

ROBECO INSTITUTIONAL ASSET MANAGEMENT

Principal Adverse Impact Statement

June 2023

Contents

1. Summary	3
2. Description of principal adverse sustainability impacts	4
3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors	13
4. Engagement policies	14
4.1 Corporate Engagement	16
4.2 Public Policy Engagement	17
4.3 Proxy Voting	18
5. Reference to international standards	20
6. Historical comparison	23

1. Summary

Robeco Institutional Asset Management (IS8DZW1TZSQ8YPXVRC46) considers principal adverse impacts (PAI) of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments, this means ensuring that the investments do no significant harm to any environmental or social objective.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Robeco Institutional Asset Management (RIAM). The publication of this statement on principal adverse impacts on sustainability factors coincides with the reference period of 1 January 2022 to 31 December 2022. Reporting year 2023 will be the first year reflecting a comparison to a previous year.

A summary of Principal Adverse Indicators considered by Robeco is presented in Table 1.

Table 1: Summary of Principal Adverse Indicators prioritized by Robeco

Applicable to	Theme	PAI indicator	SFDR Table ¹	Number
Investee companies	Climate and other environment-related indicators	GHG emissions	1	1
		Carbon footprint	1	2
		GHG intensity of investee companies	1	3
		Exposure to companies active in the fossil fuel sector	1	4
		Share of non-renewable energy consumption and production	1	5
		Energy consumption intensity per high-impact climate sector	1	6
		Activities negatively affecting biodiversity sensitive areas	1	7
		Emissions to water	1	8
		Hazardous waste ratio	1	9
		Investing in companies without carbon emission reduction initiatives	2	4
		Deforestation	2	15
	Share of bonds not certified as green under a future EU act setting up an EU Green Bond Standard	2	16	
	Social and Employee, Respect for Human Rights, Anti-corruption and Anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
		Unadjusted gender pay gap	1	12
		Board gender diversity	1	13
Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)		1	14	
Excessive CEO pay ratio	3	8		
Sovereigns and supranationals	Climate and other environment-related indicators	Share of bonds not certified as green under a future EU act setting up an EU Green Bond Standard	2	17
		GHG intensity	1	15
	Social and Employee, Respect for Human Rights, Anti-corruption and Anti-bribery matters	Investee countries subject to social violations	1	16
		Average corruption score	3	21

1. Reporting on the indicators for adverse impacts of Table 1 and any relevant indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act takes place in 2023, following the measurement of the reference periods (Q1 2022 - Q4 2022).

2. Description of principal adverse impacts of investment decisions on sustainability factors

Table 2: Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact (2022) ²	Impact ³ (year n-1)	Explanation ⁴	Actions taken, and actions planned, and targets set for the next reference period
Green-house gas emissions	1. GHG emissions	Scope 1 GHG emissions	7,984,216 tons	NA	NA	<p>General approach</p> <p>Robeco is committed to contributing to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050. To this end, Robeco published a net zero roadmap, including interim carbon reduction targets for 2025 and 2030. The portfolio decarbonization targets are derived from the P2 pathway from the IPCC 1.5-degree scenario of 2018. The P2 pathway is composed of the following emission milestones: 49% reduction of GHG emissions in 2030 and -89% reduction of GHG emissions in 2050, both relative to the 2010 baseline. Initially confined to the majority of Robeco funds only, the scope of our decarbonization strategy will gradually increase to include client mandates and reach 100% of AUM. Our ambition for net zero depends on all sectors of society and the economy doing their part: policy, industry, investors and consumers. Our commitment is made in the expectation that governments will follow through on their own commitments to the goals of the Paris Agreement.</p>
		Scope 2 GHG emissions	2,566,216 tons	NA	NA	
		Scope 3 GHG emissions	79,328, 847 tons	NA	NA	
		Total GHG emissions	89,879,279 tons	NA	NA	
	2. Carbon footprint	Carbon footprint	632.16/€m EVIC	NA	NA	
3. GHG intensity of investee companies	GHG intensity of investee companies	1,428.30/€m Rev	NA	NA		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.09%	NA	NA		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	64.87%	NA	NA		

2. Robeco has started measuring performance on Principal Adverse Impact as of Q1-2022. The first results are published in this statement.

3. Reporting year 2023 will be the first year reflecting a comparison to a previous year.

4. This column will provide an explanation on the development of the specific principal adverse impact indicator against the different reference periods.

		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	51.29%	NA	NA	
	6. Energy consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	0.96 GWh/€m Rev	NA	NA	<p>Engagement Robeco engages with key high emitters in our investment portfolios via the engagement theme 'Acceleration to Paris' and the 'Net Zero Carbon Emissions' theme.</p> <p>Proxy Voting For companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, Robeco will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Robeco also generally supports reasonable shareholder proposals that ask companies to prepare and plan for mitigating climate change risks. This includes but is not limited to resolutions requesting companies to review their energy efficiency and consider increasing the use of renewable energies.</p> <p>Exclusions</p> <ul style="list-style-type: none"> • Robeco's Exclusion Policy covers the exclusion of activities with highly negative climate impacts (e.g. thermal coal, oil sands and Arctic drilling). Thresholds and scope can be found in Robeco's Exclusion Policy. • A number of Robeco funds use a Paris-Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB) and apply the exclusion criteria as set out in Article 12(1) of the EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.

Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	5.43%	NA	NA	<p>General approach</p> <p>Robeco is committed to assessing biodiversity impacts in our portfolios setting targets and reporting on biodiversity matters by 2024 at the latest. Robeco has been addressing biodiversity issues through active ownership activities and integrating material biodiversity risks in our investments. Nature conservation and restoration are in the direct long-term interest of Robeco's clients and our investments. We aim to implement systematic steering on biodiversity risks and impacts in our investment portfolios.</p> <p>Engagement</p> <p>In 2022, Robeco continued its three-year engagement program focused on deforestation linked to 5 high-risk commodities starting in 2021. Additionally, Robeco launched a Natural Resource Management engagement program, which focuses on the responsible management of natural resources and the mitigation of significant adverse impacts on the environment.</p> <p>Proxy Voting</p> <ul style="list-style-type: none"> We expect companies that have high exposure to deforestation risk commodities (namely, palm oil, soy, beef, timber, paper and pulp) to take action to address those risks within their operations and supply chains. For companies that have such exposure, but either don't have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, Robeco would oppose the agenda item most appropriate for that issue. Our assessment of the quality of mitigating actions is based on external benchmarks such as the Forest500 benchmark. Robeco also generally supports reasonable shareholder resolutions requesting increased disclosures on biodiversity risk management and proposals that ask companies to mitigate deforestation risks. <p>Exclusions</p> <p>Robeco's Exclusion Policy outlines the approach to investment in palm oil producers and related exclusions thresholds. Details on criteria and scope can be found in Robeco's Exclusion Policy.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.016 tons	NA	Given the current limited coverage of emissions to water, Robeco is calculating the water footprints of portfolios.	<p>General approach</p> <p>For relevant sectors, water footprint is considered in SI research profiles and other company reports in the fundamental investment domain.</p> <p>Engagement</p> <ul style="list-style-type: none"> In 2022, Robeco launched an engagement program on Natural Resource Management that will screen all water and waste-related principal adverse impact indicators. Robeco has started with a small number of companies under engagement and will increase the number of companies in the future. The selection of new companies will partly be based on the outcomes of screening on this indicator. Within Robeco's Controversial Behavior program, companies are screened for a potential violation in relation to water. When Robeco deems a company to cause a significant negative impact on local water supply or waste issues, which is a breach of UN Global Compact principle 7, it will either apply enhanced engagement or directly exclude the company from the universe.

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	27.1 tons	NA	Given the current limited coverage of hazardous waste and radioactive waste ratios, Robeco is calculating the waste footprints of portfolios.	<p>General approach</p> <p>For relevant sectors, the waste footprint is considered in SI research profiles and other company reports in the fundamental investment domain.</p> <p>Engagement</p> <ul style="list-style-type: none"> In 2022, Robeco launched an engagement program on Natural Resource Management, which covers waste-related topics. Robeco is starting with a small number of companies under engagement and will increase the number of companies in the future when further screening on this indicator. In addition, within Robeco's Controversial Behavior program, companies are screened for potential violations in relation to waste. When Robeco deems a company to cause a significant negative impact on local water supply or waste issues, which is a breach of UN Global Compact principle 7, it will either apply enhanced engagement or directly exclude the company from the universe.
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.11%	NA	NA	<p>General approach</p> <p>Robeco acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and is guided by these international standards in its assessment of the behavior of companies.</p> <p>Engagement/exclusions</p> <p>In order to mitigate severe breaches, an enhanced engagement process is applied where Robeco deems a severe breach of these principles and guidelines has occurred. If this enhanced engagement does not lead to the desired change, Robeco will exclude a company. Enhanced engagement process can immediately lead to exclusion for some strategies as well. Details on criteria and scope can be found in Robeco's Exclusion Policy.</p> <p>Proxy voting</p> <p>For companies that are faced with significant human rights or social issues and that do not provide any evidence of having adequate human rights due diligence processes in place, Robeco will oppose the agenda item most appropriate for that issue. To that end, the nomination of the most accountable board member takes precedence.</p>
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11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies with-out policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises	6.12%	NA	NA	<p>General approach</p> <p>Robeco supports the principles described in the Universal Declaration of Human Rights (UDHR) and detailed in the Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the eight fundamental International Labour Organization (ILO) conventions. Our commitment to these principles means Robeco will expect companies to formally commit to respect human rights, have in place human rights due diligence processes, and, where appropriate, ensure that victims of human rights abuses have access to remedy.</p> <p>Engagement</p> <p>The United Nations Universal Declaration of Human Rights, the ILO's labor standards, the UNGPs, the UNGC and the OECD Guidelines for Multinational Enterprises outline minimal behavioral standards that serve as the basis for our engagement program. The desired outcome of our enhanced engagement program is the identifiable elimination and remediation of any breach and enhancements in management processes aimed at avoiding any repeated breach. For each enhanced engagement, we address the same overarching objectives: Elimination of the breach, Policy, Stakeholder dialogue, Risk management systems, and Transparency. Remediation is a key element of breach elimination in all enhanced engagement cases.</p> <p>Proxy voting</p> <p>For companies that are faced with significant human rights or social issues and that do not provide any evidence of having adequate human rights due diligence processes in place, Robeco will oppose the agenda item most appropriate for that issue. To that end, the nomination of the most accountable board member takes precedence.</p>
	Share of investments in investee companies without grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	52.14%	NA	NA	

