

# Sustainability report

## Swisscanto (LU) Portfolio Fund Responsible Balance (EUR)

of 30.06.2025

### Benchmark

### Customized Benchmark

**Corporate portfolio weight** **64.1%**

**Sovereign portfolio weight** **35.9%**

### Sustainability Policy

In the implementation of the sustainability policy, a distinction is made between the two forms "Responsible" and "Sustainable." Depending on the form, the sustainability approaches listed below are applied. Further information on the sustainability policy can be found in the explanations.

#### Responsible

#### Sustainable

##### Stewardship



Voting /  
Engagement

##### Controversies



Exclusions  
Responsible

##### ESG



Systematic  
ESG  
integration

##### Climate



<2°C Paris  
Climate  
agreement

##### SDGs



SDG-aligned  
Investing

Notes:

- Light-coloured sustainability characteristics and approaches are not applicable to the assets in question.
- Exclusions in accordance with SVVK-ASIR (Swiss Association for Responsible Investments) are applied.

# Overview

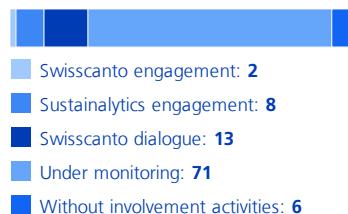
## Swisscanto Sustainability Rating



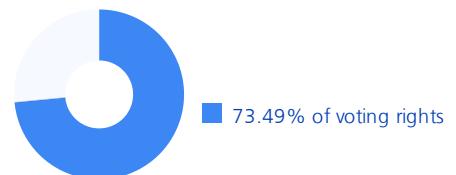
## Stewardship



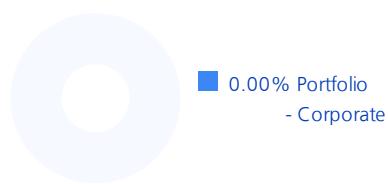
### Engagement, % of Corporate Portfolio



### Voting



## Controversies



## ESG



### Portfolio



### MSCI ESG Score



### Benchmark



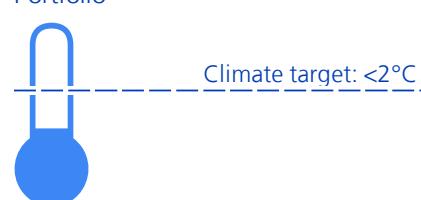
### MSCI ESG Score



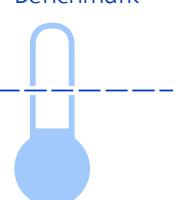
## Climate



### Portfolio



### Benchmark



## Sustainable Development Goals (SDGs)



## Engagement Report

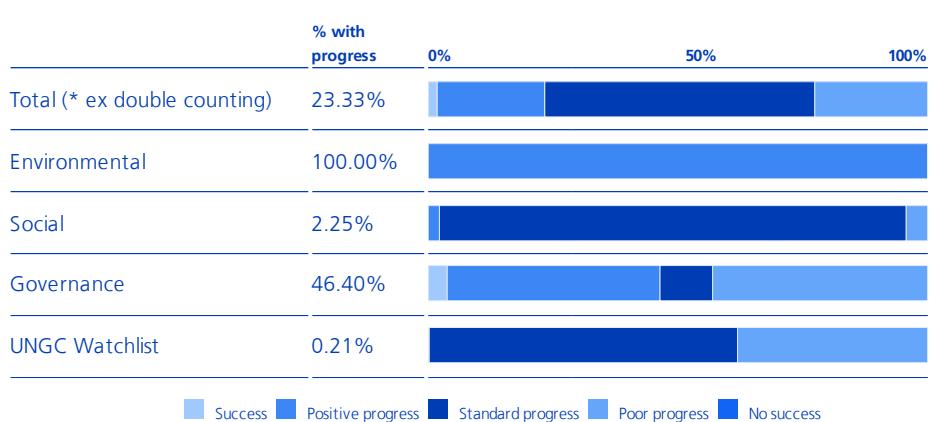
### Engagement overview

#### Portfolio

	% of Corporate portfolio	Number of issuers	Number of engagements
Total (* ex double counting)	10.12%	38	40
Environmental	0.02%	1	1
Social	5.26%	21	22
Governance	4.83%	16	17
UNGC watchlist	6.02%	21	21

### Engagement progress

#### Portfolio



### Largest positions under engagement

#### Portfolio

Issuer	Portfolio weight	Theme
Alphabet Inc.	0.66%	Business Ethics
Allianz SE	0.51%	Board - Environment/Climate Responsibility
Amazon.com, Inc.	0.48%	Labour Rights

\*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.

