

For professional investors

PURSUING THE SDGS IN EMERGING MARKETS

March 2022



ROBECO
The Investment Engineers

Sustainable Investing Expertise by
ROBECOSAM

The deadline for the UN Sustainable Development Goals (SDGs) to be met – 2030 – is fast approaching, but the progress towards reaching them that’s been made so far has been much too slow. Overall, progress has been particularly slow in emerging markets.

There’s still time to achieve the goals, though, and we believe that investors have a big role to play by channelling finance to companies providing products, services and technologies in support of the SDGs. Robeco provides a number of impact-aligned investing strategies that invest in companies that are contributing to the goals’ achievement.

In this article, we set out the need to step up SDG financing in emerging markets. Such markets have a particularly long road to travel if they are to attain the goals, while also facing a significant hurdle in accessing the finance needed to accelerate progress. We explain how Robeco assesses which companies are making a positive impact towards the goals and should therefore be prioritized in sustainable investing strategies, and we discuss some of the opportunities available to such firms in selected sectors.

Speed read

- Emerging markets are, overall, further away from meeting the SDGs than developed markets
- Companies helping emerging markets make progress towards the SDGs could represent attractive investment opportunities
- Robeco’s SDG Framework helps us identify which companies are contributing to the SDGs and which are working against them

Emerging markets have a long way to go if they’re to meet the SDGs

In 2015, all the member states of the United Nations adopted the 17 Sustainable Development Goals – a collection of interlinked global goals designed to represent a “blueprint to achieve a better and more sustainable future for all”. They seek to promote sustainable economic growth, advance social inclusion and safeguard the natural environment.

The goals apply to every country in the world, regardless of their income level. This is an important point: while development was traditionally viewed as a challenge only for poor countries, the SDGs acknowledge that even the world’s richest countries face issues such as environmental degradation, inequality and pollution. Sustainable development requires all countries, no matter how rich they are, to work together to safeguard the health of our planet and everyone who lives on it.

Since the adoption of the SDGs there has been some progress towards meeting some of them. For instance, women are now slightly better represented in parliaments (SDG 5), the proportion of renewables in the energy mix is slowly increasing (SDG 7) and marine areas are starting to be better protected around the world (SDG 14).¹

But overall progress has been far too slow, and we are still facing immense challenges: average global temperatures continue to rise, biodiversity is eroding at an alarming rate and the pandemic has cost millions of lives and disrupted societies and economies. It has also exacerbated inequalities and halted or even reversed some of the progress that had been made towards many of the SDGs.²

¹ United Nations (2021). The Sustainable Development Goals Report 2021. Retrieved from: <https://unstats.un.org/sdgs/report/2021/>

² Idem

Emerging markets are bearing the brunt of these challenges. Every year, the Sustainable Development Solutions Network, a body that promotes approaches to implement the SDGs and the Paris Climate Agreement; and the Bertelsmann Stiftung, a foundation working to promote a future-oriented society, collect data on countries' progress towards the SDGs to create their SDG Index.

Their assessment³ shows that emerging markets are making progress on some of these goals. For instance, many sub-Saharan African and South Asian countries are on track to attain SDG 13 (Climate Action) due to their low greenhouse gas emissions. Yet they face major challenges on socio-economic goals, such as ending hunger (SDG 2) and ensuring people have access to safe water and sanitation (SDG 6). More advanced economies, on the other hand, tend to fare better on goals that aim to improve people's wellbeing, but they are being faced with major challenges themselves, particularly those related to safeguarding the natural environment and promoting sustainable agriculture (SDGs 2, 13, 14 and 15).

As well as assessing countries' progress towards individual SDGs, the SDG Index aggregates individual scores into a total score for each country, ranging from 0% (no SDG achieved) to 100% (all SDGs achieved). We show a snapshot of their 2021 assessment in the figure below, in which the countries colored dark blue are closest to achieving the SDGs and those in light blue are furthest away. As shown in the figure, Western European countries are closest to reaching the goals. Nations in sub-Saharan Africa, followed by many in South and South-East Asia, have the most work to do. Overall, it's clear that emerging markets are furthest away from meeting the SDGs.

