

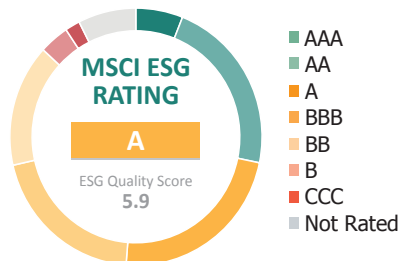
# IST GLOBAL SMALL MID CAPS

## IST Portfolio

Portfolio Manager	IST Investmentstiftung
ESG Rating <sup>1</sup>	A
SFDR Category <sup>2</sup>	Not applicable
Investment strategy	Active

<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 managers of underlying regional funds are 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 IST in collaboration with Sustainalytics, in addition to engagement initiatives performed by portfolio managers of the underlying funds:

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



**Yes.** Applied by the portfolio manager of underlying (regional) funds. Partly applied by external managers.

### Best-in-Class

- Selection of external managers

Partly applied by external managers.

**Best-in-class criteria** are applied in the manager selection and monitoring process. ESG-criteria are considered.

### Thematic/ Impact Investing

**Not applicable**

## Portfolio manager: IST Investmentstiftung

### Facts & figures

Assets under management	CHF 10 bn
Number of inv. profess.	23
Whereof dedicated to ESG	2
Signatory to UNPRI	External managers are signatories
UNPRI rating	Not applicable
Memberships (selection only):	
<ul style="list-style-type: none"> <li>ASIP</li> <li>KGAST</li> </ul>	<ul style="list-style-type: none"> <li>Swiss Sustainable Finance (SSF)</li> </ul>

### Consultant/ Partnerships

- zRating/Inrate for proxy voting
- Sustanalytics for Engagement

### Carbon Strategy

Carbon footprint is measured since 2019.

### Voting Activity

Yes. Report on exercise of voting rights is available.

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

### Engagement

Yes. Engagement report for 2021 is available

Source: [https://www.istfunds.ch/media/5539/ist\\_d\\_engagementbericht-2022.pdf](https://www.istfunds.ch/media/5539/ist_d_engagementbericht-2022.pdf)

### Investment Approach and Sustainability

IST GLOBAL SMALL MID CAPS is an investment group that is structured as a fund-of-funds. It is actively managed and invests globally in a broadly diversified selection of small and medium-sized listed companies. The weightings of the world's three most important regions track the corresponding index.

The Selection of the fund managers for the individual regions is based on IST's broad best-in-class approach, which has proven its value over many years. This focuses not only on performance and risk indicators, but also on the successful and seamless integration of ESG criteria into the investment and risk control process of the external asset managers. These criteria are analyzed in a detailed Operational Due Diligence („ODD“) prior to mandating the portfolio manager and are regularly monitored onwards. Since 2013, a basic prerequisite for the award of a mandate has been the signing of the UNPRI by the portfolio manager.

As described, ESG inclusion takes place at portfolio manager level, but also at IST level. As a company, IST accepts its responsibility towards all stakeholders and has enshrined aspects of sustainability in its mission statement and corporate strategy. As an investor, IST illustrates this, among other things, by consistently exercising voting rights for its equity investments in Switzerland and abroad. This approach is supplemented by engagement where necessary. The approval of IST's ESG policy and its implementation are the responsibility of the Foundation Board Committee „Corporate Strategy & Organization“ (STRA-UO).

IST publishes its own sustainability report on an annual basis.

Source: [https://istfunds.ch/media/5671/web\\_1\\_34\\_ist\\_d\\_nachhaltigkeitsbericht-2022.pdf](https://istfunds.ch/media/5671/web_1_34_ist_d_nachhaltigkeitsbericht-2022.pdf)

### Next steps and further developments

IST timely implements new regulatory requirements respectively industry standards and continuously enhances its ESG reporting - on a corporate but also on a product level.