

Sustainability report

Swisscanto (CH) Index Bond Fund Corp. USD Responsible

of 30.09.2024

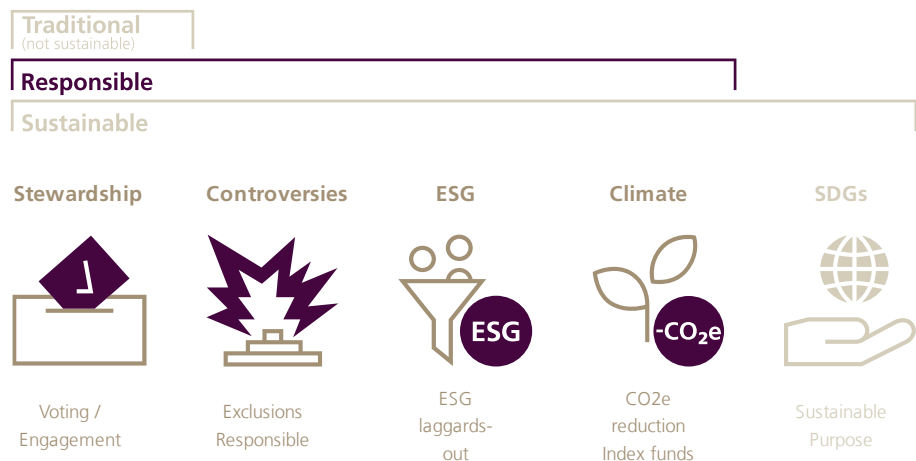
Benchmark FTSE World Broad Investment-Grade US Dollar Corporate Bond Index (TR) in USD

Corporate portfolio weight 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.



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



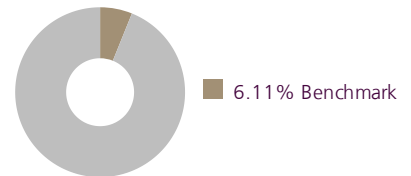
Stewardship



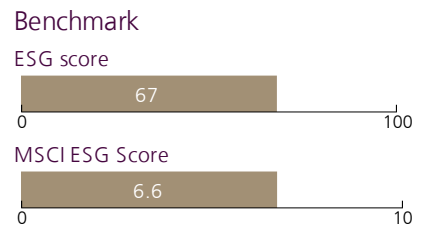
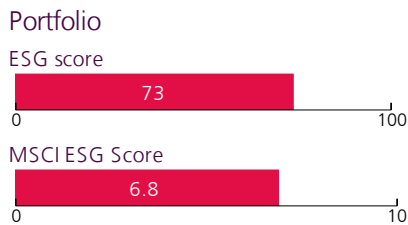
Engagements, % of enterprises



Controversies



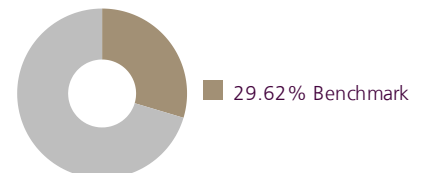
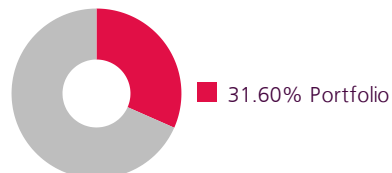
ESG



