

# Robeco Insurance Solutions

## The road to impact investing – a journey for insurers

Sustainable Investing Expertise by  
**ROBECOSAM**

- Impact investing is increasingly important for sustainability agendas
- Sustainable Development Goals offer a means of making an impact
- Robeco's strategies usable for unit-linked platforms and balance sheets

Sustainable investing has risen to the top of insurance companies' agendas, and global interest in it is snowballing. Five years ago, it was mainly Northern European insurers who were considering the relatively new concept called ESG integration as part of their investment criteria. But with climate change rapidly becoming a global concern, and Covid-19 changing how we live, the use of environmental, social and governance factors has become a global phenomenon. Insurers from the US to Asia are listing sustainable investing as their top priority for 2021 and beyond. What may be still missing though is how to make an impact in the process.

Yet, climate change is only part of the issue. Modern crises around biodiversity, food and water insecurity, inequality, human rights and other major issues cannot be ignored. And then we have the pandemic, which has put a greater focus on the importance (and fragility) of human life.

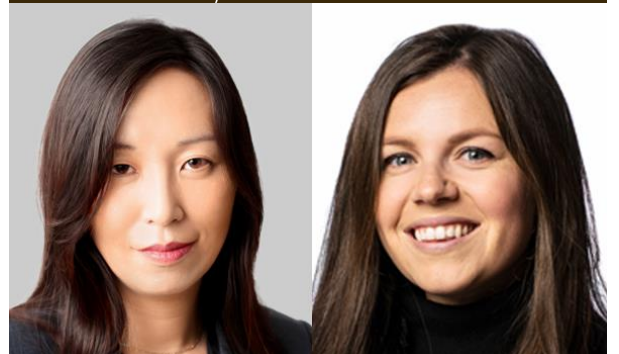
The S in ESG has gone from being the awkward middle child to something taken far more seriously in how it can be used to make an impact in investing. In this paper, we focus on how insurance companies are framing their agendas around sustainability, and the different impact investment tools they are using to translate their sustainability goals into tangible results.

### What is impact investing?

Firstly, what is impact investing? The most commonly used definition is: "Investments that are made in companies,

Article  
For professional investors  
April 2021

Clara Yan, Head of Insurance Analytics, and  
Jessica Lenehan, Global Insurance Consultant



organizations and funds with the intention of generating a social and environmental impact, alongside a financial return.” There are three key elements to it:

- **Intentionality:** the investment should intend to create a positive social and/or environmental impact
- **Financial return:** the investment is expected to generate a financial return
- **Impact measurement:** the intended and non-intended impacts need to be measured and reported on.

So, before investing, it needs to be clearly defined what is the strategy’s intended impact, and what is the expected return (and risk). Based on this intent, the methods for measuring for impact can be defined and monitored.

### The principal differences between ESG integration and impact investing

#### ESG Integration



#### Impact Investing



Source: Robeco

The need for more impactful investing is well documented. Climate change affects both sides of an insurer’s balance sheet, and it has become a regulatory necessity for insurers to address the issue. Across the globe, regulators are demanding stress tests on climate risk and may start seeking capital charges for ‘brown’ assets, while society is increasingly demanding that investments made on their behalf make a difference to the world.

And this need for change is clearly being reflected in the approach of institutional investors to their investment portfolios. Robeco recently conducted a Global Climate Survey among 300 institutional, insurance and wholesale investors accounting for more than 20% of total global assets. The results demonstrated the urgency and opportunities of climate investing, with 70% of all insurers now including climate in their investment process, and half of all institutions committing to net-zero carbon in the coming years.

### Decarbonization drivers for investors



Source: Robeco 2021 Global Climate Survey

## How are insurers approaching sustainability?

An overarching insurance theme seen globally is the public response to climate change and sustainability in general. The most marked reaction in the drive to align sustainable investing with public and governmental expectations has been the number of large insurers signing up to global initiatives. These include the UN-convened Net Zero Asset Owner Alliance, and the Net Zero Investment Framework, which both target net-zero greenhouse gas emissions by 2050. However, the fulfilment of these large promises requires smaller and more practical steps.

