



# RI TRANSPARENCY REPORT

2013/14

Vontobel Group



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	✓	Private	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

# Vontobel Group

## Reported Information

## Public version

## Organisational Overview

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

☐ <10%

☐ 10-50%

☒ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☒ Execution and advisory only services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Switzerland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

☐ 1

☐ 2-5

☐ 6-10

☒ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

1338

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☐ Yes

☒ No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** | Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		109	600	000	000
Currency	CHF				
Assets in USD		117	144	245	304

**OO 04.3** | Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☐ Publish our asset class mix as percentage breakdown
- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	<10%
Fixed income – corporate	10-50%	0
Fixed income – government	10-50%	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	<10%	0
Hedge funds	<10%	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☐ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

**OO 10.2** Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ☒ Yes, our total listed equities are 10% or more of our total AUM
- ☐ No, our total listed equities are less than 10% of our total AUM

**OO 10.3** Additional information. [Optional]

Please see LEA 16.1 for further information on the proxy voting service provided by Hermes EOS

Please see LEA 1.1 for further information on the engagement service provided by Hermes EOS

OO 11	Mandatory	Gateway	General
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OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Commodities
- ☐ Hedge funds
- ☐ Cash
- ☐ None of the above

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

**Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Vontobel Group

## Reported Information

### Public version

### Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Vontobel's ESG investment philosophy is embedded in Vontobel's Group Sustainability Guidelines:

- When advising our clients, we focus on their long-term satisfaction.
- 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.

Vontobel therewith has the overall objective to include relevant ESG aspects into its investment processes. The fact that the company signed the Principles for Responsible Investment underlines this objective.

Vontobel applies a ban of cluster bombs and land mine producers for all of its investments.

In its Global Equities and Thematic team in Zurich, Vontobel has fully integrated the analysis of ESG risks and opportunities into the stock analysis. The approach is based on extensive sector papers, that describe the overall policy and the major opportunities and risks of each sector as well as the detailed criteria used in research and company dialogue.

Furthermore, Vontobel manages a wide range of sustainable investment products based on a best-in-class and exclusion approach.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

☐ Yes

☒ No

**OA 02.3**

Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ☒ Yes
- ☐ Yes, all
- ☒ Yes, some

**OA 02.4**

List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
European SRI Transparency Code	<a href="http://funds.vontobel.com">http://funds.vontobel.com</a>
General Information Sustainable Funds	<a href="http://funds.vontobel.com">http://funds.vontobel.com</a>
Investment Process Sustainable Funds	<a href="http://funds.vontobel.com">http://funds.vontobel.com</a>
General Information on Sustainable Investments	<a href="https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments">https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments</a>
Sustainability report	<a href="https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Reporting">https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Reporting</a>

☐ No

**OA 03**

**Mandatory**

**Core Assessed**

**PRI 1,2**

**OA 03.1**

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input checked="" type="radio"/> Applicable policies cover a minority of AUM

**OA 03.2**

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

There are different approaches for different boutiques. Details are provided in the respective sections of this questionnaire.

**OA 04****Mandatory****Core Assessed****General****OA 04.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

**OA 04.2**

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Vontobel's code of conduct refers to general principles of good business behaviour and also covers corruption aspects and a fair and honest relationship with our clients. The code of conduct applies to all business segments including asset management. Further details on the avoidance of corruption are outlined in the employee handbook.

☐ No

## Objectives and strategies

**OA 05****Mandatory****Gateway/Core Assessed****General****OA 05.1**

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2**

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

**OA 05.3**

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
  - ☒ Biannually
  - ☐ Annually
  - ☐ Every two years or less
  - ☐ It is not reviewed
- ☐ No

## Governance and human resources

OA 07	Voluntary	Descriptive	General
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**OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The overall responsibility for the responsible investment policy lies with the Group Sustainability Committee, headed by Zeno Staub, CEO of Vontobel.

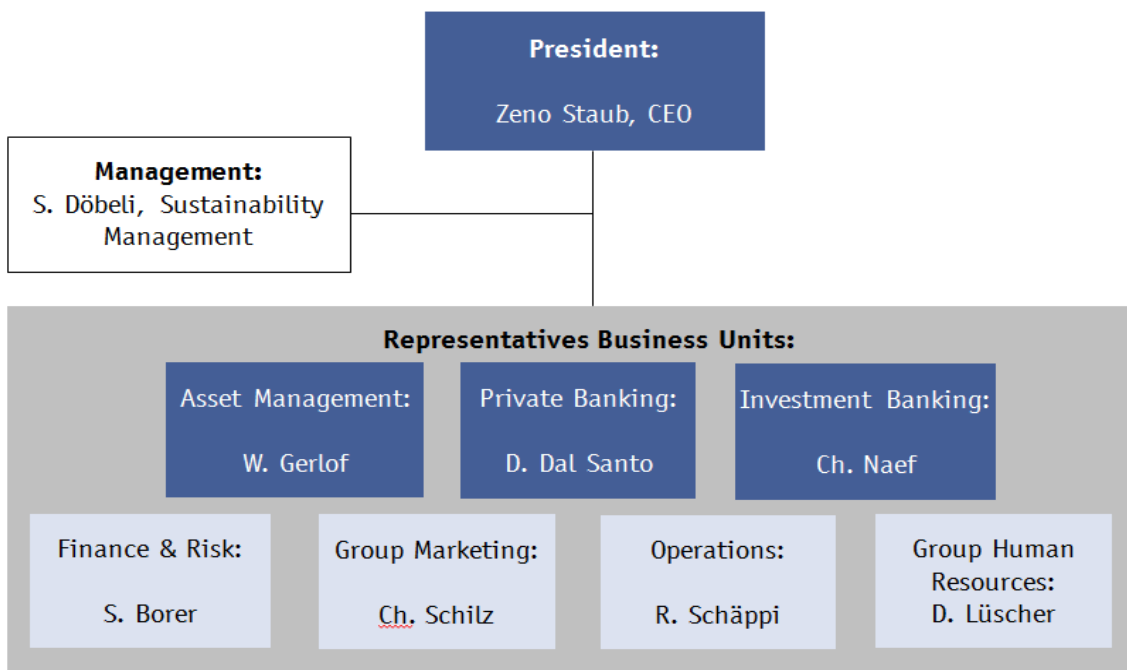
Corporate Sustainability Management is responsible for the group wide implementation of the Principles for Responsible Investment and cooperates with all business units to go forward in this.

In Asset Management, a sustainability investment committee meets on a monthly basis and decides about sustainability fund universes and major sustainability themes to be covered in different sustainability products.

