

RobecoSAM acknowledges the responsibility of the asset management industry towards addressing climate change risks through the investment decisions that we make and the contact we have with investee companies and other institutions. Integrating climate considerations into our investment decisions is a critical aspect of prudent investing, since neglecting climate change effects could negatively impact investment performance through unwanted risk exposures and missed opportunities during the transition to a low-carbon economy. We also aim to contribute to realizing the Paris Agreement ambition to keep temperature rise well below 2 degrees Celsius above pre-industrial levels by leveraging our position as a leading voice in the capital markets to bring light to climate change risks and solutions. Finally, we recognize the potential for climate change impacts to impede

achievement of the Sustainable Development Goals (SDGs).

RobecoSAM's approach to deal with climate change risks is based on six pillars:

1. Corporate Sustainability Assessment
2. Investment process
3. Portfolio decarbonization
4. Active ownership
5. Divestment
6. Reducing our own footprint

1. Corporate Sustainability Assessment (CSA)

RobecoSAM's Corporate Sustainability Assessment (CSA) is an annual assessment of companies' sustainability practices. Each year we analyze over 3,900 listed companies for economic, environmental, and social factors that are relevant to the companies' success. Based on a rigorous and rules-based methodology the CSA forms the research backbone of the globally recognized Dow Jones Sustainability Indices. We also use the insights of the CSA across our range of asset management products and services.

The Climate Strategy criterion forms a critical part of the CSA. Alignment between the CSA and the CDP on climate change questions aims to facilitate more consistent corporate reporting on how companies are managing climate-related issues for a resilient future. We also view the recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosure as a very important development leading to further evolution of the CSA.

2. Investment process

RobecoSAM's investment teams adopt a holistic approach when integrating sustainability into their investment processes. We view sustainability factors as fundamental long-term drivers of change in markets, countries and companies which impact future corporate performance.

Based on this belief, the sustainability of a company's products, services and operations are critical value drivers in our investment process, alongside the quality of the business and valuation.

We believe that systematically considering climate change risks in our investment processes is essential to the success of our core, thematic and impact investing strategies. We address climate change risks through evaluation of business models, corporate climate change strategies, products and services. By including the analysis on climate change in the investment process, our fundamental analysts have a better view on the risks (and opportunities) companies are exposed to. They can then direct capital towards companies that are aiding the transition and value risks for companies that do not. We have also developed quantitative solutions with a focus on environmental risks and opportunities. These strategies select companies based on our environmental scores, where the climate change strategy criteria described above has a major weight, and reduce the carbon footprint of the portfolio compared to the benchmark, as described further below.

3. Portfolio decarbonization

RobecoSAM is committed to measuring the carbon footprint of its investment products. Our Environmental Impact Monitoring tool measures the impact of investors'

portfolios in terms of greenhouse gas emissions, energy and water consumption and waste production. We have further developed tools for actively managing the reduction of the greenhouse gas emissions footprint associated with our portfolios while also controlling for other environmental indicators.

Based on these tools RobecoSAM has adopted a comprehensive approach to reducing emissions with respect to the relevant benchmark. We are also able to respond to specific client requirements in optimizing investment portfolios to meet absolute targets. All diversified RobecoSAM funds optimize their carbon footprint. These funds have at least a 20% target on carbon reduction towards the benchmark. This underpins our commitment as an asset manager member of the Portfolio Decarbonisation Coalition.

4. Active Ownership

RobecoSAM has a long track record of engaging with companies on their environmental, social and governance practices and using our voting rights to support shareholder proposals that help address climate change risks. RobecoSAM engages with companies in high-impact sectors on their response to climate change risks. This includes engagements with greenhouse gas intensive industries where we encourage the oil and gas, utilities, automotive, extractive, cement and real estate industries to reduce their greenhouse gas emissions. We encourage the implementation of proactive and ambitious environmental strategies, the pursuit of operational excellence, the creation of asset portfolio resilience, the innovation of business models, and responsible participation in the public policy debate.

RobecoSAM's engagement and voting activities are performed by our sister company, Robeco Institutional Asset Management B.V. (Robeco). RobecoSAM works closely with Robeco to design engagement strategies, perform background research, set engagement objectives, participates on calls with company management, and track progress over time. Thus, we follow the Robeco Engagement policy which can be found here: <https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf>, and the Robeco Voting policy which can be found here: <https://www.robeco.com/docm/docu-robeco-voting-policy.pdf>.

RobecoSAM is also involved in policy engagement related to climate change. This is done in collaborative initiatives including PRI, IIGCC and ICCR.

5. Divestment

United Nations Global Compact Violations

RobecoSAM believes that our responsibility as an investor requires us to make investment decisions and to engage for better corporate practice. To date, we have made selective choices to exclude companies from our investment decisions as a result of their inability to correct certain inappropriate or unsustainable practices in relation to environmental and climate change issues. For this reason we exclude companies that continue to severely and structurally breach the United Nations Global Compact principles related to environmental issues after an intensive but unsuccessful engagement dialogue. RobecoSAM's exclusion policy and exclusion list can be found here:

http://www.robecosam.com/images/RobecoSAM_Exclusion_Policy.pdf.

Thermal Coal

RobecoSAM believes thermal coal is a particularly problematic fossil fuel, and therefore a major financial risk for investors. Thermal coal is a product that is predominantly used in power generation and is a more carbon intensive source of energy than any of the alternatives such as oil and natural gas. It is also associated with other kinds of emissions with environmental and health concerns. We focus on thermal coal because we consider that power generators have a choice of technologies and we expect them to move towards the lower carbon alternatives.

All RobecoSAM funds are divested from mining companies that generate more than 10 percent of revenues from thermal coal, and from power producers that generate more than 20 percent of revenues from thermal coal. We expect to see companies working to reduce their dependence on thermal coal in the future and will engage with companies to encourage the runoff of thermal coal activities. Consistent with this expectation we will lower the threshold at which we accept such investments in our funds along the lines of the following schedule:

	Mining	Power Generation
Today	10%	20%
2020	5%	15%
2022	3%	10%

6. Reducing our own footprint

RobecoSAM actively strives to reduce its own energy consumption and water use and promotes the use of sustainable energy. Various energy-saving measures are being implemented to achieve continuous reductions in energy consumption, and certificates have been received from the Swiss Private Sector Energy Agency, Die Post, and EWZ acknowledging these efforts. Environmental considerations are an essential part of our important purchasing decisions. When building or renovating offices, RobecoSAM applies strict environmental standards with regard to the buildings and the materials used.

RobecoSAM was the first firm in Switzerland, starting in 2001, to fully compensate its carbon emissions on an annual basis, and is certified CarbonNeutral® in accordance with The CarbonNeutral Protocol. Furthermore, RobecoSAM is a member of Klimastiftung Schweiz and fully redistributes the federal reimbursements from the Swiss CO₂-Lenkungsabgabe (carbon tribute) to climate relevant projects.

The RobecoSAM Climate Change Policy will be reviewed on a regular basis.