

### About the asset manager

Assets under management	USD 126.9 bn, USD 23.8 bn according to ESG principles
Number of inv. profess.	181
Number of inv. profess. dedicated to ESG	34 working on ESG-related topics, 14 being fully dedicated to ESG
Participation in shareholder meetings	Yes, active
ESG rating	n/a
ESG consultant	Internal ESG specialists External data sources
External data sources	<ul style="list-style-type: none"> <li>• Sustainalytics</li> <li>• MSCI ESG Research</li> <li>• SynTao Green Finance</li> <li>• Hermes EOS</li> <li>• Asset4/Refinitiv</li> <li>• YourSRI.com</li> <li>• Political Risk Services (PRS) Group</li> <li>• Inrate</li> <li>• ISS ESG</li> <li>• Freedom House</li> </ul>

### Memberships

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

### Voting activity

Exercise of voting rights	Active; 2018: 463 AGMs
ESG consultant	Hermes EOS (HEOS), Institutional Shareholder Services (ISS), Ethos
Voting report	Yes
Additional information	<a href="https://am.vontobel.com/en/sustainable-investing">https://am.vontobel.com/en/sustainable-investing</a>

### 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 Governance Committee defines the ESG philosophy and policy within Vontobel Asset Management and determines the framework for all boutiques and products. The ESG Investment Governance Committee meets on a monthly basis for the determination and supervision of common standard across investment boutiques and strategies.

### 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. This process ensures that we execute 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. Since 2019, Vontobel Asset Management has a voting policy in place.



# 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, 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. Since 2019, Vontobel Asset Management has an Engagement Policy in place.

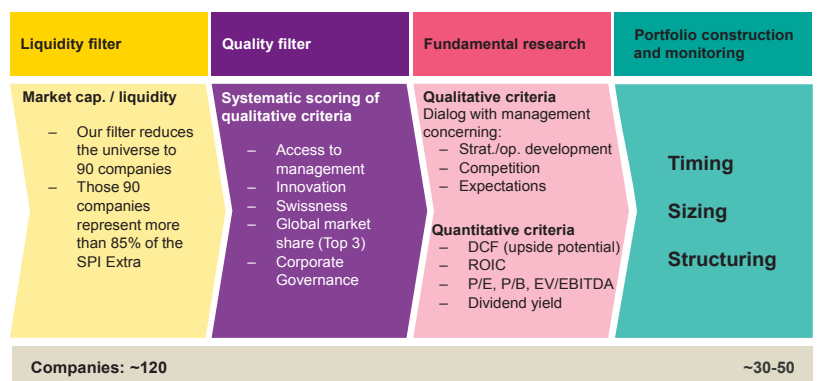
## IST portfolio

### Portfolio overview

ESG rating	Yes
Application of an exclusion list	Yes, completed by SVVK criteria (provided by IST); additionally no investments in thermal coal are permitted (turnover >50% of a company)
Exercise of voting rights	Yes, exercised by IST for Swiss equities
Additional information	<a href="https://www.svvk-asir.ch/en/about-us/">https://www.svvk-asir.ch/en/about-us/</a>

### 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).