Dedicated portfolio managers are responsible for the management of sustainable products.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## VT Sustainability committee



To upload the image click the Save button below

**OA 08****Mandatory****Gateway/Core Assessed****General****OA 08.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

## Roles present in your organisation

- ☒ Board members or trustees
  - ☐ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
  - Head of Asset Management**
    - ☒ Oversight/accountability for responsible investment
    - ☐ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ CDP Water

Your organisation's role in the initiative during the reporting period  
(see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

- ☐ CFA Institute Centre for Financial Market Integrity  
☐ Council of Institutional Investors (CII)  
☐ Eumedion  
☐ Extractive Industries Transparency Initiative (EITI)  
☐ Global Investors Governance Network (GIGN)  
☐ Global Real Estate Sustainability Benchmark (GRESB)  
☐ Institutional Investors Group on Climate Change (IIGCC)  
☐ Interfaith Center on Corporate Responsibility (ICCR)  
☐ International Corporate Governance Network (ICGN)  
☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)  
☐ Investor Network on Climate Risk (INCR)/CERES  
☐ Local Authority Pension Fund Forum  
☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period  
(see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA),  
specify

Forum Nachhaltige Geldanlagen, Forum per la Finanza Sostenibile

Your organisation's role in the initiative during the reporting period  
(see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Vontobel's Head of Corporate Sustainability Management is Vice-President of Forum Nachhaltige Geldanlagen and coordinates Swiss Activities. FNG Switzerland regularly organises events, informs media and holds workgroups on sustainable investments. Vontobel's strong initiative in this field has clearly increased public perception of the subject. One of FNG's workgroups specifically addresses the information of Swiss Pension Funds on sustainable investments.

Italian Staff takes part in work groups of Forum per la Finanza Sostenibile and Vontobel is a regular sponsor of events and brochures.

- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

The Sustainability Forum Zürich (TSF)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Vontobel is an active member of "The Sustainability Forum Zürich" (TSF), a Zurich-based think-tank on sustainable finance. Vontobel's CEO has been TSF president for 4 years and has considerably driven the achievements of this organisation. In June 2013 the organisation, in cooperation with Sustainable Finance Geneva, published the Whitepaper "Path to the Sustainable Financial Centre Switzerland" in order to stir a discussion about sustainability standards in the Swiss Financial Centre.

- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

☐ No

**OA 10.3**
**Additional information. [Optional]**

Our engagement service provider, Hermes EOS, is involved in the following key networks on our behalf.

- Asian Corporate Governance Association (ACGA)
- Assogestioni (Italy)
- Canadian Coalition of Good Governance (CCGG)
- Carbon Disclosure Project & Water Disclosure Project
- Corporate Reporting Users' Forum (Europe)
- Council of Institutional Investors (USA)
- Dansif (Denmark)
- DSW (German Shareholder Association)
- Eumedion (Netherlands)
- European Investors' Working Group
- Eurosif (Europe)
- FIR (French Social Investment Forum)
- Forest Footprint Disclosure Project
- International Corporate Governance Network (ICGN)
- International Investors Group on Climate Change (IIGCC)
- KOSIF (Korea)
- National Association of Pension Funds (UK)
- UKSIF
- UN Environment Finance Initiative (UNEP FI)

**OA 11**
**Mandatory**
**Core Assessed**
**PRI 4**
**OA 11.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

<b>OA 11.3</b>	Additional information. [Optional]
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Vontobel employees regularly present at conferences and in university or business school courses on sustainable investments. The activities carried out as members of Forum Nachhaltige Geldanlagen, The Sustainability Forum Zürich or Forum per la Finanza Sostenibile include all aspects mentioned above. For details see also OA 10.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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<b>OA 12.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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- ☒ Yes
- ☐ Yes, individually
- ☒ Yes, in collaboration with others

<b>OA 12.2</b>	Select the methods you have used.
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- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☒ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☒ Other, specify

Other [please see additional information for more detail on public policy conducted on our behalf by Hermes EOS]

<b>OA 12.3</b>	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- ☒ Yes, publicly available

provide URL
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<http://www.hermes.co.uk/eos/en-gb/literature/publicpolicyconsultations.aspx>

- ☐ No

- ☐ No

OA 12.4

Additional information.

Hermes Equity Ownership Services (EOS) engages on our behalf with regulators and policy-makers on matters relevant to long-term value of holdings. Hermes EOS contributes to the development of policy and best practice on corporate governance, corporate responsibility and stakeholder rights to protect and enhance the value of its clients shareholdings over the longer term. Hermes EOS actively participates in debates on public policy matters to protect and enhance value for clients by increasing stakeholder rights and boosting protection for minority stakeholders. This work extends across company law, which in many markets sets a basic foundation for stakeholder rights; securities laws, which frame the operation of markets and developing codes of best practice for governance, management of key risks and disclosure. In addition to undertaking this work on a country-specific basis we address regulations with a global remit, which are currently in areas of accounting and auditing standards. By playing a full role in shaping these standards we can ensure that they work in the interests of stakeholders rather than being moulded to the narrow interests of other market participants (such as companies, lawyers and accounting firms which tend to be more active than investors in these debates) whose interest may be markedly different.

## ESG issues in asset allocation

OA 14

Voluntary

Descriptive

PRI 1

OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes

OA 14.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM
----------------

0.4

OA 14.3

Please specify which thematic area(s) you invest in and provide a brief description.

Area
------

☒ Clean technology



Asset class invested
----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☒ Microfinance

Asset class invested
----------------------

- ☐ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Other area, specify

☐ No

OA 14.4	Additional information.
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Vontobel is a shareholder of ResponsAbility, a company focused on different forms of impact investing such as Microfinance, Fair Trade Investments and Equity Investments into SMEs in developing countries. Vontobel invests into ResponsAbility Funds discretionary mandates.

Furthermore, Vontobel offers own funds investing in renewable energy and energy efficiency, as well as into different cleantech fields.

## Innovation

OA 18	Voluntary	Descriptive	General
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**OA 18.1**

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

In the Global Equities and Thematic Team based in Zurich, consideration of ESG issues are fully integrated into company evaluation, with Vontobel's sector specialist analysts synthesizing their own analysis with inputs from external sustainability specialists and the Group Sustainability Management team to form a view on the issues that are most likely to impact the investment case of a company. Vontobel has switched to this truly integrated approach in 2010 and has further developed the process since.

# Vontobel Group

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 02	Voluntary	Descriptive	PRI 1
LEI 02.1	Provide a brief overview of how you incorporate ESG issues in listed equity investments.		

Vontobel applies a ban of cluster bombs and land mine producers for all of its investments.

In its Global Equities and Thematic team in Zurich, Vontobel has fully integrated the analysis of ESG risks and opportunities into the stock analysis. The approach is based on extensive sector papers, that describe the major opportunities and risks of each sector.