Progress towards the SDGs around the world



Source: SDSN and Bertelsmann Stiftung (2021).⁴

If the SDGs are to be reached by 2030 – their due date – progress needs to speed up everywhere, but especially in emerging markets. Promoting the SDGs around the world is in everyone's interests – a great example of which is the ongoing pandemic. While vaccination rates are generally high in rich countries, developing nations still face significant problems in obtaining enough vaccines to protect their populations. If people remain unvaccinated the risk of new variants emerging increases, affecting everyone around the world.

³ <https://dashboards.sdindex.org/map/goals/sdg13>

⁴ SDSN & Bertelsmann Stiftung (2021). Sustainable Development Report 2021. Retrieved online from: <https://www.sdindex.org/>

Inclusion in financial markets is key to achieving the SDGs

Emerging markets face a range of hurdles on the road towards attaining the SDGs. One of the most significant is gaining sufficient access to financing.

Getting the financial sector involved is critical if the SDGs are to be a success. And it's becoming more important than ever: a number of assessments, including by the IMF, reveal that the world is not investing enough in the SDGs. According to the IMF's estimates, additional spending of USD 2.6 trillion a year is required up to 2030, an amount that is equivalent to 2.5% of the world's estimated GDP in 2030.⁵

Spending requirements for the SDGs differ by country, with the IMF differentiating between emerging market economies and lower-income developing nations. In the former group, countries such as Guatemala and Indonesia need to spend 4% of their GDP in 2030 per year more than they are at present if they are to attain these goals. The latter group, which includes countries such as Vietnam, Rwanda and Benin, faces much higher additional spending needs, estimated to be 15.4% of their 2030 GDP per year more than is currently being spent on average.

These figures stand in stark contrast to the additional spending requirements of more advanced nations. According to the IMF, high-income countries need to invest more in some areas linked to the SDGs, like electricity, roads and water & sanitation, but the additional investments needed are estimated to be below 1% of 2030 GDP per year. Meanwhile, the IMF believes these countries do not need to make extra investments in education and healthcare, but rather ensure that educational and health outcomes are improved. Overall, emerging markets need much more additional investment than developed countries if they are to meet the SDGs.^{4,6}

Not only is more financing required for activities that help countries meet the SDGs, there's also a pressing need to cut financing of activities that are in conflict with the SDGs' aims. An example is financing of energy generated by fossil fuels. Although financing fossil fuels may enhance countries' ability to provide their people with access to energy and support industrialization, it conflicts with the need to take climate action (SDG 13) and limit global warming to 2°C above pre-industrial levels, a goal that several emerging markets are currently doing well on.

The challenge is to find ways of providing more financing to countries that are a long way off reaching the SDGs, while directing this towards activities that are in support of the goals and do not conflict with them. This requires a deep understanding of the impacts of companies' activities on progress towards the SDGs.

Identifying companies' impacts on progress towards the SDGs

Allocating to companies that contribute to the SDGs and operate in emerging markets is one way for investors to help these countries achieve the goals. But how can investors identify such firms? And, which of the SDGs are ideally suited for companies to support?

To answer these questions, at Robeco we developed our SDG Framework in 2017. It is based on a three-step process to define to what extent a company makes a positive or negative contribution towards the goals. The three steps are as follows.

1. Products: in the first step, we identify to what extent a company's products or services make positive or negative contributions to particular SDGs. In doing so we follow a rules-based approach, including around 200 key performance indicators (KPIs) that assess the impacts of products and services linked to particular sub-sectors to identify which SDGs (and which sub-targets of these overall goals) a company has an impact on. Thresholds related to each KPI specify to what extent that impact is positive or negative.

⁵ Gaspar, V., Amaglobeli, M. D., Garcia-Escribano, M. M., Prady, D., & Soto, M. (2019). Fiscal policy and development: Human, social, and physical investments for the SDGs. Washington D.C.: International Monetary Fund.

⁶ OECD (2020). Global Outlook on Financing for Sustainable Development. Retrieved online from: <https://www.oecd.org/newsroom/covid-19-crisis-threatens-sustainable-development-goals-financing.htm#:~:text=The%20projected%20USD%201.7%20trillion,the%2017%20SDGs%20by%202030.&text=Just%2020%25%20of%20financial%20assets,people%20on%20the%20planet%20live.>

2. Procedure: in the second step we assess whether the company’s business conduct contributes positively or negatively towards the SDGs. Relevant factors that we assess include the company’s gender equality performance, its environmental track record and its corporate governance. In this step our analysts have the opportunity to incorporate their individual perspectives about companies’ impacts in our overall assessment.

