

About the asset manager

Assets under management	USD 111.7 bn, USD 27.6 bn according to ESG principles
Number of inv. profess.	181
Number of inv. profess. dedicated to ESG	37
Participation in shareholder meetings	Yes, active
ESG rating	„Sustainable“ according to leading ESG rating agencies
ESG consultant	Internal ESG specialists
External data sources	<ul style="list-style-type: none"> • Sustainalytics • MSCI ESG Research • Hermes EOS • Asset4/Thomson Reuters • Inrate • ISS-ethix • Vigeo • Eiris

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A+; above average rating for sustainable investment strategies
Others	<ul style="list-style-type: none"> • Principles for Responsible Investments (PRI) • UN Global Compact • Carbon Disclosure Project • Swiss Sustainable Finance (SSF) • Sustainable Finance Geneva (SFG) • Forum per la Finanza Sostenibile • Spainsif • Corporate Support Group of ICRC • Sustainable Construction Network Switzerland • Energy Agency (EnAW) • Swiss Climate Foundation • The Austrian Eco-Label • Öbu

Voting activity

Exercise of voting rights	Active; 2018: 463 AGMs
ESG consultant	Hermes EOS (HEOS) for global equities and Ethos for Swiss equities
Voting report	Yes

Additional information

<https://www.vontobel.com/en-ch/asset-management/equities/thematic-investing-boutique/sustainability/>

Decision making process for exclusion decisions

Vontobel Sustainability Committee

Chaired by Vontobel's Group CEO. Oversees implementation of our sustainable investing policy. It also defines, based on Vontobel's Sustainability Principles, the group-wide sustainability strategy and sets specific targets. Members of the committee include representatives from all three business units, Investor Relations, Group Marketing and Communications, Operations, Group Human Resources, Corporate Responsibility as well as Corporate Sustainability Management.

ESG Investment Governance Committee (IGC)

Responsible for the coordination of the ESG investment strategies, including overarching principles and policies, and generally advances ESG investing throughout the various investment teams in Vontobel Asset Management (AM). The ESG-IGC consists of representatives of all AM investment boutiques and meets on a monthly basis. The ESG-IGC reports into the Vontobel AM Executive Committee. The chair of the ESG-IGC has a seat on the Vontobel Sustainability Committee.

Consultant for investment guidelines and exclusion criteria

The ESG Investment Committee defines the ESG philosophy and policy within Vontobel Asset Management and determines the framework for all boutiques and products. The ESG committee meets on a monthly basis for the determination and supervision of common standard across investment boutiques and strategies. An ESG Competence Center (5 analysts) supports the boutiques' portfolio management teams in implementing their specific sustainable investment strategies by providing ESG assessments and information for equities, bonds and real estate. The ESG Competence Center uses and analyses ESG data and information from specialized providers, as well as original information from companies, press and NGOs. The ESG Competence Center also uses proprietary ESG assessments models.

Decision making process for exercising voting rights

Vontobel's portfolio managers receive daily alerts of upcoming company meetings along with a voting recommendation from third party (proxy)-voting providers, based on standardized policies agreed by Vontobel, and supporting research. The portfolio managers reviews the voting decision and if they agree no further action is required. If they disagree, which may occasionally happen if the standard recommendation does not match the portfolio managers' in depth knowledge of a company and its management, the portfolio manager can change the vote directly within the online proxy voting platform. This process ensures that we execute all of our voting obligations while maximizing efficient use of Vontobel's resources by freeing the investment team of the administration effort and basic research required for dealing with the majority of proxy votes, but retaining the authority for portfolio managers to personally make a decision in the interests of our investors on the issues we think are most important.



Sustainability report of the portfolio manager: Vontobel Asset Management

IST EQUITIES SWITZERLAND SMALL MID CAPS

Engagement

Engagement	Yes; 2018: engaged with over 170 companies regarding ESG issues
Consultant	Hermes EOS (HEOS) since 2011, ISS-ethix as well as internal fact-finding engagement

ESG consultant for engagement activities

To us, engagement is any constructive communication with companies where we use our status as equity owners to encourage them to improve their performance. Vontobel analysts and portfolio managers are encouraged to engage informally on relevant topics with the management of companies in the course of their fundamental research. Our analysts regularly contact companies in order to learn more about governance standards or environmental performance and receive relevant information that is not covered in company reports. With our engagement partner, Hermes EOS, we defined key commitment issues. Our engagement is directed towards companies which show room for improvement in certain areas. If there is the need to raise an issue with a company, we approach our engagement partner and request them to take action.

IST portfolio

Portfolio overview

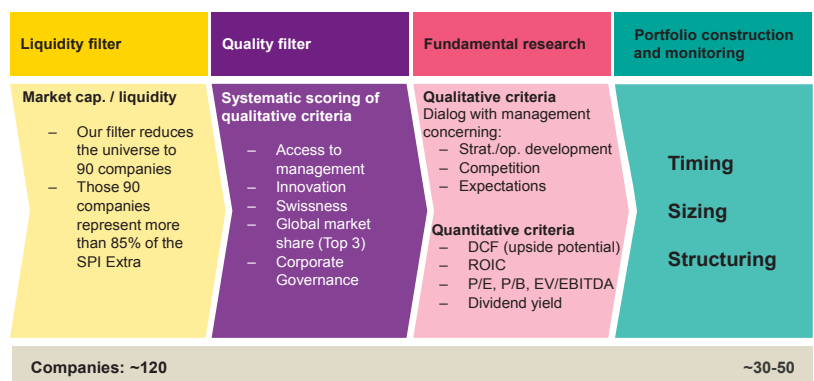
ESG rating	Yes
Application of an exclusion list	Yes, completed by SVVK criteria (provided by IST)
Exercise of voting rights	Yes, exercised by IST for Swiss equities

Additional information

<https://www.svvk-asir.ch/en/about-us/>

Incorporation of ESG factors into the investment process

Corporate Governance criteria are an essential part of our qualitative filtering process (please also refer to our investment process overview). For each company we systematically evaluate and score the following corporate governance criteria: remuneration structure/long-term incentive plans, shareholder structure/major shareholder, diversity of Board of Directors, independence of Board of Directors, number of external mandates of Board of Director members.



Identification of companies excluded

Since 2012, Vontobel has in place a Group-wide policy that prohibits investments in companies producing cluster bombs or land mines. These weapons serve neither to secure peace nor to promote the sustainable development of the international community. Their production, use and supply have been banned by international conventions and are excluded by Vontobel Group from all investments and financing advisory.

The precise definitions of the banned weapons are given in international conventions regarding cluster bombs (Convention on Cluster Munitions) and anti-personnel mines (Ottawa Treaty).