Furthermore, Vontobel manages a wide range of sustainable equity products based on a best-in-class and exclusion approach.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.		

#### ESG incorporation strategy (select all that apply)

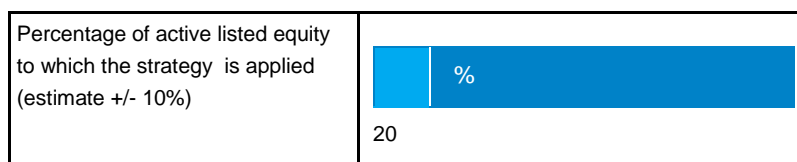
☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div><div></div>%</div>
	2.3

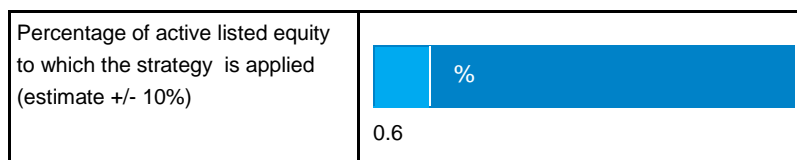
☒ Thematic alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div><div></div>%</div>
	0.2

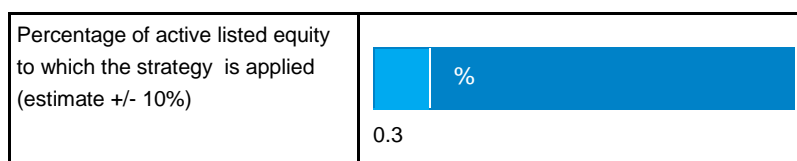
☒ Integration alone (i.e. not combined with any other strategies)



☒ Screening + Integration strategies



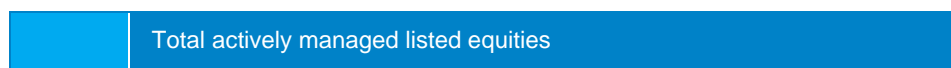
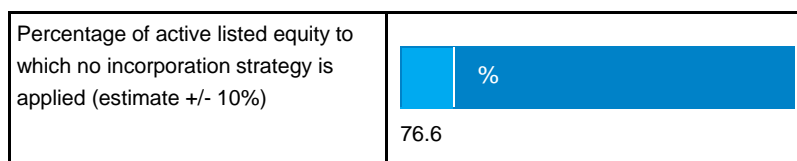
☒ Thematic + integration strategies



☐ Screening + thematic strategies

☐ All three strategies combined

☒ No incorporation strategies applied



100%

### LEI 03.2 Describe your primary reasons for choosing a particular ESG incorporation strategy.

Different strategies are used for different kind of products and different boutiques.

The Global Equities and Thematic team in Zurich has fully integrated an ESG assessment in the financial analysis and its recommendation process. Other boutiques as well as the Private banking unit use these recommendations in their investment decisions.

There are some products which are based on a thorough screening process based on exclusion screens and a best-in-class approach.

Depending on different client needs, all different approaches have specific advantages.

**LEI 03.3**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

The Global Equities and Thematic team in Zurich applies a truly integrated ESG assessment in the financial analysis. On top of it, some exclusion screens are applied for the respective funds.

**LEI 04****Voluntary****Additional Assessed****PRI 1****LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider  
☒ Sell-side  
☐ In-house – specialised ESG analyst or team  
☒ In-house – analyst or portfolio manager  
☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☐ Sector-related analysis or ratings  
☐ Country-related analysis or ratings  
☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☒ Issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Vontobel purchases ESG information from different research providers and uses the information both for screening processes as well as for integration into company analysis. In addition, analysts receive information from brokers and address companies directly to gather information on companies where no public ESG data is available.

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
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Vontobel Asset Management has a rules based approach when deciding about broker relations. The analysts regularly rate the broker services according to different criteria, one of which is their provision of ESG research. Roughly 10% of the internal rating refers to this aspect.

☐ No

## (A) Implementation: Screening

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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### Type of screening

- ☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance



Description
-------------

There are different exclusion criteria for different products.

Companies producing cluster bombs or land mines are excluded from all managed assets throughout Vontobel

For the screened funds and mandates, we apply the following exclusion criteria:

- Nuclear power:  
Nuclear power generation, uranium extraction, construction of core components of nuclear power plants. From >5% of overall turnover.  
Agricultural genetic engineering: Producers of genetically-modified plants and animals. From >0% of overall turnover.
- Arms:  
Production of defence goods for military applications (arms, armament systems such as rifles, tanks and jet fighters), arms prohibited by the Rome Statute of the International Criminal Court (such as atomic, biological and chemical weapons and landmines). From >0% of overall turnover. Producers of other defence goods (e.g. radar installations, military transporters). From >5% of overall turnover.
- Tobacco:  
Manufacture of tobacco products (e.g. cigarettes, cigars, loose tobacco, chewing tobacco). From >5% of overall turnover. The production of components or accessories (such as cigarette packaging) and the sale of tobacco products do not entail exclusion.
- Alcohol:  
production of alcoholic drinks (beer, spirits). From >10% of overall turnover.
- Pornography:  
production of pornographic material. From >10% of overall turnover.
- Gross violations of human rights and rights at work:  
Companies that grossly violate at least one of the four fundamental principles of the ILO's Declaration on Fundamental Principles and Rights at Work (freedom of assembly and association, forced labour, child labour, discrimination) or internationally recognised human rights principles such as the UN Universal Declaration of Human Rights.

For the funds based on the integrated approach we apply the following exclusion criteria:

- companies involved in the manufacture of cluster bombs and land mines
- 
- companies involved in production of tobacco products
- 
- companies involved in production of arms, where it accounts for a significant share of sales
-

- utility companies with more 20% nuclear exposure
- 

☒ Positive/best-in-class screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

	Description
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The sustainability ratings used to define the sustainable investment universe are based on the following criteria covered by the different research providers:

Environmental criteria:

Effective environmental management system with clear responsibilities, targets and regular monitoring

Improvement in environmental performance at operational level (increase in eco efficiency)

Optimisation of products based on environmental considerations

Social criteria:

Good conditions for employees including health and safety systems and anti-discriminatory measures

Sustainability standards for suppliers and constant monitoring

Fostering of economic and social development through Community involvement

Governance criteria:

Independent Board of Directors with committees for key areas

Structure and equality of shareholders

Transparency regarding compensation and long-term incentives

☐ Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Vontobel has carefully assessed the procedures, capacities and experts a provider relies on and chosen the most suitable provider. The screening criteria used by these providers were established in a thorough process based on extensive research on specific ESG risks and opportunities in each sector.

