Swisscanto
by Zürcher Kantonalbank

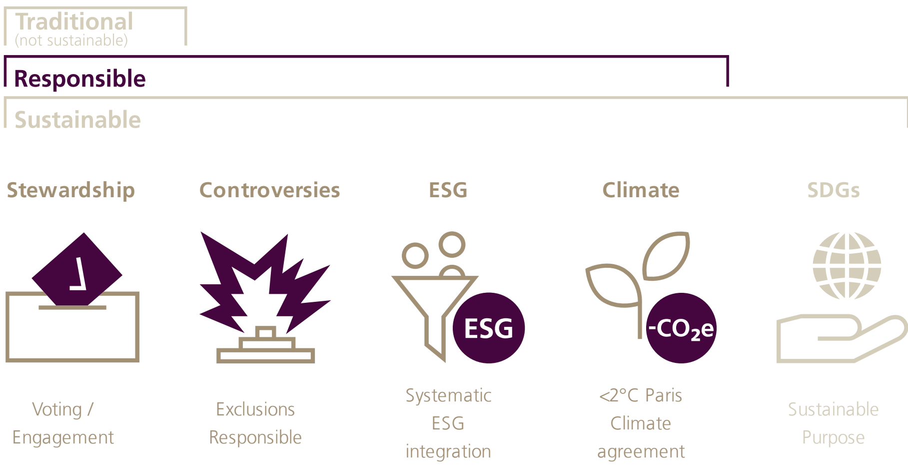
Sustainability report
Swisscanto (LU) Bond Fund Vision Responsible EUR
of 30.09.2024

Benchmark
Bloomberg Barclays Euro Aggregate Bond Index (TR) in EUR

Corporate portfolio weight
39.8%

Sovereign portfolio weight
60.2%

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.

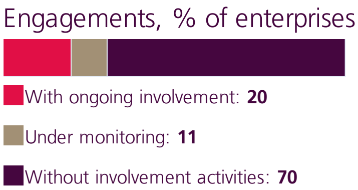


Notes:
- Greyed-out product lines and approaches are not applicable to the assets in question.
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable)

Overview

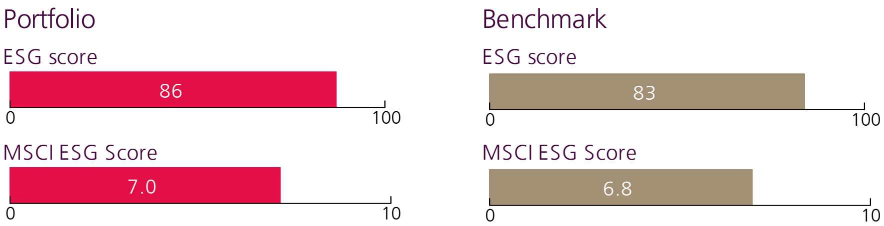
Swisscanto Sustainability Rating

Stewardship



Controversies

ESG



Climate

SDGs

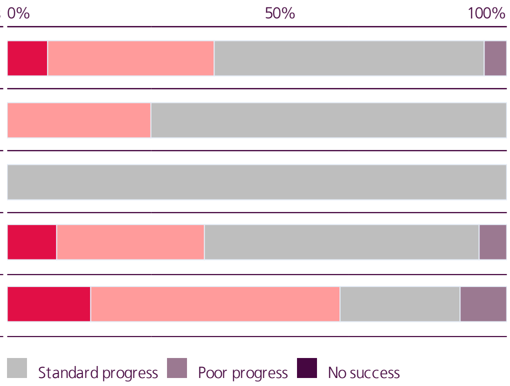
Engagement Report

Engagement overview
Portfolio

	% of corporate portfolio	Number of issuers	Number of activities
Total (* ex double counting)	**19.56%**	**19**	**27**
Environmental	**8.37%**	**6**	**12**
Social	**1.11%**	**2**	**4**
Governance	**11.85%**	**13**	**16**
UNGC watchlist	**5.74%**	**9**	**11**

