

## Responsible Investment Policy

### Statement of commitment

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At Unigestion, managing risks lies at the heart of our investment philosophy and is the common thread running through all our investment strategies. We believe that integrating environmental, social and corporate governance (ESG) criteria into our investment and decision making processes is essential to better understanding the risks of our investments and therefore has a positive impact on the risk-adjusted performance of our investment portfolios.

In addition we serve institutions whose stakeholders take a keen interest in the ESG behaviour of the companies they invest in. We therefore believe it is also our duty towards them to integrate ESG criteria into investment decision making processes.

As a signatory of the UN supported PRI we have committed to continuously increasing our scrutiny of the way these issues are respected, measured, reported on and handled throughout our investment activities, and to making ongoing improvements.

Our Responsible Investment Policy is built on the following three principles. We are committed to these principles and strongly believe our investors will benefit from this commitment over the long term.

### We integrate ESG criteria into our investment decision making processes

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- ∟ We know that ESG factors can represent significant challenges for both companies and fund managers and thus they can pose a considerable threat to the long term stability of an investment and its ability to perform according to our expectations. Therefore our thorough understanding and management of risk gives rise to our strong belief that ESG considerations must be integrated into each and every decision making process concerning investment matters.
- ∟ In all of our equity portfolios we include ESG analysis at different steps of the process to eliminate stocks with important specific ESG risks such as environmental, excessive carbon emissions, workforce treatment or corporate governance issues, legal problems or fraud. We also exclude stocks with direct exposure to controversial weapons (cluster bombs, landmines, depleted uranium, and chemical and biological weapons) from all our equities portfolios. In addition to its internal qualitative research from the fundamental equity analysts, Unigestion also uses ESG research provided by EIRIS which offers a wide range of responsible investment services which we use to qualitatively validate our equity portfolios on an ongoing basis.
- ∟ When we use external managers in a portfolio, Unigestion has included a dedicated ESG questionnaire to its standard due diligence process. The questionnaire encompasses the broad topics of engagement, transparency, and ESG promotion as well as some more strategy-specific elements that vary according to the underlying asset class. Analysing the answers leads to a grading of the external managers on a 1-5 scale, with 1 being the managers that we consider as “leaders” in the field while 5 being the “reluctant” ones. This scoring gives us a more in-depth understanding of ESG related risks and the areas that need to be monitored.
- ∟ We have been managing segregated mandates with ESG constraints since 2004 and this now represents a material part of our assets under management. We recognize that our clients have their own vision on ESG issues, so we provide dedicated ESG solutions that incorporate our clients’ specific convictions with Unigestion’s investment management philosophy and expertise.
- ∟ Our flagship multi-asset product, Uni-Global - Cross Asset Navigator, does not invest in agricultural commodities in order to avoid speculation and volatility which could negatively impact farmers and those with vulnerable food supplies.



## We strive to act as a responsible owner

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- As a responsible shareholder in various companies on behalf of our clients, we know that we have a duty to ensure that management teams are held to account and monitored in their corporate actions. As such, we exercise our shareholders' rights through an outsourcing arrangement with a third-party proxy voting specialist firm. This firm looks specifically at ESG factors when making voting decisions about companies. Since January 2011, Unigestion's proxy voting in relation to its pooled equity funds has been carried out by ISS based on their International Sustainable Proxy Voting policy. Monitoring of the voting guidelines is performed by the investment team and the voting process is carried out by Unigestion's Operations team.
- To be able to manage and control risk effectively, access to full information about any particular investment is essential. We strive to obtain the highest level of detail surrounding all investments we make and, in turn, we make detailed information available to our clients. For example, a key component in our external manager selection due diligence process is the evaluation of governance structures and risk management tools, where we evaluate among others, the fund Directors' independence, skills, background, track record and avoidance of conflicts of interest. We require high standards of transparency regarding fund governance structures and all fund terms and conditions from our managers.
- Even after we have invested in externally managed funds we continue to take very seriously our ongoing responsibility of ensuring that the fund managers are conducting their business according to the appropriate level of best practices in ESG matters. It is our intention to help these managers develop their awareness of responsible investing standards and thus we work with them continuously to identify areas for improvement.
- We are a signatory to the Montréal Carbon Pledge, an ambitious collaboration between the PRI and investors from around the world. The pledge has attracted commitment from over 120 asset owners and investment managers with over US\$10 trillion in assets under management. By signing the pledge, we commit to measuring and disclosing the carbon footprint of all of our liquid portfolios to help investors better understand, quantify and manage climate change-related impacts, risk and opportunities.
- We engage with portfolio companies on a variety of Directors Related, Routine Business, Reorganisation and Merger, Health & Environment, and Corporate Governance issues by writing a letter to corporate management voicing our concern and requesting that it be addressed. This includes proposals that affect: the composition, size, independence, election, removal and remuneration of the board of directors and committee members; appointment, remuneration and discharge of auditors; adoption of new articles of association; approval of charitable donations; approval of director/officer liability and indemnification; discussion on company's corporate governance structure; reorganisations and restructuring; mergers and acquisitions; initiation of share repurchase program; approval of loan agreement; approval of transaction with a related party; adoption of proxy access rights; board diversity; climate change; community environmental impact; facility safety; phasing out nuclear facilities; review drug pricing or distribution; and review tobacco marketing.
- Furthermore, we will selectively participate in collaborative engagements with other likeminded asset managers and asset owners on specific issues that meet the above criteria. For example, Unigestion and about 30 other PRI signatories have put their collective voice to a PRI coordinated collaborative engagement with 130 large global corporations suspected of producing excessive carbon footprints that they are not currently reporting. Letters have been sent to these companies urging them to disclose their full and complete carbon footprint to investors.

## We promote responsible investment best practices

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- The UN supported PRI are rapidly becoming the global standard in responsible investing. Unigestion's principles of business ethics and respect for clients and other stakeholders and our commitment to the highest degree of transparency have been key values reflected in our firm's way of doing business since its foundation. We therefore consider the PRI as a natural framework to underline and strengthen our on-going commitment to responsible investing.



We are long-term investors and believe that this investment horizon is well aligned with the interests of our clients and the philosophy of the PRI.

- ∩ Unigestion is also an active member of Swiss Sustainable Finance which was created to promote sustainability in the Swiss financial market and to strengthen Switzerland's position as a leading worldwide centre for sustainable finance.
- ∩ We endeavour to collaborate as much as possible, and on as many levels as possible, with regulatory bodies and peer investors on ESG best practices. We speak at and attend responsible investing conferences and engage with industry practitioners in various forums to underline our conviction of the importance of ESG criteria. In the hedge funds industry, Unigestion's commitment to improve and disseminate industry best practices is highlighted by the firm's active role and Signatory status on the Hedge Fund Standard Board (HFSB). The HFSB aims to develop frameworks of good governance and discipline and the improvement of transparency in the Hedge Fund industry. In 2009, we chaired the workgroup tasked with writing the Guide to Sound Practice for Funds of Hedge Funds. In addition, we took a leadership role in contributing to a working group in conjunction with the PRI, AIMA and the HFSB as well as other industry leading asset managers, asset owners and consultants, to construct a standard ESG Due Diligence Questionnaire to become the benchmark across the Hedge Fund industry.