Climate



SDGs





Engagement Report

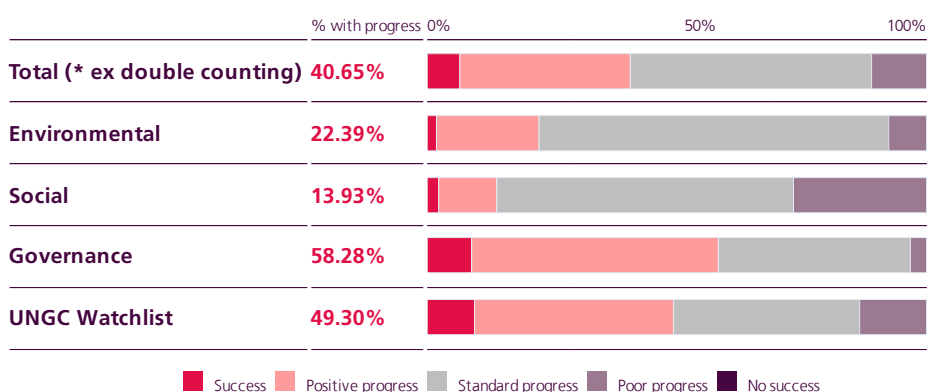
Engagement overview

Portfolio

	% of corporate portfolio	Number of issuers	Number of activities
Total (* ex double counting)	18.87%	71	90
Environmental	7.16%	21	37
Social	4.63%	24	28
Governance	8.36%	31	37
UNGC watchlist	10.24%	39	44

Engagement progress

Portfolio



Largest positions under engagement

Portfolio





Issuer	Portfolio weight	Theme
JPMorgan Chase & Co.	2.95%	Biodiversity and Natural Capital, Climate Change - Sustainable Forests and Finance
Citigroup Inc.	1.86%	Business Ethics
Wells Fargo & Company	1.72%	Business Ethics

*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.



Exposure to controversies of the «Responsible» product line

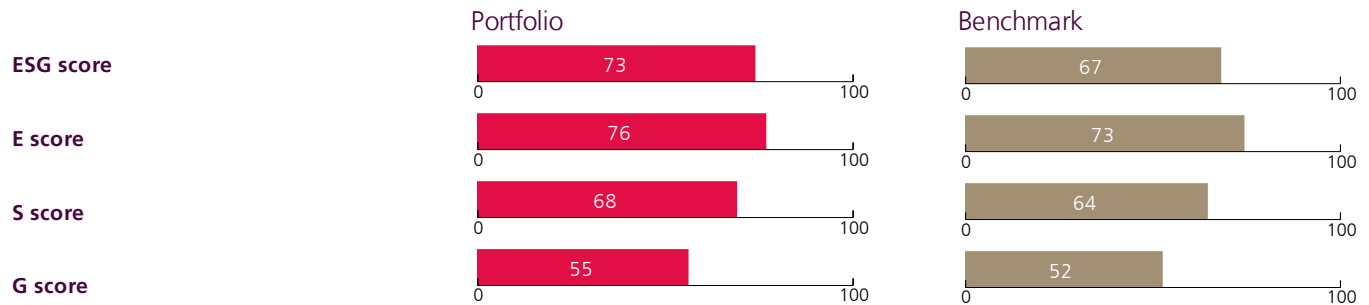
Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark	Criteria	Portfolio weight	Benchmark weight	Number of companies in benchmark
 Coal reserves (ex. metal production)	0.00%	2.31%	12	 Production of military hardware (>5% revenue)	0.00%	2.02%	12
Extraction of coal (>5% revenue)	0.00%	0.18%	2	Manufacture of weapons and ammunition	0.00%	1.47%	7
 Climate change		 Risk to society and health		Exploitative child labour	0.00%	1.19%	4
				Controversial weapons	0.00%	0.97%	3
				UN Global Compact violations	0.00%	0.16%	3
				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
Boeing Company	0.00%	0.70%	Production of military hardware (>5% revenue), Manufacture of weapons and ammunition
Berkshire Hathaway Inc.	0.00%	0.64%	Coal reserves (ex. metal production)
Energy Transfer LP	0.00%	0.60%	Coal reserves (ex. metal production)

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
JPMorgan Chase & Co.	66	2.95%	2.46%
Morgan Stanley	76	2.26%	1.95%
Goldman Sachs Group, Inc.	55	1.89%	1.52%
Citigroup Inc.	96	1.86%	1.47%
Wells Fargo & Company	41	1.72%	1.58%
Apple Inc.	80	1.38%	1.06%
HSBC Holdings Plc	90	1.36%	1.16%
AT&T Inc.	93	1.34%	1.19%
Verizon Communications Inc.	85	1.32%	1.12%
UnitedHealth Group Incorporated	46	1.26%	1.08%

ESG laggards

Portfolio weight	Benchmark weight	Number of companies in portfolio	Number of companies in benchmark
0.00%	10.26%	0	95

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.

