



# ROBECO'S SDG FRAMEWORK

Capturing SDG impact for investment portfolios

**RobecoSAM**

For over 25 years, RobecoSAM has been at the forefront of sustainable investing. Today, it is Robeco's sustainability ingredient brand, used to designate selected SI intelligence and research.

RobecoSAM-labelled strategies guarantee a state-of-the-art impact approach. This is true of all our sustainable thematic strategies, but applies equally to our equity and fixed income impact strategies. All of these strategies have been designed to have a positive, measurable impact on the environment and society and to contribute to the UN's 17 Sustainable Development Goals (SDGs).

More than two decades of sustainable investing research have equipped us with the tools and the unique expertise needed to define financially-material ESG information, integrate it into a wide range of investment products, and measure its impact. RobecoSAM designates Robeco's range of rankings of both companies and countries in terms of their sustainability to help investors make responsible choices.

Sustainable Investing Expertise by  
**ROBECOSAM** 

# Preface

In 2015 all United Nations member states adopted 17 Sustainable Development Goals (SDGs). For the first time in history, the world has a shared plan for promoting sustainable economic growth, advancing social inclusion and safeguarding the natural environment. In short, the SDGs are a blueprint for a better world for current and future generations.

At the same time, a major change is now happening in the financial sector: investors around the globe are integrating sustainability characteristics into their investment strategies. This rise in sustainable investing will be crucial for our ability to achieve the SDGs. From the start, it has been clear that attaining these goals will require the mobilization of massive amounts of public and private financing. Investors thus play a key role in the SDG agenda.

There are ample reasons for investors to invest in companies that advance the SDGs. Companies that provide solutions to tackling sustainability challenges are likely to be future winners. In contrast, companies with an adverse impact on the goals are expected to face increasingly strong headwinds due to stricter regulation or dwindling consumer demand. But how might investors integrate the SDGs into their listed equity and corporate fixed income investment strategies?

Robeco was one of the first asset managers to develop a framework focused on measuring SDG impact for investment portfolios.

Robeco's proprietary SDG Framework is a robust tool that systematically evaluates companies based on their performance across key SDG targets. A company's overall performance across the most strategically relevant SDGs aggregates into an overall company SDG score. The resulting SDG scores are used to construct portfolios that pursue positive impact and avoid negative impact, thereby advancing sustainable progress in the economy, society and the natural environment.

'SDG scores are used to construct portfolios that pursue positive impact and avoid negative impact, thereby advancing sustainable progress in the economy, society and the natural environment'

# Beyond 'business as usual'

## Moving from ESG risk avoidance to targeting SDG impact

Investors are critical to the success of the SDGs. They can channel financing towards companies that provide solutions for the goals and away from companies that undermine progress. Moreover, as part owners of the companies in which they are invested, they can engage with directors and vote at annual meetings in order to promote sustainability.

For investors to be a force for positive change, they need to go beyond 'business as usual'. Over the last few decades, sustainable investing has become a mainstream ambition. Although sustainable investing can be implemented in many different ways, the dominant strategy is to integrate environmental, social and governance (ESG) factors into the investment process. The objective is to identify which companies are adequately managing financially material ESG risks and to reduce or eliminate exposure to those which are not.

### ESG integration vs SDG impact

This rise in ESG integration has made its mark on the financial industry. According to the Global Sustainable Investment Alliance's latest report, global sustainable investments reached over USD 35 trillion (or more than a third of invested assets) in major financial markets worldwide. However, ESG integration will be insufficient for achieving the SDGs.

ESG integration suffers various shortcomings that hamper the ability to identify which companies make the best contribution to the SDGs. First, ESG assessments aggregate numerous E, S and G factors into a single score. This creates confusion as to what the score is actually measuring<sup>1</sup>.

Second, the scores of different ESG ratings providers are poorly correlated, which begs the question whether such scores really measure sustainability performance<sup>2</sup>. Moreover, anecdotal evidence indicates that many companies with negative impacts on SDGs, such as tobacco or soft drinks producers, can still get top notch ESG scores<sup>3</sup>.

ESG integration is insufficient for aligning investments with positive impacts on the SDGs. Instead, in order to support the goals, investors need to obtain a deep understanding of the impacts caused by the diverse companies in their investment universes. Only then can companies that are a positive force for the SDGs be supported.

'ESG integration will be insufficient for achieving the SDGs'

1. Berg, F., Koelbel, J. F., & Rigobon, R. (2019). Aggregate confusion: The divergence of ESG ratings. MIT Sloan School of Management.

2. Dimson, E., Marsh, P., & Staunton, M. (2020a). Divergent ESG ratings. The Journal of Portfolio Management, 47(1), 75-87.

3. Responsible-Investor (2021). <https://www.responsible-investor.com/articles/refinitiv-s-inclusion-of-tobacco-pharma-and-mining-in-esg-top-five-divides-opinion>



# Impact investing – a growing market

## Responding to investor needs and marketing risks

### Conscious stakeholders

Government and business commitments on the SDGs and sustainability issues are helping to heighten awareness among main street consumers and mainstream investors. A strain of conscious capitalism, less fixated on short-term profits and more concentrated on ensuring long-term gains for all, is spreading to retail and investment products. Consumers increasingly want to buy products that respect life and the environment.

