

Sustainability report

Swisscanto Sammelstiftung FLEX 45

of 28.06.2024

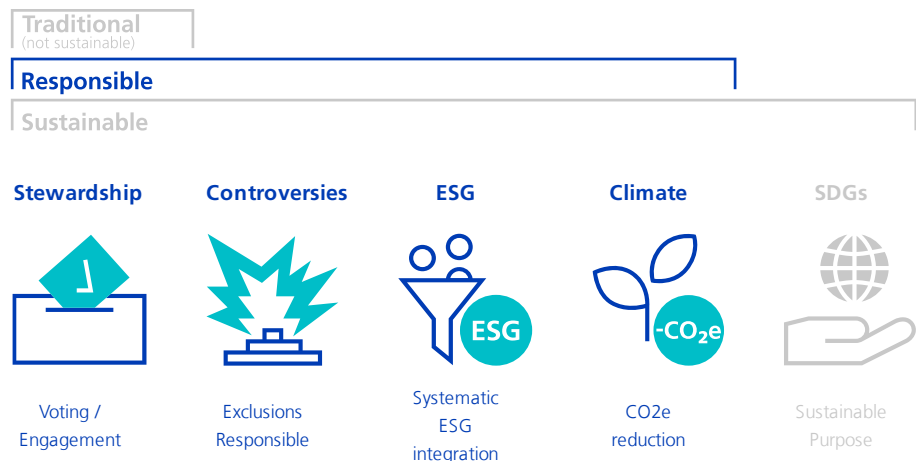
Benchmark Customized Benchmark

Corporate portfolio weight **89.0%**

Sovereign portfolio weight **11.0%**

Product lines and sustainability approaches

When selecting investments, the product lines and sustainability approaches illustrated below and described in the "Explanations regarding product lines and sustainability approaches" are used.



Notes:

- Greyed-out product lines and approaches are not applicable to the assets in question.
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable)

Overview

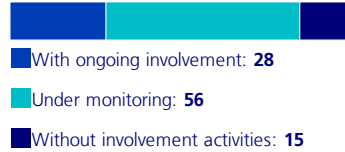
Swisscanto Sustainability Rating



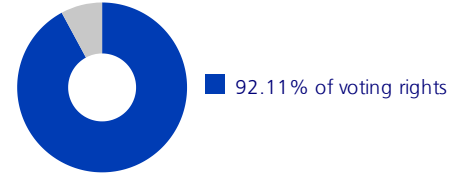
Stewardship



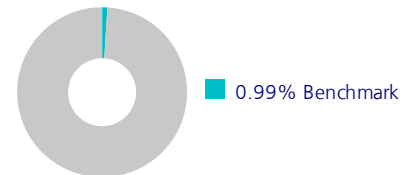
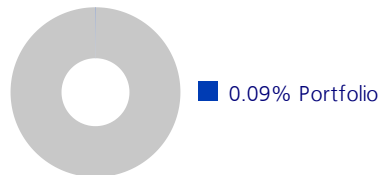
Engagements, % of enterprises



Voting



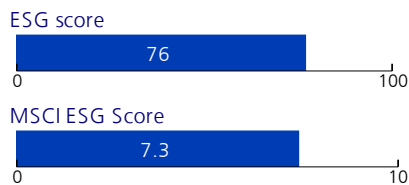
Controversies



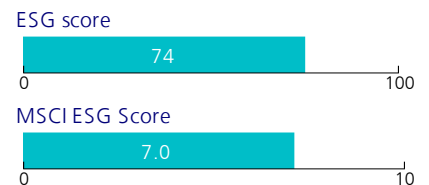
ESG



Portfolio



Benchmark



Climate



Portfolio

CO₂e intensity (corporate) tonnes CO₂e / million USD revenue



CO₂e intensity (Sovereign) tonnes CO₂e / million USD GDP



Benchmark

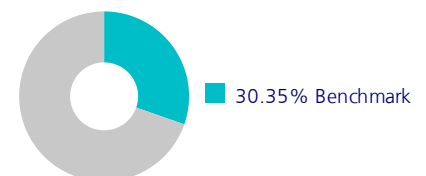
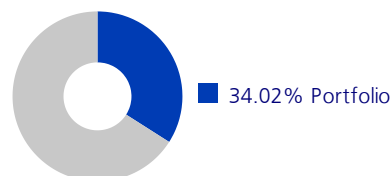
CO₂e intensity (corporate) tonnes CO₂e / million USD revenue



