

Sustainability- related disclosures on website

For financial products as referred to in Article 8 of Regulation (EU) 2019/2088

Swisscanto (LU) Money Market Fund Responsible EUR

Version: July 2024



Management Company:

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Summary

1. No sustainable investment objective	
This sub-fund promotes environmental or social characteristics, but does not have sustainable investment as its objective.	
2. Environmental or social characteristics of the financial product	
<input checked="" type="checkbox"/> Exclusion criteria	<input checked="" type="checkbox"/> ESG integration
<input checked="" type="checkbox"/> Reduction of CO ₂ e intensity	<input type="checkbox"/> Sustainable investments
3. Investment strategy	
<p>The fund classifies itself as a standard variable net asset value money market fund (VNAF money market fund invests 100% of its assets in money market instruments in accordance with the Money Market Fund Regulation, of which at least 80% is made in EUR. The weighted average duration may not be longer than six months, and the weighted average residual maturity may not be longer than 12 months.</p> <p>Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.</p>	
4. Proportion of investments	
<p>The Asset Management ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and/or social characteristics. The Asset Management restricts investments in other assets that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets.</p>	
5. Monitoring of environmental or social characteristics	
<p>The Asset Management uses a range of data points to measure the attainment of the environmental and social characteristics promoted. Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:</p>	
<input checked="" type="checkbox"/> Exclusion criteria	<input checked="" type="checkbox"/> ESG integration
<input checked="" type="checkbox"/> Reduction of CO ₂ e intensity	<input type="checkbox"/> Sustainable investments
6. Methodologies	
<p>The following methodologies are used for the sub-fund, and measure how the social or environmental characteristics promoted by the financial product are met; these are based on data from third-party providers as well as in-house analysis:</p>	
<input checked="" type="checkbox"/> Exclusion criteria	The Asset Management uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.
<input checked="" type="checkbox"/> Reduction of CO ₂ e intensity	The Asset Management's investment activity is focused on a continuous reduction in the CO ₂ e intensity of investments in accordance with the 2 degree target of the Paris Climate Agreement.
<input checked="" type="checkbox"/> ESG integration	The Asset Management integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision.
<input type="checkbox"/> Sustainable investments	The Asset Management also invests in the securities of companies and specific-purpose bonds which, based on its assessment, make a contribution to meeting sustainable objectives relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs").
7. Data sources and processing	
<p>The Asset Management uses data from the following providers MSCI-ESG, EDGAR, ISS ESG, World Bank, Bloomberg, IMF and SDG Transformation Center. It combines data from independent, third-party providers with proprietary qualitative and quantitative research in this process.</p>	

8. Limitations to methodologies and data

Limitations to methodologies and data, for example in relation to the use of estimate models or fundamental analysis, managing statistical outliers or the definition of system limits, exist in the following areas: in relation to the definition and application of exclusion criteria, implementation of ESG integration, reduction of CO_{2e} intensity and the evaluation of sustainable investments. The Asset Management does not currently incorporate any Scope 3 data. We review the data offering in this area on a regular basis, while the Asset Management incorporates Scope 3 data into the climate strategy (reduction of CO_{2e} intensity) as soon as quality meets the minimum standards.

9. Due diligence

Various procedures are used to ensure due diligence in relation to existing and potential investments, e.g. control procedures in asset management, risk management processes and regular reviews of external data providers.

10. Engagement policies

The engagement policies of the sub-fund cover the following areas:

Engagement

Exercise of voting rights

The Asset Management has commissioned an external engagement services provider to implement the engagement policies of the sub-fund.

11. Designated reference benchmark

No designated reference benchmark is used.

1. No sustainable investment objective

~~This sub-fund promotes environmental or social characteristics, but does not have sustainable investment as its objective.~~

2. Environmental or social characteristics of the financial product

The sub-fund has the following environmental and social characteristics:

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, and the reduction of CO₂ intensity.

3. Investment strategy

The fund classifies itself as a standard variable net asset value money market fund (VNAF money market fund invests 100% of its assets in money market instruments in accordance with the Money Market Fund Regulation, of which at least 80% is made in EUR. The weighted average duration may not be longer than six months, and the weighted average residual maturity may not be longer than 12 months.

Good governance is considered when analysing investments by verifying compliance with the following global standards: The UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGPR), and the International Labour Organization (ILO) Conventions.