3. Controversies: in the final step we investigate whether the company has been involved in any controversies, such as cases of corruption or fraud or environmental accidents. If there have been such controversies, we assess whether the company has taken action to remedy the adverse impact that has occurred and prevent similar occurrences in the future.

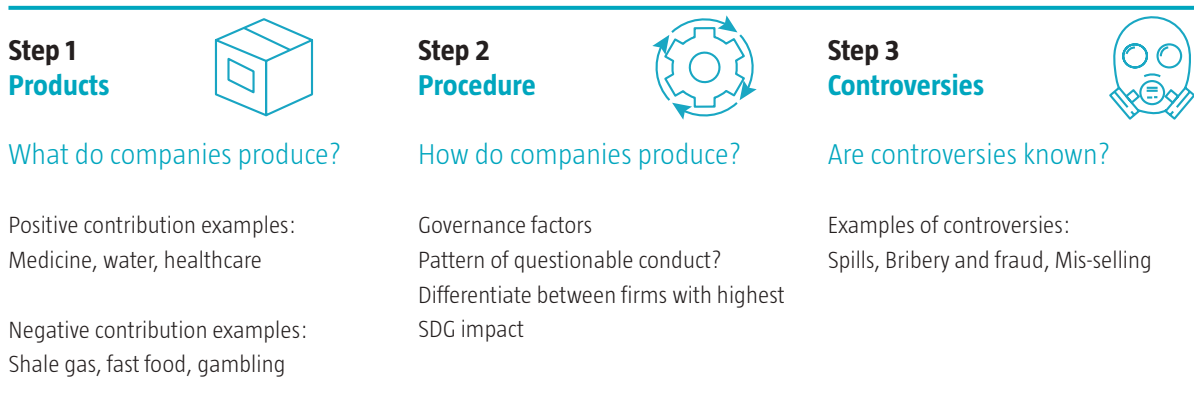
Following this three-step assessment, we score companies on their impacts on each of the SDGs. These scores are on a seven-point scale ranging from -3 (signifying that they have a large negative impact on a goal) to +3 for the firms making the biggest positive contributions. A score of 0 signifies a firm has a neutral effect. Once we have scored a company’s impacts on the 17 SDGs, we go on to calculate its overall SDG score. We do this according to what we call our ‘min-max’ rule: a company without any negative scores for any individual SDG is assigned the highest (max) score as its overall SDG score. But if a company has a negative score for any of the SDGs, it will receive the lowest (min) score as its overall SDG score.

For example, a bank may be assigned a +2 score for SDGs 8 and 9 for providing loans to small-to-medium-sized enterprises if it has neutral scores for the other goals. In this case, it would receive an overall SDG score of +2. But should the bank become involved in a case of corruption, for which it could, for instance, receive a score of -1 for SDG 16, then its overall SDG score would become -1. In this way, we are recognizing that the SDGs are integrated and should be promoted simultaneously, and that a negative impact on one SDG cannot be mitigated by positive impact on another goal.

In our SDG Framework we also pay attention to the national context in which impacts are being created. Some of the KPIs are specific to emerging markets. For instance, a relevant KPI for banks is their percentage of loans outstanding in emerging markets. This KPI helps identify positive impacts related to SDG 1 (No Poverty), since SDG target 1.4 aims to ensure that everyone has access to finance. In our framework, if over 33% of a bank’s loans go to emerging markets its SDG score for this goal would be +2, and if more than 66% are to emerging markets it would be +3. This way, we want to prioritize positive impact in those countries that need it the most.

Our SDG Framework helps us to integrate a consideration of the SDGs into our investment strategies. Once we have calculated an overall SDG score for the issuers in the investment universe, we can include the best companies in our investment universe while avoiding investing in firms making a negative impact.

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



Source: Robeco

Advancing the SDGs through asset allocation and active ownership

When we know how the companies in our universe contribute to the SDGs, we have two approaches at our disposal for promoting the SDGs through our investment strategies.

The first is deciding which firms to invest in. We can use our SDG scores to screen the universe and allocate more to companies making a positive contribution to the SDGs and avoid financing those having an adverse effect on progress towards the goals. In this way, we are signaling that we support the firms making a positive impact by providing them with capital. In emerging markets, which are less liquid overall than developed markets, providing sustainable companies with strong support in the secondary market may help them gain improved access to financing.