Criteria are reviewed on a regular basis approximately every 2 years. Clients are informed about major changes through documents such as the Eurosif Transparency Guidelines and the Fund insight which is provided to clients on request.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 07.2	Additional information. [Optional]
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Providers were chosen carefully on the basis of a thorough evaluation of their processes, capacities and expert know-how. The research provided to us is regularly checked by the Vontobel's Corporate Sustainability Management.

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
  - ☒ Systematic
  - ☐ Occassional
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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If breaches are identified, the portfolio manager is informed immediately and he has to sell the respective position.

## (B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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### LEI 09.1

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- ☒ Environmentally themed funds
- ☐ Socially themed funds
- ☐ Combination of themes

Vontobel has three types of environmental thematic funds:

The **Vontobel Fund Clean Technology** investment approach is concentrated around groups of companies operating in the following areas:

1. Lifecycle Mgmt:

Re-entering material resources into the value chain through improved product lifecycle concepts that include disposal considerations at the product development phase, waste management and recycling technologies constitute key elements for this purpose.

2. Resource-efficient Industry:

Efficient Industries also play a vital role in a move to a more environmentally friendly world as they can considerably improve their efficiency, in other words the relation of input needed in a process for a certain amount of output. Clean and efficient production processes will reduce energy and materials consumption while increasing the output needed to cope with the accelerated demand.

3. Building Technology:

Housing and residential applications make up one of the largest share of global energy and water consumption. Common theme of companies in the fund will be to provide technologies and materials to lower the environmental impacts for the lifecycle of a house from site selection through design and materials choices, construction, operation, maintenance and demolition. The aspiration is creating zero-emission-houses

4. Clean Energy:

Clean energy represents a significant component of a low negative impact of human intervention on the environment. The overall focus here lies not on resources, but in emission reduction and lower pollution technologies.

5. Low Emission Transportation:

The space of logistics and transportation form another large contributor to global emission and pollution. Companies in the fund offer innovative solutions and technologies to better connect a global and converging world through improved logistics as well as low-emission, time- and resource-saving transportation.

6. Clean Water:

Increasing demand for water, particularly from urban and industrial sectors, is exerting severe pressure on the environment. Meanwhile, high levels of discharge of heavy chemicals and hazardous wastes from industry and agriculture result in increased groundwater contamination and depletion, exacerbating water stress level. The fund focuses on companies providing technological solutions to efficient water usage, wastewater treatment, purification and desalination.

The main objective of the Fund is to produce a thematic return based on the definition of the Clean Technology which is highly precise and repeatable. The Fund Management Team does not search for suitable stocks in a global universe, but performs a focused manual- and analysis- driven screening based on qualitative criteria.

The starting global equity universe is determined by the global equity database consisting of approximately 40,000 stocks. This universe is reduced by filtering out stocks which

have no relevance to the Clean Technology investment theme.

Robust inclusion criteria for the six groups of companies with a focus of clean technology are thus used to assure that value drivers of selected companies contribute significantly to the investment theme. A thematic shortlist is compiled for all sub-themes which forms the basis for the Portfolio Manager to select well-researched stocks.

The **Vontobel Fund Future Resources** investment approach is concentrated around groups of companies operating in the following areas:

#### Unconventional Energy

Unconventional energy includes advanced biofuels, natural gas, and oil from unconventional

sources such as deepwater and shale. These sources are expected to increase as a proportion of

overall energy extraction and usage as the easily accessible oil resources are depleted. The Fund

accesses this growth through investing across the whole supply chain including producers,

infrastructure, environmental protection, and non6intuitive beneficiaries.

#### Advanced Materials Technology

These companies are producing technological innovations that improve the performance of

existing materials, enhancing efficiency, e.g. by making materials lighter, or creating substitutes,

for example substituting petrochemical products with more abundant materials. The Fund

invests in companies that have a strong business model without relying on public subsidies.

#### Agriculture

A growing world population and increasing need for food is making it difficult for food supplies

to keep pace with demand. Agricultural innovations can enhance productivity, maximising

efficiency of energy, chemicals, labour and food. We invest in equipment and infrastructure,

information systems, plant nutrients, irrigation and agricultural services.

#### Other sub themes - Water, Renewable Resources, Commodity Chemicals and Basic Materials

In these sectors we look for similarly innovative technologies to improve access to and efficiency

of resources.

The **Vontobel Fund New Power** investment approach is concentrated around groups of

companies operating in the following areas:

#### Alternative Energy Providers/Enablers

Alternative energies such as wind and solar, have become widely accepted as new forms of energy sources, as the technologies deployed have advanced in rapid pace with reducing costs. While installed capacity in both solar and wind have in the past been built up mainly in developed countries, developing countries have begun to invest heavily in alternative energy sources. Continuous efforts from both governments and the private sectors in technological research and development (not only for solar and wind, but also for other alternative energy such as biofuel and geothermal) ensure alternative energy will be cost competitive to traditional energy sources. Alternative energy sources will thereby become commercially viable. Ample investment opportunities will be created along the value chains. Alternative energy sources as a percentage of total energy mix is still low in most countries worldwide, given the regulatory framework being put in place and wide acceptance from general public, there is substantial growth potential for alternative energy in coming decades.

#### Energy Efficiency Providers

Some 80% of energy is lost between production and consumption. Reduction of energy loss during transmission and distribution can therefore substantially contribute to solving the world's energy challenge, thus complementing initiatives of alternative energy providers. The Portfolio Managers divide companies related to energy efficiency into three sub-groups along the value chain. The first group includes technologically leading companies engage in unconventional energy extraction and generation, for example, horizontal drilling technology and equipment; or provide optimisation services for energy generation. Companies which transform energy into electricity efficiently and distribute it from power plants to end-users form the second group. The majority of these companies are active in innovative cable technology, secure electricity supply and clean energy production. The third group covers energy savings on the demand side which can be realized after energy being delivered to end-users, these include companies operating in areas such as smart lighting and smart grid.

### (C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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Consideration of ESG issues is fully integrated into company evaluation, with Vontobel's sector specialist analysts synthesising their own analysis with inputs from external sustainability specialists and the Group Sustainability Management to form a view on the issues that are most likely to impact the investment case of a company.

A Minimum Standard Framework informs this decision making process adding consistency and discipline to a highly subjective area. The table below shows an example Minimum Standard Framework. A minimum score of five on a scale from zero to ten is required for a company to be eligible for the portfolio.

