

Sustainability Report

2017





Introduction

In 2017, I met with numerous clients in Europe, the US, Asia, the Middle East and Africa. On most of these occasions sustainability investing (SI) was one of the first topics to come up. For me, this is a clear sign that SI has become mainstream. It is an irreversible trend that will only grow stronger. Take the millennials, for example, who want investments that offer both attractive returns and have a positive impact on society and the environment. Fund distributors are adapting their product offering accordingly. Meanwhile, institutional investors are redefining their fiduciary responsibility. For many of them, securing a livable world for future generations has become as important as optimizing investment returns.

The advance of SI is clearly reflected in Robeco's results. Our ESG-integrated assets grew in 2017 from EUR 79 billion to EUR 100 billion (100% of the assets where ESG integration can be applied, managed by our own investment teams), an increase of 27%. High conviction sustainability strategies that are managed, advised and licensed by Robeco and our sister company RobecoSAM grew by more than 45%, increasing from EUR 10.2 billion to EUR 14.8 billion. Meanwhile, Robeco earned excellent scores in the 2017 UN PRI assessment, with an A+ (the highest

possible score) for five modules, including the overarching 'Strategy & Governance' module, and an A for the two remaining modules it was assessed on.

It goes without saying that we subject our business operations to the same strict environmental, social and governance criteria as we apply in our investment processes. This Sustainability Report provides an update on our investment and distributions activities, as well as our governance and business operations. It also serves as our official disclosure document for our commitment to the UN Global Compact, and provides insight into our contributions to the UN Sustainable Development Goals for 2030.

Investing is no longer only about wealth. Today, it's about creating both wealth and well-being. This is good news for our planet and for humanity. For Robeco, which has been at the forefront of SI since the 1990s, together with RobecoSAM, it's an important motivation to continue leading the way.

Gilbert Van Hassel
CEO and Chairman of Robeco's Executive Committee

Contents

Introducing Robeco

Key figures	8
Mission and beliefs	8
Core values	8
Corporate strategy	8
Corporate sustainability strategy	9
Brands and products	9
Value creation model	9
Materiality analysis	11
General results	12
Results for stakeholder groups	12
Financial market developments	12
Asset management industry developments	13
Financial results	14

Investments & distribution

Serving our clients' needs	16
Institutional and wholesale clients	16
Retail clients	16
Innovation	17
Developing sustainability solutions for clients	17
Contributing to the Sustainable Development Goals	18
ESG integration	18
Fundamental equity	18
Quantitative equity	20
Credits	21
Government bonds	21
Private equity	21
Fiduciary management	22
Active ownership	22
Focus on stewardship	22
Inclusion of Sustainable Development Goals	23
Voting	23
Engagement for equity and credits portfolios	24
Exclusions	24
Engagement focus areas in 2017	24
Supporting sustainability initiatives	25
Knowledge sharing on sustainability investing	25
Investment performance	26

Governance

Ownership and legal status	28
Governance structure	28
Supervisory Board	29
Executive Committee	29
Sustainability Committee	29
Tackling climate change	29
Business ethics	30
Risk management and compliance	30
Managing risks	30
Audit & Risk Committee	31
Enterprise Risk Management Committee	31
Robeco Control Framework	31
Risk categories	31
Compliance with laws and regulations	31
Tax policy	32

Business operations

Strategic workforce development	34
Employee Value Proposition	34
Vitality and work-life balance	35
Employee engagement	35
Remuneration	36
Diversity, inclusion and non-discrimination	37
Social commitment	39
Social sponsoring	39
Volunteering	39
Academic activities	39
Procurement	40
Seven principles of sustainable procurement	40
Environmental footprint	40
Premises	40
Business travel	40
Use of resources and emissions	41
Ambitions for 2018 and beyond	41

Annexes

About this report	44
Measurement methods	45
Materiality assessment	46
List of material topics and definitions	47
Glossary	48
Board member resumes	52
Association memberships and participation in external initiatives	54
GRI table	55
Global Compact Communication on Progress (COP) table	57
Contact	58
Important information	58

Cases

Robeco named Impact Manager of the Year	14
Argentina and South Africa: moving in opposite directions	18
Identifying proactive ESG improvers	19
Quantifying the impact of ESG factors on company valuation	20
Various concerns lead to negative fundamental view of mining	21
US PE firm transforms into ESG leader company	22
Co-filing a shareholder proposal	23
Sharing best practices in the cocoa supply chain	24
Contributing to the SDGs by engaging the automotive industry	25
Stepping up engagement efforts on corruption	26
Robeco awarded A+ for most modules in UN PRI assessment 2017	30
FRR chooses Robeco to manage equity index strategy	31
Robeco and global investors call on world leaders to implement climate change deal	35
RIAA rates Robeco as one of the leading managers in Australia for ESG integration	41
Robeco participates in Earth Hour initiative 2017	42

Graphs

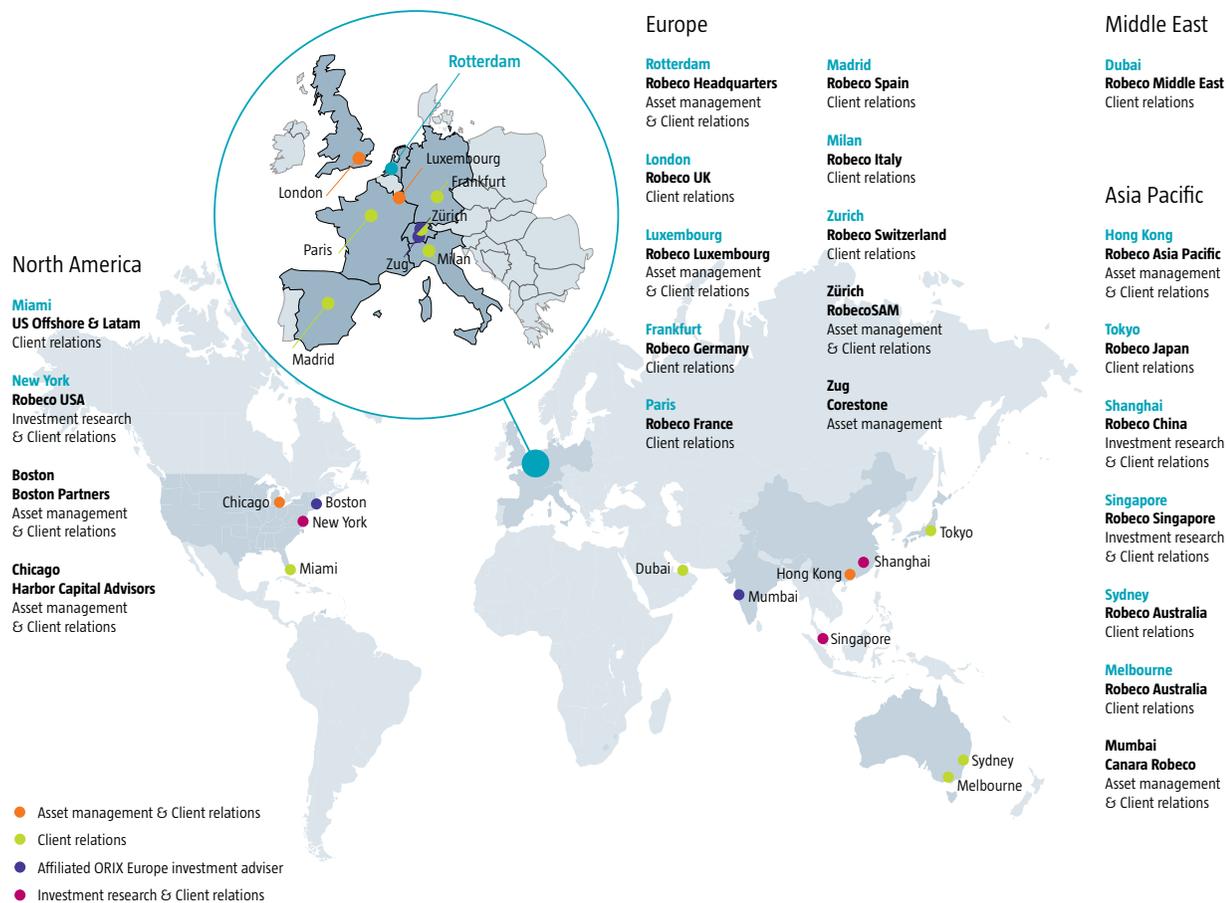
Robeco offices worldwide	7
Key figures	8
Value creation model	10
Materiality matrix – aggregated results	11
Sustainability investing proposition	17
Three-step approach of ESG integration in fundamental equity	19
Contribution of ESG factors to fundamental view	21
Voting distribution by region	23
Distribution of engagement cases by region	25
Shareholder and sister companies	28
Performance management cycle	36
Gender distribution in general, by type of contract and by working time	38
Gender distribution per reporting year	38
Gender distribution per employment category	38
Age distribution	38
FIRST Rotterdam sustainability facts	42
Materiality matrix clients	46
Materiality matrix employees	46
Materiality matrix oversight & civil society	46

Tables

Overview of Robeco asset classes per category	9
Financial results	14
Number of clients by type of investor	16
Voting figures	23
Engagement cases per topic	25
Performance of major Robeco funds	26
Compliance record regarding business ethics	30
Number of employees, new hires and turnover	35
Employee engagement survey	35
Remuneration figures	36
Women-to-men remuneration ratio	36
Resource consumption	41
Greenhouse gas emissions in relation to value chain	41
GRI Table	55
Global Compact Communication on Progress (COP) table	57

Introducing Robeco





Robeco is a pure-play international asset manager with 17 offices worldwide. Through our unique integration of fundamental, sustainable and quantitative research, we are able to offer our clients an extensive selection of active investment strategies, covering a broad range of asset classes built around our key strengths: quantitative investing, sustainability investing, credits and emerging markets. Robeco serves three types of clients with these solutions:

1. Institutional investors such as pension-plan sponsors and pension-related insurance companies, and official institutions such as sovereign wealth funds and central banks;
2. Wholesale clients such as global financial institutions and other large private wealth managers;
3. Dutch private investors.

Our clients are located in Europe, Africa, Middle East, Asia-Pacific, North America and Latin America.

Research lies at the heart of everything we do. We have applied the ‘pioneering but cautious’ approach inherent in our DNA since the company was founded in 1929. Our headquarters are still in Rotterdam, where the company started out. We strongly believe in sustainability investing, quantitative techniques and constant innovation.

At Robeco, we strongly believe that being the ‘Investment Engineers’ requires equal measures of pioneering spirit and caution. Robeco was one of the first asset managers to pioneer investing in emerging markets; the first to take sustainability investing seriously; and one of the first to adopt quantitative investing, using advanced research techniques. Integrating sustainability investing is now our standard practice, accompanied by the constant development of new techniques including factor investing, equity trends and credits.

This is only possible because we have consistently based our investment decisions on thorough research and sound risk management, assuming a long-term view. Our operating style as a pure-play asset manager using an active investment style to achieve continuous outperformance for our clients is still our forte today. Robeco does not have the distractions of offering other financial services such as banking or insurance. Investing is what we do.

Successful pioneering requires caution, and the key to combining both these elements is rigorous research. Robeco’s first director believed that “Every investment strategy should be research-driven.” We build on this belief, drawing fully on our talented investment managers, researchers, analysts and specialists to find the best ideas. When working through a process, we ‘crash test’ strategies to identify – and solve – the problems arising. Put simply, if we can’t prove it, we don’t launch it.

And so our mission remains to use a research-based, quality-driven process to produce the best possible long-term results for our clients.

Robeco is fully owned by ORIX Europe, a subsidiary of ORIX Corporation. ORIX Corporation is a Japanese business conglomerate that started operating in 1964. Robeco and its sister companies within ORIX Europe – RobecoSAM, Boston Partners, Transtrend, Harbor Capital Advisors and Canara Robeco – draw from each other’s expertise and work together to combine their strengths.

For example, Robeco actively applies the sustainability data gathered by sustainability investing specialist RobecoSAM. For value equity investing propositions, Robeco teams up with the experts in this field at Boston Partners. These are just a few examples of how Robeco takes advantage of its partners’ skills to the benefit of its clients.

Key figures

	1929 founding year
	AuM: EUR 161 billion
	898 employees, of which 236 are investment professionals
	Offices in 15 countries around the world
	EUR 100 billion managed in ESG-integrated assets
	EUR 236 billion assets under engagement
	EUR 53 billion managed based on quant models
	A+ / A score in UN PRI assessment
	4,733 shareholder meetings voted
	177 companies engaged

Mission and beliefs

Robeco's mission is "to enable our clients to achieve their financial objectives through superior investment returns and solutions." The way we carry out our mission is driven by our key beliefs:

- As an active asset manager with a long-term investment view we create added value for our clients.
- Every investment strategy should be research-driven and executed in a disciplined way.
- Solid risk management is essential for investment success.
- ESG integration leads to better-informed investment decisions and benefits society.

We will accomplish our mission with employees who are truly engaged and are empowered to use their full potential, working together to obtain the best possible results for our clients and for Robeco.

Core values

To accomplish our mission, Robeco's employees act according to four principles which embody the essence of Robeco and serve as a touchstone for their daily work:

- CLIENT CENTERED - We always act in the best interest of our clients
- INNOVATIVE - We are inquisitive and goal-driven
- SUSTAINABLE - We act responsibly for Robeco and society
- CONNECTING - We help others to be successful

Corporate strategy

In June 2017, Robeco announced its strategy for the period 2017-2021. It is aimed at monetizing our intellectual property, while also preparing for market headwinds and other challenges such as ongoing fee pressure, regulation-driven cost increases and disruptive developments in terms of demographics and technology.

The 2017-2021 strategy will build on the foundations laid in the previous strategy period (2014-2017) and envisages further internationalization of both our investment and client-servicing activities. In this context, we have taken the decision to outsource part of our operations activities to global full-service provider JP Morgan. The transition program is expected to be completed in the course of 2019.

In the coming years, Robeco will strive to accelerate its growth in the UK, US, Italy, Australia and Japan, and among key accounts in other countries in the Asia-Pacific region. These countries offer the best opportunities for growth in the coming years. In China, Robeco will continue to strengthen its presence in order to be ready when the market opens up further. Accelerating sales via global financial institutions is one of the cornerstones of the strategy for 2017-2021.

In terms of products and solutions, the focus will be on further increasing the scale of those capabilities that are currently among the world's best in terms of performance, investment process and consultant ratings. These include Quant Equities (and Factor Investing), Investment Grade Credits, Emerging Markets Equities, Asia-Pacific Equities and Sustainability investing (in close collaboration with sister company RobecoSAM). Robeco will remain strongly committed to its fiduciary business and intends to become the number one commercial pension platform in the Netherlands.

Robeco's Fundamental Global Equities, Global Macro Fixed Income, Fundamental Multi Asset and Quant Allocation capabilities will be enhanced in the coming years in anticipation of the expected increase in client interest. In addition, Robeco intends to build or buy capabilities to support institutional investors in their search for yield, and to establish strategic partnerships. Examples are private-loan products (e.g., the Dutch Business Loans Fund), private markets/debt and mortgages.

For the year 2018, we anticipate revenue growth - and a limited increase in expenditure - resulting in a further improvement of our profitability. For this revenue increase, we assume an ambitious net cash inflow of new client assets and positive equity markets.

Corporate sustainability strategy

Robeco's corporate sustainability strategy was formulated in 2017, drawing on the company's corporate strategy 2017-2021, and approved by the Executive Committee. The strategy charts Robeco's ambitions, beliefs and actions regarding sustainability. At the strategy's core lies the ambition to move asset management towards creating both wealth and well-being. Our strategy highlights are:

- We are convinced that investee companies with sustainable business practices have a competitive advantage and are more successful in the long term.
- We believe sustainability has the power to bring about positive economic, environmental and social change.
- We are convinced that considering ESG factors results in better-informed investment decisions and therefore leads to better results for our clients.
- Our commitment to sustainability investing is reflected in our endorsement of independent and broadly accepted codes of conduct and principles.
- We actively promote diversity, equal opportunity and human capital development to ensure a positive working environment for our employees.
- We value initiatives by our employees to support societal projects and have programs in place for financial support and/or active participation.
- Our efforts to integrate sustainability in our Business operations are governed by our commitment to the UN Global Compact.

Brands and products

Our product range consists of 120 investment funds (February 2018) which contain 735 country/currency varieties and are all marketed under the generic brand name of Robeco plus a description of the fund's characteristic. The following scheme gives an overview of the asset classes Robeco is active in:

Overview of Robeco asset classes per category

Equity	Global equities, US equities, European equities, Emerging markets equities, Asia-Pacific equities, Enhanced indexing equities, Active quant equities, Factor investing equities, Low volatility equities, Trend and thematic equities, Sustainability investing equities
Fixed income	High yield, Investment grade credits, Government bonds, Aggregate fixed income, Emerging fixed income, Quant fixed income, Dynamic duration, Liability Driven Investments (LDI)
Investment solutions	Fiduciary management, Manager selection & monitoring, Liability Driven Investments (LDI), Voting & engagement, Robeco Smart Pension (PPI), Flexioen
Alternative	Managed futures, Private equity, Private debt, GTAA, Diversified carry
Multi-asset	Multi-asset, Life Cycle, Conservative Multi-Asset

Value creation model

Robeco creates value for its stakeholders by providing access to investment opportunities and by generating returns on their investments. Our value creation model shows our core business activities plus output, supported by our business operations and executed within the framework of Robeco's governance. It also shows the way in which our company's value chain is linked to the outside world in terms of input and results on five aspects, explaining how Robeco interacts with its direct stakeholders and with society as a whole.

Our value creation model is cyclical in more than one sense. It not only represents the cyclical nature of financial investments leading to financial returns that can be re-invested, but also shows that investment in knowledge, cooperation and personal development leads to better-informed investment decisions, better relations with our clients and business partners and a smarter workforce. Our value creation model also reflects our conviction that sustainability issues cannot be separated from other business considerations. Rather, they form an integral part of a company's way of conducting its business processes.

The value creation model is reflected in the structure of this report. Our clients trust us with their assets, which we invest for them. Who our clients are and what we have to offer them is described under Investments & Distribution. This section emphasizes the particular sustainability aspects of Robeco's distribution and investment activities. The way we conduct our business and apply rules and regulations is described in the section Governance. Finally, supporting activities are described under Business operations.

Robeco value creation model

Mission

To enable our clients to achieve their financial objectives through superior investment returns and solutions.

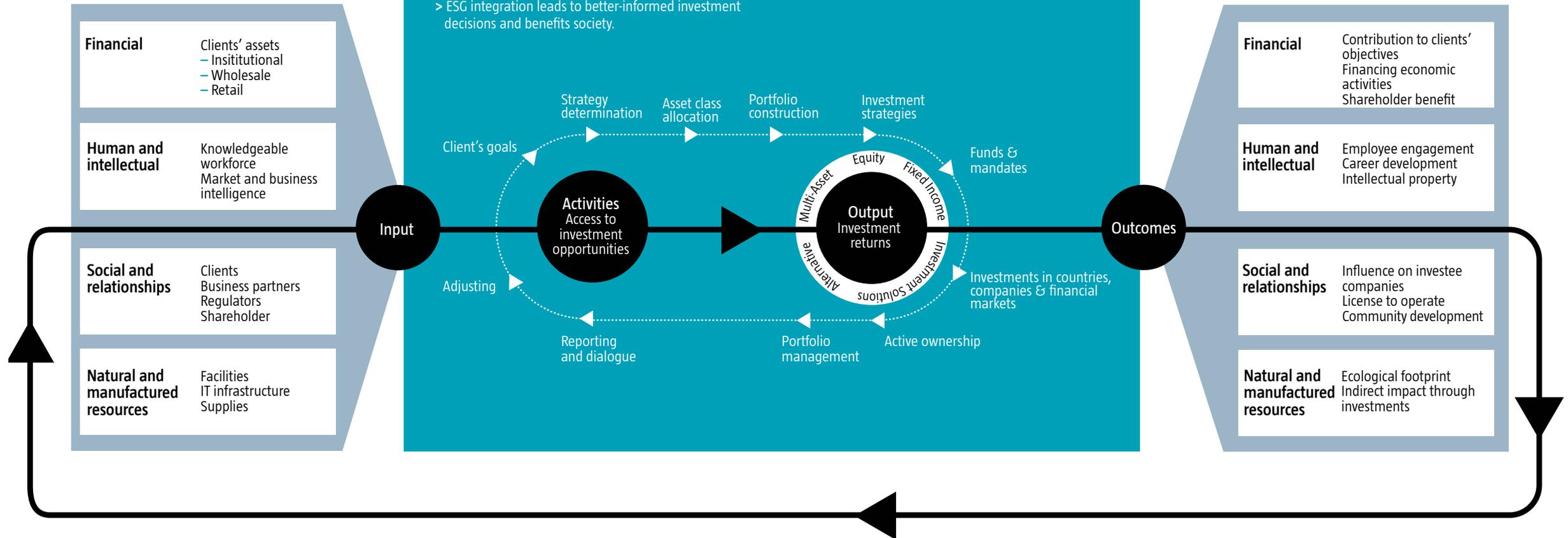
We will accomplish our mission with employees who are truly engaged and are empowered to use their full potential, working together to obtain the best possible results for our clients and for Robeco.

