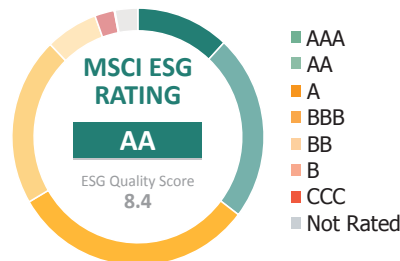


IST Portfolio

Portfolio Manager	Pictet Asset Management
ESG Rating ¹	AA
SFDR Category ²	Art. 6
Investment strategy	Passive

¹ MSCI ESG Report: www.msci.com

² SFDR: The Sustainable Finance Disclosure Regulation is a European regulation introduced to improve transparency in the market for sustainable investment products. <https://www.eurosif.org/policies/sfdr/>



ESG Quality Score	ESG Rating
8.6 – 10	AAA
7.1 – 8.6	AA
5.7 – 7.1	A
4.3 – 5.7	BBB
2.9 – 4.3	BB
1.4 – 2.9	B
0.0 – 1.4	CCC

Applied ESG Approaches

Exclusion



Yes. IST exclusion list and process is applied:

Composition of IST exclusion list			
SVVK-ASIR	THEMATIC / SECTOR EXCLUSION	COUNTRY EXCLUSIONS	ENGAGEMENT / VIOLATIONS OF NORMS
<ul style="list-style-type: none"> – Nuclear weapons – Cluster munitions and anti-personnel mines 	<ul style="list-style-type: none"> – Coal mining and power generation (turnover > 25%) 	<ul style="list-style-type: none"> – UN Security Council Arms Embargo – OFAC – Swiss sanctions 	<ul style="list-style-type: none"> – Exclusion of non-cooperative companies – Violation of internationally acceptable standards

Source: <https://istfunds.ch/en/esg-ist/>

Proxy Voting



Yes. The portfolio manager is exercising the voting rights of foreign stock corporations. In 2021 individual reports for the sub-portfolios IST AMERICA INDEX, IST EUROPE INDEX and IST PACIFIC INDEX have been published.

Source: https://istfunds.ch/media/5354/exercise-voting-rights-foreign-equities_2021.pdf

Engagement



Yes.

Engagement activities by the portfolio manager: Pictet Asset Management conducts both individual and collaborative engagements covering all assets it manages including the IST portfolio.

Engagement activities by IST in collaboration with Sustainalytics:

CRITERIA	DIALOG / GOAL DEFINITION	TERMINATION OF ENGAGEMENT
<ul style="list-style-type: none"> – High ESG risk: Material Risk Engagement (MRE) – Thematic engagement (e.g. sustainable forests) 	<ul style="list-style-type: none"> – Definition of firm ESG-goals in cooperation with investee company 	2 possible outcomes: <ul style="list-style-type: none"> – Objective achieved («case resolved») – Objective not achieved resp. company is not cooperative *

*Assessment to consider adding to exclusion list

Source: https://www.istfunds.ch/media/5397/ist_d_engagementbericht-2021.pdf

ESG Integration

Not applicable

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Pictet Asset Management

Facts & figures

Assets under management	USD 261.9 bn
Whereof in sustainable investment strategies	USD 260.5 bn
Number of inv. profess.	388
Whereof dedicated to ESG	8
Signatory to UNPRI	Yes
UNPRI rating	A+
Memberships (selection only):	
<ul style="list-style-type: none"> CDB (former Carbon Disclosure Project) Investor Initiative for Sustainable Forests Climate Action 100+ International Corporate Governance Network (ICGN) 	<ul style="list-style-type: none"> Institutional Investors Group on Climate Change (IIGCC) Net Zero Asset Managers Initiative Task Force on Climate-related Financial Disclosures (TCFD)

Consultant/ Partnerships (selection only)

- ISS, Ethos (Corporate Governance; proxy voting)
- Inrate (ESG Ratings)
- Sustainalytics (ESG Rating, Engagement)
- Rep Risk (Controversy)
- S&P Trucost (Carbon date)

Carbon Strategy

Carbon footprint is being measured since 2007. Since 2014 100% of unabated emissions have been offsetted (excl. investments, e.g., scope 3 downstream).

Voting Activity

Yes, stewardship report 2021 available
<https://am.pictet/-/media/pam/pam-common-gallery/article-content/2021/pictet-asset-management/responsible-investment/responsible-investment-report-2021.pdf>

Engagement

PAM engages issues through a combination of targeted in-house-led discussion, collaborative engagement services and via collaborative institutional investor initiatives (see Responsible Investment Report 2021 above).

Responsible Investment Policy

- PAM believes in responsible capitalism and takes an enlarged view of the economy and its interactions with civil society and the natural environment. They are convinced that Environmental, Social and Governance (ESG) considerations can help them make better long-term investment decisions for their clients. They are committed to integrating material ESG criteria in its investment processes and ownership practices with a view to enhancing returns and/or mitigating risks over the long term. They embed ESG in its risk management and reporting documents to maintain high standards of transparency and accountability.
- PAM has identified 10 levers of action for conducting its own activities and for managing assets on behalf of its clients.

As a firm, responsibility starts with what we do with our own assets

Own assets

- Investing our balance sheet
- Employee engagement to foster responsibility
- Managing our direct environmental impacts
- Philanthropy
- Advocacy and partnerships

As an investor, our biggest impact lies in how we manage assets on behalf of our clients

Clients assets

- ESG integration into investment processes and risk management
- Responsible products and solutions
- Active ownership
- Client disclosure
- Research & thought-leadership

- Across research, investment decisions, risk management and advisory services, PAM continues to place emphasis on the inclusion of environmental, social and governance factors when evaluating corporate and sovereign issuers.

<https://am.pictet/-/media/pam/pam-common-gallery/article-content/2021/pictet-asset-management/responsible-investment/responsible-investment-report-2021.pdf>

Next steps and further developments

PAM's three ambitions before 2025

- To significantly reduce the **environmental impact** of its activities and investments
- To fully integrate **ESG factors and active ownership** into all investment processes
- To be a leading provider of **responsible products and solutions**

In November 2021 Pictet Group has joined the Net Zero Asset Manager Initiative to support the goal of net-zero greenhouse gas emission by 2050 or earlier. Currently, a concrete Pictet Climate Action 2030 Plan is being developed and shall be published in 2022.