12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15%	NA	NA	<p>General approach Diversity and Inclusion (D&I) is an important element determining the long-term success of a company. Therefore we started a dedicated diversity and inclusion engagement program, which includes a focus on addressing inequalities in gender and ethnic pay.</p> <p>Engagement In 2022, Robeco launched an engagement program on diversity and inclusion, which includes elements in relation to the gender pay gap. Overall, gender pay gap disclosures are only mandatory in a few jurisdictions (e.g. UK, California). Companies are encouraged to improve such disclosures.</p> <p>Proxy voting Gender diversity enhances corporate governance, talent attraction and human capital development, which fosters value creation not only within companies but also for stakeholders and society. Robeco usually supports reasonable shareholder resolutions requesting disclosure of specific diversity targets and disclosure on gender pay gaps within companies.</p>
13. Board gender diversity	The average ratio of female to male board members in investee companies expressed as a percentage of all board members	31%	NA	NA	<p>General approach Assessment of board gender diversity is a component of the fundamental investment process and is reflected on in SI research profiles.</p> <p>Engagement In 2022, Robeco launched an engagement program on diversity and inclusion, which includes elements in relation to inequalities in gender, discriminatory company policies and unequal opportunities for promotion at the companies we invest in.</p> <p>Proxy voting Robeco supports the election of a director nominated by management unless the nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills and external commitments or the board fails to incorporate basic considerations for gender diversity. Boards should comply with best practices or legal requirements where these exist. In other developed markets, we expect the least represented gender to comprise at least 30% of the board. In all markets, an against vote is warranted if there is no gender diversity.</p>
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.10%	NA	NA	<p>General approach/exclusions Robeco deems anti-personnel mines, cluster munitions, chemical and biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons that are tailor made and essential to be controversial weapons. Details on criteria and scope can be found in Robeco's Exclusion Policy.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS						
Environmental	15. GHG intensity	GHG intensity of investee countries	10.8 tons/€m GDP ⁵	NA	NA	<p>General approach</p> <p>Robeco monitors a set of country data on climate performance. These include GHG intensity (such as CO2/GDP), CO2 per capita data, emission trends and policy metrics. This dataset has been incorporated in the Country Sustainability Ranking, which is used for the fundamental analysis of government bonds. For the Climate Bond fund, the decarbonization trajectory is based on CO2 per capita data. We see this as a preferred metric over CO2 per unit of GDP. The latter penalizes developing economies for the following two reasons: First, their level of GDP per capita is relatively low. Second, in their stage of economic development, manufacturing plays a larger role for these economies. As a result, an emerging economy such as India scores worse than the US on CO2/GDP, while the per capita emissions are only a fraction of those in the US. In the selection of CO2 per capita data there is a trade-off between timeliness (production data) and coverage of imported CO2 emissions (consumption data). For managing the weighted average carbon intensity of the Climate Bond fund, we have selected the CO2 per capita data based on production.</p> <p>Engagement</p> <p>Robeco will engage with a small group of sovereigns on their performance on climate. Robeco has developed a proprietary methodology for ranking countries on their climate performance. The methodology includes metrics such as GHG intensity, emission trends and policy metrics. The selection of countries for engagement will amongst other things be based on this metric and relevance for our funds. The engagement is aimed at improving transparency on concrete policies and short- and medium targets. Engagement should also increase awareness of this topic among issuers and improve investability for our climate funds. Robeco will approach sovereigns in a collaboration with other investors. Engagement is never intended to unduly influence political processes, and Robeco only conducts engagement on public policy where it is deemed appropriate and transparent.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	NA	NA	<p>General approach</p> <p>The PRS political risk data used for the measurement of this indicator, are an important component of Robeco's Country Sustainability Ranking (CSR). The PRS internal conflict score is used as an instrument to detect countries that run the risk of getting involved in serious internal conflict. The PRS metric is based on three components: civil disorder, terrorism, and civil war. Typically, a country that scores at the lower deciles for this indicator does so on all three components. The internal conflict score is part of a broader political risk scoring framework by PRS, which also incorporates categories such as government stability and external conflict. Robeco's analysis suggests that a deterioration in this score should be regarded as a warning signal for the fundamental strength of a country vis-à-vis peers in the same rating category. In addition, allocations to countries with a low CSR score should, on a fund level, be balanced by allocations to higher-scoring countries to keep the fund's weighted average score at the required level. This will, ceteris paribus, influence the risk premium required for investing in sovereign bonds of lower-scoring countries in our investment process.</p> <p>Exclusions</p> <p>Robeco deems investing in government bonds (federal or local) of countries where serious violations of human rights or a collapse of the governance structure take place as unsustainable. In addition, Robeco will follow applicable sanctions of the UN, EU or US to which it is subject and follows any mandatory (investment) restrictions deriving therefrom, as described in Robeco's Exclusion Policy.</p>

5. The number reported on 30/06/2023 was 0.01 in ktCO2e/€m GDP while the units we stated on 30/06/2023 were tons/\$m GDP, which was incorrect. The correction was implemented, and our reported number is 10.8 tCO2/€m GDP

INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	NA	NA
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	NA	NA	NA	NA

Other indicators for principal adverse impacts on sustainability factors

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Indicators applicable to investments in investee companies

Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	18%	NA	NA	Engagement Robeco engages with key high emitters that are lagging in the energy transition in our investment portfolios via the engagement themes 'Acceleration to Paris' and 'Net Zero Carbon Emissions'. For companies that are not progressing fast enough, divestment may be the ultimate consequence if our engagement is unsuccessful.
Water, waste and material emissions	15. Deforestation	Share of investments in companies without a policy to address deforestation	92.54%	NA	NA	Engagement In 2022, Robeco developed a deforestation policy and updated our sustainability policy to pay more attention to soft commodities whose production is linked to deforestation. Robeco continues the three-year engagement program theme named 'Biodiversity' focused on deforestation linked to five high-risk commodities starting in 2021.
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	93.90%	NA	NA	General approach The majority of Robeco's fundamental fixed income funds have a target on minimum allocation to green, social, sustainable and sustainability-linked bonds. Robeco aims to increase this percentage over time. The timing of this aim is dependent on market conditions and continued development. For the fundamental funds, Robeco screens the sustainability of green, social, sustainable and sustainability-linked bonds to amongst other mitigate greenwashing risks by applying an internally developed five-step framework.

Indicators applicable to investments in sovereigns and supranationals

Green securities	17. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	91.17%	NA	NA	General approach The majority of Robeco's fundamental fixed income funds have a target on minimum allocation to green, social, sustainable and sustainability-linked bonds. Robeco aims to increase this percentage over time. The timing of this aim is dependent on market conditions and continued development. For the fundamental funds, Robeco screens the sustainability of green, social, sustainable and sustainability-linked bonds to amongst other mitigate greenwashing risks by applying an internally developed five-step framework.
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Indicators applicable to investments in investee companies						
Social and employee matters	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	252.85	NA	NA	<p>Engagement</p> <p>Robeco engages with a number of companies under the engagement program 'Responsible Executive Remuneration'. Robeco aligned its engagement practices with its voting policy to improve corporate pay practices.</p> <p>Proxy voting</p> <p>Robeco uses an assessment framework to judge the merits of a remuneration policy or report, generally seeking alignment of management incentives with shareholder interests and adherence to basic best practices such as claw-back provisions. The framework evaluates the following overarching components:</p> <ol style="list-style-type: none"> 1) Remuneration structure and incentives (including the inclusion of relevant ESG metrics) 2) Quantum 3) Accountability and Transparency <p>Robeco supports the inclusion of material, measurable, and clearly disclosed ESG performance metrics in executive remuneration.</p>
Indicators applicable to investments in investee companies						
Governance	21. Average corruption score	The measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	1.65	NA	NA	<p>General approach</p> <p>For all the countries in a fund's investment universe, we monitor the score on corruption as well as changes in this score as part of our fundamental analysis. Our analysis suggests that a deterioration in this score should be regarded as a warning signal for the fundamental strength of a country vis-à-vis peers in the same rating category. In addition, allocations to countries with a low CSR score should, on a fund level, be balanced by allocations to higher-scoring countries to keep the fund's weighted average score at the required level. This will, ceteris paribus, influence the risk premium required for investing in sovereign bonds of lower-scoring countries in our investment process.</p>

