1. Introduction
Robeco Institutional Asset Management (hereinafter: Robeco) actively advocates sustainability investing by integrating environmental, social and governance factors (ESG) into the investment process in various ways. We are convinced this leads to better-informed investment decisions and benefits society. Carrying out stewardship responsibilities is an integral part of Robeco’s sustainability investing approach. As such, Robeco wants to avoid making any investments which we or our clients deem unsuitable.

Robeco will apply this exclusion policy to all listed assets under management from all funds over which we have full discretion, including those funds sub-advised by group members, but excluding discretionary mandates and client specific funds.

For Robeco’s Sustainable Fund Range, more extended limitations are applied.

2. Focus Areas
We exclude from our investment universe the following focus areas:

Controversial behavior
Robeco acts in accordance with the United Nations Global Compact (UNGC) Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises to assess the behavior of companies. An enhanced engagement process is applied with companies that have severe breaches of these principles and guidelines which are outlined in annex 1. If this enhanced engagement, which may last up to a three year period, does not lead to the desired change, Robeco will decide to exclude a company from its investment universe.

Controversial behavior in relation to the production of Palm oil
Robeco considers the production of palm oil a process with significant environmental and social risks, leading to breaches of the UN Global Compact if this product is not produced sustainably. A transition to a sustainable palm oil industry can be attained by palm oil producing companies moving towards production in accordance with the standards of the Roundtable on Sustainable Palm Oil (RSPO). (https://rspo.org/key-documents/certification/rspo-principles-and-criteria)

Exclusion is applied to listed companies that have less than 20% of their plantations RSPO certified or companies with a significant ownership in those companies defined by a revenue contribution of at least 20% palm oil revenues. Other palm oil producing companies are part of an engagement program where Robeco requires them to make progress towards full RSPO certification and addresses potential controversies and breaches of the UN Global compact. Palm oil producing companies that do not reach 50% RSPO certified plantations by 31 December 2021 will then be excluded.

Controversial products

Controversial weapons
Robeco deems anti-personnel mines, cluster munitions, chemical, biological weapons, depleted uranium weapons and nuclear weapons to be controversial weapons. Exclusion is applied to companies that are manufacturers of certain products that do not comply with the following treaties or legal bans on controversial weapons:
1. The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines.
3. The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons.
4. Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons.
5. The Treaty on the Non-Proliferation of Nuclear Weapons (1968) which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China).
6. The Dutch act on Financial Supervision ‘Besluit marktmisbruik’ art. 21 a.
7. The Belgian Loi Mahoux, the ban on uranium weapons.

Tobacco
Tobacco is an unhealthy and socially disadvantageous product. Robeco deems investing in tobacco companies an unsustainable investment. Exclusion is applied to companies that are involved in the production of tobacco or suppliers of significant components of cigarettes (such as filters) or companies with a significant ownerships in those companies.

Excluded countries/sovereign debt
Robeco deems investing in government bonds (federal or local) of countries where serious violations of human rights or a collapse of the governance structure take place as unsustainable. In addition, Robeco will follow applicable sanctions of the UN, EU or US to which it is subject and follows any mandatory (investment) restrictions deriving therefrom.

3. Implementation

Scope of the policy

A. For company exclusions all company-related listed investment instruments (e.g. equity, equity derivatives and corporate bonds) are in scope.

B. For controversial behavior company cases a comply or explain principle applies. The ExCo member responsible for investments of Robeco may on product specific grounds on a case by case basis grant exceptions for specific investment products.

C. For discretionary mandates and client specific funds, Robeco will only apply restrictions following applicable sanctions, rules and regulations. In addition Robeco can apply further restrictions and/or implement any exclusion list if agreed with a client.

D. With respect to third party funds and trackers within a Robeco fund-of-fund product a minimum threshold is applicable of 5% per holding of total assets for the Robeco exclusion policy to apply.

E. With respect to investments into third party private equity funds, Robeco Private Equity will determine - in close cooperation with the managers of these funds – how the Robeco Exclusion Policy can best be incorporated in the investment policy of these funds.

