

Vontobel

Sustainable Investing and Advisory Policy Statement



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About Vontobel

At Vontobel, we actively shape the future. We create and pursue opportunities with determination. We master what we do – and we only do what we master. This is how we get our clients ahead. As a globally operating financial expert with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We empower our employees to take ownership of their work and bring opportunities to life. Because we are convinced that successful investing starts with assuming personal responsibility. We relentlessly question the achieved, striving to exceed the goals and expectations of our clients. The registered shares of the Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families' close ties to the company guarantee our entrepreneurial independence. We consider the resulting freedom an obligation to assume social responsibility as well. As of December 31, 2020 Vontobel advised CHF 248.2 billion of total client assets. Around the world and in our home market, we serve our clients from 26 locations.

1. Introduction and scope

This policy details how Vontobel integrates Sustainability Risks, and Principal Adverse Sustainability Impacts in its investment decision, and advisory services. In particular, it explains with regards to Sustainable Finance our rationale, our objectives, governance structure and how we implement this policy across our business divisions.

This policy is updated to be in conformity with Article 3, and Article 4 of the Regulation (EU) 2019/2088.

It builds on internationally recognized standards for due diligence and reporting, in particular the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, Vontobel adheres to voluntary due diligence, and reporting standards, including UN Global Compact and GRI's sustainability reporting framework.

This policy reflects our current approach, and we expect that this Policy will evolve over time to reflect changes in business practices, business structures, technology, and the law.

Vontobel's general commitment to sustainability is captured in our Sustainability Principles, see Appendix 1.

1.1. Our commitment to sustainable investing

As a globally active investment manager, Vontobel recognizes that it has a responsibility (towards its stakeholders) to play an active role in the sustainable transformation of the economy and society for future generations. Vontobel therefore wants to engage in a dialogue with stakeholders about the challenges ahead and to show how this transformation process is creating unique opportunities for investors.

All our client units (Wealth Management, Asset Management, Platforms and Services, Digital Investing) offer sustainable investment solutions and/or advice and cooperate closely in this area. Vontobel is committed to a long-term process of improving our approach to integrating ESG into our investment processes. As part of the finance ecosystem, Vontobel believes in the value of collaborating with other investors. Therefore, Vontobel actively works in industry associations in order to advance sustainable investing practices and is an active participant in initiatives, such as:

- Principles for Responsible Investment (PRI). Supported by the United Nations, the PRI is an international network of more than 3,000 financial services providers working together to contribute to the development of a more sustainable financial system.
- Swiss Sustainable Finance (SSF). SSF strengthens Switzerland's position in the international marketplace for sustainable finance by informing, educating and supporting growth. Vontobel is a founding member of SSF and played a significant role in establishing the organization.

A full list of our memberships and initiatives is available on the internet.

1.2. Rationale and objective

The world is facing powerful trends involving major economic, environmental and social changes. These trends result in risks and opportunities for investors. Through the incorporation of ESG considerations into our investment processes, we aim at improving the long-term risk-return characteristics of our portfolios and/or at reflecting clients' values.

We strongly believe an effective identification of material Sustainability risks and opportunities requires thorough analysis because material ESG factors are often of a medium to long-term nature and are difficult to quantify as contributors to near term performance. For this reason, we emphasize the importance of transparent communication if, and how, material ESG considerations influence the decision making of our investment managers and advisors as outlined in section 5 of this policy.

In the context of Sustainability risks and opportunities, climate change is a relevant example. Vontobel believes that high- greenhouse gas emitting and extractive industries (e.g. thermal coal, oil sands and coal power generation) can introduce significant risks to a portfolio, particularly in the context of potential for new regulation, taxation or other constraints. On the other hand, today's problems motivate companies to provide innovative solutions leading to potential new investment opportunities (e.g. reduce air pollution).

1.3. Definitions

We acknowledge that there is no standard approach to sustainable investing, but different approaches serving different client needs. For an overview of the different approaches, we refer to the classifications, which are commonly used in the market and by the relevant industry associations (see Appendix 2). We use the term sustainable investing synonymous with ESG or responsible investing.

Sustainability Risks are environmental, social, or governance (ESG) events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

Principal Adverse Sustainability Impacts are those impacts of investment decisions, or investment advice that result in negative effects on sustainability factors, i.e. environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

1.4. Scope

This Policy covers all business units of Vontobel unless otherwise specifically stated. It applies to all actively managed assets and discretionary/proprietary investment decisions by Vontobel as well as our advisory services with regards to investment proposals to clients. It excludes assets and products that are issued or held at the explicit request of our clients, including but not limited to: hedging positions, «execution only» business (custody assets/external asset managers), and transaction banking/products issued or traded at explicit client request (in particular in relation to structured notes).

