

The non-financial information is included in the following chapters/ parts of the Integrated Annual Report:
- 'About Robeco' (pages 8-17)
- 'Value creation' (pages 19-41)
- 'Governance & managing risks' (pages 43-66)
- 'Integrating sustainability into investments' (pages 68-104)
- Appendix 1 to 10 (pages 164-186)

Basis for our conclusion

We performed our limited assurance engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake duurzaamheids-verslaggeving' (Assurance engagements relating to sustainability reporting). Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the non-financial information' section of our report. We are independent of Robeco Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Criteria

The criteria applied for the preparation of the non-financial information are the GRI Sustainability Reporting Standards (GRI Standards), as listed in the GRI Content Index, and the criteria supplementally applied as disclosed in appendix 1, 7, 8 and 9 of the Integrated Annual Report. The non-financial information is prepared in accordance with the GRI Standards.

The comparability of non-financial information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the non-financial information needs to be read and understood together with the criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the non-financial information. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

Corresponding information not assured

The non-financial information for the period up to 2019 has not been part of an assurance engagement, except for the following indicators:
- 2019 baseline of 'Decarbonizing our portfolio' (tonnes of CO_2e per million EUR invested)
- 2019 baseline of 'Operational carbon emissions (tonnes of CO_2e)

Consequently, except for the aforementioned indicators, the corresponding non-financial indicators and thereto related disclosures for the period up to 2019 is not assured. Our conclusion is not modified in respect to this matter.

Limitations to the scope of our assurance engagement

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of prospective information.

The non-financial information includes, among others, information based on climate-related (risk) scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future climate-related impacts. Inherent to prospective information, the actual future results are uncertain. We have reviewed that these assumptions and external sources are appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites in the non-financial information are not part of the non-financial information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

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Responsibilities of the Management Board and Supervisory Board's for the non-financial information

The Management Board is responsible for the preparation and fair presentation of the non-financial information in accordance with the criteria as included in the section 'Criteria', including the identification of stakeholders and the definition of material matters. The Management Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Management Board regarding the scope of the non-financial information and the reporting policy are summarized in 'Appendix 1: Reporting Principles' of the Integrated Annual Report.

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

The Supervisory Board is responsible for overseeing the non-financial reporting process of Robeco Holding B.V.

Our responsibilities for the assurance engagement on the non-financial information

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

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of non-financial information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the Robeco's materiality assessment and the reasonableness of estimates made by the Management Board.
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the non-financial information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the non-financial information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise.
- Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Obtaining inquiries from management and relevant staff at corporate (and business/division/cluster/local) level responsible for the non-financial strategy, policy and results;
  - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information;
  - Obtaining assurance evidence that the non-financial information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Considering the data and trends.
- Reading the information in the Integrated Annual Report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the non-financial information.
- Considering the overall presentation and balanced content of the non-financial information.
- Considering whether the non-financial information as a whole, including the non-financial matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Management Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Utrecht, 25 April 2024
KPMG Accountants N.V.

G.J. Hoeve RA

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Appendix 1: Reporting principles

Purpose

The purpose of this report is to provide a concise and accurate overview of Robeco's strategic and financial performance in the financial year 2023. We describe how Robeco creates value over time for its stakeholders. We strive to report openly and transparently about our firm's sustainability strategy and activities, consistently applying Robeco's information policy and disclosure principles.

Reporting and data scopes

The consolidation scope of the reported non-financial data is aligned with the consolidation scope of the financial statements. This applies to all items unless stated otherwise. For more information on the reporting scope, see note 28 Related parties.

Where applicable, the scope and boundaries for metrics and other key performance indicators are included in the main text of the report. Annual data relates to the company's financial year (1 January – 31 December). Currency figures in this report are shown in euro (EUR) terms, Robeco's functional and presentation currency; figures are rounded to one decimal place.

There are five restatements from previous reporting periods. Regarding our financial results, we have moved fund related costs from operating income to operating expenses for prior years. Regarding the footprint of our own operations, we have restated figures on the resource consumption of our company facilities and the carbon emissions of our company facilities (scope 2) for the years 2019 to 2022. Furthermore, we have also restated our operational carbon emissions figures on purchased goods and services (scope 3 upstream) and fuel and energy related activities (scope 3 upstream) as a result of a reclassification of the emissions coming from data centers & SAAS from 2019 to 2022. Lastly, we have restated the public transport figure for 2022. The reasons for each restatement are explained in the relevant sections of the report.

The approach we use to consolidate non-financial information does not involve making adjustments to the non-financial information for minority interests and does not differ across all disclosures.

Basis of preparation

We have prepared the report in accordance with Robeco's own reporting criteria, the GRI Universal Standards of the Global Reporting Initiative (GRI), and for the first time the <IR> Framework (IRF) from the International Integrated Reporting Council (IIRC). Robeco will continue working on improving our compliance with <IR> Framework in the upcoming next reporting years. Our risk assessment follows Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Task Force on Nature-related Financial Disclosures (TNFD). The consolidated financial statements have been prepared in accordance with the IFRS, as adopted by the EU (IFRS-EU) and applicable Dutch law. The methodology we apply in our materiality assessments has not changed. The GRI content index, <IR> Framework table, the TCFD table and the TNFD table are at the end of this report. The company financial statements comply with Title 9, Book 2, of the Dutch Civil Code and apply the IFRS-EU valuation principles, as also applied in the consolidated annual financial statements. See note 34 for more general reporting guidance on the company annual financial statements.

The report focuses on topics that are material to Robeco and its stakeholders. We selected these topics based on the materiality assessment included in the 'Materiality assessment' section in this report, which also explains our stakeholder engagement process and the list of topics we discussed with them. Following the guidance from the GRI Universal Standards and the ESRS, we prepared a visualization of material topics expressing the topics' importance with respect to both our own operations and the investments we make.

The content in this report was reviewed and approved by Robeco's Executive Committee and Supervisory Board prior to publication. Ultimately, the ExCo is responsible for the content, accuracy and integrity of the integrated report.

In addition to adherence to all regulatory requirements, the ExCo also confirms that this report has been prepared in accordance with the <IR> Framework.

Assurance

The financial statements of Robeco Holding B.V., including the consolidated financial statements, the company financial statements and notes, are audited by KPMG Accountants N.V. The audit has been performed independently, enabling KPMG Accountants N.V. to come to objective and impartial conclusions.

For more information, please refer to the Independent auditor's report.

KPMG Accountants N.V. has reviewed (limited assurance) the non-financial information included in this report. KPMG Accountants N.V. also carried out a review of the content of Robeco's integrated annual report for the financial year 2023 in accordance with the GRI Universal Sustainability Reporting Standards and Robeco's own reporting criteria. The Management Letter by KPMG Accountants N.V. was discussed and responded to by the ExCo and the Supervisory Board.

For more information, please refer to the Limited assurance report of the independent auditor on the non-financial information for the non-financial information.

Appendix 2: Materiality assessment

Recap of our 2022 materiality assessment

In 2022, for the first time, we applied the guiding principles of GRI: Material Topics 2021 (GRI3) and the initial guidance set out by the Corporate Sustainability Reporting Directive (CSRD) to perform our materiality assessment from a 'double-materiality' perspective, considering both financial materiality and impact materiality. As an asset manager, we need to consider materiality using two scopes: 1) our own operations; and 2) the impact we make through our investments.

Our assessment consisted of the four steps set out below.

Step 1: Identifying potential material topics

We used the GRI and CSRD guidelines in combination with Robeco-specific information to create a long list of potentially material topics covering E, S and G issues.

Step 2: Stakeholder engagement to prioritize topics from stakeholders' perspective

We selected the following stakeholders taking into account the need to ensure adequate representation from all domains within Robeco, relevant external stakeholders for an asset management company and the regions in which Robeco operates.

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

Through a survey and interviews with a selection of stakeholders we were able to gather their insights regarding Robeco's material topics.