Similarly, investors want to allocate capital towards companies that generate positive value for society. Impact investing is a way to capture these preferences within investment products.

### Investing with impact

Impact investing is a broad term that can mean different things to different investors. In line with recent academic research, Robeco differentiates between impact-aligned investing and impact-generating investing<sup>4</sup>. The former puts assets to work in companies that are moving towards (and not against) sustainable goals and impact. The latter induces investors to positively impact a status quo that would otherwise have remained unchanged without their investment and/or influence, for instance through active ownership.

### Essential ingredients of impact

Regardless of whether it is operationalized in a way that aligns with or actively generates positive impacts, impact investing strategies should contain some essential ingredients. One, impact should be measurable. There is a need to quantify the positive contributions (and negative externalities) of the investment that is made and the results that are achieved.

Two, the impact should be aligned with, or produced alongside, the objective of generating financial returns. That means both generating financial returns and having an impact are important; neither dominates.

Finally, the impact is intended to be additional, meaning that the investors' actions make an appreciable difference to changing the status quo (for instance, by actively engaging with the companies in which they invest).

### Info & Insights

The next generation – wealthy, informed, engaged



By 2023, BCG estimates women will hold USD 93 trillion (or 34%) of all private wealth worldwide<sup>1</sup>.



Millennials are at the receiving end of the largest wealth transfer in history, an est. USD 30-68 trillion over the next 25 years as baby boomers retire<sup>2</sup>.



Investment surveys showed between 90-95% of women ranked helping others and the environment as important<sup>3</sup> while 85% of millennials are interested in impact investing<sup>4</sup>.

1 BCG, "Managing the Next Decade of Women's Wealth", 2020

2 Cambridge Associates, Gender Lens Investing Report, September 2018

3 Calvert Investments, "Why women and millennials are likely to drive growth in responsible investing," March 2018

4 Financial Times, "Impact investors shoot for clearer goals," September 2018

4. Busch, T., Bruce-Clark, P., Derwall, J., Eccles, R., Hebb, T., Hoepner, A., ... & Weber, O. (2021). Impact investments: a call for (re) orientation. SN Business & Economics, 1(2), 1-13.

### Growth of impact investing

Impact investing takes sustainability to the next level. It not only requires that the right inputs and actions are present but also that the right outputs and outcomes are produced. According to the Global Impact Investing Network's 2020 Impact Investor Survey, investments aimed at impact reached USD 715 billion, a 40% year-on-year increase. Moreover, nearly 20% of the total was in public securities and readily accessible to mainstream investors.

As more investors move into impact investment strategies, and as financial regulators tighten impact labeling standards, it is becoming increasingly important for asset managers to ensure the quality and rigor of their impact claims.

### Pioneering tradition – leading position

The Robeco SDG Framework and SDG scores build on a pioneering tradition, and further extend Robeco's decades-long lead in sustainable investing research and product development.

The SDG Framework is rigorously and consistently applied to identify, evaluate and quantify the SDG contributions of public companies into an SDG score. The SDG score, together with the macroeconomic outlook, fundamental analysis, sustainability research and ongoing risk management helps investment teams reduce downside risk and select the most promising stocks for investment portfolios.

'The Robeco SDG Framework and SDG scores build on a pioneering tradition and further extend Robeco's decades-long lead in sustainable investing research and product development'

#### In brief

The SDG Framework helps investors:

- Align invested capital with their impact interests and personal values
- Ensure holdings within their portfolios are contributing to the UN SDGs
- Reduce downside risks by focusing on companies with long-term vision
- Position portfolios to capture the gains of economies in sustainable transition

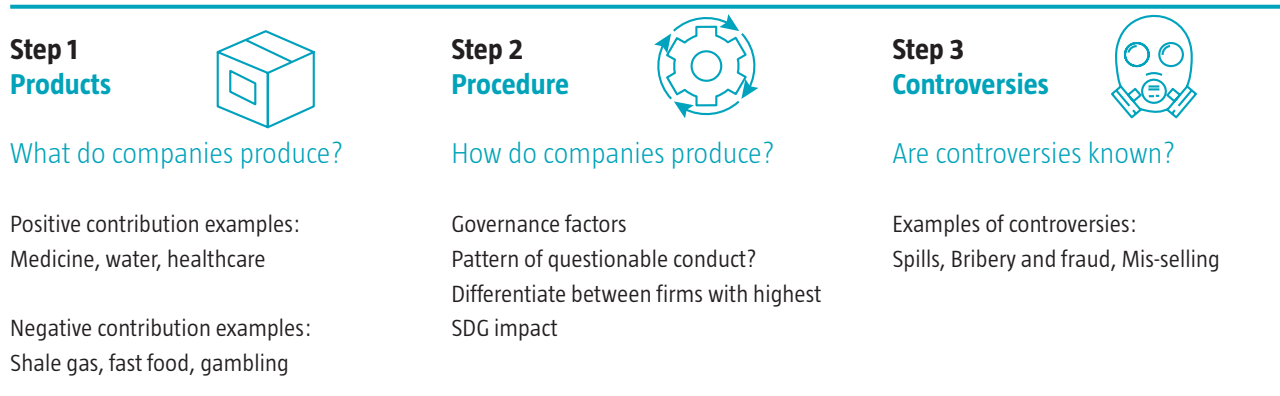
# The Robeco SDG Framework

## A general overview of the assessment and scoring process

Robeco's SDG Framework provides a clear, objective, consistent and replicable approach to measuring impact via the SDG contributions of equity and credit issuers. It consists of a three-step sequence (shown in Figure 1) that starts with a baseline sector SDG assessment,