3. Description of policies to identify and prioritize principal adverse impacts on sustainability factors

3.1 Methodology to identify and prioritize principal adverse impacts

Identifying principal adverse impacts

As for the principal adverse impact indicators provided in the context of SFDR, Robeco screens the principal adverse impacts of investment decisions across investment strategies and evaluates the outcomes in the Sustainability & Impact Strategy Committee on a yearly basis (see paragraph 3.2). As part of the Active Ownership program, principal adverse impacts are identified and, if needed, addressed via the different engagement themes. We have designed our engagement program to cover the important PAIs by launching two new themes in 2022 on natural resource management and Diversity & Inclusion next to existing climate, biodiversity, and global controversy engagement. More information on Robeco's Active Ownership activities is available in the next chapter.

On a fund level, Robeco makes use of a wide range of processes to identify principal adverse impacts. As a minimum standard, Robeco identifies and mitigates principal adverse impacts through the application of the Robeco Exclusion Policy. In addition, funds may perform negative screening or the avoidance of the lowest-scoring part of an SI metric that includes principal adverse impact indicators (for example, on the control of corruption). The Exclusion Policy covers activity-based exclusions with a high occurrence of adverse impacts like controversial weapons, as well as an approach to dealing with companies that breach the UN Global Compact and OECD Guidelines for Multinational Enterprises. These breaches may differ in severity and may be irremediable in character. If the latter is the case, companies will be directly excluded from the investment universe. Details on criteria and scope can be found in [Robeco's Exclusion Policy](#).

More information, as well as details on criteria and scope, are available via [Robeco's Exclusion Policy](#).

Via the investment process, through either fundamental analysis or quantitative modeling, additional principal adverse impacts can be identified. Tools for the identification include sector-specific materiality frameworks, SI research profiles and company dashboards that combine evaluation of a company's sustainability performance on many aspects. Fund-specific targets, for example, in relation to carbon, can lead to the identification and subsequent exclusion of principal adverse impacts.

For Robeco funds that make fund-of-fund investments, a tailored due diligence process is applied to the fund selection process, which includes due diligence on principal adverse impact and good governance.

More information is available via [Robeco's Sustainability Risk Policy](#).

For sustainable investments, Robeco's proprietary SDG Framework identifies and incorporates relevant and material principal adverse impacts (see Annex 1), similar to Robeco's frameworks for ESG-labelled bonds. For Robeco's climate funds, the climate-related principal adverse impacts are prioritized.

Given the evolving ESG data landscape, there may be challenges in identifying adverse impacts. More information on how Robeco deals with these challenges can be found via [Robeco's SFDR Data Disclosures document](#). All Robeco policies, procedures and data sources are evaluated and, when required, improved on at least an annual basis.

Prioritizing principal adverse impact

The starting point of Robeco's prioritization of mitigation principal adverse impact is Robeco's Sustainable Investing strategy which outlines Robeco's ambition in relation to climate change, biodiversity, human rights and avoiding negative impact on the Sustainable Development Goals. More information on Robeco's Sustainable Investment Strategy can be found [here](#).

All of Robeco's funds apply the minimum standards of the Exclusion Policy. In addition to this, based on the sustainable objective or characteristics of the fund, additional principle adverse impacts can be prioritized. For client mandates that do not apply Robeco's standard approach, the client determines the principle of adverse impact prioritization.

3.2 Governance

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

The SISC oversees Robeco's performance with regard to Principal Adverse Impact on a regular basis and evaluates and approves the Principal Adverse Impact Statement on a yearly basis.

3.3 Data sources

Robeco has adopted a 'best of breed' approach for data sourcing, combining what we deem to be the strongest provider for each category of information. Where Robeco already had existing data acquisition processes in place, such as for environmental footprint analysis or exclusion processes, we have chosen to use that data in our reporting. This choice was made given the extensive assessments already undertaken in selecting each source. For previously untracked indicators, we performed a request for proposal (RFP) process and carried out thorough due diligence of the vendors in the market. Through this process, it was determined to purchase data packages from multiple providers and utilize each where coverage and quality were most suitable for our investment universe. In this way, Robeco has a selection of three source vendors for our corporate Principal Adverse Impact reporting.

We will perform periodic reviews of the available products on the market in the future to ensure that we continue to have the best quality data available. In addition, Robeco has robust data management processes in place to automate ingestion and quality control. We map data from each vendor to Robeco identifiers or provide consistent views that allow individuals to perform assessments at the product and entity levels. In addition, Robeco performs quantitative analysis across providers and metrics over time to identify outliers or other potential errata in the incoming data sets. In the event of such a discovery, or in the case of a manually flagged issue, we engage the data provider responsible for validating and understanding the figure in question.