Engagement progress
Portfolio

	% with progress
Total (* ex double counting)	**41.43%**
Environmental	**28.76%**
Social	**0.00%**
Governance	**39.47%**
UNGC Watchlist	**66.61%**



Largest positions under engagement
Portfolio

Issuer	Portfolio weight	Theme
Intesa Sanpaolo S.p.A.	**1.71%**	**GHG Emissions**
BNP Paribas S.A.	**1.46%**	**Pay-for-Performance / Compensation Model / Disclosure of Compensation Targets**
Bank of Nova Scotia	**0.99%**	**Environmental/Climate Responsibility**

*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 funds, 100% of corporate investments are included which are held directly or indirectly via Swisscanto funds. In the case of Swisscanto funds of funds, a weighted average of the Swisscanto target funds is shown.

Controversies

Exposure to controversies of the «Responsible» product line

Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark
Coal reserves (ex. metal production)	0.00%	0.08%	4
Extraction of coal (>5% revenue)	0.00%	0.04%	2

Climate change

Risk to society and health

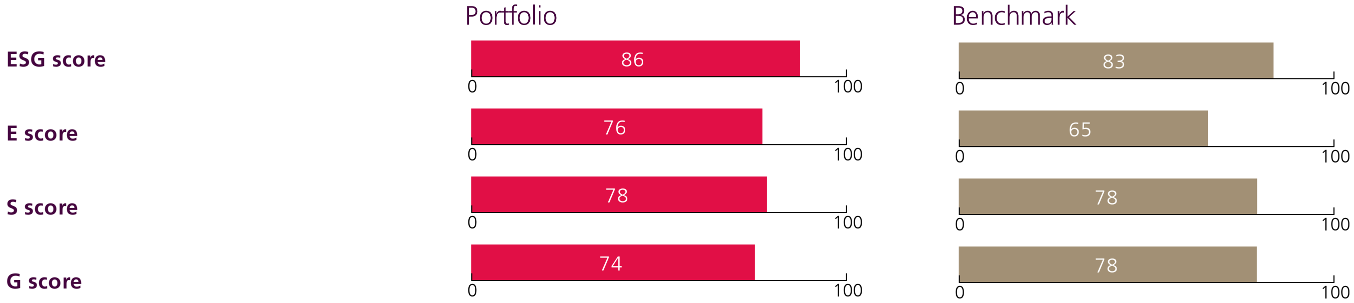
Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark
Exploitative child labour	0.00%	0.13%	5
Production of military hardware (>5% revenue)	0.00%	0.09%	6
Manufacture of weapons and ammunition	0.00%	0.08%	3
UN Global Compact violations	0.00%	0.02%	1
Controversial weapons	0.00%	0.00%	0
Production of pornography	0.00%	0.00%	0

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
British American Tobacco p.l.c.	0.00%	0.05%	**Exploitative child labour**
Airbus SE	0.00%	0.04%	**Production of military hardware (>5% revenue), Manufacture of weapons and ammunition**
Philip Morris International Inc.	0.00%	0.04%	**Exploitative child labour**

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
Government of Italy	75	**9.89%**	**12.02%**
Government of Germany	94	**8.38%**	**10.48%**
Government of Spain	81	**8.05%**	**7.84%**
Government of France	80	**6.95%**	**13.17%**
Government of Belgium	86	**2.69%**	**2.75%**
Government of Austria	92	**2.31%**	**2.02%**
Government of the Netherlands	95	**2.04%**	**2.31%**
Intesa Sanpaolo S.p.A.	62	**1.71%**	**0.16%**
Kuntarahoitus Oyj	92	**1.55%**	**0.11%**
BNP Paribas S.A.	78	**1.46%**	**0.31%**

ESG laggards

Portfolio weight	Benchmark weight	Number of companies in portfolio	Number of companies in benchmark
0.00%	**0.86%**	**0**	**58**