Step 3: Prioritizing material topics

We used the results from the surveys and interviews to identify the most material topics for Robeco, which we divided into highly material and moderately material topics based on the ranks the stakeholders assigned to them.

Step 4: Board sessions to validate the final material topics

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

List of material topics

Theme	Topic	Definition	
Environmental	Climate change	The undertaking's endeavors to the general process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement.	Investments
	Pollution	The undertaking's impacts and risks on pollution of air, water (including groundwater), soil, substances of concerns, most harmful substances and enabling activities in support of prevention, control and elimination of pollution through its investments.	Investments
	Biodiversity and ecosystems	The undertaking's impacts and risks with respect to the reduction of any aspect of biological diversity, i.e. diversity at the genetic, species and ecosystem levels, in a particular area through death (including extinction), destruction or manual removal. It can refer to many scales, from global extinctions to population extinctions, resulting in decreased total diversity at the same scale.	Investments
	Resource use and circular economy	The undertaking's efforts to stimulate a restorative system in which waste and pollution are eliminated and resource use is minimized through systemic design, maintaining and improving the value of products and components and achieving a circular flow of resources, while regenerating natural ecosystems, through its investments.	Investments
Social	Equal Opportunities/Non-discrimination	The undertaking's impacts and risks on Robeco/ its investee companies' performance on equal opportunities (e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work).	Own operations
	Human rights	The undertaking's impacts and risks on Robeco/its investee companies' performance on human rights (impacts related to e.g. working conditions, trade union rights, freedom of association and collective bargaining, child labor, forced labor, privacy, adequate housing).	Investments
Governance	Business conduct	The undertaking's impacts and risks on Robeco/its investee companies' technical and physical processes and mechanisms set in place for keeping the critical information system and corporate network safe from unauthorized access or cyber attacks. Topic also includes the undertaking's integrity in acting in line with stated sustainability goals, targets and metrics or risk of greenwashing.	Investments & Own operations
	Tax policy	The undertaking's impacts and risks on adherence of Robeco/its investee companies to good tax practices (compliance with OECD's global standard of 15% minimum tax rate).	Own operations
	Compliance	The undertaking's impacts and risks on Robeco/its investee companies' compliance with relevant laws and regulations	Own Operations
Added topic after Boards' sessions	ESG Data Quality	The undertaking's impacts and risks on the availability, quality and accuracy of ESG data.	Own Operations

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Appendix 3: Reporting standards mapping

Global Reporting Initiative (GRI) content index

Statement of use
Robeco Holding B.V. has reported in accordance with the GRI Standards for the period of 01/01/2023 to 31/12/2023.

GRI 1 used
Foundation 2021.

Applicable GRI sector standards
None apply.

GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Require-ment(s) omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	About this report, p. 6; Our offices, p.10; Our shareholder, p. 27; Reporting principles, p. 164			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.	
	2-2 Entities included in the organization's sustainability reporting	About this report, p. 6; Reporting principles, p. 107; Financial statements (Related parties), p.149				
	2-3 Reporting period, frequency and contact point	About this report, p. 6; Reporting principles, p. 164; Contact, p.185				
	2-4 Restatements of information	Reporting principles, p. 164				
	2-5 External assurance	Reporting principles, p. 107; Limited assurance report of the independent auditor on the non-financial information, p 160				
	2-6 Activities, value chain and other business relationships	Strategy and value creation, p. 21-25	2-6c	Not applicable	Robeco does not engage in business relationships with entities that are not described as part of its value chain. Additionally, as an asset manager, our supply chain is limited and therefore not quantified.	
	2-7 Employees	Our people, p. 27-33	2-7b iii.	Not applicable	Robeco does not have non-guaranteed-hour employees.	
	2-8 Workers who are not employees	Our people, p. 27-33				
	2-9 Governance structure and composition	Corporate governance, p. 43-49	2-9c vi.	Information unavailable/incomplete	As an organisation, we currently do not consider membership of under-represented social groups when selecting members of the Management and/or Supervisory Boards. As such, we do not record this information. We will continue to evaluate our hiring practices and criteria in the future and give an update on this in the next reporting cycle.	
	2-10 Nomination and selection of the highest governance body	Corporate governance, p. 43-49				
	2-11 Chair of the highest governance body	Corporate governance, p. 43-49				

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GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Require-ment(s) omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Materiality assessment, p. 19-20; Corporate governance, p. 43-49; Business conduct and compliance (Corporate sustainability commitments), p. 57				
	2-13 Delegation of responsibility for managing impacts	Corporate governance, p. 43-49; Business conduct and compliance (Corporate sustainability commitments), p. 57				
	2-14 Role of the highest governance body in sustainability reporting	Materiality assessment, p. 19-20; Corporate governance, p. 43-49; Reporting principles, p. 164				
	2-15 Conflicts of interest	Corporate governance, p. 43-49; Business conduct and compliance, p. 55-58	2-15b ii.	Not appli-cable	As Robeco Holding is fully owned by one single shareholder, there are no conflicts of interest relating to cross-shareholder membership.	
	2-16 Communication of critical concerns	Business conduct and compliance, p. 55-58				
	2-17 Collective knowledge of the highest governance body	Corporate governance, p. 43-49				
	2-18 Evaluation of the performance of the highest governance body	Corporate governance, p. 43-49				
	2-19 Remuneration policies	Remuneration, p. 51-54				
	2-20 Process to determine remuneration	Corporate governance, p. 43-49; Remuneration p. 51-54.	2-20a iii. and 2-20b	Not appli-cable	2-20aiii Robeco does not engage with any remuneration consultants. 2-20b Robeco's stakeholders do not cast votes on determining the process of remuneration.	
	2-21 Annual total compensation ratio	Remuneration, p. 54	2-21 b	Information unavaila-ble/ incom-plete	We do not disclose the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) due to a lack of a clear methodology on the calculation of the two variables. We will monitor best practices in the market and will report on this disclosure in the next reporting cycle.	
	2-22 Statement on sustainable develop-ment strategy	Corporate governance, p. 49				
	2-23 Policy commitments	Governance of risk management p.97-98; Human rights, p. 77-79; Suppliers and our procurement practices, p.35-36; Business conduct and compliance, p. 93-96. Sustainability integration: Approach and Guidelines, p. 11				

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GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Require-ment(s) omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Sustainability governance, p. 49; Risk Management, p. 59-64; Suppliers and our procurement practices, p.35-36; Upskilling our workforce, p. 31. Sustainability integration: Approach and Guidelines, p. 11				
	2-25 Processes to remediate negative impacts	Business conduct and compliance, p. 55-58				
	2-26 Mechanisms for seeking advice and raising concerns	Business conduct and compliance, p. 55-58				
	2-27 Compliance with laws and regulations		2-27 a-d	Infor-mation unavaila-ble/incom-plete	For the reporting year 2023, the disclosures relating to our compliance with laws and regulations were omitted due to an internal process of restructuring for this information. Starting 2024, we introduced a new Incident Management Framework and updated our definition of "compliance incidents" which will enable us to report accurately and consistently on our compliance with laws and regulations in the next reporting cycle.	
	2-28 Membership associations	Appendix 4: Association memberships and participation in external initiatives, p. 112				
	2-29 Approach to stakeholder engagement	Stakeholder engagement p. 22-25				
	2-30 Collective bargaining agreements	Our people, p. 32-33				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality assessment p. 19-20; Materiality assessment p. 165	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	Materiality assessment p. 19-20; Materiality assessment p. 165				
Human rights						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights, p. 102-104; Business conduct p. 55-58	3-3e ii., iii.	Infor-mation unavaila-ble/incom-plete	Due to the quality of data currently available and the attribution of impacts through our investments on the society, we have not yet formulated a clear set of goals, targets and indicators to evaluate our progress on the impact that we have on human rights through our holdings. In 2023, we took steps to develop a draft social framework to improve how we assess human rights and social issues at the companies we invest in. Since this framework is still in a draft stage, we will continue working on it to further improve the assessment of our holdings' performance on human rights and social issues. Based on this assessment, we will explore the possibility of formulating a set of goals, targets and indicators to evaluate our progress on the impact that we have on human rights through our holdings. We will give an update on this progress in the next reporting cycle.	