Insurers are approaching sustainability holistically, both through their protection and investment products, as well as via their own general account. There are also different extents to which sustainability is addressed, from the more basic ESG integration into the general investment process, to the more explicit areas such as buying impact investing products. What is particularly interesting and encouraging is that the largest insurers have begun to create their own sustainability agendas, on which they report progress annually. The scope of these agendas includes not only corporate social responsibility work, which tends to have a regional skew according to the locale of the insurer, but also what the company is contributing for the food of society.

## How has the sustainability story developed over time with insurers?

Sustainable investing really came to the fore for insurance companies in the early 2010s, which coincided with the first real awareness that the Earth was facing a climate crisis. During this time, insurers and other institutional investors began to introduce 'responsible' policies, often focused on the exclusion of particularly carbon intensive and/or socially disruptive industries. More explicit ESG integration policies have been put in place, and most large insurers have signed up to extensive engagement and voting programmes.

Focusing on impact investing has become a core tenet of an insurer's sustainability and community engagement approach. It is not a completely new theme, though its scope and complexity has developed over the last decade. There has been a move from direct impact investing through vehicles such as green infrastructure or property, to more indirect impact investing, which does not directly provide additional money to physical green projects, but supports wider sustainability themes. These have gained in prominence since the introduction of the UN's Sustainable Development Goals (SDGs) in 2015.

### Using the Sustainable Development Goals as a focus



Source: UN

Common impact investments tend to be focused in a few key areas, such as green bonds and green infrastructure, and also through SDG strategies. The former are the more traditional impact investments, with the latter becoming more popular in the last few years. In fact, many insurers now frame their sustainability agenda through the 17 SDGs, and therefore tend to pick either the full spectrum of goals to invest in, or a few specific goals which reflect their sustainability aims.

The 17 SDGs have made impact investing much easier, as they allowed insurers to pick out the issues that matter most to them. To demonstrate how the UN SDG's are becoming central to insurers' approaches to sustainability, the following table shows a peer analysis of some of the largest insurance companies globally and the SDGs they are looking to contribute to. These SDGs are published publicly within each insurer's sustainability agenda.

### A peer analysis of the SDGs selected by 15 insurers

SDG Goals	1 PEOPLE	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	Total
Aegon	✓		✓				✓	✓					✓					5
AIA	✓		✓	✓	✓					✓	✓		✓				✓	8
Allianz	✓						✓	✓	✓	✓	✓		✓				✓	8
CNP	✓		✓					✓		✓		✓	✓					6
Generali			✓		✓				✓				✓					4
Great Eastern Life			✓				✓	✓	✓				✓					5
IAG							✓	✓	✓		✓		✓					4
Japan Post Insurance			✓	✓				✓			✓		✓		✓	✓		7
L&G			✓		✓		✓	✓	✓		✓		✓					7
Manulife			✓		✓			✓		✓			✓					6
Munich Re	✓	✓	✓				✓	✓	✓		✓		✓					8
Prudential plc	✓		✓					✓					✓					4
QBE	✓							✓		✓	✓		✓					5
SunLife of Canada			✓		✓		✓	✓					✓					5
Zurich			✓					✓			✓		✓					4

Source: [Aegon](#), [AIA](#), [Allianz](#), [CNP](#), [Generali](#), [Great Eastern Life](#), [IAG](#), [Japan Post Insurance](#), [L&G](#), [Manulife](#), [Munich Re](#), [Prudential PLC](#), [QBE](#), [SunLife of Canada](#), [Zurich](#)

Many insurance companies also use their impact allocations as part of their marketing efforts around sustainability in general. The larger insurers tend to release annual sustainability progress reports which highlight the work being completed through their impact investments.

A good example of this is L&G, which makes direct investments in sectors such as 'future cities' through its L&G Capital arm. The amount of capital invested and the number of new homes created are cited in the firm's annual progress report, alongside the ways in which the cities involved have been made more sustainable for the future.

The availability of sustainable offerings on insurers' unit-linked platforms has also increased. These funds labelled as 'ESG-focused' have become popular as interest in sustainability has risen in the public sphere. The most common funds offered tend to be thematic strategies, focusing on topics such as green technology, clean water and gender equality.