followed by a more rigorous, company-specific analysis. The process ends with a final screening and review of company controversies that could negatively influence SDG impact and hence SDG scores.

**Figure 1 | Robeco's SDG Framework – a three-step process**



Source: Robeco

### Step 1 What do sectors and companies produce?

The process starts with a sector analysis in order to create a baseline against which companies within that sector can be measured. The sector baseline is a broad measure that indicates the extent to which the companies operating within a sector's value chain collectively contribute to, or detract from, relevant SDGs.

This baseline is verified against academic research conducted on the impacts of companies in particular sub-sectors on the SDGs<sup>5,6</sup>. Once an industry baseline has been established, the contributions of specific companies within the industry are assessed based on their performance across industry-specific sustainability indicators.

Indicators have been constructed to be SDG specific, meaning they correspond to the targets that underpin each of the SDG goals. They are also sector specific to ensure they capture the most relevant areas where sectors can contribute.

The impact stemming from a company's core activities is measured, not just the beneficial effects that may arise from peripheral activities. With these KPIs, we take a rigorous approach to consistently and objectively assess all companies within a particular industry on their sustainability impact.

- van Zanten, J. A., & van Tulder, R. (2020). Towards nexus-based governance: defining interactions between economic activities and Sustainable Development Goals (SDGs). *International Journal of Sustainable Development & World Ecology*. DOI: 10.1080/13504509.2020.1768452
- van Zanten, J. A. & van Tulder, R. (2021). Analyzing Companies' Interactions with the SDGs through Network Analysis: Four Corporate Sustainability Imperatives. *Business Strategy and the Environment*. 1– 25. <https://doi.org/10.1002/bse.2753>

## Assessing the banking sector

Banks are important intermediaries that can facilitate trade and commerce, financing and investments, and economic growth. In general, we expect the financial sector to have a positive impact on SDGs 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation and Infrastructure). This is confirmed by looking at the sub-targets of these SDGs. Various targets underlying these goals actively call for the participation of the financial sector (SDG Targets 8.3, 8.10 and 9.3).

However, banks are not created equal and each must be evaluated separately to establish whether their business strategies and outcomes add or detract from the respective SDGs. For instance, one financial sector KPI evaluates the proportion of a bank's loans to small and medium-sized enterprises (SMEs) compared to the value of its total loan book. If the ratio exceeds 15%, then the bank's status is upgraded to positive medium (from a positive low) for SDGs 8 and 9.

Additional KPIs in banking and financial services are aimed at other SDGs. For example, when the share of consumer loans issued to clients in emerging markets is above a 33% threshold, it positively contributes to SDG 1 (Eradicating Poverty, SDG Target 1.5). This additional SDG then triggers a positive low (+1) SDG score. Moreover, the value of retail mortgage loans issued helps contribute to community growth and development, SDG Target 11.1 for SDG 11, Building Sustainable Cities and Communities).



**Banks**

Sector	Banks		
SDGs	SDG 1	SDG 8	SDG 9
	No poverty	Decent work and economic growth	Industry, innovation and infrastructure
Starting point	Positive Low +1		
KPI 1	% SME loans / total loans		
	> 15%		
	Positive medium +2		
KPI 2	% EM loans / total loans		
	< 33%		> 33%
	No contribution to SDG 1		Positive medium +2
KPI 3, 4, 5, 6			

Source: Robeco

'The impact stemming from a company's core activities is measured, not just the beneficial effects that may arise from peripheral activities'

Some KPIs gauge positive impacts. Should a company meet a KPI threshold, it will receive a higher SDG score. Conversely, other KPIs measure negative impacts, whereby the standing of a company that crosses such KPI thresholds will be reduced.

To make this assessment, Robeco's sustainability analysts use more than 180 unique KPIs that span more than 50 industries. All KPIs are summarized in a rule book that is consistently applied by specialized sector analysts across the constituent stocks of our impact product investment universes. See insert entitled 'Assessing the banking sector'.



## Step 2

### How do companies operate?

Whereas Step 1 assesses the impact of the products companies deliver, Step 2 assesses the processes with which companies create these products. Here, analysts check if the way the firm operates is compatible with the SDGs.

More specifically, how do companies produce their goods and services? Do they cause pollution, do they respect labor rights and is the board diverse? Analysts rely on comprehensive evaluations of a company's governance, internal policies and historical track record on sustainability issues. Data inputs include corporate sustainability performance data from third-party data sources and primary research to provide a comprehensive overview of a company's sustainability impact.

