

Explanations on sustainability approaches

Stewardship – Voting & Engagement



An active and continuous dialogue with the companies management is maintained. 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. Corresponding engagement activities and guidelines are published on <https://www.zkb.ch/en/home/asset-management/sustainability/investment-stewardship.html>. 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 foreign voting markets is CHF 5 million for Swiss domiciled funds and CHF 2 million for Luxembourg domiciled funds per share position. For Swiss shares, voting is carried out across the board. More information on the voting behaviour can be viewed at: <https://www.swisscanto.com/voting>

Controversies – Avoidance of controversies



Application of further exclusion criteria - in addition to the exclusions based on SVVK-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 the screening are examined in closer detail by analysts. As part of the engagement, dialogue is sought and companies are encouraged to change their behaviour. If no change occurs within a reasonable period of time, existing investments must be sold. *Excluding green and sustainability bonds

ESG – 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.

Climate - CO₂e reduction



The portfolio's investment activities aim to reduce the CO₂e intensity of the investments. A CO₂e comparison figure or the goals set out in the Paris Climate Agreement serve as guideline.

Further information

Further, supplementary product-specific explanations regarding the sustainability approaches applied can be found in the relevant legal documents at products.swisscanto.com

Sustainability approaches

The sustainability approaches presented are applied to a majority of the investments within the present asset management portfolio. This primarily applies to the implementation of actively managed investments in traditional asset categories with investment products from the Swisscanto brand. Accordingly, the sustainability approaches are not implemented for all assets. There are additional exceptions to the application of sustainability approaches within the investment products used.

CO₂e

CO₂ equivalents (CO₂e) are a measure to standardise the climate impact of the greenhouse gases carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and fluorinated greenhouse gases (CFCs). All of these gases remain in the atmosphere for different lengths of time and do not contribute equally to the greenhouse effect.

ESG

ESG stands for the aspects of environment (E), social (S) and governance (G).

SVVK-ASIR

The Swiss Association for Responsible Investments (SVVK) is an association of institutional investors and was founded in 2015. The association provides services to its members so that they can focus their investment decisions on the environment, society and the economy.