ROBECO
The Investment Engineers

SI Position Paper

Our approach to deforestation

For professional investors
September 2024

Robeco's commitment to end deforestation

Robeco is committed to use best efforts to eliminate forest-risk agricultural commodity-driven deforestation, native vegetation conversion and associated human rights abuses at the companies in our investment portfolios by 2025, mainly through active ownership.

These efforts are focused on, but not limited to, 'forest-risk' agricultural commodities - palm oil, soy, beef and leather, pulp and paper - that are understood to be tied to the most significant deforestation impacts and risks.

This goal follows the COP26 Financial Sector Commitment on Eliminating Commodity-driven Deforestation, signed by over 30 financial institutions with more than EUR 8 trillion in assets under management by the end of 2021.

This commitment from the financial sector mirrors the concomittant pledge made by governments and corporates at that time. All sectors need to work together to drive progress on eliminating deforestation and transitioning towards halting nature loss by 2030, as per the goals of the Kunming-Montreal Agreement.

Box 1 | Key definitions in line with the Accountability Framework Initiative (AFI):

- Deforestation: Loss of natural forest as a result of i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.
- Native vegetation conversion: The change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function.
- Human rights associated to forest-risk commodities: This includes i) the right to Free, Prior and Informed Consent of Indigenous peoples and local communities; ii) the customary rights of Indigenous peoples and local communities to land, resources and territory; iii) zero tolerance for threats and attacks against environmental and human rights defenders; iv) the labour rights of workers (including contractors, smallholders and temporary staff) at the points of production, including from the point of forest clearance to active production

Message from WWF NL

Halting and reversing deforestation and conversion key to meeting global goals

There is widespread recognition that we can only meet our global goals, whether they be on climate, nature or sustainable development, if we halt and reverse deforestation and conversion. Land use change for production of soft commodities is the main driver of global biodiversity loss, while agriculture, forestry and other land uses account for around a quarter of global greenhouse gas emissions. At the same time, our WWF Forest Pathways report shows that deforestation rates are going up, not down. An example of increasing conversion is the current development in the biodiverse savanna of the Brazilian Cerrado, less well-known than the Amazone but equally important. The latest research shows that conversion of native vegetation in this region is rapidly increasing.

Companies and financial institutions increasingly have deforestation and conversion free (DCF) policies in place to address this major challenge. The financial sector has a key role to play in the effective development and implementation of such policies. WWF NL welcomes in that respect the commitment of Robeco, together with a broad coalition from the financial sector, to halting and reversing forest loss and land degradation by 2030. The commitment was announced at UNFCCC COP26, following the Glasgow Leaders Declaration on Forests and Land Use.

At the same time, as evidenced by rising deforestation and conversion rates as well as policy reviews, current policies are across the board often still insufficient to reach this target. This is why it is crucial for financial institutions to revise and strengthen their existing DCF policies. These policies need to ensure coverage of all important commodities and ecosystems, clear cut off dates and target dates, prevention of spillover and transparent supply chains, in line with Accountability Framework Initiative (AFI) definitions. In that respect, WWF NL highlights in particular that ecosystem conversion is included in Robeco's policy. This is a key element of any effective DCF policy that all companies should include, because valuable ecosystems beyond forests are equally threatened by the expansion of commodity production and trade. Their protection is essential in order to achieve global climate and biodiversity goals.

Sandra Mulder
Senior Advisor Business Engagement at WWF NL

Summary of our progress achieved against the milestones in the COP26 commitment:

	Milestones	What we have achieved
2022	*Assess and quantify our exposure to deforestation, native vegetation conversion and associated human rights abuse risk, and categorize holdings into high, medium and low risk based on exposure to these issues*	• **We conducted a deforestation risk and due diligence assessment** covering all credits and equity holdings, identifying direct and indirect exposure to forest-risk commodities and management of associated risks.
	Begin collaborating with other financial institutions and multi-stakeholder groups to address deforestation, conversion and associated human rights risks, and share learning	• **We are actively involved in collaborative engagement initiatives and industry-wide platforms working** on improving data quality and industry standards on deforestation-related matters. A full overview of our involvement in collaborative platforms can be found below and on our website and below.
	Set a clear, strong policy on deforestation, conversion and human rights covering all financing activities	• **We have set deforestation, conversion and associated human rights expectations,** as included in this position paper. • **Deforestation risks metrics are integrated in Robeco's sustainability research** process for fundamental credit and equity investments. These include among others land use change, human rights and certification requirements for palm oil producers. More information can be found in the Sustainability Integration guideline.
2023	*Disclose results of assessment of deforestation risk & Complete and disclose annual screening and monitoring process of all holdings to assess compliance with requirements of our policies*	• **In this document we disclose the methodology and results** from our deforestation risk and due diligence assessment.
	Identify key holdings for engagement *&* *Engage with highest risk holdings and holdings who do not comply with established policies, and disclose engagement activities*	• **Our deforestation voting policy** applies to companies with inadequate management of deforestation risks, as identified in the deforestation due diligence. • **Deforestation is integrated across different engagement themes** (outlined below). Across biodiversity focused themes, companies exposed to forest-risk sectors, including the financial sector, are asked to set up robust risk and impact management frameworks. • **Enhanced engagement criteria are applied to palm oil producers** that fall below 80% RSPO certification through our dedicated engagement program, as lined out in our Palm Oil position paper. More information on engagement priorities and expectations can be found in our Stewardship Approach and Guidelines.

Why deforestation matters

Deforestation and conversion of other natural habitats sits at the center of climate change, biodiversity loss and food and water insecurity, posing a systemic risk to companies and investors.

Forests and other wooded ecosystems constitute essential biomes as they are key for climate change mitigation and act as a critical economic resource, supporting billions of livelihoods. Their ecosystem benefits lie in their ability to sequester carbon, regulate climate, foster and protect biodiversity, and recharge groundwater, amongst others.

Yet, many of these biomes face a high risk of being destroyed or degraded, with tropical forests being most at risk. Tropical deforestation increased overall by 12% between 2019 and 2021.[1] Brazil was the country with the highest share of primary rainforest loss in 2023 (30%), followed by the Democratic Republic of Congo, Bolivia, Indonesia and Peru.[2]

Agriculture drives between 90% and 99% of all deforestation in the tropics, either to directly meet demand for commodities, or due to indirect mechanisms such as land speculation, assertion of land tenure, or land clearance. Commodities that are particularly associated with deforestation are palm oil, soy, cattle, and timber products such as pulp and paper. Others include natural rubber, cocoa and coffee.[3] Preserving existing forests thus requires practices and incentives across these supply chains to change.

Between 90% and 99% of all deforestation in the tropics is driven by agriculture, either to directly meet demand for commodities, or due to indirect mechanisms.

Deforestation and climate change: Forests, other wooded lands and even non-forest biomes such as grasslands play a pivotal role in climate change, absorbing carbon dioxide from the atmosphere and storing it the surrounding soil or in the form of biomass. However, when destroyed or degraded, they release it again, contributing to large amounts of carbon emissions. Tropical, temperate and boreal forests are the largest land-based carbon storage in terms of biomass. Meanwhile ecosystems such as wetlands, temperate grasslands and savannas are huge soil-based carbon sinks. Peatlands for instance, while only covering 3% of land, store twice as much carbon as all the world's forests.[4]

Protecting these existing forest, and non-forest ecosystems, represents one of the most cost-effective and immediate ways to mitigate climate change. Forests alone are estimated to provide up to 14% of additional global warming mitigation needed by 2030 to meet the 1.5ºC target.[5] Nature-based solutions, including measures such as forest protection, wetland restoration and soil quality improvements, could provide up to one third of the mitigation efforts needed to achieve the targets set by the Paris Agreement. This means humans need forests to effectively address climate change.[6]