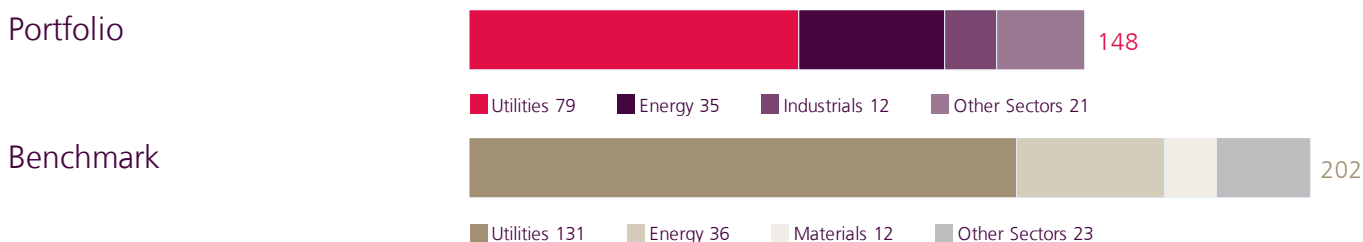
CO₂e intensity reduction



CO₂e 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 CO₂e intensity

Corporate by sector



Contribution of sectors to the weighted CO₂e intensities of the portfolio and the benchmark.

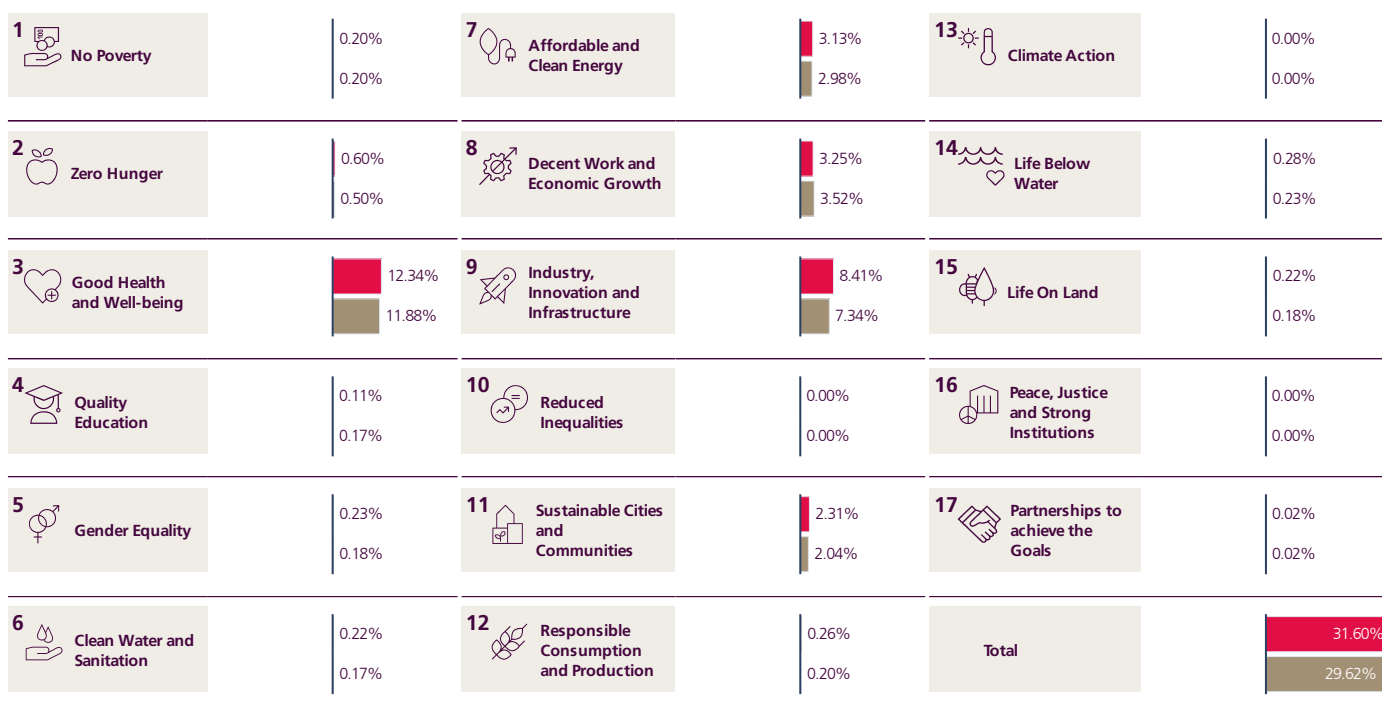
Portfolio	Issuers	CO ₂ e- intensity	Share of CO ₂ -emissions	Portfolio weight	Benchmark weight
	NextEra Energy Capital Holdings, Inc.	1'579	5.15%	0.48%	0.41%
	Saudi Electricity Sukuk Programme Company	11'082	4.85%	0.06%	0.08%
	Duke Energy Corporation	2'754	4.71%	0.25%	0.29%