In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Asset Management will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.

4. Proportion of investments

The Asset Management ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and/or social characteristics. The Asset Management restricts investments in other assets that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets. These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.

5. Monitoring of environmental or social characteristics

The Asset Management uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

5.1 Exclusion criteria

The Asset Management uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
 - Cluster bombs and munitions
 - Anti-personnel and landmines
 - Biological and chemical weapons
 - Nuclear weapons systems *

- Nuclear weapons material *
- Enriched uranium *
- Blinding laser weapons
- Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact **
- Exploitative Child labour
- Production of pornography
- Coal mining (ex metals production; > 5% of turnover) ***
- Coal reserves (excl. metals production) ***

Exclusions for government issuers are performed in accordance with SVVK-ASIR. At the current time, the following countries are excluded:

- Afghanistan
- Belarus
- Iran
- Libya
- Myanmar
- North Korea
- Russia
- Sudan
- South Sudan
- Syria
- Venezuela
- Zimbabwe

The Asset Management reserves the right to exclude additional countries for reasons of business policy.

- * Only in the case of proliferation contrary to the Non-Proliferation Treaty (NPT).
- ** In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Asset Management will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- *** Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

5.2 ESG integration

The Asset Management integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out by the Asset

Management using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

5.3 Reduction of CO₂e intensity

Additionally, the Asset Management's investment activity is focused on a continuous reduction in the CO₂e intensity of investments in accordance with the Paris Climate Agreement.

CO₂e intensity for companies is defined as CO₂e emissions in relation to turnover (tonnes of CO₂e per USD million of turnover), and for government bonds as CO₂e emissions in relation to economic value added (tonnes of CO₂e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO₂ equivalents – CO₂e). Data of independent third parties is used to calculate CO₂e intensity. The Asset Management uses this data to calculate the relevant CO₂e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

The CO₂e intensity of investments in regions, cities and municipalities is based on the value of the corresponding country. The emissions data for countries is taken from EDGAR (cf. 7 Data sources and processing) and comply with the United Nations Framework Convention on Climate Change (UNFCCC).

5.4 Continuous assessment

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Asset Management adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO₂e intensity, in accordance with the annual targets. The Asset Management ensures that the corresponding reference value is complied with on average over the year.

6. Methodologies

The following methodologies are used for the sub-fund, and measure how the social or environmental characteristics promoted by the financial product are met; these are based on data from third-party providers as well as in-house analysis:

6.1 Exclusion criteria

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Asset Management judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

6.2 ESG integration

As part of the investment process, the Asset Management follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund shall not exceed 20% of the weight of the portfolio.

ESG laggards are identified in the portfolio management system and the correct implementation is ensured by a stringent process.

The proprietary ESG score assesses the sustainable management of companies and governments. The assessment covers three areas: environment, society and governance. These three ESG dimensions are largely incorporated into the ESG score.

ESG score for companies

The company assessment includes numerous indicators with many sub-indicators and around 320 data points. The environment area (E) mainly determines whether a company has an environmental management system and whether it

measures and discloses its environmental footprint. The social area (S) focuses on working conditions, diversity, employee health management and an efficient stakeholder management system. The governance dimension (G) checks and assesses good governance procedures. These include the publication of sustainability reports, the organisation and independence of the management board and its compensation, shareholder rights and accounting standards.

ESG score for governments

The Asset Management's proprietary sustainability score for governments is based on an assessment of approximately 30 environment, social and governance (ESG) factors. The environment dimension mainly focuses on quantities for resource consumption and resource efficiency, such as water and waste, as well as climate change, mobility and biodiversity (nature conservation and agriculture). The social dimension assesses indicators on the living standard and health of the population as well as on equal rights. The governance dimension takes into account indicators on a country's international engagement, its approach to human rights and to safety and stability (e.g. civil rights and voting conduct).

6.3 Reduction of CO₂e intensity

The Asset Management's investment activity targets a continuous reduction in the greenhouse gas emissions (CO₂e) of investments as follows:

The Asset Management defines a guideline for the average CO₂e intensity of the sub-fund's assets on an annual basis. The Asset Management defines the respective guideline each year on the basis of the target value for the global reduction of CO₂e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO₂e intensity of the sub-fund's assets is calculated by discounting the CO₂e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Asset Management uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

The reference value for the average CO₂e intensity of the sub-fund's assets is stored and monitored in the portfolio management system. The sub-fund's average CO₂e intensity can be simulated pre-trade in the portfolio management system. The CO₂e intensity is calculated daily and disclosed to customers on a quarterly basis in the Asset Management's sustainability reports.