To make this assessment, the SDG Framework offers detailed guidance. To continue with the example of banking, the SDG Framework induces analysts to investigate dimensions such as predatory lending and selling aggressiveness; policies regarding lending to companies active in sectors with adverse impacts on the SDGs, such as coal mining and arms manufacturing; and / or positive impacts such as micro-financing.

## Step 3

### Is the company involved in controversial issues or litigation?

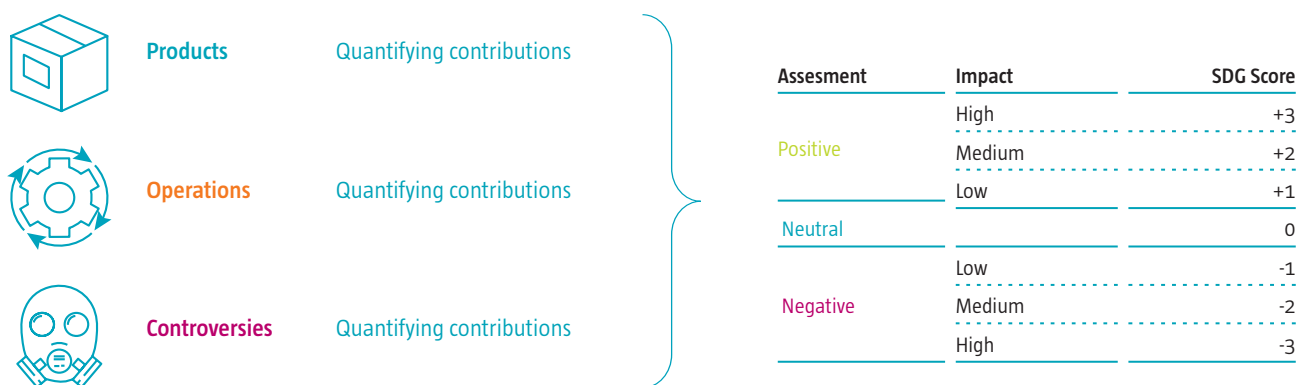
A company can make the right products and operate in the right manner but still cause a scandal that negatively impacts the SDGs. Examples include oil spills, fraud or bribery and human rights abuse. For this reason, a final round of monitoring is conducted whereby analysts examine whether companies are involved in controversies or legal disputes. Key factors scrutinized include whether a controversy has had an adverse impact on the SDGs; whether the company has taken appropriate actions to remediate negative impacts; and whether the company has taken decisive steps to ensure such issues do not arise in the future.

### Quantifying a company's SDG contribution

The final results of this three-step analysis are quantified in an SDG score (see Figure 2). Positive impact companies can receive an SDG score of +1 to +3 (lowest to highest) depending on the strength and quality of their contributions to the SDGs. Similarly, negative impact companies receive SDG scores of -1 down to -3 (worst) depending on the extent to which they detract from the SDGs. The resulting company SDG scores can then be applied to investment screening and portfolio analysis within Robeco's SDG-linked investment products.

'Sustainability analysts use more than 180 unique KPIs that span more than 50 industries'

Figure 2 | KPI assessments are summed to determine a final SDG score



Source: Robeco

# Applying the SDG scores

## SDG scores applied to investment portfolios

Robeco was among the first to provide clients with an SDG-focused credits product and has since developed a suite of SDG impact funds spanning equity and fixed income assets.

The SDG Framework and resulting SDG scores form the backbone of Robeco's suite of SDG solutions designed to generate positive SDG impact while also generating attractive financial returns. Each SDG-linked strategy is diversified in their respective investment approach and risk-return profile but unified by the same goal of building a high-quality portfolio of attractively valued companies that advance the SDG goals.

### Screen and capture SDG impact

Once companies have been distinguished by their SDG scores, investment teams conduct rigorous top-down macro and bottom-up fundamental analysis on individual issuers and equity stock in order to determine company valuations. In addition, depending on the strategy's objectives, analysis may also include applying other ESG integration methods such as additional exclusions and positive screenings based on sustainability ratings.

### Enhancing portfolio performance

Empirical evidence supports our view that screening credit and equity holdings for their SDG impact and sustainability characteristics is positive for performance. It supports our ability to screen out poor performers and does not impede our capacity to generate alpha through issuer and stock selection.

### Additional impact through engagement

Furthermore, all SDG impact strategies are supported by Robeco's Active Ownership Team (AO Team) whose members provide an additional sustainability and impact overlay for portfolios. The AO Team votes and files proposals on behalf of our shareholders to encourage good governance and sustainable corporate practices.

Moreover, the AO Team actively engages over a three-year period with company management on specifically chosen sustainability themes to explain sustainability risks and provide solutions for improving corporate behavior on sustainability issues and SDG impact. Current engagement themes include mining, biodiversity, labor rights, compensation, and governance in emerging markets.