### Environment

#### Environment Management System

- ☐ Environmental considerations integrated into key processes
- ☐ Systematic targets, monitoring

#### Eco-efficient operations

- ☐ Emissions and water use disclosure
- ☐ Waste & resource use policies

#### Product stewardship

- ☐ Use of life cycle assessment
- ☐ Ecological impact of products
- ☐ Packaging reduction and recycling

### Social

#### Employee relations

- ☐ Fair compensation
- ☐ Training, health & safety
- ☐ Equality of recruitment

#### Social & economic development

- ☐ Code of conduct
- ☐ Ethical policy
- ☐ Human rights

#### Supply chain

- ☐ Responsible marketing
- ☐ Health and content claims, labelling

- ☐ Supplier monitoring

## Governance

### Board efficiency

- ☐ Independent diversified board
- ☐ Separation of CEO and Chair
- ☐ Independent auditors

### Shareholder rights

- ☐ Disclosure of structure
- ☐ No anti-takeover devices
- ☐ Founder privileges

### Executive remuneration

- ☐ Transparency and appropriateness
- ☐ Compensation models link to ESG
- ☐ Independent compensation committee

The team's approach does not automatically exclude any companies or sectors, but there are a limited number of exceptions to this, where ESG filtering criteria is applied, such as excluding companies involved in the manufacture of cluster bombs and land mines, tobacco, or where nuclear exposure represents more than 20% of a utility's activity. These exceptions are determined on a sector by sector basis in the relevant sector sustainability paper, and are updated when appropriate.

LEI 11	Mandatory	Core Assessed	PRI 1
LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.		

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 12	Voluntary	Descriptive	PRI 1
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LEI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify

Assessment of all ESG minimum standard frameworks by an external ESG specialist

- ☐ None of the above

LEI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.3</b>	Additional information.
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In the Global Equities Team based in Zurich, the above procedures are fully integrated into their research process.

An external ESG specialist checks all ESG minimum standard frameworks of the financial analysts. He discusses potential gaps or rating differences with them and challenges their assessment. ESG minimum standard frameworks are then adapted by the financial analysts.

## Outputs and outcomes

LEI 16	Voluntary	Descriptive	PRI 1
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### LEI 16.1

Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

#### a) Impacted funds' financial performance

Screening	Thematic	Integration of ESG issues	
<input type="radio"/> Yes	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input checked="" type="radio"/> No	<input type="radio"/> No	<input type="radio"/> No	

#### b) Reduced funds' risk or volatility

Screening	Thematic	Integration of ESG issues	
<input checked="" type="radio"/> Yes	<input type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input type="radio"/> No	<input checked="" type="radio"/> No	<input type="radio"/> No	

#### c) Improved funds' ESG performance

Screening	Thematic	Integration of ESG issues	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input type="radio"/> No	<input type="radio"/> No	<input type="radio"/> No	

**LEI 16.2**

Describe how you are able to determine these outcomes and your actual performance.

The funds' performances are measured against traditional benchmarks. As of yet, there are no systematic differences in performance or risk compared to our traditional funds yet we have evidence, that screening and integration can reduce risk and improve performance of a portfolio. The fact that we do not invest in certain stocks due to minor ESG performance clearly has a positive effect on the ESG performance of the respective funds. As for thematic approaches, they clearly have a different risk/return profile than products with a traditional benchmark.

## Communication

**LEI 18****Mandatory****Core Assessed****PRI 2,6****LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

☒ We disclose it publicly

Provide URL

<https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments>

Provide URL

<http://funds.vontobel.com>

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation	<input type="radio"/> Broad approach to ESG incorporation
<input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

#### LEI 18.5

Additional information. [Optional]

The Eurosif Transparency Guidelines documents for the different sustainability funds give insights into our approach in ESG integration.

Fund insights with detailed descriptions of the investment processes are available on client request.

# Vontobel Group

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

Vontobel has an active engagement approach for all funds managed by the Global Equity and Global Thematic team in Zurich. The approach includes both the engagement through our service provider Hermes EOS as well as engagement through the equity analysts directly.

Hermes EOS engages with companies on clients' behalf, on environmental, social, strategic and governance issues with the goal of achieving beneficial change with respect to risk management, value creation and fund reputation. Engagement is objective driven and follows a structured, milestone-driven approach. Engagement interactions are sought at board and senior management level, liaising with other investors as appropriate. Work is carried out by multinational team drawn from the major investment regions around the world. All corporate engagement work is sought to be complementary to and integrated with public policy and best practice engagement and voting work.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		



Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- ☐ Yes  
☒ No

<b>LEA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------	--------------

**LEA 04.1** Indicate if you define specific objectives for your engagement activities.

- ☐ Yes  
☒ No

**LEA  
04.2**

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☒ Yes, in the minority of cases

**LEA  
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

Single analysts lead a dialogue with companies, either regarding the publication of ESG information or regarding specific ESG issues. When they reassess a company's performance, they check if the publication of information has improved.

- ☐ No

**LEA  
04.4**

Additional information. [Optional]

Our financial analysts meet a lot of management teams of the companies they invest in. In the course of these conversations they also address important ESG aspects.

## Process for engagements conducted via collaborations

**LEA 05**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA  
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- ☒ Yes

**LEA  
05.2**

Describe how you identify and prioritise collaborative engagements.

There is a monthly sustainability meeting where financial analysts and Corporate Sustainability Management discuss controversial topics of companies analysed. In these meetings, potential involvement in collaborative engagements are also discussed. The decision to join an engagement is taken based on the importance of the topic and representation of concerned companies in our funds.

☐ No

**LEA 06**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA  
06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

☐ Yes, for all collaborative engagement activities

☒ Yes, for the majority of collaborative engagement activities

☐ Yes, for a minority of collaborative engagement activities

☐ No

**LEA  
06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

☐ Yes

☒ No

#### Process for engagements conducted with/on your behalf by service providers

**LEA 07**

**Mandatory**

**Core Assessed**

**PRI 2,4**

**LEA  
07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

☒ Yes

**LEA  
07.2**

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☒ Specify the issues for the engagement
- ☐ Specify the objectives for the engagement
- ☒ Select the companies to be engaged with
- ☐ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify

☐ No

**LEA  
07.3**

Additional information. [Optional]

We actively monitor and review the activities of our service provider Hermes EOS through quarterly calls and regular reports. Furthermore, we give input on certain companies and issues we'd like Hermes to engage on.

**LEA 08**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA  
08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☐ The rationale for engagement
- ☐ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☐ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

**LEA  
08.2**

Additional information. [Optional]

Vontobel regularly receives reporting on the engagement activities of the respective service provider. Vontobel then checks the coverage of the engagement activities relative to its funds as well as the topics covered. Furthermore, Vontobel checks the progress on the different engagements.

