



## IST2 SWISS EQUITIES MINIMUM VARIANCE

### About the portfolio manager

Assets under management	USD 24.8 bn, USD 4.0 bn according to ESG principles
Number of inv. profess.	82
Number of inv. profess. dedicated to ESG	Not disclosed
Participation in shareholder meetings	No
ESG rating	No
ESG consultant	No

#### External data sources

- Vigeo Eiris
- Trucost
- ethos

### Memberships

Signatory to UNPRI	Yes
UNPRI rating	A
Others (selection)	
• Montreal Carbon Pledge	• UK Stewardship Code
• Sustainable Finance Geneva	• Climate Action 100+
• Swiss Sustainable Finance	• LGPS Transparency Code
	• Standards Board of Alternative Investment (SBAI)

### Voting activity

Exercise of voting rights	Yes
ESG consultant	ISS
Voting report	Yes, on a firm-wide basis. Not for the Unigestion Swiss Equities fund.

### Engagement

Engagement	Yes
Consultant	ISS

### Decision making process for exclusion decisions

We exclude from all our equity portfolios stocks with exposure to controversial weapons, excessive carbon footprints and exposure to tobacco production. Decisions are made by the Equities Investment Committee in consultation with the Responsible Investment Committee.

### Consultant for investment guidelines and exclusion criteria

We use both Vigeo Eiris for ESG research scoring, ratings and Trucost for carbon emission data to customise our exclusion lists.

### Decision making process for exercising voting rights

As a firm, we exercise our shareholders' rights through an outsourcing arrangement with a third-party proxy voting specialist firm ISS since January 2011. Our proxy voting in relation to its pooled equity funds is carried out by ISS based on their International Sustainable Proxy Voting policy. Monitoring of the voting guidelines is performed by the investment team and the voting process is carried out by Unigestion's Operations team.

In 2017, we have voted 10,049 times, included 12.9% against Management. Please note that we do not necessarily engage on all items we vote against.

Regarding proxy voting, the important themes for us, where we tend to focus our voting or engagement are in particular:

- Board independence
- Role and fees of external auditing firms
- Carbon footprint disclosure
- Proxy access

### ESG consultant for engagement activities

Engagement activities are performed in-house but we tend to base our decisions on the recommendations of ISS regarding ESG matters.



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### IST portfolio

#### Portfolio overview

ESG rating	No
Application of an exclusion list	Yes

#### Incorporation of ESG factors into the investment process

ESG issues are managed at a number of levels within our investment process:

##### a) Initial top-down stage of our process

We systematically filter the investible universe in order to remove stocks with specific exposures from across all our equity portfolios, these include:

- Controversial weapons exposure: we exclude stocks with direct exposure to controversial weaponry, including cluster bombs, landmines, depleted uranium, as well as chemical and biological weapons.
- Excessive carbon intensity: we believe companies emitting high levels of carbon are more exposed to downside valuation risks given potential regulatory changes and greater investor focus; therefore, we filter out stocks with excessive carbon footprints.
- We also recently added tobacco stocks to our list of exclusions

In addition, for specific ESG/SRI funds and mandates, we can further exclude stocks, activities or sectors based on our clients' specific SRI criteria.

##### b) In-depth qualitative analysis of the portfolio in order to identify any potential ESG risks

Our systematic filters are supplemented by internal qualitative research by our team of fundamental analysts. We also use ESG research provided by Vigeo EIRIS and climate risk specific data provided by Trucost. This second layer allows us to perform thorough bottom up assessments of companies before they enter our portfolios and to validate our equity positions on an ongoing basis. The aim here is to identify any potential ESG risks, such as environmental or corporate governance issues, treatment of workforce, legal problems, merger and acquisitions or fraud. These are all issues which we believe can affect a stock's future risk profile.

#### Identification of companies excluded

At the start of our investment process, we screen out the following stocks from all our equity portfolios on specific ESG/SRI funds:

- Exclusion of companies involved in the production of controversial weapons : The list is drawn by analysing and defining a black list of stocks defined as controversial by MSCI, EIRIS and NBIM.
- Exclusion of tobacco stocks : The list is drawn by using data from Vigeo Eiris.
- Exclusion of excessive carbon emitters: this list is used by using data from Trucost.

Those lists are reviewed and updated annually. In addition, we can further exclude stocks, activities or sectors based on our clients' specific SRI guidelines for specific mandates.