CO₂e intensity (Sovereign) tonnes CO₂e / million USD GDP



SDGs





Engagement Report

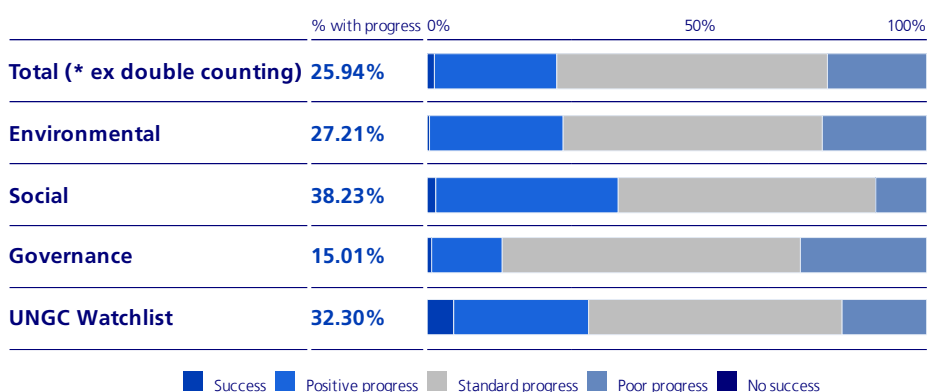
Engagement overview

Portfolio

	% of corporate portfolio	Number of issuers	Number of activities
Total (* ex double counting)	28.50%	142	191
Environmental	17.45%	50	86
Social	8.39%	54	77
Governance	18.26%	61	79
UNGC watchlist	6.59%	54	64

Engagement progress

Portfolio



Largest positions under engagement

Portfolio

Issuer	Portfolio weight	Theme
Nestle S.A.	3.42%	Biodiversity and Natural Capital, Feeding the Future
Novartis AG	2.83%	Management of the Legal & Regulatory Environment, Transparency (Financial Targets, ESG Reporting, Integrated Reporting Framework, Climate Change Strategy etc.)
Pfandbriefbank schweizerischer Hypothekarinstitute AG	2.22%	GHG Emissions, Physical Impacts of Climate Change

*In Switzerland, we conduct the engagements ourselves. Abroad, we have mandated Sustainalytics. The focus is on UN Global Compact principles, climate change, biodiversity, circular economy, and governance. With each company, we can lead engagements on different topics at the same time. At the portfolio level, these engagements are only counted once.

In the case of mandates, 100% of the corporate investments are included, which originate from investments in Swisscanto funds.

Voting activity in the portfolio

Voted (AuM, in CHF million)



Voting Rights (AuM, in CHF million)







42.51% of portfolio AuM is invested in equity investments with voting rights, where **92.11%** was voted. Overall voting rights were exercised for **39.16%** of the portfolio AuM.

In the case of mandates, 100% of the equity investments with voting rights are included, which originate from investments in Swisscanto funds.