Beliefs

- > As an active asset manager with a long-term investment view we create added value for our clients.
- > Every investment strategy should be research-driven and executed in a disciplined way.
- > Solid risk management is essential for investment success.
- > ESG integration leads to better-informed investment decisions and benefits society.

Strategy 2017-2021

Monetizing our intellectual property by creating profitable scale, while dealing with market headwinds and controlling our costs.



On the left side of the value creation model, we have listed the different sources of capital, as defined by the International Integrated Reporting Council (IIRC). Through our activities, we strive to create added value on all of these sources, and the outcome of our activities is therefore also expressed in terms of the same capital, on the right hand side of the model.

First and foremost, we have the duty to create financial value for our clients, who entrust us with their assets, and with whom we maintain durable relationships. Our main activities and output are centered around this principle. We are able to generate healthy returns for our clients because of the intellectual capital vested in our employees. Robeco strives to reward its staff fairly for this, and we believe that work brings job satisfaction and career opportunities.

Other components on the input side are the relationships we maintain with stakeholders, and with resources that support our activities, such as facilities and IT infrastructure.

On the outcome side of the model, we have an indirect impact on society through the companies we invest in. Robeco aims to be an active owner of the companies in which it invests. We have a stewardship, active ownership and exclusion policy in place to guide our efforts to encourage companies to improve the way they manage ESG risks and opportunities. The main financial implications of climate change are also evident in our investments. The indirect contribution through our investments to the emissions of the companies we invest in are known as 'Scope 3' emissions. Measuring these is a challenging process. Through our endorsement of the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), Robeco has committed to integrating climate risk into its governance and risk-management processes. An internal program will start in early 2018.

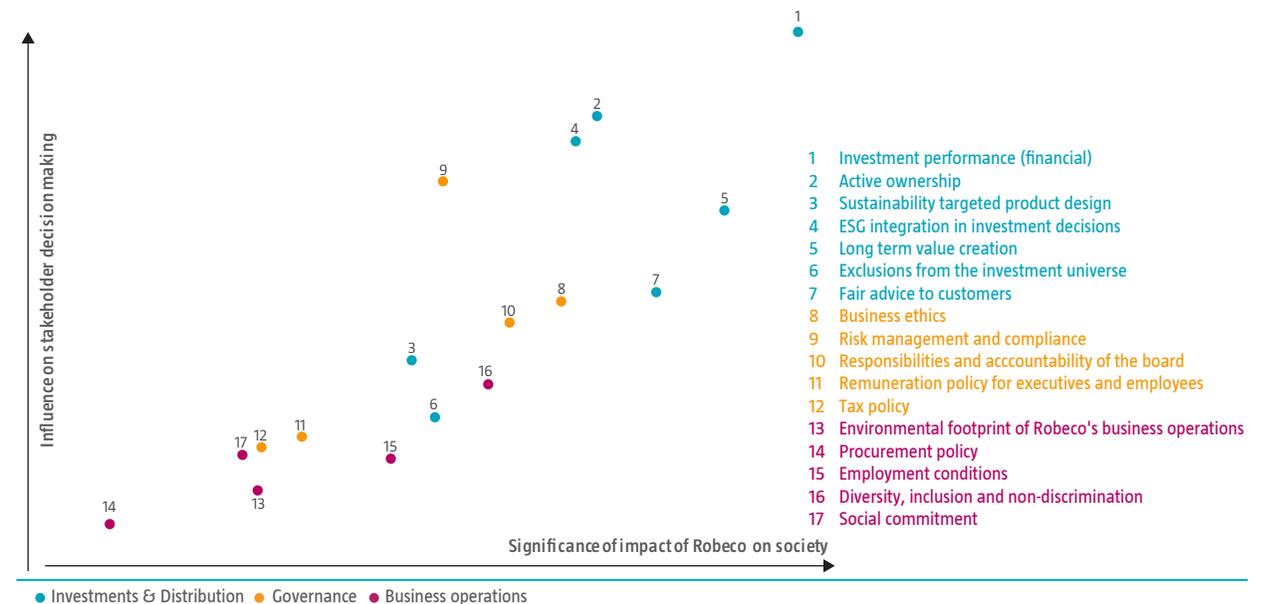
Materiality analysis

A survey among Robeco's stakeholders was conducted to establish what they expect from Robeco in terms of sustainability themes and reporting on the subject. We identified three groups of stakeholders with different interests and needs: clients, employees and oversight bodies, and civil society. The survey resulted in a list of material topics, which are divided up into three sustainability dimensions:

1. Investments: our core business of investing and distributing our investment solutions.
2. Governance of the organization, including risk management.
3. Business operations, including our impact on the well-being of our employees.

All material topics have been plotted according to their measure of significance for Robeco and our stakeholders, resulting in a materiality matrix.

Materiality matrix – aggregated results



General results

In the overall assessment for all groups of stakeholders, financial return (investment performance) is deemed the most significant material topic. Apparently our stakeholders expect Robeco first and foremost to generate a healthy financial return, and they think this is where Robeco has the greatest impact on society. Active ownership and ESG integration are also highly material for stakeholders. In their view, Robeco has a material impact on society on the topics long-term value creation and fair advice for customers.

A cluster of material topics in the center of the matrix refers to governance: risk management and compliance, business ethics and responsibilities and accountability of the board. Regarding Robeco's business operations, the most material topics according to our stakeholders are diversity, inclusion and non-discrimination.

The combined matrix for the three stakeholder groups shows that on an aggregate level there is a strong correlation between the significance of Robeco's impact on society and influence on stakeholder decision-making, resulting in the visible bottom-left to top-right flow. Since we strive to include stakeholders from different societal groups in the materiality assessment, this is a logical outcome. However, this correlation has not been found on a stakeholder group level.

Results for stakeholder groups

Each stakeholder group has its own characteristics and relationship with Robeco, which results in different topics being most material per group.

Clients judge investment-related topics as far more material than the other two categories. The following are the top five of our clients' material topics:

1. Investment performance
2. Active ownership
3. ESG in investment decisions
4. Fair advice for customers
5. Long-term value creation

These are dealt with in the 'Investments & Distribution' section of this report.

Some respondents suggested that Robeco should add another material topic to the assessment process, that of corporate culture. Although this aspect is not included in this year's analysis, Robeco acknowledges the major influence of corporate culture on performance and on behavior. We therefore address this topic under 'Strategic Workforce Development'.

Employees (represented in the survey by Robeco's Works Council) show an interest across the three dimensions. Although investment performance also ranks first among employees, it is tied up with risk management and compliance. Other material topics for employees are business ethics and fair advice for customers, and diversity, inclusion and non-discrimination. The 'Governance' section of this report deals with risk management and business ethics.

In contrast to the previous stakeholder groups, Oversight & Civil Society did not rank investment performance first, but in their top five. This can be explained by the fact that these stakeholders have no financial dependence on Robeco. Their five most material topics are ESG integration in investment decisions, long-term value creation, active ownership and investment performance, and risk management and compliance.

For the matrices per stakeholder group and methodology, please

refer to the annex 'Materiality Assessment'. The full list of material topics, with definitions, is also given in the annexes to this report.

Financial market developments

2017 was a year in which the global economy took a decisive turn towards strong, synchronized growth. After a prolonged episode of negative surprises in real activity, growth outcomes generally turned out stronger than consensus expectations in the first half of the year, with many leading indicators in developed economies reaching cycle highs in the second half.

Stronger business and consumer confidence, coupled with improved trade and investment activity, underpinned the global cyclical upswing. However, despite higher capacity utilization rates in the global economy, inflation remained surprisingly sluggish and has not yet moved to levels close to central bank inflation targets. While corporate earnings have made a strong comeback, raising the profit share in the overall economy, compensation for workers has lagged the rebound in real activity and subsequent decline in unemployment.

The lack of any significant inflationary pressure in the global economy has given central banks the leeway to maintain excess liquidity in the financial system. Inflation has not yet proved to be self-sustaining, given the absence of a classic wage-price spiral. While the economic slack has been reduced as capacity utilization rates have increased on the back of aggregate demand, emerging capacity constraints and longer delivery times have not ended up accelerating consumer price pressures.

From an investment perspective, the year 2017 will go down in the Wall Street history books as one of exceptional tranquility. The implied volatility in the major S&P 500 Index, the VIX, recorded the lowest levels since its inception in 1990.

Asset management industry developments

2017 seems to be the year that the industry reached a tipping point regarding the acceptance of sustainability investing and ESG-factors as an integral part of investing: many asset managers who had been skeptical about SI and ESG in the past, have stepped up their efforts by hiring ESG experts and starting programs in an attempt to gain lost ground. Morningstar reported that in the Netherlands alone 87 new sustainability-related funds were launched in 2017. Practice shows that there is a growing interest in the combination of Quant and ESG from large institutional investors.

In terms of inflow, 2017 has been a successful year for the asset-management industry. Following the emergence of digital, robo-based alternatives and greater transparency, clients demand clarity in fees and performance and value for fees charged. In 2017, the withdrawal of the United Kingdom from the European Union became a reality and asset managers are closely watching developments and awaiting clarity around Brexit; many UK-based managers are preparing contingency plans in order to be prepared for a no-deal scenario.

Regulators are increasingly putting pressure on asset managers, urging them to keep up with the sheer volume of regulatory requirements and updates in today's environment. Asset managers find themselves under increasing regulatory pressure to redefine their IT, reporting and internal systems. In terms of compliance, 2017 was dominated by the implementation of MiFID II and GDPR, the European Union's frameworks that respectively tackled the flaws of MiFID and laid down stricter rules for privacy protection.

Product innovation is mainly to be expected in the field of exchange-traded funds (ETFs), multi-assets and alternatives. Digitization can help optimize customer experience by leveraging

the benefits of data analysis, machine learning and artificial intelligence. Clients may benefit from both active and passive robo-advisory solutions, but should also be aware of the pitfalls: there are huge differences between ETFs offered for the same risk appetite by robo advisers, which can make them more expensive than expected.

Fintech investments are also fueling the competitive landscape. Fintech firms and super brands such as Google, Amazon and Alibaba provide competitive services and continue to optimize their client service delivery. The emergence of blockchain is yet another example of the way digitization will affect the landscape. Millennials are driving change in each and every sector. Most of them are not invested in stock markets. However, over the next decades, the financial and non-financial assets will be passed from baby boomers to millennials.

On the one hand, passive investing is on the rise and the pressure on fees increasing. On the other, active investing may benefit from increasing market volatility, emphasizing the differences between stocks and asset classes. Whichever way these developments may lead us, Robeco is constantly monitoring markets and analyzing the investor mindset. What are the underlying needs and objectives of our clients? Responding to these questions will lead to innovation by proving that alternatives can be effective and low-cost.

Robeco named Impact Manager of the Year

The jury of the annual LAPF Investment Awards, consisting of independent investment advisers to local government pension schemes and public sector funds in the United Kingdom, has named Robeco the winner of the title 'Impact Manager of the Year 2017' in the category 'Adviser Awards'. Robeco found a solution for a local government pension scheme to reduce the carbon footprint of their developed low-volatility equities portfolio. By joining forces with RobecoSAM, Robeco realized an enhancement within the portfolio construction process that ensures a carbon footprint reduction of at least 10% versus the MSCI World. Once implemented, this resulted in an initial carbon reduction of circa 40%. The positive result led to subsequent research into broadening this client's environmental impact, resulting in a proposal to achieve an impact score of at least 20% higher than the benchmark on four impact footprints: CO₂ emissions, energy consumption, water usage and waste output.

Financial results

All Robeco's activities are offered under the same brand name worldwide and conducted within a single managerial structure. However, owing to differences in the rules and regulations in different parts of the world, they are owned by different legal entities. Nevertheless, most activities are covered by Robeco Institutional Asset Management BV, and our financial reporting concerns that entity. For the sake of consistency, the financial data shown below therefore stem from that entity's Annual Report.

Robeco Institutional Asset Management gross margin over 2017 was EUR 352.8 million, EUR 52.0 million (17%) higher than in 2016. The increase was mainly due to a 16% increase in assets under management (including sub-advised or distributed assets).

The operating result increased from EUR 70.2 million in 2016 to EUR 98.6 million in 2017, mainly due to an increase in the gross margin of EUR 52.0 million and an increase in total operating expenses of EUR 23.6 million. The increase in operating expenses from EUR 230.6 million in 2016 to EUR 254.2 million in 2017 is mainly the result of EUR 18.7 million restructuring expenses seen in 2017.

Management considers the financial position of Robeco Institutional Asset Management to be sound. During the financial year, a EUR 75 million dividend was distributed to the shareholders and, in anticipation of the approval of the proposed profit appropriation by the General Meeting of Shareholders, the 2017 net result of EUR 78.5 million is presented as shareholders' equity, which amounted to EUR 184.7 million as at 31 December 2017 (2016: EUR 181.2 million).

Financial results			
	2017	2016	2015
Assets under management - AuM (EUR x billion)			
Assets under management ¹	132	112	103
Assets under advice ²	29	27	24
Total AuM	161	139	127
Financial Results (EUR x million)			
Gross Margin	352.8	300.8	285.1
Operating expenses	-254.2	-230.6	-203.6
Operating result	98.6	70.2	81.5
Non-operating result	-0.1	0.2	-0.3
Result from group and associated companies	4.0	6.5	6.4
Taxes	-24.0	-17.0	-20.4
Net result for the year	78.5	59.9	67.2

1) Assets under management includes assets managed, sub-advised or distributed by Robeco Institutional Asset Management.

2) Assets under advice includes fiduciary management

Investments & distribution



Last	Chg	%Chg	Vol B	Bid	Offer	Vol O	Clo
58.75	+4.00	+7.31%	606600	58.75	59.00	1306600	5
30.50	+0.75	+2.52%	6628500	30.50	30.75	4834200	2
34.00	-0.25	-0.73%	2881800	33.75	34.00	1871500	3
185.00	-1.00	-0.54%	155600	184.50	185.00	600200	18

15105100	8.05	8.10	5239800
689100	36.75	37.00	2458600
1107400	48.50	48.75	803700
1635800	15.80	15.90	6182200
3474100	8.85	8.90	2898000
291800	24.00	24.10	194400

Value(K)	High/Low	Ceil/Floor	Avg/Clo
190000	22.60	29.00	22.7
1662	22.20	15.70	22.7

Volume Bid Offer Ticker Volume by Price Chart

11:19:38

Investing on behalf of clients is what Robeco does. It is our core business and our sole concern. In the financial services industry, we are positioned as a pure-play asset manager with a focus on research. We strongly believe in innovative, evidence-based investing to best serve our clients' needs. Our knowledge-based approach has progressively developed four key strengths: quantitative investing, sustainability investing, credit investing and emerging markets.

Sustainability investing is one of the key pillars of Robeco's strategy, firmly incorporated in our investment beliefs. We are convinced that considering ESG factors results in better-informed investment decisions. We also believe that exercising our voting rights and engaging with the companies in which we invest will have a positive impact on both our investment results and on society. In 2017, broad action was undertaken to further promote Sustainability investing, not only within the Robeco organization, but also externally.

All Robeco's investing activities are in line with the Principles for Responsible Investing (PRI). In 2017 the PRI awarded Robeco the highest possible score, A+, for sustainability investing for five modules, and an A for the two remaining modules used in the assessment. For the fourth year in a row, Robeco achieved the best possible score for the majority of the modules assessed by the PRI. Responsibility for implementing SI is allocated to the head of investments, who has a seat on Robeco's Executive Committee.

In this section of the report we will explain how we serve our clients, how we integrate sustainability into our investments, how we apply active ownership and how we promote sustainability in the market.

Serving our clients' needs

Robeco's distribution and marketing is organized around its three client segments (institutional, wholesale and retail) in order to maintain close relationships and stimulate co-creation. Via both bespoke and syndicated market research, Robeco remains alert to market trends and client needs. In addition, Robeco ensures intensive personal interaction between institutional clients and distribution partners on the one hand and senior management, account managers, client servicing teams and portfolio managers on the other. Client reporting is an integral part of the way Robeco conducts its business.

Institutional and wholesale clients

To improve the servicing of wholesale and institutional clients, Robeco either performs in-house studies or buys ad-hoc surveys on specific topics. In 2017, topics clients showed an interest in included factor investing, ESG integration and active versus passive investing. For repetitive client-satisfaction research, Robeco joins syndicated research initiatives together with other asset managers. Robeco embraces such industry initiatives as an effective way for both clients and companies to obtain independent feedback on products and services and to obtain insight into areas for improvement.

Per end 2017, 29 pension funds submitted evaluations of more than 45 mandates via Insticube (previously known as the Pension

Fund Perception Program). More than 95% of the clients who submitted an evaluation for both equity and fixed-income mandates recommended Robeco. Robeco's evaluation scores are higher than the market average in all areas. The results of these evaluations are shared with the relevant client-facing departments at Robeco in order to embed feedback into the relevant client processes.

Dedicated teams are responsible for preparing, customizing and distributing information regarding the investment and administration of clients' portfolios and funds. These teams also respond to clients' daily ad-hoc requests, questions and issues in a prompt, accurate and tailored manner, handling cash flows and fund dealing orders, as well as assisting global management with regard to their relationship with the sales offices. A program of constant improvement undertaken by these teams ensures that Robeco provides the best-in-class servicing and reporting that our clients demand.

Retail clients

For direct retail distribution clients in the Netherlands, Robeco uses third-party client panels, ad-hoc surveys, and continuous feedback loops on websites and other channels to obtain feedback on products, services, and client needs. Robeco constantly monitors its online retail services by means of individual after-service surveys. Clients award our employees an

Number of clients by type of investor

	2017	2016	2015
Institutional	461	454	462
Wholesale	1,189	1,055	978
Total business clients	1,650	1,485	1,440
Total retail accounts (approx.)	228,000	223,000	226,000

average of 8.4 out of 10 for client satisfaction. The net promotor score, which indicates the likelihood of customers recommending us to others, has risen from -30 in 2013 (when we started distributing online) to +30.2 in 2017. Net promotor scores can vary between -100 and +100, so a positive score is a good result and a score above +50 is excellent.

Robeco also measures the customer-effort scores for the main processes. These indicate ease of service. They have proven to be effective monitoring tools for establishing improvements to processes such as performing transactions or making deposits. Based on the feedback obtained, these are then simplified. In 2018, cost transparency and the usability of the personal web environment will be improved, including the mobile friendliness of the website.

Innovation

Co-creation with our clients is an excellent method of finding marketable solutions that benefit all. Therefore our innovation focus is on – joint – product development, systems, processes and the service we deliver to our clients. Better and lower-cost products are key to our business. Innovation at Robeco is mainly centered around (joint) product development and strategic partnership. Examples of this approach are:

- building new strategies to invest in future growth opportunities for our clients;
- enhancing the global appeal of our investment strategies for investors by exploring new fund structures, domiciles or other means of utilizing our intellectual property, and catering to specific client preferences;
- (co-)developing new customized products together with clients to match our clients’ unique investment objectives on risk and return, sustainability and investment-universe dimensions;
- bringing institutional clients on board via single client mandates or funds.

Our options for tailoring investment solutions were extended further in 2017, with the ability to launch a restructured range of tax-transparent funds in both the Netherlands and the UK. We also continued our development of tailored LDI solutions for pension clients. Furthermore, we made our Enhanced Indexing strategy available to international fund clients.

In June 2017, Robeco launched a new strategy, Robeco QI Sustainable Emerging Markets Equities. The strategy was developed in close collaboration with RobecoSAM and offers an active Quant Emerging Markets Equities investment along with sustainability integration, which goes much further than most other strategies currently on offer. The result is an investment strategy that features a high information ratio as well as a high sustainability score.

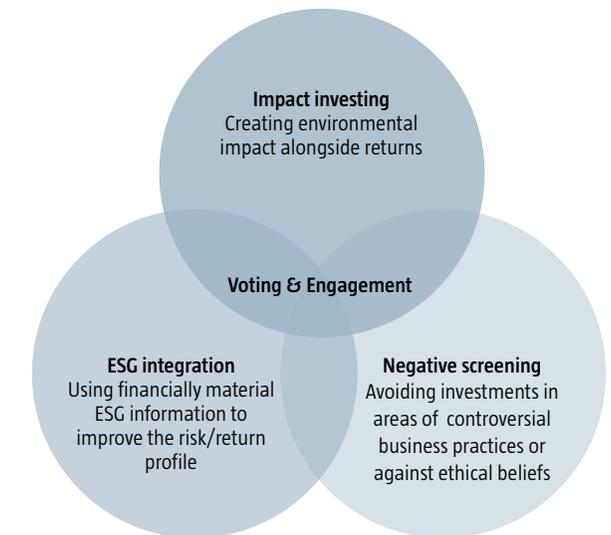
Another innovative product introduced by Robeco is its first suite of multi-factor equity indices, offering investors access to attractive risk-adjusted returns at low cost. Building on our long and successful track record in factor investing and the intellectual property we have developed as a result, we are now well-positioned to be one of the early movers in this new and fast-growing market for advanced index solutions.

Developing sustainability solutions for clients

Sustainability investing (SI) and ESG integration are resonating increasingly with both institutional investors and private banks. Clients are moving from simple exclusions to ESG integration in all of their strategies and are requesting more solutions and ESG reporting for their portfolios. In Northern Europe we also see a further trend towards institutional investors wanting to create a positive impact with their capital. Our expertise and track record, as well as RobecoSAM’s comprehensive ESG database, foresight and research enable us to partner with our clients and support them in the field of sustainability investing.