F. If company A is partially owned by company B and company B is involved in controversial behavior, controversial weapons or tobacco, Robeco will not exclude company A.

G. The thresholds used for controversial behavior, controversial weapons are 0% and for ownership 50%. The thresholds used for tobacco producers are 0%, for suppliers 50% and for ownership 50%.

H. If the excluded bonds are part of a benchmark of a fund that we manage, we allow portfolio managers to mimic the currency exposure of that country up to the benchmark level.

Governance of the policy

The ExCo of RIAM decides on the implementation and/or changes of the exclusion policy.

The SISC committee of Robeco, decides on the additions and/or deletions of the exclusion list.

Implementation period

For Equities: Unless sanctions stipulate specific timelines exclusions apply within three months after the announcement. Possible exceptions on product specific grounds with respect to controversial behavior exclusions are decided within these months.

For Credits: If possible, sell as quickly as possible. If not possible for liquidity reasons, then buying of additional credits is not allowed. Once possible at a reasonable price, credits will be sold.

Possible exceptions on product specific grounds with respect to controversial behavior exclusions are decided within 1 month.

Transparency

Robeco is transparent with regard to the excluded companies and countries. The exclusion policy and an up to date list (annex 2) of excluded companies and countries are available on Robeco’s website.

The data on companies and countries taken into account when establishing the list of excluded companies and countries are provided by three external data providers, as well as data on international sanctions.

Practical guidelines are used when implementing the policy

– Robeco’s first and main responsibility is to serve the interests of its clients to the best of its ability.

– Exclusion of companies from Robeco’s investment funds as a result of the exclusion policy are not expected to significantly alter the risk-return profile of these funds. Therefore the securities on the list of excluded companies that are removed from Robeco’s investment funds will not be excluded from the benchmarks against which these funds are managed.

– The list of excluded companies does not apply to index derivatives or to proprietary index construction.

– Excluded companies will be reviewed on a regular basis to check if relevant changes have been made to the company’s activities or behavior. A review of such changes may lead to the exclusion being lifted.
Human rights
Businesses should
(1) support and respect the protection of internationally proclaimed human rights and
(2) ensure that they are not complicit in human-rights abuses.

Labor standards
Businesses should uphold
(3) the freedom of association and the effective recognition of the right to collective bargaining;
(4) the elimination of all forms of forced and compulsory labor;
(5) the effective abolition of child labor; and
(6) the elimination of discrimination in respect of employment and occupation.

The environment
Businesses should
(7) support a precautionary approach to environmental challenges;
(8) undertake initiatives to promote greater environmental responsibility; and
(9) encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
Businesses should
(10) work against corruption in all its forms, including extortion and bribery.

UN Global Compact Principles

OECD Guidelines for Multinational Enterprises

HUMAN RIGHTS
Protection and respect
Political involvement
Policy
Due diligence
Remedy

LABOUR
Employment relationships
Workers’ rights, including the right to join labour unions and to collective bargaining
Forced labour
Child labour
Equality of treatment/ discrimination in employment and occupation
Occupational health and safety
Employing local workers and providing training
Creating employment opportunities and facilitating training opportunities
Promoting consultation and cooperation between employers and workers

ENVIRONMENT
Precautionary approach
Environmental behaviour
Environmentally sound technologies
Environmental management system
Education and training of employees
Contingency plans

ECONOMIC AND BUSINESS ISSUES
Combating bribery and extortion
Involvement in local political activities
Competition
Taxation
Information disclosure

CONSUMER ISSUES
Consumer interests
Fair marketing
Consumers’ health and safety
Consumers’ access to complaint and dispute resolution
Protection of personal data and privacy

COMMUNITY DEVELOPMENT
Local capacity building
Employment opportunities
Training of employees
Employing local workers
Providing education and training
Science and technology
Excluded companies:

A. Controversial Behavior

1. Oil and Natural Gas Corporation (ONGC)\(^1\) UNGC breach
2. Vale SA\(^2\) UNGC breach
3. G4S UNGC breach
4. Bumitama Agri palm oil
5. First Pacific palm oil
6. Sampoerna Agro palm oil
7. First Resources palm oil
8. POSCO Daewoo palm oil
9. Noble Group palm oil
10. QL Resources palm oil
11. Astra Agro Lestari palm oil
12. IJM Plantations palm oil
13. Indofood Agri Resources Ltd palm oil
14. Indofood Sukses Makmur palm oil

B. Controversial Weapons:

1. Hanwha Corp. cluster munition\(^3\)
2. Northrop Grumman depleted uranium
3. Poongsan Corp. cluster munition\(^3\)
4. S&T Dynamics Corp. anti-personnel mines
5. Walchandnagar nuclear weapons
6. Aerojet depleted uranium
7. General Dynamics depleted uranium
8. Premier Explosives nuclear weapons
9. Larsen & Toubro nuclear weapons
10. Tata Power Company Ltd nuclear weapons
11. Bharat Dynamics nuclear weapons
12. Anhui GreatWall Military Ltd cluster munition\(^3\)
13. LIG Nex1 Co., Ltd cluster munition\(^3\)

C. Tobacco:

1. 22nd Century Group producer
2. Altria Group Inc. producer
3. B.A.T Capital Corporation producer
4. B.A.T. International Finance p.l.c. producer
5. British American Tobacco (Malaysia) Berhad producer
6. British American Tobacco Chile Operaciones S.A. producer
7. British American Tobacco Holdings (The Netherlands) B.V. producer
8. British American Tobacco p.l.c. producer
9. Eastern Company producer
10. Godfrey Phillips India Limited producer
11. Imperial Brands Finance PLC producer
12. Imperial Brands PLC producer
13. ITC Limited producer
14. Japan Tobacco Inc. producer
15. KTSvG Corporation producer
16. IT Group, Inc. producer
17. Philip Morris International Inc. producer
18. PT Cudang Garam Tbk producer
19. PT Hanjaya Mandala Sampoerna Tbk producer
20. Reinet Mandalika Sampoerna Tbk producer
21. Reynolds American Inc. producer
22. Shanghai Industrial Holdings Limited producer
23. Souza Cruz SA producer
24. Swedish Match AB (publ) producer
25. Turning Point Brands, Inc. producer
26. Vector Group Ltd. producer
27. Pyxus International, Inc (formerly known as Alliance One International, Inc.) supplier
28. Huabao International Holdings Ltd. supplier
29. Schweizer-Mauduit International, Inc. supplier
30. Universal Corporation supplier

Excluded Countries/Sovereign debt:

1. Afghanistan
2. Burundi
3. Central African Republic
4. Congo, Democratic Republic
5. Iraq
6. Libya
7. Mali
8. Myanmar
9. North Korea
10. Somalia
11. South Sudan
12. Sudan
13. Syria
14. Yemen
15. Zimbabwe

\(^1\) In line with item 3.B. of the Robeco Exclusion Policy an exception has been granted on product specific grounds to Robeco on behalf of Robeco’s Exclusion Policy. Third parties should make their own judgement on whether or not to invest in these companies. Robeco accepts no responsibility whatsoever for any improper use of the information contained in the list of excluded companies or any action taken as a result thereof and disclaims all liability in respect of such improper use.

The publication of this list of excluded companies is for information purposes only. This list of excluded companies may be used by Robeco only as described in more detail in Robeco’s Exclusion Policy. By putting a company on this list Robeco is not giving any general recommendation or investment advice not to invest in such company to any third party (i.e. any party which is not (1) a client of Robeco Direct or (2) a subsidiary or fund family of Robeco which applies Robeco’s Exclusion Policy). Third parties should make their own judgement on whether or not to invest in these companies. Robeco accepts no responsibility whatsoever for any improper use of the information contained in the list of excluded companies or any action taken as a result thereof and disclaims all liability in respect of such improper use.
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