However, deforestation, conversion and the associated wildfires are compromising such ambitions, turning natural carbon sinks into carbon sources. Recent studies have indicated that such a transformation has already happened in the Amazon rainforest.[7] Overall, deforestation is responsible for nearly 15% of global CO_2 emissions.[8]

Biodiversity loss and its economic cost: Forests cover around one third of the Earth's land area and house most of its terrestrial biodiversity. Specifically, they contain 60,000 different tree species, 80% of amphibian species, 75% of birds and 68% of mammals.[9] Land-use change, including deforestation, is the main driver of biodiversity loss. A study conducted by the World Economic Forum has estimated that USD 44 trillion of economic value generation is moderately or highly dependent on nature and the related ecosystem services including rainfall, pollinators, disease and pest control.[10] This figure represents more than half of the world's GDP. Stopping deforestation, conversion and forest degradation would therefore mean preserving nature's ability to continue to provide the many services that societies depend on.

The role of indigenous communities: Globally, indigenous people and local communities manage around 20% of the world's land. Indigenous people are estimated to manage nearly 300 billion metric tons of carbon stored

[1] UNFCCC Why net zero needs zero deforestation now
[2] WRI Forest Pulse: The Latest on the World's Forests
[3] Science Disentangling numbers behind agriculture-driven tropical deforestation
[4] WRI - Forest Carbon Stocks; IPCC, UN Biodiversity - our strongest natural defense against climate change
[5] FAO The State of the World's Forests
[6] WEF Forests for Climate
[7] Gatti et al. (2021) Amazonia as a carbon source linked to deforestation and climate change, Naturehttps://www.weforum.org/agenda/2022/05/protecting-forests-climate-change-net-zero/
[8] WEF Forests for Climate
[9] WEF Forests for Climate
[10] WEF Half of World's GDP Moderately or Highly Dependent on Nature

above and below ground, equal to more than 30 years' worth of global emissions.[11] Deforestation, biodiversity loss and carbon emissions tend to be much lower in areas managed by indigenous communities; almost half of the intact forests in the Amazon are in indigenous territories. While these territories amount to 28% of the total, they only generate 2.6% of the region's carbon emissions.[12]

However, we risk their ability to manage land in a way that conserves its ecosystems through various human rights violations often associated with deforestation and conversion. These include the lack of free, prior and informed consent, violation of labor and customary rights, and violence against environmental and human rights defenders.[13] When acting to preserve forests, it is thus fundamental to account for indigenous people and local communities, who know their landscapes and ecology better than anyone.

The relevance to investors

Financial institutions have a fiduciary duty to act in the best long-term interests of their beneficiaries. Continued deforestation and conversion directly affect future economic prosperity and represent a long-term, financially material and systemic risk to investors' assets.

Companies involved in the production, processing, manufacturing, trading and retailing of commodities linked to high deforestation risk face physical, regulatory, operational, market and reputational risks. For instance, the recent EU Regulation on deforestation-free supply chains (EUDR) requires companies importing and exporting high-risk commodities and its derived products into or from the EU to conduct strict due diligence to prove that the products are not linked to deforestation. [14]

The provisional deal reached on the EU Corporate Sustainability Due Diligence Directive (CSDDD) in December 2023 lays down obligations for large companies to conduct due diligence on the environment and human rights for their business chain of activities, and penalties and civil liability for infringing those obligations[15]. It also requires companies to adopt a plan ensuring that their business model and strategy are compatible with the Paris agreement on climate change.

These regulations will reduce market access and increase the cost of doing business for companies that fail to meet these requirements. However, for those companies that are leading in this area, the possibility of increased market share and supply chain certainty are potential benefits.

Investments in companies linked to soft commodity supply chains have dependencies on nature through ecosystem services provided by forests and other natural ecosystems, such as maintaining and regulating regional rainfall, and providing soil stability and wildlife habitat. Deforestation and conversion compromises these services, driving higher costs and more volatile commodity prices. In some companies, this leads to a positive feedback loop where the companies' own impacts affect their dependencies on nature, leaving them susceptible to nature loss.

