



The Sustainable Way

Corporate & Social Responsibility (CSR)
Responsible Investment (RI)
Policy & Report

September 2019

Thinking Out of the Box



“ TOBAM fosters a spirit of innovation that is found across all levels of the organization. Looking beyond the obvious, questioning norms, anticipating future changes all whilst integrating clients' requirements- this is TOBAM's "Out of the Box" culture.

Our mission is to provide rational and professional solutions to long term investors in the context of efficient markets. To successfully implement this, it is our responsibility to consider all the factors that may influence wealth creation and therefore impact our funds' characteristics.

Our clients have a long-term approach to investing and our sustainable way addresses these concerns.

We consider that commonly named "extra-financial" factors are on the contrary, very much financial as they may have significant consequences on assets' valuation and therefore on returns. They are integral in the rules structuring our investment activities, considering their financial materiality over the long run.

TOBAM's onboarding of sustainability took place very early on in the development of TOBAM, and interestingly has been expanded over the years by the continuous contribution of employees, clients, shareholders and partners.

By acting in the best interests of our clients and shareholders, we implicitly become long-term investors ourselves.

TOBAM has always been aware of its role in the economy and as such has proactively decided to make Sustainability a core value both at the investment and at the corporate level.

Sustainable investing is not meant to highlight a moral or ethical point of view, it is not meant to determine what is good or what is bad. We believe that integrating ESG criteria is instrumental in managing risks and makes sense in the context of long-term investments.

Given TOBAM's unique approach - Maximum Diversification® - what matters to us when integrating ESG, is to be able to implement as rigorously and as thoroughly as we can, while ensuring that we conduct the appropriate research to analyse and document the impact of the ESG integration on the characteristics of our approach (in terms of risk/return and diversification characteristics). Our systematic and quantitative process, supported by the dedicated research team, allows to very precisely quantify the impact of the ESG integration on our strategies.

Our commitment to Sustainability consists in managing our social and environmental externalities at the Corporate level. This commitment is part of our corporate culture, in which each employee, as a shareholder of the company, is encouraged to not only be sensitive to his/her impact on the environment, but also suggest improvements of how we can better implement our sustainability. This "out of the box" system is the direct result of TOBAM's entrepreneurial and "one-team" spirit. Dialogue and constant engagement both amongst ourselves and our clients is a key pillar. Empowerment is crucial to help foster creativity, involvement and loyalty.

We are proud to share our commitments and progress achieved over the last year by disclosing this new edition of our Sustainability policy and report.



Yves Choueifaty
Chairman & Founder, TOBAM

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Mission & Values

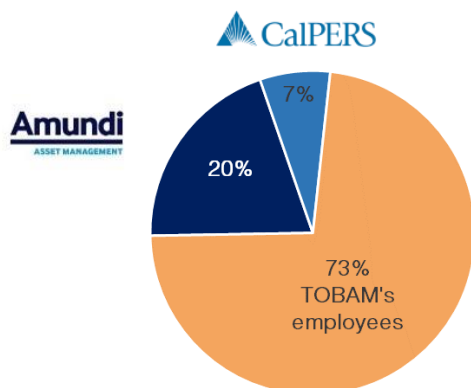
“Provide rational and professional solutions to long term investors in the context of efficient markets”



* For more information about the Bourbaki Spirit please refer to “The Bourbaki Spirit” article on TOBAM website.

About TOBAM

TOBAM was created in 2005 by Yves Choueifat. Independent and employee-owned, TOBAM has two minority shareholders: California Public Employees' Retirement System (CalPERS) since April 2011 and Amundi, since May 2012.



Pioneer in the smart beta movement, TOBAM offers innovative investment capabilities aiming to maximize diversification.

TOBAM's flagship Anti-Benchmark® strategies and Maximum Diversification® indices, supported by original research and a mathematical definition of diversification, provide clients with diversified core equity exposure.

TOBAM continues also to grow its product range, currently offering global investment grade and high yield strategies as well as a multi asset strategy.

The Company manages close to US\$9 billion via its Anti-Benchmark® strategies and Maximum Diversification® indices.

In line with its mission statement and commitment to diversification, TOBAM also launched a separate activity on cryptocurrencies in 2017.

TOBAM is comprised of 53 financial professionals

Key Figures

Formed in 2005

\$8.7 billion assets under management

53 professionals, of which 24 are in Portfolio Management and Research Team

Global Presence (4 offices); 19 nationalities

Figures as of June 28, 2019.



"Emerging Equity Manager of the Year"
UK Pensions Awards 2019, London



"European Smart Beta Manager of the Year"
Funds Europe Awards 2018, London



"AM Leader of the Year"
Grands Prix de la Gestion d'Actifs 2016 - Paris

"European Asset Management Firm of the Year"
Funds Europe Awards 2016 & 2017, London



funds europe awards 2016 Winner

"Equities Manager of the Year"
CIO Industry Innovation Awards 2015 - New York



"CIO of the Year"
Funds Europe Awards 2015 - London



Expertise

What is Maximum Diversification® ?

The Maximum Diversification® approach is a quantitative investment methodology based on a unique principle: increasing diversification.

From this concept, TOBAM was able to derive the mathematical definition of a portfolio's diversification: the Diversification Ratio®.

The Maximum Diversification® investment process has one objective: Maximize the Diversification Ratio® of a portfolio given a set of constraints.

Bearing this in mind, the investment process aims to:

- Reduce risk
- Enhance returns

when compared to the market cap-weighted benchmark.

Strategies	AUM in \$ million
Global EM Equities	2,719
of which open-ended funds	2,648
ACWI Equities	1,117
of which open-ended funds	125
Global Developed Equities	1,888
of which open-ended funds	687
US Equities	1,568
of which open-ended funds	923
Canada Equities	393
of which open-ended funds	156
Global Developed Equities ex US	252
of which open-ended funds	50
Euro Equities	102
of which open-ended funds	85
EAFE Equities	113
of which open-ended funds	56
Japan Equities	110
of which open-ended funds	110
North America Equities	-
of which open-ended funds	-
Pacific ex-Japan Equities	37
of which open-ended funds	37
Other Equities	33
of which open-ended funds	33
Total Equities	8,331
Global HY Credit	247
of which open-ended funds	247
US Credit	84
of which open-ended funds	84
Total Fixed Income	331
Multi-Asset	31
of which open-ended funds	31
Total Multi Asset	31
Others	3
of which open-ended funds	3
Total Others	3
Total AUM	8,697
of which open-ended fund	5,274

Source: TOBAM. Figures as of June 28, 2019.

Capabilities & Solutions: Equity, Fixed Income and Multi Asset

- **Anti-Benchmark® Strategies:** TOBAM's Anti-Benchmark® strategies are our historical flagship offering based on the Maximum Diversification® approach. These strategies are designed to maximize the degree of diversification when selecting weights of assets during the portfolio allocation process.

Solutions

- Funds (open-ended & dedicated)
- Advisory
- Mandates
- **Maximum Diversification® Indices:** the TOBAM Maximum Diversification® Index Series is based on the Maximum Diversification® approach, yet constrained to deliver replicable and transparent indices. Unlike the Anti-Benchmark® strategies, the indices offer lower ex-post tracking error.

Solutions

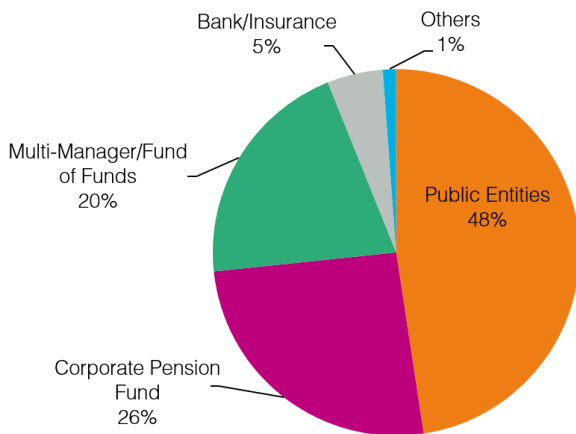
- Licensing (for Funds or ETFs)
- Advisory
- Mandates
- **Custom Indices & Strategies:** Due to the unique nature of our quantitative investment process, we are able to work together with our clients to design dedicated and bespoke solutions catering to their constraints and preferences (investment universe, tracking error management, integration of client's specific filter/blacklist etc.

TOBAM at a glance

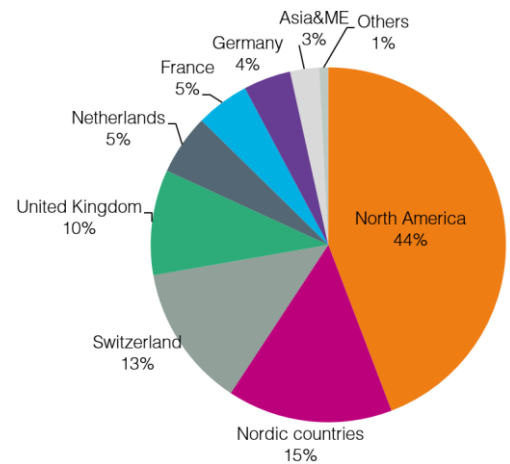
Assets under Management (US\$ billion)

“Over 80% of our clients are institutional investors”

AuM by client type



AuM by client geography



“The Maximum Diversification® approach is attracting more and more attention and interest from world leading institutional investors. Investors are now acutely aware of the investment benefits, track record, and innovative dimension of the Maximum Diversification® approach and, importantly, the way in which it is differentiated from the broader ‘smart beta’ investment approach.”



Christophe Roehri, Deputy CEO

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1. Sustainability Charter

As a leading player in the asset management industry, TOBAM is committed to incorporate sustainability **issues not only into its investment process**, through our Responsible Investment (RI) policy, **but also in its day to day activity**, through its Corporate Social Responsibility (CSR) approach. A targeted range of principles and commitments guides TOBAM's activities and puts sustainability at the heart of its corporate culture.

RI

1.a. In its investments, TOBAM is committed to:

- Include ESG issues by:
 - Developing an **exclusion policy** banning all issuers considered non-compliant with sustainability requirements and therefore exposed to specific risks (future regulatory penalties, reputational damages, etc.), which could have a negative impact on the funds
 - Implementing a **systematic carbon footprint reduction** of at least 20% versus the reference benchmark's carbon footprint: applied across TOBAM's equity, fixed income and multi-asset portfolios and mandates.
 - Conducting various ESG research projects to better understand how to implement responsible investment approaches into its own proprietary quantitative management process.
- Engage with companies: Recognizing the value of different forms of engagement, TOBAM carries out direct engagement as well as collaborative engagements with other partners or investors.
- Act as a responsible shareholder by properly documenting the exercise of its **voting rights** covering the majority of securities held in the portfolios, as well as acting in accordance with its **own proprietary voting principles** on a number of key corporate governance items.
- Promote responsible asset management practices vis-à-vis the media, our clients and peers, to help contribute to the implementation of more stringent ESG-related requirements for investments; as well as to pursue the development of a more responsible financial system overall.

1.b. For its own corporate practices, TOBAM is committed to:

CSR

- Developing a **responsible and collaborative Governance system** overseeing its CSR and RI approaches in compliance with its commitments to the UN-Global Compact and Principles for Responsible Investment.
 - Alignment of interest between shareholders, employees and clients/distributors
 - Sustainability committee to monitor and develop CSR & SRI projects and missions
 - Involvement of employees via the Employee Sustainability Initiative
- Monitoring its **Environmental** impact through mitigation and off-setting
- Promoting **Social** Progress through:
 - Donation mechanism to distribute a share of revenues to Human Rights NGO's
 - Sponsoring program: The Youth Sponsoring Initiative
 - Human Resources department built to deliver open dialogue, promote employee ownership, develop diversity of profiles, favor a good work-life balance
 - Gender Inclusion Initiative

1.c. Longstanding commitment to sustainability: “The Sustainable Journey”

Since its creation, TOBAM has decided that sustainable development would be explicitly core to its values. Its clients have a long-term approach to investing and its sustainable way addresses these concerns.

Endorsing Environmental, Social and Governance principles (ESG) forms an integral part of both its day to day business as well as investment activity. TOBAM aims to act in a socially responsible manner via its business, its social relations and its long term vision of sustainable growth. By upholding these principles everyday we make sure that TOBAM does not veer from its “sustainable” journey.

