

Sustainable investment policy in the IST investment groups

IST's primary objective is to ensure that the pension fund assets entrusted to us achieve a performance in line with the market. We firmly believe that a sustainable investment policy can improve the risk/return ratio of our investments without negative impacts on the performance.

The exclusion of companies from the investment universe represents the largest sanction possibility in the portfolios. Before any decision is made, measures such as the exercise of proprietary rights and engagement that reduce the risk of continued violations of standards are investigated.

Complementing this focus of our investment policy in the area of sustainability, exclusion criteria at country, sector and company level have been gradually implemented in all IST investment groups since 2018. The criteria are based on the list of recommendations of the Swiss Association for Responsible Investments (SVVK – ASIR), the United Nations Principles for Responsible Investment, the Federal Act of 13 December 1996 on War Material and sanction measures of the Swiss Government.

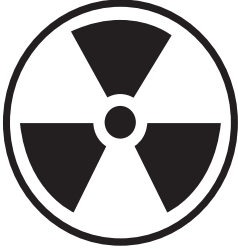


Cluster munitions and anti-personnel mines

IST supports the ban on anti-personnel mines agreed by 121 states at the Ottawa Conference in 1997 and the UN convention outlawing cluster munitions adopted in 2008. In line with its sustainability objectives in relation to asset investment, IST positions itself against the production, stockpiling, trade and use of these controversial weapons and excludes companies operating in this sector from investments and the granting of loans.

Excluded companies

Company	Country	Criteria	ISIN
Anhui Great Wall Industry	China	SVVK	CNE1000036L1
Aryt Industries Ltd.	Israel	SVVK	IL0005870147
Bharat Dynamics Ltd.	India	SVVK	INE171Z01018
LIG Nex1 Co. Ltd.	South Korea	SVVK	KR7079550000
Lockheed Martin Corp.	USA	SVVK	US5398301094
Poongsan Corp.	South Korea	SVVK	KR7103140000
Poongsan Holdings Corp.	South Korea	SVVK	KR7005810007
Sandhar Technologies Ltd.	India	SVVK	INE278H01035
S&T Dynamics Co. Ltd.	South Korea	SVVK	KR7003570009
S&T Holdings Co. Ltd.	South Korea	SVVK	KR7036530004
Solar Industries India Ltd.	India	SVVK	INE343H01029



Nuclear weapons

Nuclear weapons are weapons of mass destruction which, along with chemical and biological weapons, are banned by the UN Convention. In addition to the physical destruction they cause, in armed conflicts they also inflict great suffering on the civilian population. The signatories of the Nuclear Non-Proliferation Treaty, which include all but five states in the world, undertake to refrain from acquiring nuclear weapons. For their part, the five official nuclear powers are committed in the long term to complete and internationally controlled disarmament. At present, however, parts of their nuclear arsenal are being modernised and expanded. IST sees this as a violation of the treaty in force and excludes companies operating in this sector.

Excluded companies

Company	Country	Criteria	ISIN
Bharat Dynamics Ltd.	India	SVVK	INE171Z01018
KSB Ltd	India	SVVK	INE999A01015
KSB SE & Co. KGaA	Germany	SVVK	DE0006292006
Larsen & Toubro	India	SVVK	INE018A01030
MTAR Technologies Ltd	India	SVVK	INE864I01014
Premier Explosives	India	SVVK	INE863B01011
Walchandnagar Industries	India	SVVK	INE711A01022



Coal mining and power generation

Coal is a fossil fuel whose extraction and use for power generation and other purposes has far-reaching environmental, social and health consequences. IST is committed to supporting the Paris Agreement of 2015, which was adopted by 195 countries and the European Union. This agreement aims to limit the global average temperature increase in this century to 2 degrees above pre-industrial levels. Companies that generate more than 25% of their revenues from coal mining or coal-fired electric power generation are excluded from investments by IST investment groups. The assessment is based on Pictet/Sustainalytics.

