

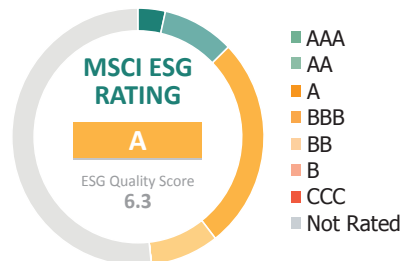
IST GOVERNO BOND HEDGED CHF

IST Portfolio

Portfolio Manager	ZKB
ESG Rating ¹	A
SFDR Category ²	not applicable
Investment strategy	Active

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 in addition to the portfolio manager's own exclusion list:

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

Not applicable

Engagement

Not applicable in a government bond portfolio

ESG Integration



Yes. Explicit focus on the sustainability analysis of countries. ESG aspects of sovereigns are systematically evaluated and recorded. Sustainability data is integrated into the portfolio management tool and included in the investment process.

Best-in-Class

Not applicable

Thematic/Impact Investing

Not applicable

Portfolio manager: ZKB

Facts & figures

Assets under management	USD 254 bn
Whereof in sustainable investment strategies	USD 136 bn
Number of inv. profess.	181
Whereof dedicated to ESG	18
Signatory to UNPRI	Yes
UNPRI rating	A+ (Strategy & Governance)
Memberships (selection only):	
<ul style="list-style-type: none"> • Forum Nachhaltige Geldanlagen (FNG) • Öbu – Verband für nachhaltiges Wirtschaften • Taskforce for Nature Related Financial Disclosure (TNFD) • Swiss Sustainable Finance (SSF) 	<ul style="list-style-type: none"> • Farm Animal Investment Risk & Return (FAIRR) • Principles for Responsible Banking (UNPRB) • European Sustainable Investment Forum (Erosif)

Consultant / Partnerships

- ISS (proxy voting)
- Sustainalytics (Engagement)

Carbon Strategy

Carbon footprint is being measured since 2016. Reduction targets are set. Remaining emissions are compensated (100%).

Voting Activity

Yes, Proxy Voting reports are available

<https://vds.issgovernance.com/vds/#/NDI0NQ==/>

<https://www.swisscanto-fondsleitungen.com/en/investment-stewardship.html>

Engagement

Yes, see below:

<https://www.zkb.ch/en/home/asset-management/sustainability/investment-stewardship.html>

Sustainability policy

ZKB is fully committed to its sustainability principles. Our aim is to ensure that our business activities are aligned with our social and environmental responsibility. This objective is integral to Zürcher Kantonalbank's public service mandate and incorporated into our sustainability policy.

We are aware of the pivotal role the financial sector plays in efforts to realise sustainable development worldwide and achieve greenhouse gas neutrality by 2050. We see ourselves as a service provider for society and the economy, especially in the Greater Zurich Area as a place to live and do business

Sustainability ambition

ZKB is guided by the United Nation's 17 sustainable development goals (SDGs), the Paris Climate Agreement, and the objective of achieving greenhouse gas neutrality by 2050. Our actions are based on scientific principles. We develop products and services that have a positive effect on sustainability and accompany our clients on their journey to a more sustainable future. We integrate risks and opportunities related to environmental, social and governance issues (ESG) into our business activities (ESG integration).

Sustainability research

Since 1996 a specialised team of analysts has been assigning ratings to equities and bonds according to ecological and social criteria. A thorough screening process is used to identify the best investment opportunities in terms of sustainability.

The equity analysis focuses on sector leaders and innovators who stand out in terms of their sustainability management and performance or in regards of a substantial environmental or social benefit of their product.

The sustainable bond universe comprises different groups of bond issuers such as governments, companies, etc.

Exclusion criteria are defined on an on-going basis to avoid the most prevalent global environmental issues and major societal risk factors.

<https://www.zkb.ch/en/home/our-company/sustainability.html>

Next steps and further developments

As of end of June 2021, ZKB has joined the Net Zero Asset Managers Initiative and in December 2022 it joined the Net Zero Banking Alliance, committing to the goal of reducing greenhouse gas emissions in its investment decisions to net zero by 2050.