



IST3 INFRASTRUCTURE GLOBAL

About the portfolio manager

Assets under management	CHF 1.05 bn (gross); all managed according to ESG principles
Number of inv. profess.	5
Number of inv. profess. dedicated to ESG	5
Participation in shareholder meetings	Yes
ESG rating	n/a
ESG consultant	Internal team, Investment Committee ("IC"), additional use of analysis by external managers

Decision making process for exclusion decisions

IST3 Infrastruktur Global ("IST3 IG") is an evergreen fund and, as such, pursues a buy-and-hold strategy for its investments. As an actively managed investment group with a long-term horizon, having a portfolio in line with the Principles of Responsible Investment is of utmost importance, even if IST3 IG is formally not a signatory to UNPRI. IST3 IG generally invests for the lifetime of an investment and therefore strives to generate returns based on sustainable and healthy growth of its underlying assets.

Investments are made both directly and via single investment funds as well as via collective investment vehicles (primary and secondary funds). Unacceptable sectors for direct investments are nuclear facilities, prisons and military basis. When investing in non-listed infrastructure funds, the IST3 IG IC has to avoid or at least has to strive to minimize investments in those sectors. A maximum exposure of 1% of committed capital is set as a strict limit. The ESG exclusion criteria are considered as part of the underwriting process for every investment decision alongside the standard allocation tests for compliance with the investment strategy. All investment opportunities are discussed in an open direct manner among all IST3 IG IC members. Every investment decision requires a unanimous approval, else the investment will not be made.

Memberships

Signatory to UNPRI	No
UNPRI rating	n/a
Others	No

Consultant for investment guidelines and exclusion criteria

The investment strategy and portfolio guidelines are approved 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 BoT Committee STRA-AAI comprises of multiple representatives of the IST3 IG investor base, it is assured that the requirements and interests of the investors are being fully reflected in the investment guidelines of IST3 IG, which also include ESG-related exclusion criteria as elaborated in the section above.

Voting activity

Exercise of voting rights	Yes; active, at investments where participation allows
ESG consultant	Internal team, IC, additional use of analysis by external managers
Voting report	n/a
Additional information	See decision making process

Decision making process for exercising voting rights

IST3 IG comprises various forms of investments with differing voting rights. In all direct investments where IST3 IG has a significant ownership, IST3 IG exerts active governance whereby the representatives take all strategic business decisions. In direct investments with minority ownership, IST3 IG typically seeks protective minority rights.

For indirect investments, governance is delegated to third parties, whereby underlying rights depend on ownership. In such cases, IST3 IG monitors closely the voting of those external managers by evaluating and challenging the decisions taken and exercising influence whenever possible. On such indirect investments, IST3 IG seeks to engage with managers who can have an active governance role utilizing extensive experience and sector specific expertise.



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Engagement

Engagement	Yes, active dialogue with stakeholders
Consultant	<ul style="list-style-type: none">• Arcadis• DNV GL• Ecology and Environment Inc.• Enerco• Evergy• Lummus• Natural Power• Wood Group

ESG consultant for engagement activities

IST3 IG has been engaging with a large number of consultants in acquisition activities in order to assist it in assessing ESG related risks and opportunities. Those consultants, to name a few, include Arcadis, DNV GL, Ecology and Environment, Enerco, Evergy, Lummus, Natural Power and Wood Group. IST3 IG 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 of direct investments typically includes a work stream on health, safety and environmental matters.

IST portfolio

Portfolio overview

ESG rating	No
Application of an exclusion list	Yes, provided by IST
Exercise of voting rights	Yes, exercised by IST3 IG IC for all investments

Incorporation of ESG factors into the investment process

For every investment decision, the IST3 IG IC receives a transaction proposal along with a recommendation either from the internal team or from third party providers for collective investment vehicles. The recommendation is based on standardized and agreed policies by IST3 IG. Environmental, Social and Governance criteria are considered as part of the standard underwriting process and this is specifically defined in the IST3 IG investment strategy and portfolio guidelines. The guidelines include a provision that prohibits the fund from investing directly in the unacceptable sectors nuclear, prison and military. As an active promoter of responsible investing that fully respects the social contract implicit in delivering essential services, IST3 IG believes that complying with strict ESG considerations in its investment decisions is essential to creating value for its investors and to developing a sustainable long-term strategy for its assets. IST3 IG would not invest in assets that do not meet its ESG criteria.

Identification of companies excluded

IST3 IG believes that there are ESG implications associated with every investment management decision and that a long-term commitment to assets based on sustainable infrastructure best practices will add substantial value to the investments we manage for our clients. Therefore, if an investment has material ESG considerations, either existing or potential, IST3 IG would refrain from pursuing further such an investment opportunity. If a potential investment has exposure to nuclear, prison or military, it is discarded from the feasible investment opportunities. On collective fund structures, a look-through analysis is typically conducted, either by external or by internal experts, to identify assets that might contain unwanted sector exposure. Based on their weight in a specific investment vehicle, the IST3 IG IC would decline the opportunity. The consistent implementation of effective hands-on ESG compliance in all investment management decisions ensures that both internal and external infrastructure experts maintain the tools they need to follow and execute on our strategy.