Excluded companies

Company	Country	Criteria	ISIN
CLP Holdings Limited	Hong Kong	Pictet/Sustainalytics	HK0002007356
Coal India Ltd.	India	SVVK	INE522F01014
Evergy Inc	USA	Pictet/Sustainalytics	US30034W1062
HK Electric Investments	Hong Kong	Pictet/Sustainalytics	HK0000179108

Sound analysis by SVVK – ASIR and Sustainalytics

The Swiss Association for Responsible Investments (**SVVK – ASIR**) was founded in December 2015 by major institutional investors. The purpose of the Association is to provide services for its members to enable them to behave responsibly towards the environment, society and the economy in a holistic manner when taking their investment decisions.

Sustainalytics is a global leader in ESG and corporate governance analysis and rating. Founded in 1992 and now part of Morningstar, the company advises hundreds of the world's leading investors that take account of ESG and corporate governance considerations into their investment processes. The acquisition of GES International in 2019 strengthened its market position in the engagement segment.



Countries

In addition to sectors and companies, exclusion criteria are also applied to government bonds in IST's investment groups. This is based on sanction measures of the Swiss Government, in particular against countries that are subject to a comprehensive arms and repressive goods embargo due to a violation against international law, such as human rights. Sanctions and embargo lists of the United Nations (UN Security Council Arms Embargo) and the European Union. Externally mandated portfolio managers may apply additional exclusion criteria such as the sanctions of the US Department of the Treasury (OFAC¹).

Excluded countries

Country	Criteria
Afghanistan	Taliban takeover (SR2 946.231.116.9)
Belorus	SECO ³ – (SR 946.231.116.9)
Central African Republic	SECO (SR 946.231.123.6)
Iran	SECO (SR 946.231.143.6)
Democratic Republic of the Congo	SECO (SR 946.231.12)
Libya	Human Rights Violation (SR 946.231.149.82)
Myanmar	Human Rights Violation (SR 946.231.157.5)
North Korea	SECO (SR 946.231.127.6)
Russia	SECO (SR 946.231.176.72)
Somalia	SECO (SR 946.231.169.4)
South Sudan	SECO (SR 946.231.169.69)
Sudan	SECO (SR 946.231.18)
Syria	SECO (SR 946.231.172.7)
Yemen	SECO (SR 946.231.179.8)
Zimbabwe	Human Rights Violation (SR 946.209.2)

¹ OFAC: The US Treasury Department's Office of Foreign Assets Control ("OFAC") administers and enforces economic and trade sanctions based on US foreign policy and national security objectives against certain foreign countries and regimes, terrorists, international narcotics traffickers, persons engaged in activities related to the proliferation of weapons of mass destruction, and other threats to US national security, foreign policy or the economy.

Source: <https://home.treasury.gov>

² SR – Systematic law collection

³ Among other things, the Swiss State Secretariat for Economic Affairs SECO issues coercive measures to implement sanctions imposed by the UN, the OSCE or Switzerland's most important trading partners. Corresponding details can be found at: <https://www.seco.admin.ch/seco/en/home/seco/nsb-news.msg-id-87474.html>

The exclusion list was approved by the Board of Trustees on 21 June 2023 and replaces the exclusion lists of 29 April 2021, 26 January 2022, 1 March 2022 and 16 March 2022, 7 June 2022, 26 January 2023 and 1 June 2023. It is applied in all affected investment groups of IST, IST2 and IST3. The management may exclude further companies if necessary, in particular in the event of uncooperative behavior in the context of an ESG engagement dialog or serious violations of internationally applicable standards (e.g. human rights violations, corruption, etc.) and changes to the Sanction measures of the Swiss Government.

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Disclaimer

Where investments are held directly, IST has extensive opportunities to influence the composition of the portfolio. The external portfolio manager receives instructions not to hold selected assets in the portfolio. Where IST holds investments in actively managed investment funds or derivatives, it undertakes a detailed analysis of the selection process used to take account of sustainability aspects. In addition, the Portfolio Manager undertakes to hold excluded assets only under exceptional circumstances. IST regularly monitors the portfolio and may permit investments in excluded companies if they form a necessary basis for the fulfilment of the management mandate. IST cannot give any guarantees that no deficiencies have arisen in defining and implementing the exclusion lists. No liability is accepted in relation to such matters.