Exposure to controversies of the «Responsible» product line

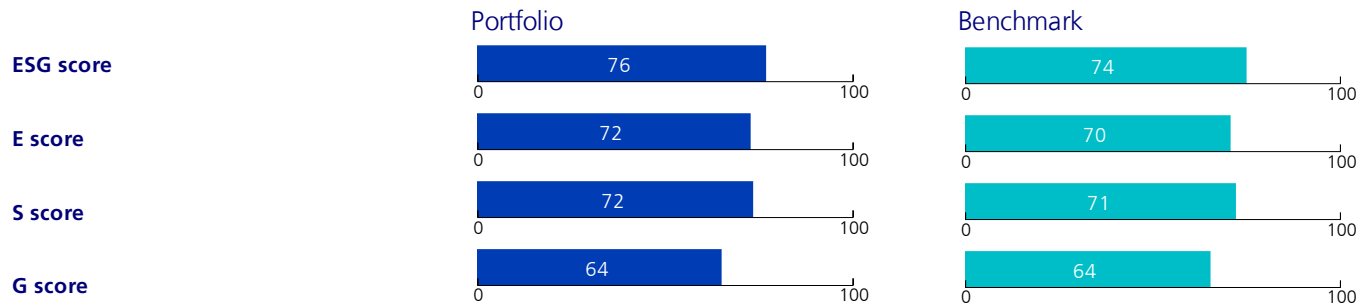
Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark	Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark
 Coal reserves (ex. metal production)	0.03%	0.35%	52	 Production of military hardware (>5% revenue)	0.04%	0.32%	31
Extraction of coal (>5% revenue)	0.02%	0.12%	27	Manufacture of weapons and ammunition	0.02%	0.19%	12
 Climate change		 Risk to society and health		Controversial weapons	0.00%	0.13%	6
				Exploitative child labour	0.02%	0.13%	6
				UN Global Compact violations	0.00%	0.09%	17
				Production of pornography	0.00%	0.01%	2

Exposure of the portfolio and benchmark to the corporate exclusion criteria applicable to the product. If an issuer violates multiple exclusion criteria, it is listed with each violated exclusion criterion. As a result, the reported exposure is usually higher than the net exposure of the portfolio and the benchmark, which is shown on the overview page, due to multiple counts. Exceptions may exist for individual criteria (e.g. for green or sustainability bonds), which are accordingly not counted as exposure to the criteria.

Largest controversial positions in the benchmark

Issuers	Portfolio weight	Benchmark weight	Criteria
Berkshire Hathaway Inc.	0.01%	0.18%	Coal reserves (ex. metal production)
Philip Morris International Inc.	0.00%	0.05%	Exploitative child labour
BHP Group Ltd	0.00%	0.05%	Extraction of coal (>5% revenue)

ESG score & subscores



Weighted proprietary ESG, E, S and G scores for the portfolio and the benchmark. All corporate and sovereign positions with a score are included in the calculation. The scores are adjusted by dividing by the sum of the covered values.

Largest positions in the portfolio

Issuer	ESG score	Portfolio weight	Benchmark weight
Swisscanto (CH) Real Estate Fund Responsible Swiss Commercial	n.a.	3.62%	0.06%
Nestle S.A.	92	3.42%	3.63%
Novartis AG	99	2.83%	2.83%
Roche Holding Ltd	48	2.71%	2.62%
Pfandbriefbank schweizerischer Hypothekarinstitute AG	81	2.22%	2.69%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	54	1.99%	2.30%
UBS Group AG	85	1.38%	1.26%
Zurich Insurance Group Ltd	93	1.26%	1.00%
Government of the United States of America	77	1.20%	1.79%
Compagnie Financiere Richemont SA	72	1.10%	1.08%

ESG laggards

Portfolio weight	Benchmark weight	Number of companies in portfolio	Number of companies in benchmark
2.72%	4.75%	66	1083

Exposure of the portfolio and the benchmark to ESG laggards. ESG laggards are companies that perform particularly poorly in terms of the proprietary ESG score in the respective peer group.

CO₂e intensity reduction

Portfolio

CO₂e intensity (corporate) tonnes CO₂e / million USD revenue



CO₂e intensity (Sovereign) tonnes CO₂e / million USD GDP



Benchmark

CO₂e intensity (corporate) tonnes CO₂e / million USD revenue



CO₂e intensity (Sovereign) tonnes CO₂e / million USD GDP



CO₂e intensity for Corporate is calculated by dividing Scope 1 & 2 greenhouse gas emissions (in tonnes) by revenue (in USD million). CO₂e intensity for Sovereign is calculated by dividing government GHG emissions (in tonnes) by nominal GDP (in USD million). Estimates may be made for missing datapoints.