## General processes for all three groups of engagers

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1	Indicate if you track the number of companies you engage with.
----------	--

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2	Additional information. [Optional]
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Hermes EOS' regular reporting provides full disclosure on the number of engagements conducted on our behalf

## Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
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	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	10
Collaborative engagements	4
Service provider engagements	48

**LEA  
11.2**

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Service provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA  
11.3**

Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

**LEA  
11.4**

Indicate for which part of your service provider engagements you were highly involved during the reporting year. [Optional]

Type of engagement	% High involvement
Service provider engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Governance – board structure
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To improve corporate governance standards worldwide, in particular to manage risk effectively. A good board structure is essential to this. Company boards should comprise independent members who are equipped with the right skills. Ideally each board member will enhance the diversity of the board, be it by gender, ethnicity, nationality, background or skillsets. Regular board refreshment - the avoidance of long tenures - and succession planning are also crucial.
Scope and Process	Longstanding engagements with companies have given Hermes EOS access to executive and non-executive board members of companies that were reluctant to engage in the past. Hermes EOS' good relationships with companies proved fruitful for the continuation of dialogue on board structure and recruitment processes. Companies explained the rationale behind their current board structure before Hermes EOS suggested improvements where applicable. Sometimes Hermes EOS also drew on the support of other institutional investors - or filed shareholder proposals in the US to seek proxy access or appoint an independent chair - to meet its objectives. Hermes EOS also engaged with the relevant regulatory bodies in different jurisdictions on board structures.
Outcomes	Hermes EOS' engagement in 2013 helped facilitate new board appointments, including independent non-executive directors where previously absent, to protect the rights of minority shareholders, additions to the supervisory board, more balance in leadership structures where the role of CEO and chair were combined and enhanced the duties of independent lead directors. Hermes EOS also suggested that a process of formal board evaluation be instigated and regularly undertaken where this was not previously done. It particularly welcomed appointments of individuals that enhanced the diversity and skill set of the boards.

☒ Add Example 2

Topic or ESG issue	Social and ethical – Community Relations
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To protect local community rights and maintain of licence to operate. To ensure companies have a good relationship with communities and operate according to the principle of free, prior and informed consent.
Scope and Process	<p>Hermes EOS engaged with companies which, via their holdings in a consortium of a dam project, have been associated with the violation of indigenous rights. Much of the criticism relates to the lack of consultation with indigenous populations in the various licensing phases of the dam and the disregard for the irreversible impacts on the environment, which in turn will severely affect local populations. The only solution to fully respect the rights of the indigenous population would be not to build the dam. A few decades back, following local and global protests the project was indeed abandoned. However, it was resumed and, given that the consortium of owners includes the state, it seems unlikely that it will not proceed now. Hermes EOS engaged with the companies concerned on their relationships with local communities, particularly challenging the management of social issues during the initial phases of the project. It discussed the impact on the local population including the relocation of thousands of people. While one company claims that the project would displace 16,000 people, some NGOs put the number at 40,000.</p>
Outcomes	<p>One company assured Hermes EOS about the measures being taken by the consortium to work with the local communities, saying that it is providing for the displaced families and is significantly improving their living conditions. The company also welcomed Hermes EOS' comments although it suggested media coverage had been one-sided. As a result of its engagement with a second company in the consortium, Hermes EOS was the first investor to be invited to visit the site. During the site visit, Hermes EOS tested that the company's policies were being put into practice, and visited an education project in a local village, which was founded by the company and its foundation. The company also shared an internal document with Hermes EOS which described in detail its work with indigenous populations. The evidence suggested that its management of community relations with the indigenous population was impressive but was not reflected in its reporting. As a result of Hermes EOS feeding back its observations, the company committed to improve its disclosure on community issues further.</p>

☒ Add Example 3



Topic or ESG issue	Environmental – Disaster preparedness
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To ensure effective environmental risk management by companies including the achievement of best practice standards and the investment in - where economically appropriate - best practice technologies, specifically on preparedness for disasters, such as oil spills.
Scope and Process	Hermes EOS raised concerns with several oil and gas companies on their environmental risk management in response to oil spills, particularly in the aftermath of the Gulf of Mexico oil spill. Hermes EOS pressed for greater disclosure of the measures companies had put into place, such as systems to oversee and monitor contractors, suppliers and partners to ensure the highest global operating standards are applied across all geographies.
Outcomes	Companies were open to discussing with Hermes EOS their environmental risk management and disaster preparedness. In some cases, companies had not previously held these types of discussions with investors. Hermes EOS highlighted those companies which it believes are demonstrating the highest global standards and a strong commitment to best practice in this area as examples to the laggards in the industry and recommended the leaders share their experiences with the laggards.

☒ Add Example 4

Topic or ESG issue	Carbon Risks, Water Risks, Forest degradation risks, Carbon Action.
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Increase Transparency on the respective, opportunities, emissions and measures to improve performance.
Scope and Process	Vontobel is a signatory to all four CDP investor programs and encourages companies to publish information on their risks resulting from Climate Change, Water scarcity and Forest degradation.
Outcomes	The number of companies providing solid information on the respective risks is growing from year to year.

- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA  
15.1

Indicate whether your organisation proactively discloses information on its engagements.

- ☒ We disclose it publicly

please provide URL

<https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments>

LEA  
15.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

LEA  
15.3

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

## Engagement information disclosed

- ☐ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☒ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☐ Outcomes that have been achieved from the engagement
- ☒ Other information

### Case study

**LEA  
15.4**

Indicate how frequently you typically report engagements information.

- ☐ Disclosed continuously (prior and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

LEA 16

Voluntary

Descriptive

PRI 2

We have different voting providers for different investment boutiques.

For our **Global Equities Boutique managed in Zurich**, we have Hermes EOS as a service provider to make voting recommendations and exercise our voting rights. Hermes EOS undertakes intelligent voting on our behalf according to our own proxy voting policy. This means that all proxies are voted in line with the individual circumstances of the company and the vote, rather than using a box-ticking approach or as a compliance driven activity. The vote is viewed as an annual governance health check and voting work is strongly linked with corporate engagement. The vote is not perceived as an end in itself but rather as a mechanism which precipitates further change where required. Hermes EOS files shareholder proposals in markets where it is relevant to do so, typically in Germany and the US, either as lead filer or as co-filer alongside other investors. Consistent with its intelligent voting approach, this typically forms part of a wider engagement with the company and is used as a tool for leverage in its dialogue with management. Where, in accordance with its policies, Hermes EOS has executed a vote against management on large holdings or otherwise high-profile companies, it seeks to follow up with the company either in writing to explain the reasons giving rise to a vote against and the steps that it would like to see the company take to rectify the issue. As necessary, Hermes EOS will look to engage with the company before the meeting to ensure that the issue giving rise to the vote against is addressed so that it can vote in line with management's recommendation, a vote 'for' management 'by exception,' in subsequent years. It may look to vote against management in a number of different scenarios. While it is difficult to provide a general description, typically this will be where a vote with management would not serve the best long-term interests of shareholders. This may be either in terms of remuneration or where there are insufficient skills on the board to take the company forward.

