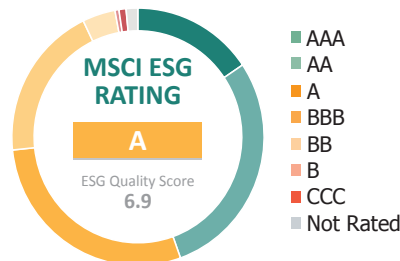


## IST Portfolio

Portfolio Manager	Pictet Asset Management
ESG Rating <sup>1</sup>	A
SFDR Category <sup>2</sup>	Art. 6
Investment strategy	Passive

<sup>1</sup> MSCI ESG Report: [www.msci.com](http://www.msci.com)

<sup>2</sup> 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"> <li>– Nuclear weapons</li> <li>– Cluster munitions and anti-personnel mines</li> </ul>	<ul style="list-style-type: none"> <li>– Coal mining and power generation (turnover &gt; 25%)</li> </ul>	<ul style="list-style-type: none"> <li>– UN Security Council Arms Embargo</li> <li>– OFAC</li> <li>– Swiss sanctions</li> </ul>	<ul style="list-style-type: none"> <li>– Exclusion of non-cooperative companies</li> <li>– Violation of internationally acceptable standards</li> </ul>

Source: <https://www.istfunds.ch/nachhaltigkeit/>

### Proxy Voting



**Yes.** The portfolio manager is exercising the voting rights of foreign stock corporations.

Source: [https://www.istfunds.ch/media/5790/exercise-voting-rights-foreign-equities\\_2022.pdf](https://www.istfunds.ch/media/5790/exercise-voting-rights-foreign-equities_2022.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"> <li>– High ESG risk: Material Risk Engagement (MRE)</li> <li>– Thematic engagement (e.g. sustainable forests)</li> </ul>	<ul style="list-style-type: none"> <li>– Definition of firm ESG-goals in cooperation with investee company</li> </ul>	2 possible outcomes: <ul style="list-style-type: none"> <li>– Objective achieved («case resolved»)</li> <li>– Objective not achieved resp. company is not cooperative *</li> </ul>

\*Assessment to consider adding to exclusion list

Source: [https://www.istfunds.ch/media/5539/ist\\_d\\_engagementbericht-2022.pdf](https://www.istfunds.ch/media/5539/ist_d_engagementbericht-2022.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 260 bn
Whereof in sustainable investment strategies	USD 235.7 bn
Number of inv. profess.	403
Whereof dedicated to ESG	7
Signatory to UNPRI	Yes
UNPRI rating	Not available
Memberships (selection only):	
<ul style="list-style-type: none"> <li>CDP (former Carbon Disclosure Project)</li> <li>Taskforce on Nature-related Financial Disclosure (TNFD)</li> <li>Climate Action 100+</li> <li>International Corporate Governance Network (ICGN)</li> </ul>	<ul style="list-style-type: none"> <li>Institutional Investors Group on Climate Change (IIGCC)</li> <li>Net Zero Asset Managers Initiative</li> <li>Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul>

### Consultant/ Partnerships (selection only)

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

### Carbon Strategy

Established actionable climate investment principles; see further <https://am.pictet/en/globalwebsite/global-articles/company/responsible-investment/tab/OurActionPlan/ClimateChange>

### Voting Activity

Yes, stewardship report 2022 available  
<https://am.pictet/en/globalwebsite/global-articles/company/responsible-investment/tab/ActiveOwnership/ProxyVoting>

### Engagement

Our engagement programme with corporates seeks to encourage improvements to ESG practices and performance where they are material to long-term shareholder value creation. In addition, we seek to mitigate negative impacts on the environment and society.

<https://am.pictet/en/globalwebsite/global-articles/company/responsible-investment/tab/ActiveOwnership/Engagement>

Source: IST, Pictet Asset Management, MSCI; as of 30.06.2023

### 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		As an investor, our biggest impact lies in how we manage assets on behalf of our clients	
Own assets		Clients assets	
1	Investing our balance sheet	6	ESG integration into investment processes and risk management
2	Employee engagement to foster responsibility	7	Responsible products and solutions
3	Managing our direct environmental impacts	8	Active ownership
4	Philanthropy	9	Client disclosure
5	Advocacy and partnerships	10	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/company/responsible-investment/responsible-investment-report.pdf?utm\\_source=ceros2&utm\\_medium=referral&utm\\_campaign=responsibility](https://am.pictet/-/media/pam/pam-common-gallery/article-content/company/responsible-investment/responsible-investment-report.pdf?utm_source=ceros2&utm_medium=referral&utm_campaign=responsibility)

### Next steps and further developments

We have to embrace new models that are based on solid science and innovative partnerships and also take account of environmental, social and governance factors in investment decisions and active ownership practices. It also means further developing solutions that redirect capital flows to issuers best positioned to tackle these challenges.

Before 2025, we want to have:

- Significantly reduce the environmental impact of our activities and investments.
- Fully integrate ESG factors and active ownership into all investment processes.
- Become a leading provider of responsible products and solutions.

More information available on our website:

<https://www.pictet.com/ch/en/responsible-vision>