

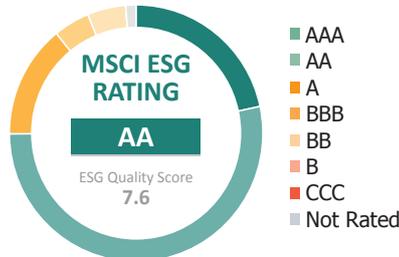
IST2 SWISS EQUITIES MINIMUM VARIANCE

IST Portfolio

Portfolio Manager	Unigestion
ESG Rating ¹	AA
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://www.istfunds.ch/en/nachhaltigkeit/>

Proxy Voting



Yes. The portfolio manager is exercising the voting rights and publishes a proxy voting report.

Source: <https://www.unigestion.com/responsible-investment/policies-and-reporting/>

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 *

Source: https://www.istfunds.ch/media/5539/ist_d_engagementbericht-2022.pdf

*Assessment to consider adding to exclusion list

ESG Integration



Yes. Unigestion applies a 360° approach to risk assessment in its investment process. In addition to traditional risk measures such as fundamentals, volatility and liquidity, key considerations also include ESG risks of companies, their GHG intensity as well as potential controversies.

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Unigestion

Facts & figures

Assets under management	USD 18.7 bn
Whereof in sustainable investment strategies	USD 13.5 bn
Number of inv. profess.	67
Whereof dedicated to ESG	6
Signatory to UNPRI	Yes
UNPRI rating	****
Memberships (selection only):	
• Montreal Carbon Pledge	• Task Force on Climate-related Financial Disclosures (TCFD)
• Transition Pathway Initiative (TPI)	• Farm Animal Investment Risk & Return (FAIRR)
• Swiss Sustainable Finance (SSF)	

Consultant/ Partnerships

- ISS (proxy voting)

Carbon Strategy

Carbon footprint is being measured since 2019.

Voting Activity

Yes, Proxy Voting reports are available

<https://www.unigestion.com/responsible-investment/policies-and-reporting/>

Engagement

Yes. Unigestion's engagement policy and direct engagement report 2021 are available

<https://www.unigestion.com/responsible-investment/policies-and-reporting/>

ESG strategy and integration

Unigestion as responsible investor has established two pillars to its ESG beliefs:

- Integration
- Active Ownership

We integrate E, S and G considerations throughout our investment processes through universe screening, investment selection, portfolio construction and engagement. We are committed to continuously increasing transparency of reporting to clients on ESG impacts and our active ownership activity.

ESG integration process:

- Pillar I: Norm-based screening (Exclusion of: Controversial Weapons, Tobacco producers, Adult Entertainment producers, Thermal Coal exposures, Predatory Lenders, and Non-compliant corporations regarding human rights, labour, environment and anti-corruption)
- Pillar II: Exclusionary Screening (Exclusion of Non-covered entities, Worst-in-class entities, and High Carbon Emitters)
- Pillar III: ESG Risk Control (Aggregate level ESG score and GHG intensity, Fundamental analysis)
- Pillar IV: Active Ownership (Proxy voting, Direct Engagement, and Collaborative Engagement)

Our proprietary scoring methodology:

- Follows proprietary methodology informed by the widely recognised sustainability accounting standards of Sustainability Accounting Standards Board (SASB)
- Takes into account the financial materiality of ESG issues
- Measures the proportion of a company's exposure towards ESG risks that are effectively managed
- Has different sources for raw data: Sustainalytics, CDP, S&P Trucost, and ISS, as well as with our own assessment. Importantly, this is supported by the results of our corporate engagement effort and our internal assessment can take precedence over external data sources.
- Regional disparities: We account for varying standards and degrees of maturity between emerging and developed countries when building our scores bottom-up.
- Sector disparities: We recognize differences between sectors and account for different expectations of each when putting together our scores at an industry level.
- Minimal lag: We accommodate the impact of fast evolving controversies as well as their severity on an ongoing basis.

<https://www.unigestion.com/responsible-investment/>

Next steps and further developments

Unigestion has decided to step back from the membership of the Net Zero Asset Managers Initiative. This is not due to a lack of commitment to the objectives of the Initiative but rather a reflection of a change in the asset mix since Unigestion signed the initiative in 2021. In particular, a lower proportion of the AUM is in equity funds where we can set the parameters and investment process. Conversely, a greater proportion is in mandates which are driven by client requirements, and in private equity where the adoption of the net zero initiative would currently lead to undue constraints on the breadth and quality of our investment universe. Unigestion remains a strong supporter of the concept of Net Zero and will continue to support clients on their own Net Zero journey.