SUSTAINABILITY RISK POLICIES SAMCo

Sustainability risks are considered by the SAMCo Risk department as well as individual investment teams.

1. Sustainability risk assessment process

The SAMCo Risk department is responsible for the periodic assessment of sustainability risks. The process is specified in the SAMCo Investment Risk Policy and includes the selection, assessment, monitoring and documentation of the potentially relevant sustainability risks, as well as the determination of which of the risks are relevant. The objective of the assessment is to determine relevant sustainability risks for SAMCo's financial products, as well as its advisory mandates. The relevancy of sustainability risks is assessed from a financial impact perspective. Other risk factors, such as reputational and regulatory risk factors, are not part of this particular assessment.

At least annually, the Risk department defines potentially relevant sustainability risks and assesses them based on their likelihood of occurring and portfolio impact. The scoring of impact and likelihood is based on both qualitative and quantitative factors. The final impact scores are adjusted to reflect assumptions on the nature and scale of each sustainability risk, as well as the sensitivity of the assessed asset class to the materialisation of the sustainability risk. The sustainability risk assessment is presented to the SAMCo ESG Forum for review.

2. Review of the outcomes of the sustainability risk assessment

The sustainability risk assessment is reviewed by the SAMCo ESG Forum and subsequently communicated to the investment teams. Portfolio managers may, among others:

- Seek to determine the key sources of the sustainability risks that have been identified as relevant, for example, whether the risks are relatively concentrated in a certain portfolio or sector, or whether they are more broadly distributed;
- Assess the exposure differential between the portfolio and the reference benchmark;
- Assess whether the risk is sufficiently rewarded by expected returns or whether an action to mitigate the risk should be considered; and/or
- Review whether the risk is sufficiently addressed and reported on by external portfolio managers.

Representatives of the investment teams will inform the SAMCo ESG Forum about the incorporation of the sustainability risk assessment in their investment decision making process, including external-manager selection and monitoring. This includes any resulting actions.

3. Approach where data is not (sufficiently) available

The latest sustainability risk assessment was performed for the asset classes listed equity, corporate bonds and sovereign debt. Other asset classes have not been formally assessed due to insufficient data availability. Assessment outcomes are thereby extrapolated to these other asset classes. Proxies such as country or sector exposures may be used. For instance, if a certain sector within an assessed asset class displays a relatively high portfolio impact per sustainability risk, that insight can be extrapolated to asset classes that have not been formally assessed, subject to the concrete country/sector allocation of that asset class. Investment teams will be informed for further review.