The second approach is active ownership. By voting at annual meetings, we can encourage companies to pursue sustainability objectives as part of their strategies. And by engaging with these firms, we can use our influence and provide them with support to increase their positive impacts. Engaging with firms in emerging markets is particularly powerful from a sustainability perspective, as EM companies often welcome collaborations with investors on the topic and react with changes or enhancements in strategy many times faster than global companies in developed markets. Our aim is to form a win-win partnership in which we as investors share our knowledge of best practices and new insights with a company's management team, thereby boosting the firm's sustainability (and financial) performance.

SDG-aligned investing in emerging markets

Which of the 17 SDGs do companies in emerging markets contribute to most frequently and thus provide the most investment opportunities? To answer this question, we analyzed the impact on progress towards the SDGs of the companies in the MSCI Emerging Markets Index using Robeco's SDG Framework. We found that 26% of firms have a negative impact on the SDGs, 22% do not make a significant contribution either way, and around 52% of companies contribute positively to the goals. When taking into account company size, we find that 26% of the index by weight has a negative impact, 13% has a neutral impact and 61% has a positive impact.

The chart below shows the proportions of companies in the MSCI Emerging Markets Index making positive (blue) and negative (purple) contributions to individual SDGs. For example, 35% of the companies in the benchmark contribute positively to SDG 9 – Industry, Innovation and Infrastructure. Conversely, 12% of companies have a significant negative impact on SDG 13 – Climate Action, while 2% make positive contributions towards this goal. Some SDGs are not very investable: no companies support (or significantly harm) SDG 10 on Reduced Inequalities, which aims to reduce socioeconomic inequalities at a macroeconomic level that companies have little direct influence over. Likewise, few companies help advance (or detract from) SDGs related to education (SDG 4) or gender equality (SDG 5). And while we do see some firms with a significant negative (-3) score for Life on Land (SDG 15), for instance due to their influence on deforestation, relatively few companies provide solutions that help preserve nature (SDGs 14, 15).

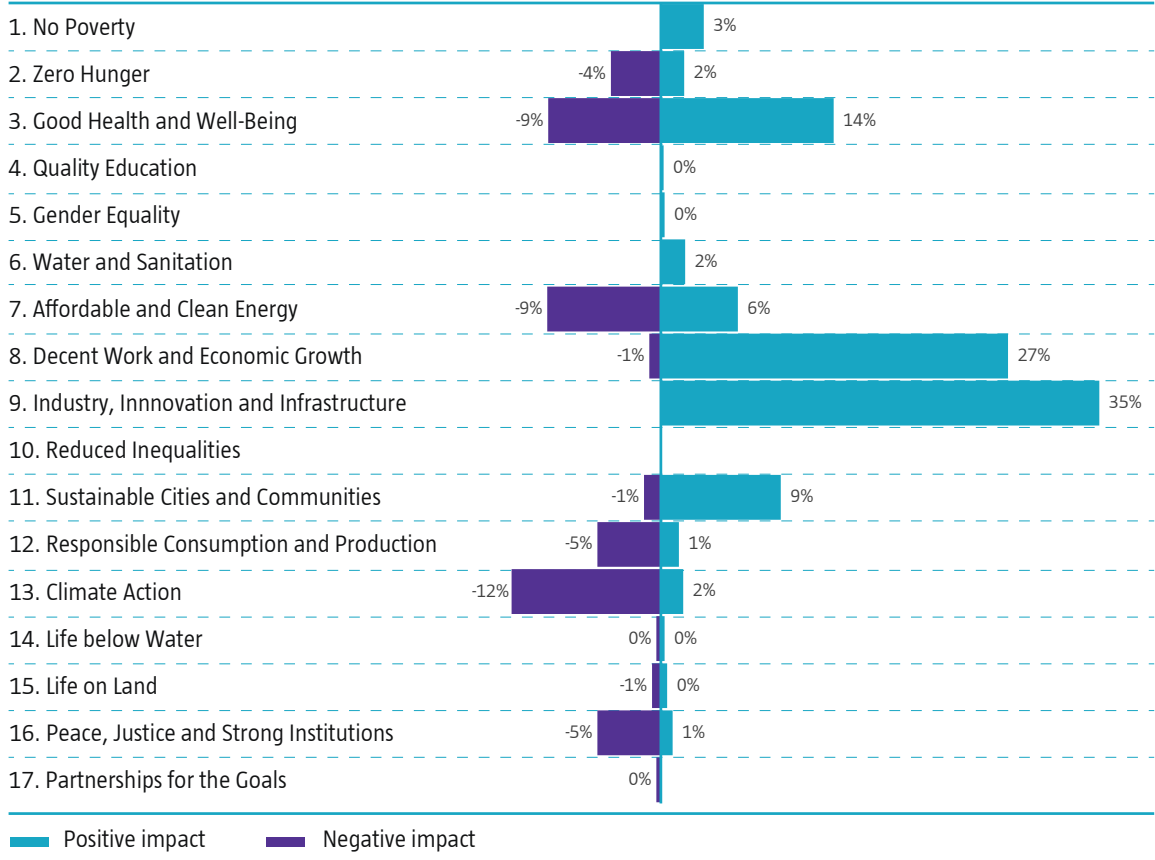
As we can see, the most positive impacts are being made in SDGs linked to economic objectives (SDGs 8 and 9), health (SDG 3) and other basic needs (SDGs 2, 6, 7, 11), and the eradication of poverty (SDG 1). The most negative impacts are to be found in SDGs linked to clean energy and climate (SDGs 7, 13), pollution, waste, and overconsumption (SDG 12), people's health (SDGs 2, 3), justice (SDG 16) and tax evasion (SDG 17).