2. Governance - Committees

2.1. Group Level

The Vontobel Sustainability Committee (VSC) chaired by the Group CEO oversees the implementation of the Sustainable Investing and Advisory Policy. It formulates the sustainability strategy for the entire Vontobel Group, and sets specific objectives based on the sustainability principles. Members of the committee include representatives from all client units (CUs) and relevant centers of excellence (CoE). They initiate and accompany the sustainability activities with their respective operational heads. The VSC usually meets on a quarterly basis.

2.2. Center of Excellence - Investments

The ESG Investment Governance Committee is a decision making body for general aspects of investment processes with respect to ESG. The committee has a central coordinating role wherever it makes sense to have a common approach to ESG challenges. All the investment boutiques are part of the committee. The role of the ESG Investment Governance Committee principally includes governance of ESG related topics in the investment process. This includes setting common standards for ESG across investment boutiques with respect to product classification, product labelling, ESG reporting and defining policies regarding stakeholder engagement and proxy voting. The chair of the ESG-IGC has a seat on the VSC.

2.3. Client Advisory

The Sustainable Investing Expert Circle comprises representatives from relationship management and portfolio management as well as corporate sustainability management. It is established to build up expertise within Vontobel. It aims to increase awareness and significance of Sustainable Investing within the organization and to exchange ideas on how to enhance our advisory services in sustainable investing based on the feedback of relationship managers and their clients. The Expert Circle usually meets on a bi-monthly basis and reports into the VSC.

3. Implementation of this Policy

3.1. Group Level exclusions

All our investments have to fulfil minimum requirements. Cluster munitions and land mines are banned by international conventions. In 2011, Vontobel therefore approved a group-wide policy that prohibits investments in companies that manufacture these types of arms. In addition, Vontobel will not provide any investment advice on the securities of these companies to clients. The list of prohibited companies is made available by the Vontobel Corporate Sustainability Management team to all staff responsible for investments on a quarterly basis.

3.2. Center of Excellence - Investments

Dedicated investment managers are responsible for the management of sustainable investment solutions based on their specific investment approaches and processes, including ongoing monitoring within their defined risk frameworks. As an active multi-boutique asset manager, each boutique tailors its investment and ESG approach

independently according to the requirements of the asset classes in which it invests and its own sustainability strategy. Investment approaches, and processes as well as external partners (data providers) are regularly reviewed by the ESG-IGC.

3.2.1. Exclusions

Vontobel sustainable investment solutions may exclude investments into companies from a broader range of business activities than given on the group-wide list of controversial activities. Clients may also opt to provide their own list of exclusions, on agreement with their manager.

3.2.2. Assessment of Sustainability Risks and Principal Adverse Sustainability Impacts

The investment teams manage a variety of investment strategies, including many where ESG forms an integral part of the investment process (as defined and applied by the relevant investment boutique). In these strategies:

1. the analyses of Sustainability Risks is an integrated part of the investment process. More information on the specific investment approaches and process can be found at vontobel.com
2. the relevant boutique exercises voting rights and engages with companies in order to improve their business practices in the belief that this will help generate better long-term risk-adjusted results. For more information, refer to section 4.2.

Severe controversies, and breaches of international norms (collectively 'critical ESG events') are often related to Principal Adverse Sustainability Impacts, e.g., significant negative impact on the environment, forced labor, child labor. Moreover, these instances can signal insufficient management of Sustainability Risks by a company, or a government.

To identify and monitor critical ESG events, Vontobel investment teams are informed by ESG data and assessment methodologies provided by external ESG data providers such as MSCI or Sustainalytics. The ESG assessment methodology of such providers typically take into account the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi-national Enterprises, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the ILO Core Conventions, and the UN Global Compact. A full description of the respective ESG rater's methodology can be found on their webpage.

The data obtained from third-party data providers may be incomplete, inaccurate, or unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security.

To properly understand the impact of critical ESG events, investment teams conduct their own research to assess their impact on the relevant portfolio and on wider stakeholders.

Additionally, certain critical ESG events can be flagged in the portfolio management system based on third-party data provider. If an investment is flagged the position will be reviewed, and monitored by an independent risk management team.

A standing list of open exposures to critical ESG Events across our investments is presented at a quarterly Risk Management meeting.

3.2.3. Climate Change

We are mindful of industries with high greenhouse gas emissions for the reasons mentioned in section 3. As such, some investment strategies exclude carbon intensive and extractive investments altogether while others consider risks of these investments on a case by case basis as an integrated part of their investment process. Moreover, we offer specific investment strategies with the aim of mitigating climate change, e.g. Vontobel manages different products enabling clients to invest in companies contributing positively to social or environmental issues.