### Voting activity in the portfolio

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



288 Company

**Voting Rights** (AuM, in EUR million)



513 Company

**38.72%** of portfolio AuM is invested in equity investments with voting rights (EUR 124.7 M), where **73.49%** was voted (EUR 91.6 M).

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 «Responsible» product line

### Corporate

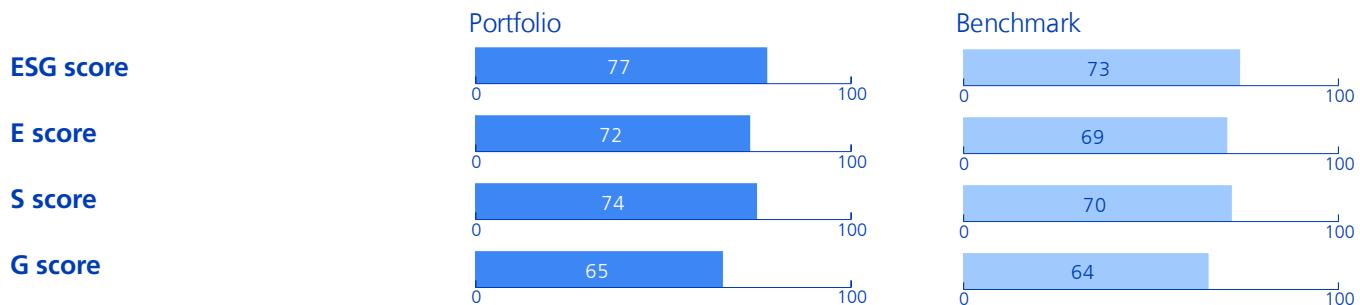
Criteria	Portfolio weight	Benchmark weight	Number of issuers in benchmark	Criteria	Portfolio weight	Benchmark weight	Number of issuers in benchmark
Coal reserves (ex. metal production)	0.00%	0.87%	53	Production of military hardware*	0.00%	1.63%	37
Extraction of coal*	0.00%	0.08%	26	Manufacture of weapons and ammunition	0.00%	0.67%	11
Climate change		Risk to society and health		Exploitative child labour	0.00%	0.26%	7
*>5% revenue				UN Global Compact violations	0.00%	0.21%	15
				Controversial weapons	0.00%	0.18%	8
				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

Issuer	Portfolio weight	Benchmark weight	Criteria
Airbus SE	0.00%	0.38%	Production of military hardware (>5% revenue), Manufacture of weapons and ammunition
Safran SA	0.00%	0.35%	Production of military hardware (>5% revenue)
Rheinmetall AG	0.00%	0.28%	Production of military hardware (>5% revenue)

## 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	ESG score previous year
Government of the United States of America	73	3.78%	77
Government of Italy	74	2.26%	75
Government of Japan	79	2.00%	80
Government of Spain	78	1.74%	81
Government of China	43	1.64%	47
Government of Germany	92	1.26%	94
NVIDIA Corporation	96	1.07%	97
Microsoft Corporation	80	0.90%	85
Government of Mexico	43	0.84%	47
SAP SE	99	0.84%	99