Comparing SDG scores to ESG ratings in emerging markets

These SDG scores for companies in emerging markets are relatively similar to those we have calculated for companies in developed countries. This is in marked contrast to traditional ESG ratings, which often show that emerging market companies perform worse with respect to sustainability issues than firms from richer countries.

The explanation for emerging market companies' worse ESG scores is that ESG focuses on sustainability risk rather than sustainability performance. In short, ESG assesses whether a company's financial performance may be adversely affected by environmental, social and governance challenges. ESG issues that are priced into valuations may not lead to low scores, while

MSCI Emerging Markets Index – Exposure to individual SDGs (n=1,418)



poor performance in some areas may be offset by good performance in others. For instance, alcohol and tobacco companies are often seen to have excellent ESG ratings.⁷ In contrast, their SDG score will be negative, recognizing the adverse impacts of their core business to people’s wellbeing. Rather than focusing on sustainability risks, the RobecoSAM SDG score assesses companies’ sustainability performance. If a company contributes to the SDGs it will get a positive score, while a firm that causes adverse impacts will get a negative score, regardless of any risks to its financial performance

Emerging markets tend to have relatively weak institutions and less developed regulation, which can translate into higher environmental, social, or governance risks. These risks may affect companies’ future performance potential. A poor ESG rating can be an outcome of these factors for companies operating in emerging markets. But there is no clear rationale why companies from less developed countries would have more frequent and more severe negative impacts than companies from richer countries, as ESG ratings tend to suggest. For example, some of the world’s largest fossil fuel, alcohol and tobacco companies are from the most advanced countries. Indeed, our assessment shows that companies in emerging markets overall do not have significantly worse SDG scores than firms from developed economies. We therefore believe that the SDG score provides a useful tool for sustainable investing, in emerging as well as developed markets.

Investment opportunities: two case studies

There are several sectors in which companies from emerging markets can make a meaningful positive impact on progress towards the SDGs and that also have a promising growth outlook. In some cases, they are underrepresented in the MSCI Emerging Markets Index.

⁷ See e.g., https://www.robeco.com/en/insights/2022/02/do-esg-ratings-align-with-the-values-of-large-institutional-asset-owners.html?cmp=so_3_3975&cmp=so_3_6288

Let's take a look at the education and sanitation sectors as examples, in which there are good investment opportunities to be found that have in many cases been overlooked by the market. But it's important to remember that there are companies in emerging markets contributing to all of the SDGs – not least:

- Access to finance for everyone
- Improved access to healthcare solutions
- Nutrition and better agricultural productivity, especially in low-emission food sources
- Renewable energy
- Sustainable land use

In this section we consider companies with a market capitalization of at least USD 850 million, just to establish a minimum size and liquidity assumption compatible with investments from a global equity strategy.

Education



Even though access to education is improving around the world, around 258 million children and youths do not attend school.⁸ This is equivalent to around 14% of the global school-age population.

