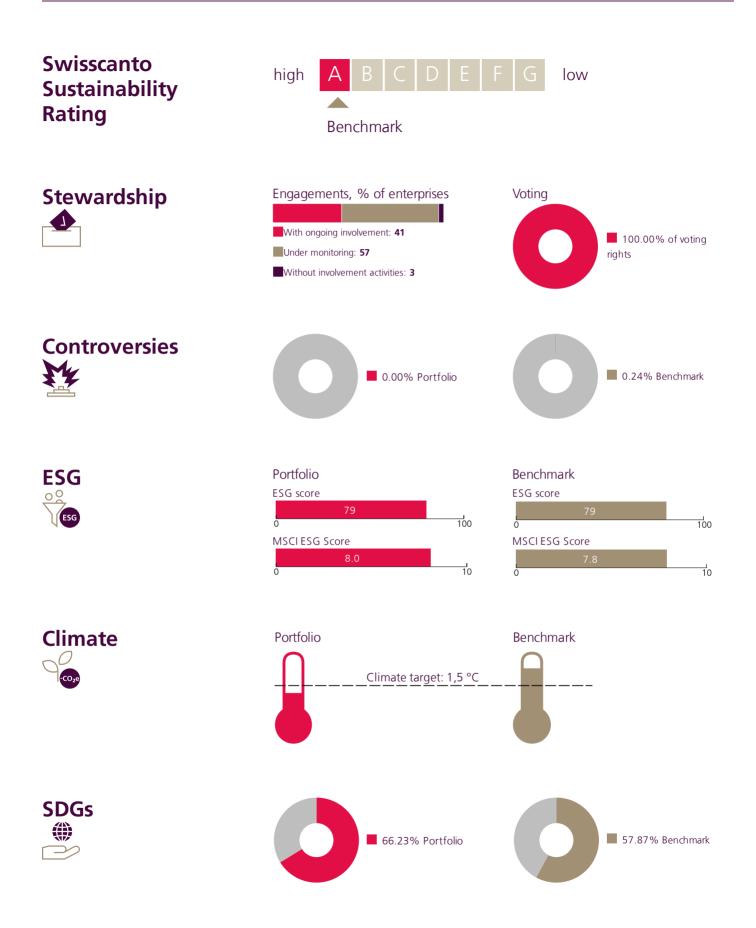


## Sustainability report Swisscanto (CH) Equity Fund Sustainable Switzerland

of 30.09.2024

Benchmark	Swiss Performance Index® (TR) in CHF							
Corporate portfolio weight	100.0%	100.0%						
Sovereign portfolio weight	0.0%							
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.    Traditional   (not sustainable)   Responsible   Sustainable							
	Stewardship	Controversies		Climate	SDGs			
	Voting / Engagement	Exclusions Sustainable	Systematic ESG integration	1.5°C Paris Climate target	Sustainable Purpose			





## **Engagement Report**

### **Engagement overview**

Portfolio

	% of corporate portfolio	Number of issuers	Number of activities
Total (* ex double counting)	40.88%	11	18
Environmental	16.40%	3	5
Social	0.00%	0	0
Governance	28.67%	9	16
UNGC watchlist	4.19%	1	3

### Engagement progress

Portfolio

	% with progress	0%	50%	100%
Total (* ex double counting)	34.52%			
Environmental	48.76%			
Social	0.00%			
Governance	17.73%			
UNGC Watchlist	50.00%			

Success Positive progress Standard progress Poor progress No success

### Largest positions under engagement Portfolio

lssuer	Portfolio weight	Theme	
Novartis AG	11.47%	Management of the Legal & Regulato Environment, Transparency (Financial Targe ESG Reporting, Integrated Reportin Framework, Climate Change Strategy et	
Nestle S.A.	11.34%	<b>Biodiversity and Natural Capita</b>	
UBS Group AG	4.16%	Biodiversity and Natural Capital, Business Ethics, Climate Change - Sustainable Forests and Finance	

\*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.

## Voting activity in the portfolio

**Voted** (AuM, in CHF million)

Voting Rights (AuM, in CHF million)



**86.12%** of portfolio AuM is invested in equity investments with voting rights, where **100.00%** was voted. Overall voting rights were exercised for **86.12%** of the portfolio AuM.

In the case of funds, 100% of the equity investments with voting rights 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. All Voting data shown above is representative of the 12-month period prior to the report date.