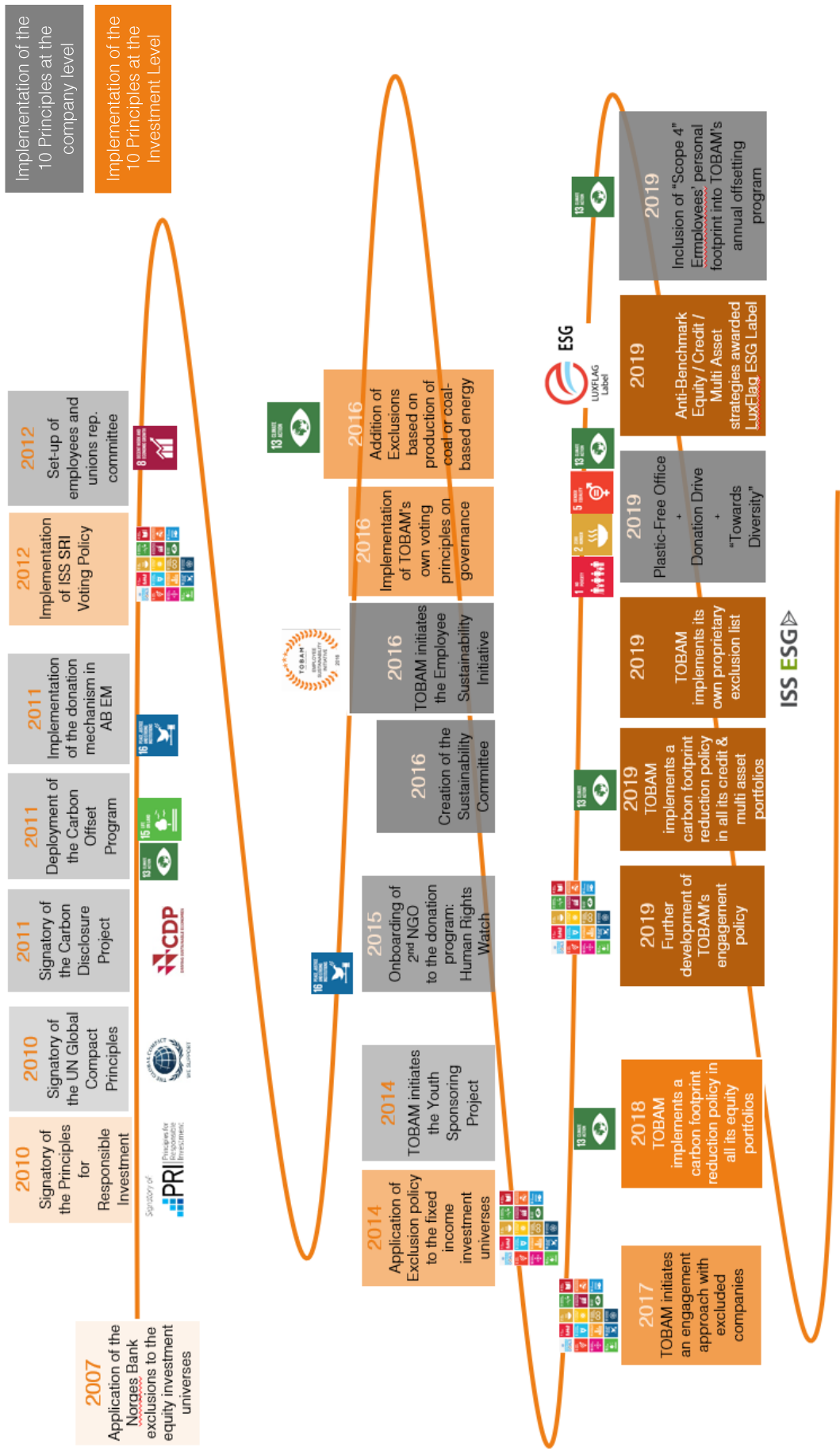


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2. Responsible Investment Beliefs

Since its creation, TOBAM has decided that sustainable development would be explicitly core to its values.

Our clients have a long-term approach to investing and our sustainable way addresses these concerns. TOBAM has a long-standing commitment to uphold environmental, social and governance issues (ESG). These principles are integral in the rules structuring our activities. We aim to act in a socially responsible manner via our business, our social relations and our long term vision of sustainable growth.

TOBAM's approach is to define responsible investment principles that can be translated into concrete steps which will be implemented gradually and enhanced over time, ideally in collaboration with its partners.

Some investment beliefs related to responsible investments:

1. Adoption of a long-term view (vs. short-term view)

In alignment with the long-term views of our investors, every initiative we take at TOBAM is looked at with a long-term view. Short-term gains may seem attractive but what matters is longevity (in terms of resource efficiency, responsible use of resources, human and financial capital etc.). **TOBAM focuses on the long term, a notion that is at the heart of our investment philosophy** and applies to TOBAM both at the corporate and investment level. Incorporating ESG criteria within our investment process is not intended to provide additional performance, but rather is instrumental in managing the risks and aligns well within the larger context of long-term investment.

2. ESG implementation across the board (to all AUM & at the corporate level as well)

We believe that ESG criteria should not be considered as an “extra-financial” topic, as it forms an integral part of the factors that need to be considered. As such, our **ESG integration initiatives are meant to be applied to all AUM**, unless investors instruct the willingness to do otherwise in the context of their specific mandates.

3. Research-based ESG Integration enhancements:

TOBAM spends a significant amount of its time and budget researching the subject of sustainable investments and working on the development of pragmatic and science-based responsible investment integration approaches.

Our objective is to come up with rational and professional ways in which to implement further ESG integration, while not changing the nature of our Maximum Diversification® investment philosophy.

4. Partnership-driven (vs. purely internal)

TOBAM's expertise is quantitative modelling. We believe our ESG approach can benefit from external initiatives and experts, notably companies and researchers dedicated to SRI analysis. TOBAM's ESG integration approach relies on institutional investors expertise as well as ESG data providers.

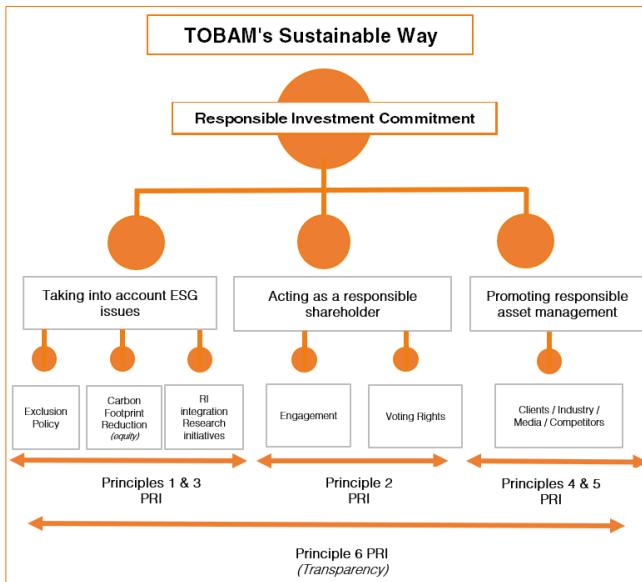
5. Transparency

Transparency is a core value of TOBAM, at the investment level (Investment process, Research, SRI policy) as well as at the corporate level in the HR management, and communication to clients, partners, shareholders and employees.

5. Responsible Use of Influence

TOBAM believes in the benefits of actively trying to promote good practices. TOBAM uses its ownership position in companies to further its commitment to socially responsible investing on behalf of clients, and to improve corporate governance. This has translated in direct as well as collaborative engagement.

2. Responsible Investment guidelines and practices



TOBAM firmly believes that sustainability themes will impact the economic and financial system over the long run.

Growing social issues (demographic growth, aspirations to economic and social development, etc.) combined with environmental constraints (limited natural resources, greenhouse gas emissions, climate change, etc.) lead to an unavoidable shift in economic models.

Deeply aware of these overriding issues, TOBAM made a clear decision to make sustainable development one of its core values and set up its “Sustainable Way” of investing responsibly, in line with its clients’ best interests as long-term investors.

As a PRI signatory, TOBAM is committed to upholding its Responsible Investment objectives by applying the PRI's six underlying principles to its business and communicating its practices, progress and outcomes every year.

This responsible investment approach relies on the main existing levers to foster a greater consideration of ESG challenges within the asset management industry:

2.a. At the company level, this consists of including **ESG matters in its investment process**, through an **exclusion policy** broadly applied, a **systematic reduction of our portfolios relative carbon footprint** and the gradual development of **Responsible Investment Integration strategies**.

2.b. At the issuer level, it takes the form of an **active shareholding approach**, by **exercising voting rights** and **engage** to further its commitments as a responsible investor and improve corporate governance.

2.c. At the industry level, the main objective is to **promote responsible asset management practices** and therefore contribute to **disseminating best practices**.



THE SIX PRINCIPLES

- 1** We will incorporate ESG issues into investment analysis and decision-making processes.
- 2** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** We will promote acceptance and implementation of the Principles within the investment industry
- 5** We will work together to enhance our effectiveness in implementing the Principles.
- 6** We will each report on our activities and progress towards implementing the Principles.



2.a. ESG issues in the investment process (1)

RI

As part of its fiduciary duty, TOBAM is committed to protecting its clients' interests by taking into account all factors that could impact the financial performance and/or risk profile of investee companies.

Most of our clients have a long-term investment horizon and will have to deal with major sustainability-related challenges that lead to tangible impacts on investment portfolios (stricter ESG-related regulatory framework, multiplication of norms and standards, pressure from stakeholders, etc.). As a result, **ESG issues cannot be considered as “extra-financial” criteria, as they form an integral part of the factors to be considered, alongside traditional ones.**

No lasting financial performance can be achieved without a sustainable economic and financial system. Responsible investment has become a necessity, a crucial risk management element of any investment process.

We believe that incorporating ESG within our investment process is not meant to deliver a moral or ethical point of view, nor provide additional performance, but rather is instrumental in managing the risks and makes absolute sense in the context of long-term investments.

At TOBAM, this ESG incorporation takes three forms:

- **A strict exclusion policy** suited to our quantitative investment approach, which consists of **excluding companies from our investment universe, that have controversial ESG practices and are consequently exposed to material impacts arising from significant risks** (reputational, legal, etc.).

Applied to equity and fixed income strategies, respectively since 2007 and February 2015, as well as to our Maximum Diversification® indices since 2011, this proprietary exclusion list is complementary and aligned with the best practice standards of Norges Bank, but also with some of the largest institutional investors in Europe.

The exclusion list is applied to all of TOBAM's investment universes: Anti-Benchmark® Equity strategies, Anti-Benchmark® Credit strategies, Anti-Benchmark® Multi-Asset strategies, and Maximum Diversification® Indices.

The negative screening is also applied by default to all our mandates and dedicated funds unless specifically requested otherwise by the client.

This negative screening lists companies involved in **controversial products** (*Tobacco, Coal, Weapons*) as well as **controversial behaviours** (*Human rights violations, Environment and International Laws severe damages or breaches*).

The addition or removal of any issuer or exclusion list from TOBAM's investment universe is decided by the Sustainability Committee according to an official procedure. The committee is in charge of ensuring the legitimacy and consistency of the exclusions.

2.a. ESG issues in the investment process (2)

We exclude companies from our investment universes that are involved in the following activities:

■ Tobacco

Tobacco refers to tobacco products such as cigarettes, cigars, snuff and pipe tobacco. The screening has a global coverage, including companies in developed and emerging markets, and includes tobacco production, distribution and services.

Producers & Distributors are excluded when Tobacco accounts for 50% or more of their revenues.

■ Coal Mining

The screening has a global coverage, including companies in developed and emerging markets. Producers & Distributors are excluded when coal or coal-based energy products account for 30% or more of their revenues.

■ Production of Prohibited or Controversial Weapons

Exclusion is applied to companies directly or indirectly involved in the development, production, maintenance or sale of weapons that are illegal – as their production and use is prohibited by international legal instruments, or they are deemed particularly controversial because of their indiscriminate effects and the disproportionate harm they cause.

Weapons covered

(Extract of ISS Controversial Weapons Screening factsheet):



¹The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) limits the right to hold nuclear weapons to five states

■ Breach or Violation of International Treaties, Conventions & Standards

Norm-Based Screening is a well-established analysis methodology that helps investors make decisions regarding companies' adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption.

Global norms are set out in international initiatives and guidelines such as:

- OECD Guidelines for Multinational Enterprises
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- UN Global Compact
- Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.

These guidelines provide a tool for assessing corporate conduct in relation to principles laid out in international conventions.

Companies involved in violations of international norms and standards, as well as majority owners - i.e. companies that hold 50% or more in a subsidiary company involved in such violations - are excluded from TOBAM's investment universe.

Exceptions to these exclusions might arise due to certain controversial interpretations of international norms that TOBAM do not wish to adhere to. These specific cases and potential exceptional exemptions will be discussed and decided in the quarterly Sustainable Committee.

2.a. ESG issues in the investment process (3)

RI

- **Systematic carbon footprint reduction:** TOBAM implements a systematic reduction of at least 20% versus the reference benchmark's carbon footprint across TOBAM's equity and fixed income portfolios and mandates.

Implemented in August 2018 for Anti-Benchmark® equities strategies, and in September 2018 for the Maximum Diversification® equity indices, it was extended to the Anti-Benchmark® fixed income and multi-asset strategies in June 2019.