Most of these children live in low-income countries with relatively poor access to education because of political instability or population growth. In sub-Saharan Africa, for example, the primary-school-aged population more than doubled between 1990 and 2017. As a result, even though the rate of children not in school fell by over 50% over this period, the number of children not attending school was barely changed as investment in education was not enough to keep up with population growth.

Given that low-income countries often have poor infrastructure for online learning, the pandemic has further exacerbated the disparity between developed and emerging countries. Students in São Paulo in Brazil, for example, learnt only 28% of what they would have in face-to-face classes, and the risk of dropout increased more than threefold.⁹

As countries struggle to achieve universal primary and secondary education by 2030, global expenditure on education will need to almost triple to reach the USD 3 trillion of annual investments by 2030 deemed necessary to achieve SDG 4, which targets universal access to education. The lion's share of this required investment needs to be in low-income developing nations and emerging economies, where education spending needs are estimated to be 2.3% and 3.2% of GDP respectively.¹⁰ Despite the need to increase public spending on education, there is still a sizable funding gap, which financial markets will need to fill. This represents a compelling opportunity for sustainable impact strategies.

Key figures

- Students could lose USD 17 trillion in lifetime earnings in present value as a result of school closures during the pandemic – the equivalent of 14% of today's global GDP.¹¹
- Before the pandemic, the proportion of children in learning poverty was over 50%. This is now expected to rise to 70%.
- Adult literacy rates have been rising in emerging markets, hitting 93% of people aged 15 and above in 2015, according to Euromonitor.¹² The increased availability of digital content and internet access has played an important role in this trend.
- Despite significant progress in Asia-Pacific, most countries in the region are still not on track to achieve SDG 4 targets on education, according to a report released in 2021 by UNESCO,¹³ revealing great disparities in access to quality education across the region.

Investable universe

There are over 30 companies listed in emerging markets that form part of Robeco's eligible universe and are involved in schooling, learning systems and education-related publishing and REITs linked to education services.

- These companies have a total of USD 57 billion in market capitalization
- Expected sales growth of 20% for the education sector in 2022 and 2023
- At least 85 million students being reached
- These companies only account for 0.10% of the MSCI EM Index
- These companies have a median RobecoSAM SDG score of +2, signaling they have a medium positive impact on the SDGs

8 UNESCO (2019). Institute for Statistics.

9 <https://www.unicef.org/media/111621/file/%20The%20State%20of%20the%20Global%20Education%20Crisis.pdf%20.pdf>

10 Gaspar, V., Amaglobeli, M. D., Garcia-Escribano, M. M., Prady, D., & Soto, M. (2019). Fiscal policy and development: Human, social, and physical investments for the SDGs. Washington D.C.: International Monetary Fund.

11 <https://www.worldbank.org/en/topic/education/brief/learning-poverty#:~:text=To%20spotlight%20this%20crisis%2C%20we,simple%20text%20by%20age%2010.>

12 <https://www.euromonitor.com/article/rising-education-standards-in-emerging-market-economies-will-support-income-and-economic-growth>

13 <https://bangkok.unesco.org/content/persistent-education-disparities-underscore-new-urgency-achieve-sdg-4-asia-pacific>

Sanitation



In 2010, the UN General Assembly recognized access to safe and clean drinking water and sanitation as a basic human right. However, only 45% of the global population has access to a safely managed sanitation service, according to the latest WHO report in 2021.¹⁴

Some 827,000 people in low- and middle-income countries die each year as a result of inadequate access to water or sanitation or poor hygiene, representing 60% of the total number of people dying from diarrhea-related disease. Diarrhea remains a major killer, but is largely preventable: better water quality, improved sanitation and good hygiene could prevent the deaths of 297,000 children under five every year.

Good hygiene is critical in preventing the spread of infectious disease and it makes children less likely to miss school, resulting in better learning outcomes. Good hygiene also reduces the need for spending on health care. A WHO study in 2012¹⁵ calculated that every USD 1 invested in sanitation returned USD 5.50 due to reduced health costs, greater productivity and fewer premature deaths.

Many people in low-income countries live in conditions that make it difficult to maintain good hygiene and where water for washing hands is often widely unavailable. This means that manufacturers of household and personal care products, such as water filters, and local water and environmental services providers can play a critical role in helping people maintain good hygiene even if basic infrastructure is unavailable.