RobecoSAM and Robeco work closely together on sustainability investing. When developing sustainability solutions we take the client’s perspective and motives for sustainability investing as a starting point. These will in turn determine the investment approach.

Sustainability investing proposition



We distinguish three different goals clients might have in practicing sustainability investing:

1. Avoiding investments in areas of controversial practices.
2. Improving risk/return.
3. Making a socio-economic impact alongside financial returns.

Robeco and RobecoSAM provide funds and building blocks tailored to the client’s sustainability investing needs and wishes. Robeco’s mainstream funds all integrate ESG into their investment process, use active ownership as a tool for creating impact and

Argentina and South Africa: moving in opposite directions

Argentina and South Africa are the two countries with the most pronounced changes in their ESG scores from April to October 2017 as the positive/negative trends observed over the past two years continue. Whereas Argentina moved up by three ranks to #41, South Africa descended two notches to #44. Since taking office in December 2015, Argentina's President Macri has implemented important structural reforms with positive implications for political and social stability, the economy, and hence the country's overall ESG performance. Argentina has registered further important advances in the scores for political risk and institutions, as well as across all six World Governance Indicators.

South Africa, on the other hand, has suffered deterioration in its position in the Fragile States Index and, in particular, a decline in its institutional environment and competitiveness, where it dropped 14 positions to #61, according to the WEF's latest ranking. The country remains plagued by considerable poverty, inequalities, crime, corruption, unemployment, infrastructure shortages and persistent political and societal tensions, all of which are hurting the business climate. In the 2017 Ease of Doing Business Index, South Africa is ranked 74th out of 190, compared with 43rd in 2015.

The dramatic deterioration in South Africa's ESG score, and the simultaneous improvement in Argentina's, has had a significant impact on a number of our investment strategies. When markets provided an investment opportunity, the changing ESG scores and macroeconomic performance prompted us to adjust positions in these strategies.

adhere to the Robeco exclusion policy. Besides the mainstream funds, Robeco provides sustainability investing (SI) funds for clients that have an even stronger SI ambition. All SI funds have a sustainability profile that is at least 20% better than the benchmark and an environmental footprint that is at least 20% lower than the benchmark. We also apply additional negative screenings to these funds.

These specific SI funds and mandates amounted to EUR 5.5 billion at year end 2017. Assets in which ESG integration has been implemented at year end: EUR 100.2 billion. Client assets in specific, high conviction sustainability strategies managed by Robeco and RobecoSAM combined grew by more than 45% in 2017, rising from EUR 10.2 billion to EUR 14.8 billion. In 2018, together with RobecoSAM, we will continue to strengthen our sustainability investing proposition for our clients.

Contributing to the Sustainable Development Goals

In 2016, Robeco subscribed to the Sustainable Development Goals Investment Agenda in the Netherlands. In 2017, progress was made for the first time in analyzing and developing tools to help our clients contribute to these goals. Furthermore, an internal Robeco SDG working group was set up, comprising people from the various investment teams, the Active Ownership team and RobecoSAM's Sustainability Investing Research team.

Robeco contributes to the Sustainable Development Goals (SDGs) by integrating ESG factors into the investment decision-making process, and encourages companies to take action on the SDGs through constructive engagement. The SDGs are considered throughout the entire engagement and voting cycle and create the opportunity of emphasizing the impact engagement can have on society. The team aims to select new themes with direct links to at least one SDG. Robeco also initiated projects focused on researching the link between the RobecoSAM country ranking and

the SDG contribution of countries in 2017. This covered the credit universe with regard to SDGs and, based on this analysis, the design of a new SDG impact strategy. A further aspect involved was piloting an active ownership strategy in emerging markets aimed at engaging with investee companies on their contribution to the SDGs.

ESG integration

We consider sustainability to be a long-term driver of change in markets, countries and companies. Since change impacts future performance, we consider ESG factors to constitute a value driver in our investment process and look at them in the same way that we look at company financials or market momentum. We have access to research from leading sustainability specialists. One of these is our sister company, RobecoSAM, whose analysis is based on an extensive survey, the Corporate Sustainability Assessment (CSA), covering general and industry-specific sustainability criteria. We are particularly interested in materiality: which ESG elements impact the financial performance of companies and which do not? This enables us to focus on the information that is most relevant to our investment performance and leads to better-informed investment decisions. We tailor our ESG approach to our various strategies.

The highest A+ PRI rating for listed equity, private equity and government bonds went to Robeco again in 2017. For non-government bonds, Robeco received an A rating. Our fixed-income strategies are leading in their asset class, using ESG mainly to avoid risk. Our fundamental equity strategies quantify the impact of ESG scores on valuations, while our quant equity portfolios ensure a minimum level of sustainability. We are long-standing advocates of sustainability in private equity and the team implemented a comprehensive engagement program.

Fundamental equity

The fundamental equity teams at Robeco manage Global, Asia Pacific, Emerging Markets and Trends portfolios. All our teams integrate financially material information into their investment thesis when analyzing companies. Important pillars of this approach are:

- focus on material issues and intangible assets;
- avoiding short-termism;
- non-consensual frameworks and data sources;
- active dialogue with companies to add to knowledge and performance.

Robeco's fundamental equity teams integrate ESG into their investment decisions and valuation models by linking the most material ESG factors to each company's competitive position and value drivers, taking a three-step approach.

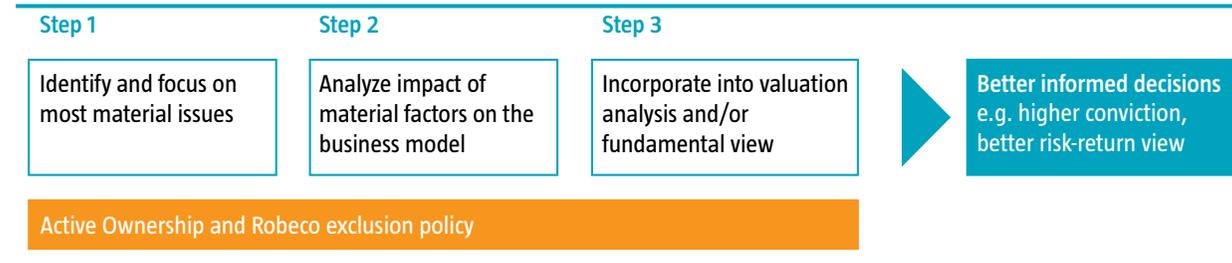
Identifying proactive ESG improvers

In terms of sustainability rating, this industrial equipment maker was not a standout among peers. A change in top management prompted us to identify several positive changes in the ESG policies applied. Based on RobecoSAM's materiality framework for the industrials sector, we concluded that these changes could produce a meaningful financial impact. We started investing in the company in late 2016. Examples of relevant ESG issues include:

- Improving innovation management
The company has started collaborating more with research institutions for its R&D programs. This is common practice among best-in-class companies in the industry. We believe such initiatives can translate into higher R&D productivity and will lead to better product competitiveness.
- Improving corporate governance
Return on invested capital (ROIC) was introduced as the primary KPI for the management remuneration package in 2015. Management has since become more incentivized to improve the shareholders' return by deploying their capital more efficiently.

Our positive view was appreciated by the market. In recognition of its proactive ESG improvements, the company was selected as a constituent part of three new ESG investment indices in July 2017.

Three-step approach of ESG integration in fundamental equity



Global Equity

In the global equity investment process, the analyst makes an in-depth investment case of the company, stating their opinion on the industry, company strategy, product portfolio, competitiveness of the franchise, and SWOT (strengths, weaknesses, opportunities, threats) analysis. In order to quantify stock potential, the analyst identifies five value drivers: revenue growth, margin development, invested capital needed, competitive advantage period and risk (as defined by a discount factor). To assess the fair value of a stock, these five factors are combined in our proprietary valuation tool, which is a discounted cash-flow model that explicitly takes invested capital into account.

In 2017, the Global Equity Team added to their ESG integration efforts. The portfolio manager further improved the overall sustainability score of the portfolio (leading to an above-average Morningstar score). Furthermore, research was done to keep improving the integration process. The 'competitive advantage period' (CAP) was added as an additional value driver option to the ESG integration framework. The intention is to better grasp the potential competitive advantages and disadvantages of a company on the back of ESG considerations.

In August 2017, a paper was published by the global equity team, examining the effect of three years of ESG integration on the valuation of companies. 7% of the value of all the companies researched in that period (around 200 companies), was attributed to ESG factors. Furthermore, the portfolio of companies with a clear positive ESG value outperformed those with a negative ESG value over the period 2014 to 2016.

Asia Pacific Equities

In some Asian markets, minority shareholders are heavily exposed to the risks of capital mis-management. Conscious of this pitfall, the Asia Pacific Equities team has treated corporate governance issues as the primary focus area for their ESG analysis. To improve the rigor of their ESG analysis, they increased their emphasis on other ESG domains in 2017. Together with their dedicated Asia Pacific engagement specialist, they can engage with companies that have the potential to improve their ESG performance.

To facilitate this process, the Asia Pacific Equities team's ESG analysis as an integral part of their investment cases. The analysis revolves around the company's performance on

material ESG factors, as well as the mismatch between their strategy and best practices. The team selects material ESG factors based on RobecoSAM's proprietary ESG model and their industry-specific and company-specific research. This framework allows them to identify and 'red flag' ESG outliers for specific companies. Coupled with the ESG and engagement expertise from Robeco's Active Ownership team, the team is able to identify and engage with portfolio companies to achieve ESG improvement.

This ESG integration framework is designed to identify companies that are either proactively improving their ESG performance or have the potential to improve. The Asia Pacific Equities team believes companies demonstrating these traits are better equipped to create shareholder value in a sustainable manner. Conviction in the stock-selection process can be augmented by systematically integrating ESG analysis.

Trends investing

For Robeco's six trend funds (Global Consumer Trends, Global Growth Trends, Rolinco, Global Industrial Innovation, Global FinTech and New World Financials), ESG factors are used as a risk factor in their investment processes, similar to the way valuation is used. The Trends Investing team actively searches for red flags in corporate governance and other ESG metrics which, after identification, will either lead to active engagement with the company or to the decision not to invest.

All trend funds have a top-down approach to investing, based on long-term trends that are driven by technology, demographics or regulation. The selection of these trends often results in the portfolios having a skew towards more sustainable business areas. For example, one of the trends selected is the transition from fossil-based energy to renewable energy. As we are at the beginning of the S-curve of this transition, the Trends investing

CASE

Quantifying the impact of ESG factors on company valuation

The Emerging markets team uses a three-step approach to quantify the impact of ESG factors on a company's valuation, as illustrated by the case of an Asian steel producer. The company is one of the most efficient in the steel industry and is benefiting from higher steel prices. At the same time, the stock is attractively valued and the price reflects neither our outlook on steel prices, nor the company's internal restructuring initiatives.

Step 1 and 2: Identify and analyze material ESG issues

The company has several serious ESG issues ranging from accusations of turning tropical forests into palm-oil plantations, to accusations of using cotton that is produced by child labor and forced adult labor. The company is also deemed to have weak community relations programs. The former chairman was arrested together with other executives and questioned under an investigation into a slush fund.

Step 3: Quantify impact on value drivers

Based on serious environmental, social and governance issues, the team increased the weighted average cost of capital (WACC) by 200bps.

Final assessment

The in-depth ESG analysis has affected the company valuation; the upside decreased from +176% to +58%. While the impact of ESG considerations has decreased the fair value of the stock, the final outcome still shows upside in the DCF model. The company remains one of the holdings in the portfolio. Meanwhile, we are actively engaging with the company with the objective of realizing improvements on the identified ESG issues.

team tries to avoid investments in old-fashioned fossil-fuel energy stocks, since these portfolios are at risk of becoming stranded assets in a world of cheaper renewable energy sources. Similarly, the trend 'Getting old and staying healthy' implies that the Trends investing team does not invest in tobacco stocks of any kind.

The other two portfolios managed in the team, Hollands Bezit and Robeco Property Equities, take ESG integration even a step further. Hollands Bezit does not invest in companies with a low ESG-profile, unless active engagement can be deployed to improve this. Whenever an ESG issue pops up, the portfolio managers and the Active Ownership team jointly engage and vote at shareholder meetings to improve corporate governance. Robeco Property Equities is one of the first global real-estate funds to fully integrate ESG considerations. ESG data are derived from the Global Real Estate Sustainability Benchmark (GRESB), which is used both as a stock-selection tool and as a risk indicator. In addition, Robeco's Active Ownership team encourages lagging investee companies to improve their environmental performance. Having successfully closed a retail-REIT engagement theme in 2016, a new engagement theme on office-REITS was started in 2017. Portfolio holdings will be engaged on the management of energy consumption, CO₂ emissions and health and well-being.

Emerging markets

Integrating ESG factors into the investment process is crucial when investing in emerging countries. Market inefficiencies caused by lower standards of data availability, poor transparency and governance standards, and issues relating to climate change, human rights and product safety standards are important topics to consider. Robeco's Emerging Markets Equities team started incorporating sustainability into its company analysis more than 15 years ago.

ESG factors are integrated into both the top-down country allocation and the bottom-up stock-selection process. A key part of the fundamental analysis is comparing the economic, political and social strengths of emerging markets in order to capitalize on the differences. Analysis of the ESG factors can lead to a country risk premium in the valuation analysis of individual stocks.

Bottom-up stock selection integrates ESG information into the company analysis and can have an impact on company valuation. The Emerging Markets Equities team believes that this enhances their ability to understand existing and potential risks and opportunities. Last year, their proprietary ESG tool evolved further into an ESG dashboard. The ESG dashboard sources data from their proprietary ESG database, RobecoSAM and Sustainalytics for 1,125 companies in emerging markets. All investment cases have a dedicated ESG chapter, in which the sustainability profile of every stock and the impact this may have on valuations is discussed. In 2017, ESG considerations - at a country and/or stock level - impacted a stock's fair value and therefore its weight in the portfolio in more than 50% of all investment cases and stock updates conducted by the team.

The Emerging Markets Equities team maintains an active dialogue with companies. During their company visits or conference calls, environmental, social and corporate governance issues are discussed in addition to financial parameters. The team believes that these issues are material to the company's financial performance and, therefore, the investment returns. For engagement and voting, the team cooperates closely with the Active Ownership team.

Quantitative equity

All Robeco quantitative equity strategies incorporate ESG factors to enhance their sustainability profile. The quantitative model is calibrated to ensure that the portfolio sustainability score is at

least as high as that of the underlying index. This means that the model also positively screens stocks, in contrast to an exclusion policy, which only allows for negative screening. This integration of sustainability factors into the investment process helps to remove undesired risk exposures that do not add to the return. In 2017, the range of quantitative equity strategies with an enhanced focus on sustainability was further expanded with the introduction of the Robeco QI Sustainable Emerging Markets Equities fund. After pioneering emerging markets investing in 1930, quantitative investing in the 1990s and sustainability investing in 1999, Robeco now combines these three key strengths into one strategy, offering an active quantitative emerging markets investment with sustainability integration that goes much further than most strategies currently on offer. Its sustainability profile is to improve along three dimensions:

1. ESG integration: the portfolio's ESG score needs to be 20% higher than that of the benchmark.
2. Impact investing: the portfolio's footprint for water use, CO₂ emissions, waste and energy use needs to be 20% lower.
3. Exclusion: the portfolio uses an extensive values-based exclusions list.

For quantitatively managed credit portfolios, the team applies portfolio construction rules to ensure that companies with high sustainability scores are more likely to be included in the portfolio than companies with low scores. In doing so, the team aims for an above-average sustainability profile for the portfolio. In addition, the credit analysts assess whether the companies that the quantitative model proposes for investment carry additional ESG risks. If these risks are considered to be financially material, the team will not invest in these companies.

The Quantitative Equity team was also able to help a range of clients in implementing tailored sustainability requests. They have seen much interest in improving the environmental footprint of

Various concerns lead to negative fundamental view of mining company

We noted governance issues relating to a mining company. The current chairman, for example, is the former CEO, while the number of independent board members is sub par. This legitimates questions about the objectivity of the supervisory board. Apart from that, the company is also involved in a number of questionable related-party transactions with its main shareholder. Robeco also has environmental concerns about this company. In August 2014, there was a major leak in one of its tailing ponds. The toxic spill resulted in widespread pollution of land and rivers. Robeco's active ownership team is engaging with the company and has proposed a number of measures which would make the mining operations safer in the future. Another important negative factor is the company's 'social license to operate'. The company does not have a good track record in terms of managing government and community interests. As a result, the company is facing higher royalties as well as significant local opposition in some of its mining projects. This all contributed to our negative fundamental view.

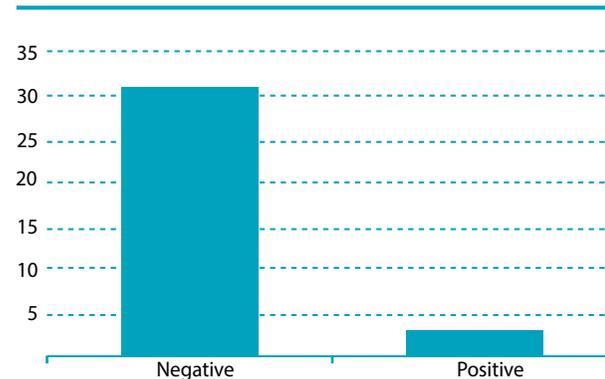
portfolios (e.g., lowering the carbon footprint or adjusting the portfolio holdings to accommodate companies with an enhanced environmental sustainability performance).

Credits

Robeco's credit analysts integrate ESG factors into their analysis of corporate bonds to obtain more comprehensive insight into the downside risk of credit investments. ESG factors are one of the five pillars that constitute an analyst's fundamental view of a bond issuer, the others being business position, strategy, financial position and structure.

Analysts consider the impact of key ESG factors on the credit fundamentals of the issuer, using their own views on key ESG trends and factors as a starting point. For example, in the automotive sector, Robeco deems product quality and emission reduction important. For the food and beverage sector, sugar and product reformulations are an important topic. These issues are researched and can lead to a positive or negative contribution to the fundamental view taken of the company.

Contribution of ESG factors to fundamental view



During 2017, the credit sector specialists continued to improve their understanding of material ESG factors within their sectors. In over 30% of the investment cases, these factors were deemed to make a negative contribution. In a limited 3% of the cases, ESG factors were considered to contribute positively to a firm's credit profile.

The UN Sustainable Development Goals (SDGs) were another focus point in 2017. The team spent a significant amount of time finding out how the companies under coverage are positioned vis-à-vis the SDGs. The advantage of this insight is twofold. First of all – in the context of contributing to realizing the sustainable development goals – SDG measurement is important. Secondly, SDG positioning enhances Robeco's understanding of firm-specific (investment) risks and opportunities.

Government bonds

Robeco and RobecoSAM have developed a comprehensive and systematic ESG ranking framework for countries. This is designed to complement sovereign-bond ratings developed by traditional rating agencies. A group of 65 countries are assessed on the basis of various sustainability criteria. The resulting country sustainability ranking is updated twice a year.

By focusing on selected ESG factors such as aging, competitiveness and environmental risks – which are long-term in nature – and considering a country's position in the economic cycle, the country rankings offer a view of a country's strengths and weaknesses that are not typically covered by rating agencies. By combining standard sovereign-bond ratings with the country sustainability rankings, Robeco has a powerful tool that enhances risk analysis for government bonds. This enables our portfolio managers to make better-informed investment decisions. In a country ESG profile, the Government bonds team focuses on what is relevant for investment decisions and try to avoid pitfalls. Therefore, the team adds data on items such as government

stability, regulatory quality and energy dependence. This bottom-up selection puts more emphasis on social and governance data. This preference is supported by an analysis of credit default swap (CDS) data. A CDS spread can be seen as an insurance premium for investing in the government bonds of a specific country. Indeed, an analysis across countries shows that social and governance data have a stronger relationship with country risk than with environmental factors.

The output of the ESG analysis is a score for each of the countries in the investment universe. This enables the ranking of countries and to see how their scores evolve over time. Changes in scores and ranking act as a flag for developments that could be relevant. In addition, the team discusses the individual countries on a regular basis to identify material changes in their ESG profile. ESG factors are incorporated into the country reports, in which country fundamentals are discussed. Typically, the team writes an investment thesis for all investment decisions in which ESG risks or opportunities are standard elements.

Private equity

Robeco Private Equity considers sustainability factors in the selection, appointment and monitoring of private equity (PE) managers of the funds it selects on behalf of its clients. As a long-term investor, the team expects PE managers to create value by building lasting and sustainable companies. This can only be realized if they properly manage ESG risks in their portfolio companies and take advantage of ESG opportunities as they present themselves.

The Private Equity team started actively engaging with PE managers on their ESG policies, governance, KPIs to monitor, reporting and other ESG-related issues in 2004. Their Engagement Program currently includes about 70 PE firms that invest worldwide.