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GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Require-ment(s) omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Tax authorities: Contributing to tax transparency, p. 34-35; Business conduct p. 55-58. Our approach to tax				
GRI 207: Tax 2019	207-1 Approach to tax	Tax authorities: Contributing to tax transparency, p. 34-35. Our approach to tax (Our tax governance and Our tax principles)				
	207-2 Tax governance, control, and risk management	Tax authorities: Contributing to tax transparency, p. 34-35; Business conduct and compliance p. 93-96; Reporting Principles p.107; Independent auditor's report, p. 159; Limited assurance report of the independent auditor on the non-financial information, p 163				
	207-3 Stakeholder engagement and management of concerns related to tax	Tax authorities: Contributing to tax transparency, p. 34-35; Business conduct and compliance p. 55-58. Our approach to tax (Engagement with our stakeholders and Approach to public policy and tax advocacy)				
	207-4 Country-by-country reporting		207-4	Infor-mation unavaila-ble/incom-plete	The information on country-to-country is incomplete this year to paint a full picture of Robeco's broad scope overall tax contribution. In 2024, we will make resources available to report on our tax contributions on a country-by-country basis for the next reporting cycle.	
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity, p. 96-101	3-3e	Infor-mation unavaila-ble/incom-plete	Due to the quality of data currently available and the attribution of impacts through our investments on the society, we have not yet formulated a clear set of goals, targets and indicators to evaluate our progress on the impact that we have on biodiversity through our holdings. Nevertheless, we are a founding signatory of the Finance for Biodiversity Pledge. By signing the pledge, financial institutions are calling for, and committing to take, ambitious action on biodiversity and to set targets before the end of 2024. To deliver on this commitment, we established a Biodiversity Committee with representatives across the company's various domains. We will give an update on our progress regarding this disclosure in the next reporting cycle.	
GRI 304: Biodiversity 016			304-1	Not appli-cable	Robeco does not have any operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	

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			Requirement(s) omitted	Reason	Explanation	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity		304-2 a, b	Information unavailable/incomplete	As an asset manager, our material impacts on biodiversity are only indirect through our investments. Due to data limitations and difficulties in the attribution of impacts on biodiversity, it is currently not feasible to report on the significant indirect positive and negative impacts on biodiversity and their nature. We will continuously monitor the progress in this area and give an update on this in the next reporting cycle.	
	304-3 Habitats protected or restored		304-3	Not applicable	Robeco does not have a direct impact on habitats protected and restored.	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		304-4	Not applicable	The significant location of operation is not situated within a protected area or an area of relatively higher biodiversity value.	
Pollution						
GRI 3: Material Topics 2021	3-3 Management of material topics		3-3 a-f	Information unavailable/incomplete	Since this is an emerging topic and closely interlinked with the topics of climate change and biodiversity, we do not report separately on it. We are currently investigating how to best report on this topic, taking into account that this is an indirect impact and data availability is challenging. Our priorities for 2024 include setting targets to fulfil our Finance for Biodiversity Pledge in line with the published guidelines. We intend to incorporate these targets into our net zero roadmap so that we take an integrated approach to nature which not only addresses climate change but also the related topics of biodiversity loss, pollution, resource use and circularity. We aim to release our updated nature and net zero roadmap in 2025.	
Climate change						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change, p. 90-95. Navigating the climate transition. Robeco's roadmap to net zero emissions by 2050				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Limiting our environmental footprint, p. 38-41; Calculating our carbon emissions, p. 114	305-1b, c	Not applicable	Robeco is not involved in any manufactural or industrial activities that generate CH4, N2O, HFCs, PFCs, SF6, NF3 or significant amounts of biogenic CO_2 emissions.	
	305-2 Energy indirect (Scope 2) GHG emissions	Limiting our environmental footprint, p. 38-41; Calculating our carbon emissions, p. 114	305-2b and 305-2c	Not applicable	Robeco is not involved in any manufactural or industrial activities that generate CH4, N2O, HFCs, PFCs, SF6, NF3 or significant amounts of Biogenic CO_2 emissions. For indirect (Scope 2) GHG emissions, we are currently reporting using the location-based method. We are also exploring the possibility of reporting scope 2 GHG emissions using the gross market-based energy method in the future. We will provide an update on this in the next reporting cycle.	
	305-3 Other indirect (Scope 3) GHG emissions	Limiting our environmental footprint, p. 38-41; Climate change, p. 65-70; Calculating our carbon emissions, p. 114	305-3b and 305-3c	Information unavailable/incomplete	For Scope 3 downstream we make all necessary disclosures, however for scope 3 upstream our emissions of CH4, N2O, HFCs, PFCs, SF6, NF3 and the biogenic CO_2 emissions are quite insignificant so we do not have a record of these. Nevertheless, in 2024, we will continue making estimates for the missing Scope 3 upstream emissions.	
	305-4 GHG emissions intensity	Climate change, p. 90-95; Calculating our carbon emissions, p. 114				
	305-5 Reduction of GHG emissions	Climate change, p. 90-95				
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	Robeco is not directly involved in any manufactural or industrial activities that generate ozone-depleting substances (ODS).	

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GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Require-ment(s) omitted	Reason	Explanation	
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not applicable	Robeco is not directly involved in any manufactural or industrial activities that generate nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions.	
Compliance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk management, p. 59-64; Business conduct and compliance, p. 55-58				
Business conduct						
GRI 3: Material Topics 2021	3-3 Management of material topics	Business conduct, p. 55-58				
Resource use and circularity						
GRI 3: Material Topics 2021	3-3 Management of material topics		3-3 a-f	Infor-mation unavaila-ble/incom-plete	Since this is an emerging topic and closely interlinked with the topics of climate change and biodiversity, we do not report separately on it. We are currently investigating how to best report on this topic, taking into account that this is an indirect impact and data availability is challenging. Our priorities for 2024 include setting targets to fulfil our Finance for Biodiversity Pledge in line with the published guidelines. We intend to incorporate these targets into our net zero roadmap so that we take an integrated approach to nature which not only addresses climate change but also the related topics of biodiversity loss, pollution, resource use and circularity. We aim to release our updated nature and net zero roadmap in 2025.	
ESG data quality						
GRI 3: Material Topics 2021	3-3 Management of material topics	ESG data quality, p. 81-82				
Equal opportunitinies/non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our people, p. 27-32 and Business conduct and compliance p. 55-58				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our people, p. 27-32	405-1a iii. and 405-1b iii.	Infor-mation unavaila-ble/incom-plete	As an organisation, we currently do not consider membership of minority groups or vulnerable groups when selecting employees or members of the Management, ExCo and/or Supervisory Boards. As such, we do not record this information. We will continue to evaluate our hiring practices and criteria in the future and give an update on this in the next reporting cycle.	
	405-2 Ratio of basic salary and renumeration of women to men	Remuneration, p. 54	405-2b	Not appli-cable	The scope of the ratio is Robeco Holding. We do not disclose per signification locations of operation as most (72.3%) of Robeco's employees are based in the Netherlands.	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business conduct and compliance (Violations of the code of conduct) p. 56				

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International Reporting Framework (IRF) mapping table

Guiding principles

This Integrated Annual Report has been prepared in accordance with the Integrated Reporting Framework, part of the IFRS Foundation. The <IR> Framework comprises Guiding principles and Content elements and focuses on an organisation's ability to create value.