TOBAM's research department dedicates significant resources to analyse the ways in which ESG criteria can be integrated into the investment process without disrupting its Maximum Diversification® investment philosophy. TOBAM's research team has demonstrated that reducing the relative carbon footprint of our portfolios versus their benchmarks' by 20% does not affect the risk/return profile of our approach, or the diversification benefit characteristics as measured by the Diversification Ratio®

“ *The significant achievement for us is to further integrate ESG into our investment process while preserving the integrity of our approach. We believe that this capability to customize and add specific filter or constraint without impacting the nature of the investment philosophy is one of the key strength of the Maximum Diversification® approach* ”



David Bellaïche
Deputy CEO & COO

- **The progressive development of a pragmatic and research-driven Responsible Investment Integration approach.** This consists of further investigating the best way of efficiently implementing relevant ESG issues into the investment process, drawing on quantitative skills. In the last three years, many topics on TOBAM's research agenda have been Responsible Investment/ESG-related (analysis of new strategies, backtests, annual studies of impacts of exclusion approaches on equity portfolios' performance and volatility, impact of low carbon constraints, research on water consumption constraints etc.).

TOBAM is convinced that consideration of good corporate governance and environmental and social issues in more aspects of investment management can have a lasting, positive impact on the global investment industry.

By applying these approaches to all our strategies, we assume a small part of this responsibility and strive to make a contribution, at our own level, to a global effort. Furthermore, thanks to a quantitative approach combined with our ESG capabilities, we can provide our clients with a large spectrum of **bespoke solutions** suited to their specific Responsible Investment guidelines (dedicated exclusion filters for example).

2.b. Responsible shareholder

RI

In addition to incorporating ESG criteria into TOBAM's investment process, another way of acting responsibly as an asset manager is to wisely use the power of influence arising from our equity ownership in companies.

We believe that over the long run, good corporate governance should lead to both better corporate performance and improved shareholder value. Therefore, on behalf of clients, we use our ownership position in companies to further our commitment to socially responsible investing and to improve corporate governance by exercising proxy voting rights:

- In the sole interest of our client portfolios¹, fund shareholders and clients, per our fiduciary duty
- On a wide range of stocks. In 2018, this represented over 900 annual general meetings across Europe, North America, Asia-Pacific and Emerging Markets.
- Through a proxy voting delegation to ISS (Institutional Shareholder Services Inc.), a leading provider of corporate governance solutions, under the supervision of our Risk Management team. ISS continuously monitors international and local standards in order to consistently maintain a high level of requirements
- In a fully transparent way: the voting policy and details on how we voted over the past year are publicly disclosed on our website².

While the overall exercise of voting rights is based on ISS's "SRI International Proxy Voting guidelines", we have gone one step further by defining our own voting principles on certain key corporate governance issues.

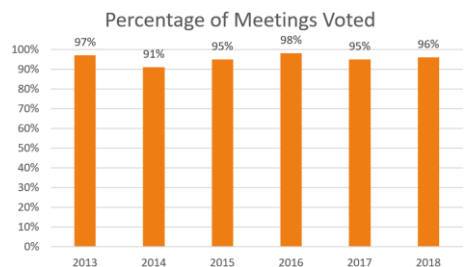
Our role as a shareholder is therefore to make sure the appropriate governance systems are in place in the companies we invest in, rather than judging management decisions per se.

Thus, we have decided to closely monitor the appointment process for Board members, and to supplement ISS voting policy with some [proprietary voting guidelines](#), with a particular emphasis on boards' diversity and independence.

Additionally, as we consider sustainability as a risk management and performance factor over the long run, we believe that it is our role as a shareholder to exercise our voting rights on behalf of our clients to improve the sustainable development of the firm in which we invest. Our proprietary voting principles therefore support shareholder proposals asking for more transparency on sustainability issues (ESG board committee, Improvement of Human Rights Standards or Policies, etc.)

2018 Voting Rights exercise

Participation rate: 96% of the annual general meetings eligible to vote



“A diverse and independent board composition brings a range of longer term benefits including a **real balance of power** with a firm”

(1) For dedicated and independent client mandates, TOBAM offers clients to engage in the voting themselves or to outsource proxy voting to ISS following their SRI International Proxy Voting policy.
(2) Please consult: <https://www.tobam.fr/wp-content/uploads/2019/02/TOBAM-Voting-Report-2018.pdf>

2.b. Engagement at TOBAM (1)



Recognizing the value of different forms of engagement, TOBAM carries out direct engagement as well as collaborative engagements with other partners or investors. TOBAM acts individually or collectively based on information gathered by its partner ISS, or issued by other stakeholders such as investors or human rights NGO's. All engagement initiatives are discussed and decided during the Sustainability Committee.

Direct Engagement

■ Engagement with companies excluded by Norges Bank

Being excluded by Norges Bank can have significant consequences for listed companies - first on their reputation, and second, on their general ability to access financial markets.

Norway's Government Pension Fund Global is Europe's largest pension fund in terms of assets under management¹ and is also one of the largest equity holders in the world.

As a pioneer in Sustainable and Responsible Investment, their recommendations are followed by numerous asset owners and managers, hence further increasing the impact of their exclusions.

In 2017, TOBAM decided to start actively communicating with companies that have been placed on the Norges Bank's exclusion list and resultantly excluded from our investment universe.

We believe that leveraging on Norges Bank exclusions and spreading their impact will contribute to further developing best practices and encouraging the adoption of sound ESG policies by a wider range of companies worldwide.

To view Norges Bank's exclusion list please visit: <https://www.nbim.no/en/responsibility/exclusion-of-companies>

¹: Source: IPE's Top 1000 European pension funds – September 2018 supplement.

■ Leveraged engagement on holdings

Following on discussions and brainstorming with long-term partners/ investors, TOBAM has set up an initiative to open a dialogue with two to three companies per year based on identified allegations (issued by ISS norm-based research) of failure to prevent or address social or governance controversies in line with established standards.

These discussions will be led by TOBAM but in partnership with large institutional clients in order for TOBAM to benefit from its clients base and amplify its actions by leveraging from these large asset owners influence.

■ Ad-hoc engagement on holdings

TOBAM might decide to start an engagement action following any serious allegations of ESG-related shortcomings identified by investors or partners NGO's. TOBAM has been supporting human rights NGO's and these groups might identify specific issues with companies held by TOBAM.

The engagement process has a long time horizon and if we are not satisfied with the responses and actions of certain companies, this might ultimately lead to an exclusion from our investment universe.



2018 Engagement Actions

TOBAM sent 86 letters to identified companies in 2018

All initiatives and decisions are discussed and debated during the Sustainability Committee.



We believe that our engagement approach will contribute to further developing best practices and encouraging the adoption of sound ESG policies by a wider range of companies worldwide.



Collaborative Engagement

▪ Pooled Engagement in collaboration with ISS

ISS ESG is an advisor to institutional investors in the area of responsible investment, expert in ESG analysis. In 2019, TOBAM joined their pooled engagement initiative to jointly engage with companies regarding their ESG risk and performance.

Approximately 100 listed companies³ are identified annually under norm-based research as failing to prevent or address social and environment controversies in line with established standards for responsible business conduct.

Through this initiative, TOBAM has the ability to voice its concerns with companies that fail to respect established norms (Red flagged companies – already on TOBAM's exclusion list) and companies that face credible allegations (Amber flagged) as identified by ISS ESG's team of analysts.

Engagements covered
fall under the following
Global Norms areas



HUMAN RIGHTS



LABOR RIGHTS



ENVIRONMENT



CORRUPTION

We believe that by joining a collective engagement alongside some of the largest and most renowned asset owners and managers, we amplify a global movement and increase our impact.

³ please note that among the companies identified by ISS, TOBAM might or might not be engaging as shareholder of these companies.

▪ Participative engagement

In our efforts to promote best practices and to be a participative player and promoter of ESG integration and disclosures, we participate in collective engagement when appropriate.

TOBAM is a signatory to a number of collaborative initiatives and take an active role on those which are most relevant to us:

- The United Nations Principles for Responsible Investment (PRI) since 2011
- The United Nations Global Compact (since 2011)
- The Carbon Disclosure Project
- The Global Statement on investor obligations
- The Sustainable Stock Exchanges Investor Working Group
- The Global Investor Statement to Governments on Climate Change
- Investor Statement on deforestation and forest fires in the Amazon

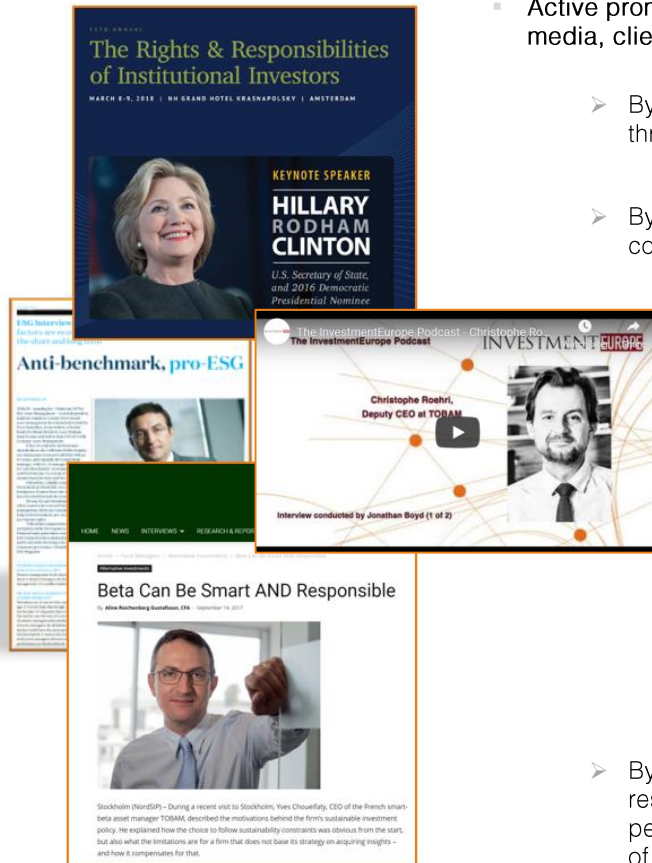
2.c. Promotion of responsible asset management

RI

Sustainability issues are of growing importance, but responsible investment matters are still in an experimental set-up phase. As a consequence, professional investors – among which asset managers – have a key role to play in the co-creation of common standards for responsible investing and shareholding practices. The financial community has to join efforts to address these challenges. We are committed to playing our role in this area through two main channels:

- **Active promotion of responsible investment practices vis-à-vis the media, clients and peers.**

- By broadly sharing our vision regarding these matters through articles in the local and international press.
- By addressing these themes when speaking at events and conferences.
- For example, TOBAM is a frequent speaker at CFA conferences around the world and systematically develops its vision of the role of core asset managers in terms of sustainability. Our responsible investment approach is invariably mentioned.
- Another recent example is the March 2018 Rights and Responsibilities of Institutional Investors Conference in Amsterdam attended by an audience of public pension funds and trustees, at which TOBAM debated in the Global CIO/CEO panel to address the relevant issues, including what being an active share holders means and which priorities will the CEO's be setting in 2018.
- By publishing studies on the state of our SRI-themed research efforts and by communicating on a regular basis performance/risk analysis to our clients to illustrate the impact of our SRI approach.



- **Involvement in targeted professional bodies dedicated to this field:**

- Signatory of the Principles for Responsible Investment since 2010
- Signatory of the UN Global Compact since 2010
- Signatory of the Carbon Disclosure Project since 2011
- Adoption of the UK Stewardship code since 2012

TOBAM is a signatory of



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3. Corporate Social Responsibility guidelines and practices

Sustainable Development is a new paradigm. No one can deny the trend of increasing environmental and social issues. Natural resources are limited and greenhouse gas emissions arising from anthropic activities accelerate climate change and threaten the future of our planet, while the current world population of 7.3 billion is expected to reach 8.5 billion by 2030, 9.7 billion by 2050 and 11.2 billion by 2100¹.

The aspiration to economic and social development of this growing population, all the more legitimate for emerging and developing countries, is becoming an overriding issue, particularly considering the limited environmental capital. Furthermore, corporate modus operandi and business models have shifted from a shareholder-oriented to a stakeholder-oriented model.

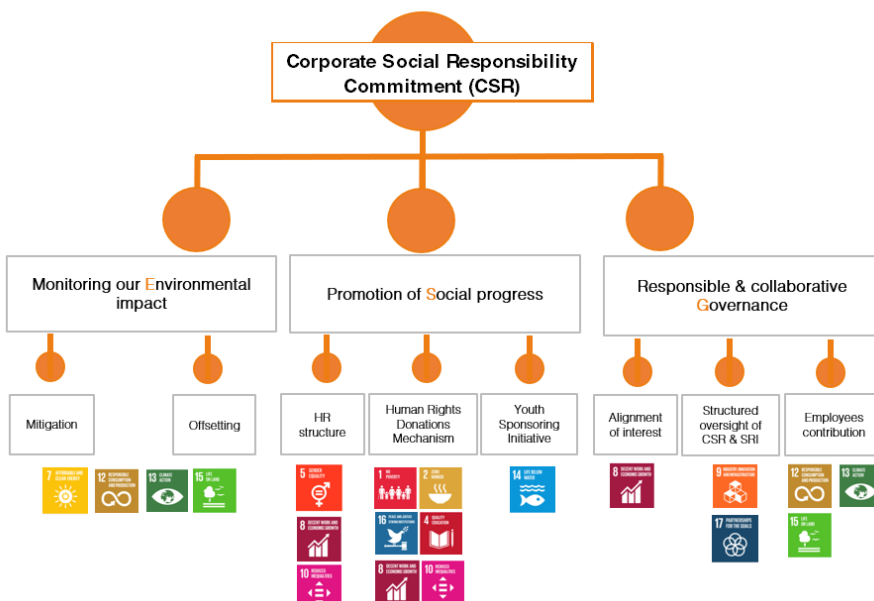
Expectations have changed: clients no longer require just good products but also have an eye on ethics; the level of remuneration is no longer the only factor to retain employees, who are increasingly sensitive to their well-being at work; civil society keeps a watchful eye on companies' environmental and social impacts, etc. While companies' exposure to these issues are not equal (depending on the sector), we strongly believe that any economic player must do its part in the collective sustainable development challenge.

