

## ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE POLICY

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### OVERVIEW

ROBO Global<sup>®</sup> is committed to maintaining and improving a research and investment approach that incorporates Environmental, Social and Corporate Governance (ESG) aspects. Our Environmental, Social, and Corporate Governance Policy represents our current approach and is expected to evolve over time. ROBO Global's research and investment professionals are responsible for the careful observation and analysis of ESG aspects for each company considered for potential investment or index inclusion according to the following ESG policy:

#### ROBO GLOBAL ESG POLICY

Following critical observations, ROBO Global may exclude companies from its indices if there is an unacceptable risk that the company may contribute to or be responsible for serious human rights violations, severe environmental damage, and/or other particularly serious violations of fundamental ethical norms, including the production of weapons that violate fundamental humanitarian principles through their normal use.

### BACKGROUND

Robotics, automation and artificial intelligence (RAAI) is a major growth trend happening right now. The benefits and efficiencies from RAAI will positively impact many aspects of our business, service and consumer lives. Globally we are faced with many social challenges including: aging populations, healthcare systems at capacity, dangerous pollution levels, over-demand for scarce resources, increasing wage inflation and general safety/health concerns. At its core RAAI is about tackling many of these social challenges by creating efficiencies and flexibility and assisting human safety and general wellbeing.

Examples where RAAI is already in use include: care for our elderly, improved productivity of farmland, drones assisting in search and rescue missions, the education of children through home companion robots, helping injured or disabled people walk using exoskeletons, inspection of bridges and deep-ocean facilities and pipelines with drones, and the 3D printing of prosthetic limbs. These are all areas of daily life where RAAI is already driving great improvements in efficiency, safety, quality of life, and sustainability at reduced costs.

Technologies such as machine vision, motion sensors, artificial intelligence, and navigation algorithms are enabling robots to perform increasingly sophisticated and delicate knowledge-based work and improve the levels of automation. This widens robots' use to an incredible array of products and services that will

continue to benefit society at large. For investors and society, the biggest gains and benefits in robotics and automation still lie ahead, both financially and socially.

In the absence of a benchmark industry classification system for identifying companies engaged in the global RAAI industry, the ROBO Global Industry Classification was created by ROBO Global in consultation with industry experts from its Advisory Board. The ROBO Global Industry Classification identifies sub-sectors of high relevance and high growth to the RAAI Industry and will expand over time. These sub-sectors are intended to capture companies throughout the “value chain.” The value chain includes not just the manufacturing and deployment of robots and automated systems, but also the accompanying enabling technologies such as sensing, computing, software, and motion control, among others. To be eligible for potential index inclusion, companies must pass through a series of screens within the ROBO Global Industry Classification, which includes this ESG policy.

## POLICY GUIDELINES

ROBO Global is committed to responsible investment and encourages its partners to do the same. We believe that ESG issues can be important drivers of long-term shareholder value creation and that companies that successfully manage ESG risks may deliver risk-adjusted outperformance.

ESG aspects are systematically incorporated into ROBO Global’s analysis and industry classification inclusion process. Our research and investment professionals utilize internal and external tools and resources to analyze ESG aspects. Corporate governance standards and best practices vary significantly around markets and regions of the world. Our approach reflects the widely accepted standards of the Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance, as well as the United Nations Principles of Responsible Investment (UN PRI).

## IMPLEMENTATION

ESG-related decisions are made by the ROBO Global team with oversight from the Industry Classification Committee.

The Industry Classification Committee assesses on a quarterly basis whether the basis for inclusion or exclusion in the Industry Classification still exists and, based on that assessment, may recommend that a prior inclusion or exclusion decision be revoked based on this ESG policy. In assessing such risk, we include the probability of future norm violations, the severity and extent of the violations, and the connection between the norm violations and the company. ROBO Global publishes its decisions pursuant to these guidelines in its quarterly index rebalancing updates.

The ROBO Global ESG policy has been adopted by the ROBO Global management team and is a continuous and longterm process that will evolve over time to reflect further enhancements.

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