US PE firm transforms into ESG leader

In 2011, Robeco Private Equity started a dialogue on ESG integration with a US-based private equity firm that makes control investments in middle-market companies in North America. At the time, this PE manager had no formal ESG framework in place, but integrated ESG best practices on a deal-by-deal basis. When entering Robeco Private Equity's ESG Program, the firm expressed plans to formalize its ESG policy and start disclosing information on ESG. In subsequent years, we encouraged this PE manager to:

- appoint an ESG officer;
- more formally incorporate ESG factors into its due diligence and ownership practices;
- engage with portfolio companies to set up ESG action plans;
- formulate KPIs to measure (and report on) their progress over time.

In 2014, the firm launched an ESG Leadership Plan that laid the foundation for more formalized ESG integration. They decided to develop an ESG Management System which provides guidance, policies and procedures at a portfolio-management level, to be applied throughout the investment cycle. As a result, all companies in this manager's latest fund now have ESG-related roles and responsibilities assigned and ESG metrics and KPIs identified. This is to be developed into a quarterly and annual framework for reporting to the manager. In November 2017, the firm published its first sustainability and ESG impact report. With an A-rating from our latest ESG assessment, this PE manager now belongs to the best performers in Robeco Private Equity's ESG Program.

Each year the team invites their PE managers to fill out an ESG questionnaire that provides an update on their ESG strategy and governance (as well as its implementation) and the integration of ESG factors into their pre-investment and post-investment process.

The results of the annual ESG assessments provide the basis for engagement. The standardized and comprehensive assessment framework of the PRI Reporting Tool enables the Private Equity team to quantify, compare and benchmark the managers' ESG performance cross-section over time. It also helps to identify areas for improvement and provide managers with specific recommendations on how to better incorporate ESG considerations into their portfolio companies. The team discusses these recommendations with PE managers during engagement calls and meetings.

The annual assessments of PE managers suggest that ESG integration into PE is improving. However, not all managers are able to move at the same pace. The European newcomers in the ESG program typically score relatively high on their first assessment, while some buyout managers in older programs still show limited progress.

As part of its ongoing ESG activities, Robeco Private Equity also monitors the extent to which companies in PE funds' portfolios are involved in ESG-related controversies, as captured by the media worldwide. The team uses RepRisk to scan and analyze the severity and reach of the negative ESG news. This provides input for the engagement with PE managers.

An increasing number of RepRisk alerts concern portfolio companies involved in controversies related to human rights violations in their supply chains. To raise awareness among managers in the ESG program and share knowledge on how PE firms can set up a framework for dealing with human rights

issues, the Private Equity team devoted the second ESG round table for General Partners in May 2017 to these (and other) issues. Round-table discussions on specific ESG issues represent another way of engaging with PE managers in the ESG program.

Fiduciary management

In Robeco's integrated investment management offering, the Corestone Investment Managers' independent manager research and selection platform is tasked with selecting and monitoring managers. ESG is fully integrated into the manager-selection process. ESG factors are part of the due-diligence questionnaire for managers, with about 10% of the questions focused on ESG. Managers are rated on their ESG approach under the investment process and risk-management sections.

A crucial part of Corestone's ESG process is their on-site review of managers. Corestone's analysts meet with representatives from the ESG and other departments to go through their ESG activities in detail and form a qualitative opinion on a manager's ESG capability. Corestone discusses how the managers' analysts incorporate ESG factors into their analysis, but also wants to understand the broader resources dedicated to sustainability investing in the firm and how the firm deals with ESG issues.

As part of the regular annual review, managers are being asked to fill in an ESG questionnaire. The answers are evaluated and transferred to a uniform score sheet to make them comparable. The ESG questionnaire helps measure the progress of a manager on the ongoing integration of ESG factors into their investment process. Corestone subsequently engages with these managers with the aim of increasing ESG integration into the investment process. In addition, managers are requested to submit their PRI report, which is based on the annual PRI assessment, on a voluntary basis, to provide deeper insight.

In 2017, Robeco participated in and organized a number of workshops with the boards of pension fund clients to discuss the possibilities and challenges of integrating ESG into their multi-asset, multi-manager portfolio. Furthermore, a report showing the ESG profile of a multi-asset, multi-manager portfolio and of the distinct investment mandates or funds in this portfolio was produced. This allows clients to assess the ESG profile of their portfolio and empowers Corestone to monitor the ESG process of individual managers.

Active ownership

Constructive and effective active ownership, also known as stewardship, encourages companies to improve the way they manage ESG risks and opportunities. This in turn enhances competitiveness and profitability, and has a positive impact on society. Robeco exercises voting rights worldwide on stocks in its investment funds. Robeco also maintains an active dialogue with the companies in which it invests on environmental, social and governance issues. In 2017, our Active Ownership activities were again awarded the highest A+ rating by the PRI (Principles for Responsible Investment). Active Ownership specialists are located both in Rotterdam and Hong Kong.

Focus on stewardship

Carrying out stewardship responsibilities is an integral part of Robeco's sustainability investing approach. A central aspect of Robeco's corporate mission statement is to fulfill its fiduciary duty to clients and beneficiaries. Robeco manages assets for a variety of clients with a variety of investment needs. In our activities, we always strive to serve our clients' interests to the best of our capability.

We welcome the fact that stewardship codes are gaining momentum across the globe, and we strongly support the role of investors as active owners of the companies in which they

Co-filing a shareholder proposal

Robeco believes shareholders would benefit from more detailed plans to set a fast-food chain on a course to phase out the non-therapeutic use of medically important antibiotics in meat production. We therefore co-filed a proposal at the company's 2017 shareholder meeting, requesting the adoption of a policy on the use of antibiotics by its meat suppliers. The proposal received the support of 29.7% of shareholders at the annual general meeting.

Filing such a proposal was based on two main considerations. Firstly, the use of antibiotics in meat production potentially contributes to the significant rise in antibiotic resistance seen over recent years. The latest studies by the World Health Organization and the U.S. Centers for Disease Control and Prevention have highlighted that many of the medical advances made over the last century could be overturned due to antibiotic resistance caused in part by the use of antibiotics in food production. The right to health is one of a set of internationally agreed human rights standards.

Secondly, changing consumer preferences towards healthy food products have the potential to negatively impact sales at fast-food restaurants in the coming years. This is a view shared widely by many investors. In April 2016, investors holding over USD 1 trillion in assets called on the company concerned to set timelines to prohibit the use of medically important antibiotics in its global meat and poultry supply chains, as they view its use as a risk to public health as well as the brand.

invest. On our website, we therefore publish our own stewardship policy. This policy discloses how we manage potential conflicts of interest, monitor our investee companies, conduct engagement and voting activities and report on our stewardship activities. As a further sign of our commitment to stewardship, we are signatories to many stewardship codes, which we extended in 2017. Robeco is now a signatory of stewardship codes in the UK, Japan and Brazil. In addition, Robeco complies with the Taiwan Stewardship Principles for Institutional Investors, the ISG stewardship principles in the US, the Hong Kong Principles for Responsible Ownership and the Korean Stewardship Code. We are further committed to act in accordance with the Eumedion Best Practices for Engaged Share-Ownership, the stewardship code of the Netherlands.

Inclusion of Sustainable Development Goals

The Sustainable Development Goals (SDGs) are considered throughout the Active Ownership team's full engagement and voting cycle and create an opportunity to emphasize the impact engagement can have on society. We aim to select new themes with direct links to at least one SDG. When setting engagement objectives, we aim to select objectives contributing to at least one SDG sub-target. In conference calls and company meetings, frequent reference is made to the relevant SDGs, and investee companies are challenged to think about their contribution towards such relevant SDGs. In our voting process we incorporate SDGs into our assessment of shareholder resolutions and are prepared to (co-)file a shareholder resolution if considered impactful. Robeco's active ownership reporting makes explicit reference to relevant SDGs in its voting and engagement activities.

Voting

Robeco started voting for its investment funds and on behalf of its institutional clients in 1998. The voting is carried out by dedicated

voting analysts in the Active Ownership team. We visit several shareholder meetings in person, but cast most of our votes electronically. Our voting activity is published on our website shortly after the shareholder meeting takes place, which is in line with best practice on voting disclosure.

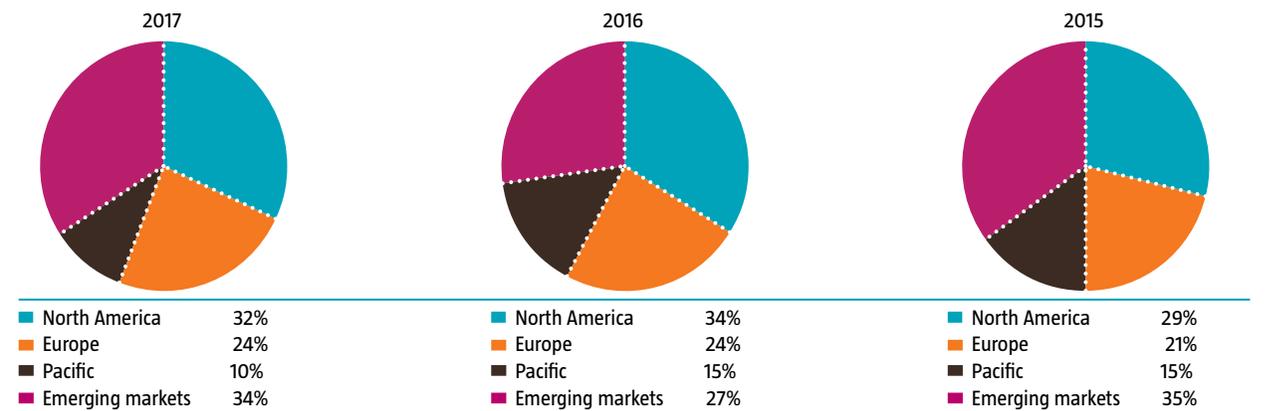
Our comprehensive voting policy is based on 20 years of experience and insights, and we anticipate the specific policy wishes of our mandates as and when required. We vote at all meetings where this is possible. In practice, we refrain from voting only in specific cases of share blocking. In these cases, we assess the priority of the meeting and the voting impact of our positions.

Our voting policy and analysis is based on the internationally accepted principles of the International Corporate Governance Network (ICGN) and on local guidelines. The ICGN principles provide a broad framework for assessing companies' corporate governance practices. They also give ample scope for companies to be assessed according to local standards, national legislation and codes of conduct relating to corporate governance. Our assessment takes into account company-specific circumstances. High-profile voting decisions are made in close collaboration with the portfolio managers and analysts of Robeco's investment teams and engagement specialists. Information captured at shareholder meetings is taken into account in future engagement activities and in the investment process applied by Robeco's funds.

Voting figures

	2017	2016	2015
Assets under voting	EUR 63.0 billion	EUR 55.5 billion	EUR 45.0 billion
Number of votes at shareholders' meetings	4,733	4,799	3,462

Voting distribution by region



CASE

Sharing best practices in the cocoa supply chain

The cocoa supply chain is characterized by a significant number of issues, amongst which are child labor, forced labor and unsafe working conditions. In our engagement with companies involved in different parts of the cocoa value chain, we discuss labor standards as one of our engagement objectives. In our discussions with companies, we identify best-practice examples, which we share with other companies in the engagement peer group. The aim is to improve labor standards in the cocoa supply chain.

Some best-practice companies address the problem of child labor by focusing on training farmers to eliminate the problem. These companies have a strong supplier code that addresses child labor, labor standards, gender equality, improving equal access, the empowerment of women, and providing fair wages and benefits. All third parties must abide by the code. Best practice also includes child labor monitoring and remediation systems in the supply chain. One of the world's largest snack-producing companies refers to the ILO convention on child labor in its social supplier standards. Three of the five key pillars in their cocoa program are focused on the more structural causes of child labor: community, farming and livelihood. Together with child labor, women's empowerment is a cross-sectional theme in this context.

Our voting practices aim to encourage company executives to implement good corporate governance, increase long-term shareholder value and promote responsible corporate behavior. We assess on a case-by-case basis if (co-)filing of shareholder resolutions as part of our voting and engagement activities is desirable and likely to have an impact. In 2017, we updated our voting policy to ensure that our provisions remain up-to-date, relevant and aligned with best practice. Key changes include the addition of board-diversity criteria in assessing nominee directors.

Engagement for equity and credits portfolios

In 2005, we began encouraging the executives of companies in which we invest to exercise good corporate governance and to pursue environmental and social policies. The aim of our engagement dialogues is to increase long-term shareholder value and to produce a positive impact on society. For Robeco, engagement and voting are critical elements of a successfully integrated sustainability investing strategy that leads to better-informed investment decisions and can improve the risk-return profile of our portfolios.

For our engagement activities, we apply a focused approach in which a relevant subset of investee companies is targeted for engagement in a constructive dialogue on ESG factors such as board quality, human rights and environmental risk management.

Value engagement

Our value engagement activities focus on a limited number of sustainability themes with the greatest potential to create value for our investee companies. We select these themes on the basis of financial materiality by conducting a baseline study and developing engagement profiles for the companies to be engaged. New engagement themes are selected in close collaboration with engagement specialists, portfolio managers

and analysts, who work together closely throughout the engagement dialogue. We prioritize companies in our client's and Robeco's portfolios that have most exposure to the selected engagement theme.

For every value engagement theme, we perform a baseline study and establish SMART (Specific, Measurable, Attainable, Relevant, Time-bound) objectives and start a dialogue to encourage companies to address the issues identified. We hold regular meetings and conference calls with company representatives to monitor their progress in meeting our engagement objectives over a three-year period.

We discuss sustainability risks and opportunities with companies and inform them of the corporate behavior that investors expect, thereby encouraging these companies to adopt better practices. Companies with sustainable business practices can create a competitive advantage and are likely to improve the risk-return profile of their shares.

Enhanced engagement

Our enhanced engagement program focuses on companies that severely and structurally breach the principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption. It is aimed at influencing these companies to act in line with the UNGC principles. Companies are selected for engagement depending on the severity of the alleged breaches. The process is based on a systematic analysis of alleged breaches of UNGC principles. For this, we constantly monitor the news flow from global printed and online media and other publicly available information from consumer organizations, governments and non-governmental organizations (NGOs).

In order to measure progress, we use five objectives that focus on eliminating the breach, policy, stakeholder dialogue, risk-management systems and transparency. Our engagement typically runs over a three-year period, during which regular meetings and conference calls are held with company representatives to monitor their progress against our engagement objectives.

If an enhanced engagement dialogue does not lead to the desired result, the Executive Committee member responsible for investments can exclude this company from Robeco's investment universe. The process for enhanced engagement is a formal part of Robeco's exclusion policy.

Exclusions

Robeco has implemented an exclusion policy for companies involved in the production of, or trade in, controversial weapons, such as cluster munition and anti-personnel mines, and for companies that structurally and severely breach the United Nations Global Compact (UNGC). For this last category, Robeco considers exclusion to be an action of last resort, only to be used after an engagement dialogue to encourage a company to improve its ESG practices has failed. Robeco re-evaluates the practices of excluded companies at least once a year, and may decide to reinstate a company in the investment universe at any time if it can show that the desired change has been implemented and the Global Compact breach lifted. Robeco's exclusion policy and exclusion list are published on its website.

Engagement focus areas in 2017

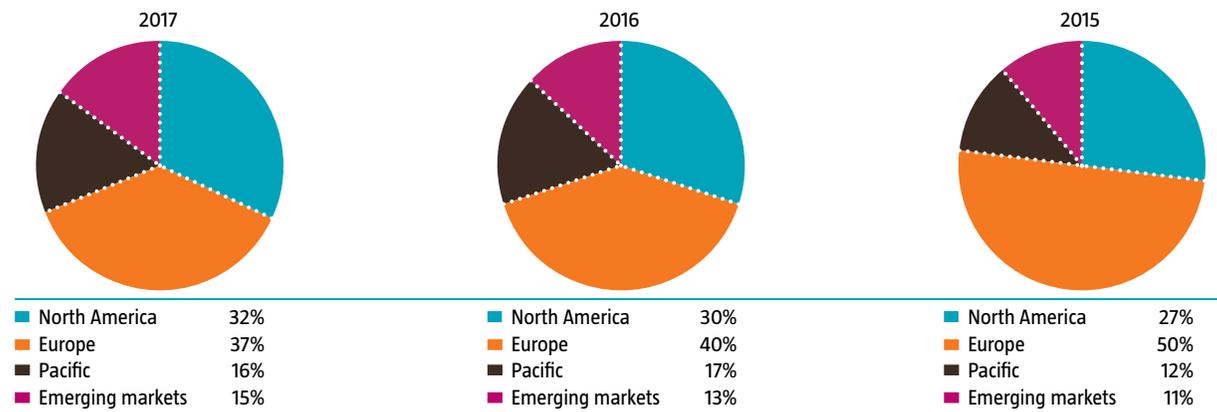
In 2017, we started five new financially material engagement themes: ESG challenges in the automotive industry; culture and risk oversight in the financial industry; corporate governance standards in Asia; social risks of sugar; and climate change strategies and carbon emissions management in the office real-

Contributing to the SDGs by engaging the automotive industry

The automotive industry is faced with increasing disruption. The electrification and automation of cars, coupled with the rise of mobility as a service, are developments that present many opportunities, as well as considerable risks. At the same time, regulations on emissions and fuel efficiency are set to increase in the coming years across all main markets. Due to the emergence of defeat devices used to enhance the performance of cars when being tested on emissions, the sector has faced increased scrutiny from regulators in recent years. Failing to meet new standards can lead to hefty fines.

In 2017, we started an engagement theme around these ESG challenges in the automotive industry. Our engagement aims to improve policies and behavior with regard to product quality management and performance, the environmental footprint of new products, and lobbying activities. Our engagement contributes towards SDG 9: Industry, Innovation and Infrastructure. We will specifically focus on sub-target 9.4, By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, and aim to measure our progress towards indicator 9.4.1, CO₂ emission per unit of value added, after one, two and three years of dialogue.

Distribution of engagement cases by region



estate sector. Our themes run for a maximum of three years, and we typically work on 9 to 12 themes in parallel. Every quarter, we publish an overview of our engagement activities on our website. In 2017, we conducted 206 engagement cases with a total of 177 companies worldwide. The assets under engagement amounted to EUR 235.5 billion at year end (2016: EUR 231.2 billion).

Supporting sustainability initiatives

Robeco is a participant in the United Nations Global Compact, the strategic initiative for businesses committed to aligning their strategies and operations with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. As part of our commitment to making financial markets more sustainable, Robeco is also a member of organizations such as the European Sustainable Investment Forum (Eurosif) and the PRI. Our active contribution to these important platforms for collaborative action on sustainability issues enables us to help shape the global investment agenda and inform policy makers. In some instances, government agencies or other public institutions play a defining role in some

of our key engagement topics. Therefore, Robeco takes part in public consultations and provides feedback to regulators and other public institutions if a certain policy is likely to benefit sustainable investors and broader society.

Knowledge sharing on sustainability investing

Robeco promotes sustainability investing both internally and externally. Once a month, the SI specialists from the investment teams discuss latest developments and best practices. Each quarter, knowledge-sharing sessions take place for the entire investment department and sales and marketing. Topics that were addressed in 2017 include ESG integration in emerging markets, sharing the highlights of the voting season and four ways to have an impact in credits.

Externally, in 2017, many events were organized to promote sustainability investing. Some examples are the SI Forum in Belgium, which Robeco organized together with Allianz for the second year in a row and the sponsoring of the screening in the Netherlands of Al Gore's new climate movie, An inconvenient

Engagement cases per topic

Topic	2017	2016	2015
Environmental	37	50	50
Social	74	66	47
Governance	60	54	50
Global Compact breaches	35	40	38

sequel: truth to power. Also, engagement results are being shared with clients in a half-yearly event and a deep dive into animal welfare was made in a session organized by Robeco, bringing together investors, corporates and NGOs. Besides such organized events, many presentations were given to clients on SI and we have formed partnerships with several wholesale banks to continue promoting SI.

Robeco constantly shares insights into SI via its websites, newsletters and at events, including disclosure regarding our own approach to SI. Many articles and research papers describing ESG integration by our investment teams are available in the public domain.

Since investment processes differ among investment funds, we introduced a Sustainability investing Classification System. For every publicly traded fund, we publish the approach applied to ESG integration on our website. We also post information on voting, engagement and exclusion.

Stepping up engagement efforts on corruption

In the course of 2017, we intensified our engagement with a pharmaceutical company and included them in our Enhanced Engagement program to discuss their compliance with UNGC Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.

We started our constructive dialogue with the company in 2015 to discuss a range of financially material ESG topics for pharma companies, including access to medicine and business ethics. We regard their access-to-medicine strategy as leading practice in the industry. On business ethics, however, we increasingly note issues, as the company has repeatedly been involved in bribery investigations in several markets. The broad geographical scope and repeated nature of the alleged bribery breaches are of great concern. The impact of the alleged breaches on stakeholders is also deemed significant. Patients face significant health risks, as certain drugs might be prescribed that are not based on independent clinical study. In addition, misrepresenting pricing data has a significant impacts on customers.

We wrote to the CEO to raise our concerns, requesting the necessary change in culture to prevent future violations of business ethics. The company responded promptly, showing awareness of the topics raised and an open attitude towards starting a constructive dialogue.