Table 3: Overview of data sources⁶

Scope	Theme	PAI indicator	Data source
Investee companies	Climate and other environment-related indicators	GHG emissions	Robeco (S&P) ⁷
		Carbon footprint	Robeco (S&P)
		GHG intensity of investee companies	Robeco (S&P)
		Exposure to companies active in the fossil fuel sector	Sustainalytics
		Share of non-renewable energy consumption and production	S&P
		Energy consumption intensity per high-impact climate sector	MSCI
		Activities negatively affecting biodiversity sensitive areas	MSCI
		Emissions to water	S&P
		Hazardous waste ratio	S&P
		Investing in companies without carbon emission reduction initiatives	MSCI
		Deforestation	MSCI
	Share of bonds not certified as green under a future EU act setting up an EU Green Bond Standard	Bloomberg	
	Social and Employee, Respect for Human Rights, Anti-corruption and Anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Robeco (Sustainalytics)
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	MSCI
		Unadjusted gender pay gap	MSCI
		Board gender diversity	MSCI
		Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Robeco (Sustainalytics)
		Excessive CEO pay ratio	MSCI
	Sovereigns and Supranationals	Climate and other environment-related indicators	Share of bonds not certified as green under a future EU act setting up an EU Green Bond Standard
GHG intensity			EDGAR
Social and Employee, Respect for Human Rights, Anti-corruption and Anti-bribery matters		Investee countries subject to social violations	PRS Internal Conflict

6. Data sources are still subject to change given developments in coverage and underlying methodologies.

7. Where appropriate, we apply additional transformation to the original source data to ensure broader applicability. These are marked as Robeco in the table, with the original provider in parentheses. Data transformations may include sector averaging, corporate structure cascading and so on. We may also add extra restrictions, e.g. in the case of controversial weapons, that better reflect our values.

4. Engagement policies

Robeco believes that engagement with investee companies' sustainability issues can have a positive impact on investment results and on society. Robeco's SI Center of Expertise and investment teams work closely together in engagement. Robeco focuses on a wide range of themes jointly determined by the SI Center for Expertise, investment teams, and our clients.

Robeco distinguishes two target groups for engagement: corporate engagement and public policy engagement.

4.1 Corporate Engagement

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. Robeco engages with companies worldwide in both our equity and credit portfolios. The outcomes of our engagement efforts are communicated to analysts, portfolio managers, and clients, enabling them to incorporate this information into their investment decisions as part of Robeco's integrated Sustainable Investing framework.

Engagement consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Robeco carries out three different types of corporate engagement with companies in which we invest: value engagement, SDG engagement and enhanced engagement.

Value engagement

Value engagement is a proactive approach focusing on long-term issues that are financially material and/or cause adverse sustainability impacts. The primary objective is to create value for investors and mitigate adverse impacts by improving sustainability conduct and corporate governance of companies. Robeco identifies potential areas for engagement using our knowledge of trends in the sustainability and corporate governance arenas, assisted by the SI Center of Expertise and service providers. The final selection of engagement areas focuses on financial materiality and engagement impact and is made following consultation with portfolio managers, analysts and clients. Based on our research, we set SMART (Specific, Measurable, Attainable, Relevant, Time-bound) objectives for all engagement cases.

SDG Engagement

The objective of Sustainable Development Goal (SDG) Engagement is to drive a clear and measurable improvement in a company's SDG contribution over three to five years of engagement. By ensuring the company's persistent relevance is reflected by its ability to address key societal needs, this strategy creates value for both investors and society at large. SDG engagement uses fundamental research by Robeco's SI Research team to develop an SDG engagement strategy that aims to improve the sustainability outcomes of companies with significant potential to positively impact one or more of the 17 SDGs. The impact process follows five engagement objectives; impact plan, SDG mapping, target setting, stakeholder management and integrated governance. For each engagement objective, a set of individual SMART milestones are developed. For an engagement case to be closed successfully, we require the majority of milestones to be completed for at least four out of five objectives.

Enhanced engagement

Enhanced engagement focuses on companies that severely breach minimum behavioral norms in areas such as human rights, labor, the environment, biodiversity and corruption. The primary objective of enhanced engagement is to address reported shortfalls against internationally accepted codes of conduct for corporate governance, social responsibility, the

environment and transparency such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. In the areas of climate change and biodiversity, we expect companies to make sufficient progress against Robeco's climate traffic light score or against the Roundtable of Responsible Palm Oil (RSPO) certification, respectively. The process for enhanced engagement theme selection is a formal part of our Exclusion Policy. The Enhanced engagement program includes the themes 'Global Controversy', 'Acceleration to Paris', and 'Palm Oil'. We set SMART objectives for all engagement cases. An enhanced engagement may finally be escalated with a company's exclusion from Robeco's or our clients' investment universe if it does not improve its ESG behavior after the engagement has concluded.

Within our engagement programs, we consider the principal adverse impacts in relation to greenhouse gas emissions, biodiversity, water and social and employee matters. Please see Table 4 for more details on the principal adverse impact indicators considered in our engagement program.

More information can be found in our [Stewardship Policy](#), and the results of our engagement can be found via a dedicated page on [Active Ownership](#). The process for enhanced engagement is a formal part of [Robeco's Exclusion Policy](#).

4.2 Public Policy Engagement

Robeco engages in public policy engagement. Engagement with governments, government-related agencies, or regulators can add value to our engagement program. Therefore, we participate in consultations and provide feedback on regulations that facilitate a better or level playing field for ESG issues. Engagement is never intended to unduly influence the political process, and Robeco only conducts engagement on public policy where it is deemed appropriate and transparent. Most of our engagement activities on this topic are coordinated through the various investor associations and collaborative groups of which we are members (for example, ACGA and Eumedion). Policy engagements that are done via these collaborative platforms can be relevant from an equity investor perspective, from a bondholder perspective, or from both perspectives.

Within our public policy engagement, we focus on the principal adverse impacts in relation to greenhouse gas emissions, biodiversity and human rights. Please see Table 4 for more details on the principal adverse impact indicators considered in our engagement program.

More information can be found in our [Stewardship Policy](#), via a dedicated page on [Active Ownership](#) and in our [Sustainability Report](#).

4.3 Proxy Voting

As a shareholder, Robeco has a right to vote in shareholder meetings for our portfolio companies. We use our voting rights with the aim of influencing a company's corporate practices in line with best governance practices, the interest of our clients and the investing public at large. The Robeco voting policy consists of principles, guidance, and example scenarios to assist in determining our voting instructions. By Proxy Voting policy, we aim to promote good governance practices, for example, by voting against management resolutions that are not aligned with best practice or by supporting shareholder resolutions that ask for reporting, policy and target setting on important sustainability issues. We might also vote against management proposals to flag where we believe that there is significant room for further improvements on governance and sustainability issues. In our policy, we outline our

principle with regard to several PAI indicators, amongst others, in relation to board diversity and separation of the Chairman/CEO roles.

