



Robeco

ROBECO

The Investment Engineers



Robeco, a subsidiary of ORIX Corporation, is an international asset manager offering a range of active investments, from equities to bonds. Founded in 1929 with headquarters in Rotterdam and 17 offices worldwide it has been a leader in sustainable investing since 1995. Its integration of sustainable as well as fundamental and quantitative research has offered institutional and private investors an extensive selection of active investment strategies for a broad range of asset classes. As of December 2020 Robeco had €176 billion in assets under management, of which €160 billion is committed to ESG integration.

‘ We believe strongly in sustainability investing, quantitative techniques and constant innovation. We know that sustainability is a long-term force for change and a driver to integrate ESG across our investment solutions, actively engage with companies, and work on real impact. ’

Active ownership is integral to Robeco’s overall strategy. They engage with companies worldwide, covering both equity and credit portfolios, on a range of themes aligned with the United Nations Sustainable Development Goals (SDGs). Their integrated approach is recognized as representing best practice, achieving an A+ rating in the 2018 United Nations Principles for Responsible Investment (PRI) assessment. Their dedicated Active Ownership team is responsible for carrying out all their stewardship activities in-house, conducting engagement and voting services for clients.

Commodity deforestation

The Robeco approach to sustainable investing is demonstrated by their approach to palm oil concerns, as described in a 2019 Position Paper. They have been engaging with palm oil producers, traders and buyers since 2010 and in 2017 joined the PRI Working Group on Sustainable Palm Oil as an Advisory Committee member, having been the first asset manager member of the Roundtable on Sustainable Palm Oil (RSPO) in 2019. They have also contributed to the development of the Zoological Society of London's Sustainability Policy Transparency Toolkit (ZSL-SPOTT) palm oil benchmark (as a member of its Technical Advisory Group). In January 2019 they started enhanced engagement with the palm oil industry with minimum expected standards (based on the UN Global Compact Principles) to be met within three years. Robeco also conduct a sector screen that benchmarks companies according to their share of RSPO-certified land for palm oil cultivation, aggregating information from two key sources – the RSPO Annual Communication Progress reports and the ZSL-SPOTT benchmark. Laggards are identified as those for whom less than 20% is RSPO certified. Targeted palm oil producers are expected to have at least 50% of land RSPO certified by December 2021.



The Robeco programme distinguishes between two types of engagement:

- Enhanced engagement focuses on companies that breach principles of the United National Global Compact (UNGC) and/or OECD Guidelines for Multinational Enterprises. This type of engagement is aimed at eliminating the identified breach, and installing proper management systems over a time-bound period to prevent such a breach from recurring.
- Value engagement is a proactive approach centred on material sustainability themes that have the most potential to create value for shareholders. Three to five engagement themes are selected every year through consultation with clients and Robeco's investment teams.

Reflecting the dependence of more than half of the world's GDP on nature and its services and the current loss of biodiversity they decided to make biodiversity the focus of one of their five new engagement themes in their 2020–2023 engagement programme – the impact on biodiversity from deforestation linked to five high-risk crop commodities: cocoa, natural rubber, soy, beef, and tropical timber and pulp.

“ We expect companies operating in sectors which are strongly linked to deforestation and biodiversity loss – which includes companies operating in the tropical forestry sector and all other companies sourcing from high-risk commodities – to take action to measure and mitigate their impacts on biodiversity. Companies that do not address biodiversity will face the risk of becoming less attractive to financial institutions due to the growing attention and commitments Towards biodiversity conservation. ”

Peter van der Werf,
Senior Engagement Specialist Robeco

This will help Robeco contribute to achieving SDG 15 ‘Life on Land’ and promote more sustainable practices among investee companies with high exposures to biodiversity-related risks, such as adopting time-bound zero-deforestation commitments and increasing traceability within their supply chains. One of the main challenges faced is the gap in available data to measure corporate biodiversity footprints. Companies are being encouraged to contribute to closing this data gap, for example by increasing traceability and transparency within their supply chain, and looking at measuring the biodiversity value of the localities in which they operate. Robeco experts have produced a Sovereign SDG Engagement Framework and, as part of an investor group, engaged with the Vice President of Brazil on deforestation issues.