Investment performance

Of all portfolios managed or sub-advised, 79% (2016: 79%) outperformed compared to the relevant benchmark over a three-year period. Over a one-year period, this figure is 60% (2016: 50%). In 2017, the equity markets of the developed and emerging economies posted positive returns, with 52% of the equity portfolios outperforming their benchmark. The percentage of outperforming equity portfolios over the past three years was 82% (78% over 2016). For fixed income, 2017 was a positive year in absolute and relative terms: 75% of fixed-income portfolios outperformed the benchmark over a three-year period (2016: 84%). This figure is also 75% over a one-year period.

The table shows the returns and relative performance of the most relevant funds. Outperformance (+) or underperformance (–) compared to the relevant benchmark is given in brackets.

Performance of major Robeco funds		
Fund	Performance*	Compared to relevant benchmark
Equities		
Robeco Asia-Pacific Equities (EUR)	14.4%	(-1.3%)
Robeco BP Global Premium Equities (EUR)	7.2%	(-0.3%)
Robeco BP US Large Cap (USD)	19.6%	(+6.0%)
Robeco BP US Premium Equities (USD)	18.6%	(+5.5%)
Robeco BP US Select Opportunities (USD)	16.3%	(+2.9%)
Robeco Chinese Equities (EUR)	34.5%	(-0.8%)
Robeco Emerging Markets Equities (EUR)	23.8%	(+3.2%)
Robeco Emerging Stars Equities (EUR)	19.7%	(-0.9%)
Robeco Global Consumer Trends Equities (EUR)	23.3%	(+14.4%)
Robeco Global Stars Equities Fund (EUR)	13.2%	(+5.7%)
Robeco New World Financial Equities (EUR)	20.2%	(+11.2%)
Robeco QI Emerging Conservative Equities (EUR)	13.1%	(Sharpe ratio +1.7)
Robeco QI Emerging Markets Active Equities (EUR)	24.1%	(+3.5%)
Robeco QI European Conservative Equities (EUR)	9.7%	(Sharpe ratio +1.4)
Robeco QI Global Multi-Factor Equities (EUR)	9.1%	(+0.2%)
Robeco QI Institutional Emerging Markets Enhanced Index Fund (EUR)	23.2%	(+2.6%)
Robeco QI Institutional Global Developed Conservative Equities (EUR)	4.6%	(Sharpe ratio +0.8)
RobecoSAM Sustainable European Equities (EUR)	11.1%	(+0.9%)
Rolinco (EUR)	21.3%	(+12.4%)
Fixed income		
Robeco All Strategy Euro Bonds (EUR)	0.7%	(0.0%)
Robeco Euro Credit Bonds (EUR)	3.4%	(+0.9%)
Robeco Euro Government Bonds (EUR)	0.2%	(0.0%)
Robeco Euro Sustainable Credit Bonds (EUR)	3.3%	(+0.9%)
Robeco Financial Institutions Bonds (EUR)	10.2%	(+2.3%)
Robeco Global Credits (EUR)	4.9%	(+1.2%)
Robeco Global Total Return Bond Fund (EUR)	0.9%	(-0.5%)
Robeco High Yield Bonds (EUR)	6.7%	(+1.3%)
Robeco Investment Grade Corporate Bonds (EUR)	2.0%	(+0.2%)
Robeco QI Global Dynamic Duration (EUR)	0.4%	(0.0%)
Multi-Asset		
Robeco ONE Neutral	9.2%	No official benchmark

*gross of fees

Governance



Ownership and legal status

Robeco is established in the Netherlands and fully owned by ORIX Europe, a subsidiary of ORIX Corporation. ORIX Corporation is a Japanese business conglomerate that started operating in 1964.

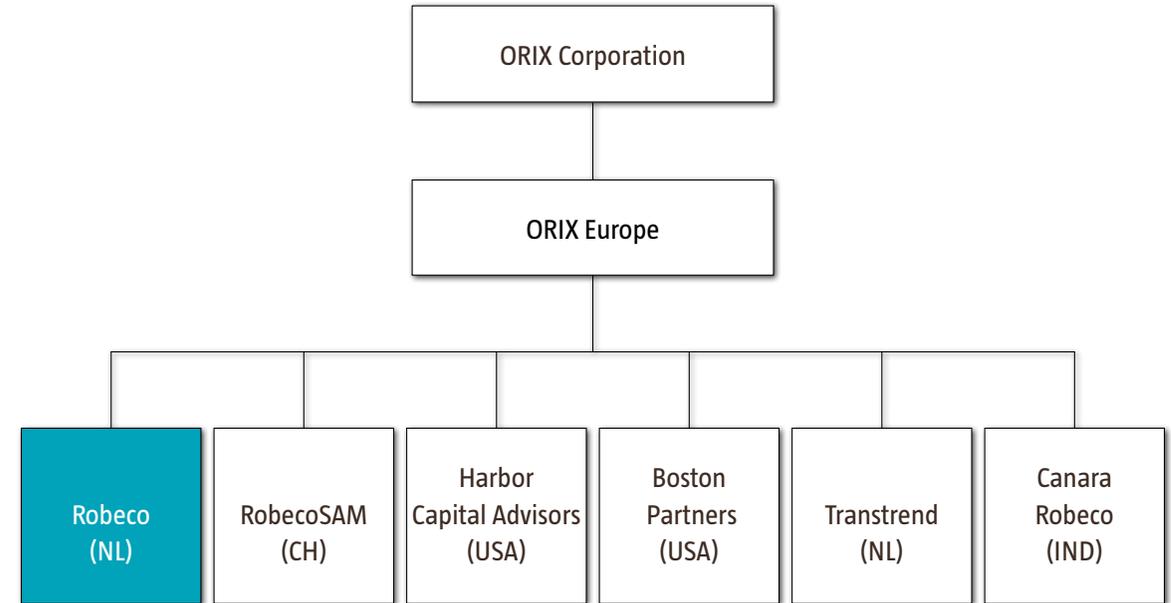
In 2017, Robeco and Robeco Groep N.V. (now ORIX Europe) finalized the formal division of their respective investment and financial holding activities, resulting in a financial holding company with its own management and staff departments. In early 2018, Robeco Groep N.V. was renamed ORIX Europe to differentiate clearly between the activities of both entities and to better reflect the holding's position within ORIX as a fully-owned subsidiary.

Governance structure

Robeco has an Executive Committee and a Supervisory Board. The Executive Committee develops and executes the Robeco strategy, and manages the company on a day-to-day basis. The Supervisory Board monitors the execution of the company policy and advises the Executive Committee. It includes a representative from ORIX Corporation.

All board and committee members have sworn the Dutch oath for the financial sector.

Shareholder and sister companies



ORIX Corporation holds all the shares in ORIX Corporation Europe N.V., the domestic parent company of Robeco Holding B.V., which holds 100% of the shares of Robeco Institutional Asset Management B.V. (Robeco) and 100% of the shares in Robeco Nederland B.V., the Dutch central service company of Robeco Institutional Asset Management B.V.

Supervisory Board

The Supervisory Board consists of:

- J.J.M. (Jeroen) Kremers (Chairman)
- G. (Gihan) Ismail
- M. (Masaaki) Kawano
- J.J. (Jan) Nooitgedagt

There are two Supervisory Board committees in place, the Audit & Risk Committee and the Nomination & Remuneration Committee. They prepare decisions to be taken by the Supervisory Board and take decisions and carry out responsibilities that are delegated to them by the Supervisory Board.

Executive Committee

The Executive Committee consists of:

- G.O.J.M. (Gilbert) Van Hassel (Chairman of the Executive Committee)¹
- I. (Ingo) Ahrens (until 1 September 2017)
- K. (Karin) van Baardwijk¹
- M.C.J. (Maureen) Bal (since 1 September 2017)
- M.D. (Monique) Donga (since 20 March 2017) (Chairman of the Sustainability Committee)
- P.J.J. (Peter) Ferket¹
- M.O. (Martin) Nijkamp (since 1 September 2017)
- H-Ch. (Christoph) von Reiche (since 6 November 2017)
- R. (Roland) Toppen¹
- V. (Victor) Verberk (since 12 April 2017)

¹ also statutory director

Statutory directors are appointed by the General Meeting of Shareholders. The Supervisory Board must be consulted in connection with an intended appointment, which is subject to prior approval from the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, 'AFM'). The appointment

of Executive Committee members by the Management Board (consisting of the statutory directors) requires prior approval from the AFM because an Executive Committee member is considered to be a 'daily policymaker' of Robeco.

In the course of 2017, the Executive Committee was expanded from five to nine members in order to better reflect the input of the different domains within Robeco and thus speed up the decision-making process and increase its quality at the highest managerial level. The intended appointment of an Executive Committee member must be submitted to the Works Council for advice. To date, the Works Council's recommendations in this respect have been positive.

Sustainability Committee

In January 2017, Robeco formally introduced a sustainability committee. This committee is headed by an Executive Committee member and consists of representatives from departments that contribute to the execution of Robeco's sustainability strategy. The operational responsibility for the committee's tasks lies with the sustainability coordinator. The sustainability committee meets around eight times a year.

The sustainability committee decides on sustainability-related policies and supports the implementation and further integration of sustainability in the Robeco organization. For 2017, the main focus was on translating the updated corporate strategy into a corporate sustainability strategy and action plan for sustainability. Other important activities were the approval of the climate-change policy and an updated social-commitment charter.

Tackling climate change

In 2017, Robeco launched a climate-change policy to explain its approach to combatting global warming. We recognize the scientific consensus that human activities are responsible for increasing the amount of greenhouse gas in the earth's

atmosphere, thus causing climate change. Robeco also supports the targets for cutting harmful greenhouse gas emissions globally as set out in the Paris Agreement of December 2015. We acknowledge the responsibility of the asset-management industry towards climate-change risks through the investment decisions that asset managers make and the contact they have with investee companies and other institutions. Therefore, we are fully committed to contributing to the Paris Agreement ambition to keep the temperature rise well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. We also recognize the part that climate-change risks play in contributing to the Sustainable Development Goals 7, 12 and 13.

There are five pillars to Robeco's Climate Change policy:

1. Integrating ESG into the investment process
2. Using active ownership to effect change
3. Decarbonizing portfolios
4. Divesting carbon-intensive thermal coal
5. Reducing our own carbon footprint

Robeco has also signed the statement of support for the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) in 2017. The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear and efficient, and provide decision-useful information to lenders, insurers and investors. In signing this statement, Robeco reaffirms the belief that climate change will have a significant impact across many sectors and that we have an important role to play in mitigating it. Robeco is using the TCFD recommendations in its ongoing engagements with companies to urge them to improve their disclosure of climate-related risks and opportunities. In 2018, an action plan on climate change risk management will be developed in cooperation with Risk Management. This will

Robeco awarded A+ for most modules in UN PRI assessment 2017

Robeco is assessed yearly on the UN Principles for Responsible Investment (UN PRI). The 2017 feedback report awarded Robeco an A+, the highest possible score, for five modules and an A for the two remaining modules it was assessed on. For the overarching module 'Strategy & Governance' Robeco was awarded an A+. In the previous three years, Robeco was also awarded the best possible score for all modules.

Clients and other stakeholders are increasingly scrutinizing the sustainability-investing approaches of asset managers, so there is a growing demand for accountability and verification. Therefore in 2017 Robeco conducted an internal audit on the assessment report, which underscores our thorough approach towards this assessment. Robeco is one of the very first asset managers in the world to have done this.

include measuring the funds' ESG exposure and carbon footprint; educating investment teams on relevant ESG and climate-change risks; and preparing for TCFD recommendations for the financial sector.

Business ethics

Robeco has zero tolerance concerning bribery and corruption of any kind. We do not wish to be involved in the misuse of any public or private institution to obtain improper advantage. We are committed to complying fully with all applicable anti-bribery and anti-corruption laws. There are strict rules for the acceptance and offering of gifts and entertainment, laid down in our Gifts, Entertainment and anti-Bribery Policy. This policy is based on our anti-bribery standard and Code of Conduct, and the anti-corruption policy applied by ORIX.

Our Gifts, Entertainment and anti-Bribery Policy defines the details of Robeco's prohibition of bribery and describes the rules employees have to take into account when accepting or offering gifts and entertainment. Although not all given and received gifts constitute bribery, gifts can give rise to (the semblance of) a conflict of interests or manipulation. The content of the policy is summarized below:

- Gifts worth EUR 100 or more (or equivalent in another currency) cannot be accepted or offered.
- Entertainment can be accepted or offered only if it is appropriate and proportionate for the type of relationship. If this is unclear, Compliance must be asked for prior approval.
- Entertainment given or received with a value of EUR 100 or more must be reported to Compliance, which maintains a record.
- Stricter rules apply to gifts and entertainment provided to public officials. These require prior approval from Compliance in all cases.

Ultimately, Robeco's Executive Committee is responsible for compliance with the policy. The Committee has delegated its implementation to senior management and the Compliance department. Compliance is responsible for the management and maintenance of the policy, which is reviewed by Robeco's Executive Committee every two years. Compliance also monitors the correct implementation of the policy.

Senior management is responsible for translating the policy into workable and effective operating instructions. Together with Compliance, senior management is responsible for training employees regarding anti-bribery. All Robeco employees are obliged to follow anti-bribery training on joining the company. Training is concluded with a mandatory test that employees must pass. Furthermore, employees are responsible for acting in accordance with the procedures and work instructions contained in the anti-bribery policy.

Any behavior by an employee observed not to be in accordance with the policy must be reported to a superior and to Compliance. Non-compliance with the anti-bribery policy may lead to disciplinary measures, including dismissal.

In 2017, gifts received were in several cases returned to sender because of a conflict with our policy provisions regarding breaches of compliance. Robeco made no political contributions in 2017 and no suspicions of bribery were reported that year.

Risk management and compliance

Risk management is essential, which is why we will always believe in long-term, sustainable capital growth.

Every step of Robeco's decision-making process for fund and mandate management for our clients has risk management embedded in it, and this also applies to Robeco's internal operations management.

Risk-control governance is exercised at Robeco by line management and the Risk Management, Compliance and Internal Audit departments. The Audit & Risk Committee supervises the financial reporting process, the control environment, the internal control systems, compliance, risk management and internal audit.

Managing risks

At Robeco, risk management is based on the principles of sound management, as formulated in the Netherlands Corporate Governance Code, and on the COSO Enterprise Risk Management (ERM) principles. Robeco's risk management is built on the 'three lines of defense model': the primary risk management and compliance responsibility rests with line management in their day-to-day decision-making process. The second-line functions are fulfilled by Compliance and Risk Management (RM), which develop and maintain compliance and risk policies to enable line management to effectively handle their responsibilities. The second line monitors the business activities in their risk-

Compliance record regarding business ethics

	2017	2016	2015
Instances of suspicions of bribery (gifts received)	None reported	None reported	None reported
Reported (indications of) breaches of compliance	None reported	None reported	None reported
Reported invitations for entertainment given and received worth over EUR 100	176	105	77

FRR chooses Robeco to manage equity index strategy

French pension fund Fonds de Reserve pour les Retraites (FRR) has chosen Robeco as one of the asset management companies in charge of implementing best practice for its 'Optimized Equity index strategy with an ESG approach'. These mandates factor in all types of ESG-related matters including those relating to decarbonizing assets as well as the recently added tobacco and coal exclusion policy. Robeco will team up with sister company and Sustainable Investing pioneer RobecoSAM to do this.

By combining well-known factor premiums such as value and momentum with a higher exposure to companies with an enhanced sustainability profile, the strategy generates a portfolio with a positive environmental impact while at the same time providing an attractive risk/return profile.

In this jointly developed approach, RobecoSAM has provided its unique state-of-the-art expertise in environmental footprint reduction and ESG criteria integration, combining its expertise with that of Robeco's Quant teams. The internally developed Environmental Footprint Monitoring Tool combines four key metrics (GHG emissions, Energy Consumption, Water Consumption and Waste Generation) and weighs up the benefits of these four metrics to obtain an optimal outcome that goes beyond a mere CO₂ assessment.

management practices and reports regularly to different internal committees and to external stakeholders. The Internal Audit function (IA) acts as the third line of defense and provides independent assurance on internal control by means of various audits and reviews. Both the second-line and third-line activities operate independently, with no link to commercial functions and with direct reporting lines to the Chief Finance & Risk Officer (CFRO) and chairman of the Audit & Risk Committee (A&RC) of the Supervisory Board.

Audit & Risk Committee

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

Enterprise Risk Management Committee

Several risk-management committees ensure comprehensive and consistent risk oversight throughout Robeco. The Enterprise Risk Management Committee (ERMC) is the highest body within Robeco that focuses on risk and consists of the members of Robeco's Executive Committee and the relevant staff departments. The ERMC is chaired by the CFRO and is responsible for evaluating and approving company-wide policies relating to risk management and compliance. The ERMC also assesses whether the risks relating to our activities remain within the defined risk-tolerance levels. If risks exceed these levels, the ERMC has decisive power to remediate these. The ERMC is supported by a dedicated risk-management committee handling financial risk in client portfolios and by committees that focus on specific

issues, for instance valuation, security, crisis management and new products.

Robeco Control Framework

Robeco has developed a comprehensive Control Framework (RCF) which enables maintenance of integrated control of Robeco's operations and helps to ensure compliance with laws and regulations. The RCF consists of several building blocks that create a continuous process, in which all significant risks are identified, assessed, controlled and monitored. Robeco's defined risk appetite plays a central role in the RCF, as it defines the scope of the framework and provides high-level guidance for determining the significance of risks and defining the appropriate control level. The RCF is regularly assessed to establish that the identified risks are mitigated by the controls in place and that the controls are operating effectively.

Risk categories

The categories of risk described below are regarded by Robeco as most relevant in terms of their potential impact on Robeco's ability to execute its strategy, perform its business activities and maintain its good financial condition.

Strategic risks

External developments such as macroeconomic developments, increasing fee pressure or competition may negatively affect our profitability. Continuous monitoring of these developments and a diversification in clients, assets and products mitigates the potential impact.

Operational risks

Robeco manages a large range of services and products for different client types in various regions of the world. This means that we are exposed to operational risk. In order to mitigate such risk and achieve excellence in our operations, Robeco constantly

seeks ways to simplify its processes and reduce complexity. Robeco also invests in its people to ensure that staff is highly skilled, has the latest expertise and stays motivated.

Financial risk

Robeco is exposed to counterparty credit risk on its cash balances and receivables. To mitigate this risk, Robeco's policies prescribe careful selection and monitoring of financial counterparties. Risks are mitigated by offering a broad and diversified range of products and services in various regions, currencies and asset classes. Capital is held to cover this 'business risk'. To mitigate liquidity risk, cash positions are closely monitored. Robeco applies various indicators for assessing financial performance, which entails the use of models for individual risk types.

Compliance with laws and regulations

Changes to laws and regulations relating to financial services and funds could lead to an increase in operational costs for Robeco products and could affect Robeco's ability to grow its business. To manage these risks, Robeco is actively involved in establishing new laws and regulations or in revising the existing ones. It does this by participating in representative associations (e.g., EFAMA, DUFAS) and by remaining in close contact with Dutch and foreign government bodies. The Compliance department coordinates the implementation of new or revised laws and regulations carried out by the relevant departments.

Each quarter, an internal marketing communication review is conducted by Robeco's Global Branding team. Twice a year, a similar review is conducted with marketers from local sales offices. The purpose of these reviews is to check whether marketing communication assets produced adhere to the branding guidelines, style templates and legal requirements. At least one compliance officer is always present at these meetings to judge whether marcom productions are indeed compliant.

In 2017, no incidents of non-compliance concerning marketing communications, product & service information and labeling were reported.

Tax policy

Robeco's business objective is to act at all times in accordance with the applicable laws and regulations. Robeco does not use structures that are intended for tax avoidance. Our tax policy supports Robeco's overall business strategy and objectives. It complies with relevant international standards, such as the OECD Guidelines.

Investment proceeds should be taxed at investor level to the extent that investors are subject to taxation. Our investment funds should be tax-neutral and should not therefore create any additional tax burden. Our investment tax policy is to minimize additional taxation (tax leakages) at investment fund level for our clients.

We ensure that, as a company, we have the mechanisms in place to adhere to the above principles, which are consistent with Robeco's Code of Conduct. Robeco maintains a team of tax professionals who have an ongoing dialogue with our business and senior management.

In our active ownership activities, we apply the tax policy of a holding. The topic of tax accountability is a focus area for engagement. We expect holdings in which Robeco invests to comply with the legal and regulatory framework that is applicable to their business activities. Companies should assess the risks associated with their approach to taxation and match this risk profile with the investors' risk appetite and the need to maintain the trust of stakeholders. Another focus area for engagement is understanding the sustainability of our investee companies' effective tax rate and tax policies.



Business operations

Robeco is a financial services company. The success of our business activities therefore depends almost entirely on the performance of the women and men working for Robeco. Their knowledge, skills, experience, commitment and engagement are the company's most valuable assets. Robeco wants to reward and develop these assets by offering inspiring working conditions and ample freedom to take on responsibilities. This is reflected in Robeco's Employee Value Proposition.