For a number of products, we actively monitor and regularly disclose specific ESG information, the carbon footprint and other climate related performance indicators of investment portfolios.

3.2.4. Active ownership and engagement

We believe that voting and engagement can have a positive impact on a company's long-term returns by influencing its values and behavior and can strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment. If agreed, we may exercise voting rights in the best interest of our clients.

We use both direct engagements, which are undertaken by our investment and ESG professionals, as well as indirect engagements, which are undertaken by professional third parties. Our analysts and portfolio managers directly engage with the management of investment companies on relevant sustainability topics as part of their fundamental research activities. Engagement includes one-off, ad-hoc, or on-going objective driven communication with the investee's management team on sustainability related issues. This can range from sustainability related updates and questioning of the business model, to targeting on specific issues that may cover ESG concerns.

Our engagement processes are detailed in our Engagement Policy Statement.

Vontobel recognizes that portfolio management of stocks, may include an obligation to vote in relation to the stock. If authorized to do so, Vontobel will vote in respect of the stock, typically by proxy, in a manner, which it reasonably believes to be in the best interest of the client and in line with any specific legal or regulatory requirements in different jurisdictions or markets that may apply. In order to fulfil this responsibility, Vontobel has implemented a Voting Policy.

The respective policies can also be found on our webpage: <https://am.vontobel.com/en/sustainable-investing>

3.2.5. Discretionary mandates for private clients

Based on the client's needs and preferences for sustainable investing, we offer discretionary mandate solutions for multi or single asset mandates. In which we apply either:

- 1) an integrated ESG investment approach with the focus to reduce ESG-related risks via exclusions, norm-based screening and minimum ESG rating requirements while aiming to meet the clients' investment objective(s); or
- 2) a sustainable investment approach with focus on contributing to a positive environmental and social impact. Such as through the alignment of investments to the UN Sustainable Development Goals through the underlying operations of the investment holdings. In addition, the investment approach applies exclusion criteria, norm-based screening and minimum ESG rating requirement.

In both of the above discretionary mandate solutions, investments which have critical ESG Events are excluded.

The data obtained from third-party data providers may be incomplete, inaccurate, or unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security.

In addition, for a certain investment size, we are able to provide tailored mandate solutions according to the client's specific sustainable investment guidelines.

Vontobel respects that some clients may not want to invest their wealth according to sustainable approaches. In these cases, Vontobel offers discretionary mandate solutions, which do not explicitly incorporate Sustainability Risks, and which do not consider Principal Adverse Sustainability Impacts from the investment decisions.

3.2.6. Voting for private clients

Client of Wealth Management holding single registered shares of Swiss companies can exercise their voting rights if they choose to register as a shareholder.

3.3. Client Advisory for private clients

Through our Vontobel Academy, all Vontobel employees can access internal and external trainings covering various aspects of sustainable finance.

Moreover, ESG related topics are integrated into specific mandatory training, such as the curriculum for relationship managers within WM, in order to build-up expertise and promote sustainable investing. Vontobel integrates ESG aspects in the advisory process and trains relationship managers to actively assess the clients' propensities for ESG in general and for ESG investing in particular to serve the clients in a thorough and comprehensive way. Furthermore, we regularly team up with organizations to hold internal and external awareness-building events.

3.3.1. Assessment of Sustainability Risks and Principal Adverse Sustainability Impacts in our advisory services

Our advisory services may be associated with financial risks for our clients. We consider Sustainability Risks to be material and with the potential to affect the long-term risk and return profile on an investment. We therefore integrate Sustainability Risk considerations into our investment research and investment advice relying on a combination of specialised ESG data from third parties, such as MSCI, and from proprietary investment research. The respective information is made available to our client advisors through recommendation lists (buy/hold/sell ratings) and through our advisory solutions and are taken into account when providing investment advice. We apply a holistic approach to investment advisory but we are particularly cautious with regards to assets that have poor ESG credentials, indicating that such a company has an insufficient management of Sustainability Risks.

Client Advisory also upholds the beliefs outlined in section 3.2.2 relating to Critical ESG Events. To identify and consider such Potential Adverse Sustainability Impacts, the respective third-party ESG data is integrated into our advisory solutions used by client advisors when providing investment advice to private clients. In addition, for a certain investment size, we are able to provide tailored advisory services according to the client-specific investment guidelines.

When defining and implementing ESG criteria for such investment solutions, and structured solutions the business draws upon data and specialist expertise of Vontobel's investment teams and ESG specialists and/or external ESG data providers. In the area of collective investment instruments, and structured solutions, Vontobel offers its clients a broad range of in-house and/or third party collective instruments that fulfil our sustainable standards.

3.3.2. Structured products

For our structured solutions, Vontobel implements ESG criteria on a product level through a range of specific thematic based investment products, which it structures issues and actively promotes.

