

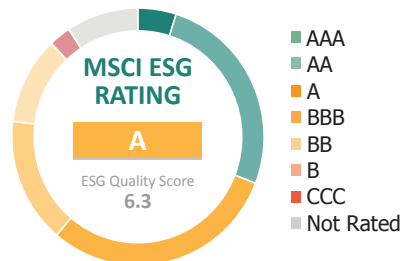
IST EQUITIES EMERGING MARKETS

IST Portfolio

Portfolio Manager	Lazard Asset Management
ESG Rating ¹	A
SFDR Category ²	Art. 8
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/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

Engagement



Yes.

Engagement activities by the portfolio manager through direct dialogue with investee companies.

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

Source: https://www.lazardassetmanagement.com/docs/-m0-/669/SustainableInvestmentAndESGIntegration_en.pdf



Yes. Lazard AM has developed a proprietary ESG integration framework using its Materiality Mapping process which is being implemented across the investment platforms.

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Lazard Asset Management

Facts & figures

Assets under management	USD 220 bn
Whereof in sustainable investment strategies	Not applicable
Number of inv. profess.	313
Whereof dedicated to ESG	All; fully integrated approach to sustainable & ESG investing
Signatory to UNPRI	Yes
UNPRI rating	**** (Investment & Stewardship Policy)
Memberships (selection only):	
<ul style="list-style-type: none"> • Pensions and Lifetime Association (PLSA) • Sustainability Account Standards (SASB) • UN Global Compact • Chief Executives for Corporate Purpose (CECP) 	<ul style="list-style-type: none"> • UK, Japan and Korea Stewardship Code • International Corporate Governance Network (ICGN) • FAIRR (Farm Animal Investment Risk & Return)

Consultant/ Partnerships

- ISS and Glass Lewis & Co. for voting
- Several providers for ESG data

Carbon Strategy

Carbon footprint is being measured since 2018.

Voting Activity

Yes, stewardship report 2022 available

https://www.lazardassetmanagement.com/ch/en_uk/references/sustainable-investing

Engagement

Lazard Asset Management's engagement framework and activities are described in the annual Sustainable Investment Report and its Stewardship Report.

Sustainable Investment and ESG Integration

As an active manager with a strong focus on fundamental research, Lazard Asset Management's (LAM) investment professionals have been incorporating an assessment of human and natural capital, alongside governance, into their research, engagement and decision-making process for many years to enhance long-term financial returns. Each portfolio management team is responsible for determining the ESG issues that are most relevant to its asset class, investment objective and investment process. And LAM believes that a more holistic approach within its investment decision making process helps them to mitigate risks and identify opportunities. It also plays a key role in its ability to provide innovative solutions to its clients' investment challenges.

LAM's investment processes draw on the proprietary research and financial analysis conducted by a team of more than 310 investment professionals including 112 analysts. Investment professionals conduct research to analyze and understand a company's business fundamentals and they see ESG considerations as an integral part of this. The assessment and compensation of its US and International equity analysts is explicitly linked to the integration of sustainability-related considerations into their research. As an example, the standard equity Investment Thesis template contains a section specifically related to ESG. The research effort is supported to access to third party data (e.g. CDP), third party ESG scores by specialist providers, and the growing amount of ESG research produced by sell-side financial analysts. Companies themselves are producing more Corporate Social Responsibility and Sustainability reports, details of consumption and emissions, and science-based targets for the future

To ensure a systematic and firm-wide approach to ESG research, LAM has built its own dynamic, global proprietary process called 'Materiality Mapping' which helps them to identify the risks and opportunities on a sector-by-sector basis. Research analysts have performed deep dives on individual issues and developed frameworks for their assessment and quantification which can be accessed by all Investment Professionals.

Source:

https://www.lazardassetmanagement.com/docs/-m0-/669/SustainableInvestmentAndESGIntegration_en.pdf

<https://www.lazardassetmanagement.com/docs/-m0-/106599/AnnualSustainableInvestmentReport2022.pdf>

Next steps and further developments

Our Net Zero Asset Mangers initiative commitment requires us to set an interim target for 2030, consistent with a fair share of the 50% global reduction in CO2. Lazard will commit 9% of its total AUM to be managed in line with a net zero trajectory in its first disclosure, consisting of client mandates that already have climate as a part of the mandate requirements and strategies for which the portfolio manager sees net zero as being aligned with the existing investment philosophy and process. We anticipate that this figure will increase over time, as more of our clients explore how best to have their assets managed in a way that is consistent with a net zero approach.