Investments in sovereign credits are also impacted by deforestation and conversion. Deforestation and conversion lead to loss of ecosystem services such as soil and water quality regulation, which large parts of the economy in some countries heavily rely on (such as countries with much of their GDP from agriculture). This could negatively impact the economy and contribute to unemployment, having knock-on effects on public finances and thus sovereign creditworthiness.

It is critical for investors to understand the risks that biodiversity loss poses to their corporate and sovereign assets. At the same time, financial institutions need to understand their contribution to, and role in halting and reversing biodiversity loss, such as through deforestation and conversion, as soon as possible.

During COP15, the UN Convention on Biological Diversity adopted the Kunming-Montreal Global Biodiversity Framework (GBF), calling for global action to halt and reverse nature loss by 2030. The GBF prescribes a "whole of society approach", including the role of private sector actors like financial institutions in addressing the rate of biodiversity loss, calling on companies and financial institutions to monitor, assess and disclose their risks, dependencies and impacts on biodiversity, as per targets 14 and 15.

Similarly, the environmental impact of the financial sector is increasingly recognized by civil society organizations and governments. The EU Sustainable Finance Disclosure Regulation (SFDR) puts forward progressive disclosure obligations around biodiversity and deforestation for sustainable investment strategies.

[11] WEF Forests for Climate
[12] FAO forest governance by indigenous and tribal peoples
[13] Global Canopy DFF Roadmap
[14] European Commission
[15] European Commission

Robeco's position on deforestation

Scaling up individual stewardship efforts, joining collaborative initiatives and continuing engagement with governments most exposed to deforestation risks allows Robeco to leverage its influence to eliminate deforestation.

Our commitments and policies

Wealth and well-being cannot exist without nature. Robeco acknowledges how critical preserving biodiversity and halting deforestation and conversion is not only to our long-term value creation, but also to the stability of our socio-economic systems.

In 2020, Robeco became one of the initial signatories of the **Finance for Biodiversity (FfB) Pledge**. Signatory financial institutions have pledged to collaborate, assess the biodiversity impact of their portfolios, set targets and report on biodiversity matters by 2024 at the latest. We co-chaired the FfB working group that launched the Nature Target Setting Framework for Asset Managers and Asset Owners in November 2023. This framework has been endorsed by the industry and will guide our nature target-setting exercise taking place in the second half of 2024.

In early 2024, we assessed how much of our Assets Under Management (AuM) are invested in sectors with high or very high impacts on nature. As of the end of 2023 around 45% of our AuM is invested in sectors we define as having a high or very impact. For several sectors, land use change is one of the main drivers of biodiversity loss. Robeco thus considers tackling deforestation and conversion as key to addressing broader biodiversity loss risks.

Recognizing that deforestation and conversion poses a systemic risk to our business, Robeco signed the **COP26 Financial Sector Commitment on Eliminating Agricultural Commodity-Driven Deforestation** in 2021. We thereby joined over 30 financial institutions, collectively representing more than EUR 8 trillion in assets under management, in pledging to use our best efforts to eradicate agricultural deforestation risks in investment portfolios by 2025. The key forest-risk commodities covered by this commitment include palm oil, soy, cattle and timber-related products. Eliminating broader native vegetation conversion and human rights risk linked to these forest-risk commodities is also part of the scope of this pledge. Our efforts to tackle land use change are included in our broader work on biodiversity as described in our sustainability policy.

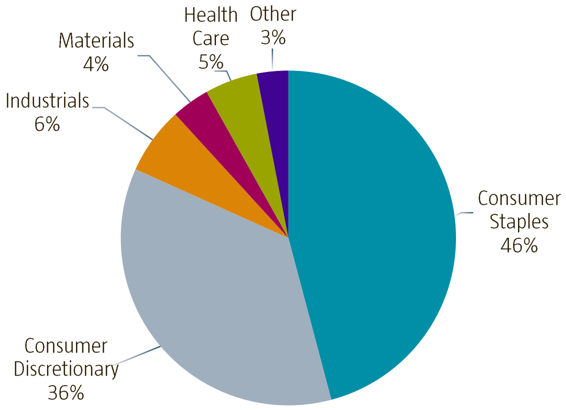
Implemented in 2019 and revised in 2022, Robeco's Palm Oil Policy provides an example of our early efforts to set clear principles and sustainability expectations guiding our investments and stewardship efforts in this high deforestation-risk sector.