Guiding principles		Details of our approach
A	Strategic focus and future orientation	Robeco's positioning and strategy are presented in Strategy and value creation (p. 21-22) and Our sustainable investment strategy (p. 68-70), which provides insight into our strategy execution from both our corporate and investment perspectives. Operational sustainability targets as well as their execution were presented throughout the report. Our value creation section (p.23-25) provides further information on how Robeco creates value over time and its resources.
B	Connectivity of information	The report has a clear structure and provides information on market overview and details on how Robeco's strategy relates to changes in its operating environment and performance against the corporate Strategy and the sustainable investment strategy. We elaborate more on possible opportunities and risks arising from our strategy (Trends in the industry, p.12; Financial markets environment and market outlook, p. 13-14; Our Strategy and value creation, p. 21; Risks and opportunities, p. 22; Our sustainable investment strategy, p. 68-70).
C	Stakeholder relationships	Robeco's main stakeholder groups are identified (Stakeholder engagement, p. 24-25). We described methods of identification and engagement with each stakeholder group, as well as the principal issues discussed during the year more extensively. Our value creation model provides further information on value created for our stakeholder groups (Value creation, p. 23-25).
D	Materiality	The report focuses on our material topics, i.e., those with the greatest impact on Robeco and its stakeholders. Robeco's materiality assessment is described in detail (including results) in the Materiality assessment section (p. 19-20).
E	Conciseness	Robeco applies the materiality principle to ensure focused content. The proposed new integrated report acts as a standalone document, providing sufficient information for all stakeholders. Robeco also has to comply with current reporting regulations, these may result in additional content on certain topics.
F	Reliability and completeness	The report covers all our material topics – in terms of content, how we manage the material topics and to ensure a proper balance between positive and negative aspects. Besides reporting on our achievements, we also report on challenges where applicable. To achieve this, the report is subject to a robust review and approval process and is ultimately approved by the ExCo and Supervisory Board prior to publication (Reporting principles p. 162). The report is also subject to assurance from our external auditor (Independent auditor's report p. 159).
G	Consistency and comparability	In the report where possible, all data is shown in its proper context, comparison with previous years' performance is also included. Significant variations in performance are explained in the text.

Content elements		Details of our approach
H	Organizational overview and external environment	The report provides an overview of our activities, purpose, core values, and business model (About Robco p. 8-17). The most significant changes to our external business environment are described in Trends in the industry (p. 12), Financial markets environment and market outlook and Market outlook (p. 13-14).
I	Governance	The Corporate governance describes our corporate governance structure as well as details how it supports Robeco's value creation (p. 43-49). This report also contains A conversation with our CEO (p. 2-4).
J	Business model	Our business model is described under About Robeco (p. 8-17) and also is included in our value creation model (p. 23-25).
K	Risks and opportunities	Our strategy and value creation section (p. 11-12) provides information on principal risks and opportunities arising from our strategy, these are linked to our focus area and our material topics. Further information on the approach to our risk management is included in the Risk Management chapter (p. 59-64).
L	Strategy and resource allocation	Robeco's mission and vision, corporate strategy (p. 21-22), and sustainable investment strategy (p. 68-70) disclose information on our strategy, intended future direction, and allocation of resources. The Corporate outlook provides Robeco's view of markets, performance, and strategy execution in 2024 and beyond (p. 17).
M	Performance	Our value creation model explains outputs/outcomes from our business model, our impact on capitals and the value created for stakeholders (p. 23-24). **1) Corporate level** Our financial results summary (p. 11) discloses the financial performance of Robeco as a company. Our own operation's performance is disclosed in Our stakeholder (p. 26-41). **2) Sustainable investing** Our Sustainable investment strategy describes Robeco's performance against its strategic pillars and targets (p. 68-70).
N	Outlook	Trends in the industry (p. 12) and Financial markets environment and market outlook (p. 13-14) detail the overview and outlook of our operating environement. Our Strategy and value creation (p. 21-22); Our sustainable investment strategy (p. 68-70); and the Corporate outlook (p. 17) provide forward-looking information relating to Robeco's performance, and strategy execution.
O	Basis of preparation and presentation	The basis of preparation and presentation is included under the Reporting principles section (p. 161). We determine content based on the materiality principle and in compliance with relevant regulations.

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Task Force on Climate-related Financial Disclosures (TCFD)

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

GOVERNANCE Robeco's governance on climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Sustainability risk integration and organizational impact policy, p. 8 Sustainability integration: Approach and guidelines, p. 14
Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability risk integration and organizational impact policy, p. 9 Sustainability integration: Approach and guidelines, p. 14

STRATEGY Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Sustainability integration: Approach and guidelines, p. 7-9
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Sustainability integration: Approach and guidelines, p. 7-9 Navigating the climate transition, p. 5-6 Integrated Annual Report 2023, p. 62-64
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Navigating the climate transition, p. 5-6 Integrated Annual Report 2023, p. 62-64

RISK MANAGEMENT How Robeco identifies, assesses and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risks	Sustainability integration: Approach and guidelines, p. 8-9 Sustainability risk integration and organizational impact policy, p. 5-6
Describe the organization's processes for managing climate-related risks	Sustainability integration: Approach and guidelines, p. 8-9 Sustainability risk integration and organizational impact policy, p. 18-20
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Sustainability integration: Approach and guidelines, p. 8-9 Sustainability risk integration and organizational impact policy, p. 18-20

METRICS AND TARGETS The metrics and targets Robeco uses to assess and manage relevant climate-related risks and opportunities, where such information is material	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Integrated Annual Report 2023, p. 62-64
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Integrated Annual Report 2023, p. 62-64, 91-92
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Integrated Annual Report 2023, p. 90, 93 Navigating the climate transition, p. 7, 9-14

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Task Force on Nature-related Financial Disclosures (TNFD)

Robeco supports the recommendations of the TNFD, which were published in September 2023. They lay out what information we can expect from companies in future reporting and provide a framework for us to discuss our biodiversity work. Below we provide an overview of how and where the TNFD recommendations are embedded in Robeco's disclosures.

GOVERNANCE Robeco's governance of nature-related dependencies, impacts, risks and opportunities	
Describe the board's oversight of nature related dependencies, impacts, risks and opportunities.	Sustainability risk integration and organizational impact policy, p. 6-9
Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Sustainability risk integration and organizational impact policy, p. 6-9 Integrated Annual Report 2023, Biodiversity section p. 96 - WWF-NL partnership for expert knowledge
Describe the organization's human rights policies, engagement activities and oversight by the board and management with respect to indigenous peoples, local communities and affected and other stakeholders in the organization's assessment of and response to nature-related dependencies, impacts, risks and opportunities.	Sustainability risk integration and organizational impact policy, p. 18-21 Sustainability integration policy, p. 9-11
STRATEGY The effects of nature-related dependencies, impacts, risks and opportunities on Robeco's business model, strategy and financial planning, where such information is material	
Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term.	Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment *We do not assess for different time periods*
Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment - Biodiversity investment framework - Priority sectors *We do not have a quantitative assessment of financial risk beyond sector exposure*
Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	*We have not yet conducted any scenario analysis.*
Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Integrated Annual Report 2023, Our offices and Limiting our environmental footprint section
RISK MANAGEMENT How Robeco identifies, assesses, prioritizes and monitors nature-related dependencies, impacts, risks and opportunities	
Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations.	Sustainability risk integration and organizational impact policy, p. 18-21 Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment - Priority sectors
Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment - Priority sectors
Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	Integrated Annual Report 2023, Biodiversity section - Biodiversity Investment Framework
Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.	*We have not yet integrated nature-related risks into our overall risk management process*
METRICS AND TARGETS The metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities	
Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment - Biodiversity investment framework Integrated Annual Report 2023, Limiting our environmental footprint section
Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.	Integrated Annual Report 2023, Biodiversity section - Biodiversity impacts and dependencies assessment - Biodiversity investment framework Sustainability risk integration and organizational impact policy, p. 18-21
Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	Integrated Annual Report 2023, Biodiversity section - Our commitment - Outlook

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Appendix 4: UN Global Compact Communication on Progress

Robeco reaffirms its support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

Principle and reference:

Statement of continuing support
UN Global Compact Communication on Progress

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights
Integrating sustainability in our procurement; Our Sustainable Investing strategy; The SDGs as a blueprint for sustainable investing; Human rights; Stewardship; Our people; Business conduct and compliance; Association memberships and participation in external initiatives.