Strategic workforce development

Robeco competes for client business with the best in the industry worldwide. This requires a high-performance culture. Every day that Robeco employees come to work, they must perform to a high standard in order to realize the organization's full potential and become consistent winners. Regarding the company's workforce, Robeco's Strategy 2017-2021 therefore aims to put the right people in the right places. The idea is to create a sense of urgency and establish a full meritocracy, whereby earnings are in keeping with performance. 2017 saw the alignment of our learning and development programs to these strategic objectives. Robeco has also amended its Performance Management Cycle and Reward Framework. This forms part of the integrated process to both manage performance and determine reward. The major adjustments are:

- Embedding the profile into the appraisal interviews that specifies desired behavior.
- Feedback from peers as a compulsory part of every employee's appraisal (to this end, employees, managers and teams could attend introductory workshops).
- Cross-functional reviews in order to apply the same performance standards to similar functions and to take into account the opinions of other Robeco divisions about senior staff.
- A five-point instead of a four-point appraisal scale to make a clearer distinction between under-performance and over-performance.

- Wider opportunities for managers to distribute the budget available for salary increases according to individual performance delivered.
- Assignment of the title of Director on the basis of demonstrated leadership behavior in accordance with Robeco's Leadership Profile.

The annual Leadership Conference in December, attended by senior leaders from all domains and regions, was dedicated to how our corporate culture can contribute to the execution of our strategy. During the conference, performance and reward were one of the discussed topics.

Education is a key element in support of Robeco's mission and beliefs. Organizational and personal development is aimed at unleashing the full potential of our workforce by empowering talented leaders and experts to become consistent winners in our line of business. In 2017, we focused on initiatives to stimulate our learning culture. We also evaluated and aligned our annual development programs with our new strategy. For instance, we initiated the Young Professional Journey, aimed at accelerating the learning process of young new colleagues through experience. Another program is Managing at Robeco, which aims to strengthen the core managerial capabilities of our junior and mid-level managers.

Robeco Learning World is our online portal for the selection and registration of broad learning opportunities. These can be either classroom or e-learning courses. A recent update has ensured that all Robeco employees have access to Robeco Learning World at all times, whatever their location. A Learning Management System was implemented at the same time. This provides the necessary data to constantly upgrade the learning opportunities on offer. All educational opportunities at Robeco are coordinated by the Learning & Development team at HR in support of Robeco's ambition to create a culture of continuous learning.

Employee Value Proposition

Our Employee Value Proposition reflects the value of what we offer employees in exchange for their commitment and performance. It is the promise that we make to current and potential employees.

Truly engaged

Giving employees the opportunity to make positive changes within Robeco. We stimulate this by being transparent about our strategy, objectives, successes, challenges, and decision-making; by making clear which results we expect from employees, and by giving employees the freedom to decide how to achieve them; by delegating responsibilities where possible and providing ample room for taking the initiative.

Bound to grow

Collaborating with the best in the world. Working at Robeco means being challenged by highly motivated and intelligent colleagues, being part of a dynamic and professional organization, and working for prestigious and demanding clients from around the world. It means constantly acquiring and sharing knowledge and skills, and being expected to leave the well-trodden path to explore opportunities, innovate and push back boundaries.

Well rewarded

The total financial reward at Robeco is clearly linked to the business strategy and the results achieved. The way we reward our staff is externally competitive and internally fair, with ample room for differentiation. Compensation is based on relative market value and performance, and an integrated assessment of results and behavior. Our performance and reward policy is transparent and clearly communicated.

Robeco and global investors call on world leaders to implement climate change deal

Robeco has joined global investors in calling on the G7 and G20 nations to implement the Paris Agreement on Climate Change. World leaders agreed at the COP21 conference in Paris in 2015 to take action to limit global warming to 1.5 °C above pre-industrial levels, principally through the elimination of greenhouse gases. Some 195 countries and territories have since signed the Paris Agreement treaty. However, as references to climate change were omitted from the G20 agenda in 2017, it remains unclear if the coming G20 events will address this issue.

Robeco has co-signed a letter to governments expressing concern that failure to implement the deal jeopardizes the trillions of dollars of investment needed to change business models to reduce CO₂ emissions. The letter is an initiative of the United Nations Principles for Responsible Investment and has been signed by 216 investors representing USD 15 trillion in assets. The letter is a follow-up to one sent in 2016 to G20 governments that was signed by 130 investors, including Robeco.

“As long-term institutional investors, we believe that the mitigation of climate change is essential for the safeguarding of our investments,” the letter states. It specifically calls on global leaders to continue to support and implement the Paris Agreement. This includes the realization of the climate plans for 2050 to achieve the goals of the agreement. Climate-related policies will be aligned to drive investment into the low-carbon transition. Fossil fuel subsidies will be phased out and carbon pricing included where appropriate. Climate-related financial reporting frameworks will be implemented.

Vitality and work-life balance

Robeco provides its employees with the means to enhance their vitality and sustainable employability. The possibility of working from home and keeping flexible hours is conducive to a better work-life balance, depending on local habits and customs. The mobile IT equipment provided enables employees to work at a place most suited to their activities at any time.

Robeco wants to offer its people the best possible working conditions in terms of health and safety. All Robeco’s employees work in comfortable conditions in modern office spaces. They have at their disposal adjustable desks, ergonomic office chairs, special chairs for tall and short people and Swopper chairs to train back muscles. In the Netherlands, in-house ergonomics coaches provide advice on the best posture at work and help adjust your office furniture.

Assigned prevention officers from HR and Facilities are alert to health and safety risks in the workplace in the Netherlands and can recommend measures to improve conditions. A health and safety platform (‘arboplatfom’) maintains an overview of all developments and measures related to working conditions, including those of a preventative nature. The arboplatfom consists of the prevention officers, the company doctor and the members of the Work Council’s Working Conditions Committee. There are open consultations for employees with the company

Number of employees, new hires and turnover

	2017	2016	2015
Number of employees (FTE)	863	859	806
Number of new employee hires (persons)	81	101	85
Male	48	60	51
Female	33	41	34
Turnover	10%	6%	7%

doctor, allowing them to discuss work-related health issues without having to request the employer’s approval. These discussions are confidential. Their content will not be shared with Robeco in any way. Finally, a confidential counselor is available to tackle issues with you that cannot be discussed with anyone else at Robeco.

Besides workplace-related provisions, Robeco also offers its employees:

- health checks;
- a health, safety and welfare service;
- a health benefits program;
- mentoring and coaching;
- stress-reduction workshops.

In addition to these provisions, Robeco offers its employees in the Netherlands:

- healthy foods and beverages in the company restaurant;
- fiscal encouragement to commute by bike.

In the first half of 2017, Robeco completed an extensive voluntary program called FLOW, which was aimed at increasing awareness among participants about their lifestyle, and offered guidance in attaining a more energetic lifestyle. Many provisions from the FLOW program are still in place (e.g., sponsored membership of fitness activities), and not only at head office.

Maternity and paternity leave is offered according to local legislation and market practice. In 2017, Robeco introduced a Shared Parental Leave policy for employees stationed in the United Kingdom, which allows new parents greater flexibility in sharing leave and the responsibilities of baby care. This policy enables employees, regardless of gender, to care for their baby.

Employee engagement

Each year Robeco performs an online survey to measure overall engagement and satisfaction among its employees. Participation in this survey at Robeco is usually significantly higher than in the case of peer surveys in the financial industry. In 2017, the overall response rate was 87.4%, compared to 85.7% in 2016.

All teams at Robeco are expected to mutually discuss the results and draw up an action plan with the aim of addressing areas for improvement. All managers present a summary of their conclusions to their respective representative on Robeco’s Executive Committee, together with proposals for action to be taken in the areas earmarked for improvement. This serves to embed the survey in Robeco’s Annual Performance Management Cycle.

Employee engagement survey

	2017	2016	2015
General engagement	7.7	7.4	7.5
Number of respondents	748	724	711
% of total surveys sent out	87.4%	85.7%	87.0%

Remuneration

Robeco rewards its employees in a way that encourages them to act in the best interests of our clients and to avoid taking undesirable risks. Robeco also aims to stimulate a healthy corporate culture with its reward framework, focusing on achieving sustainable results in accordance with the long-term objectives of Robeco and its stakeholders. Finally, Robeco wants to attract and retain good employees, and to reward talent and performance fairly.

Our remuneration policy does not discriminate on the basis of gender. However, professional experience and education do usually make a difference in terms of salary scale. The table Women-to-men remuneration ratio reflects the Dutch organization, due to different organizational structures and the lack of salary scales abroad. Averages have been calculated for the applicable salary scales in each category. These do not take into account such factors as work experience and relevant education. 'Broadbanding' is used for the senior/middle management category, where jobs of different levels are placed in the same 'band'.

Robeco incorporates all significant reward components such as annual salary increases and variable remuneration into a single integrated process to manage performance and determine reward. This process ensures a complete and balanced assessment of an individual's performance, and increases transparency regarding the determination of variable and fixed remuneration based on performance and market practice. This policy is applied throughout Robeco, so all of our employees receive a yearly performance and career development review. Robeco's Remuneration Policy is drafted in close consultation with Robeco's Works Council. Collective bargaining agreements for the trade sector are only applicable to Robeco's employees in France and Italy. The policy, amendments to it and actual compliance of remuneration practice is audited internally each year. Remuneration levels for all employees are benchmarked annually against the standards of market data provider McLagan. For specific teams or functions, Robeco occasionally also requests tailor-made assessments from McLagan. Any change made by the regulators to applicable legislation or guidelines that leads to the amendment of a remuneration policy, approach or practice will be reviewed by independent external parties.

Performance management cycle



Remuneration figures

	FTE	Head count	Fixed remuneration in EUR million	Variable remuneration in EUR million	Total in EUR million
Statutory directors	4	4	2.1	2.7	4.8

Women-to-men remuneration ratio

	Fixed remuneration ratio	Total remuneration ratio
Senior management level incl ExCo	0.91	1.11
Middle management level	0.94	0.92
Non-management level	1.01	0.93

Each individual employee's fixed salary is determined on the basis of their function and experience according to the Robeco salary ranges and with reference to the benchmarks of the investment management industry in the relevant region. The fixed salary is deemed to be adequate remuneration for the employee to properly execute his or her responsibilities, regardless of whether or not variable remuneration is received.

The total available variable remuneration pool is established annually and approved by the Supervisory Board. The pool is, in principle, determined as a certain percentage of operational profit. Each employee's variable remuneration will be determined on behavior and individual and team performance, and assessed on the basis of pre-agreed business objectives. Poor performance, unethical or non-compliant behavior will reduce individual awards or can result in no variable remuneration being awarded at all. Variable remuneration for all Robeco staff is appropriately balanced against their fixed remuneration.

Robeco may reclaim all or part of the variable remuneration paid out, if:

- payment was made on the basis of incorrect information;
- an employee has committed fraud;
- an employee has shown serious improper behavior or serious negligence in personal performance;
- an employee's behavior has resulted in considerable losses being made.

Diversity, inclusion and non-discrimination

Robeco recognizes that the ability of a company to retain talent is an important driver in promoting diversity, and an overall contributor to the sustainability performance of a company. The principle of equal opportunity applies to all employees. Equal opportunity employment is an explicit component of application procedures. All vacancies are widely available and no groups are excluded. Temporary or part-time employees are

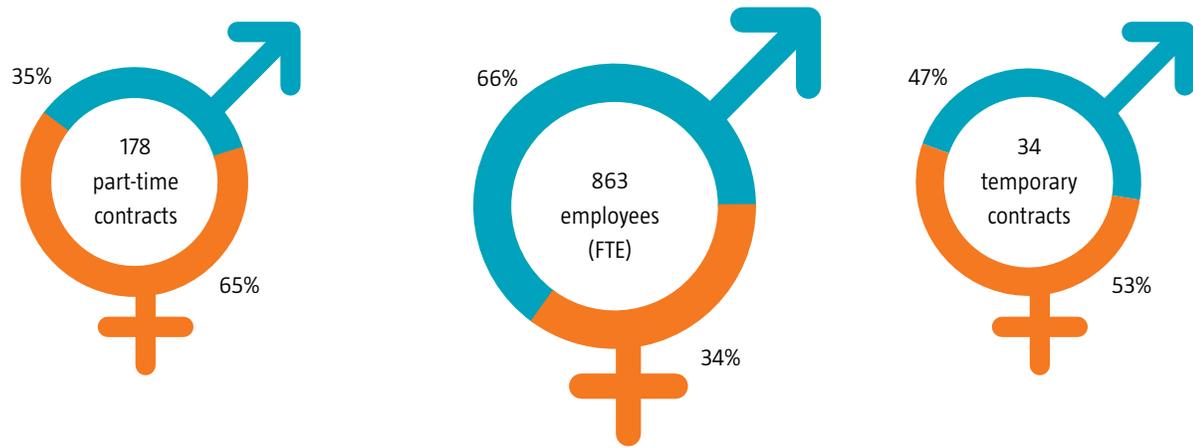
proportionally entitled to the same benefit packages provided to full-time employees with an indefinite contract. A procedure for reporting cases of discrimination is in place. One report of alleged discrimination was made in 2017. The case was investigated comprehensively, involving all parties concerned.

One-third of Robeco's Executive Committee is formed by women and two-thirds by men, thus meeting the legal requirement to aim for at least a 30/70% ratio of women to men in the management boards of larger companies. This requirement is not met for Robeco's Supervisory Board, where only one person out of four is a woman. In future, efforts will be made to consider suitable female candidates for appointment to the Supervisory Board.

In 2017, we formally set out our ideas about diversity in a diversity policy and we launched the Diversity@FIRST team in order to move from a focus on gender diversity to a broader set of diversity criteria. We labeled this movement 'From gender diversity to diverse opinions', because the more diverse our global workforce is in terms of gender, age, cultural background and education, the more diversity in opinions we will have. This will lead to much richer debates and help us arrive at much better decisions, come up with better ideas and, ultimately, achieve better results for our clients.

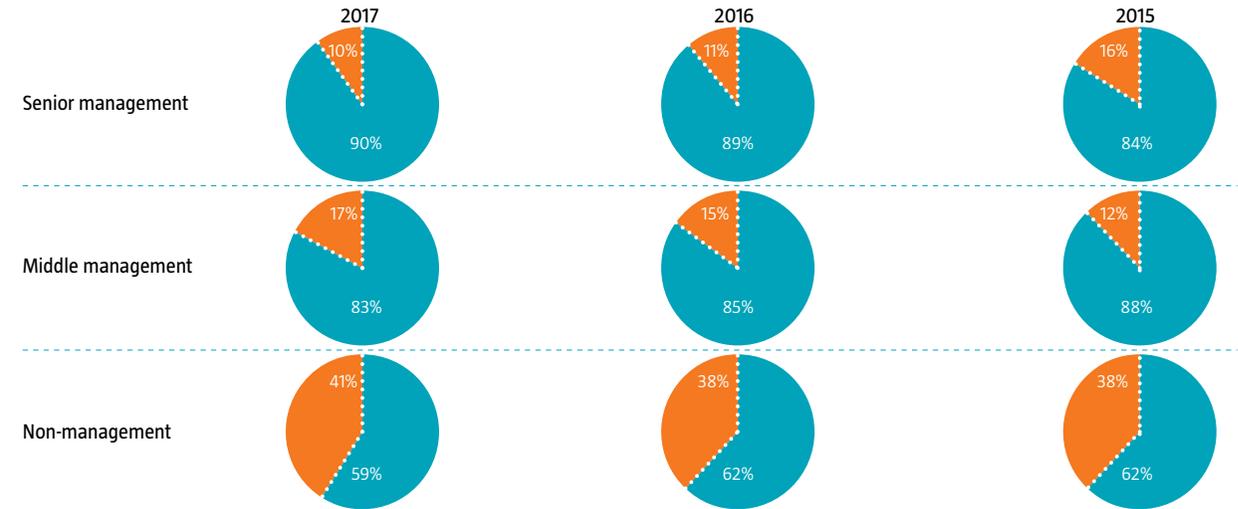
The Diversity@FIRST team builds on the groundwork laid by PinkCapital, Robeco's former women's network. The members of Diversity@FIRST are advising Robeco's Executive Committee on the execution of a plan to further increase diversity throughout. Diversity@FIRST also promotes diversity through bottom-up initiatives based on the idea that diversity is a means to achieve better decision-making and greater success rather than representing a goal or quota in itself.

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



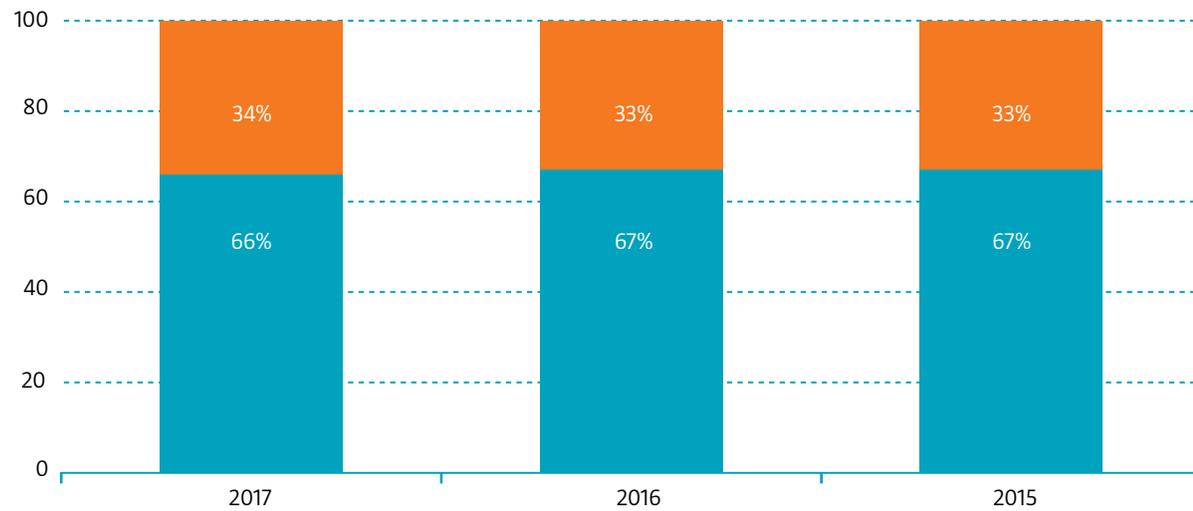
Male Female

Gender distribution per employment category



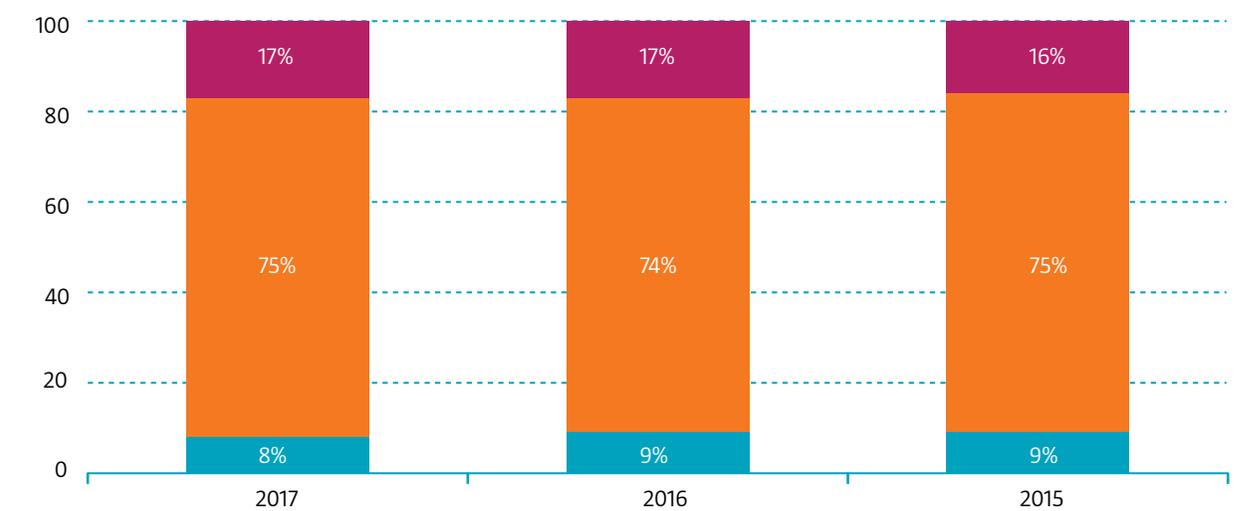
Male Female

Gender distribution per reporting year



Male Female

Age distribution



Under 30 years 30 - 50 years Over 50 years

Social commitment

Earning the trust of the communities in which we operate is fundamental to building our reputation and maintaining our social license to operate. Therefore, Robeco aims to support projects benefiting society at large. Our contribution to society incorporates a broad range of activities. These include providing valuable employment opportunities, using local suppliers where possible, giving donations, enabling employees to perform voluntary work, and making a direct economic contribution by paying taxes.

As part of our social commitment, we select projects for donations on condition that our employees are actively involved. We encourage employees to work as volunteers and support participation by our employees in social initiatives. Education is an additional priority - many of our highly skilled employees are involved with academia or educational initiatives. Our company maintains a bottom-up approach when supporting social causes. Engaged employees and local office initiatives therefore drive social commitment.

Social sponsoring

We actively support projects that embrace social sponsoring. Suitable projects are aimed at improving living conditions, the environment, health and/or personal development of people who suffer from a serious health condition, are underprivileged, or are the victims of circumstances for which they cannot be held responsible. Our Social Commitment Committee assesses projects submitted by employees on these criteria, which are laid down in our Policy on Social Commitment and Donations, and manages the annual budget. Employees that submit a project request must actively participate in the project.