Due diligence and investment integration

Deforestation risk assessment and due diligence: In 2023 we conducted a deforestation risk and due diligence assessment of our investments across all of our corporate bonds and equities. In a first step, the **deforestation risk assessment**, we identified which of our investee companies generate material revenues directly or indirectly related to forest-risk commodities – those covered by the COP26 Commitment as well as natural rubber and cocoa - and thus might be exposed to deforestation, conversion or associated human rights breaches. Our results suggest that:

- 87% of AuM exposed to forest-risk commodities are exposed indirectly, manufacturing or retailing derivatives of respective commodities, such as soaps containing palm oil. Meanwhile only 13% of exposed AuM gains revenue directly from producing, processing or trading respective commodities.
- Mirroring this, we find that the majority of exposed AuM is in the consumer staples (46% of exposed AuM) and consumer discretionary sectors (36% of exposed AuM), with a more detailed breakdown below.

Figure 1 | Breakdown of AuM exposed to forest-risk commodities



The risk assessment excluded the financial sector due to the challenges to collect information on whether their financing and investing activities are linked to the forest-risk commodities. We are exploring methods to incorporate the financial sector into our assessment in the future. Additional information on the methodology behind the deforestation risk assessments can be found in the Appendix.

In a second step, we conducted a deforestation, conversion and human rights due diligence assessment. Through this, we evaluated how the companies we had identified as being exposed to forest-risk commodities in the aforementioned deforestation risk assessment were managing conversion and human rights risks. The majority (94%) of exposed AuM was covered by the data sources used to conduct the due diligence; Forest500, ForestIQ, FAIRR and Sustainalytics. Meanwhile, 6% of exposed AUM (comprising 29% of individual holdings) did not have sufficient data for evaluation and are excluded from the statistics in the bullets below. The due diligence on companies with data found that:

- 98% of AuM exposed to material forest-risk revenues, did have a no deforestation and human rights policy in place. However, these showed different levels of commitment. The remaining 2% (representing 20% of individual holdings with data) did not have a relevant policy.
- 13% of AuM (5% of individual holdings) were involved in deforestation, native vegetation conversion or associated human rights controversies over the last three years.
- This resulted in 85% of exposed AuM having been found as compliant with our most basic due diligence requirements.
- 14% of exposed AuM did not meet our policy and management expectations and were engaged as a consequence.

Integration of deforestation risks in investment processes: As part of our fundamental investment processes, sustainable investment analysts assess material sustainability risks and opportunities, including deforestation risks, for a wide range of our investee companies. Their view is expressed in a sustainable investment rating, describing the extent to which the sustainability factor is expected to affect business fundamentals. These are then considered by financial analysts and portfolio managers when adjusting valuations and weights in portfolios. Exposure to deforestation is also taken into account in Robeco's proprietary Sustainable Development Goals (SDG) scores. These determine companies' inclusion across a range of our sustainable investment strategies.

In addition to the efforts above, Robeco has developed a biodiversity traffic light assessment which analyzes how well companies are mitigating the key drivers of nature loss in their industry and transitioning towards nature-positive. While the deforestation risk assessment and due diligence described above allows us to identify our exposure to companies linked to risks stemming from land use change associated with forest-risk commodities, the biodiversity traffic light assessment takes a broader approach covering all biodiversity loss drivers and focusing on the priority sectors as identified by the TNFD. The assessment highlights both where companies are in their transition journey and identifies solution providers whose products and services enable other companies to minimize their negative biodiversity footprint.

Stewardship

One key strategy to eliminate deforestation, conversion and related human rights impacts from our portfolios while supporting the transition to sustainable agricultural practices is through active ownership.