### What insurance companies are investing in

The holistic approach by insurers to sustainability is evident through the development of their general account assets and the range of products on their unit-linked platforms. On the general account side, the basic means of adopting sustainability tends to be through ESG integration in investment decisions. Some may also want to see the ESG profiles of a portfolio bettering the benchmark by a certain percentage, particularly on carbon footprints or the intensity of water use, which are fairly straightforward to measure.

Another key topic is decarbonizing the balance sheet, as many insurers are focused on supporting the transition to a low-carbon economy. The latter trend is a topic we have discussed in our prior paper, 'The unique climate risks facing insurers'.



On the unit-linked side, explicitly ESG-focused offerings have become popular. These tend to use thematic strategies which focus on topics such as green technology, clean water and inequality. Larger insurers with asset management businesses are also building a new generation of climate and sustainability themed investment products that are open to outside investors, with some targeting the SDGs in a broader way.

## Impact investing as a tool – tangible outcomes

Another important aspect of sustainable investing is how the chosen investment can be measured. It has led to a new phrase in asset management: 'If you can't measure it, you can't manage it.' This was quickly followed by: 'If you can measure it, you can improve it.'





At Robeco, we recognize the need for not only impact strategies that deliver financial returns, but ones that deliver tangible outcomes. The ability to measure the impact made is key to whether it can be properly described as impact investing.

There are three areas we focus on that are clearly measurable in terms of impact, and which we believe are valuable to insurers for both their balance sheet assets and unit-linked platforms:

1. Sustainable trends and thematic strategies
2. Funds targeting the SDGs (both equity and credit)
3. Bespoke climate-focused and green bond strategies

Importantly, these offerings are structured not only as 'off-the-shelf' investment funds, but also as customized segregated accounts. This means insurers can tailor the strategies according to their sustainability agendas.

## The suitability of different types of strategy for an insurance company's purpose

	 <b>Trends &amp; thematic</b>	 <b>SDG Credits &amp; equities</b>	 <b>Climate fixed income funds</b>	 <b>Green bonds</b>
Insurance balance sheet	✓	✓	✓	✓
Unit linked platform	✓	✓	✓	✓
Asset class	Equities	Fixed income & equities	Fixed income	Fixed income
Purpose	Specific positive impact to sustainability themes	Broad sustainability purpose	Climate impact purpose	Environmental impact purpose
Fund offering	✓	✓	✓	✓
Seg account offering	✓	✓	✓	✓

Source: Robeco

### 1. Sustainable trends and thematic strategies

Trends and thematic funds can be used to cover specific sustainability issues. They are being used by insurance companies as building blocks to create compelling ESG-focused unit-linked offerings on their platforms. The funds are specific in nature and allow insurers to pick and choose their topic based on their own sustainability agendas.

Robeco has offered trends and thematic strategies since the late 1990s. The suite of strategies is based on the concept of three megatrends that are shaping the world in the 21<sup>st</sup> century. These are 'Transforming technology', led by the inexorable rise of digitalization; 'Changing socio-demographics', including rising inequality which has got worse with the Covid-19 pandemic, and 'Preserving the Earth', addressing the profound impact of climate change.



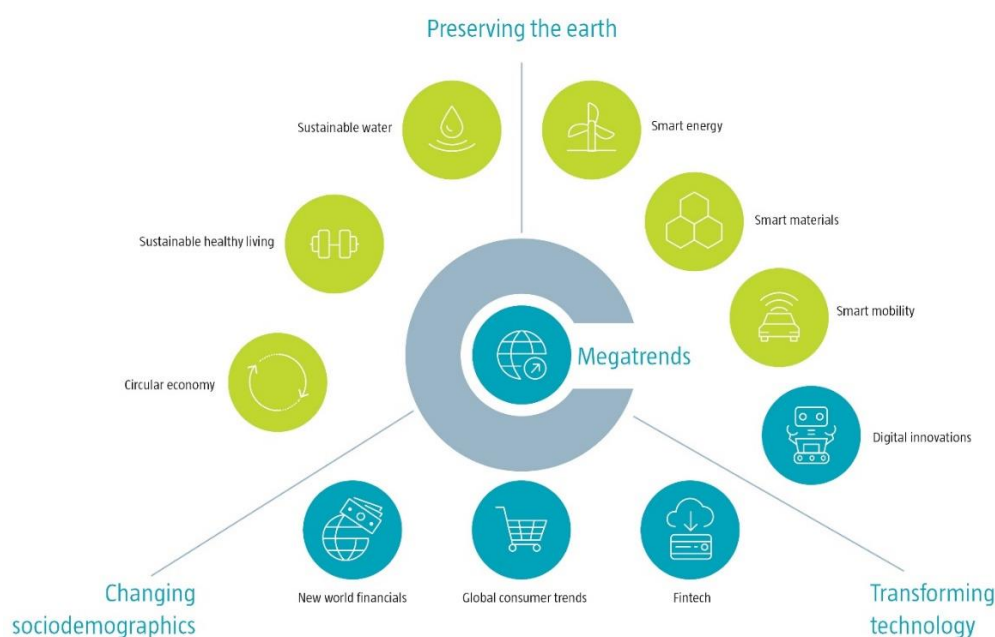
## The three megatrends that shape investment themes