Breakdown of CO₂e intensity

Corporate by sector

Portfolio



Materials 19 Utilities 5 Energy 5 Other Sectors 16

Benchmark



Materials 28 Utilities 15 Real Estate 7 Other Sectors 16

Sovereign and supranationals by country

Portfolio



United States 41 China 28 Canada 22 Other Countries 198

Benchmark

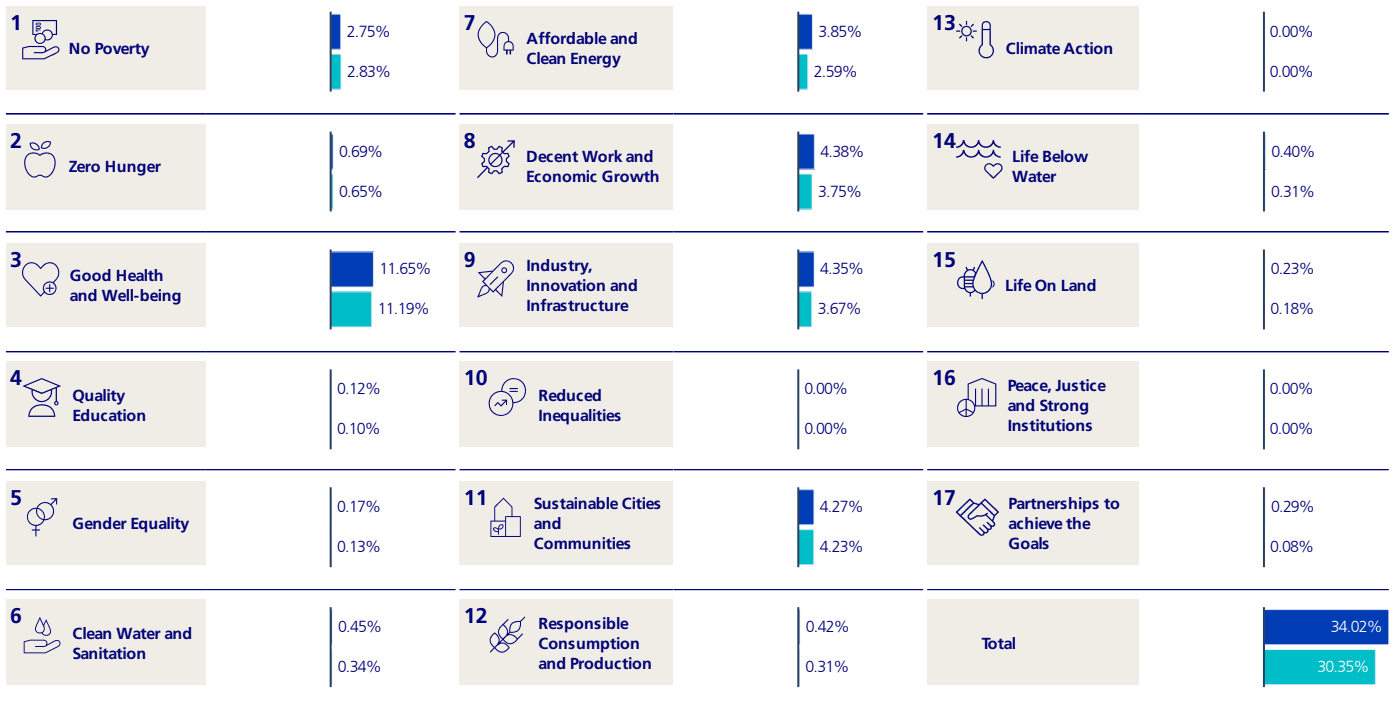


China 74 United States 39 Japan 23 Other Countries 102

Contribution of sectors and countries to the weighted CO₂e intensities of the portfolio and the benchmark. Only positive total contributions are shown.



17 United Nations Sustainable Development Goals (SDGs)



■ Portfolio ■ Benchmark

Sales (in %) of issuers in the portfolio and the benchmark that contribute positively to the achievement of one or more of the 17 UN Sustainable Development Goals (SDGs), weighted by portfolio allocation. If an issuer's product or service contributes to more than one goal, sales are allocated accordingly.