Benchmark	Issuers	CO ₂ e- intensity	Share of CO ₂ -emissions	Portfolio weight	Benchmark weight
	Florida Power & Light Company	3'449	4.38%	0.11%	0.26%
	Saudi Electricity Sukuk Programme Company	11'082	4.24%	0.06%	0.08%
	Duke Energy Corporation	2'754	3.92%	0.25%	0.29%

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



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 (%)
Alphabet Inc.	0.15%
Micron Technology, Inc.	0.12%
MidAmerican Energy Company	0.08%
Boston Properties Limited Partnership	0.07%
Ford Motor Company	0.06%
Avangrid, Inc.	0.05%
Walmart Inc.	0.05%
JPMorgan Chase & Co.	0.04%
General Motors Company	0.04%
Remaining green, social and sustainability bonds	0.52%
Total green, social and sustainability bonds	1.20%

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 - ESG laggards- out

The universe of securities is reduced by excluding securities that perform poorly in a peer comparison in terms of ESG criteria (laggard-out).



Climate - CO₂e reduction Index funds

The asset manager reduces the average CO₂e intensity of the investments in indexed Responsible portfolios by at least 20% compared to the benchmark index. In the case of portfolios with investments in government bonds or bonds from government-related issuers, this share is excluded from the stated target value (applicable to the portfolio and benchmark index). For this share, the asset manager aims to achieve a lower average CO₂e intensity of the investments compared to the benchmark index (without a defined minimum reduction). When calculating the average CO₂e intensities, the asset manager relies on data on CO₂e emissions in relation to revenue for companies and, for countries, in relation to gross domestic product.



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 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.

Disclaimer

This document is for information purposes. It does not constitute an offer or recommendation to acquire, hold or sell financial instruments or to purchase banking services, nor does it form the basis of any contract or obligation of any kind.

This document is intended for distribution in Switzerland and is not intended for investors in other countries.

The products and services described in this document are not available to US persons in accordance with the applicable regulations (especially Regulation S of the US Securities Act of 1933).

The document was prepared by Zürcher Kantonalbank with customary due diligence and may contain information from carefully selected third-party sources. However, Zürcher Kantonalbank does not provide any guarantee with regard to the correctness or completeness of the information the document contains and waives any liability for losses arising from its use.

Past performance and returns are no guarantee of positive investment performance or returns in the future. Every investment involves risks, especially fluctuations in value and income and possibly exchange rates. In terms of the sustainability information, please note that there is no generally accepted framework or list of factors in Switzerland that has to be considered in order to ensure the sustainability of investments.

The sole binding basis for purchasing Swisscanto funds is the current fund documents (e.g. fund agreements, prospectuses, key investor information or basic information sheets as well as annual reports), which can be obtained from www.swisscanto.com, Swisscanto Fund Management Company Ltd., Bahnhofstrasse 9, 8001 Zurich or from all branch offices of Zürcher Kantonalbank.

© Zürcher Kantonalbank. All rights reserved

Disclaimers requested by data providers:

Although Zürcher Kantonalbank's information providers, including without limitation, MSCI ESG Research Inc. and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.