Source: Robeco

All are investible, as the chart below shows, with some examples of the relevant Robeco and RobecoSAM fund that invests in the companies operating under each theme.

## A snapshot of Robeco strategies suitable for the three megatrends



Source: Robeco

## The aim and SFDR classification of Robeco thematic funds

	SDFR Classification	Aim of strategy
<b>Sustainable water</b>	9	Invests in structural winners along the water value chain, as water resources become more limited.
<b>Sustainable Healthy Living</b>	9	Invests in firms which capitalize on healthier lifestyles, focusing on consumer goods and health care
<b>Circular economy</b>	9	Invests in firms benefitting from the 'Make, remake and reuse' focus of the circular economy
<b>Smart Energy</b>	9	Invests in the transformation of energy to a low-carbon future, capturing the growth potential of decarbonization in the energy sector
<b>Smart Materials</b>	9	Invests in the transformation of the manufacturing supply chain through sustainable innovation
<b>Smart Mobility</b>	9	The mobility of the future is electric and this strategy invests in companies benefitting from the switch in transportation to a low-carbon future
<b>Gender Equality</b>	9	Invests in firms that are leaders in promoting gender diversity and equality
<b>Digital Innovations</b>	8	Focuses on robotics and automation, digital enablers and secure digital infrastructure growth
<b>Fintech</b>	8	Invests in the fintech universe sections of Payments, Security and Core Banking as the financial sector continually digitizes
<b>Global Consumer Trends</b>	8	Identifies strong global growth trends from a consumer spending perspective and invests in the winners
<b>New World Financials</b>	8	Invests in firms benefitting from attractive long term trends in Digital Finance, Ageing Finance and Emerging Finance

Source: Robeco

## 2. Funds targeting the SDGs (both equity and credit)

The Sustainable Development Goals offer a focused form of impact investing, since investment funds can target a goal directly, or a theme encompassing several of the goals. Robeco's SDG strategies, covering both fixed Income and equities, are suitable for insurers' balance sheets and unit-linked platforms.

Since many insurance companies focus on specific SDGs as part of their sustainability agendas, creating customised SDG strategies to target the relevant goals can contribute directly to reporting annual progress in sustainability agendas. In 2018, Robeco and RobecoSAM (now Robeco Switzerland) created a proprietary three-step framework to assess a company's contribution to one or more of the goals. A scoring system was then created that assesses both positive and negative impacts from the company's operations.

This enabled Robeco to become one of the first asset managers to launch a fund specifically targeting the goals. From a standing start in June 2018, the RobecoSAM Global SDG Credits fund now has more than EUR 1 billion of assets under management, attracting investors from all over the world.

The framework assesses the suitability of candidate companies from a universe of about 600 bond issuers. This is narrowed down to about 50-60 bonds for the fund. The process asks three simple questions: What does the company do? How does it do this? And has it been involved in any controversies?

### The three-step process for SDG Credits



Source: Robeco

Companies are given a score ranging from -3 (very bad) to +3 (very good) according to the negative or positive contribution it is making. The net score is then used to decide eligibility for the fund, with only positive net contributions considered.