Largest green, social and sustainability bond positions in the portfolio

Issuer	Position weight (%)
KfW	0.15%
Zürcher Kantonalbank	0.13%
Government of Switzerland	0.12%
State of Geneva (Switzerland)	0.12%
PSP Swiss Property AG	0.10%
Graubundner Kantonalbank	0.08%
Bank of Nova Scotia	0.08%
BNG Bank N.V.	0.07%
International Bank for Reconstruction & Development	0.07%
Remaining green, social and sustainability bonds	1.64%
Total green, social and sustainability bonds	2.55%

Issuers with the largest green, social or sustainability bond positions in the portfolio.

Explanations

Sustainability report

The sustainability report creates transparency with regard to the degree of sustainability of the managed fund or asset management portfolio (portfolio).

Product lines and sustainability approaches

Product lines

The sustainability product range comprises two product lines in which different sustainability approaches are applied. The "Responsible" product line includes as standard the application of further exclusions, systematic ESG analysis as an integral part of the investment process and a reduction in the CO₂e intensity of the investments. In addition to the aforementioned approaches, the "Sustainable" product line includes the application of even more extensive exclusions and also invests in SDG leaders or ESG leaders (Sustainable Purpose). The exclusions based on SVVK-ASIR are applied in all product lines (including for assets that are not sustainably managed). These mainly include manufacturers of banned weapons and may also include states in addition to companies.



Stewardship - Voting / Engagement

As a shareholder, we actively engage in continuous dialogue with the companies management. This takes place in accordance with the engagement guidelines of Zürcher Kantonalbank's asset management. Among other things, companies are required to formulate ambitious greenhouse gas reduction targets, implement them consistently and report on them transparently. Our engagement activities and guidelines are published on <https://www.zkb.ch/en/home/asset-management/sustainability/investment-stewardship.html>. Our voting guidelines are based on Swiss and international corporate governance principles and on the United Nations Principles for Responsible Investment (UN PRI). The threshold for exercising voting rights in our foreign voting markets is CHF 5 million for Swiss domiciled funds and CHF 2 million for Luxemburg domiciled funds per share position. More information on our voting behaviour can be viewed at: <https://www.swisscanto.com/voting>



Controversies - Exclusions Responsible

Application of further exclusion criteria - in addition to the exclusions based on SVK-ASIR - in order to reduce sustainability risks and with the aim of not investing in securities with business models that are critical from a sustainability perspective. The exclusion criteria apply to companies associated with the extraction of coal (excluding metal production; >5% revenue)*, coal reserves (excluding metal production)*, production of weapons and ammunition, manufacture of military hardware (>5% revenue), production of pornography, exploitative child labour and/or UN Global Compact violations (excluding green and sustainability bonds, if applicable). Violations of the UN Global Compact principles revealed by our screening are examined in closer detail by our analysts. As part of the engagement, we seek dialogue and encourage companies to change their behaviour. If no change occurs within a reasonable period of time, existing systems must be sold. *Excluding green and sustainability bonds



ESG - Systematic ESG integration

The systematic analysis of ESG criteria forms an integral component of the active investment process, with the aim of identifying risks and opportunities based on ESG trends at an early stage. ESG criteria supplement the pure financial analysis and lead to more informed investment decisions.



Climate - CO2e reduction

For active Responsible portfolios that do not follow a CO2e reduction path, the CO2e intensity of the portfolio is shown in comparison to the benchmark index. The CO2e intensities are calculated from the CO2e emissions in relation to the revenue of companies and in relation to gross domestic product for countries.



