

# Altis Responsible Investment Policy

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## Introduction

Altis Investment Management ('**Altis**') is considered a financial adviser in accordance with the Sustainability Finance Disclosure Regulation (EU/2019/2088) ('**SFDR**'). Financial Advisers are required to publish information on their website about their policies regarding the integration of sustainability risk in their investment decision making process.<sup>1</sup> According to the SFDR, sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Altis specialises in the selection and monitoring of asset managers and their investment strategies, we do not manage investment vehicles of our own. We offer advice in a broad range of asset categories and advise on solutions to help our clients achieve their financial and sustainability objectives. We have made research into sustainability aspects as an important component of our analysis and advice

Responsible investing ('**RI**') lies at the heart of NN Investment Partners' investment beliefs. As a 100% daughter company of NN Investment Partners ('**NN IP**'), the asset manager within NN Group ('**NN**'), Altis subscribes to this and adheres to the policies of NN IP and NN Group, as published on their respective websites:

<https://www.nnip.com/en-INT/professional/themes/responsible-investing-policy-documents>

<https://www.nn-group.com/sustainability/responsible-investment/responsible-investment-policy-framework.htm>

Altis is convinced that responsible investing enhances risk-adjusted returns and believes that companies with sustainable business practices and high standards of corporate governance will become the success stories of the future. We believe there is a strong link between the longer-term positive impact of Environmental, Social, and Governance (**ESG**) integration and improved risk-adjusted returns. In addition to having a positive effect on the well-being of society and the environment, consistent ESG integration enables us to identify the associated risks and opportunities and to unlock potential value.

In 2020, we further enhanced our ESG analysis of asset management companies, their investment strategies and their portfolios. We acknowledge that in some asset classes it is a challenge to do this in a consistent, systematic, and auditable manner as data availability is sometimes an issue.

## Objective

The objective of the Altis Responsible Investment Policy ('**Altis RI policy**') is to effectively address the (sustainability) risks that relate to ESG issues. In addition, the Altis RI policy reflects how we implement our responsible investing approach.

When advising, we take international standards into account, as well as initiatives that either NN IP or NN have endorsed. Examples of these commitments/endorsements include the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the Principles for Responsible Investment.

The Altis RI policy is aligned with the NN Group Responsible Investment Framework policy ('**RI Framework policy**'), NN IP's investment approach and risk appetite, and the best interests of our clients. It reflects risk perspectives resulting from applicable legislation such as the SFDR, which forms part of the EU's Sustainable Finance Action Plan. Furthermore, it takes into account NN IP's commitments arising from the status as a PRI signatory and the requirements attached to responsible investing labels received or applied for.

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<sup>1</sup> Article 3 SFDR.

## Scope

As investment adviser, Altis specialises in the selection and monitoring of asset managers and their investment strategies. As such, we do not manage investment vehicles of our own. Altis adheres to the NN IP Responsible Investment Policy ('**NN IP RI policy**') and related policies and documents (see reference at the end of this document), though certain deviations to the original scope may apply as Altis works primarily for third-party fiduciary clients who may set their own priorities.

We strive to implement the Altis RI policy consistently, but deviations in relation to this policy's scope may apply in the following areas:

### 1. Fiduciary clients

Our fiduciary clients may have their own specific requirements and criteria. They may choose to put a different emphasis to the responsible investment approach and their investment mandates managed by external asset managers.

### 2. Assets managed by external asset managers

Although NN IP expects external managers to implement the key principles of this policy for the assets that they manage and to monitor the implementation, exceptions may arise. Mutual funds managed by external asset managers may not fully implement the RI Framework policy, because there are multiple investors that participate. Also, for the same reason, the NN Restricted List (<https://www.nn-group.com/sustainability/responsible-investment/responsible-investment-policy-framework.htm>) may not be applied in an identical way. For these investment funds, we will monitor the composition of the portfolio and we will ask those asset managers for responsible investment policies and restricted lists and will apply a risk-based approach.

## Risks and control objectives

Next to building on the risk framework as set out in NN IP's RI policy, Altis pays attention to particular sustainability risks at three levels while analysing the suitability of investment products: the asset management company, the investment strategy and the portfolio.

### Asset management company

Using a proprietary questionnaire Altis makes an assessment of ESG policies and ESG integration at firm level. Topics such as corporate governance, business ethics, integrity of the compensation policy, diversity, and environmental policy are included.