In 2017, the budget spent was EUR 86,890 (2016: EUR 38,856) and Robeco sponsored 14 community projects, for instance Roparun and Spinning for Sophia, a spinning marathon for the Erasmus Medical Center children's hospital Sophia. In the

Netherlands, 190 employees donated their Christmas gift (each worth EUR 50) to the Spinning for Sophia charity cause, amounting to EUR 9,500. For the last 29 years Robeco has sponsored a series of concerts known as the Robeco Summer Nights held in Amsterdam's prestigious Concertgebouw. The 2017 summer program at this celebrated concert hall attracted over 82,000 visitors.

Volunteering

Robeco provides employees with the opportunity to work as volunteers once a year during business hours. At our Rotterdam office, we partner with the organization Rotterdam Cares that supports us in identifying the need for voluntary work in the city of Rotterdam. In 2017, a total of 75 Rotterdam-based employees participated in volunteering activities through Rotterdam Cares (e.g., coaching school children on sports day). Other offices also identified volunteering opportunities (e.g., our Australian office helped clean up a beach in Sydney through the Surfriider Foundation and our Hong Kong-based team did the same at Tung Lung Chau, an island struggling with a waste problem).

Adding life to days when days cannot be added to life

For the seventh year running, a team from our Rotterdam office participated in the Roparun over the Whitsun weekend. This relay is run from Paris (520 kilometers) or Hamburg (580 kilometers) to Rotterdam. Our team was one of 345 participating teams. The objective of this extreme physical challenge is to raise money for initiatives that support people afflicted with cancer. In 2017, the Robeco Rotterdam team consisted of 20 employees from various departments. Thanks to our Robeco colleagues and sponsors, the team raised EUR 35,745 for the Roparun Foundation in 2017. Over the last six years, the Robeco Rotterdam team has raised and donated a total amount of EUR 210,041.

Sports coach for a day

On 20 June 2017, volunteer work intermediary Rotterdam Cares organized a children's sports day in the Rotterdam Zuid district.

While it is clearly important that children become familiar with sports and exercise from an early age, the participating schools lack the means to hold sports events on their own. Several enthusiastic volunteers from Robeco, KPMG, Quaker and Rabobank therefore made sure the 200 young participants had a great time playing soccer and hockey and running relay races.

Academic activities

Robeco has an academic DNA that suits our scientific approach to investing. Many of our experienced researchers and other investment colleagues have backgrounds in economics, econometrics and mathematics. Several hold PhDs or CFA charters and some are affiliated to universities as assistant or associate professors.

Robeco recognizes the importance of top academic research and encourages students to write and submit papers that provide insights into sustainability or quantitative investing, for example. Other academic activities include internships, giving lectures and publishing research.

As an example, Robeco's Quantitative Strategies department and Robeco's Active Ownership Department offer internships to students in the final phase of their degree program. In 2017, Robeco worked in association with the following academic institutions:

- University of Amsterdam (UvA, Netherlands);
- Erasmus University of Rotterdam (Netherlands);
- Eindhoven University of Technology (Netherlands);
- Tilburg University (Netherlands).

Seven principles of sustainable procurement

Human rights

1. Robeco expects its suppliers to support and respect the protection of human rights in accordance with the UN's Universal Declaration of Human Rights and to ensure that they are not complicit in any form of human rights abuse (i.e., all parts of their supply chain managed in an ethical way).

Labor

2. Robeco's suppliers are encouraged to promote diversity and inclusion by not discriminating on the grounds of race, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin and union membership or marital status while hiring and employing.
3. All forms of forced, compulsory and child labor must be eliminated.
4. Suppliers act responsibly in the field of health and safety for employees.

Environment

5. Robeco expects its suppliers to support and promote environmental protection and to comply with local environmental laws and regulations.
6. Robeco expect its suppliers to promote greater environmental responsibility and to support Robeco in the use of goods and services that help mitigate our environmental impact, and to better manage and utilize resources such as energy, paper, water and waste.

Anti-corruption

7. Robeco expects its suppliers to behave ethically and morally and to respect local laws. It strictly prohibits bribery and corruption in any form. Any potential conflicts of interest by suppliers must be declared, and engaging in any activity which might reasonably be interpreted as an attempt to affect the impartiality of employees must be avoided.

Netspar

Netspar is a Dutch network for studies on pensions, aging and retirement. It aims to connect policymakers and pension practitioners in the public and private sectors with pension scientists. Netspar thus contributes to improving the pension system through academic and applied research, network development, and knowledge-transfer programs. Robeco became a partner in Netspar in 2010.

This fruitful partnership enables Robeco employees to participate in research projects, attend seminars, access research papers and executive programs, and co-draft Netspar publications. Cooperating closely with Netspar, we were able to provide our expertise and practical experience as input for the EU and Dutch pension policymaking process. We are a member of the Foundation Board, the Editorial Board and the Partner Research Council.

Procurement

Robeco recognizes the importance of building strong, collaborative and long-term partnerships with its suppliers. Corporate sustainability considerations are woven into Robeco's criteria for making purchasing decisions. Our Central Purchasing department, which coordinates all procurement activities at Robeco, does not necessarily buy supplies at the lowest possible price. It applies sustainability principles to the materials and manufacturing method used. Moreover, we expect our suppliers to respect our seven principles of sustainable procurement. Ideally, to become true business partners, vendors will exceed expectations.

Robeco has secured its purchasing policy not only by means of Compulsory Purchasing Conditions, but also through a Know Your Relations Policy, the Robeco Sustainable Purchasing Principles and a Vendor Control Framework.

Environmental footprint

Robeco wants to make a positive contribution to society regarding the environmental effects of its Business operations. Robeco's office premises are selected and designed with this in mind and the company strives to achieve a steady reduction in emissions. Our central Facility Management team realizes these objectives in their work to coordinate premises and other facilities for all Robeco offices worldwide.

Premises

Robeco's head office FIRST in Rotterdam has been awarded a four-star (excellent) BREEAM-NL new-building certificate by the Dutch Green Building Council.

Robeco's sustainability standards also apply to its 17 global branch offices. Robeco opened a new office in New York in September 2017. It is located in the LEED Gold certified historical Helmsley Building. In case of relocation or establishing new branch offices, BREEAM-certified locations are preferred. This is the case in Milan, for instance, where Robeco is seeking further office space due to the growth of its local operations.

Business travel

Robeco is fully aware of the fact that travelling is a major contributor to CO₂ emission and thus global warming. Unfortunately this collides with Robeco's worldwide scale of operations and locations. Robeco encourages reduction of travel movements with its flexible workplace concept, providing all employees with a smartphone and laptop that enable them to work at home or elsewhere to reduce commuting. All of Robeco's offices are equipped with state-of-the art interactive videoconferencing screens that enable employees at different locations to work together efficiently. For commuting, public transport is the preferred means of transportation, implemented by providing employees with a public transport travel card. For local destinations, loan bikes are available, including the electric type.

Company cars in the Netherlands are low-emission-certified or lie within low carbon-emission ranges. The maximum carbon emissions, expressed in grams per kilometer, vary between 122 to 154 grams CO₂ p/km for gasoline cars, and 108 to 136 grams CO₂ p/km for diesel cars. More and more new company cars are plug-in hybrids or full hybrids: currently, 25% of lease drivers are using a PHEV (Plug-in Hybrid Electric Vehicle). In 2017, all-electric vehicles were added to the car lease options in order to help reduce local carbon dioxide emissions and provide employees with the opportunity to choose responsibly. Lease drivers are encouraged to park outside urban areas at a park+ride zone and to access the city using public transport. Finally, employees entitled to an office parking space who give up this right are rewarded with a financial incentive to purchase a bicycle (including the electric type).

RIAA rates Robeco as one of the leading managers in Australia for ESG integration

Robeco scores in the top 20% of asset managers according to the ESG integration assessment by Responsible Investment Association Australasia's (RIAA). This assessment is part of RIAA's annual Responsible Investment Benchmark Report, which charts the growth of responsible investing strategies. It also identifies the key drivers of increased flows towards responsible investment (RI) and the barriers to uptake, with the aim of increasing the rate of adoption and quality of RI strategies.

- As at 31 December 2016, responsible investment (to varying degrees) constituted AUD 622 billion assets under management (AuM), up 9% from AUD 569 billion in 2015 and representing 44% of all assets professionally managed in Australia.
- There has been 9% year-on-year growth in the overall total RI AuM to AUD 557 billion (primarily ESG integration). There has also been a 26% increase of AuM subject to 'core responsible investment' strategies to AUD 64.9 billion. Core RI strategies include screened funds, sustainability themed, and impact investments.
- Despite the better investment performance, the perception that RI funds underperform is indicated by respondents as the biggest barrier to growth of the RI sector.

The RIAA undertook a desktop assessment of 91 asset managers who are self-declared responsible investors (primarily from the PRI signatory lists). These managers were reviewed against a framework of leading practice in ESG integration, as determined by RIAA based on global research, in order to determine those asset managers demonstrating a leading approach to ESG integration.

Use of resources and emissions

Robeco is striving to further reduce energy and water utilization, and promotes the use of sustainable energy. Total water usage is measured and monitored. At least 80% of our overall energy consumption is green. For waste management, Robeco makes optimal use of locally served separate waste processing and recycling. This means, for instance, separating paper/ cardboard and residual waste at the source. Robeco encourages its affiliated cleaning companies to use environmentally safe cleaning products as far as possible. The service level agreements for catering and cleaning include an incentive on sustainable innovation.

Robeco compensates its annual carbon emissions and has signed a declaration stating that it aims to reduce the CO₂ emissions generated by the activities of its entire workforce. Robeco has achieved CarbonNeutral® certification by reducing CO₂ emissions to net zero in accordance with the CarbonNeutral Protocol.

Energy and water utilization has been reduced drastically as a result of the move to our new sustainable headquarters. However, our use of paper has increased. This figure is determined mainly by the amount of printed material we need to produce for our marketing and distribution activities. The paper and cardboard waste we produce has decreased due to the introduction of the concept of the flexible workplace, which includes a near-paperless office. The differences between the reference years 2016 and 2015 can be explained mainly by the fact that the reporting entity changed from Robeco Groep N.V. (now ORIX Europe) to Robeco, one of its subsidiaries. Since Robeco is headquartered in a multi-tenant building with collective refuse collection, residual waste numbers can no longer be reported for Robeco alone.

Resource consumption

	Metric unit	2017	2016	2015
Energy	kWh	1,801,623	2,283,120	4,558,931
Drinking water	M ³	4,928	8,994	14,880
Rain water for toilets	M ³	600	not applicable	not applicable
Paper	kg	18,606	12,771	27,856
Paper and cardboard waste	kg	6,250	47,226	139,342
Residual waste	kg	not available	71,610	141,767
Business travel air	km	4,898,044	6,647,414	18,722,015
Travel by lease car	km	2,363,315	not available	6,700,546

Greenhouse gas emissions in relation to value chain

	Emission type	Metric unit	2017	2016	2015
Travel by lease car	scope 1	ton CO ₂ e	425,9	Not available	1207,6
Energy	scope 2	ton CO ₂ e	1030,5	1305,9	2607,7
Business travel by air	scope 3	ton CO ₂ e	882,9	1198,3	3374,8

Ambitions for 2018 and beyond

Facility management at Robeco is conducted with the ongoing objective of improving sustainability in close cooperation with facility vendors. Robeco therefore monitors and evaluates its performance in this respect on a continuous basis. If an opportunity for improvement is identified, it is grasped immediately and the policies concerned adjusted to secure the improvement. This pragmatic approach means that there are no predefined goals or targets. Some examples of intended structural improvement are:

- Further digitization of physical mail to further reduce paper use and waste.
- Reduction of lease car fleet by offering users a mobility budget instead, thus further reducing car emissions.
- Implementation of BREAAAM In-Use, a program to constantly monitor the sustainability performance of our premises.

CASE

Robeco participates in Earth Hour initiative 2017

On Saturday 25 March Robeco participated in the Earth Hour initiative organized by the World Wildlife Fund. This annual event is held worldwide to encourage individuals, communities, households and businesses to turn off their non-essential lights for one hour as a symbol for their commitment to the planet. It was famously started as a lights-off event in Sydney, Australia, in 2007. Since then, it has grown to engage more than 7,000 cities and towns worldwide. Today, Earth Hour engages a massive mainstream community on a broad range of environmental issues. The one-hour event continues to remain the key driver of the now larger movements.

FIRST Rotterdam sustainability facts



High-frequency office lighting

Thermal storage system

Solar panels

Rainwater storage for toilet flushing

South-facing façade has highest percentage of glazing, North-facing lowest

LED lighting with adjustable daylight control

Triple-glazed windows

40cm thick elevation grid

Smart elevators

Annexes



About this report

Robeco has prepared this report in accordance with the Reporting Standards of the Global Reporting Initiative, option Core.

The report is published annually, and the 2017 report covers the activities under the brand name Robeco and under the responsibility of Robeco's Executive Committee from 1 January 2017 until 31 December 2017.

This report has been subject to an internal review only. In 2018 Robeco will consider the possibility of enabling external assurance of its sustainability report.

Measurement methods

Conversion factors for CO₂e emissions

DEFRA conversion factors 2017 - passenger car upper medium class	0,18022	kg CO ₂ e per kilometer
TenneT annual report 2017 - Grid average the Netherlands	0,572	ton CO ₂ e per MWh
DEFRA conversion factors 2017 - International flight, counting for Radiative Forcing (1)	0,18026	kg CO ₂ e per passenger kilometer

(1) Radiative forcing (RF) is a measure of the additional environmental impact of aviation. These include emissions of nitrous oxides and water vapor when emitted at high altitudes.

Definition of HR terms

FTE	Full time equivalent. In the Netherlands, an FTE at Robeco is 40 hours per week
Women-to-men remuneration ratio	Female/male salary ratio. A figure greater than 1 means female employees have a higher salary. Figure is based on the annual compensation.
Part time	Employee that is employed for less than 40 hours per week
Temporary contract	Employees with a contract type with a fixed term, with the possibility of obtaining a indefinite contract.

Materiality assessment

The list of material topics for the materiality analysis among stakeholders has been developed in a three-stage process:

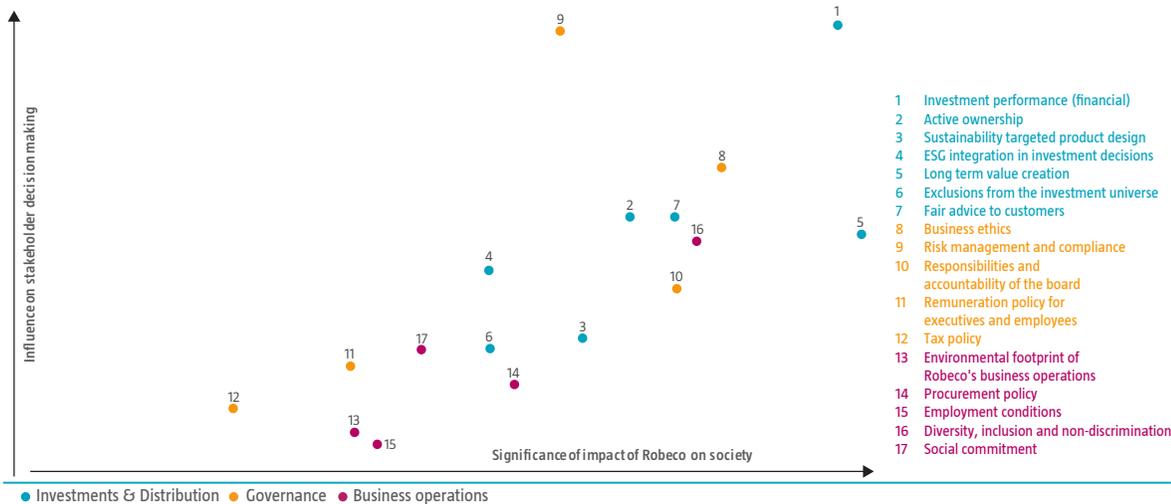
1. Review of all the GRI disclosures, selecting those with relevance for Robeco.
2. Categorization of disclosures into topics of comparable 'order of magnitude', so they can be ranked by stakeholders.
3. As a third step, some disclosures have been grouped together into one material topic to make the list more comprehensive for stakeholders.

We used an online questionnaire to obtain feedback from our stakeholders. To ensure a good response rate, we contacted the invitees personally. The questionnaire contained a description of Robeco, the scope of the assessment and a brief description of the topics. We asked respondents to rank the material topics in order of importance for Robeco as well as for their own interests as stakeholders. Furthermore, we asked for any additional topics to be included, to ensure completeness of the topics covered. From this, most notably 'corporate culture' was raised by an external stakeholder as an additional material topic.

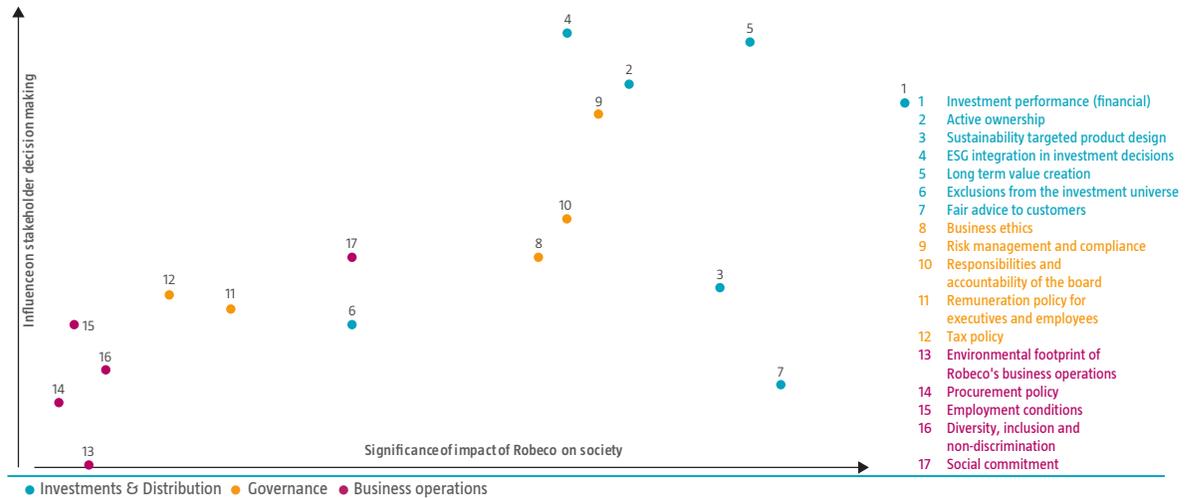
Materiality matrix clients



Materiality matrix employees



Materiality matrix oversight & civil society



List of material topics and definitions

INVESTMENTS & DISTRIBUTION

Investment performance (financial)

The financial performance of the investments managed by Robeco.

Active ownership

Active ownership consists of actively engaging with portfolio companies (the companies Robeco invests in) on their ESG policies and results, exercising voting rights on shareholders' assemblies.

Sustainability targeted product design

The development and offering of investment products designed specifically to target investments into assets with an associated positive environmental or social performance.

ESG integration in investment decisions

The integration of environmental, social and governance (ESG) factors into the analyses performed by investors to support their decisions whether or not to invest.

Long term value creation

The focus on creating stable value on the long-term, as opposed to a focus on short-term profits.

Exclusions from the investment universe

The exclusion of companies from investments, because of structural breaches of international norms regarding environmental, social or governance performance of the company or the products produced by the company.

Fair advice to customers

Provide adequate, clear, and transparent information about products and services, including risks and suitability; and conflicts of interest.

GOVERNANCE

Business ethics

Policy and results regarding bribery, corruption and political contributions as well as inquiries, fines and settlements associated with financial fraud.

Risk management and compliance

Sound risk assessment and managing of risks in investments, compliance with legislation and conditions in client mandates, and avoidance of conflicts of interest.

Responsibilities and accountability of the board

A transparent and well-defined set of rules and principles concerning the responsibilities, accountability and nomination process of the board.

Remuneration policy for executives and employees

Remuneration policy for executives and employees, including incentive plans and performance criteria.

Tax policy

Policy and principles regarding tax contributions.

BUSINESS OPERATIONS

Environmental footprint of Robeco's Business operations

The environmental footprint caused directly by Robeco's operations (excluding the impact of investments).

Procurement practice

Purchasing policy and assessment of suppliers' performance on social and environmental aspects in the tender process.

Employment conditions

Employment policies and employment conditions offered by Robeco, to attract and retain skilled and motivated employees.

Diversity, inclusion and non-discrimination

Policy and results related to promoting diverse workforce, an inclusive culture, and no tolerance of any form of discrimination.

Social commitment

Community programs organized by or in which Robeco is involved, with the aim of making a positive contribution to society.

Glossary

Assets under management (AuM)

The financial assets managed by Robeco's investment teams.

Benchmark

The reference point for a fund's investment performance.

Blockchain

A continuously growing chain of records of encrypted and timestamped transactions.

BREEAM

The Building Research Establishment Environmental Assessment Method. An assessment method using scientifically-based sustainability metrics and indices that covers a range of environmental issues. Its categories evaluate energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes. Buildings are rated and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' or 'Outstanding'. The assessment is carried out by independent, licensed assessors.