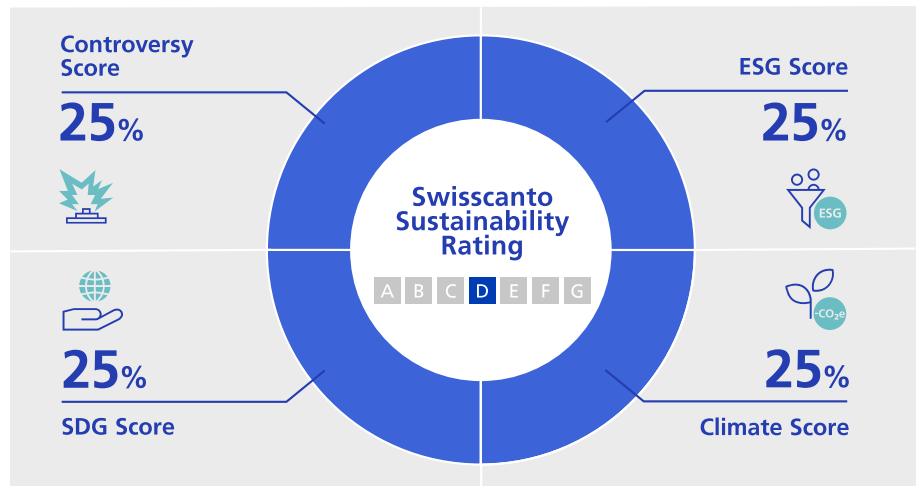
SDGs - Sustainable Purpose

The "Sustainable Purpose" approach focuses on returns through investments in companies and countries with social benefits (SDG leaders). SDG leaders use their investment power to create environmentally and socially responsible products and services. In doing so, they contribute to the fulfillment of one or more of the UN's Sustainable Development Goals (UN SDGs). For diversification purposes, a best-in-class approach can also be used to invest in securities that are considered to have above-average positive ESG criteria (ESG leaders).

Explanations of Key Figures and Measurements

Swisscanto Sustainability Rating

The proprietary Swisscanto Sustainability Rating is calculated according to the values of the collective assets and individual securities contained in the portfolio and is divided into seven sustainability classes ranging from A (highest level) to G (lowest level). To calculate the rating, companies and states are assessed according to the four pillars of our sustainability research:



Controversy score: To what extent do controversial business areas, questionable business practices or violations of international standards exist?

ESG score: How sustainably is the company or state run?

Climate score: How large is the negative impact of the company or state on the environment with regard to CO₂e emissions?

SDG score: What impact does the company and/or state have on society and the environment in terms of achieving the 17 UN Sustainable Development Goals?

More information on the Swisscanto Sustainability Rating:
<https://products.swisscanto.com/products/document>

CO₂e intensity

For companies, all Scope 1 and Scope 2 greenhouse gases regulated in the Kyoto Protocol are taken into account (CO₂ equivalents, abbreviated to CO₂e). Scope 1 emissions originate from emission sources within the system boundaries considered. Scope 2 emissions arise from the generation of energy sourced externally. All other emissions (Scope 3) caused by the company's activities but not directly controlled are not taken into account due to a lack of data availability and quality. The emissions data for companies originates from ISS ESG. The emissions data used for states, regions and municipalities originates from EDGAR and complies with the United Nations Framework Convention on Climate Change (UNFCCC). For CO₂e intensity (CI), the total CO₂e emissions per year are standardised with the respective turnover (for companies) or GDP (for states, regions and municipalities). Missing CIs are supplemented with the industry median for companies. Within comparable peer groups, estimated CIs from ISS ESG are limited to the peer group's maximum reported CIs. For regions, cities and municipalities, the values of the corresponding state and for financing agencies the median of the respective financial sector are used.

For actively managed portfolios according to the Responsible approach, the compatibility of the portfolio with the Paris Climate Agreement (2-degree reduction target) is derived from the benchmark index as at 31 December 2019. The climate target is reduced by 4% plus nominal economic growth each year. The achievement of the 2-degree target for active, mixed (corporate and sovereign) funds is determined as follows: (Weight of corporate x deviation of corporate CI from 2-degree target) + (weight of sovereign x deviation of sovereign CI from 2-degree target).

Share of controversies

The application of exclusion criteria (based on the SVVK-ASIR and any further exclusions) is the first step in the multi-stage investment process. We exclude companies if they pursue business activities assessed critically from a sustainability perspective or if they have a significant participation in such companies. If a company violates several exclusion criteria, it is listed multiple times in the detailed controversy report. Double counts are adjusted on the overview page for the portfolio or benchmark index. As a result, the total weight and number of companies in the detailed report does not always correspond to the weight or number of companies on the overview page. The data for the controversies is provided by MSCI ESG Research Inc.

This Sustainability Report refers to assets to which the Sustainability Policy is applicable, as well as a look-through on mutual funds and direct investments where available. For example, investments in derivatives of baskets of underlying issuers or investments in specific asset classes (foreign exchange, precious metals, commodities etc.) are not included in the assessment.

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