When defining and implementing ESG criteria for such purposes, the business draws upon data and specialist expertise of Vontobel's investment teams and ESG specialists and/or external ESG data providers. Moreover, advisory clients have the option of individually structuring products based on an investment universe of sustainable assets provided by –internal ESG/ Investment specialists. Clients may also choose to provide their own ESG universes, investment themes etc. or opt for our structuring, execution and wrapper solutions.

4. Reporting

We believe in the highest standards of transparency and reporting as the basis of the trusted relationship with our clients. We report on our sustainable investing activities and progress in the Corporate Responsibility and Sustainability Report, which is part of the Vontobel Annual

Report, and we provide further information on our website. Our latest PRI Transparency Report can also be [found online](#). For further information on activities, please contact Vontobel Corporate Sustainability Management, sustainability@vontobel.com.

Furthermore, for selected investment products, specific ESG information is disclosed to our clients. This may include, but is not limited to: ESG profiles and ratings of selected investments, ESG profile of mandates and funds including benchmark comparison, CO2e reporting, or, where relevant, impact based on the UN Sustainable Development Goals.

For further information on our sustainable investing approach please contact Vontobel ESG Center, amgsgcenter@vontobel.com

5. Transitional Agreement

The AM risk management process as described in section 3.2.2. will be fully implemented by June 30, 2021 at the latest. Until full implementation, the existing directive shall be applied *mutatis mutandis*

6. Entry into force

This policy statement enters into force on March 9, 2021.

Appendix 1: Vontobel Sustainability Principles

1. Vontobel is committed to the principle of sustainable development.
2. When advising our clients, we focus on their long-term satisfaction.
3. We are responding to a growing demand among clients by offering innovative investment services that take account of the opportunities and risks related to sustainability.
4. As an organization with a long-term focus, we generate sustained increases in the value of our company for our shareholders through measures that include the consideration of environmental and social issues.
5. Together with our charitable foundations and through the personal commitment of each individual, Vontobel strives to create social and cultural added value.
6. We engage in an active dialogue with the public about sustainability issues.
7. We are an attractive and fair employer.
8. We make our employees aware of the opportunities and risks relating to sustainability on a continuous basis.
9. We reduce the environmental impacts of our business activities as far as possible, thus also making a contribution towards climate protection.
10. We set specific sustainability targets and ensure that we have appropriate management structures and processes in place to facilitate the continuous improvement of our performance.

Appendix 2: ESG Investment Approaches

DEFINITION	EXAMPLE AND IMPLICATIONS
<p>Exclusion</p> <p>Filtering out undesirable companies or sectors, either based on convictions or on international standards, also known as «norms-based screening».</p> <p>Typically reduces the investment universe at the start of the investment process by removing companies with low ESG scores.</p>	<p>Portfolio excludes companies focused on areas such as armaments or extractive industries to align investments with client convictions.</p> <p>Results in a portfolio of companies which meet ESG minimum standards, but with weightings driven by other factors.</p>
<p>Best-in-class</p> <p>Only invests in companies with excellent ESG performance relative to others in their sector, typically by conducting best-in-class screening as the first step of the investment process, often based on external database information.</p>	<p>Portfolio invested in companies with best ESG scores in their sector, rather than moderate ESG performers with other attractive characteristics.</p> <p>Results in a portfolio with additional tracking error due to name-level exclusions. Note that this approach does not exclude segments altogether, e.g. fossil fuels.</p>
<p>Integration</p> <p>Includes ESG as a fully integrated element of the investment process, with ESG scorings combined with other factors to support investment decision making, often using a proprietary ESG methodology.</p>	<p>Portfolio invests in the companies with the best blend of ESG and other characteristics. Does not limit investment universe, but challenging to set up as it requires a purpose-built investment process and portfolio management staff able to conduct ESG alongside other types of investment analysis.</p>
<p>Thematic</p> <p>Investment focused on opportunities related to a single theme or megatrend.</p>	<p>Portfolio invested in companies likely to benefit from a disruptive megatrend such as the shift toward cleaner energy.</p> <p>Results in a concentrated portfolio which should perform if the trend develops as expected.</p>
<p>Impact Investing</p> <p>The aim of Impact Investing is to contribute to improvements in social and environmental areas.</p>	<p>Portfolio has the intention to contribute to one or more impact objectives in the environmental or social area. Financial returns are in line or above market rates. Impact Investing is committed to measure and report the social and environmental performance.</p>
<p>Engagement</p> <p>Investors aim to influence company management to improve business practices.</p>	<p>A wide range of engagement levels exist, ranging from proxy voting through to public engagement as practiced by prominent activist funds. May be practiced alongside other equity investment approaches above.</p>