7. Data sources and processing

The Asset Management uses data from the following providers:

- **MSCI ESG:** Qualitative and quantitative environmental, social and governance data for companies and governments. Used for calculating the ESG and SDG scores and controversies for companies.
www.msci.com/esg-integration
- **Bloomberg:** Quantitative data for compliance with the ICMA-criteria and second party opinion provider. Used for green-, social- & sustainability scores.
www.bloomberg.com
- **The Emissions Database for Global Atmospheric Research (EDGAR):** CO₂e data for governments. Used for CO₂e reduction for governments. EDGAR is an EU Commission project which provides global past and present-day anthropogenic emissions of greenhouse gases and air pollutants by country.
[Emission Database for Global Atmospheric Research \(EDGAR\) — European Environment Agency \(europa.eu\)](http://Emission Database for Global Atmospheric Research (EDGAR) — European Environment Agency (europa.eu))
- **Worldbank:** Sustainability indicators used for the calculation of sovereign-ratings.
www.worldbank.org
- **ISS ESG:** CO₂e and controversy data for companies. Used for CO₂e reduction for companies.
[Climate Solutions – ISS \(issgovernance.com\)](http://Climate Solutions – ISS (issgovernance.com))
- **IMF:** Global GDP growth, used for CO₂e reduction.
www.imf.org
- **SDG Transformation Center:** Used for SDG scores for sovereign
sdgtransformationcenter.org

The data obtained by the aforementioned external data providers is fed into a proprietary portfolio management system. Before the data is released for production, systematic quality controls and plausibility checks are carried out. Estimates are made for company greenhouse gas data. Scope 1 & 2 data is around 90% data reported by companies to one of the external data providers, around 10% is estimated (basis: MSCI All Country World). Scope 3 data is currently not taken into account. In a further step, the raw data is aggregated according to specific methods, models and algorithms. More detailed information on these processes is provided in Chapter 8.

8. Limitations to methodologies and data

There are limitations to methodologies and data in the following areas:

8.1 Exclusion criteria

The Asset Management uses data from independent third-party providers for the exclusion criteria. This data is used to calculate a company's turnover from controversial business activities so that it can be compared with the total turnover. The data is determined using a combination of sector classifications, business descriptions and keyword searches in selected company documents. If this process reveals that the company has no involvement in controversial business activities, the company is deemed investible. If the company does not provide any information on this turnover area and it cannot be ascertained from other publicly available sources, the data provider submits a turnover estimate. These turnover estimates may differ from reality.

As the data provider relies on comparative figures from the relevant industry and other available information from the company, it is assumed that such estimates do not influence the fulfilment of the environmental or social characteristics of the fund.

8.2 ESG integration

Most ESG rating agencies collect data from public channels such as web pages, annual reports, etc. Primarily data which is publicly available and in English is collected. Whereas large companies employ teams that focus exclusively on ESG reporting, this is generally impossible for companies with smaller market capitalisations. As a result, the availability of data in different segments is not comparable, resulting in much lower ESG ratings in the field of Small Cap Emerging Markets than in the field of Large Cap Developed Markets. When determining ESG ratings and ESG laggards, this problem should be counteracted by comparing companies with a representative comparison group. A relative assessment within sectors, capitalisation groups and regional groups should ensure that companies are not given preferential treatment or disadvantaged due to static characteristics which are not relevant to ESG.

This approach is intended to ensure that there is no impairment of the ecological or social characteristics.

8.3 Reduction of CO₂e intensity

The basis for the database are the greenhouse gases regulated in the Kyoto Protocol. Scope 1 emissions come from emission sources within the observed system boundaries. Scope 2 emissions come from the generation of energy sourced from outside. Scope 3 emissions are any other emissions that are generated by the company's activity but not directly controlled.

As regards emissions data for companies, until now far too few Scope 3 emissions have been reported through a recognised standard (e.g. Carbon Disclosure Project). Most of the available data sets therefore stem from complex estimate models, which do not yet provide the required minimum quality for use in the climate strategy. As a result, only Scopes 1 and 2 are currently taken into account for companies. However, the Asset Management reviews the data offering in this area on a regular basis and will incorporate Scope 3 data into the climate strategy as soon as the quality meets the minimum standards. Nonetheless, Scope 3 considerations are already integrated into the investment process today in the form of fundamental analyses.