Principle 2
Businesses should make sure that they are not complicit in human rights abuses
Integrating sustainability in our procurement; Stewardship; Human rights.

Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Our people; Stewardship.

Principle 4
Businesses should uphold the elimination of all forms of forced and compulsory labor
Integrating sustainability in our procurement; Stewardship; Human rights.

Principle 5
Businesses should uphold the effective abolition of child labor
Integrating sustainability in our procurement; Stewardship; Human rights.

Principle 6
Businesses should uphold the elimination of discrimination in respect of employment and occupation
Our people; Stewardship; Human rights; Business conduct and compliance.

Principle 7
Businesses should support a precautionary approach to environmental challenges
Integrating sustainability in our procurement; Our Sustainable Investing strategy; Investing solutions; Stewardship; Climate change; Biodiversity.

Principle 8
Businesses should undertake initiatives to promote greater environmental responsibility
Integrating sustainability in our procurement; Our Sustainable Investing strategy; Investing solutions; Stewardship; Climate change; Biodiversity; Association memberships and participation in external initiatives.

Principle 9
Businesses should encourage the development and diffusion of environmentally friendly technologies
Our Sustainable Investing strategy; Investing solutions; Stewardship; Climate change; Biodiversity.

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery
Integrating sustainability in our procurement; Stewardship; Business conduct and compliance; Risk management.

Appendix 5: Association memberships and participation in external initiatives

Name	Role	ESG focus	Region
30% Club	Member in the UK and Brazil	S	Global
Access to Medicine Index	Engagement working group	S	Global
AMEC (Brazilian Corporate Governance Association)	Board membership, Engagement working group	G	Brazil
Asian Corporate Governance Association (ACGA)	Council member	G	Asia
Association of Investors for Sustainable Development (VBDO)	Member of the tax jury	ESG	Netherlands
Business Benchmark on Farm Animal Welfare	Engagement working group	S	Global
Cambridge Institute for Sustainable Leadership	Member, collaborative academic work	ESG	Global
Carbon Disclosure Project (CDP)	Member	E	Global
Climate Action 100+	Founding signatory - commitment to participate in climate action engagement	E	Global
DNB Sustainable Finance initiative	SDG impact measurement; climate risk	E	Netherlands
Dutch Fund and Asset Management Association (DUFAS)	Sustainability Committee, Climate Committee	ESG	Netherlands
Eumedion Dutch Corporate governance platform	Different roles, including board member, Investment Committee	G	EU
European Fund Asset Management Association (EFAMA)	ESG and Stewardship Standing Committee	ESG	EU
Farm Animal Investment Risk & Return (FAIRR)	Engagement working group	S	Global
Finance Sector Deforestation Action (FSDA)	Engagement working group	E	Global
Glasgow Financial Alliance for Net Zero (GFANZ)	Member, committed to meeting the UN-backed Race to Zero	E	Global
Global Commission on Mining 2030	Member	E	Global
IMVB Covenant	Engagement working group	ESG	Netherlands
Institutional Investors Group on Climate Change (IIGCC)	Part of climate action and climate banking engagement, co-chairing the implementation working group of the IIGCC Paris-Aligned Investment Initiative	E	Global
Interfaith Center for Corporate Responsibility (ICCR)	Member	S	Global
International Corporate Governance Network (ICGN)	Chair of Board Governance Policy Committee	G	Global
Investor Alliance for Human Rights (IAHR)	Part of the Advisory Council	S	Global
Investor Mining and Tailings Safety Initiative	Collaborative engagement workstream	E	Global
Investor Policy Dialogue on Deforestation (IPDD)	Co-chairing the workstreams involved in engaging with the governments of Brazil and Indonesia	E	Global
Nature Action 100	One of the founding members, will be part of lead/supporting corporate engagements	E	Global
Net-Zero Asset Managers Initiative (NZAM)	Signatory	E	Global
Platform Living Wage Financials (PLWF)	Member of the Working Group Garments, Engagement	S	Global
Powering Past Coal Alliance (PPCA)	PPCA Finance Taskforce, Signatory of PPCA Finance Principles	E	Global
PRI Human Rights Stewardship Initiative (Advance)	Member of the Advisory Committee	S	Global
PRI Nature Stewardship Initiative (Spring)	Member of the Advisory Committee, participation engagement initiatives	E	Global
Principles for Responsible Investment (PRI)	Part of different committees	ESG	Global
Roundtable on Sustainable Palm Oil (RSPO)	Financial Institutions Technical Forum	S	Global
Sustainable Finance Geneva (SFG)	Member	ESG	Switzerland
Swiss Sustainable Finance (SSF)	Member	ESG	Switzerland
Task Force on Climate-related Financial Disclosures (TCFD)	Member	E	Global
Task Force on Nature-related Financial Disclosures (TNFD)	Member	E	Global
Transition Pathway Initiative (TPI)	Member	E	Global
UN Treaty on Plastic Pollution	Member	E	Global
United Nations Global Compact (UNGC)	Member	ESG	Global
Valuing Water Finance initiative	Engagement collaboration	E	Global

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Appendix 6: Governance of sustainable investing

Executive Committee

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

Climate Change Committee	Biodiversity Committee	SDG Committee	Human Rights Taskforce	Sustainable Investing Research Board	Controversial Behavior Committee
Responsibility: Oversight of climate change-related topics, adapting existing investment strategies, risk management, and active ownership activities, as well as developing new products.	Responsibility: To act as central group of competence on biodiversity related topics. Its purpose is to oversee, coordinate and drive Robeco's approach to biodiversity in an overarching and leading strategy.	Responsibility: Maintaining and updating SDG mapping framework, systems and processes that are of the highest quality, including the assessment of proposed amendments to the framework.	Responsibility: To further institutionalize our human rights approach and develop a human rights framework and roadmap to ensure that we implement our commitments consistently.	Responsibility: To ensure a close connection between research and investment activities, the research board discusses and monitors focus, prioritization and quality of SI research.	Responsibility: Oversight decision-making body for controversial Behaviors of companies and implications to Robeco's investments and outcomes of other Enhanced Engagement processes.
Chair: Climate & Biodiversity Strategist	Chair: Climate Strategist	Chair: SDG Strategist	Chair: Human Rights specialist	Chair: Head SI Research	Chair: Controversy specialist

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Appendix 7: Definitions applied to key indicators