We have therefore set up our own "Sustainable Way" of working towards greater Corporate & Social Responsibility for two main reasons:

- **Responsibility and Consistency:** like any rational economic agent, we take into consideration sustainability issues in our daily operations and, as an investor, we have an additional duty to be exemplary so as to indirectly encourage issuers to improve their ESG practices, by showing that we apply a stringent Corporate Social Responsibility policy to our own daily operations, in line with the ESG requirements expressed towards investee companies in our Responsible Investment approach.
- **Efficiency:** we consider that CSR is a factor that contributes to companies' performances over the long run.

In line with the 10 Principles of the UN-Global Compact, that we signed up to in 2010, our policy covers the entire scope of ESG issues and most of the Sustainable Development Goals (SDGs) but focuses mainly on key areas where impacts and levers for improvement are significant, i.e.:

TOBAM's Sustainable Way



3.a. **G**: Developing a responsible and Collaborative Governance

3.b. **E**: Monitoring our direct Environmental impact, through mitigation and offsetting

3.c. **S**: Promotion of Social progress, both internally for our employees and externally by contributing to NGOs' efforts for the benefit of human rights

3.a. Responsible and collaborative Governance of our Sustainability approach



Sustainability is deeply anchored in TOBAM's core values and in its daily operations and processes. This full implementation is the result of a responsible and collaborative governance approach to sustainability initiatives, relying on aligned interests, employee contribution and structured oversight.

- **Alignment of interests:** TOBAM's largest client is a shareholder, as is one of our major distribution partner as well as TOBAM's employees. This strong alignment of interests creates mutual benefits and a win-win situation for all parties involved.
- **Employee contribution & Transparency:** Employees, as shareholders are regularly informed of the company's strategy, which is shared with them during a monthly informational meeting. Each employee is invited to take part in our efforts towards sustainability by suggesting new areas for improvement to senior management. Ideas are shared with the CEO on a monthly basis by TOBAM employees representatives. Of note also, an internal award rewards the best idea (see employee sustainability initiative p.22).
Employees are also consulted about specific matters. This helps employees to consider TOBAM's Corporate & Social Responsibility approach as their very own.
- **Structured oversight: Sustainability Committee:** we decided in 2016 to set up a Steering Committee dedicated to sustainability topics to challenge and monitor our approach and maintain a high level of commitment over time (see focus below).

We consider transparency as a key component of our responsible governance of Corporate Social Responsibility and Responsible Investment matters:

- We regularly publish a "Sustainable Way" report, including a comprehensive description of all our efforts towards sustainability.
- As a UN Global Compact and PRI signatory, we are committed to complying with these internationally renowned Responsible Investment-ESG reporting standards.

Topics covered by the Committee



- PRI & Global Compact Adhesions & reporting processes
- SRI
 - Research projects
 - Further ESG integration initiatives
 - Exclusion list Monitoring
 - Engagement & Collaborative actions
- CSR
 - Sustainability Employee Initiative
 - Coordination with Human Rights NGOs – Donations
 - Youth Sponsoring Initiative
 - KPI monitoring
 - Carbon Footprint Measure & Offsetting programs



Ayaaz Allymun
Head of Sustainability

What is the role of the Sustainability Committee?

The role of the Sustainability Committee is to **challenge and monitor TOBAM's sustainable way and maintain a high level of commitment over time to SRI and CSR challenges.**

The Committee is also in charge of overseeing and monitoring market and normative evolutions in the field of corporate and social responsibility and responsible investment.

The Committee meets every quarter. As a portfolio manager, I oversee all SRI topics and research projects, while my colleague Zoé Charny, Executive Director at TOBAM, is in charge of the CSR challenges. Yves Choueifaty, as the President of TOBAM is representing TOBAM's employees and shareholders interests.

We identify areas for improvement and discuss new opportunities and projects depending on their relevance and feasibility.

The Committee is in charge of coordinating the projects and their application while ensuring a strong daily commitment to ESG integration into our investment process but also at the corporate level.

What is different about TOBAM's approach to sustainability and responsibility?

TOBAM's onboarding of sustainability took place very early on in the development of TOBAM, and has been expanded over the years by the continuous contribution of employees, clients, shareholders and partners. The journey has led us to establish some investment beliefs around our vision of what should be a responsible investment policy at TOBAM.

One of these beliefs is around the investment horizon. In alignment with the long-term views of our investors, every initiative we take at TOBAM is **looked at with a long-term view**. Short-term gains may seem attractive but what matters is longevity and sustainability (in terms of resource efficiency, responsible use of resources, human and financial capital etc.).

The second belief is that **ESG implementation at TOBAM should be across the board**: meaning to all our assets under management. We haven't considered offering a dedicated ESG range of products, but rather decided that all ESG implementation efforts should be applied to the full range of our strategies as well as our mandates by default.

Also at TOBAM, **ESG integration enhancements should be driven by research**. This principle goes beyond sustainability since research is the driver of all projects at TOBAM. Hence, as is the case for other investment or optimization innovations, ESG integration ideas or projects are driven by research, investigated and documented before being implemented.

As a quantitative manager, are there any specificities in incorporating ESG compared to fundamental managers?

I identify two main differences.

The first one is the importance of data. As a quantitative manager we are relying on data, and since our approach aims to deliver the Most Diversified Portfolio, i.e. the portfolio without bias, we need to take extra care as to the quality of the data. Very early on, we decided to use raw ESG data, instead of ESG scorings or ratings. Our research team has conducted thorough analysis on the data, scores and various ESG ratings from a number of providers and the conclusion was that given the lack of correlation between the various providers rating's, using raw and high-quality data from the company was the safest and most rational option. This is a cause we are pleading before parties involved in setting up framework such as the TCFD to make sure the ESG data are as rigorous and based on a common framework, so that the quality of ESG data is as publicly available and rigorously published as traditional financial data.

The second major difference is our capability to back test and proof-test any changes or additions to our process. Since our process is systematic, we can actually measure the portfolio characteristics with the constraint and without the constraint. This is a very significant competitive edge of quantitative managers compared to traditional managers.

The Employee Sustainability Initiative

Involving teams and raising their awareness on sustainability issues is a tangible and lasting way to foster good governance and eco-friendly behaviour.

In order to raise employees awareness with regards to environmental (E), social (S) and governance (G) issues, as well as to benefit from employees' ideas and experience, each year, TOBAM invites employees to submit a proposal which will enhance the contribution of the firm to such ESG related issues & challenges.

The employee that comes up with the best idea for a sustainability-related initiative wins the award and a prize:

2016

Environmental & Social Impact

Hire a **recycling service** that employs disabled employees
Set up in 2016

ZC – Marketing



2017

Environmental Impact

Installed **bees hives** on the Paris Office Terrace which produce TOBAM's own Honey
Set up in 2017

MT, Ex.Committee Assistant, Paris
& MLH, Managing Director, Dublin



2018

Environmental Impact

Plastic Bottle-Free Office & Compost
AG, RFP Associate
MLH, Managing Director
MM, Portfolio Management
AM, Assistant

Social & Environmental Impact

Donations drive in 3 offices
SK, Client Service NY

Social Environmental Impact

Gender Inclusion Working Group
AC, Associate Paris
ZC, Executive Director Dublin



« Towards Maximum Diversity »



3.b. Monitoring our direct environmental impact (1)



Asset managers' direct environmental impact is fairly limited compared with the pollution generated by industrial activities. Despite our low level of environmental externalities, we are keen to play our role in the global sustainability challenge by controlling our impact through a proportionate two-tier approach, relying on both mitigation and offsetting.

TOBAM assesses annually its carbon footprint¹. Annual reports and measures were initiated in 2011 and since then TOBAM aims to enhance the scopes under review.

2018's report made by South Pole takes into consideration scopes 1, 2 and 3.

TOBAM this year has made considerable efforts to extend the scope of the inventory. This year, it also includes accommodation from business travels, freights and consumables of foods and drinks in the office. But most significantly TOBAM made two significant additions to its carbon footprint calculations: the inclusion of emissions from flights travelled by Justin Bécrot, the young surfer who is sponsored by TOBAM, but most importantly, TOBAM has decided to include employee's personal emissions to the total of emissions offset by TOBAM.

Collective Efforts, Education and Policies to reduce our environmental impact

Business Travels

The main contributor to TOBAM's carbon footprint is by far business travels.

TOBAM has set up a travel policy for business trips, in order to focus travels for clients meetings and mandatory internal meetings. All employees at TOBAM have a Skype account and headphones and most internal meetings are set up via Skype.

Commuting

In order to facilitate eco-friendly commuting for employees, all offices (Paris/New York/Dublin/Hong Kong) are easily accessible by public transportation. Furthermore Paris and Dublin have shower facilities to allow healthy commuting practices.

The Dublin office has set up a bike-to-work scheme to encourage the purchase of bikes to commute to the office.

General Energy Consumption

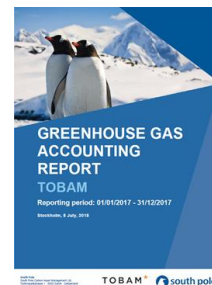
TOBAM's teams work together to continuously identify new eco-friendly practices. Thanks to this collaborative approach, every single idea is considered by the top management and many concrete initiatives have been launched in several areas:

- Reducing energy consumption (*general switch; presence sensor; internal Policy to limit exchange of large attachments to email*)
- Responsible use of paper (*recycled paper, systematic configuring of printers to double-sided, green-friendly certified external printers*)
- Reducing waste and recycling
 - All offices have recycling system in place. *In Paris in particular, a sophisticated recycling system in partnership with a company employing disabled workers*
 - Ink cartridge recycling
 - Plastic-Free Offices with aluminum water bottles provided to employees
 - Compost in place in Paris on the Terrace

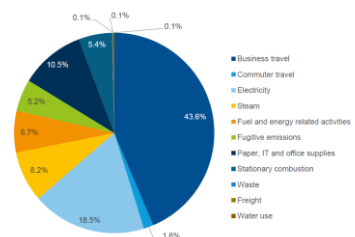
“Employees' personal emissions are in practice a large indirect part of TOBAM's total emissions, and I believe it is our responsibility to take this into account, a new vision of carbon emissions needs to emerge and I believe this “scope 4” should be integrated in companies calculations



Yves Choueifaty, June 2019



Extract from 2018 Carbon Footprint Report



Emissions (tCO2e) by emission source - 2018

Total GHG emissions	479.16
Employees' personal footprints	869.68
Justin Bécrot's flights	15.90
Total GHG emissions to offset	1.364.74

¹Source: TOBAM's Carbon Footprint Report 2018, provided by South Pole.

3.b. Offsetting our direct environmental impact (2)

E



Carbon offsetting as a tangible way of directly acting for the environment



NET POSITIVE CARBON IMPACT CERTIFICATE

Certificate number 000116-09-2019



WeNow hereby certificate compensating:

1514 tons CO₂e

to offset 110% of

TOBAM

Employees carbon footprint (the calculation was based on scopes 1,2 and 3 and on employees' personal carbon footprint)

With the project:

RIMBA RAYA (357 tons)

The project consists in the largest initiative to preserve Borneo's tropical swampy forest. This forest comes with a tremendous ecological value because of the carbon it sequesters, and the hundreds of endangered species it provides shelter for (including orangutans). The forest was supposed to be cleared and dried up in order to be converted into a palm grove. In order to preserve the forest, the priority was given to numerous initiatives in favor of local populations, hence offering initiatives to illegal wood cutting. Gamekeeper jobs were created as the plantation of various species ensured an income: harvesting rubber, fruit or bark to produce essential oil, water filters distribution, improved cookers reducing the use of wood (that is traditionally used to cook the meals or boil water in order to make it drinkable).

and the project:

PEDRA DO CAVALO (1 157 tons)

This project aims at installing a hydroelectric power station over a water reserve that was artificially created on river Paraguaçu in Bahia State in 1985 to provide the city of Salvador with water. Brazil needs electricity, that is mainly produced by oil-fired plants. By building a hydroelectric power station over an existing water reserve, the project provides clean energy while limiting the classical environmental consequences of hydropower production (flooding in order to create a lake close to the dam). This station avoids about 60.000 tons CO2 from being emitted yearly over a 7-year-period.