Moreover, in addition to products designed to identify and invest in high performers, we have also created a unique investment product designed specifically to engage with companies with lower SDG scores to actively drive impact in the larger economy and increase future SDG scores. Please see Figure 3 for a complete overview of our SDG-focused investment strategies.

'Robeco was among the first to provide clients with an SDG-focused credits product'

### In brief

The respective investment teams of SDG impact funds use SDG scores as a critical tool to:

- Create an eligible investment universe of companies that are contributing to SDG impact
- Screen out companies that are obstructing progress (those with negative SDG scores)
- Identify and actively engage with low performers to improve SDG scores and achieve real-world impact

**Figure 3 | Overview of Robeco's SDG-focused investment strategies**

	Investment objective	Investments	Approach	Benchmark	SFDR Classification Article 9: Sustainable Investments
RobecoSAM Global SDG Credits	Actively managed portfolios that:  Provide long-term capital growth  Contribute to positive social and environmental impact  Advance the UN Sustainable Development Goals (SDGs)	Investment grade, high yield, and emerging market corporate bonds	Positive to neutral SDG scores	Bloomberg Barclays Global Aggregate: Corporates	
RobecoSAM Euro SDG Credits		Euro-denominated investment grade corporate bonds	Top-down macroeconomic analysis	Bloomberg Barclays Euro-Aggregate: Corporates	
RobecoSAM Emerging SDG Credits		Corporate bonds in emerging markets	Bottom-up, fundamental issuer analysis	JPM CEMBI Broad Diversified	
RobecoSAM SDG Credit Income		Flexible exposure to HY, IG, EM corporate bonds	Proprietary F-score rating  ESG integration	1/3 Bloomberg Barclays US Corporate High Yield + Pan Euro HY ex Financials 2.5% Issuer Cap; 1/3 JPM	
RobecoSAM SDG High Yield Bond		High yield global corporate bonds with sub-investment grade rating	Value-driven	Bloomberg Barclays Global High Yield Corporate Index	
RobecoSAM Global SDG Equities	Outperform the reference benchmark	Concentrated portfolio of global equities (all cap)	High to medium – positive SDG scores  Bottom-up, fundamental analysis  ESG integration  Smart ESG scores  Attractive valuations	MSCI World Index TRN	
RobecoSAM Global SDG Engagement Equities			Invests in companies in the middle range of SDG impact scores  Engages with companies to drive a clear, measurable improvement in SDG scores  Bottom-up, fundamental analysis  ESG integration	MSCI AC World Index	

Source: Robeco

# SDG reporting

## Measuring SDG exposure

Reporting is an essential component of investing with impact. It brings transparency and accountability to processes and outcomes. The SDGs are an increasingly accepted standard for companies to help clarify, prioritize and maximize the value their products and services have on society. Consequently, measuring and reporting the SDG contributions of listed companies provides a powerful means of demonstrating the positive impact of the players that dominate business and the global economy. Moreover, it shows clients how their investments are aligning with their sustainability commitments.

To illustrate the positive impact exposure of our SDG-focused products, we provide examples of reporting results for representative SDG credits and equity strategies.

The RobecoSAM Global SDG Credits and RobecoSAM Global SDG Equities strategies seek to not only beat the market's financial returns but also its SDG impact exposure.

Figures 4 and 5 illustrate how each outperforms their respective benchmarks in terms of aggregate SDG impact exposure (Figure 4) and impact on specific SDGs (Figure 5). The first graphic shows that the RobecoSAM Global SDG Equities Strategy is composed entirely of stocks with high and medium positive impact on the SDGs versus only 38% for its benchmark.

The second graphic shows the SDG impact exposure of a global credits portfolio, the RobecoSAM Global SDG Credits strategy, versus its benchmark across specific SDGs.