Topic	Indicator	Brief description
Biodiversity	Exposure to biodiversity impacts and dependencies of our AuM	The exposure to biodiversity impacts and dependencies of our AuM indicates the extent to which our AuM are exposed to sectors with high/very high impacts and dependencies on nature. Our total AuM includes listed equities and corporate bonds as well as treasury, government bonds, and securitized investments. It also includes investments that are not classified by GICS or BCLASS such as futures, ETF's, funds, cash and swaps. Using data from third-party sources (ENCORE and Iceberg Datalab) as a foundation, and incorporating Robeco's internal expertise along with guidance from our partner, the World Wide Fund for Nature, we categorize economic sectors based on their levels of impact and dependencies on biodiversity. This classification ranges from very high to low. Subsequently, we align our AuM with these sectors to produce the overview of our AuM's exposure to biodiversity impacts and dependencies. More information on how we classify sector impacts and dependencies can be found in appendix 8.
Business conduct	Critical concerns	Critical concerns include concerns about the potential and actual negative impacts on stakeholders raised through grievance mechanisms and other processes. The grievance mechanism facilitates the submission of external statements of dissatisfaction confidentially, and those making the complaint can remain anonymous through representation by a third party.
	Number of legal proceedings outstanding for late payments	This indicator expresses the number of legal proceedings for late payments by Robeco to its suppliers that are ongoing at the end of the reporting year.
	Payment terms to suppliers	This indicator shows the contractual payment terms between Robeco and its suppliers, expressed in number of days. We also indicate the percentage of invoices which we pay in line with the contractual payment terms.
Climate change	Assets under Management (AuM) in scope[86]	AuM in scope is the market value of the listed equity and fixed income holdings in Robeco's funds and segregated client mandates which are in scope for the relevant asset class being reported upon. 1) For listed equities and corporate bonds (corporates): all issuers that have Bloomberg sector level 1 classification 'Corporate' and all issuers that have level 2 classification 'Agencies' which are regarded as corporate issuers. In addition, derivatives, cash and securitized derivatives are not in-scope. 2) For government bonds: all issuers that have a Bloomberg Level 2 sector classification equal to Treasuries or Sovereign. We also included the EU, which is classified as supranational, but should in our view be regarded as a sovereign issuer.
	Carbon footprint of investments – scope 3 downstream	This is the sum of the financed emissions of Robeco's listed equity, corporate bonds and government bonds AuM. We report on this indicator by following the definitions and calculation guidance from the PCAF Global GHG Standard, which are also consistent with those in the TCFD and GRI 305-3 standards. More information on how scope 3 downstream emissions are calculated can be found in appendix 9.
	Coverage for financed emissions	The coverage for financed emissions measures the percentage of AuM for which CO_2 emissions economic emissions intensity data is available as a percentage of the AuM in scope. In arriving to this indicator, we follow the guidance from the TCFD, GRI 305-1, 305-2, 305-3, 305-4 standards.
	Economic emission intensity	Economic emission intensity measures the exposure of portfolios to carbon-intensive assets. It is equal to the financed emissions divided by the AuM in scope. We follow the guidelines from the TCFD, PCAF and GRI 305-4 standards in arriving to this indicator.
	Energy mix of energy-related holdings in the benchmark	Energy mix of energy-related holdings in the benchmark gives insight in the breakdown of energy-related exposure by energy type in Robeco's aggregated benchmark. The benchmark used is an aggregation of each of the performance benchmarks of the underlying funds, weighted by AuM of the respective funds. This gives an idea of what the market energy mix exposure is, putting Robeco's reported figures into context. Calculated as the exposure to each relevant company times the company's percentage of total revenues derived from energy pro-duction, generation and supporting products and services for oil & gas, thermal coal, nuclear and renewables. AuM in scope: Equities and corporate bonds. Excludes data of the Assets under License and Assets under Advice. Cash and derivative position in our funds do not have energy data. Government bonds also do not have energy mix data. Coverage of in scope assets is 98% for the energy-related revenue dataset.
	Energy mix of Robeco's energy-related holdings	The energy mix of Robeco's energy-related holdings is a breakdown of Robeco's energy-related investments by energy type. The exposure is calculated as the weighted average of the energy-related revenues (in % of total revenues) of portfolio holdings, weighted by holding amount. Energy-related revenues are based on data from Sustainalytics' product involvement and sustainable products datasets. These include revenues from the generation, production, extraction and supporting of products and services for oil & gas, thermal coal, nuclear and renewables. AuM in scope: Equities and corporate bonds. Excludes data of the Assets under License and Assets under Advice. Cash and derivative position in our funds do not have energy data. Government bonds also do not have energy mix data. Coverage of in scope assets is 98% for the energy-related revenue dataset.
	PCAF data quality score	The PCAF data quality score, as defined by the PCAF Global GHG Standard, represents a data quality score. The score ranges from 1 to 5, with 1 representing certain data and 5 uncertain data. For all corporate holdings, we report the scores of only scope 1 emissions. We will investigate whether we can make an overall score including other scopes. We employ data from our 3rd party data provider – Trucost, who provides the disclosure type for the emissions data per each holding and each emissions scope. We use Trucost's correspondence table to match the disclosure type with the appropriate PCAF quality score. We take a weighted average of all PCAF data quality scores across the holdings in scope. One note is that Trucost does not always provide exact PCAF scores per disclosure type, but also ranges like '1 or 2'. In cases such as that we will take the average score.
	Production emissions intensity (Government bonds)	The production emissions intensity for government bonds indicates the financed emissions attributed to government bonds divided by the government bonds AuM in scope. This provides a normalized figure which is comparable across asset managers, regardless of the size of their assets. In arriving to this indicator, we follow the guidance from the TCFD, GRI 305-1, 305-2, 305-3, 305-4 standards.
	Weighted average emission intensity	The weighted average emission intensity metric estimates our portfolio's exposure to emission intensive companies, expressed as tonnes of CO_2 emissions divided by the company revenue (in million euros). In arriving to this indicator, we follow the guidelines from the TCFD, PCAF and GRI 305-4 standards.

86. We use this scope when reporting on all climate indicators described in this overview, with the exception of the two energy mix indicators which have a different scope, outlined in the overview.

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Topic	Indicator	Brief description
Engagement	Assets under engagement	The assets under engagement figure indicates the value of Robeco's equity and credit portfolios for which our in-house active ownership team conducts engagements. In other words, this indicator is the sum of the assets under management for which we engage with companies.
	Distribution of engagement activities by region	The distribution of engagement activities by region indicates the number of engagements per region. An engagement case is a dialogue with a company on a certain engagement topic, and a company can be engaged on multiple topics. The markets per region include the countries per region as stated under the Voting distribution per region indicator.
	Distribution of engagement cases by region	The distribution of engagement cases by regions indicates the percentual division of engagement cases by region. An engagement case is a dialogue with a company on a certain engagement topic, and a company can be engaged on multiple topics. The markets per region include the countries per region as stated under the Voting distribution per region indicator.
	Engagement themes	This indicator shows the number of engagement themes that are chosen for this reporting year. The engagement themes are categorized by environmental, social, and corporate governance factors, as well as global controversies and Sustainable Development Goals engagements.
Equal Oppor-tunities/ non-discri-mination	Women to men fixed remuneration percentage	The women to men fixed remuneration percentage captures the fixed remuneration for women compared to men, expressed as a percentage. The fixed remuneration includes holiday allowance and 13th and 14th month salary, but excludes bonuses, first year at target, etc. This indicator is calculated by dividing the average remuneration of all females by the average remuneration of all males and multiplied by 100 and shown in percentages.
	Women to men total remuneration percentage	The women to men total remuneration percentage captures the difference in average gross hourly earnings between women and men, expressed as percentage. This indicator is calculated by dividing the average gross hourly earnings of all females by the average gross hourly earnings of all males and multiplied by 100 and shown in percentages.
	Employee engagement	The employee engagement score reflects the degree to which our colleagues feel connected to their work, their colleagues, and the wider business. It helps us understand what areas we are doing well in, and what areas have room for improvement. The score ranges from 0 (the lowest score) to 10 (the highest score). All Robeco employees receive an invite for the survey, except for contingent workers, contractors, and interns.
Financial	Assets under Management	The Assets under Management reflect the assets managed, sub-advised or distributed by Robeco. The assets are presented by client sector, client region, client type, asset type, and type of product.
Sustainable investing solutions	ESG integration of our AuM	The ESG integration of our AuM is an indicator which reflects the total value of our assets under management which integrate ESG considerations in their investment processes.
Voting	Assets under voting	The assets under voting figures are based on voting activities for Robeco's equity portfolios. The indicator reflects the total value of the assets under management for which Robeco's in-house active ownership team conducts voting activities.
	Proposals voted on	Robeco's in-house active ownership team is responsible for carrying out all of our stewardship activities, including exercising voting rights on stocks that our portfolios invest in. This indicator reports the total number of proposals voted on at entity level.
	Shareholder meetings voted	This indicator reflects the total number of shareholder meetings voted on at entity level by our in-house active ownership team. This includes proxy voting, which gives us a platform to voice our opinions and vote on topics such as board nominations, remuneration policies, shareholder proposals, and capital management practices.
	Voting distribution by region	Voting distribution by region reflects the total number of shareholder meetings voted on per region. The markets per region include the following countries: North America: Canada and United States. Europe: Austria, Belgium, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Greece, Guernsey, Ireland, Isle of Man, Italy, Jersey, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, and United Kingdom. Pacific: Australia, Japan, Hong Kong, and New Zealand, Marshall Islands. Emerging markets: Argentina, Bermuda, Botswana, Brazil, Cayman Islands, Chile, China, Colombia, Czech Republic, Egypt, Ghana, Greece, Hungary, India, Indonesia, Israel, Kazakhstan, Kenya, Kuwait, Liberia, Malaysia, Mauritius, Mexico, Morocco, Nigeria, Pakistan, Panama, Peru, Philippines, Puerto Rico, Qatar, Republic of Korea, Russian Federation, Saudi Arabia, Senegal, Singapore, South Africa, Taiwan, Thailand, Togo, Tunisia, Turkey, Vietnam, Virgin Islands (British), Zambia, and United Arab Emirates.