Massive investment is needed in emerging markets to provide clean water and waste collection to improve people's access to water and sanitation and their hygiene conditions. This requires public and private capital. Due to a lack of public funds and the high amount of investment needed, there are plenty of opportunities for private companies to get involved in these activities. Likewise, some of the products made by household and personal care companies can help alleviate sanitation problems.

Key figures

- Over 180 million people in crisis-torn countries have limited access to drinking water, according to UNICEF.¹⁶
- More than 80% of wastewater resulting from human activities is discharged into rivers or seas without being treated.¹⁷
- It is estimated that 36 million hectares (equivalent to the size of Germany) of cropland in peri-urban areas is irrigated by untreated urban wastewater.¹⁸
- Estimates suggest that 2.3 billion people do not have access to both water and soap at home to wash their hands.¹⁹

Investable universe

Water utilities, companies involved in environmental services and personal care and home appliance firms can have a major impact on improving sanitation. There are 96 listed companies in these areas in emerging markets that could represent attractive investment opportunities.

14 <https://www.who.int/teams/environment-climate-change-and-health/water-sanitation-and-health/monitoring-and-evidence/water-supply-sanitation-and-hygiene-monitoring>

15 https://www.who.int/water_sanitation_health/publications/2012/globalcosts.pdf

16 https://www.unicef.org/sites/default/files/press-releases/glo-media-Progress_on_Drinking_Water_Sanitation_and_Hygiene_2017.pdf

17 <https://www.unep.org/explore-topics/water/what-we-do/monitoring-water-quality>

18 <https://www.who.int/publications/i/item/9789241514705>

19 <https://www.unicef.org/press-releases/fact-sheet-global-handwashing-day-unicef-warns-3-10-people-do-not-have-basic#:~:text=According%20to%20the%20latest%20estimates,without%20any%20facility%20at%20all.>

- These 96 companies have a combined market capitalization of USD 342 billion
- Average expected sales growth of 15% for companies providing services and products related to hygiene and sanitation over 2022 and 2023
- Providing 409 million people with water and sewage services
- The companies only account for 1.03% of the MSCI Emerging Markets Index
- The median RobecoSAM SDG score of these companies is +2, signaling they have a medium positive impact on the SDGs

Summary

Impact investing²⁰ is a relatively new phenomenon in emerging markets but it has caught up rapidly in recent years. The Global Impact Investing Network (GIIN) estimates the size of the global impact investing market to be around USD 715 billion at the end of 2019 and 59% of its capital is allocated to emerging markets.²¹

There is still considerable scope for investors to make a positive impact in emerging markets, which, overall, are further away from attaining the SDGs than developed countries. But it's vital that investors are able to work out which firms are contributing towards the SDGs and which are working against them. Robeco's SDG Framework enables us to do just that. Armed with this information, we can then seek to invest in companies with attractive return potential as well as making a positive impact on the world around us.

²⁰ Impact investing refers to investment strategies that actively allocate capital towards companies with positive impacts on the SDGs while avoiding financing firms with negative impacts. This can be understood as an 'impact-aligned' way of investing, in contrast to strategies that actively create real-world change themselves, for instance through active ownership ('impact-generating')

²¹ <https://thegiin.org/assets/GIIN%20Annual%20Impact%20Investor%20Survey%202020.pdf>

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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 Brunei

The Prospectus relates to a private collective investment scheme which is not subject to any form of domestic regulations by the Autoriti Monetari Brunei Darussalam ("Authority"). The Prospectus is intended for distribution only to specific classes of investors as specified in section 20 of the Securities Market Order, 2013, and must not, therefore, be delivered to, or relied on by, a retail client. The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus and has no responsibility for it. The units to which the Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the units offered should conduct their own due diligence on the units.

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. relies 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 Funds 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 their 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 fewer 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 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 there is in any doubt about any of the contents of this document, independent professional advice should be obtained. 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 Indonesia

The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

Additional Information for investors with residence or seat in Italy

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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 document is considered for use solely by qualified investors and is 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 South Korea

The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

Additional Information for investors with residence or seat in Liechtenstein

This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) 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.

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.

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 be 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. Investors 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 invoke 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 does 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 B.V., Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14^o, 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: Affolterstrasse 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 (KIIDs), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

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 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 Thailand

The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

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 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.