**Figure 4 | Fully concentrated in positive SDG impact**

### RobecoSAM Global SDG Equities Strategy

47% High positive

51% Medium positive



### MSCI World

16% High positive

22% Medium positive

21% Low positive

17% Neutral

16% Low negative

5% Medium negative



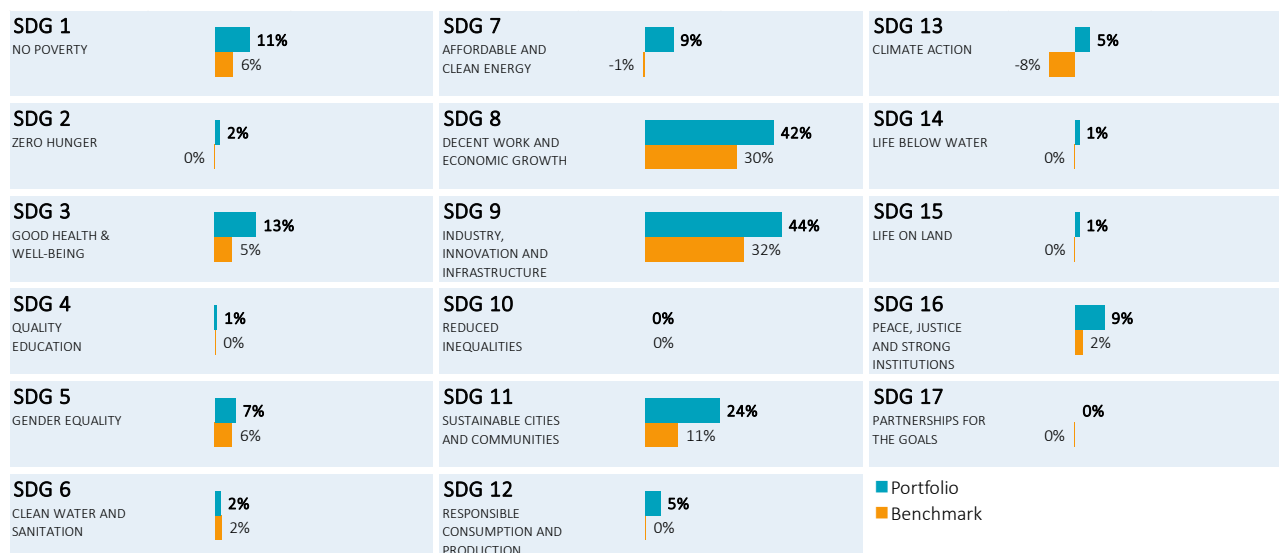
2% High negative

Source: Robeco Switzerland Ltd., data as of 30 June 2021.

Note: Cash represents 2% of portfolio investments.

**Figure 5 | Portfolio impact on specific SDGs vs a global benchmark**

RobecoSAM Global SDG Equities Strategy



Source: Robeco. Net figures for individual SDGs. Data as of 31 July 2021.

Portfolio: RobecoSAM Global SDG Credits. Index: Bloomberg Barclays Global Aggregate Corporates Index.

This example is for information purposes only and not intended to be an investment advice in any way.

Tracking the SDG contributions of companies and reporting aggregate contributions for the investment portfolios provides investors assurance that they have diversified exposure to SDGs as well as diversified exposure to quality companies across the economy with vision and commitment towards a sustainable future.

### Further benefits of SDG reporting

Robeco's SDG scores can also help customize client portfolios towards SDGs that are at the heart of a client's business or personal interests. For instance, a pension fund for health professionals might want to overweight investments in SDG 3 – Good Health and Wellbeing.

Conversely, an education or gender equality foundation may want to underweight investments that perform poorly on SDG 4 – Quality Education and SDG 5 – Gender Equality.

Moreover, beyond their use for portfolio construction and client reporting, SDG scores can be used to inform a variety of investment activities. See insert, 'Advantages of the SDG Framework' for a list of how the SDG Impact Framework can be integrated into investment management products and services.

'Beyond their use for portfolio construction and client reporting, SDG scores can be used to inform a variety of investment activities'

## Advantages of the SDG Framework for investment portfolios

### SDG breadth & depth

Focusing on the SDGs ensures investors exposure to a broad set of social, environmental and governance goals.

### Scale and coverage

The systematic methodology facilitates an efficient yet rigorous fundamental assessment and quantification of impact across the large and complex investable universes associated with listed assets.

### Integration into portfolio analysis

SDG impact scores can be used alongside fundamental analysis for evaluating companies within an active impact investment management strategy.

### SI expertise

Leverages a quarter of a century of sustainable investing experience of Robeco and RobecoSAM including SI research, innovative SI measurement tools and methodologies, and ESG integration into investment management strategies.

### Impact reporting

SDG-linked portfolio reports display meaningful impact across broad SDG categories, individual SDGs and against a globally recognized benchmark.

### Versatility

The framework is a tool suited to evaluating SDG impact across multiple asset classes and investment instruments.

### Active engagement

SDG scores can be used to inform agendas for investment managers with voting, stewardship and engagement services.



# Framework governance and maintenance

## Ensuring continuous data quality and relevance

### Governance

Robeco's SDG Committee is responsible for maintaining, updating and improving Robeco's SDG framework. To ensure close alignment with the requirements of investment teams and the needs of mainstream investors, the committee's membership comprises senior sustainable investing experts and members of our credits and equity investment teams.

### Operations

Robeco's dedicated sustainable investing analysts are responsible for the SDG scores. Using the SDG Framework, they continuously monitor the SDG impacts of the companies for which they are responsible. In principle, a company's SDG score is valid for 24 months. However, should the company become engaged in a controversy or should specific KPIs need to be added or adjusted, SI analysts will reassess a company's impacts accordingly.

### Coverage

SDG scores have wide coverage across varied investment universes. Scores are primarily the result of rigorous fundamental analysis. To date, Robeco's SI analysts – in conjunction with credit and equity analysts – have assessed the impacts of over 1,350 companies. These are under continuous fundamental coverage.

### Continuous improvement

In order to increase the speed of assessments and the scale of coverage, Robeco has begun to automate the framework's scoring process. Combining extensive background research on sub-sector SDG impact, company-specific sustainability data points and natural language algorithms that scan company business descriptions allows us to reliably and systematically automate SDG scores across a greater swath of the potential investment universe. As a result, we are able to achieve near universal coverage – a particularly useful feature for integrating SDGs into quantitative investment strategies.