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Appendix 8: Exposure to biodiversity impacts and dependencies of our Assets under Management (AuM)

Robeco has classified sector impacts and dependencies by combining third-party data and our in-house sustainability expertise. We also took into account high-priority sectors as defined by external organizations such as the TNFD.

Impacts

We have taken a number of steps to develop a classification of industry sectors that have high or very high impacts on nature. First, we calculated the median sector footprints of all sectors based on data obtained from an external data provider (Iceberg Datalab), which provides modelled estimates for companies, and ranked them from high to low. Second, in some cases, we adjusted the ranking based on our knowledge of the sector and alignment with external organizations. The table below lists the sectors Robeco has classified as having a high or very high impact on nature.

Sectors with high or very high impacts on nature
Consumer Staples Distribution & Retail
Food, Beverage & Tobacco
Energy
Materials
Capital Goods
Consumer Durables & Apparel
Household & Personal Products
Banks
Pharmaceuticals, Biotechnology & Life Sciences
Automobiles & Components
Utilities
Transportation
Real Estate Management & Development
Equity Real Estate Investment Trusts (REITs)

Dependencies

We classified sector dependencies on nature using the ENCORE tool, which provides an assessment from very high to low of the sectors' dependencies on various ecosystem services. Applying a precautionary principle approach, we applied the highest dependency from the various types of dependency. The table below lists the sectors Robeco has classified as having a high or very high dependency on at least one ecosystem service.

Sectors with high or very high dependencies on nature
Food, Beverage & Tobacco
Telecommunication Services
Utilities
Materials
Household & Personal Products
Pharmaceuticals, Biotechnology & Life Sciences
Real Estate Management & Development

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Calculating our carbon emissions

1. For the carbon metrics of relevant investments for 2023 (Scope 3 downstream), our data provider Trucost uses EPA's emissions factors and global warming potential (GWP) rates (refer to Greenhouse Gases Equivalencies Calculator - Calculations and References | US EPA)
2. To calculate our operational carbon footprint (Scope 1, 2 and 3 Upstream), we used the conversion factors listed in the table below.

Conversion factors for CO_{2e} emissions 2023

Travel by lease car	Source	Factor	unit
Lease cars – Petrol	www.co2emissiefactoren.nl/Brandstoffen voertuigen/Benzine (E95)(NL)/WTW	2.821	kg CO_{2e} per liter
Lease cars – Diesel	www.co2emissiefactoren.nl/Brandstoffen voertuigen/Diesel(NL)/WTW	3.256	kg CO_{2e} per liter
Lease cars – Electricity Green	www.co2emissiefactoren.nl/Brandstoffen voertuigen/Groene stroom	0	kg CO_{2e} per kWh
Lease cars – Electricity Grey	www.co2emissiefactoren.nl/Elektriciteit/Grijze stroom	0.456	kg CO_{2e} per kWh
Energy location based			
Energy location based	www.co2emissiefactoren.nl/Elektriciteit/Grijze stroom	0.456	kg CO_{2e} per kWh
Wind Energy	www.co2emissiefactoren.nl/Elektriciteit/Groene stroom	0	kg CO_{2e} per kWh
Heating	DEFRA conversion factors 2023 - district heat and steam	49.9	kg CO_{2e} per GJ
Business travel			
<460km – Average passenger	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Domestic	0.27258	kg CO_{2e} per km
>460km, <3700km – Economy clas	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul	0.18287	kg CO_{2e} per km
>460km, <3700km – First/Business class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Short haul	0.27430	kg CO_{2e} per km
>3700km – Economy class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul	0.20011	kg CO_{2e} per km
>3700km – First/Business class	DEFRA conversion factors 2021 - Business travel - air for Radiative Forcing - Long haul	0.58029	kg CO_{2e} per km
Travel by public transport Generic	www.co2emissiefactoren.nl/Personenvervoer/OV Algemeen/Voertuigtype onbekend	0.020	kg CO_{2e} per km
Travel by public transport Bus/Metro/Train	www.co2emissiefactoren.nl/Personenvervoer/OV Algemeen	0.075	kg CO_{2e} per km
Travel by public transport Bus	www.co2emissiefactoren.nl/Personenvervoer/OV/Bus	0.109	kg CO_{2e} per km
Travel by public transport Taxi	www.co2emissiefactoren.nl/Personenvervoer/Auto/Brandstof onbekend	0.193	kg CO_{2e} per km
Travel by private car	www.co2emissiefactoren.nl/Personenvervoer/Auto/Brandstof onbekend	0.193	kg CO_{2e} per km
Work from home			
Energy work from home	www.co2emissiefactoren.nl/Elektriciteit/Grijze stroom	0.456	kg CO_{2e} per kWh
Hotel			
Hotel stays	20200322-CNG-Review_emissiefactoren_2019_2020_toelichting-final (1).pdf	24.5	kg CO_{2e} per one day stay
Drink water			
Water	www.milieubarometer.nl	0.298	kg CO_{2e} per m3
Paper consumption			
Office paper	www.milieubarometer.nl	1.21	kg CO_{2e} per kg
Waste			
Glas	CE Delft 2007 Milieukentallen van verpakkingen	0.443	kg CO_{2e} per kg
Wood	CE Delft 2007 Milieukentallen van verpakkingen	0.0	kg CO_{2e} per kg
Swill	CE Delft Afvalverwerking en CO_2 (pag. 40 par. 5.3.5)	0.051	kg CO_{2e} per kg
Paper & paperboard	CE Delft 2007 Milieukentallen van verpakkingen	0.676	kg CO_{2e} per kg
Residual waste	Van Dorp installatiebedrijven B.V.	1.203	kg CO_{2e} per kg

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

Assets under management (AuM)
The amount of financial assets managed by Robeco's investment teams.

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

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

Business ethics
The moral principles, policies, and values that govern how Robeco and its employees engage in business activities.

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

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

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

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

Contingent workers
Employees that are not directly employed by Robeco, but indirectly through a third party.

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

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

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

Cybersecurity
Methods used to protect our electronic data, information, systems and applications from being stolen, compromised or attacked, to ensure its availability, integrity and confidentiality.

Daily policymaker
Defined by the AFM as people that are statutory directors and people who formally do not have the position of statutory director, but in practice are responsible for the daily management of the company.

Diversity
In the perspective of Diversity, Equity and Inclusion: differences derived from all human-attributed perspectives, identities, and backgrounds.