There may also be specific instances where a vote in favour of management would be actively detrimental to the company, for example in the case of a merger or acquisition. Hermes EOS rarely abstains on votes. In the very rare instances that it does consider abstaining, this may be because it is unable to vote with management - typically due to inadequate information being provided - but where a vote against management may appear unduly harsh. Hermes EOS always seeks to obtain the required information to make an informed voting decision but this may not always be possible.

Our **Quality Growth Boutique in New York** exercises all voting rights based on the recommendations of ISS.

The ISS policy encompasses a broad set of recommendations concerning Governance, Environmental and Social issues.

Some of the **funds we manage for third parties**, further apply their voting rights based on the recommendations of Ethos. The Ethos policy encompasses a broad set of recommendations concerning Governance, Environmental and Social issues.

## Process

LEA 17

Mandatory

Descriptive

PRI 2

<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

	<b>Approach</b>
--	-----------------

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☐ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☒ We hire service provider(s) which make voting decisions on our behalf.

	<b>Based primarily on</b>
--	---------------------------

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain

<b>LEA 17.2</b>	Additional information.[Optional]
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For ISS and Ethos, we apply the service provider voting policy signed off by us.

<b>LEA 21</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

<b>LEA 21.2</b>	Additional information. [Optional]
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We chose service providers with high quality standards. They usually lead a dialogue with companies where they recommend a vote against management recommendations.

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
----------	---

☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

62

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
----------	--

Not all investment boutiques have an active voting policy in place.

☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
----------	--

☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
----------	---

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	<div> <div></div> <div>%</div> </div> <div>90</div>
Against (opposing) management proposals	<div> <div></div> <div>%</div> </div> <div>10</div>
Abstentions	<div> <div></div> <div>%</div> </div> <div>0</div>

100%

<b>LEA 23.3</b>	For the reporting year, describe your approach towards voting on shareholder resolutions.
-----------------	---

Shareholder resolutions are analysed and checked against the overall voting policy. If they are in line with the voting policy, the votes are cast for the shareholder resolution.

☐ No, we do not track this information

<b>LEA 23.4</b>	Additional information.
-----------------	-------------------------

For the boutiques with an active voting policy, all votes were cast for all positions.

<b>LEA 25</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 25.1</b>	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
-----------------	---

☒ Add Example 1

Topic or ESG issue	Remuneration
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Companies should design and implement remuneration policies that align the interests of management with the interests of shareholders and incentivise executives to maximise long-term value.
Scope and Process	<p>A vote against management in relation to remuneration may indicate that the remuneration report proposed by management does not demonstrate sufficient alignment with shareholder interests. This may be due to lack of sufficient performance metrics or may indicate that the quantum put forward by the company is excessive in view of the company's performance. Remuneration has been a key theme for the engagement work of Hermes EOS and this is supported by its voting related discussions with companies. In 2013, Hermes EOS engaged with a number of companies where it identified a misalignment between executive compensation and shareholder interests. In some cases, Hermes EOS agreed to vote with management 'by exception' on the understanding that management was moving in the right direction. Hermes EOS then followed up with these companies. Hermes EOS also spoke to those where they recommended voting against the remuneration scheme put forward by management to outline their concerns and agree an acceptable way forward.</p>
Outcomes	<p>Voting activity relating to remuneration during 2013 both supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach for measuring progress in engagements, a number of conversations Hermes EOS had with companies around the vote led to governance changes at companies. Other conversations around the vote contributed toward continuing engagements with companies where the required change is still outstanding.</p>

☒ Add Example 2



Topic or ESG issue	Board Structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Boards should comprise individuals with an appropriate and diverse range of competencies, knowledge and experiences to effectively carry out their duties.
Scope and Process	<p>Ideally boards should be led by an independent non-executive chair. Boards should establish and maintain an appropriate corporate culture, be representative of all shareholders including minorities and should assume responsibility for remuneration policies and oversee the risk management function. Board structure is a significant feature for engagement at our service provider Hermes EOS. Very often getting the board right is the first step in addressing other social or environmental issues that the company may be exposed to. Hermes EOS regards the vote against as an annual health check and often a vote against will precipitate further engagement with the company. Equally, the vote may be used in such a way as to support ongoing engagements on board structure. Consistent with its intelligent voting approach, Hermes EOS endeavours to contact companies wherever possible when it recommends a vote against. Sometimes this contact enables Hermes EOS to vote with management 'by exception.' Subsequent to the vote, Hermes EOS follows up with companies, wherever possible, to explain the rationale for voting against and what changes it would like to see.</p>
Outcomes	<p>Voting activity on resolutions relating to board structure during 2013 both supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach to measure progress in engagements, Hermes EOS can demonstrate that a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements with companies where the required change is still outstanding.</p>

☒ Add Example 3

Topic or ESG issue	Capital Structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Companies should have an efficient capital structure which will minimise the long-term cost of capital.
Scope and Process	Consistent with its intelligent voting approach, in instances of material holdings or otherwise high-profile companies, our service provider Hermes EOS endeavoured to contact companies wherever possible when it recommended a vote against. Sometimes this contact enabled Hermes EOS to vote 'with management by exception.' Subsequent to the vote, Hermes EOS follows up with companies wherever possible to explain the rationale for voting against and what changes it would like to see.
Outcomes	Voting activity in relation to capital structure during 2013 both supported and built on engagements with companies on this issue. Using Hermes EOS' milestone approach to measure progress in engagements, a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements at companies where the required change is still outstanding.

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA  
26.1

Indicate if your organisation proactively discloses information on your voting activities.

- ☒ We disclose it publicly

provide URL

<https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments>

**LEA  
26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

**LEA  
26.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
  - ☐ Continuously (soon after votes are cast)
  - ☐ Quarterly or more frequently
  - ☒ Between quarterly and annually
  - ☐ Less frequently than annually
  - ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
  - ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# Vontobel Group

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
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**FI 03.1** Provide a brief overview of how you incorporate ESG issues in fixed income investments.

### Fixed Income - Corporate

Vontobel manages different Bond funds or Balanced funds based on thorough ESG screening an exclusion process.

Vontobel relies on external research providers to define a sustainable bond universe for these funds.

