

About the portfolio manager

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| Assets under management | USD 44.2 bn; total AuM managed according to ESG principles |
| Number of inv. profess. | 141 |
| Number of inv. profess. dedicated to ESG | 13 |
| Participation in shareholder meetings | Yes |
| ESG rating | „Sustainable“ |
| ESG consultant | Hermes EOS |
| External data sources | <ul style="list-style-type: none"> • Sustainalytics • MSCI • Bloomberg • Factset • ISS • Boardex Trucost • CDP |

Memberships

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|--------------------|--|
| Signatory to UNPRI | Yes |
| UNPRI rating | A+ |
| Others, e.g. | <ul style="list-style-type: none"> • 300 Club • Banking Standards Board • Aiming for Investor Coalition • Better Buildings Partnership • CDP • CFA - Future of Finance Advisory Council • Eumedion • Global Infrastructure Investors Association • Global Real Estate Sustainability Benchmark (GRESB) • Internat. Integrated Report. Council (IIRC) • International Corp. Gov. Network (ICGN) • Inst. Investors Group on Climate Change • InvestEurope • Sustainability Accounting Standards Board • UK Investor Forum • UN Environment Finance Initiative • UN Global Compact • Willis Tower Watson's Thinking Ahead Institute |

Voting activity

| | |
|---------------------------|------------|
| Exercise of voting rights | Yes |
| ESG consultant | Hermes EOS |
| Voting report | Yes |

Additional information

<https://www.hermes-investment.com/uk/wp-content/uploads/2020/02/eos-annual-review-2019.pdf>

Decision making process for exclusion decisions

We question a company's purpose, how and where it generates its profits and whether these come at the expense of externally imposed costs or present future risks. The answers to these questions inform our investment decisions. Each of our investment teams has the flexibility to form their own judgements based upon their own detailed analysis, however, each team is expected to have documented their considerations and be able to justify any investment decision both internally to our Portfolio Review Committee as well as, importantly, to clients. As a general rule, we prefer to engage with companies rather than exclude them from our investible universes. In our view successful engagements can reduce the risks to shareholders, unlock value and reap benefits to wider society.

Consultant for investment guidelines and exclusion criteria

Hermes EOS works with Sustainalytics to provide a list of companies that are either in breach or likely to breach the UN Global Compact Principles. Sustainalytics is the primary source of data of company involvement in controversies. Where appropriate, and where the issue is material, Hermes EOS' engagement professionals may flag additional concerns where they have been able to gain further information through their direct engagements with companies.

Decision making process for exercising voting rights

Proxy voting of shares is undertaken by Hermes EOS, our in-house world class stewardship service, on behalf of clients and all of Hermes' investment teams. We partner with ISS, enabling us to leverage their extensive resource with regard to voting research, recommendations and execution. In terms of process, Hermes EOS undertakes detailed research into the particular circumstances of each company and the items on the general meeting agenda prior to voting its clients' shares. This includes a careful analysis of the company's annual report, meeting agenda, and any other publicly available information to identify particular issues of concern. Our extensive database of company contacts, which includes 10 years of details of all communications with companies, is also key to the decision-making process. All of the other inputs – from advisory agencies, brokerages, portfolio managers, news flow and elsewhere – are then considered in arriving at our voting decisions. We believe that a flexible 'comply or explain' approach to voting is appropriate for most companies. However, to be effective, such an approach requires significant resources at the appropriate level. Our voting recommendations and actions are made by and for experienced and business-oriented investors in order to support companies' sustainability and long-term performance. We believe that the Hermes EOS team is well placed to research and make judgments as to the degree to which companies can reasonably comply with local best practice and where exceptions are appropriate. In cases where we feel it appropriate to vote against management, we will always discuss the issue directly with the company. The aim of this contact, usually by telephone, is to establish the facts and circumstances surrounding the issue and check our interpretation of the resolution.

Engagement

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|------------------------|---|
| Engagement | Yes |
| Consultant | Hermes EOS |
| Additional information | https://www.hermes-investment.com/uk/wp-content/uploads/2020/02/eos-annual-review-2019.pdf |

IST portfolio

Portfolio overview

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|----------------------------------|--|
| ESG rating | No |
| Application of an exclusion list | Yes; SVVK list provided by IST, additionally no investments in thermal coal are permitted (turnover >50% of a company) |
| Exercise of voting rights | Yes |
| Additional information | https://www.svvk-asir.ch/en/about-us/ |

Identification of companies excluded

Hermes operates a firm-wide exclusion policy with respect to pure-play cluster munitions companies and manufacturers of anti-personnel land mines. For individual segregated portfolios, we exclude specific restricted lists as provided by the client. All client investment guidelines are coded into the order management system, and the investment guidelines will be reviewed prior to orders being passed to the dealing desk. Coding is undertaken via a robust rule summary process and is always subject to further review by a senior member of the Compliance team. Once client risk limits have been entered into the system, they cannot be altered by portfolio managers. If there are restrictions that cannot be coded into thinkFolio, the Compliance team will check these manually on a post-trade basis.

ESG consultant for engagement activities

Hermes EOS, our in-house stewardship service, is one of the leading providers of corporate engagement, intelligent voting, portfolio screening, public policy engagement and advisory services. Hermes EOS provide a platform for like-minded investors to pool resources, creating a powerful force for positive change.

Incorporation of ESG factors into the investment process

ESG factors are incorporated into the investment process of the IST mandate in three ways. Firstly, at the point of investment proposal, ESG considerations are integrated into the fundamental research process and are explicitly summarised in each stock note. A summary of the major ESG issues and opportunities pertinent to the company is included on the front-page discussion at meetings with management. ESG scores, from third party providers and our proprietary rating tool, are also assessed. However, these do not form a basis for investment or divestment. Rather the team uses its own research to assess risks and opportunities and seeks to identify companies that are fundamentally attractive and importantly have a positive direction of travel. We also leverage the wealth of resource offered by EOS, our in-house stewardship team, which is invaluable in providing expertise and a broader context to ESG factors and trends. We believe an approach of genuine ESG integration and engagement can lead to a greater shareholder value enhancement than simply investing in companies with good ESG scores. Secondly, once an investment has been made, a prioritised engagement agenda is created for stocks in the portfolio and delivered by Will Pomroy, the Lead Engager on the team. We aim to work with senior management to achieve beneficial change (risk management, governance, sustainability and business practices) and create long-term value for shareholders. Thirdly, the ESG credentials of the portfolio are considered holistically, through the proprietary Hermes QESG score and compared to the index (Russell 2500) scores. Portfolio scores have been, and remain, significantly above index scores.