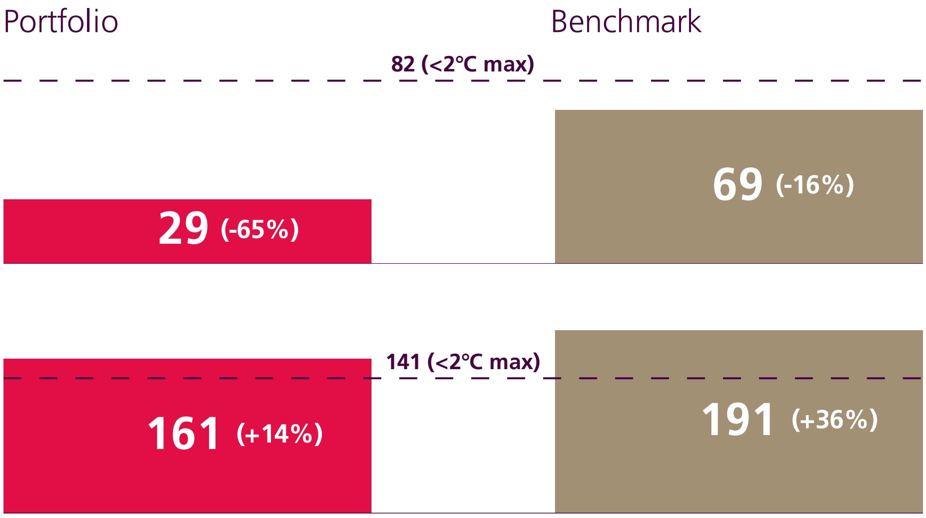
Exposure of the portfolio and the benchmark to ESG laggards. ESG laggards are companies that perform particularly poorly in terms of the proprietary ESG score in the respective peer group.

Climate

Achievement of the <2 °C target

Corporate

Sovereign



Achievement of climate target -17% +21%

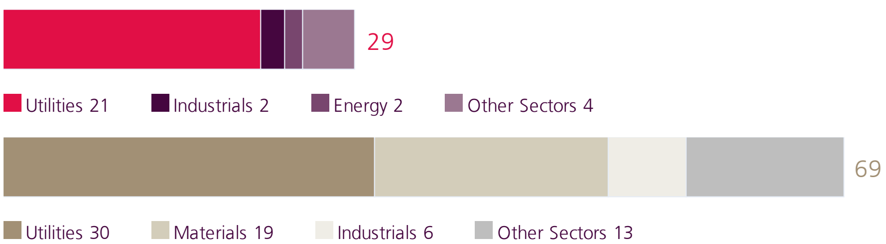
Corporate and sovereign CO_2e intensity of the portfolio and the benchmark, and their relative deviation (in %) from the CO_2e reduction path that is in line with the Paris Climate Agreement. If the weighted percentage deviation (corporate and sovereign) is below the target for "Achievement of the target", the climate target is considered to be met. The reduction path by reducing the CO_2e intensity of the target by 4% per year in addition to nominal GDP growth. CO_2e intensity for corporate is calculated by dividing Scope 1 & 2 greenhouse gas emissions (in tonnes) by revenue (in USD million). CO_2e 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 CO_2e intensity