### Investment strategy

A second proprietary questionnaire helps to form an opinion about ESG policies and integration at strategy level. Included are topics such as exclusion, voting, engagement, integration of ESG factors into the investment process and particular ESG-related reporting. We are particularly interested to learn how the asset manager integrates, where relevant, material sustainability risks and opportunities into the research and analyses of investments. We also look for a consistent demonstration and documentation of sustainability factors integration for individual investment analyses. In order to determine whether managers comply with their own policies, we ask for examples and the results of the last 12 months.

### Portfolio

In addition to the described assessments of investment firm and investment strategy, Altis measures the ESG-impact of a portfolio versus a benchmark. With input from external data providers, we measure the portfolio's carbon footprint and use of natural resources. We identify the most risky securities from an ESG perspective and are equipped to screen for violations of, among others, United Nations Global Compact.

## Responsible investing implementation

NN IP's RI approach combines four building blocks to implement responsible investing: restriction criteria, ESG integration, engagement and voting, and transparent reporting. Where possible Altis connects to these building blocks in the advisory work we perform. By incorporating these four building blocks into our manager research, we are better able to fulfil our clients' responsible investing ambitions and their financial goals.

### Restrictions

Altis selects asset managers and investment products that, as a minimum, comply with local legislation and required exclusion policies. In addition, we are equipped to implement and monitor clients' particular exclusion policies. Our clients often have additional requirements of their own and may choose to put a different emphasis in their investment approach.

### ESG integration

For many years, we have integrated sustainability factors into our research process as one of the key elements of manager analysis, next to investment due diligence and operational due diligence. Through our ESG questionnaires and the measurement of sustainability impact of portfolios, we can inform our clients about how asset managers integrate sustainability into their business operations and investment portfolios.

### Engagement dialogue

Engagement with asset managers about sustainable-related issues is a tool Altis uses to influence managers to adopt more sustainable behaviour and practices. Altis team members maintain regular bottom-up dialogues with asset managers on ESG subjects that we or our clients believe may have a material impact on the value of portfolios under management. The responses to our questionnaires and sustainable-related portfolio analyses are important starting points for this communication.

By actively engaging with asset managers, we can more effectively put our clients' capital to work in generating a positive environmental and social impact, and at the same time reduce the sustainable risks in the investment portfolios.

### Reporting

Transparent reporting is the fourth pillar of our responsible investing approach. We provide our clients with comprehensive reports about the ESG profile of asset managers, their investment strategies and the portfolios they manage for our clients.

Additionally, Altis contributes to NN IP's report to the Principles for Responsible Investment (PRI), of which our mother company is an active signatory.

## Related documents

### NN Investment Partners

Access to all responsible investing policy documents (listed below) can be found on the RI policies page of the NN IP website:

<https://www.nnip.com/en-INT/professional/themes/responsible-investing-policy-documents>

#### **NN Investment Partners Stewardship Policy**

This policy outlines the eight overarching principles that NN IP follows in managing client assets.

#### **NN IP Engagement Approach**

This document gives an overview of NN IP's engagement activities and strategy.

#### **Proxy Voting Policy Client Assets**

This document gives an in-depth explanation of the reasoning behind NN IP's voting policies and how these are implemented.

#### **NN Exclusion List**

This list gives a comprehensive overview of all excluded companies and sovereigns, including the reason for exclusion.

#### **NN IP Climate Change Policy**

This policy gives an overview of NN IP's beliefs and activities as they relate to climate change mitigation and adaptation. Additionally, NN Group has published a Statement on Coal on its website, which also refers to NN IP.

#### **Responsible Investing Framework**

This document provides an in-depth overview of NN IP's RI Framework, including our underlying RI beliefs, our four-pillar approach, governance structure and our responsible investment strategies.

#### **ESG Materiality Framework**

This document explains the first part of NN IP's ESG integration process: the identification of material issues and the framework used to do this.

#### **Overview of RI memberships, signatories and labels**

NN IP is an active member of many international sustainability initiatives. This document summarizes these memberships and explains NN IP's role within these organizations.

#### **NN IP's 2020 Responsible Investing Report**

This is the latest edition of NN IP's annual Responsible Investing Report, which provides an in-depth overview of all responsible investing activities.

#### **PRI Transparency Report 2020**

### NN Group

The NN Group Responsible Investment Framework Policy can be found on the NN Group website.

<https://www.nn-group.com/sustainability/responsible-investment/responsible-investment-policy-framework.htm>

## Disclaimer

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