Fabien Carimalo
CEO, WeNow



WeNow is a champion company of the "Climate Neutral Now" initiative
AN INITIATIVE BY THE UNITED NATIONS

While we strive to make mitigation efforts wherever possible, some of the impacts cannot be significantly reduced. Air travel, for instance, is unavoidable for TOBAM considering its international scope of clients. In these cases, carbon offsetting is a good way of making a concrete contribution to deal with environmental issues, when emission mitigation is not feasible in a realistic way without impacting operational effectiveness.

We therefore decided to set up a carbon offsetting programme in 2011, consisting of offsetting our CO₂ emissions (Scope 1,2 & 3 + employees' personal emissions) by subsidizing green, renewable energy or reforestation projects.

For example, offsetting our operations in 2018 enabled the funding of a reforestation project in Indonesia named Rimba-Raya.

The project consists in the largest initiative to preserve Borneo's tropical swampy forest. This forest comes with a tremendous ecological value because of the carbon it sequesters, and the hundreds of endangered species it provides shelter for (including orangutans). The forest was supposed to be cleared and dried up in order to be converted into a palm grove.

In order to preserve the forest, the priority was given to numerous initiatives in favor of local populations, hence offering initiatives to illegal wood cutting. Gamekeeper jobs were created as the plantation of various species ensured an income: harvesting rubber, fruit or bark to produce essential oil, water filters distribution, improved cookers reducing the use of wood.

TOBAM is also supporting another project, the Pedra Do Cavalo hydroelectric power station. This project aims at installing a hydroelectric power station over a water reserve that was artificially created on river Paraguaçu in Bahia State in 1985 to provide the city of Salvador with water. Brazil needs electricity, that is mainly produced by oil-fired plants. By building a hydroelectric power station over an existing water reserve, the project provides clean energy while limiting the classical environmental consequences of hydropower production (flooding in order to create a lake close to the dam). This station avoids about 60.000 tons CO₂ from being emitted yearly over a 7-year-period.



CARBON-NEUTRAL
DRIVING



Furthermore, all company cars in Paris and Dublin are set up with a carbon-neutral driving tool, allowing for both an eco-driving education, as well as an offsetting mechanism that compensates in real time the vehicles' carbon emissions.

About our offsetting partner : WeNow is the First French company recommended by the UNFCCC and a multi-labelled company (Bcorp, Climate Neutral Now, Solar Impulse)

3.c. Promotion of social progress (1)



An HR management system that combines social dialogue, employee ownership and professional support to teams

Asset managers' activities rely strongly on the talent and motivation of their staff, particularly when the business model is focused on complex and innovative quantitative investment processes such as TOBAM's. Talent retention not only depends on remuneration but also on a fulfilling and motivating working environment. We aim at gathering the best standard practices in every region. We are therefore committed to providing our employees with a balanced system, targeting both stimulating working conditions and fair human resources practices.

Employee Shareholding Program

- **Employee shareholding program:** 73% of TOBAM's equity is owned by its employees. All staff with a tenure of at least six months have the opportunity to become shareholders of TOBAM.

“ *The role of employee representatives is in practice to receive information from and give information to management.* ”

At TOBAM, the level of proximity and commitment from the management with employees make our role going one step further. Town Halls meetings with all employees are held every month and most of the strategic and key information are shared during these meetings. Our role during our employee representatives committee with HR and the management is really to provide ideas, to challenge management on current status quo. We are very lucky to have a management willing to get challenged and open to new ideas.



Matthieu Woll
Spokesperson for
TOBAM's employees

Professional Support to teams

- **Annual Appraisals and Professional Development Annual Interviews:** All employees since the creation of TOBAM have an annual appraisal interview from their direct report at the end of the year. In 2017, HR put in place professional development interviews to further appreciate employees' (all employees with at least 6-months of presence) training and development needs as well as assess the global social climate, evolution expectations or any issue that could be raised by employees.
- **Structured Training Program:** All employees at TOBAM benefit from a structured training program, allowing them to gain a good grasp of our core expertise (“TOBAM's Values”, *Maximum Diversification®* for beginners”, “Research Team” “Quest for equity risk premium”, “The World of Sustainability”...). TOBAM also supports employees external trainings needs such as management coaching, IT software, CFA sponsorships....
- **Mentoring Program:** TOBAM has set up a mentoring program in 2017 to develop employees skills, share expertise and insure a career development aligned with employees' and TOBAM's best interests.

3.c. Promotion of social progress (2)

S

■ Diversity and equal opportunities at the heart of TOBAM's DNA

- We consider diversity as an additional source of wealth for the company, whether it be diversity in terms of professional profiles (academic backgrounds, previous jobs, etc.) or personal features (gender, nationality, etc.).
- We are therefore committed to promote pluralism and diversity in academic background and professional profile through recruitment and career development.
- We have developed a human resources management that fosters staff diversity and avoids any kind of discrimination (ethnicity, social, gender discrimination), in line with French regulations. TOBAM is proud to have employees from 18 different nationalities.

“The team is encouraged to think out of the box in its approach to 'conventional wisdom' to the greatest extent possible. As such, the team's diversity is a critical part of how well it functions. We have a large range of expertise, from mathematicians to engineers, economists and traders, all of which feeds in to the team's ability to look at problems or assumptions from a very broad spectrum of viewpoints.”



Tristan Froidure, Head of Research



“Towards Maximum Diversity”

TOBAM's Towards Maximum Diversity, started with the Employee Sustainability Initiative, when two employees applied to the yearly contest, to suggest a working group within TOBAM aimed at promoting Diversity and Inclusion.

Convinced by the benefits at the company level of more inclusion and diversity, as well of TOBAM's role as thought leader in the industry to tackle the question of diversity in the finance industry “Towards Diversity” was born.

“The name of the working group is a play on TOBAM's founding research paper. We felt that the word “diversity” was in line with TOBAM's culture and represents the group's core objectives.”



Alyssa Chen, Associate

“The goal of “Towards Maximum Diversity” is echoing TOBAM's Maximum Diversification approach, by bringing Diversity at all levels of the company, as well as promoting diversity in our industry.”



Zoé Charny, Executive Director

3.c. Promotion of social progress (3)

S



Maylis L'Hotellier
Head of Human Resources

TOBAM has been founded in 2006 and it still has a significant number of employees that are part of the adventure since the beginning, how do you explain such a strong commitment from employees?

15% of the staff has been part of TOBAM for over 10 years, while 20% have between 5 and 10 years of seniority at TOBAM. TOBAM started as a formidable adventure: we were pioneers of what has been called later Smart Beta. This has created a unique atmosphere based on a strong alignment of interest: the employee shareholding program contributes to create this spirit as well as the strong involvement of the team on the daily development and operations of the company.

Also TOBAM offers opportunity to people to evolve in their missions and tasks. For example, I started as Head of Compliance and I am now Head of HR and corporate general secretary. International mobility is another dimension for evolution and also without a doubt an important competitive edge for a company our size.

How do you make sure that the new generation shares the same values and corporate culture, especially with 4 offices in 3 different continents?

Maintaining TOBAM's DNA in a fast growing, diverse company, is the primary focus for TOBAM.

We have 18 different nationalities and people speak as much as 23 different languages so when you visit our offices, you might encounter conversations in Chinese, Arab, German or Dutch, but English is TOBAM's official language, all employees are required to speak, communicate via email and hold in meetings in English.

We have set up a welcome pack for all new employees where among other things, they benefit from a presentation from TOBAM's CEO, on our Values & Principles. This is a way for us to make sure that everyone is aligned on our core values.

Joining TOBAM means to become part of an adventure and a unique entrepreneurial and creative spirit, "Think Out of the Box" is really part of TOBAM's DNA and this is a strong requirement of the recruiting process.

TOBAM, as a quantitative, research-driven asset manager has a strong technical dimension, is it challenging to ensure the transmission of information and the continuing development of the expertise?

There are several initiatives. First the internal training program. All teams present at regular intervals their work and missions to others. We have training sessions on fixed income portfolio management, on the latest research paper, on SRI, on the Maximum Diversification® approach.... This has two benefits: offering each individual the chance to present his/her work and develop presentation skills, but also ensuring that the expertise is shared among the company. In addition, we have an external training program: most employees can benefit from training courses on specific skills that they need to enhance. Also our research team is very well connected to the academic world, they were recently invited to present their last Research Paper, *Rho-Presentativity*, at the renowned Bachelier Finance Society World Congress and it demonstrates how TOBAM remains on top of its subject.

Lastly, it is worth noting that as a research driven company with top of the league risk management systems, everything from process to daily operations missions are documented at least in procedures, if not in research notes.

How do you cultivate TOBAM to be a Happy Workplace?

For a company of its size, TOBAM has developed sophisticated HR monitoring tools. First, employees have yearly appraisals with their manager, but we also have set up yearly HR interviews to discuss their trainings needs, promotion hopes, frustration or any difficulties at work. During this interview, they notably "rate" their well-being at work and this will be monitored on a yearly basis. Also, the employee's representatives have built this year an anonymous online survey on the working atmosphere. This will allow the management to identify any potential recurring issues raised by employees. Also, we try to sustain TOBAM as a friendly workplace: we celebrate weddings, babies, we have a yearly offsite trip where all employees from worldwide offices are invited: last year we went to Arcachon in the South West of France and this year in September 2019 it will be Lisbon, in Portugal. Since TOBAM is sponsoring a young surfer via the Youth Initiative, we are trying to improve our surfing skills!

3.c. Promotion of social progress (4)



Social Dialogue – Working Environment – Work Life Balance

- A company on a human scale that fosters a “one-team spirit”: we preserve a flat hierarchy and close, unconstrained communication for the benefit of employees' empowerment, flexibility and well-being at work (regular information meetings, open desks and tools allowing instant face-to-face interaction between teams and offices, informal discussions encouraged, employee consultations on specific themes, etc.).
- **Work-Life Balance and Benefits:** TOBAM has set up a social environment that goes beyond regulatory obligations related to benefits, health and safety:
 - Healthcare insurance and top-up health coverage
 - Pension and Life policies
 - Holidays above the minimum requirements
 - Significant contributions to child-care expenses
 - First Aid trainings with Red Cross provided to employees and their partners
- **Continuous improvement of the premises to offer employees a pleasant and safe working environment:**
 - Large, open and bright offices; fitted kitchen, shower;
 - Ergonomics trainings
- **Reasonable working hours & generous levels of paid annual leave :** we expect the highest standards from our teams, but keep a watchful eye to prevent risks of overworking and therefore limit stress & avoid burn-outs.
- **Initiatives to encourage congeniality and social cohesion:** drinks to celebrate important personal events (weddings, births), gifts to employees for these occasions; regular team-building events (annual offsite seminars, Christmas parties, World Cup gatherings, Bastille Day fireworks...)





Support to Human Rights via a donation mechanism

We consider that fundamental human rights are an absolute prerequisite to creativity, innovation and, ultimately, to long-term economic growth. Based on this acknowledgement, we decided **to build up a donation program** focusing on this theme when we launched our Anti-Benchmark Emerging Markets strategy in 2011, which led us to consider the human rights track record of certain governments in emerging countries.

- While investing in Emerging Markets and supporting the local economies and communities within these countries, we do not support the practices of any governments that breach international standards related to human rights.
- As an investor, direct lobbying initiatives aimed at governments would not be appropriate or fruitful. We therefore decided that our contribution should involve funding targeted NGOs, whose core mission is to defend human rights worldwide, and serve as leading partners in this global movement rather than trying to duplicate their actions.

Concretely, this contribution takes the form of significant annual financial sponsorship of NGOs to promote human rights. Every year since 2011, we have dedicated a share of TOBAM's Anti-Benchmark Emerging Markets Equity Fund's revenues to such donations.

Since the beginning of the sponsoring initiative in 2011, **TOBAM has donated more than €850,000** to our partner NGO's.

TOBAM notably sponsors "Human Rights Watch" since 2015 and is one of the largest corporate donor in France. TOBAM's initiative with Human Rights Watch helps finance a mission in Ukraine, covering a wide range of issues: use of explosive weapons, landmines, monitoring of the humanitarian situation, illegal detentions and torture, freedom of speech, disappearances in Crimea.



“ *The support we have received from TOBAM in the past years has enabled our team in Ukraine to make under-reported rights violations more visible in the local and international debate and advocate for change. Be it Crimean Tatars who were wrongfully accused of terrorism for politically motivated reasons, the older people particularly affected by the conflict in Eastern Ukraine or journalists who were attacked or threatened, none of their stories would have been heard without the support of our partners like TOBAM* ”



Yulia Gorbunova,
HRW Researcher on Ukraine and
Russia

This solidarity-based mechanism – that directly connects investment and philanthropy – was rewarded in 2014 by Axylia, which awarded the “Profit for Non Profit Special Award” to TOBAM's Anti-Benchmark Emerging Markets Equity Fund.