With our proxy voting activities, we take into account a number of principal adverse impacts in relation to greenhouse gas emissions and social and employee matters, including gender pay gap, board gender diversity and executive remuneration. On an annual basis, our voting policy is reviewed for updates. Additional PAI indicators or further escalation strategies are also reviewed on an annual basis. Material changes to Robeco's voting policy are subject to the approval of the Sustainability and Impact Strategy Committee (SISC).

Please see Table 4 for more details on the principal adverse impact indicators considered in our proxy voting activities.

More information can be found in our [Stewardship Policy](#) and [Proxy Voting Guidelines](#).

4.4 Adaption of the policies

Every reporting period, Robeco will conduct a review of whether there is a reduction of the principal adverse impacts. When there is insufficient progress, the engagement policies described above will be adapted in terms of the selection of engagement themes, selection of companies for engagement and/or voting, as well as the process during engagements, including escalation strategy and objective-setting. In addition, when enhanced engagement cases are closed non-effective, Robeco can exclude companies from our investment universe.

Table 4: Overview of Robeco's active ownership program and link to Principal Adverse Impacts (as of June 2023)

Type	Engagement theme or activity	Link to Principal Adverse Impact	Type of contribution (Direct/Indirect ⁸)	Actions if engagement is not successful in mitigating adverse impact
INVESTEES COMPANIES				
Climate and other environment	Acceleration to Paris Agreement	Table 1, 1 Table 1, 2 Table 1, 3 Table 1, 4	Direct	Exclusion after 5 years
	Biodiversity	Table 1, 7	Direct	N/A
	Climate Transition of Financials	Table 1, 3	Direct	N/A
	Net-Zero Carbon Emissions	Table 1, 1 Table 1, 2 Table 1, 3 Table 1, 4 Table 1, 5 Table 1, 6	1,1 – 1,4: Direct 1,5 – 1,6: Indirect	N/A
	Palm Oil	Table 1, 7	Direct	Exclusion after 3 years
	Natural Resource Management	Table 1, 8 Table 1, 9	Direct	N/A
	[To be launched in 2023] Nature Action 100	Table 1, 7	Direct	N/A
	Social and Employee	Enhanced Human Rights Due Diligence	Table 1, 11	Indirect
Global Controversy Engagement		Table 1, 10 Table 1, 11	1, 10: Direct 1, 11: Indirect	Exclusion after 3 years with a potential of an escalation strategy and earlier exclusion
Good Governance ⁹		Table 1, 13 Table 3, 8	Direct	N/A
Responsible Executive Remuneration		Table 3, 8	Direct	N/A
Diversity and Inclusion		Table 1, 12 Table 1, 13	Indirect	N/A
Environment and Social	Proxy voting	Table 1, 1 Table 1, 2 Table 1, 3 Table 1, 4 Table 1, 5 Table 1, 6 Table 1, 10 Table 1, 11 Table 1, 12 Table 1, 13 Table 3, 8	1,1 – 1,4; 1,12 – 1,13; 3,8: Direct 1,5 – 1,6; 1,10 – 1,11: Indirect	N/A

8. This indicates whether a given engagement theme directly or indirectly addresses the Principal Adverse Impacts indicators. 'Indirect' means that a successful engagement outcome may contribute to a reduction of the adverse impacts, however, the engagement objectives are not explicitly related to the metrics under the adverse impacts.

9. This theme is based on the ICGN framework and is different from (though overlapping with) Robeco's [Good Governance Policy](#) required as part of the SFDR regulation.

5. Reference to international standards

As part of Robeco's commitment to making financial markets more sustainable, Robeco works together with a diverse range of institutions. Our active contribution to these important global platforms for collaborative action on sustainability issues enables us to help shape the global investment agenda. The document [Sustainable Investing Memberships, Statements, and Principles](#) lists the SI memberships Robeco participates in, statements signed, as well as principles and best practices adhered to.

In the next paragraphs, the internationally recognized standards with a concrete link to the Principal Adverse Impacts (PAIs) are outlined.

5.1 Paris Agreement

Link to sustainability indicators

Table 1, PAI 1-6 (Greenhouse gas emissions)

Methodology and data used

Robeco is committed to contributing to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050. To this end, in October 2021, Robeco published a net zero roadmap with targets and actions, including interim portfolio decarbonization targets for 2025 and 2030.

Our ambition for net zero depends on all sectors of society and the economy doing their part: policy, industry, investors and consumers. Our commitment is made in the expectation that governments will follow through on their own commitments to the goals of the Paris Agreement.

The portfolio decarbonization targets are derived from the P2 illustrative pathway from the IPCC 1.5-degree scenario of 2018. This is an ambitious scenario without overshoot, which disrupts business-as-usual but is also well aligned with the broader societal development goals (SDGs). The P2 pathway is composed of the following emission milestones: 49% reduction of GHG emissions in 2030 and -89% reduction of GHG emissions in 2050, both relative to the 2010 baseline.

To assess alignment, we measure the carbon footprint of portfolios (scope 1 and 2 scaled over EVIC) relative to the carbon footprint of their benchmark in the baseline year 2019. Our decarbonization targets are tracked at the level of capabilities (fixed income, fundamental equity, quant equity), with all underlying funds jointly contributing to the target of the capability. Our default data source is Trucost, but for some funds, we use other sources to comply with benchmark requirements.

Our decarbonization strategy is initially confined to Robeco funds only (where we have discretion over the investment process) and excludes sovereign bonds, derivatives, cash and green bonds for which no established carbon accounting methodologies are available yet. Through a review of targets which will take place at least every five years, the scope of our net zero strategy will gradually increase to include client mandates and reach 100% of AUM.

Complementary to our decarbonization targets, we aim to accelerate the alignment of investee companies with the Paris Agreement. With a focus on the top 250 emitters in our investment universe, we analyze investee companies' current carbon performance, the ambition of their climate targets and the credibility of their implementation strategy. Based

on this, we classify investee companies as aligned/aligning/partially aligning/misaligned. We refer to this as the Robeco climate traffic light. We communicate our assessment and expectations to the companies in scope, and we focus our engagement on the climate laggards. In 2022, we strengthened our voting policy to enable us to use our votes as an escalation strategy when companies do not meet our expectations on climate change. We base this judgment on our traffic light model and external benchmarks, including the Climate Action 100+ initiative's Net Zero Benchmark, the Transition Pathway Initiative and Urgewald's Coal Exit List. As a result, in 2022, we voted against management resolutions at 156 shareholder meetings due to our concerns about companies' climate change performance.