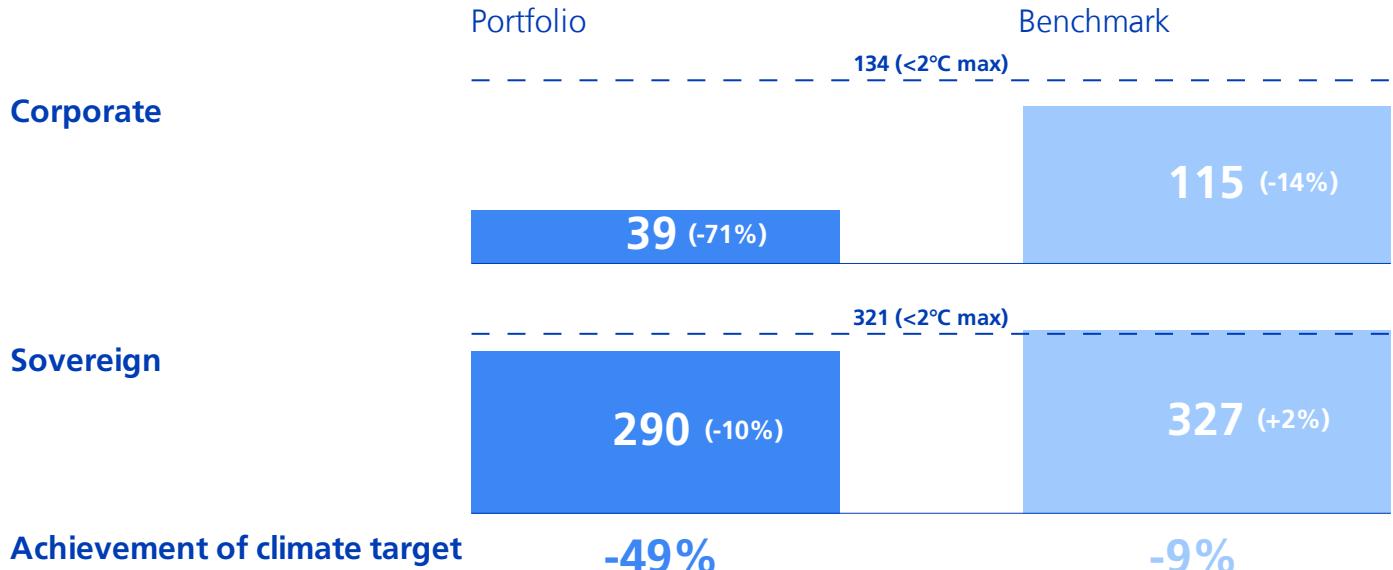
## ESG laggards

Portfolio weight	Benchmark weight	Number of issuers in portfolio	Number of issuers in benchmark
1.69%	4.80%	53	827

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.



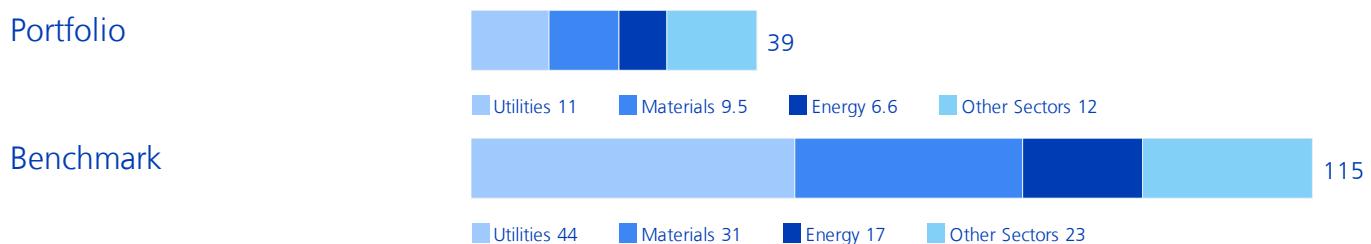
## Achievement of the <2 °C target



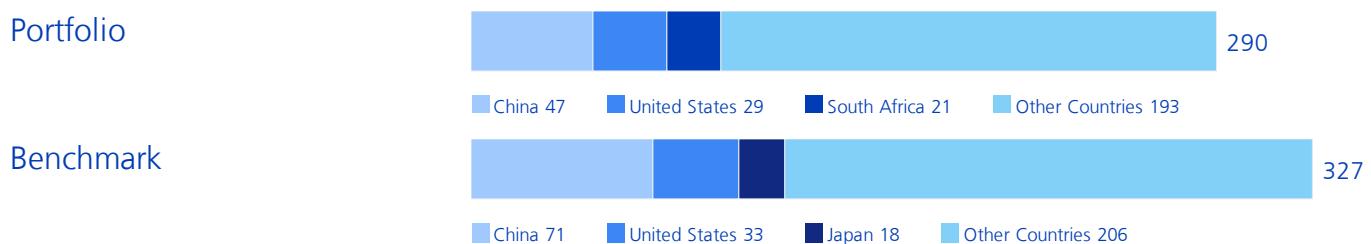
Corporate and sovereign CO<sub>2</sub>e intensity of the portfolio and the benchmark, and their relative deviation (in %) from the CO<sub>2</sub>e reduction path that is in line with the Paris Climate Agreement. If the weighted percentage deviation (corporate and sovereign) is below the target for "Achievement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

