

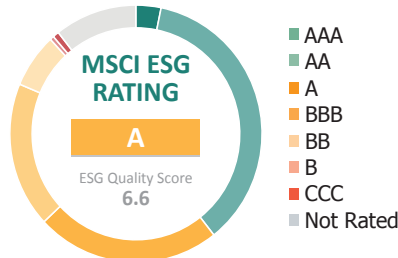
IST GLOBAL CORPORATES IG HEDGED CHF

IST Portfolio

Portfolio Manager	Capital Group
ESG Rating ¹	A
SFDR Category ²	Art. 6
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:

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://www.istfunds.ch/en/nachhaltigkeit/>

Proxy Voting

Engagement



Yes.

Engagement activities by the portfolio manager: both collective and individual engagements.

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/5539/ist_d_engagementbericht-2022.pdf

ESG Integration



Yes. Material ESG considerations are integrated into the investment process and reviewed alongside other financial and business indicators to gain a holistic view of an issuer.

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Capital Group

Facts & figures

Assets under management	USD 2'384 bn
Whereof in sustainable investment strategies	ESG integrated across all strategies
Number of inv. profess.	479
Whereof dedicated to ESG	46
Signatory to UNPRI	Yes
Memberships (selection only):	
<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) Carbon Disclosure Project (CDP) Net Zero Asset Manager Initiative (NZAMI) The Investor Forum (UK) 	<ul style="list-style-type: none"> UK, Japan and Hong Kong stewardship code International Financial Reporting Standards (IFRS) Foundation) Asian Corporate Governance Association (ACGA)

Consultant / Partnerships

None

Carbon Strategy

Capital Group is committed to achieving carbon neutrality in the firm's business operations by 2025.

Voting Activity

Yes, proxy voting reports are available for the applicable portfolios.

<https://www.capitalgroup.com/intermediaries/gb/en/about/proxy-voting.html>

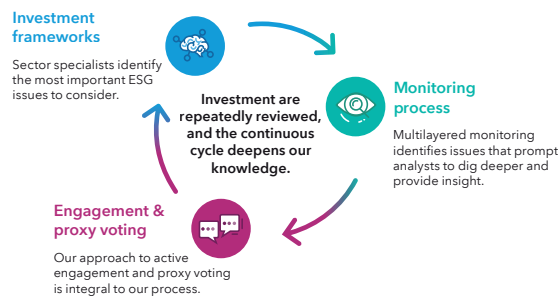
Engagement

Yes. See below:

<https://www.capitalgroup.com/intermediaries/ch/en/investments/esg.html>

ESG Integration

ESG enhances our fundamental, bottom-up research, due diligence and engagement; it is not a separate "add on". Analysts and portfolio managers are responsible for integrating ESG into The Capital System™. Evaluating material ESG risks and opportunities is done through mutually reinforcing components:



Research & Investment frameworks: To integrate ESG issues into The Capital System, our equity and fixed income analysts have conducted significant research to develop more than 30 sector-specific, proprietary ESG investment frameworks. These frameworks help our investment professionals analyze relevant and material long-term sustainability issues that could affect their investment thesis. The frameworks are refreshed regularly based on our in-house research, combining analysis from our experienced ESG team with learnings from the other two components of our approach to integrating ESG: monitoring, and engagement & proxy voting.

Monitoring process: We monitor our equity and corporate and sovereign bond holdings, where data is available. The monitoring process involves reviewing our corporate and sovereign holdings against third-party data from a range of providers to surface external views of potentially material ESG risks, as well as companies in violation of international norms. Low-rated issuers are flagged for review by the Investment Group. Issuers which present elevated ESG-related risks that may affect portfolio holdings are reviewed by Capital Group's Issuer Oversight Committee (IOC).

Engagement: We believe engagement is a strong tool when it comes to achieving sustainable long-term results. Engagements are conducted by our ESG team in collaboration with our investment professionals as a way to help minimize risks to our investments. We engage management teams on topics that are informed by our research, investment frameworks, voting and monitoring process.

Proxy voting: Voting on proxies is an integral part of our investment process. We have investment professional-led proxy voting, with our in-house Global Stewardship & Engagement (GSE)/Proxy team conducting analysis. Final proxy outcomes are decided by members of our investment units.

Source: <https://www.capitalgroup.com/intermediaries/ch/en/investments/esg/esg-approach.html>

Next steps and further developments

Capital Group is a signatory of the Net Zero Asset Managers Initiative (NZAMI). More details can be found on the NZAM website:

<https://www.netzeroassetmanagers.org/signatories/capital-group/>