## Exposure to controversies of the «Sustainable» product line

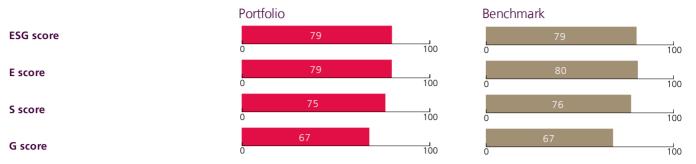
### Corporate

Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark	Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark
Unsustainable fisheries and aquaculture	0.00%	0.03%	1	Nuclear energy	0.00%	0.19%	1
Non-sustainable forestry	0.00%	0.02%	1	Intensive livestock farming	0.00%	0.03%	1
Genetic engineering: Release of GMOs	0.00%	0.00%	0	Controversial weapons	0.00%	0.00%	0
Uncertified Palm Oil (<50% RSPO)	0.00%	0.00%	0	Exploitative child labour	0.00%	0.00%	0
Operation of fossil- fuel power stations	0.00%	0.19%	1	Gambling (>5% revenue)	0.00%	0.00%	0
Airlines	0.00%	0.00%	0	Genetic engineering: human medicine	0.00%	0.00%	0
Coal reserves	0.00%	0.00%	0	Manufacture of tobacco and smokers' accessories	0.00%	0.00%	0
Coal reserves (ex. metal production)	0.00%	0.00%	0	Manufacture of weapons and ammunition	0.00%	0.00%	0
Cruise ship operators	0.00%	0.00%	0	Production of alcohol (>5% revenue)	0.00%	0.00%	0
Extraction of coal (>5% revenue)	0.00%	0.00%	0	Production of military hardware	0.00%	0.00%	0
Extraction of fossil fuels	0.00%	0.00%	0	Production of military hardware	0.00%	0.00%	0
 Manufacture of automobiles and aircraft	0.00%	0.00%	0	(>5% revenue) Production of pornography	0.00%	0.00%	0
e in biodiversity Clim	ate change		society and	UN Global Compact violations	0.00%	0.00%	0

Exposure of the portfolio and the benchmark to the exclusion criteria applicable to the product. If an issuer violates multiple exclusion criteria, it is listed for 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 counting. Exceptions may exist for individual criteria (e.g. for green or sustainability bonds or manufacturers of automobiles with a comprehensive transition strategy), which are accordingly not counted as exposure to the criteria.



## **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

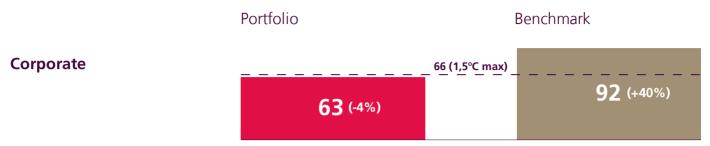
lssuer	ESG score	Portfolio weight	Benchmark weight
Roche Holding Ltd	48	12.57%	12.37%
Novartis AG	99	11.47%	12.37%
Nestle S.A.	92	11.34%	13.86%
Zurich Insurance Group Ltd	93	5.89%	4.65%
ABB Ltd.	99	5.78%	4.87%
UBS Group AG	85	4.16%	5.24%
Sika AG	92	4.08%	2.80%
Compagnie Financiere Richemont SA	72	3.74%	4.48%
Lonza Group AG	96	3.65%	2.40%
Alcon AG	93	3.55%	2.62%

## **ESG** laggards

Portfolio	Benchmark	Number of companies	Number of companies in
weight	weight	in portfolio	benchmark
3.01%	2.64%	3	26

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.

## Achievement of the 1.5 °C target



Corporate  $CO_2e$  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 7,5% 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). Estimates may be made for missing datapoints.

## Breakdown of CO<sub>2</sub>e intensity

### Corporate by sector

Portfolio	63				
	Materials 49	Health Care 7	Consumer Staples 5	Other Sectors 2	
Benchmark					92
	Materials 78	Consumer Staples	6 Health Care 5	Other Sectors 3	

Contribution of sectors to the weighted  $CO_2e$  intensities of the portfolio and the benchmark.

Portfolio	lssuers	CO <sub>2</sub> e- intensity	Share of CO <sub>2</sub> - emissions	Portfolio weight	Benchmark weight
	Holcim Ltd	2'722	74.92%	1.73%	2.79%
	Nestle S.A.	40	7.30%	11.34%	13.86%
	Lonza Group AG	80	4.63%	3.65%	2.40%
Benchmark	lssuers	CO <sub>2</sub> e- intensity	Share of CO <sub>2</sub> - emissions	Portfolio weight	Benchmark weight
	Holcim Ltd	2'722	82.39%	1.73%	2.79%
	Nestle S.A.	40	6.08%	11.34%	13.86%
	Lonza Group AG	80	2.08%	3.65%	2.40%

Positions in portfolio and in benchmark sorted by largest share of CO2e intensity.

