

## RESPONSIBLE INVESTMENT POLICY

### Statement of commitment

---

At Unigestion, managing risk 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 our 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

---

- ▶ 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, multi asset and alternatives portfolios we include ESG analysis at different steps of the process to eliminate securities with important specific ESG risks such as environmental, excessive carbon emissions, workforce treatment or corporate governance issues, legal problems or fraud. We also exclude securities with direct exposure to controversial weapons (cluster bombs, landmines, depleted uranium and chemical and biological weapons) from all our equities portfolios. We also control and report on the overall carbon footprint of each portfolio relative to its respective benchmark. In addition to its internal qualitative research from the fundamental equity analysts, Unigestion also uses ESG research provided by Vigeo EIRIS which offers a wide range of responsible investment services which we use to qualitatively validate our portfolios on an ongoing basis. Based upon the above, we view our entire suite of risk managed equity, multi asset and alternatives mandates and pooled funds to be considered as incorporating ESG criteria.
- ▶ 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 recognise 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

---

- ▶ 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, Social/Human Rights, and Corporate Governance issues by writing a letter to corporate management voicing our concern and requesting that it be addressed. The intention is that this then sparks a dialogue with management through emails and phone conversations to clarify our position, personalise the engagement, and advocate for change. 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 programme; 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 participated in a PRI coordinated collaborative engagement with 130 large global corporations suspected of producing excessive carbon footprints that they were not reporting. Letters were sent to these companies urging them to disclose their full and complete carbon footprint to investors. Many of the companies we engaged with responded positively to our request and we have already seen increased transparency from some.
- ▶ We have also signed up to the Climate Action 100+ collaborative engagement. This five-year initiative is focused on engaging with the 100 largest global carbon emitters. The goal is to have them address how their businesses remain viable in a world that is constrained to a maximum of a two degree Celsius temperature rise. To date, 256 asset owners and asset managers, including Unigestion, with combined assets of USD 30 trillion have signed up to this initiative.
- ▶ We will increase our engagement toward specific SDGs. We believe that the UN's SDGs are universally accepted and can be furthered by working collaboratively with like-minded asset owners and asset managers and through our direct Active Engagement initiatives.
- ▶ We have subscribed to a class action recoveries service provided by Securities Class Action Services, LLC (a subsidiary of our proxy voting services provider, ISS) on behalf of our Uni-Global SICAV. The adoption of class action recoveries is considered a best practice in maximising value for investors.

## We promote responsible investment best practices

---

- ▶ 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.
- ▶ Fiona Frick, our CEO, sits on the board of Sustainable Finance Geneva. Through this role, she will be able to work with the innovative financial community in the city and collectively reinforce the importance of continuing to improve 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 Core Supporter status on the Standards Board of Alternative Investments (SBAI). The SBAI aims to develop frameworks of good governance and discipline and the improvement of transparency in the Alternatives 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 SBAI as well as other industry leading asset managers, asset owners and consultants, to construct a standard ESG Due Diligence Questionnaire that was released in 2017 and has become the benchmark across the Alternatives industry.