“ Biodiversity loss is one of the major global ecological threats expected to impact society in the coming decades. Investors are exposed to biodiversity loss predominantly through land use change as a result of deforestation through clearing land for expansion of agricultural production. We want companies that produce soy, cocoa or palm oil, or companies that manufacture food to conduct a biodiversity impact assessment of their operations and/or their supply chains. We also want them to develop plans to achieve zero net deforestation by 2023. ”

**Carola van Lamoën, Head of Sustainability
Investing Center of Expertise Robeco**

Measuring and target-setting

In September 2020, Robeco and 25 other financial institutions launched the Finance for Biodiversity Pledge at the Biodiversity Summit of the United Nations General Assembly, committing to protecting and restoring biodiversity through their financial activities and investments. By signing the pledge, they committed to collaborating and sharing knowledge, engaging with companies, assessing the biodiversity impact of their activities and setting targets and reporting publicly on progress by 2024. The commitments Robeco took under the Pledge will lead them to go beyond their engagement with companies in the context of commodity deforestation and to look into the biodiversity footprints of their portfolios more broadly.

To drive this work, Robeco has set up an internal biodiversity taskforce composed of sustainability experts and representatives of the investment teams. The taskforce developed a roadmap that includes: assessing the materiality of biodiversity for investment portfolios and identifying the “hotspots”; measuring the positive and negative impacts of investments on biodiversity; and setting biodiversity targets to reduce the overall impact of their portfolios on biodiversity.

“ We see biodiversity as a fundamental aspect underpinning all of the global economy and global society. Obviously, climate change is a very important threat, and a threat we have all become aware of in the past five years. Companies have started setting targets, and investors have started setting targets to move to net zero. But biodiversity has been more hidden out of sight, even though NGOs and civil society has been raising the alarm for many years now. The global business community hasn’t really come to grips with the risks from biodiversity. It’s been in the shadow of climate change a bit, but it might be a bigger problem than climate change ahead of us. There is an alarming decrease in biodiversity, ranging from small species to large predators, and to what you find in the soil. All of these are fundamental for how productive our agriculture is, and how resilient our global ecosystem is. That is why Robeco has set up a biodiversity task force, which will work on delivering the commitment that we made with the Finance for Diversity Pledge. ”

**Peter van der Werf,
Senior Engagement Specialist Robeco**



Partnerships

Robeco also established a number of knowledge partnerships to advance the models and data that are required for measuring and steering on biodiversity impacts in its portfolios. In the Netherlands, Robeco is collaborating with other investors in the Partnership for Biodiversity Accounting Financials (PBAF). The aim is to create a framework for financial institutions to address the biodiversity impact of their portfolios across asset classes. In the UK Robeco has partnered with the Cambridge Institute of Sustainability Leadership (CISL) to develop a framework for reporting and measuring nature-related financial risks and opportunities. Robeco also participated in the informal working group to set up the Taskforce for Nature-related Financial Disclosure (TNFD).

“ Robeco recognizes the financial risks of biodiversity loss and actively engages to mitigate the negative impact of deforestation in the global supply chains where our investments have exposure to. On top of that we are committed to find ways to measure the biodiversity footprint of our portfolio and aim to provide transparency on this topic to our clients and to society. Our partnerships with academic institutions and other organizations are crucial for us to make the next steps on this journey.”

Carola van Lamoen, Head of Sustainability
Investing Center of Expertise Robeco

The campaign is being led by the [Institute of Chartered Accountants in England and Wales](#) alongside the [World Business Council for Sustainable Development](#), [IUCN](#) and [Oppla](#).



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wevaluenature.eu

info@wevaluenature.eu

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