### Fixed Income - Government

Vontobel manages different Bond funds or Balanced funds based on thorough ESG screening an exclusion process.

Vontobel relies on external research providers for a sustainability country rating.

## Fixed Income - Corporate

### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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**FI 04.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

**ESG incorporation strategy** (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> <div>6</div>
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- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☒ No incorporation strategies applied

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> <div>94</div>
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Total actively managed fixed income - corporate
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100%

<b>FI 04.2</b>	Describe your primary reasons for choosing a particular incorporation strategy.
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In the management of bond strategies, performance is mainly driven by aspects such as duration, currency and ratings. Bonds are often purchased on maturity in order to keep costs low. We consider it therefore more practicable to use stable sustainable investment universes for our sustainable bond products instead of broad integration processes. These are best created on the basis of a best-in-class screen in combination with exclusion criteria.

<b>FI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>FI 05.1</b>	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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**Type of ESG information**

- ☐ Raw ESG company data
- ☒ Issuer-related analysis or ratings

Describe who provides this information.

We use different research providers for different products and different markets. For the Vontobel bond mandates, Vigeo ratings are used - except for Swiss Bond issuers, where we use ratings from Inrate.

For the funds we manage for third parties, Inrate ratings are used both for Swiss and foreign issuers.

- ☐ Sector-related analysis or ratings
- ☐ Country-related analysis or ratings
- ☒ Screened bond list

Describe who provides this information.

Based on a defined threshold both research providers Vigeo and Inrate provide a list of bonds fulfilling the minimum ESG-Rating.

- ☐ Issue-specific analysis or ratings
- ☐ Other, specify

**FI 05.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Both research providers, Vigeo and Inrate, base their sustainability bond-ratings for corporations on a broad set of ESG indicators. They use information from companies as well as from third-parties. Both providers cover similar aspects, although Inrate has a higher weight on product stewardship and the full life cycle, whereas Vigeo places more emphasis on the performance relating to social aspect (labour, human rights, community involvement).

## (A) Implementation: Screening

**FI 06**

**Mandatory**

**Descriptive**

**PRI 1**

**FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

### Type of screening

- ☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

Description
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For Corporates, the following exclusion screens apply:

nuclear power (>5% of overall turnover); agricultural genetic engineering (>0% of overall turnover); arms (production of defence goods for military applications, >0% of overall turnover, and producers of other defence goods, e.g. radar installations, military transporters, >5% of overall turnover); tobacco (>5% of overall turnover); alcohol (>10% of overall turnover); pornography (>10% of overall turnover); gross violations of human rights and rights at work.

For Countries, the following exclusion screen applies:

Death penalties still practiced.

- ☒ Positive/best-in-class screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance



Description
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The most important element of the sustainability analysis is to determine which companies are on average ahead of their peers in terms of an active sustainability approach. The following ESG themes (environmental, social, governance) are covered by many different criteria as a basis to evaluate a firms' sustainability performance:

#### E - Environmental:

Reduction of environmental impact caused by the company's operations (e.g. cutting energy consumption and waste output)

Reduction of environmental impact caused by the company's products (e.g. cars with reduced fuel consumption, recyclable appliances and products with reduced energy consumption and toxic-material content)

Integration of environmental considerations into strategic and managerial processes (e.g. development of a climate strategy, implementing the ISO 14001 environmental standard, executive board responsibility, consideration of environmental performance in remuneration process, reporting on related issues)

#### S - Social:

Progressive employee conditions (e.g. fair remuneration, promotion of employee diversity, implementation of Occupational Health and Safety Management Systems - OHSMS)

Progressive approaches to address stakeholder groups (e.g. environmental and social criteria for suppliers, customer surveys as the basis of product development, as well as systematic, honest and open dialogue with NGOs and consumer groups)

Integration of social considerations into strategic and managerial processes (e.g. development of a social agenda, executive board responsibility, consideration of social performance in remuneration process, reporting on related issues)

#### G - Governance:

Efforts towards leading corporate governance systems, including power-sharing and transparency enhancement (e.g. CEO and Chairman of the Board not same individual, internal audit division not reporting to CEO but Internal Audit Committee led by independent Board members, etc.)

Progressive risk- and information management systems (e.g. COSO, COBIT) and assuring independence of accounting and advisory personnel

Focus on a fair corporate culture, i.e. whistle blowing structures  
Combating corruption

The most progressive issuers in each sector are identified and selected for the sustainable investment universe. On the basis of these two stages of analysis, the sustainable bond universe is determined.

☐ Norms-based screening

**FI 06.2**

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

As for the research purchased from external providers, we have assessed the procedures, capacities and experts a provider relies on and chosen the most suitable provider. Our providers established the screening criteria established in a thorough process based on extensive research on specific ESG risks and opportunities in each sector. Criteria are reviewed on a regular basis approximately every 2 years.

Clients are informed about major changes through documents such as the Eurosif Transparency Guidelines and the Fund insight which is provided to clients on request.

**FI 07****Mandatory****Core Assessed****PRI 1****FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**FI 08****Voluntary****Additional Assessed****PRI 1****FI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.

- ☐ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

FI 08.2

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

If the automatic checks show a non-compliance with the sustainable investment universe, the respective bonds have to be sold immediately.

## Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☒ <10%  
☐ 10-50%  
☐ 51-90%  
☐ >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**FI 13.4**

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

We use different research providers for different products. For the Vontobel bond mandates, the Vigeo country rating is used. For the funds we manage for third parties, the Inrate country ratings is used.

Both research providers, Vigeo and Inrate, base their sustainability country-ratings on a broad set of ESG indicators. The country ratings are mainly based on information from third parties such as World Bank, World Health Organisation and many NGOs providing specific data on certain topics.

☐ No

## Communication

**FI 18****Mandatory****Core Assessed****PRI 2,6****FI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☐ We disclose it publicly
- ☒ We disclose it to clients/beneficiaries only

**FI 18.3**

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation
- ☐ Detailed explanation of ESG incorporation strategy used

**FI 18.4**

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**FI 18.5**

Additional information. [Optional]

There are documents describing the investment process of client mandates that are handed out to clients. Furthermore, the sustainable bond funds managed by Vontobel are also signatories of the Eurosif Transparency Guidelines and the respective document can be found on our Fund Net.

## Engagement in fixed income investments

## Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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**FI 19.1** Indicate if you engage with corporate issuers.

☒ Yes

**FI 19.2** Describe your organisation's approach to engagement in corporate fixed income.

We do not specifically engagement with corporate issuers, but some of the companies we engage with as equity owners are also bond issuers. The respective engagement therefore also has an impact on these companies as bond issuers.

☐ No

## Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
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**FI 20.1** Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

☐ Yes

☒ No