Robeco's efforts in relation to climate change focus on principal adverse impacts in relation to greenhouse gas emissions and companies with/without emission reduction plans.

5.2 UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights

Link to sustainability indicators

Table 1: PAI 10 (Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises)

Methodology and data used

Robeco has signed the United Nations Global Compact (UNGC) and endorses the OECD Guidelines for Multinational Enterprises. Overall, the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises outline minimal behavioral standards that serve as the basis for the enhanced engagement program as well as the Exclusion Policy. These standards also guide our broader sustainability investing processes, including our social voting approach and value engagement program.

Screening of the investment universe occurs on an ongoing basis; the external exclusion list is updated twice a year. Relevant data sources include the Sustainalytics Global Standards Screening and Controversy Screening.

5.3 Biodiversity

Link to sustainability indicators

Table 1: PAI 7 (Activities negatively affecting biodiversity sensitive areas)

Methodology and data used

Biodiversity is declining faster than at any time in human history, and the pressures driving this decline are still increasing. Over half of the global economy is dependent on well-functioning ecosystems. Further loss of biodiversity could pose risks to financial markets.

Robeco participated in COP15 in Montreal, where the Global Biodiversity Framework (GBF) was adopted. This set of biodiversity targets will form the starting point for Robeco to develop a target-setting process with other global institutional investors to align our investment framework with the [GBF](#).

For several years, Robeco has been addressing biodiversity issues through active ownership activities and integration of material biodiversity risks in our investments. Our goal is that latest by 2024, we implement systematic steering on biodiversity risks and impacts throughout our portfolios. To build this capability, we are partnering with academics and peers to develop methods and data. This includes collaborations with the University of Cambridge (CISL), the Platform Biodiversity Accounting Financials (PBAF) and the Taskforce for Nature-related Financial Disclosure (TNFD).

In September 2020, Robeco signed the Finance for Biodiversity Pledge. As a signatory, we commit to collaborate, assess biodiversity impacts in our portfolios, and set targets and report on biodiversity matters by 2024 at the latest.

In November 2021, during COP26, we signed on to the Financial Sector Commitment on Eliminating Agricultural Commodity-Driven Deforestation. Signatory financial institutions commit to working toward eliminating agricultural deforestation risks in investment portfolios by 2025. To live up to this commitment, we apply different active ownership instruments, including corporate engagement, proxy voting and collaboration with NGOs and ESG data providers. We prioritize our deforestation approach in key forest risk commodity supply chains. We have used the Global Canopy Forest500 assessment to identify investee companies with exposure to at least one of these high deforestation-risk commodities and use Forest500, CDP Forest, Sustainalytics Global Standards Screening and RSPO data for palm oil to understand investee companies' current level of management of deforestation risk.

In 2019 Robeco beefed up its approach to the palm oil industry by introducing exclusion thresholds for palm oil producers or traders. Our SI Inside funds exclude palm oil companies with less than 50% RSPO certification, and SI Focus and SI Impact funds exclude palm oil companies with less than 80% RSPO certification. In January 2025, the 80% threshold will apply to the entire Robeco fund range. Until that time, we are conducting enhanced engagements with all investable palm oil companies that do not yet meet the 80% certification threshold. To support the growth of RSPO certification, Robeco joined the RSPO in January 2019 and its Financial Institutions Consultative Group (FIGG).

5.4 Corporate Governance

Link to sustainability indicators: PAI 12, 13

Table 1: PAI 12 (Unadjusted gender pay gap), 13 (Board gender diversity)

Table 2: PAI 8 (Excessive CEO pay ratio)

Methodology and data used

Robeco takes its responsibility as a shareholder seriously. We disclose all voting decisions for our investment funds on our website one day after a shareholder meeting has taken place. Our proxy voting disclosure complies with the requirements of the Dutch Stewardship Code and SRDII. Our voting policy is based on the principles set by the International Corporate Governance Network, and our stewardship policy, practices and reporting are aligned with several local stewardship codes. More information can be found in our [Stewardship Policy](#). Data is derived from internal processes, aided by content from Glass Lewis and ISS

6. Historical comparison

The earliest historical comparison will be provided in June 2024.