### In brief

Responsibilities of Robeco's SDG Committee:

- Overseeing the continuous development of KPIs and thresholds
- Ensuring quality and integrity of systems and processes that undergird SDG assessments
- Assessing proposed amendments to the SDG Framework
- Ensuring high-quality governance

# Conclusion

Using the UN SDGs as a guide, Robeco has developed a powerful, proprietary framework that objectively and systematically measures the magnitude of positive (or negative) contributions of companies within an investment universe. Robeco's SDG Framework is characteristic of our pioneering spirit, investment acumen and disciplined rigor in bringing advanced tools and products to the market. It is the backbone of a unique suite of SDG impact investing products and services diversified across asset classes and investor risk-return objectives.

For over two decades, investors have been integrating ESG factors into portfolio strategies. ESG data can help companies and investors identify and mitigate future business and investment risks related to sustainability challenges. However, ESG integration can only go so far. It reduces a portfolio's downside risk, but does not measure sustainable, real-world impact. It does not measure sustainable progress. That is what makes the

SDGs so critical. They provide a universal system to help companies and investors prioritize key sustainability challenges, set specific and measurable targets and monitor positive impact.

The SDGs shift sustainable investing from an ESG risk integration exercise towards an effort that targets positive impact.

Robeco's SDG Framework takes sustainable investing to the next level. Robeco's SDG Framework, SDG scores and SDG-linked investment products help steer invested capital towards companies that generate positive growth, positive impact and positive progress in overcoming sustainable challenges and achieving sustainable development goals.

That is an investment that results in truly compounded returns for people and planet.



**Jan Anton van Zanten**  
SDG Strategist



**Taeke Wiersma**  
Head of Credit Research

## Important Information

Robeco Institutional Asset Management B.V. has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) ("Fund(s)") from The Netherlands Authority for the Financial Markets in Amsterdam. This marketing document is solely intended for professional investors, defined as investors qualifying as professional clients, have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. Robeco Institutional Asset Management B.V. and/or its related, affiliated and subsidiary companies, ("Robeco"), will not be liable for any damages arising out of the use of this document. Users of this information who provide investment services in the European Union have their own responsibility to assess whether they are allowed to receive the information in accordance with MiFID II regulations. To the extent this information qualifies as a reasonable and appropriate minor non-monetary benefit under MiFID II, users that provide investment services in the European Union are responsible to comply with applicable recordkeeping and disclosure requirements. The content of this document is based upon sources of information believed to be reliable and comes without warranties of any kind. Without further explanation this document cannot be considered complete. Any opinions, estimates or forecasts may be changed at any time without prior warning. If in doubt, please seek independent advice. It is intended to provide the professional investor with general information on Robeco's specific capabilities, but has not been prepared by Robeco as investment research and does not constitute an investment recommendation or advice to buy or sell certain securities or investment products and/or to adopt any investment strategy and/or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or used with the public. No part of this document may be reproduced, or published in any form or by any means without Robeco's prior written permission. Investment involves risks. Before investing, please note the initial capital is not guaranteed. Investors should ensure that they fully understand the risk associated with any Robeco product or service offered in their country of domicile. Investors should also consider their own investment objective and risk tolerance level. Historical returns are provided for illustrative purposes only. The price of units may go down as well as up and the past performance is not indicative of future performance. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The performance data do not take account of the commissions and costs incurred on trading securities in client portfolios or on the issue and redemption of units. Unless otherwise stated, the prices used for the performance figures of the Luxembourg-based Funds are the end-of-month transaction prices net of fees up to 4 August 2010. From 4 August 2010, the transaction prices net of fees will be those of the first business day of the month. Return figures versus the benchmark show the investment management result before management and/or performance fees; the Fund returns are with dividends reinvested and based on net asset values with prices and exchange rates of the valuation moment of the benchmark. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund's latest annual report at closing date of the last calendar year. This document is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject any Fund or Robeco Institutional Asset Management B.V. to any registration or licensing requirement within such jurisdiction. Any decision to subscribe for interests in a Fund offered in a particular jurisdiction must be made solely on the basis of information contained in the prospectus, which information may be different from the information contained in this document. Prospective applicants for shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Investor Information Document for the Robeco Funds can all be obtained free of charge at [www.robeco.com](http://www.robeco.com).

### Additional Information for US investors

Robeco is considered "participating affiliated" and some of their employees are "associated persons" of Robeco Institutional Asset Management US Inc. ("RIAM US") as per relevant SEC no-action guidance. Employees identified as associated persons of RIAM US perform activities directly or indirectly related to the investment advisory services provided by RIAM US. In those situation these individuals are deemed to be acting on behalf of RIAM US, a US SEC registered investment adviser. SEC regulations are applicable only to clients, prospects and investors of RIAM US. RIAM US is wholly owned subsidiary of ORIX Corporation Europe N.V. and offers investment advisory services to institutional clients in the US.