3.c. Promotion of social progress (6)



The Youth Sponsoring Project

“La valeur n’attend point le nombre des années”, wrote Pierre Corneille in Le Cid*, and this mirrors TOBAM’s early years and its set of mind since its beginnings: Think out of the Box.

*: Act II , Scene II (the Count, Don Rodrigue): “Valour’s no need of years, a thing apart”

TOBAM initiated the Youth Sponsoring Project in 2014, as a sponsorship effort to support initiatives by young individuals to excel, to challenge their own limits and develop skills that are unusual for athletes or students their age.

The project started in 2014 with the sponsoring of **Adjmal Allymun, a young pilot.**



TOBAM is now a proud sponsor of **Justin Bécrot, one of the most promising young (16) surfers in the world.**

Born in Bayonne (South West of France) in 2001, Justin grew up with his feet in the sand, between lake, forest and ocean.

15 years ago , his parents founded the Natural Surf Lodge, **a living and eco-responsible environment**, providing Justin with the perfect structure for his training.

Justin’s wanderlust and love of surfing in different locations (Australia, Tahiti, Hawaii, Denmark..) will be the key to his success when he joins the professional circuit.

Justin continues to improve and participate in numerous competitions. In May 2018, Justin won the Pro Junior competition in Biscarosse, just after having won the Pro Junior La Torche in Britany a few days earlier.

This was a particularly impressive win, as Justin won the competition by outperforming the field during the final seconds of the last round, showing his fighting spirit and will to win. Also, during this event, Justin defeated some of his close rivals on the Pro Junior rankings and now, thanks to this title, **he is the #2 ranked Junior surfer in Europe**, an exceptional result, especially knowing that Justin is one year younger than most of his opponents and has still one year remaining in the Junior category.

TOBAM is proud to support this young athlete, who remains humble and accessible, while continuing a rigorous education.

Justin has been admitted in September 2019 to pursue a Political Sciences Program designed for high level athletes, at the Paris University of Political Sciences. Definitely a new challenge!



For more information, please read Justin’s interviews page 50-51

3.c. Promotion of social progress (7)

Contemporary Art Collection

S

TOBAM initiated its contemporary art collection in 2010, a few years after its creation. "Uberall" by Dutch artist, Bart Domburg was bought in 2010, at a Christies' auction of Lehman Brothers Artwork and was the first piece to enter TOBAM's collection. TOBAM now owns several contemporary art masterpieces in its Paris office from various international artists, emerging as well as more recognized ones. Faithful to its name, TOBAM supports artists that have a creative thinking, a divergent production process, artists that Think Out of the Box. But most importantly, each masterpiece selected resonates with TOBAM's investment philosophy, or with our research-driven corporate culture.

Uberall, by Bart Domburg, acquired in 2010.

In this painting, the Dutch painter Bart Domburg's "Uberall" exposes two complementary perspectives from the same vantage point, a powerful allegory to the Anti-Benchmark approach. TOBAM acquired this oil painting in September 2010 at the Christie's "Lehman Brothers Artwork and Ephemera" auction.



Fat Lady, by Zhang Hongbo, acquired in 2011.

TOBAM purchased its landmark Fat Lady at the Christie's September 6, 2011 auction of the Jan & Monique des Bouvrie Collection in Amsterdam.



"A birth of a star", by Alain Le Boucher, acquired in 2015.

TOBAM bought "A Birth of a Star" in January 2015 from Alain le Boucher, a French sculptor, specialized in "light" sculptures. The sculptures of Le Boucher are light and transparent, poetic and fascinating. His work echoes TOBAM's DNA, since the ignition pace is determined by sophisticated algorithms and a highly technological process.



The Windows of la Défense, by Anne McAulay, acquired in 2011.

Born in London, Anne McAulay has moved to and from a total of 6 countries during her life-time, but a few years ago she decided to settle in Paris, the city where many of her photographs were taken. Street photographer, Anne is well known for capturing emotional story-telling moments. TOBAM bought the unique print of "Windows of la Défense" in 2011. Anne McAulay has been employed by TOBAM since 2006.



Untitled, by Stevens Dossou-Yovo, acquired in 2016.

Stevens, sculptor dedicated to metal sculpture. In recent years, Stevens focuses on the representation of space through powerful mural compositions. Steel remains his favorite medium. "Untitled" acquired by TOBAM in 2016 is part of series that take illusion one step further. The metal becomes an invisible and abstract expression of volume, space and movement.



Image incurable n°1, by Jacques Monory, acquired in 2016.

TOBAM acquired "Image incurable N°1" in 2016, painted in 1972, part of the paintings series "les premiers numéros du catalogue mondial des images incurables".



"Sans Titre – Série Labyrinthe des Passions", by Joël Andrianomearisoa
Born in Antananarivo, Madagascar, in 1977, the artist lives and works between Antananarivo and Paris. His work is multidisciplinary and faceted, it explores perceptions of reality and their relation to conceptions of time. The artwork bought by TOBAM is made of paper.



"Clockwork Cloud", by Alain Le Boucher, acquired in 2017.



"Out of the Box", by Anne McAulay, acquired in 2018.
As always, looking for works that echo TOBAM's investment philosophy, this "Out of the Box" geometrical picture was an obvious choice.



Appendix

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Appendix 1

ESG Key Performance Indicators

TOBAM fulfills its commitments to the UN Global Compact:

- By implementing, in a scalable manner, both the Principles for Responsible Investment (PRI) and the 10 Principles in its operations and strategy
- By reporting transparently and progressively, in accordance with GRI G4 standards.

The present CSR and RI policy and report serves as our Communication on Progress (COP) to the Global Compact.

To achieve Active Level Status, we have made our best efforts for our report to meet minimum requirements, including a CEO statement of support, a description of actions in the four areas of concern according to their relevance and correspondence with the nature of our business activity and size, and a measurement of outcomes.

Below is a summary of these criteria and relevant GRI G4 indicators that we have selected, as well as a correspondence table to provide the reader with a global overview of the information disclosed within the report.

“ TOBAM has participated in the UN-Global Compact since 2010 and is continuously working to implement and promote the 10 Principles as well as the SDGs in support of human rights, labor rights, the environment and the fight against corruption. ”

Appendix 1

ESG Key Performance Indicators – Economy & RI

Criteria	Indicator name	2018	2017	2016	2015	2014	2013	2012	2011	Description of the indicator	Corresponding Table		
ECONOMY PILLAR AND TOBAM'S PROFILE													
Organisation	Number of employees	54	49	48	40	30	17	16	15	Number of employees	G4.5.	X	X
	Location of TOBAM's headquarter				PARIS (FRANCE)						G4.5.	X	X
	Numbers of countries in which TOBAM operates	4	4	7	5	2	2	1	1		G4.6.	X	X
	Nature of ownership and legal forms	See details pages 4									G4-7.	X	
	AUM (Million USD)	9,773	9,519	7,969	7,994	7,709	5,568	2,790	1,933	Assets Under Management	G4.4.	x	
Investments & Product overview portfolio	Markets served, client breakdown, geographical breakdown of investments	See details page 6								Geographic breakdown, types of customers and beneficiaries; % of the portfolio for business lines by specific region	G4-8., FS6	X	
	Listed equity investments	>95%	>95%	>95%	>95%	>95%	>95%	>95%	>95%	Percentage of AUM invested in listed equity	G4.4.	X	
	Commodity investments	0%	0%	0%	0%	<5%	<5%	<5%	<5%	Percentage of AUM invested in commodities (futures)	G4.4.	X	
	Bonds/Debt investments	<5%	<5%	<5%	<5%	-	-	-	-	Percentage of AUM invested in bonds	G4.4.	X	
	Emerging markets investment area	28%	32%	25%	26%	23%	19%	14%	15%	Percentage of AUM invested in emerging markets	G4.4.	X	
RI IMPLEMENTATION & ACTIVE OWNERSHIP													
Responsible Investment Implementation	Negative Screening	100%	100%	100%	100%	100%	97%	91%	85%	As a % of Anti-Benchmark® Strategies & MaxDiv® based strategies subject to negative environmental and social screening	FS11, SASB, FN0103-15 & 16	1 to 10	
	Systematic Carbon Reduction Footprint¹	96%								As a % of Anti-Benchmark® Strategies & MaxDiv® based strategies subject to carbon footprint reduction			
	Engagement letters sent to companies	82	168							Number of letters sent as engagement initiatives with listed companies			
	General meetings voted	924	797	711	751	645	615	104	27	Number of general meetings voted during the year			
Voting Rights in General meetings	Percentage of general meetings voted	96%	95%	98%	95%	91%	97%	93%	9%	% of meetings voted out of the number of votable meetings (the total value of our listed equity investments)	SASB_FN0103-17	1 to 10	
	Percentage of votes against management	20%	22%	20%	14%	16%	14%	11%	8%	As a percentage of the total number of ballot items we issued instructions on			

¹: the implementation of the carbon footprint reduction to the fixed income and multi asset strategies happened only in June 2019 and is, as such, not accounted for in the table as of end of december 2018.

Appendix 1

ESG Key Performance Indicators – CSR – Social Pillar

Criteria	Indicator name	2018	2017	2016	2015	2014	2013	2012	2011	Description of the indicator	Corresponding Table		
											GRI G4 +GRI Financial Sector supplement, SASB Sustainability	UN-Global Compact Principle	Art 173 + Art. 225 Grenelle 2 (French law) ISO 26000
SOCIAL PILLAR													
Labour / Employment	Number of employees (end of year)	54	49	48	41	31	23	17	16	Total number of full time employees (end of year)	G4-LA1, G4-10	X	X
Labour / Diversity and equal opportunities	Percentage of women	24%	22%	25%	27%	29%	17%	17%	19%	As percentage of permanent staff (end of year)	LA2 , G4-10	6	X
	Number of different nationalities	18	17	17	13	11	7	5	4	Number of different nationalities	LA2 , G4-10	6	X
	Incidents of discrimination	0	0	0	0	0	0	0	0	Total number of discrimination incidents	HR4	6	X
Labour / Talent retention and career management	Employee turnover	2%	12%	8%	0%	0%	4%	6%	0%	Number of employees with at least 2-year seniority who left the company / total number of employees	G4-LA1		X
	% of trained employees	98%	92%	79%	44%	24%	13%	19%	12%	Number of employees who have received at least one training session in the year ¹	G4-LA1		X
	% of women trained	100%	100%	100%	67%	33%	50%	22%	9%	% of women/men who have received at least one training in the year	G4-LA9		X
	% of men trained	90%	95%	71%	38%	21%	16%	18%	13%				X
Labour / Worklife balance and quality	Hours of training per employee	9.6	4.2	7.5	2.7	3.5	1.8	2.9	16	Average hours of training per year per employee	G4-LA9		X
	Paternity Leave	100%	100%	83%						% of men entitled to a paternity leave ² in the year that actually took it	G4-LA3	6	X
	Absenteeism ³	0.70%	1.40%	0.60%						Absenteeism (as a % of firms total sick days on firm's total work days)	LA 07	4	X
	Birth Rate	3.7%	10%	15%	10%	6%	10%	12%	25%	Number of children employees have had during the period per employee		6	X
Health & Safety	Red Cross / Fire Evacuation	66%	48%	46%	69%	77%	61%			% of staff trained at least in the past three years			X
	Posturing/Ergonomics Training	50%	59%	69%						% of staff trained at least in the past three years			X
Labour / Attractiveness and Recruitment	Percentage of employee shareholders	67%	80%	100%	100%	100%	100%	100%	100%	Number of employees with 1 year seniority holding shares of the company ⁴		10	X
	Employee's ownership	73%	73%	73%	80%	71%	71%	70%	83%	% of TOBAM's shares held by employees	G4-13	10	X
Labour / Social Dialogue	President & Employees Representatives Meetings	10	12	9	4	7	10	8	2		G4-11	3	X
	Town Halls Meetings	8	9	9	6	4				All employees information meetings (held before 2014 but no record kept)	G4-11		X
	Collective bargaining agreements	76.4%	79.5%	85%	86%	89%	86%	90%	88%	% of total employees covered by collective bargaining agreements	G4-11	3	X
SOCIETAL PILLAR													
Charity & Human rights	Human Rights donations	€ 130,000	€ 111,500	€ 205,000	€ 215,000	€ 110,000	€ 66,500	€ 20,000	€ 5,000	total donations in euros per year		1	

¹: Are included in the trainings, only sessions likely to support employees careers and expertise. Are hence excluded: Redcross trainings & money laundering mandatory trainings

²: Paternity leave is defined as the 11-day paid leave set up in the French social security system. Note that 100% of the relevant employees benefited from a 3-day fully paid leave.

³: Absenteeism does not include paternity leave & maternity leave, only sickness related absenteeism. Total work days include paid holidays

⁴: This does not include free shares attributed to employees with a vesting period. As of december 2018, including free shares, the % is 88%.