This positive contribution doesn't just contribute to achieving the SDGs; it also benefits the investors in the strategy. Since the fund was launched, it has consistently outperformed its benchmark, adding 1.36% of relative outperformance since inception in June 2018.

The suite of funds has since been expanded to include three other fixed income products – Euro SDG Credits, SDG Credit Income and SDG high Yield Bonds – along with a sister fund targeting equities. This Global SDG Equities strategy follows the same three-step selection process as its stablemate for credits, but looking at a company's shares rather than its bonds. This can mean different companies are selected if their equities offer better potential than their credits.

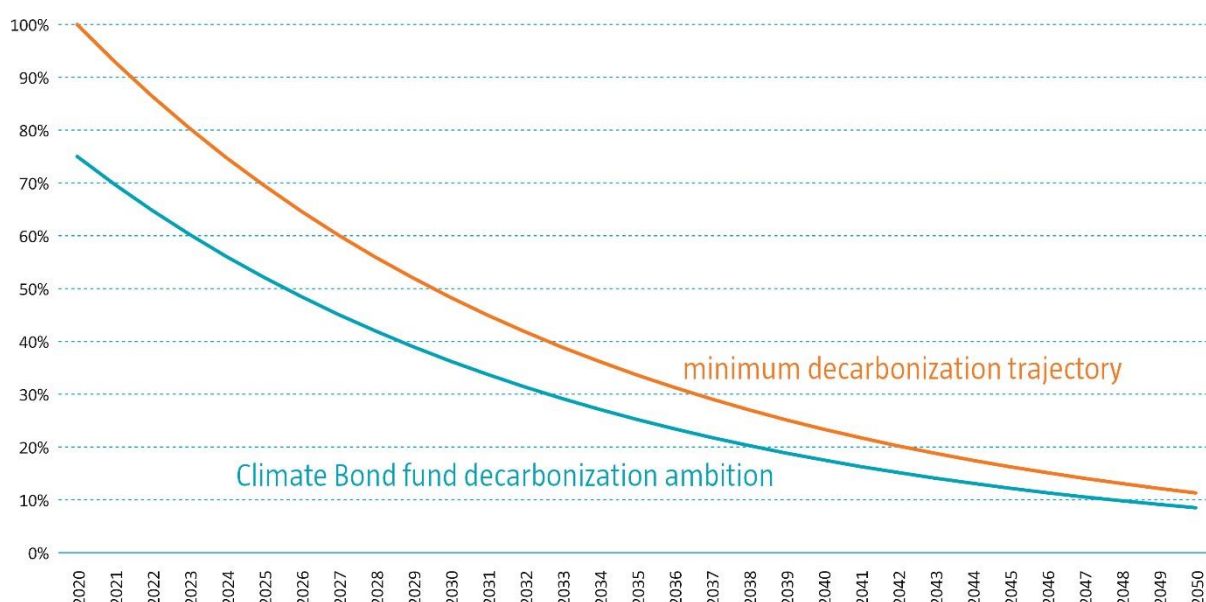
## 3. Climate-focused and green bond strategies

It is well documented that insurance companies are exposed to climate risks on both sides of the balance sheet. Decarbonizing portfolios offers a means of reducing climate risks on the assets side, and perhaps unsurprisingly the biggest demand to do this is within the fixed income space, as this is where insurers have most of their assets. Part of the work of Robeco's nine-strong Insurance and Pensions Solutions team is finding ways to achieve this within its insurance optimiser which targets both ALM considerations and carbon footprints

As a part of its climate change initiative, Robeco has become the world's first asset manager to launch climate fixed income funds. Both are aligned with the Paris Agreement, which seeks to limit global warming to 2 degrees Celsius above pre-industrial levels, and ideally to a lower band of 1.5 degrees by 2050. RobecoSAM Climate Global Credits invests in the bonds of companies whose activities are aligned with the 1.5 degree target, while Climate Global Bonds invests in both credits and government bonds.

As there was no global benchmark for climate bonds, Robeco created a Paris Aligned Benchmark, as defined in EU regulation, in conjunction with Solactive, a German provider of financial indices. Performance will be measured against this index, rather than the usual benchmarks used for credit funds. It starts off with a 50% reduction in carbon compared to a standard credit benchmark, and then has an annual target of 7% decarbonization to be able to achieve carbon neutrality by 2050.

