

Sustainability- related disclosures on website

For financial products as referred to in Article 9 of Regulation (EU) 2019/2088

Swisscanto (LU) Bond Fund Sustainable Global Credit

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Management Company:

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Summary

1. No significant harm to the sustainable investment objective	
With this sub-fund, the adverse impacts on sustainability factors (principal adverse impacts) are also considered. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. In addition, any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: The UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organization (ILO) Conventions.	
2. Sustainable investment objective of the financial product	
The sustainable investment objective of this financial product is to invest a minimum quota of 80% in issuers, which, based on its proprietary assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). This contribution can be made in terms of products and services, sustainable business practices or sustainable value chains of companies. Countries qualify through an above-average sustainability rating.	
3. Investment strategy	
The fund invests at least 51% of its assets in fixed or variable-interest securities of non-governmental issuers worldwide, including those with low investment grade and non-investment grade ratings. Good governance is considered when analysing investments by verifying compliance with the following global standards: UNGC, UNGP and ILO.	
4. Proportion of investments	
The Asset Management invests at least 80% of the net assets of the sub-fund in sustainable investments in accordance with Article 2(17) SFDR. Thereof, a minimum of 30% in Environment and a minimum 30% in Social. The sum of the subfund's investments, which are aimed at an environmental and social objective, is always at least 80%.	
5. Monitoring of sustainable investment objective	
The Asset Management uses a range of data points to measure the attainment of its sustainable investment objectives. 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 sustainable investment objectives:	
<input checked="" type="checkbox"/> Sustainable investments in accordance with Article 9(2) SFDR	
6. Methodologies	
The sub-fund uses the following methods to select investments in order to achieve its sustainable investment objective, based on data from third-party providers and its own analyses:	
<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 1.5 degree target of the Paris Climate Agreement.
<input checked="" type="checkbox"/> Extensive Exclusion criteria	The Asset Management uses extensive 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"/> Sustainable investments in accordance with Article 2(17) SFDR	The Asset Management focuses on sustainable investments through investing in issuers, which, based on its proprietary assessment, make a contribution to sustainable objectives relating to one or more of the SDGs or equivalent sustainability objectives. This contribution can be made in terms of products and services, sustainable business practices or sustainable value chains of companies. Countries qualify through an aboveaverage sustainability rating. The specific-purpose bonds of companies, supranational entities and governments are assessed based on their contribution to sustainable objectives relating to one or more of the SDGs.
<input checked="" type="checkbox"/> Investments in SDG leaders	Securities from issuers that make a significant contribution to the SDGs with their products and services or specific-purpose bonds (known as 'SDG leaders') qualify as sustainable investments in accordance with Article 2(17) and for the sustainable investment universe.
<input checked="" type="checkbox"/> Investments in ESG leaders	Furthermore, securities are assessed on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. Securities that are assessed as

	above-average (referred to as ESG leaders) and which have optimized their processes in accordance with SDG 8 (decent work and economic growth) are also included in the investment universe and qualify as sustainable investments in accordance with Article 2(17). Additionally, countries qualify through an above-average sustainability rating as ESG leader.
<input checked="" type="checkbox"/> Investments in Theme Adopters	Companies that have optimized their value chain with regard to the circular economy and digital economy are also counted as sustainable investments in accordance with Article 2(17). Such companies are included as so-called Circular Economy or Digital Economy Adopters based on a fundamental analysis.
<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.
7. Data sources and processing	
The Asset Management uses data from the following providers: MSCI-ESG, EDGAR, ISS ESG, Bloomberg, World Bank, IMF, SDG Transformation Center. It combines data from independent, third-party providers with proprietary qualitative and quantitative research in this process.	
8. Limitations to methodologies and data	
Limitations to methodologies and data, e.g. 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 reduction of CO _{2e} intensity, definition and application of exclusion criteria, evaluation of the sustainable investments and implementation of ESG integration. 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:	
<input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> Exercise of voting rights
The Asset Management has commissioned an external engagement services provider to implement the engagement policies of the sub-fund.	
11. Attainment of the sustainable investment objective	
No designated reference benchmark is used.	

1. No significant harm to the sustainable investment objective

The indicators for adverse impacts on sustainability factors are taken into account as follows for sustainable investments: Issuers with a negative net contribution to the United Nation's Sustainable Development Goals (hereinafter the "SDGs") are removed from the investment universe of the financial product. The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts, hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Corporate issuers received a PAI score calculated on the basis of all corporate PAIs with the exception of PAI 7, 10, and 14. Issuers flagged as negatively affecting biodiversity-sensitive areas (PAI 7), violating the UNGC and/or OECD Guidelines (PAI 10), having exposure to controversial weapons (PAI 14), or having a carbon footprint above 8000 tonnes of CO₂e (Scope 1-3) per million USD enterprise value (PAI 2) receive a PAI score of zero. Instruments from issuers with a score < 5 are excluded from the investment universe and the portfolio by an appropriate deadline.