Source: TOBAM. When data are not available in previous years, it means that the mechanism wasn't yet in place, or that the stats it was not yet computed by TOBAM

Appendix 1

ESG Key Performance Indicators – CSR - E & G Pillars

Criteria	Indicator name	2018	2017	2016	2015	2014	2013	2012	2011	Description of the indicator	Corresponding Table		
		GRI G4 +GRI Financial Sector supplement, SASB Sustainability	UN-Global Compact Principle (French law)	Art.173 + Art. 225 Grenelle 2 ISO 26000									
ENVIRONMENTAL PILLAR													
Materials and Waste	Paper used (metric Tons)	1.1	2.4	1.2	1.2	1.6	2.0	2.0	2.2	Materials used by weight or volume	EN1	7 to 9	X
	Recycled paper use	11%	25%	52%	50%	62%	60%	60%	60%	Percentage of materials used that are recycled input materials.	EN2	7 to 9	X
CO2 Emissions	Total Carbon Emissions per employee	9.0	9.1	3.2	4.0	3.4	2.4	2.5	3.0	Matric tons of CO2 related to work per employee	G4 EN15 & 16	7 to 9	X
	Total Carbon Emissions	479	444	154	158	102	40.0	40.0	45.0	Consumptions in equivalent metric tons of CO2	EN3/EN4/EN16	7 to 9	X
	-Business Trips ¹	209	159	129	132	77	20.3	21.5	13.1	Ratio of carbon emissions in metric tones of CO2 on Aulum bin (Flights, Rail, Taxis, Accommodations ¹)	EN29	7 to 9	X
	-Employees commutation	7.57	7.93	5.3	4.0	4.1	4.3	3.6	3.7	This is an extension of EN29 to take into account the energy employees spend coming to work	EN29	7 to 9	X
	-Heating /Air Conditioning / Electricity	178	168	10.5	13	15.7	10.0	10.0	10.1		EN29	7 to 9	X
	-Other	84	109	9.2	9.0	5.2	5.4	4.9	5.8		EN29	7 to 9	X
CORPORATE GOVERNANCE PILLAR													
Management of the legal & regulatory environment	Fines and settlements associated with financial fraud	0	0	0	0	0	0	0	0	Amount in \$ and % of the legal and regulatory fines & settlements associated with financial fraud	SASB_FMO103-08	10	X
	Providing adequate, clear and transparent information	0	0	0	0	0	0	0	0	Amount in \$ of fines and settlements associated with failure to provide adequate, clear and transparent information about products and services	SASB_FMO103-08	10	X
Transparent information and fair advice to customers	Proportion of employees trained	100%	100%	100%	100%	100%	100%	100%	100%	Percentage of TOBAM's employees trained on Anti-Money Laundering policies and procedures in the last two years of presence.	G4-SO4		X
Anti-Money Laundering / Anti-Corruption	Training hours / employee / year	1	1	1	1	1	1	1	1	Number of hours trained per year and per employee related to anti-money laundering	G4-SO4		X

¹: In an effort for accuracy and extend the scope of the inventory each year, business trips accommodations have been included since 2018.

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Appendix 2: Geneviève Garrigos, President of Amnesty International & Anna Neistat, Head of Research.

Interview from July 2016, extract from TOBAM's 10-year book published in September 2016.

Geneviève Garrigos has been president of Amnesty International France (AIF) since March 2008. As an AIF representative, she promotes public awareness of the causes defended by the association, carries out advocacy actions with decision-makers and also keeps the media informed of AIF activity.

Dr. Anna Neistat leads Amnesty International's global research by setting the research agenda and ensuring consistently high standards for research strategy, methodology and quality. She provides political and human rights analysis and expert advice on human rights to the International Secretariat and the movement as a whole, and represents Amnesty International in major internal and external fora. She is a member of the organization's Senior Leadership Team which is responsible for the leadership, management and development of the organization. Neistat has conducted over 60 investigations in conflict areas around the world, including Syria, Afghanistan, Pakistan, China, Zimbabwe, Nepal, Kenya, Yemen, Chechnya, Sri Lanka and Haiti. She has authored or co-authored over 40 Human Rights Watch reports as well as numerous articles and opinion pieces.

Amnesty International DNA relies on three pillars: Research / Advocacy & lobbying / Campaigns & actions, could you expand on that?

Geneviève Garrigos: Amnesty was born from the desire of Peter Benenson to mobilize people around the world to free prisoners of conscience, ending torture. However most governments keeping secret the human rights violations they commit, we have to conduct our own independent research, to disclose our own information to influence decision makers to achieve change.

Which of these three pillars has the most impactful effect on human rights?

Geneviève Garrigos: Each pillar is as important as the others. They are mutually reinforcing. They allow us to expose the facts whenever and wherever abuses happen, to make governments keep their promises and respect international law, to campaign for change and to stand in defense of activists on the frontline.

Would you say the human rights cause has positively evolved over the years?

Geneviève Garrigos: We are confronting big challenges such as the dramatical increase of refugees, conflicts where civilians are targeted by armies and armed groups. But there is a light in the darkness: human rights charts and accountability mechanisms have been reinforced at international, regional and local law levels while, millions of people are more aware of their rights and mobilized to demand access to justice and dignity.

Anna Neistat: I would point out three major positive developments. First, the evolution of the human rights law - we now have treaties that establish human rights guarantees, states' obligations, and remedies, and this body of law continues to develop giving us the necessary international framework for human rights protection. Second, these laws, even though they are frequently violated, and institutions that are in place to ensure their implementation, mean that it is becoming less and less acceptable for states to blatantly abuse the people - on their territory or abroad, at times of conflict, for example. And third, the authority of human rights organisations, like Amnesty International, is now unquestionable and it gives us the power to act: very few states can afford to ignore a damning report by an organisation like ours, and people around the world know that they can turn to us for help.



Appendix 2: Geneviève Garrigos, President of Amnesty International & Anna Neistat, Head of Research.

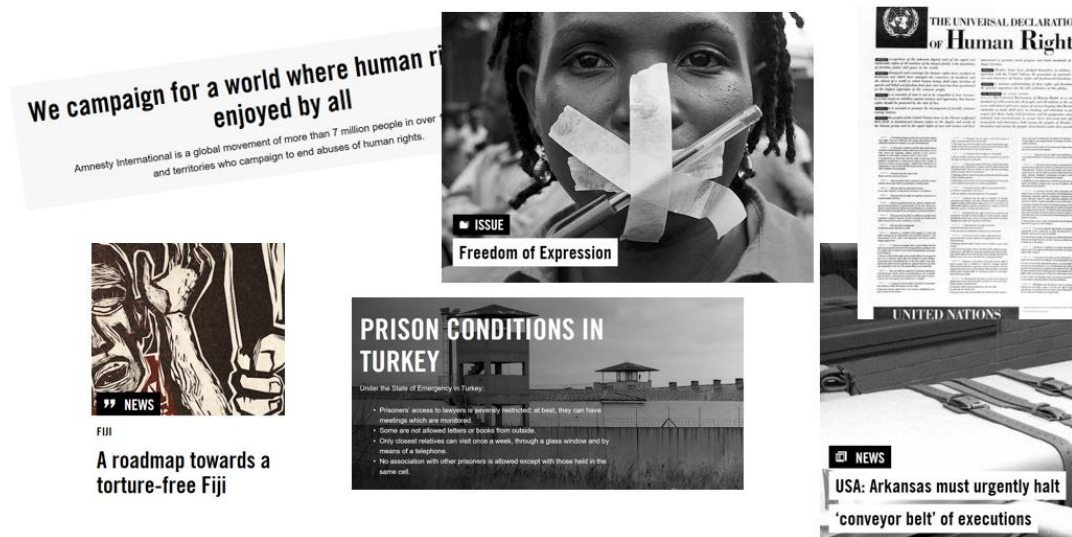
Interview from July 2016, extract from TOBAM's 10-year book published in September 2016.

Anna, as the Head of Research for Amnesty International, could you explain how Amnesty is organised on the ground?

Anna Neistat: Amnesty International is currently undergoing a major transition process, tagged "moving closer to the ground". We are opening regional offices around the world where we are trying to integrate all aspects of our work- research, campaigning, advocacy, media work, mobilization, partnerships with civil society, and close cooperation with Amnesty sections around the world. For research directorate it means that the majority of our researchers will be based in the region that they cover, thus allowing them to have day-to-day connection to the countries they are working on and the support of the regional office to ensure maximum human rights impact. In addition, we have thematic programs focusing on global issue such as business and human rights, refugees and migrants, arms and security, etc, and a crisis response program that conducts research in conflict areas around the world.

What is the most rewarding moment for a researcher on the ground?

Anna Neistat: The most rewarding moment is seeing the impact of our work. It always starts with thorough documentation and exposure of human rights violations - and, in order to do this, we speak to hundreds of victims and witnesses of the violations and often meet them at the most tragic moments of their lives. There are situations where we cannot do much more than to expose the injustice, bring it to light and at least make sure that people's suffering does not go unnoticed. But in the majority of cases we work on, we take concerted action, through campaigning, lobbying, litigation and other means to bring justice to the victims and hold the perpetrators accountable. And when we are successful, when we manage to prevent an execution, to get an unlawfully detained person out of prison, to get a company pay compensation to the community whose land it had polluted, to get a general who committed war crimes prosecuted - this gives us a sense of deep satisfaction motivates helps us to continue our work despite all obstacles.



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Appendix 3: Bruno Stagno, Deputy Executive Director for Advocacy

Extract from a conference to TOBAM's Employees Paris office, June 2017 (1)

Bruno Stagno held a conference in June 2017 addressing the employees of TOBAM Paris. This conference was organized to update TOBAM on the recent progress and achievements of the HRW group, as well as to familiarize TOBAM's staff with the initiative set up by TOBAM and Human Rights Watch.

TOBAM staff were updated on the continuing mission in Ukraine that the firm has supported since the beginning of this partnership. All TOBAM attendees were encouraged to participate in the discussion and to voice any opinion or idea they may have had.

The visit was a continuation of the strong relationship between TOBAM and HRW as this was not the first such visit from a HRW representative. In 2015, Ole Solvang who is a senior researcher in the emergencies division at Human Rights Watch, provided TOBAM with a similar presentation to the Paris office to mark the establishment of the partnership between Human Rights Watch and TOBAM.

The latest updates from HRW's work in Ukraine

It has been two years since the Kiev office was opened. Can you explain the importance of this establishment in Ukraine?

Thanks to TOBAM's generous support, we have been able to open an office in Kyiv in January 2015, composed of two staff members. This office has proved to be instrumental for our monitoring of the Ukrainian conflict - as we used to monitor the conflict from Moscow - and has offered us new opportunities for research and advocacy with officials and local activists.

We have, for example, been the first independent organization to report on violations by both the Russia-backed separatists and the Ukrainians in the Donets Basin after the OSCE (Organization for Security and Co-operation in Europe) a regional body that is tasked with monitoring violations in the Donets Basin, failed to do so:

We sent a very small team to observe and document this situation. Ole Solvang, our emergency researcher and Mark Hiznay, our in-house specialist on munitions and armaments, went to the various sites where there had been remains including rocket remains fired by the Ukrainian side. They documented these findings.

There were at the same time 220 full-time monitors of the OSCE with armored vehicles, with security protocols, but who were not documenting the situation on the ground because of the politics that had gotten into that monitoring mission. There was no desire to investigate violations committed by Ukraine at the time. After our report, which made the first pages of The New York Times, the OSCE had to admit that "yes, in fact, these things had happened."

We have also reported on attacks on education, infringement on freedom of expression and association and unnecessary delays and hardships civilians regularly face when crossing check points between the Russia-backed separatist areas and the rest of Ukraine. Following our advocacy about the latter, the State Border Guard Service of Ukraine committed to ensure older people, people with disabilities and other vulnerable groups would be able to use priority lines when crossing the contact line.

Crimea: Persecution of Crimean Tatars Intensifies
Arbitrary Detentions, Separation, Terrorism Charges



UN: Dangerous Double Standard on Children in Conflict

An Opportunity for Ukraine to Endorse the Safe Schools Declaration
At Least 740 Schools in Eastern Ukraine Closed Since Conflict Began

Appendix 3: Bruno Stagno, Deputy Executive Director for Advocacy

(2)

HRW's researchers in the field

July 20, 2018
"You Don't Want to Breathe Poison Anymore"
The Falling Response to Pesticide Drift in Brazil's Rural Communities



Protecting Rights, Saving Lives
Human Rights Watch defends the rights of people in 100 countries worldwide, spotlighting abuses and bringing governments to justice.



How do you manage the pressure of the governments or other organizations on the ground? How do you manage the security of your staff on the ground?

We have very strict security protocols. Ole Solvang, our emergency researcher, is part of a very small, elite investigation group we have within Human Rights Watch. **They are professionals, trained in terms of stress, resilience and and personal security. This really requires special talent, a psychological background, because their lives can be in danger.** At times, these people were detained and their lives were in danger. We take their security and well-being into account very seriously.

Are there examples of times you are unable to deploy to certain places?