### Decarbonization trajectories followed by the climate funds



Source: Robeco

Candidates for the funds are those companies (or countries for sovereign bonds) that are committed to decarbonizing their business operations, and are either already aligned with the Paris Agreement's 1.5 degree target, or are on a trajectory to do so. As with the SDG funds, a screening system is used to find these companies; high-carbon emitters which cannot or will not change are excluded.

Another area where insurers can make explicit impact allocations is through green bonds. These bonds are a means of investing in companies or organizations that use the proceeds to make a specific environmental impact, such as renewable energy or reforestation. They are typically issued by governments, agencies or supranationals, which means they can be bought across a wide spectrum, and not just from listed companies.

Robeco launched Global Green Bonds in April 2020 to tap into this growing universe. The eligibility of green bonds for the fund is based on an internally developed framework that targets those making a genuine environmental impact. A record amount of USD 222 billion in green bonds were issued in 2020, pushing the total amount now in existence above USD 1 trillion.



## How regulation is helping

The move towards using sustainable investing as the rule rather than the exception has been boosted by a swathe of new EU regulations in the Sustainable Finance Action Plan. It represents the biggest regulatory change for insurers since Solvency II came into effect in 2016 to ensure greater stability following the financial crisis.

At the heart of the framework is the Sustainable Finance Disclosure Regulation (SFDR), a set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end-investors. This will focus on pre-defined metrics for assessing the ESG outcomes of the investment process. As its name suggests, much more emphasis has been placed on disclosure, including new rules to identify any harmful impact made by the investee companies.

The most visible and impactful element of the SFDR the classification of funds and mandates in three categories, as set out in Articles 6, 8 and 9. These aim to clearly label funds across the EU to make comparisons by end investors easier, and to combat greenwashing.

- Article 6 covers funds which do not integrate any kind of sustainability into the investment process
- Article 8 covers funds which directly promote environmental or social characteristics
- Article 9 covers funds which target bespoke sustainable themes such as the SDGs

The majority of funds at Robeco are labeled as either Sustainability Inside (ESG is integrated) or Sustainability Focused (they follow specific targets), and fall under Article 8. The Impact Investing range labeled as RobecoSAM are classified as Article 9.

## ‘We are very proud at Robeco that 95% of all of our funds are classified as Article 8 or Article 9’

We are very proud at Robeco that 95% of all of our funds are classified as either Article 8 or Article 9, including all of the strategies mentioned in this paper. Only a handful of funds that cannot integrate ESG for operation reasons, such as those that use derivatives or cash accounts, fall under Article 6.

## Identifying adverse impacts

Another requirement of the SFDR is identifying any harm that investments do through adverse impact statements that will be introduced from June 2021. These require an asset manager to describe its due diligence policy on how it will take the principal adverse impacts which investee companies have on sustainability factors into account when making investment decisions.

The EU has identified 64 adverse impact indicators that must be calculated, of which 18 will be mandatory to report, and 46 will be voluntary. The compulsory factors range from carbon emissions, fossil fuel exposure and waste levels (E) to gender diversity and due diligence over human rights (S) and a company’s record on exposure to corruption, bribery or other scandals (G).

## Preparation by regulators

Regulators within the EU and UK spent many months busy preparing the ground for how the new sustainability framework will affect the pan-European insurance industry. Two of the most recent papers were published by the European Insurance and Occupational Pensions Authority (EIOPA) and the Prudential Regulation Authority (PRA) in the UK. While the UK now lies outside the EU, it has a major insurance industry in the City of London that still needs to comply if British insurers want to continue doing business within the bloc.

The EIOPA has issued a consultation paper<sup>1</sup> looking at the use of climate change risk scenarios in the Own Risk and Solvency Assessment (ORSA) that every insurer must complete. The paper outlines an expectation for insurers to integrate climate change risk into their ORSA process in the short and long terms. Insurers are being asked to assess both physical and transition risks across their risk assessment processes, including the risks inherent in underwriting, financial markets, credit and counterparties, along with operational, reputational and strategic risks.