Ecosystem service
The goods and services that we harvest and extract from nature, such as food, water, fibers, timber and medicines, along with cultural services such as gardens, parks and coastlines. Nature's processes also preserve and regenerate soil, control floods, filter pollutants, assimilate waste, pollinate crops, maintain the hydrological cycle, regulate the climate and fulfil many other functions.

Electronic Data Gathering, Analysis, and Retrieval system (EDGAR)
A multipurpose, independent, global database of anthropogenic emissions of greenhouse gases and air pollution on Earth. EDGAR provides independent emission estimates compared to what is reported by European Member States or by Parties under the United Nations Framework Convention on Climate Change (UNFCCC), using international statistics and a consistent IPCC methodology.
More information about EDGAR available by the European Commission: EDGAR - The Emissions Database for Global Atmospheric Research (europa.eu).

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Emerging markets
A non-homogeneous grouping of constantly evolving and highly diverse countries at different stages of development. An emerging market usually experiences considerable economic growth and can be seen as transitioning from the 'developing' phase into the 'developed' phase.

Employee engagement
An employee's commitment to the company they work for and its goals on a professional and personal level.

Employee Resource Groups (ERGs)
ERGs provide employees with space, resources, support, and education to share their unique perspectives and help advance the firm's diversity, equity & inclusion strategies and position in the global marketplace.

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

Enhanced engagement
Interactions between Robeco and companies that severely and structurally breach minimum behavioral standards in areas such as human and labor rights, the environment or business ethics. The objective is for companies to eliminate, remediate and, in the future, prevent any similar breaches, allowing for escalation if our expectations are not met. If the company does not make sufficient progress during the three-year engagement process, we consider excluding it from our investment universe.

Enterprise Value Including Cash (EVIC)
A measure of a company's total value, including market capitalization, short and long-term debt, any cash or cash equivalents, and non-controlling interests on the company's balance sheet.

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

Eurozone
Member States of the European Union that have adopted the euro as their currency.

Environmental footprint
The impact of a person, company or community on the environment, often expressed in terms of the amount of land required to sustain its use of natural resources or the total amount of CO_2 produced in its consumption of resources.

Equity
Financial perspective:
1. Any stocks or other securities representing ownership interest in a company. If this is in a private company (a firm that is not listed on a stock exchange), it is referred to as private equity.

Social perspective:

2. Correct imbalances, caused by a disproportionate society, by creating more opportunities for people who have historically had less access.

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

Exchange-traded funds (ETFs)
Securities that track the performance of an index, and that are traded like ordinary stocks on a stock exchange.

Exclusion
The elimination of certain companies from the pool of securities from which we can choose investments.

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

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

Global Reporting Initiative (GRI)
An independent organization that develops standards for sustainability reporting.

Government bonds
Debt securities issued by a government to finance its spending.

Greenwashing
A practice in which sustainability-related statements, declarations, actions or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, financial product or financial service. This practice may be misleading to consumers, investors or other market participants.

Human rights
Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

Inclusion
Creating an organizational culture wherein anyone feels comfortable, valued, and respected, and ensuring that all employees are empowered to contribute to their part of the business process.

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

Intellectual property
Knowledge, creative ideas or expressions that have commercial value and are protectable under copyright, patent, service mark, trademark or trade secret laws. Intellectual property includes brand names,

discoveries, formulas, inventions, knowledge, registered designs and software. It is one of the most readily tradable properties in the digital marketplace.

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

Investment performance
The financial return of an investment.

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

Key Biodiversity Areas
Key Biodiversity Areas (KBAs) are the most important places in the world for species and their habitats. They are among the most diverse places on Earth and contribute significantly to the planet's biodiversity and overall health.

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

Margin Portfolio
The revenues (margin) that Robeco generates via the investments it manages for clients (portfolio).

Market-weighted average EVIC growth factor
A metric used to adjust the carbon footprint of a portfolio. It is calculated by first taking the EVIC returns for all fiscal years and all companies. The inflation adjustment factor for each benchmark can then be calculated as the weighted average EVIC return using the benchmark weights from the relevant date.

Modern Slavery
Modern slavery refers to situations of exploitation that a person cannot escape from because of threats, violence, coercion, deception or the abuse of power.

Nature-related physical risks
Financial risks as a result of the degradation of nature and loss of ecosystem services.

Nature-related transition risk
Financial risks as a result of misalignment with actions aiming to protect, restore, and/or negative impacts on nature. These include regulatory, technology, and consumer and investor expectations.

Permanent workers
Permanent workers are employees that are hired directly by Robeco and have an indefinite contract.

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

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

Scope 1/2/3 emissions
Consider the greenhouse gas emissions that result from a company's activities in three respects: Scope 1 – direct emissions caused by the company while making its products or providing its services;
Scope 2 – direct emissions resulting from the generation of the electricity or heat needed to make the company's products or provide its services;
Scope 3 – indirect emissions resulting from the company's activities, either upstream from the supply of goods and services needed to make its products, or downstream from the usage of the products or services that it provides. These scopes were developed under the Greenhouse Gas Protocol.

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

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

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

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

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

A sustainable investment entails three criteria:

1. Contributing to an environmental or social objective.
   - Robeco defines a substantial contribution to an environmental or social objective using three methods.
     I. The most widely used method is using the Sustainable Development Goals (SDG) investment framework. The framework assesses companies based on their net impact on the 17 UN Sustainable Development Goals to ultimately select companies that produce both an attractive return and alignment with the Sustainable Development Goals. The proprietary framework we have developed measures a company's exposure to the SDGs. More information on the SDG framework methodology can be found on robeco.com/en-int/sustainableinvesting/sdgs.

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II. The second method is used for climate funds, and a sustainable investment is defined as a company adhering to a Paris Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB), as defined in the regulation 2019/2088.
III. The third method is used for green bonds, and is assessed using Robeco's proprietary Green Bond framework.

2. Doing no significant harm (DNSH) to any of those objectives.
   - The DNSH assessment is integrated into the SI contribution assessment.
3. Investee companies follow good governance practices.
   - More information can be found on Robeco's website.

Sustainable Investing Open Access Initiative

A platform that discloses Robeco's SI Intellectual Property to stakeholders. The Open Access tool offers free insights into both company SDG scores and Country Sustainability Rankings.

Sustainable Development Goals (SDGs)

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

Temporary workers

Temporary workers are employees with fixed term contracts due to either undertaking work on temporary or seasonal projects, and also includes new employees on a fixed term contract (six to twelve months).

Voting

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

Wholesale investors

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

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

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Abbreviation list

AFM	Autoriteit Financiële Markten (Dutch Financial Regulator)
AFO	Anit-Fraud Officer
AI	Artificial Intelligence
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DE&I	Diversity, Equity and Inclusion
DNB	De Nederlandsche Bank (Dutch Central Bank)
DORA	Digital Operational Resilience Act
DUFAS	Dutch Fund and Asset Management Association
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure
EFAMA	European Fund and Asset Management Association
ERG	Employee Resource Groups
ERMC	Enterprise Risk Management Committee
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
ETF	Exchange Traded Fund
ExCo	Executive Committee
FTE	Full-time Equivalent
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IRF	Integrated Reporting Framework
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
MiFID	Markets in Financial Instruments Directive
NGO	Non-governmental organization
OCE	ORIX Corporation Europe N.V.
PAC	Product Approval Committee
PAI	Principle Adverse Impact
PCAF	Partnership for Carbon Accounting Financials
PRI	Principles for Responsible Investment
RCF	Robeco Control Framework
RCSA	Risk & Control Self Assessments
RIAM	Robeco Institutional Asset Management B.V.
RTS	Regulatory Technical Standards
RTS	Regulatory Technical Standards
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SISC	Sustainability & Impact Strategy Committee
SSF	Swiss Sustainable Finance
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Taskforce on Nature-Related Financial Disclosures
UCITS	Undertakings for Collective Investment in Transferable Securities
UN	United Nations

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Important information

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