This does not affect the fulfilment of the environmental or social characteristics. If data that did not meet the minimum standards were used, there would be a risk of regular corrections being necessary, which could jeopardize the continuous fulfilment of the environmental or social characteristics.

Data providers also use estimate models for Scope 1 and Scope 2 emissions data for companies. These estimate models lead to statistical outliers, which are dealt with in an internal quality control. The maximum CO₂e intensity for companies whose data was estimated may not exceed the maximum reported value within a comparison group. Values above this maximum value will be overwritten with the maximum reported CO₂e intensity from the comparison group. Furthermore, data may be missing for a company. In such cases, the Asset Management uses the median of the comparison group's CO₂e intensity.

The use of data from a comparison group ensures that, despite the use of estimation models, the data availability and quality are high enough not to influence the fulfilment of the ecological or social characteristics.

9. Due diligence

The following procedures are used to ensure due diligence in relation to existing and potential investments:

9.1 Development of the sustainability policy

The ESG strategy team is responsible for developing the sustainability policy. Its responsibilities also include determining the operational implementation so that an investment can be classified as compliant with environmental or social characteristics within the proprietary portfolio management system.

This determination is based on the applicable legal regulations so that the legal framework is set for the existing and potential investments. This framework is checked regularly to ensure that it is up to date by the legal department and the compliance function.

9.2 Control process for asset management

This control procedure includes, inter alia, scenario analyses, daily pre- and post-trade transaction checks and monitoring compliance of investment guidelines with the portfolio management system, as well as daily performance checks, including checking individual positions for relative outliers. All portfolios are checked on a regular basis. This process involves identifying any deviations from the given strategy, scrutinising the reasons for this and intervening if necessary.

The decision-making bodies of the Asset Manager's sustainability policy (ESG committee, the Asset Manager's governing body) also take part in this process.

9.3 Risk management

Preventive risk management is carried out by the Management Company's risk management department in conjunction with the Asset Manager's risk management department. Risk management specialists formulate and implement the risk policy and the risk strategies for asset management. They identify, assess, measure and monitor the risks and are also responsible for the risk management function with respect to supervisory authorities and auditors.

9.4 Due diligence regarding external data providers

When selecting external data providers, the following key aspects are taken into account: data coverage, data quality assurance (data management and governance, data quality audits), process and/or business continuity management, IT/cybersecurity and test/inspection procedures for the software used. These topics are addressed on an annual basis with the external data providers. Special attention is paid to which changes have taken place since the previous reporting period and which specific improvement measures and/or adjustments have been taken.

10. Engagement policies

10.1 Engagement

The Asset Management actively encourages companies which which it conducts dialogue to define ambitious CO₂e reduction targets and to implement them consistently. It maintains continuous dialogue with the management of the larger invested companies and plays a proactive role via the UN's PRI Collaboration Platform as well as investor initiatives. Sustainable business practices are promoted which aim to protect the environment and the climate and to encourage biodiversity, fair working practices, discrimination-free work and the protection of human rights and which are aligned with international standards such as the UN's 17 Sustainable Development Goals (UN SDGs), the Science Based Targets Initiative (SBTI) and the UN Global Compact Principles. Furthermore, companies should consistently disclose their climate-related financial risks to investors, lenders, insurance providers and other stakeholders in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To supplement its own global and thematic engagement activities, and above all to commit to its strategy to reduce GHG emissions on a global scale, the Asset Management has commissioned Sustainalytics, an external engagement services provider.

The engagement guidelines are available at: www.zkb.ch

11. Designated reference benchmark

No designated reference benchmark is used.

Version History in accordance with Art. 12 of Regulation (EU) 2019/2088

January 2023	Entry into force of the commission delegated regulation (EU) 2022/1288
September 2023	General: Adjustment address management company Chapter 5: Clarification of exclusion criteria Chapter 7: Clarification of data source
May 2024	General: different optimizations Chapter 5: Clarification of exclusion criteria Chapter 6: Sustainable Investments & ESG Integration Chapter 7: Update on data providers and estimates
July 2024	Chapter 8: Additions to limitations on methods and data