### Additional Information for investors with residence or seat in Australia and New Zealand

This document is distributed in Australia by Robeco Hong Kong Limited (ARBN 156 512 659) ("Robeco"), which is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order 03/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not for distribution or dissemination, directly or indirectly, to any other class of persons. In New Zealand, this document is only available to wholesale investors within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 ('FMCA'). This document is not for public distribution in Australia and New Zealand.

### Additional Information for investors with residence or seat in Austria

This information is solely intended for professional investors or eligible counterparties in the meaning of the Austrian Securities Oversight Act.

### Additional Information for investors with residence or seat in Brazil

The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission – CVM, nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

**Additional Information for investors with residence or seat in Canada**

No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. is relying on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

**Additional information for investors with residence or seat in the Republic of Chile**

Neither the issuer nor the Funds have been registered with the Superintendencia de Valores y Seguros pursuant to law no. 18.045, the Ley de Mercado de Valores and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on his own initiative. This may therefore be treated as a “private offering” within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

**Additional Information for investors with residence or seat in Colombia**

This document does not constitute a public offer in the Republic of Colombia. The offer of the Fund is addressed to less than one hundred specifically identified investors. The Fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign Funds in Colombia.

**Additional Information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates**

This material is being distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority (“DFSA”) and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

**Additional Information for investors with residence or seat in France**

Robeco is at liberty to provide services in France. Robeco France (only authorized to offer investment advice service to professional investors) has been approved under registry number 10683 by the French prudential control and resolution authority (formerly ACP, now the ACPR) as an investment firm since 28 September 2012.

**Additional Information for investors with residence or seat in Germany**

This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

**Additional Information for investors with residence or seat in Hong Kong**

The contents of this document have not been reviewed by the Securities and Futures Commission (“SFC”) in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited (“Robeco”). Robeco is regulated by the SFC in Hong Kong.

**Additional Information for investors with residence or seat in Italy**

This document is considered for use solely by qualified investors and private professional clients (as defined in Article 26 (1) (b) and (d) of Consob Regulation No. 16190 dated 29 October 2007). If made available to Distributors and individuals authorized by Distributors to conduct promotion and marketing activity, it may only be used for the purpose for which it was conceived. The data and information contained in this document may not be used for communications with Supervisory Authorities. This document does not include any information to determine, in concrete terms, the investment inclination and, therefore, this document cannot and should not be the basis for making any investment decisions.

**Additional Information for investors with residence or seat in Japan**

This documents are considered for use solely by qualified investors and are being distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No. 2780, Member of Japan Investment Advisors Association].

**Additional Information for investors with residence or seat in Peru**

The Fund has not been registered with the Superintendencia del Mercado de Valores (SMV) and is being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is only for the exclusive use of institutional investors in Peru and is not for public distribution.

**Additional Information for investors with residence or seat in Shanghai**

This material is prepared by Robeco Overseas Investment Fund Management (Shanghai) Limited Company (“Robeco Shanghai”) and is only provided to the specific objects under the premise of confidentiality. Robeco Shanghai has not yet been registered as a private fund manager with the Asset Management Association of China. Robeco Shanghai is a wholly foreign-owned enterprise established in accordance with the PRC laws, which enjoys independent civil rights and civil obligations. The statements of the shareholders or affiliates in the material shall not be deemed to a promise or guarantee of the shareholders or affiliates of Robeco Shanghai, or be deemed to any obligations or liabilities imposed to the shareholders or affiliates of Robeco Shanghai.

#### Additional Information for investors with residence or seat in Singapore

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important Information for Singapore Investors") contained in the prospectus. You should consult your professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the sub-Funds listed in the appendix to the section entitled "Important Information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and are invoking the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

#### Additional Information for investors with residence or seat in Spain

Robeco Institutional Asset Management BV, Branch in Spain is registered in Spain in the Commercial Registry of Madrid, in v.19.957, page 190, section 8, page M-351927 and in the Official Register of the National Securities Market Commission of branches of companies of services of investment of the European Economic Space, with the number 24. It has address in Street Serrano 47, Madrid and CIF W0032687F. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

#### Additional Information for investors with residence or seat in South Africa

Robeco Institutional Asset Management B.V is registered and regulated by the Financial Sector Conduct Authority in South Africa.

#### Additional Information for investors with residence or seat in Switzerland

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Affolternstrasse 56, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Investor Information Documents (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website [www.robeco.ch](http://www.robeco.ch).

#### Additional Information for investors with residence or seat in Liechtenstein

This document is exclusively distributed to Liechtenstein-based duly licensed financial intermediaries (such as e.g. banks, discretionary portfolio managers, insurance companies, fund of funds, etc.) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying agent in Liechtenstein. The prospectus, the Key Investor Information Documents (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website [www.robeco.ch](http://www.robeco.ch)

#### Additional Information for investors with residence or seat in the United Arab Emirates

Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority (the Authority). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

#### Additional Information for investors with residence or seat in the United Kingdom

Robeco is subject to limited regulation in the UK by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

## Contact

**Robeco**

P.O. Box 973  
3000 AZ Rotterdam  
The Netherlands

**T** +31 10 224 1224  
**I** [www.robeco.com](http://www.robeco.com)