



IST3 INFRASTRUKTUR GLOBAL

About the portfolio manager

Assets under management	CHF 1.32 bn (gross); all managed according to certain ESG principles
Number of inv. profess.	7
Number of inv. profess. dedicated to ESG	7
Participation in shareholder meetings	Yes
ESG rating	No rating – activities guided by UN SDGs and a product specific ESG policy
ESG consultant	Internal team, Investment Committee ("IC"), fund managers and external consultants as needed

Memberships

Signatory to UNPRI	No
UNPRI rating	No
Others	SSF

The value of ESG in an investment management context

IST3 Infrastruktur Global ("IST3 IG") is an evergreen fund and pursues a long term buy-and-hold strategy for its infrastructure investments. In particular, infrastructure assets have the potential to make a positive ESG impact, not only due to their systemic nature, but also through the provision of crucial environmental and socio-economic services and functions. Thus, as an actively managed investment group with a long-term horizon, having a portfolio in line with relevant principles for responsible investments is of high importance. As an active promoter of responsible investing, IST3 IG believes that complying with certain ESG considerations in its investment and asset/portfolio management activities is essential to create value for its investors and to develop a sustainable long-term strategy for its assets.

Active ESG stewardship

IST3 IG is formally not a signatory to UNPRI, but commits itself to the UN Sustainable Development Goals ("UN SDGs") and has implemented a dedicated ESG policy derived thereof. With that, all day-to-day investment and asset/portfolio management activities are carried out in an ESG sensitive manner. In addition to committing to contributing to the UN SDGs, additional exclusion criteria were defined in the investment guidelines in close collaboration with the investors of the vehicle. Unacceptable sectors for direct investments are nuclear facilities, coal, upstream oil, prisons, and military.

ESG exclusion criteria and the contribution to the UN SDGs are considered as part of the underwriting process for every investment decision alongside the standard allocation tests for compliance with the overall investment strategy. All investment opportunities are thoughtfully discussed in an ESG context as part of the investment decision process, whilst every investment decision requires a unanimous approval. When investing in diversified private infrastructure funds, the exclusion sectors are avoided or minimized, such that the total portfolio exposure is managed not to exceed a 1% hard cap of total committed capital.

IST Investmentstiftung ("IST") is a member of Swiss Sustainable Finance ("SSF"). SSF strengthens the position of Switzerland in the global marketplace for sustainable finance by informing, educating, and catalyzing growth. In addition, IST is maintaining an exclusion list for countries and companies as recommended by the Swiss Association for Responsible Investments. Details are published under:

https://istfunds.ch/media/4914/ist-esg-exclusion-list_e_20042021.pdf

Governance for design and implementation of investment guidelines

The investment guidelines are designed by the IST3 IG IC and drafted together with the dedicated IST3 IG internal team of infrastructure professionals. Those guidelines are then submitted for approval to the Board of Trustees ("BoT") Committee Alternative Investments and Real Estate ("STRA-AAI"). There are no external consultants advising on those guidelines. However, given that the IC comprises of experienced infrastructure experts and the STRA-AAI comprises of multiple representatives of the IST3 IG investor base, it is assured that the requirements and interests of the investors are fully reflected in the investment guidelines of IST3 IG, which also include ESG-related exclusion criteria as elaborated in the section above.



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Voting activity

Exercise of voting rights	Yes; active, for investments where participation allows
ESG consultant	Internal team, IC, fund managers and external consultants as needed
Voting report	n/a

Exercising voting rights

IST3 IG comprises various forms of investments with varying degrees of voting rights. For all direct investments where IST3 IG has a significant ownership, IST3 IG seeks active governance, whereby the representatives take all strategic business decisions. For direct investments with minority ownership, IST3 IG typically has protective minority rights. For indirect investments, governance is delegated to third parties, whereby underlying rights depend on ownership. In such cases, IST3 IG monitors the voting activities of those external managers closely by evaluating and challenging the decisions taken and exercising influence whenever possible.

Engagement of specialized advisors

Engagement	Engagement as required and in dependence of sub-sector and identified ESG sensitivities
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ESG consultants for due diligence activities

IST3 IG engages with a large number of consultants throughout its acquisition activities in order to assist in assessing ESG related risks and opportunities. The team believes that working with best-in-class external experts during a due diligence process provides valuable insights into the assets, helps identify crucial ESG related risks, and unveils red flags. In addition, the due diligence for direct investments typically includes a work stream on health, safety and environmental matters to ensure compliance with IST3 IG's ESG policy.

ESG framework

Commitment to selected UN SDGs



Application of an exclusion list	Yes, as defined in investment guidelines
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ESG factors reflected in a dedicated policy

IST3 IG's ESG policy strives at contributing to a tailored sub-group of UN SDGs, which serve as a toolkit to inform the activities of the investment and asset/ portfolio management team. As such, fostering of energy efficiency, use of sustainable energy sources, promotion of education and science, ensuring health and safety, and the promotion of responsible business ethics are (among others) part of the UN SDG sub-group. The resulting policy focuses on all dimensions of ESG and seeks to actively steer and set activities where the vehicle has sufficient voting rights. For minority direct investments or indirect investments, ESG activities primarily involve stakeholder management and the raising of awareness and promotion of standards and appropriate tracking tools.

Environmental	Social	Governance
<p>Environment</p> <p>Minimizing of environmental impacts</p> <p>Energy use</p> <p>Fostering of energy efficiency and the use of sustainable energy sources</p> <p>Biodiversity</p> <p>Integrating habitat protection and restoration/ wildlife conservation into our activities</p>	<p>Education</p> <p>Promotion of education and science</p> <p>Health</p> <p>Ensuring safety and health of workers – raising risk awareness</p> <p>Community</p> <p>Respect and involvement of local communities/ fostering of cultural heritage</p>	<p>Business conduct</p> <p>Promotion of responsible business ethics, integrity, and transparency</p> <p>Governance</p> <p>Facilitation of governance structures that enhance risk mitigation and active involvement</p> <p>Stakeholder management</p> <p>Engaging pro-actively with stakeholders and encourage positive impact</p>