

About the portfolio manager

Assets under management	USD 228.6 bn, USD 208.7 bn according to ESG principles
Number of inv. profess.	85
Number of inv. profess. dedicated to ESG	14; additional ESG specialists for Responsible Investment Management und one for Business Development
Participation in shareholder meetings	Yes
ESG rating	MSCI: BBB (Green Flag)
ESG consultant	MSCI ESG Research
External data sources	<ul style="list-style-type: none"> • MSCI ESG Research • ISS-Ethix

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A-B
Others (selection)	<ul style="list-style-type: none"> • Task Force on Climate-Related Financial Disclosure (TCFD) • United Nations Global Compact • Carbon Disclosure Project • Global Reporting Initiative • Institutional Investors Group on Climate Change • European Sustainable Investment Forum (Forum Nachhaltige Geldanlagen) • Observatoire de l'investissement durable (OID) • Plan bâtiment durable • Groupe de travail ASPIM label ISR • Living Every Age (LEA) • Global Real Estate Sustainability Benchmark (GRESB) • International Corporate Governance Network • Klimastiftung Schweiz • Energie-Modell Zürich • Swiss Sustainable Finance

Voting activity

Exercise of voting rights	Yes
ESG consultant	ISS
Voting report	No, but foreseen for 2020

Decision making process for exclusion decisions

Companies involved in Controversial Weapons (e.g. cluster bombs) are generally excluded from any investments. In this regard we are following the exclusion list and data from SVVK-ASIR (related to controversial weapons), PAX and MSCI ESG Research. In addition we defined certain thresholds resulting in an exclusion of companies with a poor ESG performance.

Consultant for investment guidelines and exclusion criteria

Investment guidelines and exclusion criteria are defined by consulting and taking into account MSCI ESG Research.

Decision making process for exercising voting rights

For equity investments voting regulations are put in place. The guidelines define certain thresholds for exercising voting rights. In this regard we closely collaborate with ISS in order to extend research and develop voting recommendations. In addition to legal requirements all ESG-related topics for all investments are analysed by our Responsible Investment Management Team and coordinated across the relevant internal teams.

For bond investments - by definition - no voting rights exists and therefore can't be exercised.



Engagement

Engagement	No, but definition of engagement approach is currently discussed
Consultant	No

ESG consultant for engagement activities

No, we do not have a specific consultant yet but we're currently discussing the establishment and definition of an engagement approach.

IST portfolio

Portfolio overview

ESG rating	A (MSCI Average ESG Score 5.8)
Application of an exclusion list	Yes, there is an exclusion list applied across all fixed income portfolios, completed by SVVK criteria (provided by IST)

Additional information

<https://www.svvk-asir.ch/en/about-us/>

Incorporation of ESG factors into the investment process

ESG criteria are systematically integrated in both our investment process and the risk management. External, independent ESG research and ratings further support our approach of ESG integration across all steps of the investment process beginning with company analysis and valuation. This allows us covering approximately 17'000 issuers worldwide (corporates, governments, local authorities and agencies), monitoring controversially discussed topics and, given our fiduciary duties, uncovering risks on company level. Each investment professional is obliged to incorporate ESG criteria on both the issuer level and the portfolio as a whole.

Identification of companies excluded

Each issuer systematically evaluated within our credit analysis framework is also assessed from an ESG criteria point of view. A respective ESG score is provided for each issuer. Within the portfolio management process all investments require a verification of the ESG rating and signals for potentially negative events („controversy flags“). CCC-issuers and those highlighted with controversy red flags are added to our monitoring list which we discuss during our monthly risk review meetings. Those investments are only allowed in exceptional cases and need to be justified by the portfolio manager.