### Corporate by sector



### Sovereign and supranationals by country

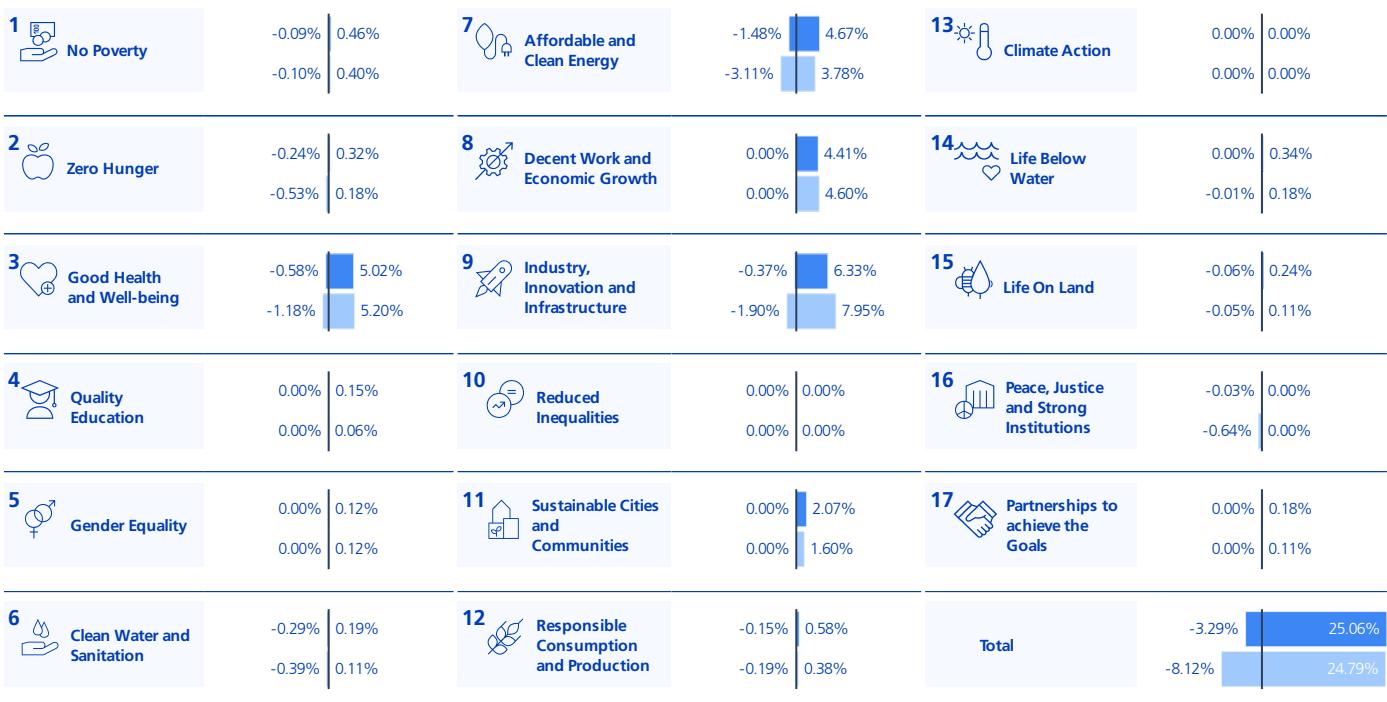


# Sustainable Development Goals (SDGs)

- for information only, sustainability approach is not applied



## 17 United Nations Sustainable Development Goals (SDGs)



■ Portfolio ■ Benchmark

Sales (in %) of issuers or investments in green, social and sustainability bond positions in the portfolio and the benchmark that contribute positively (right side) / negatively (left side) 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 positively/negatively to more than one goal, sales are allocated accordingly.

## Largest green, social and sustainability bond positions in the portfolio

Issuer	Positively affected SDG	Position weight (%)
Government of Italy	7, 11, 12, 15	0.83%
Government of Germany	2, 7, 11, 12, 14, 15	0.78%
Government of Chile	6, 7, 11, 14, 15	0.18%
Kuntarahoitus Oyj	7, 12	0.17%
Ile-de-France Mobilites	7, 11	0.17%
Government of European Union	3, 8, 9	0.14%
KfW	7, 15	0.13%
NatWest Group Plc	1, 8, 9	0.12%
ABN AMRO Bank N.V.	2, 7, 12, 14, 15	0.11%
Remaining green, social and sustainability bonds		2.92%
<b>Total green, social and sustainability bonds</b>		<b>5.55%</b>

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). Corporate investments are those where the underlying is a corporation. Sovereign investments are those where the underlying are sovereign entities, states, and agencies.

## Sustainability Policy

### Sustainability Aspects

In the implementation of the sustainability policy, two aspects are distinguished, each applying different sustainability approaches. The "Responsible" aspect typically includes the application of exclusion criteria, systematic ESG analysis as an integral part of the investment process, and a reduction in the CO<sub>2</sub>e intensity of investments. The "Sustainable" aspect typically includes, in addition to the aforementioned approaches, the application of even more extensive exclusions and focuses on SDG and ESG leaders. For the application of the sustainability approaches, see the following explanations.



