

Introduction

RobecoSAM AG (RobecoSAM) believes that some products and business practices are detrimental to society and incompatible with sustainable investment strategies.

Therefore, RobecoSAM acts in accordance with the United Nations Global Compact (UNGC) to assess the behavior of listed companies. Engagement with them on these topics is a useful instrument to help promote sustainable corporate practices.

An enhanced engagement process is applied for listed companies that have severely breached the UNGC

principles. If this process, which may last up to three years, does not lead to the desired change, RobecoSAM will exclude a listed company from its investment universe. The enhanced engagement is performed by RobecoSAM's sister company, Robeco Institutional Asset Management B.V. (Robeco).

Furthermore, our policy encompasses companies excluded by Robeco as well as those with significant exposure to damaging activities, such as the production of tobacco or firearms.

Focus Areas

A. Global Compact Breaches

RobecoSAM monitors UNGC breaches for controversial behavior and applies an enhanced engagement process for listed companies that have severely breached the UNGC principles (which are outlined in Annex 1). If this enhanced engagement, which may last up to three years, does not lead to the desired change, RobecoSAM will exclude that company from its investment universe. The enhanced engagement process is performed by Robeco.

Within the UNGC principles, RobecoSAM pays particular attention to identifying companies that have violated child-labor laws, either in their own operations or through the actions of companies in their supply chains. We restrict our investment based on significant supply chain incidents if the company has failed to take steps to resolve the issue through appropriate action and in a timely manner.

B. Damaging Businesses

Firearms

RobecoSAM excludes companies involved in the manufacture of firearms or arms ammunition to civilian, military and law enforcement customers.

Controversial Weapons

RobecoSAM deems anti-personnel mines, cluster munitions, chemical and biological weapons, depleted

uranium weapons and nuclear weapons to be controversial weapons. Exclusion is applied to listed companies that are manufacturers of certain products that do not comply with the following treaties on controversial weapons:

1. The Ottawa Treaty (1997), which prohibits the use, stockpiling, production and transfer of anti-personnel mines.
2. The Convention on Cluster Munitions (2008), which prohibits the use, stockpiling, production and transfer of cluster munitions.
3. The Chemical Weapons Convention (1997), which prohibits the use, stockpiling, production and transfer of chemical weapons.
4. The Biological Weapons Convention (1975), which prohibits the use, stockpiling, production and transfer of biological weapons.
5. The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China).

In addition to applicable rules and regulations in this respect, RobecoSAM funds will not invest in securities of listed companies that are producers of such controversial weapons or strategic parts thereof, or that gain revenues out of selling or transporting them. This restriction applies

to companies “involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.”

Military Contracting

RobecoSAM excludes companies that generate 5% or more of their revenues from selling weapon systems and/or integral, tailor-made components for weapons to the military.

Tobacco

RobecoSAM excludes companies involved in the production of tobacco or significant components of cigarettes (such as filters). We do not exclude retailers that sell such products.

Thermal Coal

RobecoSAM excludes mining companies that generate 10% or more of their revenues from thermal coal, and

power producers that generate 20% or more of their revenues from thermal coal. We expect companies to reduce their dependence on thermal coal in the future and will engage with companies to encourage the cessation of such activities. Consistent with this expectation, we will lower these two thresholds in the coming years.

Other

RobecoSAM offers various other exclusions to suit client needs for specific mandates.

Implementation

1. For exclusions, all company-related investment instruments (e.g. equity, equity derivatives) are considered.
2. RobecoSAM will apply the exclusion policy to all listed assets under management within its fund range, including sub-advised funds.
3. For specific discretionary mandates, RobecoSAM offers various other exclusion criteria to suit client needs.

Annex 1

United Nations Global Compact Principles

Human rights

Businesses should:

- (1) support and respect the protection of internationally proclaimed human rights; and
- (2) ensure that they are not complicit in human-rights abuses.

Labor standards

Businesses should uphold:

- (3) the freedom of association and the effective recognition of the right to collective bargaining;
- (4) the elimination of all forms of forced and compulsory labor;
- (5) the effective abolition of child labor; and
- (6) the elimination of discrimination in respect of employment and occupation.

The environment

Businesses should:

- (7) support a precautionary approach to environmental challenges;
- (8) undertake initiatives to promote greater environmental responsibility; and
- (9) encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Businesses should:

- (10) work against corruption in all its forms, including extortion and bribery.

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