Deforestation proxy voting approach: In 2023, Robeco introduced deforestation considerations in our [proxy voting guidelines](), putting forward clear environmental and social management expectations for companies identified in our deforestation risk assessment. We vote against an appropriate agenda item for companies which are exposed to forest-risk commodities but either:

1) do not have a policy for managing deforestation, conversion and the associated human rights risks, or;
2) are involved in severe and repeated controversies related to these issues.

Deforestation-focused corporate engagements: As part of our ongoing engagement on biodiversity loss and other environmental issues, we have undertaken extensive engagement work specifically on deforestation and native vegetation conversion.

Theme	Key objectives
Palm Oil (since 2019)	Expectations include, but are not limited to, all invested palm oil producers having: • At least 80% RSPO certification for investee palm oil producers, including implementation of No Deforestation, no Peat and no Exploitation, as well as Free, Prior and informed Consent policies. Engagements follow Robeco's Palm Oil Policy.
Biodiversity (since 2020) &	Expectations include, but are not limited to, all engaged companies exposed to forest-risk commodities having: • An adequate understanding of deforestation, conversion and

Nature Action 100 (since 2023)	associated human rights risks, impacts and their drivers. • To have a 2025 commitment to no deforestation, no conversion and respect of human rights, ideally with a 2020 cut-off date. • To have adequate monitoring, engagement and escalation strategies in place, inclusive of smallholders. • To invest in nature restoration and remediation. Expectations are adapted to each company and development stage they are on. FSDA investor expectations, TNFD and SBTi resources are used as guidance.
Climate and nature transition of financials (since 2024)	Expectations include, but are not limited to, engaged banks having: • An adequate understanding of nature, including deforestation, conversion and associated human rights risks, impacts and dependencies. • To develop best practices and set targets to decrease nature related impacts in the most impacted sectors (Mining, upstream Oil and Gas, Food, Farming, Fishery).

Robeco also has a **controversy process** conducted on a quarterly basis which screens pre-defined data sources on companies that breach international human rights standards like the United Nations Universal Declaration of Human Rights, which egregious deforestation cases are often linked to. The Controversial Behavior Committee then decides if a new enhanced engagement case should be opened for these companies. More information on the criteria and process linked to our enhanced engagement program can be found in our Stewardship Approach and Guidelines. More information on the engagement themes can be found in our Stewardship Report.

Collaborative deforestation engagement: Robeco is active in collaborative engagements that address land use change as one of the key drivers of biodiversity loss. These range from supporting statements, letter campaigns and data requests, to intense corporate engagements. Relevant initiatives we actively participate in include:

- **Nature Action 100 (NA100):** An investor engagement initiative focused on engaging with the 100 companies in sectors with the largest impacts and dependencies on nature to ensure they are taking meaningful actions to protect and restore nature and ecosystems. Robeco co-chairs NA100's Steering Committee and is part of the Technical Advisory Committee.

- **PRI Spring:** An investor engagement initiative which aims to engage with 60 companies on halting and reversing forest loss and degradation, engaging not just on corporate supply chain practices but also public policy alignment. Robeco is part of Spring's Signatory Advisory Committee.

- **Finance Sector Deforestation Action (FSDA):** An investor engagement initiative engaging with 84 companies on eliminating commodity-driven deforestation in line with the FSDA investor expectations.

A full overview of our involvement in collaborative platforms can be found in our website.

Engaging on deforestation data: Lack of granular data on deforestation risk exposure for key commodities in terms of both universe coverage and company performance is seen as a challenge in effectively mapping exposure to deforestation risks across portfolios. We engage with data providers to better understand current product offerings, signal investors' strong interest in development of high-quality and reliable deforestation data and offer room for future collaboration on this front.