Annex 1: Integration of Principal Adverse Impact in SDG Framework

Mandatory Principal Adverse Impact and the SDG Framework		
#	Mandatory PAI	Summary
1	GHG emissions	Robeco's SDG Framework assesses whether companies cause significant adverse impacts on climate change. The framework considers both the GHG emissions associated with the use of a company's products/services and its own operations. Companies whose products/services are associated with high GHG emissions, such as those active in the fossil fuel sector (see PAI 4) or the airline and automotive industries, are likely to get negative SDG scores and will therefore not classify as sustainable investments. Companies that have high GHG emissions while simultaneously delivering products that significantly contribute to sustainable development can receive neutral or positive SDG scores.
2	Carbon footprint	See PAI 1
3	GHG intensity of investee companies	Robeco's SDG Framework assesses the greenhouse gas intensity of companies active in sectors that can support sustainable development yet are associated with high GHG emissions, such as cement producers and utilities. Issuers in these sectors with a high GHG intensity will get neutral or negative SDG scores and will, therefore, not be eligible as sustainable investment. Companies that have high GHG intensity while delivering products that significantly contribute to sustainable development may receive neutral or positive SDG scores.
4	Exposure to companies active in the fossil fuel sector	Robeco's SDG Framework measures to what extent companies are active in the fossil fuel sector. For an extensive set of sub-sectors, including Energy (exploration and production; oil and gas storage and transportation; refineries; services), Utilities (electric and gas), and Metals and Mining, key performance indicators measure to what extent an issuer has significant exposure to the fossil fuel sector. Additional checks are made to gauge whether issuers also have exposure to unconventional oil and gas activity. Companies with significant exposure to thermal coal, oil, unconventional oil and gas, and to some extent, natural gas, will obtain neutral or negative SDG scores and therefore will not qualify as sustainable investments.
5	Share of nonrenewable energy consumption and production	Robeco's SDG Framework assesses the share of nonrenewable energy production of companies active in the Energy (exploration and production) and the Utilities (electric and gas) sectors. Companies in these sectors with a high share of nonrenewable energy production will get a neutral or negative SDG score and therefore fail to classify as a sustainable investment. Robeco's SDG Framework does not assess the share of nonrenewable energy consumption of issuers in other sectors as this is a highly context-dependent indicator that primarily signals a supply (production) rather than demand (consumption) issue in many markets.
6	Energy consumption intensity per high-impact climate sector	Robeco's SDG Framework assesses whether companies cause significant adverse impacts on climate change by gauging the GHG emissions associated with the products they deliver and their operations (see PAIs 1-4). Although the SDG Framework does not directly screen for investee companies' energy consumption intensity, screening for greenhouse gas intensity for high-impact climate sectors (e.g. cement, utilities) is expected to have a high correlation with energy consumption.
7	Activities negatively affecting biodiversity sensitive areas	Robeco's SDG Framework gauges the adverse impacts on biodiversity-rich areas of companies operating in sub-sectors with a negative influence on ecosystems. This includes the paper and pulp sector, where companies with low rates of recycling and sustainability certification get neutral SDG scores; the food sector, where companies producing significant volumes of beef, lamb, and mutton get negative SDG scores; and the fish sector, where companies with low rates of sustainability certification get negative or neutral SDG scores. Such companies with neutral or negative SDG scores will not classify as sustainable investments.
8	Emissions to water	Robeco's SDG Framework assesses whether companies are involved in controversies. This also applies to companies that cause significant adverse impacts through emissions to water. When this occurs, and in case the company lacks a convincing management approach to remediating and avoiding such adverse impacts from occurring in the future, a negative SDG score will follow, and the company will not be eligible for a sustainable investment.
9	Hazardous waste ratio	Robeco's SDG Framework assesses the hazardous waste that is generated by companies active in the utilities sector. Companies significantly involved in nuclear energy without convincing management policies for dealing with nuclear waste will get a negative SDG score. This will lead to such companies not qualifying as sustainable investments.

10	Violations of UNGC and OECD Guidelines for Multinational Enterprises	Robeco's SDG Framework assesses whether companies are respecting international guidelines for responsible behavior, including the UNGC principles or OECD Guidelines for Multinational Enterprises. Companies violating such guidelines and principles are assigned a negative SDG score and will, therefore, not qualify as a sustainable investment.
11	Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines for Multinational Enterprises	Robeco's SDG Framework assesses whether companies are respecting international guidelines for responsible behavior, including the UNGC principles or OECD Guidelines for Multinational Enterprises. Companies violating such guidelines and principles, or companies for which there is serious concern that they lack policies to ensure compliance with them, can be assigned a negative SDG score and will therefore not qualify as a sustainable investment.
12	Unadjusted gender pay gap	Robeco's SDG Framework applies a multidimensional gender screening. Good performers are assigned a positive SDG score and can therefore classify as a sustainable investment. Poor performers are not assigned a negative SDG score.
13	Board gender diversity	Robeco's SDG Framework applies a multidimensional gender screening. Good performers are assigned a positive SDG score and can therefore classify as a sustainable investment. Poor performers are not assigned a negative SDG score.
14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Robeco's SDG Framework screens whether companies are involved in the manufacture or selling of controversial weapons. Companies generating any amount of revenue from controversial weapons are assigned a negative SDG score and will, therefore, not qualify as a sustainable investment.
15	GHG intensity (sovereign)	N/A
16	Investee countries subject to social violations (sovereign)	n/a
17	Exposure to fossil fuels through real estate assets (real estate)	n/a
18	Exposure to energy-inefficient real estate assets (real estate)	n/a

Voluntary Environmental Principal Adverse Impact and the SDG Framework		
#	Voluntary PAIs - Environment	Summary
9	Investments in companies producing chemicals	Robeco's SDG Framework assesses the potentially adverse impacts of companies producing chemicals. Companies that are active in the production of chemicals for agricultural use are assigned a negative SDG score unless they generate a significant share of revenues from crop protection products and fertilizers with limited adverse environmental impacts. Companies active in the production of general chemicals get a neutral SDG score unless their chemicals have clear benefits for industrial uses, contribute to clean water, or help mitigate climate change, in which cases positive SDG scores can be assigned. Negative and neutral SDG scores do not qualify as sustainable investments.
11	Investments in companies without sustainable land/agriculture practices	Robeco's SDG Framework assesses whether companies have unsustainable land/agriculture practices (see Mandatory PAI 7 and Voluntary Environment PAI 9).
12	Investments in companies without sustainable oceans/seas practices	Robeco's SDG Framework assesses whether companies have unsustainable oceans/seas practices (see Mandatory PAI 7 and Voluntary Environment PAI 9).

Voluntary Social Principal Adverse Impact and the SDG Framework		
#	Voluntary PAIs - Social	Summary
14	Number of identified cases of severe human rights issues and incidents	Robeco's SDG Framework assesses whether companies are respecting international guidelines for responsible behavior, including the UNGC principles or OECD Guidelines for Multinational Enterprises. Companies violating such guidelines and principles, including for severe human rights issues and incidents, are assigned a negative SDG score and will, therefore not qualify as a sustainable investment.
16	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Robeco's SDG Framework assesses whether companies are involved in cases of anti-corruption and anti-bribery. Companies involved in such cases, when lacking adequate policies for preventing such behavior from occurring in the future, can be assigned a negative SDG score and will, therefore, not qualify as a sustainable investment.
17	Number of convictions and number of fines for violation of anti-corruption and anti-bribery laws	Robeco's SDG Framework assesses whether companies are involved in cases of anti-corruption and anti-bribery. Companies involved in such cases, when lacking adequate policies for preventing such behavior from occurring in the future, can be assigned a negative SDG score and will, therefore, not qualify as a sustainable investment.

Please visit the Robeco website
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