

About the portfolio manager

Assets under management	CHF 10 bn
Number of inv. profess.	23
Number of inv. profess. dedicated to ESG	7
Participation in shareholder meetings	Yes, active
ESG rating	No
ESG consultant	Internal team with access to a broad range of ESG-databases and tools
External data sources	<ul style="list-style-type: none"> • Sustainalytics • MSCI ESG Research • Style Analytics • zRating/Inrate • Pictet databases

Memberships

Signatory to UNPRI	No, but mandatory since 2013 for external Asset Managers within the MIXTA OPTIMA investment groups
UNPRI rating	No
Others	<ul style="list-style-type: none"> • ASIP • Swiss Sustainable Finance (SSF)

Consultant for investment guidelines and exclusion criteria

The STRA-TA is responsible for defining the investment guidelines and exclusion criteria. This also defines the strategy in the area of ESG. The monitoring and control of the individual managers is carried out continuously by the IST and presented to the STRA-TA on a quarterly basis. In addition to the intensive and institutionalized exchange with globally active external asset managers, ESG databases (MSCI ESG, Sustainalytics) are used. Here, access to and the scope of the available data are continuously being expanded.

Investment Approach and Sustainability

The individual MIXTA OPTIMA are structured as funds of funds and differ only in the standard ratios and bandwidths for the investable asset classes. The broadly diversified investments are implemented almost entirely by means of IST and IST2 investment groups, supplemented in individual cases by complementary strategies.

With few exceptions, the management of the investment groups is in the hands of external portfolio managers. Their selection is based on IST's broad best-in-class approach, which has proven its value over many years. This focuses not only on performance and risk indicators, but also on the successful and seamless integration of ESG criteria into the investment and risk control process of the external asset managers. These criteria are analyzed in a detailed Operational Due Diligence („ODD“) prior to mandating the portfolio manager and are regularly monitored onwards. Since 2013, a basic prerequisite for the award of a mandate has been the signing of the UNPRI by the portfolio manager

As described, ESG inclusion takes place at portfolio manager level, but also at IST level. As a company, IST accepts its responsibility towards all stakeholders and has enshrined aspects of sustainability in its mission statement and corporate strategy. As an investor, IST illustrates this, among other things, by consistently exercising voting rights for its equity investments in Switzerland and abroad. This approach is supplemented by engagement where necessary. The approval of IST's ESG policy and its implementation are the responsibility of the Foundation Board Committee „Corporate Strategy & Organization“ (STRA-UO).

Decision making process for exclusion decisions

The investment groups are under the supervision of a specialized Foundation Board Committee. For MIXTA OPTIMA, the Foundation Board Committee „Traditional Investments“ (STRA-TA), which is composed of investor representatives from large private and public pension funds, is responsible. It mandates the portfolio managers and decides on investment strategy, guidelines and exclusion criteria. The STRA-TA is also responsible for determining the type and extent to which ESG criteria are applied in IST's investment groups. Investments by the portfolio managers are always made with the aim of achieving an optimal risk/return ratio and above-average results. ESG aspects play an increasingly important role in this context.

The exclusion of companies, sectors and countries is the last chosen path for IST if no improvement in terms of sustainability can be achieved through the exercise of voting rights or engagement. Exclusions are made when required by law, to support the achievement of global social and environmental goals, for example, or when dialogue with companies does not allow progress to be made. The following exclusion criteria are currently applied:

- SVVK-ASIR: Exclusion of manufacturers of controversial weapons (cluster munitions, anti-personnel mines, nuclear weapons).
- Exclusion of companies with a turnover share of more than 50% from coal mining or power generation from thermal coal (analyses of Pictet/Sustainalytics as basis)
- Exclusion of countries on sanctions and embargo lists of the United Nations (UN Security Council Arms Embargo) or the US Department of Treasury (OFAC) (analyses by Pictet/Sustainalytics as basis)

Voting activity

Exercise of voting rights	Yes; 2020: 99 general meetings in Switzerland, 1'163 general meetings abroad
Proxy voting advisor	Swiss equities: zRating / Inrate Foreign equities: Custodian / portfolio manager via ISS platform
Voting report	Yes
Additional information	istfunds.ch

Engagement

Engagement	Yes
Consultant	Sustainalytics
Engagement report	Yes (planned)

Portfolio overview

ESG rating	Yes
Application of an exclusion list	Yes; SVVK criteria, additionally no investments in thermal coal are permitted (turnover > 50 % of a company)
Exercise of voting rights	Swiss equities: IST Foreign equities: Manager via ISS-Platform / Lombard Odier
Additional information	https://www.svvk-asir.ch/en/about-us/

Identification of companies excluded

Since 2018, IST has a policy in place that prohibits investments in companies producing cluster bombs or land mines as defined in the „Convention on Cluster Munitions“ and the „Ottawa Treaty“. In addition, companies whose sales derive more than 50% from coal mining or power generation from thermal coal are excluded from investments. Analyses and databases from Pictet / Sustainalytics are used to identify corresponding companies.

Decision making process for exercising voting rights

In the area of **Swiss equities**, the analyses and recommendations of the voting rights advisor zRating / Inrate provide the Foundation Board Committee STRA-UO with a proposal for its voting behavior. The foundation board's regulations on the exercise of voting rights form the basis. In principle, votes are to be exercised in the longer-term interests of the investors in IST or the corporation and its shareholders. Interests of other stakeholders are included in the considerations underlying the decision. As a rule, voting rights are exercised at general meetings by the fund management or the independent proxy.

In the **foreign equity** investment groups, voting rights for directly held equity investments are exercised by the asset managers mandated by IST and by Bank Lombard Odier & Cie AG. Their voting behavior is based on the recommendations of their respective internal corporate governance specialists, supplemented by the expertise of renowned external voting advisors, and is exercised in accordance with the proxy voting policy of the various portfolio managers via the ISS platform.

ESG consultant for engagement activities

Sustainalytics performs this task vis-à-vis listed companies abroad, either directly with the companies or through participation in international investor initiatives. The focus is on „material risk engagement“. Companies with the largest unmanaged ESG risks are helped to identify, understand and mitigate these risks through constructive engagement. Advantageously, the success of the engagement can be measured by an improvement in the rating of the companies, in the future.

Incorporation of ESG factors into the investment process

ESG factors are integrated into the investment process, from IST as a company to the selection of securities by the portfolio managers. The following chart illustrates concrete decisions implemented by IST at the various levels up to the investment, the orientation towards globally anchored measures and initiatives, membership in associations and support of global standards.



¹ IST supports the UN Sustainable Development Goals (SDG); ² Active participation of IST in Sustainalytics' material risk engagement; inclusion of other engagement initiatives not listed separately.