

About the portfolio manager

Assets under management	USD 186 bn, USD 162 bn according to ESG principles (30 Sep 20)
Number of inv. profess.	234 (30 June 20)
Number of inv. profess. dedicated to ESG	36
Participation in shareholder meetings	Yes
ESG rating	A+
ESG consultant	Internal research
External data sources	<ul style="list-style-type: none"> • RepRisk® • Glass Lewis • Sustainalytics

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A+
Others (selection), e.g.	<ul style="list-style-type: none"> • UN Global Compact • EFAMA • Sustainable Value Creation platform • ICCR • VBDO • Invest Europe • NVP (Dutch Private Equity Association) • IIGCC (Institutional investors Group on climate change) • CDP (Carbon disclosure project) • Portfolio Carbon Accounting Financials • UNEP FI • DNB Sustainable Finance initiative • Swiss Sustainable Finance (SSF) • Sustainable Finance Geneva (SFG) • Human rights investor alliance • International Corporate Governance network (ICGN) • Eumedion Dutch governance platform • ACGA (Asian Corporate Governance association) • AMEC • GIIN (Global impact investing network) • SDG Investment initiative

Voting activity

Exercise of voting rights	Yes; 2019: >6'000 GM
ESG consultant	Glass Lewis
Voting report	Yes

Additional information
<https://www.robeco.com>

Decision making process for exclusion decisions

Robeco considers exclusions from its investment universe to be an action of last resort. Engagement with companies is our first and preferred option. The Robeco exclusion policy applies to all listed assets under management from all funds over which we have full discretion. For Robeco's Sustainable Fund range, a more extended exclusion policy is applicable.

We exclude from our investment universe the following focus areas:

- Controversial behavior
- Controversial weapons
- Tobacco, Palm oil, Thermal coal
- Controversial countries

Consultant for investment guidelines and exclusion criteria

The investment guidelines and exclusion decisions are set up internally. The Active Ownership team is responsible in cooperation with the Portfolio Managers.

Decision making process for exercising voting rights

Research phase

We purchase research from leading corporate governance providers for every meeting. This provides us with the background of every agenda item, and serves as the starting point for our analysis

Voting analysis

Based on our extensive screening of important agenda items, the voting analyst reviews all relevant material such as sustainability reports, annual report and news items.

Input from equity/credits analysts and portfolio managers: In case of high-profile cases, such as mergers & acquisitions, significant holdings, companies under engagement, and other special instances, we gather input from Robeco research analysts and portfolio managers. The voting instructions for all fundamental equity positions are communicated to the relevant portfolio management and analysts teams on a weekly basis via an automated email, to ensure integration between the Active Ownership and portfolio management teams, and to allow for portfolio management's extensive knowledge on their holdings to be factored into the voting analysis.

Input engagement specialists: In case the company is under engagement, we discuss the agenda with the engagement specialist responsible for the case.

Proprietary input: By leveraging on its comprehensive database, Robeco is ideally positioned to identify companies leading and lagging their peers in terms of sustainability and thus stakeholder value creation. Information provided by other sustainability research providers is also taken into account in our holistic voting analysis

For specific agenda items, such as remuneration, board composition and shareholder proposals we use proprietary assessment frameworks to guide our voting instructions.

Vote instruction

The voting decision is made on an electronic voting platform, in line with clients voting policy, using the data gathered in the previous steps, to ensure a fully formed vote decision.



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Engagement

Engagement	Yes
Consultant	The engagement activities are set up internally

ESG consultant for engagement activities

Yes. The engagement activities are set up internally. The Active Ownership team is responsible in cooperation with the Portfolio Managers.

IST portfolio

Portfolio overview

ESG rating	The ESG score of the portfolio is 57.8 (MSCI World ex Switzerland Index: 52.1)
Exercise of voting rights	Yes
Application of an exclusion list	Yes

Incorporation of ESG factors into the investment process

We integrate ESG in the portfolio-construction process by ensuring that the scores on the Environmental, Social and Governance dimensions of the portfolio are higher than the index. The ranking model proposes a high-ranking stock for inclusion when constructing the portfolio. It will propose another high-ranking stock if the portfolio would score below average on one or more of these dimensions. Companies with higher ESG scores have a greater chance of inclusion in the portfolio as a result of this positive screening.

Identification of companies excluded

We exclude from our investment universe the following focus areas:

Controversial behavior

Robeco acts in accordance with the United Nations Global Compact (UNGC) to assess the behavior of companies. These are based on four categories: human rights, labor standards, environment and anti-corruption. Robeco may decide to exclude a company from its investment universe if engagement, which may last up to three years, does not lead to the desired change.

Controversial weapons

Robeco deems anti-personnel mines, cluster munitions, chemical, biological weapons, depleted uranium weapons and nuclear weapons to be controversial weapons. We exclude manufacturers of products that do not comply with international treaties or legal bans on controversial weapons.

Tobacco

Tobacco is an unhealthy and socially disadvantageous product. Robeco deems investing in tobacco companies an unsustainable investment. Exclusion is applied to companies that are involved in the production of tobacco or suppliers of significant components of cigarettes (such as filters) or companies with a significant ownerships in those companies.

Palm oil

Robeco considers the production of palm oil a process with significant environmental and social risks, leading to breaches of the UN Global Compact when this product is not produced sustainably. Exclusion is applied to listed companies that have less than 20% of their plantations RSPO certified or companies with a significant ownership in those companies defined by a revenue contribution of at least 20% palm oil revenues. Palm oil producing companies that do not reach 50% RSPO certified plantations by 31 December 2021 will then be excluded.

Controversial countries

Countries that are subject to a full set of UN, EU or US sanctions are considered as being controversial. Robeco will follow applicable sanctions of the UN, EU or US to which it is subject and follows any mandatory (investment) restrictions deriving therefrom.

Thermal coal

Robeco has decided to exclude investments in thermal coal as it is by far the highest carbon-emitting source of energy in the global fuel mix. Oil sands are among the most carbon-intensive means of crude oil production, and Arctic drilling poses higher risks of spills compared to conventional oil and gas exploration. It also has potentially irreversible impacts on the sensitive Arctic ecosystem. Exclusion is applied to listed companies that generate more than 25% of their revenues from thermal coal or oil sands or more than 10% of their revenues from arctic drilling.