A 'Dear CEO' letter<sup>2</sup> issued by the PRA in July 2020 states that insurers should have fully embedded their approaches to managing climate-related financial risks by the end of 2021. One of the key focus points was the need for consistent communication of strategic responses to the board. Another was a recommendation to develop an integrated approach to scenario analysis into broader risk assessments. The initial PRA stress test has already signalled the impact that climate change stress could have on portfolio values.

## Conclusion

As sustainable investing becomes a more significant – if not the central part – of an insurer's investment policy in the next few years, we see impact investing as an essential tool to help insurers accelerate their progress in meeting their sustainable goals.

This combines with increasing interest from policyholders to access socially responsible insurance products and growing regulatory requirements for more sustainable offerings. All these developments provide an opportunity for insurers to redesign their investment policy to meet these market trends.

Robeco's Insurance Solutions team is well placed in designing insurance-friendly investment strategies that can meet the evolving sustainability objectives of insurers globally.

<sup>1</sup> EIOPA Consultation Paper on draft Opinion on the supervision of the use of climate change risk scenarios in ORSA:

[https://www.eiopa.europa.eu/content/consultation-draft-opinion-supervision-of-use-of-climate-change-risk-scenarios-orsa\\_en](https://www.eiopa.europa.eu/content/consultation-draft-opinion-supervision-of-use-of-climate-change-risk-scenarios-orsa_en)

<sup>2</sup> Managing climate-related financial risk – thematic feedback from the PRA's review of firms' Supervisory Statement 3/19 (SS3/19) plans and clarification of expectations: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change.pdf?la=en&hash=A6B4DD1BE45B2762900F54B2F5BF2F99FA448424>

Important Information

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

Additional Information for US investors

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

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

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

Additional Information for investors with residence or seat in Austria

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

Additional Information for investors with residence or seat in Brazil

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

Additional Information for investors with residence or seat in Canada

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

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

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

Additional Information for investors with residence or seat in Colombia

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

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

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

Additional Information for investors with residence or seat in France

Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

Additional Information for investors with residence or seat in Germany

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

Additional Information for investors with residence or seat in Hong Kong

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

Additional Information for investors with residence or seat in Italy

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

Additional Information for investors with residence or seat in Japan

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

Additional Information for investors with residence or seat in Mexico

The funds have not been and will not be registered with the National Registry of Securities, maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

Additional Information for investors with residence or seat in Peru

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

Additional Information for investors with residence or seat in Shanghai

This material is prepared by Robeco Overseas Investment Fund Management (Shanghai) Limited Company (“Robeco Shanghai”) and is only provided to the specific objects under the premise of confidentiality. Robeco Shanghai was registered as a private fund manager with the Asset Management Association of China in September 2018. Robeco Shanghai is a wholly foreign-owned enterprise established in accordance with the PRC laws, which enjoys independent civil rights and civil obligations. The statements of the shareholders or affiliates in the material shall not be deemed to a promise or guarantee of the shareholders or affiliates of Robeco Shanghai, or be deemed to any obligations or liabilities imposed to the shareholders or affiliates of Robeco Shanghai.

Additional Information for investors with residence or seat in Singapore

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

Additional Information for investors with residence or seat in Spain

Robeco Institutional Asset Management BV, Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

Additional Information for investors with residence or seat in South Africa

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

Additional Information for investors with residence or seat in Switzerland

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

Additional Information relating to RobecoSAM-branded funds / services

Robeco Switzerland Ltd, postal address Josefstrasse 218, 8005 Zurich, Switzerland has a license as asset manager of collective assets from the Swiss Financial Market Supervisory Authority FINMA. RobecoSAM-branded financial instruments and investment strategies referring to such financial instruments are generally managed by Robeco Switzerland Ltd. The RobecoSAM brand is a registered trademark of Robeco Holding B.V. The brand RobecoSAM is used to market services and products which do entail Robeco’s expertise on Sustainable Investing (SI). The brand RobecoSAM is not to be considered as a separate legal entity.

Additional Information for investors with residence or seat in Liechtenstein

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

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

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

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

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

Additional Information for investors with residence or seat in Uruguay

The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except in circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated September 27, 1996, as amended.