Unfortunately, there are several countries in which we cannot operate. At times, we decide it is not safe to go and decide not to deploy. **We have to recognize what and when it is not possible. It is a matter of security.**

For instance, we work on North Korea, but we do so from Seoul. We cover China from Hong Kong, and our China-dedicated team does travel to China frequently and are in permanent contact with civil society organizations and human rights defenders within China.

Another example is the way we cover Daesh-occupied territories in Syria. We do not have an office in Damascus at present. Our main office now is in Beirut and in Amman from where we do our work, however we do deploy when we can to Daesh-occupied territory.

How do you deal with sensitive information on the ground?

We are very careful with the information we have. There are very strict protocols. We are frequently hacked; our priority is to protect our information. We defend our servers and protect our mobile phones. There are double, triple encryption. **At times, we extract information from countries but we are not an information provider to advance a particular military agenda for a particular party to a conflict. That we do not do.**

How is HRW different to other organizations?

Human Rights Watch is one of the very few NGOs to be truly global – covering over 90 countries all around the world on a very wide range of thematic issues from children's, women's or refugees' rights to health and environment.

Our strength lays in our reactivity to travel where violations take place and our ability to produce extremely reliable reports to expose violations and reach the highest levels of government to call for change.

We are somewhat different from other human rights organizations. We are a "grass-tops": we do not have volunteers, we are all experts in our field. We do not have the power of mobilizing people in the streets, signing letters, participating in a protest. That is where we find in Amnesty to be a very good partner because they complement with their size and their capacity to mobilize people with what, I would say, is our capacity to reach at the very tops of government. Amnesty is more from the ground up.

Appendix 3: Bruno Stagno, Deputy Executive Director for Advocacy

(3)



We reach the highest levels of government. We bring the reports. Whenever possible, we come accompanied by the researcher, if resources and time permit it. We give them the latest things that we have found in the field. We bring the truth from the ground to their attention. We mobilize governments or organizations, so that they can be levers for change in behavior of those that are really misbehaving on the ground.

With 450 staff worldwide and an annual budget of 80 million US dollars, we are a “low cost / high impact” organization.

Our 3.3 million followers on Twitter makes us one of the most powerful NGO on social media

What is Human Rights Watch methodology?

To guarantee its credibility and independence, Human Rights Watch never takes side in a conflict and makes sure to balance its coverage between abuse in Western democracies and in authoritarian regimes or war-torn countries. Our biggest program is actually the United States division in order to document abuses such as the use of torture, mass surveillance, juvenile detention, etc. The situations we denounce are always violations of universally-ratified conventions. Our researchers and investigators travel to the field to gather evidence and interview stakeholders. The evidence is then corroborated and cross-checked by lawyers. It is then published in reports and press releases and broadly shared with diverse international and local media to get attention on all fronts or shared through our own channels such as social media or our website. Our advocates bring our reports and the latest things we have witnessed on the ground to the highest levels of power to call for an end to abuse.

Can you shed some light on the current situation with refugees?

We have been covering the refugee crisis since the beginning. We report on violations on the ground at every step of the journey refugees undertake to flee war and seek safety: in the origin countries (i.e. Afghanistan, Syria), in the transit countries (i.e. Libya, Turkey or Greece) and in the host countries (i.e. France, United Kingdom).

Human Rights Watch documents and reports on poor detention conditions for refugees held in transit countries such as Libya or the Greek islands, especially for the most vulnerable such as women and children, elderly or people with disabilities.

We also carefully monitor that host countries respect their legal obligations, treat asylum seekers with dignity and don't deport them back to countries where they are in danger.

The Syrian conflict began in 2011 and the mass exodus of Syrians to Europe in 2015. It took four years of unspeakable crimes, chemical weapons, barrel bombs, torture, and demolitions of entire opposition neighborhoods for people to say, "There's just no future for my country, so I'm going to Europe."

Refugees will try to go to the neighboring country first, in Jordan, in Lebanon, in Turkey, and only much later to a country where probably they do not speak the language. Where for them, fitting in is a lot harder.

The reality is that 90% of refugees are in the Global South. The largest refugee camp in the world is Dadaab in Kenya with 350,000 Somalis. The second largest one is in Pakistan with Afghans. The average life span of a refugee camp in the Global South is 17 years.

The mass exodus



Appendix 3: Bruno Stagno, Deputy Executive Director for Advocacy

(4)



Once refugees go into these camps, they stay there for the rest of their lives. They do not use these camps as just a transient place before they have the opportunity to get to Germany or Canada. It is a very limited number that do that. Most stay in these camps and the next generation is born there.

There is a lot of false information or incomplete information, especially, about the refugee issue because it became so politically toxic. By creating an EU fortress or fortresses within Europe, it means compounding the problems in the source countries. By sending more Afghans back into Afghanistan, in an unstable and fragile country, one is certainly just reversing all of the return on investment of the ISAF (International Security Assistance Forces) and NATO (North Atlantic Treaty Organization) interventions in Afghanistan in the past. Same thing will be happening in Syria, in Yemen, if you just force people back into these extremely fragile situations.

What are the current difficulties that HRW is facing worldwide?

Human Rights Watch is deeply concerned by attacks on civil society and the rise of authoritarian regimes in countries such as Russia, China, Turkey or Kenya.

Attacks against civilians and civilian facilities – schools, hospitals - seemed to be on the surge in many conflict areas. We have been working as of late on initiative to safeguard schools from the military. Unlike hospitals, attacks on schools are not considered a violation of war. What we are trying to do is to create binding obligations so that militaries do not target schools, militaries do not occupy schools, and militaries do not convert schools into barracks. This creates the impression that schools are potential targets for attack by enemy combatants.

Finally, the rise of populism in Western democracies is also worrying and we need more than ever to reaffirm human rights values in parts of the world where there used to be taken for granted. Working with the Trump administration has obviously been a big challenge in the light of their statements on human rights. Our teams have however been able to meet with a few top-level officials and expose our concerns on various domestic and international issues. For example, the United States had threatened they might withdraw from the UN Human Rights Council because they felt it was disproportionately critical of Israel. After meeting with our executive director, the US lightened their position and called for reform of the council.

Efforts in France



We have been working on the new administration here in France. As a nonpartisan organization, we send out a human rights questionnaire to all of the parties that participate in elections. We had a questionnaire with **11 main issues: from the right to asylum, to identity checks, to counter-terrorism measures, to French foreign policy both on the bilateral/multilateral, to arm sales, to business and international financial institutions, to the rights of women.** We got responses from certain candidates, particularly from Mr. Macron. With these responses, we can go back to the Macron administration and hold him to the task in terms of their own answers.

Benedicte Jeannerod, our France director, continues to lead efforts towards the Macron's administration to make human rights a priority of his national policy and diplomacy.

She has met with Jacques Toubon, *Defenseur des droits*, many times on the new draft bill which the French administration has presented or hopefully intends to present in terms of counter-terrorism to make permanent some of the temporary measures that are possible under the state of emergency. We are very concerned about that in light of the implementation of some aspects of the state of emergency here in France.

Appendix 3: Bruno Stagno, Deputy Executive Director for Advocacy

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People With Disabilities To Get Vote in France
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Therefore, she is working with le *Defenseur des droits* to present a common position and in line, of course, with the answers that Monsieur Macron gave us to our own questionnaire as a way of bringing some pressure to bear to the Assemblée Nationale once we have the results of the upcoming election.

In addition, we are working with the foreign ministry, with the justice ministry, with the interior ministry. We are working with Macron's diplomatic advisor. We are working with the French team in New York, the French team in the EU and Brussels. We work with the government in many ways, always triangulating, so that we can get our messages across and create as much advantage as we can.



Bruno Stagno Ugarte is the Deputy Executive Director for Advocacy at Human Rights Watch since September 2014.

Before joining Human Rights Watch, he was Executive Director of Security Council Report from 2011-2014, Foreign Minister of Costa Rica from 2006-2010, Ambassador to the United Nations from 2002-2006 and Chief of Staff of the Foreign Ministry from 1998-2000, among other foreign service postings.

He also served as the President of the Assembly of States Parties of the International Criminal Court from 2005-2008 and Co-President of the Comprehensive Test Ban Treaty Article 14 Conferences from 2007-2009.

*He is a graduate of Georgetown University, the Sorbonne and Princeton University and author or editor of several books, chapters and articles, including *The UN Security Council in the Age of Human Rights* (Cambridge University Press, 2014). In 2011 he was made an Officier de la Légion d'Honneur. He is fluent in English, French and Spanish.*

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The Life of a Young Surfer (1)



Could you tell us a little bit about yourself and how you got into surfing?

My name is Justin Bécrot, I am 17 years old and I am from Seignosse in the South West of France. My two parents are surf instructors so, I was raised in the surfing culture. The first memory I have of being on a board is in Australia, I was 5 years old and my father pushed me on a left with my leash on the wrong foot because he wanted me to be goofy like him. I fell in love with the ocean when I was around 8 years old for no particular reason and to this day, my love for the ocean is still growing every day. In the beginning, I surfed just to be in the ocean however, as I grew up my surfing improved and I started taking part in competitions.

Becoming a professional surfer is certainly not a traditional job- Has it always been your dream?

In the beginning, I surfed just to be in the ocean and as I grew up, my surfing improved and I started taking part in competitions. At first, I didn't want to compete, I guess I thought I wasn't good enough but one day (I was probably 10 or 11) my best friend forced me to do one competition with him and I loved it. I worked on my spirit of competition a lot since at that time, I had troubles keeping my friendships out of the way.

I was gifted with the family flow but it is the hard work that pays out in the critical moments of my contests. I think it's impossible to reach the highest level of performance only with your talent.

How would you describe your life as a professional surfer and what would be a typical day for you in your hometown in France?

I guess my life as a professional surfer is similar to any other athlete's life except that my trainings depends on the tides and the winds. I am currently in a transition phase; I just got my Baccalaureat, which is the final high school Diploma in France. I was fortunate enough to study at home with the Hasckschooling institute, which has a structure designed for young athletes so they can travel around the world and still be able to follow a "normal" education.

For the past two months I have been occupied with trainings at home, I have not been studying a lot but this will change as I have just been admitted to pursue a Political Science certificate designed for high level athletes in the University of Political Sciences of Paris.

I am excited and a bit impressed as it is taking place in Paris, which is not my comfort zone. I do not know yet how I will be able to cope with this new challenge but because the courses are very interesting, I am really looking forward to it.

I know studies are important, not just in order to get a job or some diplomas but to be able to think by yourself and act conscientiously. Getting my Baccalaureat was a condition given by my mom if I wanted to continue surfing but keeping on and following a university programme was a choice I made with my parents support.



Appendix 4: The Youth Sponsoring Project

The Life of a Young Surfer (2)



Do you recall of anything unusual which happened in a competition that you could share with us?

My biggest wave and my scariest moment as a surfer were only a couple of seconds apart. It was at Jaws (Maui, Hawaii) in January 2019 and the swell was huge probably 25 or 30ft on the big ones. I had been waiting for a wave for about 3 hours and then, I finally got a wave around 20ft I guess. The flow of adrenaline was insane and when I got to the bottom of the wave, a bump took me off my board and I went down. When I resurfaced, I saw the scariest and most beautiful wave I had ever seen. It was so big I saw it landing on my head in slow motion and then it was all black. I got washed up by the wave and resurfaced 50 meters later all disoriented. Someone came to pick me up with a jet ski and brought me back to the boat. I had so much adrenaline rushing through my brain that I couldn't sleep that night.

In 2020, you will officially be competing with the pros, and not with the Juniors. What will be the main challenge you will face? What are your main objectives for 2020?

Next year is going to be a huge change for me but I am excited about what is coming next. The main challenge is that there will be many competitors for only a few spots. My advantage will be that I am the rookie and no-one will be waiting for me. I will try to push my surfing to its limits every heat and I would love to be in the "outsider" position.

Surfing against people that have been competing for longer than I have makes me to take a step back sometimes, relativize and just enjoy my life because surfers are lucky, we get to see beautiful places and meet many interesting people along our way. My goal for 2020 is to enter the top 100 of the Qualifying Series (QS) for the World Surf League and win a QS event.

TOBAM as part of its initiative to offset its carbon footprint, has decided to offset your own carbon footprint this year, related notably to your flights, why was it important for you?

I have been raised in a family and an environment where respecting the place you are traveling to is normal and is something which is expected of you.

My parents founded the Natural Surf Lodge/School; a business based on sharing the nature side of surfing, "The Ocean is your Nature" is the motto. Since 2003 even though surf business has expanded, my parents kept it rooted into simple and strong values such as humility, respect and lower their impact on the environment. For example, they decided to buy a clear-cut forest and repopulate it using respectful forestry processes so each tree is taken as an individual and grown in respect to its own rhythm. They participate in carbon offsetting. They also offer to each surf camper a soap/shampoo bar to limit use of plastic bottles and non-natural adjuvants that foam but also harm the environment. I could provide many more examples. For the lover of the Ocean that I am, preserving the planet, is an obvious call!

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TOBAM currently manages US\$9billion (at June 29, 2019). TOBAM's team is composed of 53 professionals.

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