CO₂ equivalent

The conversion of the amount of greenhouse gas emissions into the global warming potential of CO₂, to enable comparison between the amounts of different gas emissions.

Co-creation

A management initiative that brings different parties together (for instance, a company and a group of customers), in order to jointly produce a mutually valued outcome. Co-creation brings about a unique blend of ideas from direct customers or viewers (who are not the direct users of the product), which in turn gives the organization a plethora of new ideas.

Code of conduct

Principles, values, standards and rules of behavior that guide the decisions, procedures and systems of an organization in a way that contributes to the welfare of its key stakeholders and respects the rights of everyone affected by its operations.

Corporate governance

The system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions.

Corporate responsibility

An umbrella term referring to a company's obligation to consider the social and environmental impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and, ultimately, its reputation.

Credits

A contractual agreement by which a corporation arranges funding, usually in the form of a financial loan, and must repay the institution from which it received the loan as per the terms of the agreement. Also referred to as corporate bonds.

Distribution

The movement of goods and services from the source through a distribution channel, right up to the final customer, consumer or user, and the movement of payments in the opposite direction, right up to the original producer or supplier.

Dow Jones Sustainability Indices (DJSI)

The first global indices to track the financial performance of the leading sustainability-driven companies worldwide. They provide asset managers and other stakeholders with reliable and objective benchmarks for managing sustainability portfolios. The DJSI are now managed cooperatively by S&P Dow Jones Indices and RobecoSAM. For further information, go to www.sustainability-indices.com.

Ecological footprint/Environmental footprint

The impact of a person or community on the environment, often expressed as the amount of land required to sustain their use of natural resources or the total amount of CO₂ produced in the consumption of resources.

Employee engagement

The emotional commitment of an employee to the organization and its goals.

Engagement

Refers to Robeco's dialogue with companies about ESG issues. An engagement process with a company typically takes three years to complete and uses preset measurable engagement objectives.

Enhanced engagement

Robeco's approach to starting an active dialogue with companies that are in breach of the UN Global Compact principles. If a company does not show sufficient progress during the three-year engagement process, its exclusion from the investment universe will be proposed.

Enhanced indexing

An innovative quantitative investment solution, based on a complex algorithm that takes into account multiple indices.

Equity

Any stocks or other securities representing an ownership interest. These may be in a private company (not publicly traded), in which case they are called 'private equity'.

ESG factors

Stands for environmental, social and governance factors and is a set of standards for a company's operations that investors use to screen investments. Environmental factors look at how a company performs as a steward of the natural environment. Social factors examine how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance factors deal with a company's leadership, executive pay, internal controls, audits and shareholder rights.

Exchange traded funds (ETF)

Marketable securities that track the course of securities or an index, that are traded like ordinary stocks on a stock exchange.

Factor investing

A strategy of selecting securities based on attributes that are associated with higher returns.

Fiduciary management

An approach to asset management that involves an asset owner appointing a third party to manage all of their assets on an integrated basis through a combination of advisory and delegated investment services, with a view to achieving the asset owner's overall investment objectives.

Fintech

Overarching term that encompasses all emerging technology innovation in the financial sector, including crypto currencies.

FSB

The Financial Stability Board, which is an international body that monitors and makes recommendations about the global financial system that was established by the G20.

Fundamental investing

A method of evaluating securities in an attempt to measure their intrinsic value, by examining related economic, financial and other qualitative and quantitative factors.

GDPR

The General Data Protection Regulation, which is a legal framework issued by the European Union that provides guidelines for the collection and processing of personal information of individuals in the European Union.

Global financial institution

A company engaged in the business of dealing with worldwide monetary transactions, such as deposits, loans, investments and currency exchange. Financial institutions encompass a broad range of business operations in the financial services sector, including banks, trust companies, insurance companies, and brokerage firms or investment dealers.

Global Reporting Initiative (GRI)

An independent organization that develops standards for sustainability reporting.

Government bonds

Debt securities issued by a government to finance government spending.

Innovation

The process of translating an idea or invention into goods or services that create value or for which customers are willing to pay.

Institutional investor

A non-bank entity or organization that trades securities in large enough quantities of shares that it qualifies for preferential treatment and lower commission.

Intellectual property

Knowledge, creative ideas or expressions of the human mind that have commercial value and are protectable under copyright, patent, service mark, trademark, or trade secret laws. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs and software. It is one of the most readily tradable properties in the digital marketplace.

Investee company

A company or entity in which an investor makes a direct investment.

Investment grade

Investment grade refers to the quality of a company's credit. In order to be considered an investment grade issue, the company must be rated 'BBB' or higher by Standard and Poor's or Moody's.

Investment universe

The totality of investment possibilities. Securities that fall outside of the investment universe are not eligible for investment.

LDI solution

A liability-driven investment solution is a holistic investment methodology primarily slanted toward gaining enough assets to cover all liabilities, including both present obligations and

those that will be accrued in the future. This type of investing is common when dealing with defined-benefit pension plans.

LEED Gold

Leadership in Energy and Environmental Design is a green building certification program developed by the non-profit U.S. Green Building Council (USGBC). It includes a set of rating systems for the design, construction, operation and maintenance of green buildings, homes, and neighborhoods that aims to help building owners and operators be environmentally responsible and use resources efficiently. Buildings can qualify for four levels of certification: 'Certified', 'Silver', 'Gold' or 'Platinum'.

License to operate

A formal license to operate grants permission to undertake trade or carry out a business activity, subject to the regulation or supervision of the licensing authority.

An informal license to operate entails public acceptance of the company's presence and business activities.

Mainstream funds

Robeco's main range of funds. All funds integrate ESG into their investment process, use active ownership as a tool for creating impact and adhere to Robeco's exclusion policy.

MiFID II

A legal framework instituted by the European Union to regulate financial markets in the bloc and improve protection for investors with the aim of restoring confidence in the industry after the financial crisis exposed weaknesses in the system. It is a revised version of the Markets in Financial Instruments Directive (MiFID).

Monetization

The conversion into tangible financial results.

Multi-factor equity indices

A fully quantitative equity product that exploits four proven factor premiums: value, momentum, low vol and quality.

Private equity

Stocks or any other securities representing an ownership interest in a private company.

Quant/quantitative investing

An investment approach that selects securities using advanced quantitative analysis.

Retail investor

An individual investor who buys and sells securities on his or her personal account, rather than on another company or organization's behalf.

Robo advice

Advice provided online with minimal human intervention.

Scope 1/2/3 emissions

Greenhouse gas emissions in relation to the value chain of a company:

Scope 1 – direct emissions;

Scope 2 – indirect emissions from the usage of electricity;

Scope 3 – indirect emissions, either upstream from the supply of goods and services, or downstream from the usage of sold products or investments.

These scopes were developed by the Greenhouse Gas Protocol.

Shareholder

An owner of the stock of a company.

Stakeholder

A party that affects, or is affected by, an organization.

Stewardship

The responsibility on the part of investors to be an active owner of the companies in which they invest and to fulfill their fiduciary duty to clients and beneficiaries.

Sustainability

The ability to sustain an activity indefinitely. This can be expressed in environmental, social and economic terms.

Sustainability investing

An investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

Sustainability investing funds

Robeco's fund range with a sustainability profile and an environmental footprint that is at least 20% better or lower than the benchmark. These funds are also subject to additional negative screening.

Sustainable development goals

A set of 17 goals developed by the United Nations to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda, to be achieved by 2030.

Value creation

Engaging in activities that increase the value of goods, services or a business.

Value engagement

Robeco's thematic approach to active dialogue. New themes are selected each year. Value engagement themes typically apply for three years and cover between eight and 15 companies each.

Voting

As a shareholder, one of the key rights is to vote the shares of the companies in which you invest. Shareholder voting rights give investors the power to elect directors at annual or extraordinary meetings and make their views known to the company management and directors on significant issues that may affect the value of their shares.

Wholesale investors

Investors that distribute Robeco's investment solutions in business or consumer segments. Robeco's wholesale investors include:

- private banks;
- retail banks;
- family offices;
- wealth managers;
- fund platforms;
- (independent) financial advisers;
- insurance companies.

Board member resumes

Supervisory Board

J.J.M. (Jeroen) Kremers

male, 1958, Dutch nationality

Jeroen Kremers was appointed in 2016. Former (until 2014) CRO and vice-chairman of the managing board of Royal Bank of Scotland N.V. Formerly employed by ABN Amro, the International Monetary Fund (Executive Director) and the Ministry of Finance, where he held various positions, including director for Financial Markets and Deputy Treasurer General.

G. (Gihan) Ismail

female, 1969, British nationality

Gihan Ismail was appointed in 2016. Currently shareholder and director at Marine Capital Limited. Before joining Marine Capital Limited in 2014, she was partner at SW1 Consulting. She also worked for PiRho Investment Consulting and Hewitt Associates.

M. (Masaaki) Kawano

male, 1960, Japanese nationality

Masaaki Kawano was appointed in 2016. Executive Officer ORIX Corporation. Joined ORIX in 1982 and has held various positions.

J. J. (Jan) Nooitgedagt

male, 1953, Dutch nationality.

Jan Nooitgedagt was appointed in 2016. CFO and member of the Executive Board of Aegon N.V. from 2009 till 2013. Partner at Ernst & Young as from 1989, where he held, until 2008, various positions.

Executive Committee

G.O.J.M. (Gilbert) Van Hassel, Chief Executive Officer and chairman of Robeco's Executive Committee

male, 1957, Belgian nationality

Gilbert Van Hassel was appointed on 19 September 2016. He has over 30 years' experience in the financial services industry, mainly in asset and wealth management, with broad experience in Europe, Asia and the US. Until 2013 he was Global CEO ING Investment Management and Member of the Board Insurance and Asset Management of ING. Before joining ING in 2007, he worked for JP Morgan where he held various executive positions in Europe, Asia and the US. Gilbert has a Bachelor's degree in Applied Economics from the University of Antwerp St Ignatius (Belgium), an MBA, with a major in International Finance from the Catholic University of Louvain (Belgium) and a Master of Science in Finance from Purdue University (US).

K. (Karin) van Baardwijk, Chief Operating Officer

female, 1977, Dutch nationality

Karin van Baardwijk has been Chief IT Officer and Head of Global Information Services at Robeco since May 2014. As of 2016 she is also responsible for the back office operations. Karin has been working at Robeco since June 2006. Previously, she headed the Operational Risk Management department, focusing on internal control for our IT systems, business processes and people. She started her career in the financial industry in 2004 at Atos Consulting. Karin graduated from the University of Utrecht and holds a Master's degree in Business Economics and a Master's degree in Corporate Law.

M.C.J. (Maureen) Bal, Company Secretary

female, 1967, Dutch nationality

Maureen Bal is member of the Executive Committee of Robeco since 1 September 2017. Maureen's focus areas as an Executive Committee member includes legal affairs and compliance. Maureen has 25 years of experience in the financial services industry. Prior to joining Robeco, she was director Corporate Affairs & General Counsel as well as a member of the management team of APX Holding B.V. Other positions that Maureen has held include that of head of the Legal department of ING Bank's Financial Markets business unit, legal manager Global Markets at Fortis Bank (Netherlands), senior legal counsel at MeesPierson and legal counsel at the Amsterdam Stock Exchange. She obtained a Master's degree in Dutch Law from Utrecht University (the Netherlands) in 1991 and a post Master's degree in Company Law from Grotius Academy in Nijmegen (the Netherlands) in 1994.

M. D. (Monique) Donga, Head of Human Resources

female, 1965, Dutch nationality

Monique Donga has been Head of Human Resources at Robeco since February 2013. Monique joined Robeco in April 2008 as Head of Human Resources Advisory. Before joining Robeco, she held various positions at IBM as a consultant and manager in Business Development, Industrial Relations and Human Resources. Monique's last job with IBM was HR Director IBM Netherlands. Before joining IBM in January 2000, she held various positions at other ICT companies.

P.J.J. (Peter) Ferket,
Head of Investments

male, 1968, Dutch nationality

Peter Ferket has been Chief Investment Officer Equities at Robeco since July 2010. Previously he was Co-Head of the Quantitative Equities team and portfolio manager of the Rolinco fund. Before that he held various positions at Robeco, among which coordinator of the Alpha Group of the Equity department, Head of Quantitative Research and portfolio manager of the Enhanced Indexing strategy. Peter started his career in the investment industry in 1997. He holds a PhD in Scientific Computing and a Master's degree in Applied Mathematics (cum laude) from Eindhoven University of Technology.

M.O. (Martin) Nijkamp,
Head of Strategic Product & Business Development

male, 1959, Dutch nationality

Martin Nijkamp has been a member of the Executive Committee of Robeco since 1 September 2017. He has 30 years of experience in the asset management industry. From 2008-2017 he was a member of NN Investment Partners' management team, where his responsibilities included business strategy, integrated client solutions, retail oriented DC solutions and product management & development. Before that, he was managing director Institutional Business Development, covering Europe, the Middle East and Africa. Other positions include that of general manager Portfolio Management ING Investment Management Europe & Emerging Markets and senior economist. He holds a Master's degree in Macroeconomics from the University of Groningen, the Netherlands.

C. (Christoph) von Reiche,
Head of Global Distribution & Marketing

male, 1969, German nationality

Christoph von Reiche became a member of the Executive Committee of Robeco on 6 November 2017. Christoph has 22 years of experience in the financial services industry, including 14 years in asset management, mainly in sales. Previously, he was Head of European Institutional Business at JP Morgan Asset Management in London. From 1995 to 2014, he worked at Goldman Sachs in Frankfurt, where he held various positions, including country head of Germany, Goldman Sachs Asset Management (2011-2014), which he joined in a sales role in 2003. He started his career as an analyst in Goldman Sachs' Investment Banking division. During his time at Goldman Sachs, Christoph also worked in the Fixed Income, Currency and Commodities division for four years, providing financing advice to financial institutions. Christoph obtained a Master's degree in Foreign Service and a Bachelor's degree in Business Administration from Georgetown University in the US in 1995.

R. (Roland) Toppen,
Chief Finance and Risk Officer

male, 1970, Dutch nationality

Roland Toppen has been with Robeco since 1993. He has held various positions at Robeco since 1993, including most currently Head of Group Corporate Development & Business Control. From 2005 to 2008 he was the CFO of Robeco Investment Management in the US. Roland is responsible for the Finance, Fiscal Affairs, Business Control and Central Purchasing departments. He holds a Master's degree in Business Administration from Erasmus University Rotterdam and he completed his PhD at Tilburg University in 1999 in the area of Business Process Redesign.

V. (Victor) Verberk,
Deputy Head of Investments

male, 1974, Dutch nationality

Victor Verberk is a member of the Executive Committee since 12 April 2017. He has 20 years of experience in the financial industry, mainly as portfolio manager fixed income in various roles. He started his career at Axa Investment Managers in The Hague in 1997. Until 2007 he was a partner at Holland Capital Management. Before that he was active as head of fixed income at Mn Services. Victor has managed global government bond and credit portfolios and has been responsible for building fixed income teams, organizing research and drafting investment processes. Victor Verberk has a Master's in Financial Economics from the University of Rotterdam and has completed his postgraduate VBA training at the VU Amsterdam.

Association memberships and participation in external initiatives

Asian Corporate Governance Association (ACGA)
CDP Climate Change
CDP Forest
CDP Water
Dutch PE Association Sustainability Committee (NVP)
Dutch corporate governance platform Eumedion
European Fund Asset Management Association (EFAMA)
EVCA—Responsible Investment Roundtable
Global Impact Investing Network (GIIN)
Global Real Estate Sustainability Benchmark (GRESB)
Institutional Investors Group on Climate Change (IIGCC)
Interfaith Center on Corporate Responsibility (ICCR)
International Corporate Governance Network (ICGN)
Principles for Responsible Investment (PRI)
Task Force on Climate-related Financial Disclosures (TCFD)
United Nations Environment Programme Finance Initiative (UNEP FI)
United Nations Global Compact
VBDO (Dutch Association of Investors for Sustainable Development)

GRI Table

Indicator	Description	Reference	Indicator	Description	Reference
102-1	Name of the organization	First page, About this report	102-49	Changes in reporting	About this report
102-2	Activities, brands, products and services	Introducing Robeco	102-50	Reporting period	About this report
102-3	Location of headquarters	Introducing Robeco	102-51	Date of the most recent report	Contact
102-4	Location of operations	Introducing Robeco	102-52	Reporting cycle	About this report
102-5	Ownership and legal form	Introducing Robeco, Ownership and legal status	102-53	Contact point for questions regarding the report	Contact
102-6	Markets served	Introducing Robeco	102-54	Claims of reporting in accordance with GRI standards	About this report
102-7	Scale of the organization	Introducing Robeco, financial results	102-55	GRI content index	GRI table
102-8	Information on employees and other workers	Strategic workforce development	102-56	External assurance	About this report
102-9	Supply chain	Value creation model	201-1	Direct economic value generated and distributed	Financial results
102-10	Significant changes to the organization and its supply chain	Corporate strategy	205-1	Operations assessed for risks related to corruption	Business ethics
102-11	Precautionary principle or approach	Introducing Robeco	205-2	Communication and training about anti-corruption policies and procedures	Business ethics
102-12	External initiatives	Association memberships and participation in external initiatives	205-3	Confirmed incidents of corruption and actions taken	Business ethics
102-13	Membership of associations	Association memberships and participation in external initiatives	305-1	Direct (Scope 1) GHG emissions	Environmental footprint
102-14	Statement from senior decision maker	Introduction	305-2	Energy indirect (Scope 2) GHG emissions	Environmental footprint
102-16	Values, principles, standards and norms of behavior	Core values	305-3	Other indirect (Scope 3) GHG emissions	Environmental footprint
102-17	Mechanisms for advice and concerns about ethics	Business ethics	308-1	suppliers that were screened using environmental criteria	Procurement
102-18	Governance structure	Governance structure	401-1	New employee hires and employee turnover	Strategic workforce development
102-35	Remuneration policies	Remuneration	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Strategic workforce development
102-40	List of stakeholder groups	Materiality analysis, annex	404-2	Programs for upgrading employee skills and transition assistance programs	Strategic workforce development
102-41	Collective bargaining agreements	Remuneration	404-3	Percentage of employees receiving regular performance and career development reviews	Strategic workforce development
102-42	Identifying and selecting stakeholders	Materiality assessment	405-1	Diversity of governance bodies and employees	Strategic workforce development
102-43	Approach to stakeholder engagement	Materiality assessment	405-2	Ratio of basic salary and remuneration of women to men (per function level)	Remuneration
102-44	Key topics and concerns raised	Materiality analysis, annex	406-1	Incidents of discrimination and corrective actions taken	Diversity, inclusion and non-discrimination
102-45	Entities included in the consolidated financial statements	Financial results	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Procurement
102-46	Defining report content and topic boundaries	About this report			
102-47	List of material topics	List of material topics and definitions			
102-48	Restatements of information	About this report			

414-1	New suppliers that were screened using social criteria	Procurement
414-2	Negative social impacts in the supply chain and actions taken	Procurement
415-1	Political contributions	Business ethics
417-1	Requirements for product and service information and labeling	Compliance with laws and regulation
417-2	Incidents of non-compliance concerning product and service information and labeling	Compliance with laws and regulation
417-3	Incidents of non-compliance concerning marketing communications	Compliance with laws and regulation
Financial service supplement	Voting shares for environmental or social issues	Voting
Financial service supplement	Due diligence procedures	Private equity, Fiduciary management
Financial service supplement	Paper and waste IT products' management	Environmental footprint
Financial service supplement	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Company engagement
Financial service supplement	Percentage of assets subject to positive and negative environmental or social screening	ESG integration

Global Compact Communication on Progress (COP) reference table

Principle

Statement of continuing support

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor

Principle 5: Businesses should uphold the effective abolition of child labor

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Reference

Introduction

ESG Integration, Active Ownership, Procurement

ESG Integration, Active Ownership, Procurement

Active Ownership, Remuneration

ESG Integration, Active Ownership, Procurement

ESG Integration, Active Ownership, Procurement

Diversity, Inclusion and non-discrimination

Introducing Robeco, Environmental footprint

Association memberships and participation in external initiatives

Active Ownership

Active Ownership, business ethics

Contact

Robeco
Weena 850
3014 DA ROTTERDAM
THE NETHERLANDS
robeco.com

If you have any questions or comments regarding this report, please contact Robeco Corporate Communications via cc@robeco.com

Publication date: 31 March 2018
© 2018 Robeco Corporate Communications

Important information

This report has been carefully prepared and presented by Robeco Institutional Asset Management B.V. (Robeco), which is incorporated in the Netherlands. It is solely intended to provide the reader with information on corporate responsibility within Robeco. It does not constitute an offer to sell or solicitation of an offer to buy any investment product or program offered by Robeco Group and is not intended to be used as the basis for an investment decision.

The content of this report is based upon sources of information believed to be reliable, but no warranty or declaration, either explicit or implicit, is given as to their accuracy or completeness. This report is for professional investors only and is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. All rights relating to the information in this report are and will remain the property of Robeco. No part of this report may be reproduced, saved in an automated data file or published in any form or by any means, either electronically, mechanically, by photocopy, recording or in any other way, without Robeco's prior written permission.

Robeco has a licence as manager of UCITS and AIFs from the Netherlands Authority for the Financial Markets ("AFM") in Amsterdam, the Netherlands.