### 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 2 million per shareholding. For Swiss shares, we vote across the board. 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<sub>2</sub>e intensity of the investments by at least 4% 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 - SDG-aligned Investing

This 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 (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](http://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<sub>2</sub>e 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 (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).

### **Corporate Engagement**

On the overview page of this report (page 2), the engagement activities with companies (and, where applicable, Swiss local authorities for fixed income instruments) in this portfolio are divided into five categories:

1. Swisscanto Engagement: Long-term discussions with primarily Swiss issuers by Swisscanto regarding specific ESG change objectives.
2. Sustainalytics Engagement: Long-term discussions with global issuers by our engagement service provider Sustainalytics regarding specific ESG change objectives or themes.
3. Swisscanto Dialogue: General discussions between Swisscanto and primarily Swiss issuers on ESG topics.
4. Under Monitoring: Swisscanto and/or Sustainalytics regularly monitor publications or media reports about controversial incidents or allegations against issuers.
5. No Engagement Activities: None of the above activities apply.

For investment funds, positions held directly or indirectly through Swisscanto funds are considered. For Swisscanto umbrella funds, a weighted average of the Swisscanto target funds is reported. All engagement data refers to activities during the 12-month period prior to the reporting date.

### **Share of controversies**

The application of exclusion criteria (based on the SVK-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.

## Data sources

### Asset Management uses data from the following providers:

- MSCI ESG: Qualitative and quantitative environmental, social and governance data for companies and states. Used to calculate companies' ESG and SDG scores and controversies. (<https://msci.com/esg-integration>)
- Bloomberg: Quantitative data on compliance with ICMA criteria & Second Party Opinion Provider. Used for green, social and sustainability bonds. (<https://bloomberg.com>)
- The Emissions Database for Global Atmospheric Research (EDGAR): CO<sub>2</sub>e data for states. Used for CO<sub>2</sub>e reductions at state level. EDGAR is an EU Commission project that collects data on global past and present anthropogenic emissions of greenhouse gases and air pollutants for countries. Emission Database for Global Atmospheric Research (EDGAR) — European Environment Agency (<https://europa.eu>)
- Worldbank: Sustainability indicators for calculating the state rating. (<https://worldbank.org>)
- ISS ESG: CO<sub>2</sub>e data and controversy data for companies. Used for CO<sub>2</sub>e reduction at company level. Climate Solutions - ISS (<https://issgovernance.com>)
- IMF: Global GDP growth for targeted reductions (<https://imf.org>)
- SDG Transformation Center: SDG scores for states (<https://sdgtransformationcenter.org>)

## Disclaimer

This document is for information purposes only and is intended for distribution in the countries of distribution of the Fund. It does not constitute an offer or a recommendation to acquire, hold or sell financial instruments or to purchase products or services, nor does it form the basis of any contract or obligation of any kind. The information in this document relates to a Swisscanto fund und Luxembourg law ("Swisscanto (LU) Fund"), which is only available in certain countries. Distribution of the fund may be suspended at any time. Investors will be informed of the deregistration in due time. It is an undertaking for collective investment in transferable securities (UCITS) in accordance with the Luxembourg law of 17 December 2010, which has been approved by the relevant supervisory authority. The sole binding basis for the purchase of Swisscanto (LU) funds are the current fund documents (e.g. contractual terms, sales prospectuses, basic information sheets (PRIIP KID) as well as annual reports), which can be obtained free of charge at [www.swisscanto.com](http://www.swisscanto.com) and in paper form in Luxembourg from Swisscanto Asset Management International S.A., 19, rue de Bitbourg, L-1273 Luxembourg. Information on sustainability-relevant aspects in accordance with the Disclosure Regulation (EU) 2019/2088 for Swisscanto funds under Luxembourg law («Swisscanto (LU) funds») can be found on the following website: <https://www.swisscanto.com/int/en/legal/sustainability-disclosures.html>.

The document was prepared by Swisscanto Asset Management International S.A. and Zürcher Kantonalbank as asset managers of the relevant investment funds with customary due diligence and may contain information from carefully selected third-party sources. However, Swisscanto Asset Management International S.A. and Zürcher Kantonalbank do not provide any guarantee with regard to the correctness or completeness of the information the document contains and waive 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. 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. The Prospectus and PRIIP KID should be read before investing. 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).

© Zürcher Kantonalbank. All rights reserved

### Disclaimers requested by data providers:

Although Zürcher Kantonalbank's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or 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.