## 17 United Nations Sustainable Development Goals (SDGs)

1 By No Poverty	0.03% 0.06%	7 Affordable and Clean Energy	4.04% 2.87%	13 the Action	0.00% 0.00%
2 👾 Zero Hunger	1.55% 1.96%	8 Decent Work and Economic Growth	9.07%	14 Life Below Water	1.35% 0.94%
<sup>3</sup> Good Health and Well-being	43.40% 35.49%	9 Industry, Innovation and Infrastructure	3.36% 3.79%	15 Life On Land	0.66% 0.49%
4 Quality Education	0.00% 0.10%	10 Reduced Inequalities	0.00% 0.00%	16 Peace, Justice and Strong Institutions	0.00%
5 P Gender Equality	0.09% 0.22%	11 Sustainable Cities and Communities	0.83% 0.96%	17 Partnerships to achieve the Goals	0.00% 0.00%
6 Clean Water and Sanitation	0.86% 0.94%	12 Responsible Consumption and Production	1.00% 0.82%	Total	66.23% 57.87%

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.

## **Explanations**

## Sustainability report

# Product lines and sustainability approaches

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

### **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<sub>2</sub>e 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 Sustainable**

The application of extensive exclusion criteria is an integral part of the asset manager's Sustainable approach. In terms of companies, exclusion criteria - in addition to the exclusions based on SVVK-ASIR - cover the extraction of uranium, natural gas\* or oil\*, the operation of fossil fuel power stations (>5% revenue)\*, the extraction of coal (excluding metal production)\*, coal reserves\*, the manufacture of nuclear reactors\*, the production of weapons and ammunition, military hardware, automobiles\* (justified exceptions possible) and aircraft\*, airlines\* and cruise ship operators\*, the operation of nuclear power plants\*, the release of GMOs\* and human medicine in the field of genetic engineering, non-sustainable fishing\* and fish farming\*, non-sustainable forestry\*, intensive livestock farming, the production of tobacco and smoking goods, the production of alcohol (>5% revenue), the production of pornography, gambling (>5% revenue), exploitative child labour, non-certified palm oil (<50% RSPO) and UN Global Compact violations. In terms of states, extensive exclusion criteria are likewise in addition to possible exclusions based on SVVK-ASIR - states with a low degree of democracy and freedom (classified as "not free" in the Freedom in the World reports published annually by Freedom House Washington, DC) or a high degree of corruption (CPI score <35 according to the Corruption Perceptions Index (CPI) of Transparency International), which apply capital punishment, increase the share of nuclear energy (total share >50%)\*, have a high military budget of >4% of gross domestic product and have not ratified the Paris Climate Agreement\*, the Nuclear Non-Proliferation Treaty (NPT) and/or the Convention on Biological Diversity (CBD)\*. When drawing up the exclusion list, socio-economic risk dimensions such as money laundering and corruption are also taken into account. \*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 - 1.5°C Paris Climate target

In accordance with the Paris Climate Agreement, the investment activity of the portfolio is aimed at reducing the CO<sub>2</sub>e intensity of the investments by at least 7.5% per year. The investment strategy target is based on the CO<sub>2</sub>e intensity of the investment universe at the end of 2019.



### SDGs - Sustainable Purpose

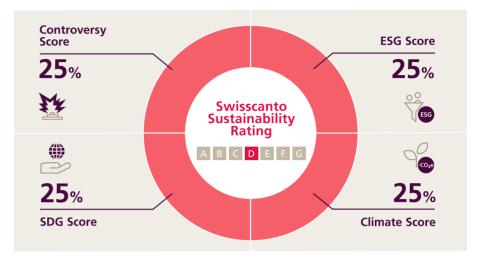
The "Sustainable Purpose" approach focuses on returns through investments in companies and countries with social benefits (SDG leaders). SDG leaders use their investment power to create environmentally and socially responsible products and services. In doing so, they contribute to the fulfillment of 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<sub>2</sub>e intensity

For companies, all Scope 1 and Scope 2 greenhouse gases regulated in the Kyoto Protocol are taken into account (CO<sub>2</sub> equivalents, abbreviated to CO<sub>2</sub>e). 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<sub>2</sub>e intensity (CI), the total CO<sub>2</sub>e 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 (1.5-degree reduction target) is derived from the benchmark index as at 31 December 2019. The climate target is reduced by 7,5% plus nominal economic growth each year. The achievement of the 1.5-degree target for active, mixed (corporate and sovereign) funds is determined as follows: (Weight of corporate x deviation of corporate Cl from 1.5-degree target) + (weight of sovereign x deviation of sovereign Cl from 1.5-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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