Corporate by sector

Portfolio

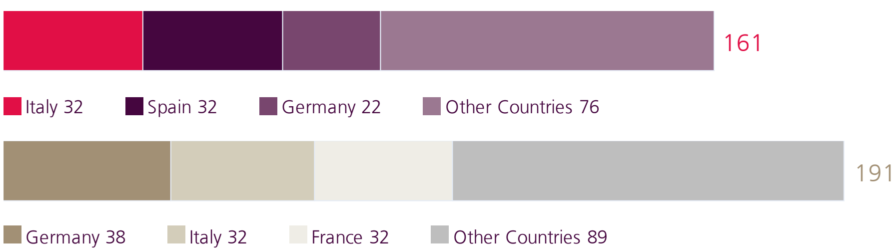
Benchmark



Sovereign and supranationals by country

Portfolio

Benchmark



17 United Nations Sustainable Development Goals (SDGs)

SDG	Portfolio	Benchmark
1 No Poverty	0.99%	0.58%
2 Zero Hunger	0.25%	0.11%
3 Good Health and Well-being	2.65%	1.95%
4 Quality Education	0.36%	0.12%
5 Gender Equality	0.00%	0.05%
6 Clean Water and Sanitation	0.73%	0.44%
7 Affordable and Clean Energy	8.87%	2.05%
8 Decent Work and Economic Growth	3.07%	5.05%
9 Industry, Innovation and Infrastructure	3.12%	4.73%
10 Reduced Inequalities	0.00%	0.00%
11 Sustainable Cities and Communities	7.92%	2.11%
12 Responsible Consumption and Production	0.77%	0.13%
13 Climate Action	0.00%	0.00%
14 Life Below Water	0.83%	0.16%
15 Life On Land	0.62%	0.11%
16 Peace, Justice and Strong Institutions	0.00%	0.00%
17 Partnerships to achieve the Goals	0.51%	0.16%
Total	30.68%	17.76%

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 (%)
Government of Germany	5.82%
Government of Italy	1.65%
Government of Spain	1.48%
Kuntarahoitus Oyj	1.00%
Government of France	0.82%
UniCredit S.p.A.	0.81%
BNG Bank N.V.	0.76%
Bank of Nova Scotia	0.75%
Government of European Union	0.73%
Remaining green, social and sustainability bonds	13.65%
Total green, social and sustainability bonds	**27.48%**

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 CO_2e 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 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 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 - <2°C Paris Climate agreement

In accordance with the Paris Climate Agreement, the investment activity of the portfolio is aimed at reducing the CO_2e intensity of the investments by at least 4% per year. The investment strategy target is based on the CO_2e intensity of the investment universe at the end of 2019.

SDGs - Sustainable Purpose

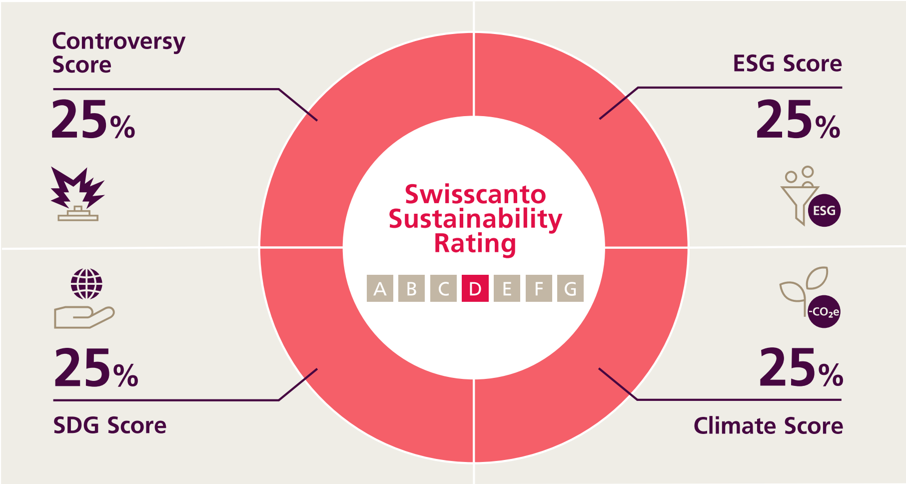
The "Sustainable Purpose" approach focuses on returns through investments in companies and countries with social benefits (SDG leaders). SDG leaders use their investment power to create environmentally and socially responsible products and services. In doing so, they contribute to the fulfillment of 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).

Detailed information on the fund-specific details can be found in the full sales prospectuses at products.swisscanto.com.

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 CO_2e 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

CO_2e intensity

For companies, all Scope 1 and Scope 2 greenhouse gases regulated in the Kyoto Protocol are taken into account (CO_2 equivalents, abbreviated to CO_2e). 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 CO_2e intensity (CI), the total CO_2e 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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