

## About the portfolio manager

Assets under management	USD 205 bn, USD 94.9 bn according to ESG principles
Number of inv. profess.	143
Number of inv. profess. dedicated to ESG	14
Participation in shareholder meetings	Yes
ESG rating	„Transparent“ (Eurosif label for Swisscanto Funds)
ESG consultant	No
External data sources	<ul style="list-style-type: none"> <li>• TruCost (S&amp;P)</li> <li>• RepRisk</li> <li>• MSCI ESG</li> <li>• Refinitiv (Thomson Reuters)</li> <li>• ISS</li> </ul>

## Memberships

Signatory to UNPRI	Yes
UNPRI rating	A for Strategy & Governance, Fixed Income and Listed Equity Modules
Others (selection)	<ul style="list-style-type: none"> <li>• Eurosif (European Sustainable Investment Forum)</li> <li>• CDP (Carbon Disclosure Project)</li> <li>• SSF (Swiss Sustainable Finance)</li> <li>• Montréal Carbon Pledge</li> <li>• Access to Medicine</li> <li>• UNEP Finance Initiative (UNEP FI)</li> <li>• TCFD (Task Force on Climate-related Disclosure)</li> </ul>

## Voting activity

Exercise of voting rights	Yes
ESG consultant	ISS (Institutional Shareholder Services)
Voting report	Yes

### Additional information

[www.swisscanto.ch/voting](http://www.swisscanto.ch/voting)

## Decision making process for exclusion decisions

With the exclusion criteria, sustainability specialists of Swisscanto Invest, ZKB's investment management company, identify companies or industries whose activities are not in line with our understanding of sustainable development. Exclusion criteria relate to corporate activities which directly exacerbate the world's major problems and risks from an ecological or social perspective. Critical environmental and social aspects that cannot be attributed to a specific industrial activity (such as compliance with the core labour standards of the ILO guidelines) are examined and continuously monitored as part of the company's assessment. The exclusion criteria are regularly reviewed for their timeliness and developments in these areas and discussed with the independent Sustainability Advisory Board. „Green Bonds“ and „Social Bonds“ of issuers with exclusion criteria are subject to an exception, as the funds are used for investments that benefit the environment and society. To this end, the issuer must comply with the „Green Bond Principles“ and „Social Bond Principles“ standards, provide an independent audit as well as an annual „Impact“ report. Otherwise, the bonds for Swisscanto Invest investment products are not permitted.

## Consultant for investment guidelines and exclusion criteria

We do not have one specific consultant.

## Decision making process for exercising voting rights

Swisscanto Invest uses its voting rights actively: the voting guidelines of Swisscanto Invest are based on Swiss and international corporate governance standards, as well as the principles of the UNPRI, which incorporate a comprehensive set of environmental, social and corporate governance principles into the decision-making process. In the analysis and decision-making process for the voting procedures at general meetings, Swisscanto uses the assessments of the independent voting right adviser ISS (Institutional Shareholder Services) and our investment specialists in Asset Management. The voting procedures are set out in detail at [swisscanto.com/voting](http://swisscanto.com/voting).

## Engagement

Engagement	Yes
Consultant	No

## ESG consultant for engagement activities / engagement

As above, we do not have one specific consultant. We maintain continuous dialogue with companies' management. We are also engaged through the UN PRI Collaboration Platform and various investor initiatives. Aim of our engagement activities is to bring about changes in companies, to improve investment decisions, but also to identify new topics relevant to the equity analysis. The dialogue with companies with potential for improvement in the areas of the environment, society and governance is intended to influence these companies to take ESG aspects intensively into account. Best practice examples of leading companies in terms of sustainability build the important basis for this dialogue. The engagement activities are carried out by our equity analysts and portfolio managers as well as by the external research partners. Decisions regarding engagement activities are based on below-average results in the ESG subareas compared to the sector, controversial activities as well as additional reviews proposed by the external sustainability advisory board. Depending on the information requirement, company representatives are contacted by email, letter or telephone, or personal meetings are arranged. In addition, if necessary, companies will also be contacted following the inquiries from clients, media or other stakeholders.

## IST portfolio

### Portfolio overview

ESG rating	No
Application of an exclusion list	Yes

## Incorporation of ESG factors into the investment process

Based on our belief in ESG factors influencing security prices, a comprehensive ESG analysis is an integral part of our investment process.

For this purpose, we use the external data of the above-mentioned providers and supplement it with our internal sustainability research (6 analysts). Through the integration of this data in our portfolio management system, the responsible PM always receives an objective overview of the ESG profile of a potential investment.

Additionally, our fixed income PM's are strongly involved in analyzing green bonds for the sustainable fixed income funds. They are responsible for sourcing green bonds in the secondary market or participating in new issues. Also, the portfolio manager conducts an analysis of the second opinion (positive second opinion as condition for investing) and the fundamental and relative value analysis of the issuer (condition).

## Identification of companies excluded

For active managed funds and mandates ZKB has a Blacklist, approved by the Execution Board. Currently, investments in companies which produce weapons prohibited under international treaties and/or which violate Swiss sanction provision are excluded from all actively managed investment funds. Swisscanto Invest's blacklist comprises manufacturers of cluster bombs/ammunition, anti-personnel land mines, biological and chemical weapons, small and light arms, military ammunition and explosives and nuclear warheads.