Sovereign engagement: We are aware that effectively contributing to halting deforestation requires more than just engaging with companies. Most deforestation and conversion risks associated with the commodities under scope are concentrated in few jurisdictions and can be deemed as a country risk. We leverage our sovereign engagement work in some of these markets to encourage governments to implement relevant policies to minimize deforestation risks whilst delivering their Nationally Determined Contribution under the Paris Agreement. Robeco has been actively involved in the Investor Policy Dialogue on Deforestation (IPDD) initiative since it was formally set up in July 2020. We co-chair the work stream responsible for engaging with the government of Indonesia and actively participate in the Brazilian workstream. In December 2022, the coalition comprised 67 institutional investors from 19 countries, with USD 10 trillion in assets under management.

Partnerships and initiatives: We work with numerous academic and civil organizations to enhance investee companies' approach to and disclosure on mitigating the impact of deforestation. In 2022, Robeco announced its partnership with the World Wide Fund for Nature Netherlands (WWF-NL), collaborating on Robeco's biodiversity roadmap. The WWF-NL will also engage the wider finance sector to integrate biodiversity, including forest protection, into their investment strategies.

We are an associate partner of the RAINFOREST research project financed under the European Commission's Horizon Europe program. The international research consortium will co-develop pathways and interventions to reduce impacts of major food and biomass value chains. Researchers will use techniques such as environmental life cycle assessments (LCA), input-output analysis and integrated modelling to evaluate the biodiversity impacts of various future production systems, consumption patterns and investment scenarios.

Moreover, Robeco took an active role in piloting the draft guidance of the Taskforce on Nature related Financial Disclosures (TNFD), as the framework was preparing for its release in September 2023. The TNFD aims to build a risk management and disclosure framework that organizations of all sizes in all jurisdictions can use to identify, assess, manage and disclose nature-related dependencies, impacts, risks and opportunities. Robeco is a TNFD Early Adopter and has started implementing the TNFD recommendations in 2024. We also support the Science Based Target Network's (SBTN) development of nature targets and collaborated with the Cambridge Institute for Sustainable Leadership (CISL). This center has released key publications guiding investors in assessing nature-related financial risks and integrating climate and nature when addressing environmental challenges.

This position paper summarizes how important forests are for climate, biodiversity and societies at large. We are taking action to address this topic through our sustainable investment strategy, investment process and stewardship activities. Developments in our approach will be reflected in future updates of this document.

Appendix | Deforestation risk assessment methodology

Deforestation risk assessment

The in 2023 conducted deforestation risk assessment covered all of our managed corporate bonds and investments. The assessment followed a benchmark and revenue-based approach to assess our investment exposure to deforestation, conversion and associated human rights risks. The assessment included data from:

Forest500, a benchmark by Global Canopy having identified companies critical to endling deforestation associated to palm oil, cattle, soy, cocoa, pulp and paper, reflecting both direct and indirect exposure.

Bloomberg revenue data, with a focus on both material direct and indirect revenue streams related to forest-risk commodities and their derivatives, including from palm oil, cattle, soy, cocoa, pulp and paper, as well as natural rubber and cocoa. For direct palm oil exposure, exposure data from Sustainalytics was added.

Materiality was defined as having 30% or more of revenues exposed to forest-risk commodities (or derivatives).

Revenue segments directly linked to forest-risk commodities include activities such as meat processing or dairy cattle and milk production, as identified by Bloomberg. Meanwhile, for revenue streams indirectly linked to forest-risk commodities, we relied on US investor network Ceres' analysis on the exposure of GICS subsectors to these forest-risk commodities. We manually reviewed whether the revenue segments linked to those GICS subsectors were exposed to the commodities under scope.

For now, we excluded the financial sector from the assessment given the difficulty to assess forest-commodity linked financing streams.

As a last step, we screened our investment universe against this pre-selection of revenue segments. Results shown in the deforestation position paper are represented as a percentage of the exposed Assets under Management in EUR and does not differentiate whether a company is heavily of only slightly exposed as long as the materiality threshold is met.

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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. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

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Additional Information for investors with residence or seat in Malaysia
Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

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

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Additional Information relating to RobecoSAM-branded funds/services
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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.

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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 under 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.