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: The UN Guiding Principles on Business and Human Rights (UNGP) and the International Labour Organization (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

2. Sustainable investment objective of the financial product

The sustainable investment objective of this financial product is to invest a minimum quota of 80% in issuers, which, based on its proprietary assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). This contribution can be made in terms of products and services, sustainable business practices or sustainable value chains of companies. Countries qualify through an above-average sustainability rating. The specific-purpose bonds of companies, supranational entities and governments are assessed based on their contribution to sustainable objectives relating to one or more of the SDGs. The issuers identified in this way are counted in full as sustainable investments.

3. Investment strategy

The fund invests at least 51% of its assets in fixed or variable-interest securities of non-governmental issuers worldwide, including those with low investment grade and non-investment grade ratings.

Good governance is considered when analysing investments by verifying compliance with the following global standards: UNGC, UNGP and ILO. Any breach of these standards results in the exclusion of the issuer from the financial product's universe of investee companies.

4. Proportion of investments

The Asset Management invests at least 80% of the net assets of the sub-fund in sustainable investments in accordance with Article 2(17) SFDR. Thereof, a minimum of 30% in Environment and a minimum 30% in Social. The sum of the subfund's

investments, which are aimed at an environmental and social objective, is always at least 80%.

5. Monitoring of sustainable investment objective

The Asset Management uses different data points to measure the attainment of its sustainable investment objectives. 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 sustainable investment objectives:

5.1 Sustainable Investments

The Asset Management focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives relating to one or more of the SDGs or equivalent sustainability objectives. This involves a qualitative and quantitative analysis of the products and services offered by companies that pursue sustainable business practices or sustainable value chains, as well as those offered by governments and special-purpose financing vehicles.

5.2 Continuous assessment

Investments that no longer comply with the characteristics described above are removed from the portfolio by an appropriate deadline.

The sub-fund does not use a reference benchmark to meet the described sustainable investment objectives.

6. Methodologies

The sub-fund uses the following methods to select investments in order to achieve its sustainable investment objective, based on data from third-party providers and its own analyses:

6.1 Sustainable investments

The Asset Management focuses on sustainable investments through investing in issuers, which, based on its proprietary assessment, make a contribution to sustainable objectives relating to one or more of the SDGs or equivalent sustainability objectives. This contribution can be made in terms of products and services, sustainable business practices or sustainable value chains of companies. Countries qualify through an above-average sustainability rating.

The specific-purpose bonds of companies, supranational entities and governments are assessed based on their contribution to sustainable objectives relating to one or more of the SDGs. The issuers identified in this way are counted in full as sustainable investments. The Asset management distinguishes between investments in SDG leaders, ESG leaders and Theme Adopters, and breaks down their contributions to environmental and social goals.

6.1.1 Investments in SDG leaders

Securities from issuers that make a significant contribution to the SDGs with their products and services or specific-purpose bonds (known as 'SDG leaders') qualify as sustainable investments in accordance with Article 2(17) and for the sustainable investment universe.

A significant contribution means net at least 40% of turnover from a sustainable solution with a positive contribution, or 20% of turnover from a sustainable solution with a strongly positive contribution. This results in an SDG score of ≥ 60 . In exceptional cases, an issuer may qualify as an SDG leader if it produces a key component of a sustainable solution, even if the 40% or 20% threshold is not met. Specific-purpose bonds also qualify as SDG leaders.

The resulting SDG scores are measured on a scale of 0 to 100, with 0 being the lowest and 100 the best. SDG leaders are companies with a score ≥ 60 . With each subsequent data update, a company remains an SDG leader if its SDG score is at least 55.

6.1.2 Investments in ESG leaders

Furthermore, securities are assessed on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. Securities that are assessed as above-average (referred to as ESG leaders) and which have optimized their processes in accordance with SDG 8 (decent work and economic growth) are also included in the investment universe and qualify as sustainable investments in accordance with Article 2(17). Additionally, countries qualify through an above-average sustainability rating as ESG leader.

Proprietary ESG scores calculated by the Asset Management for companies and governments are used as the basis for identifying ESG leaders. These are based on the data of independent third-party providers and calculated using proprietary criteria, algorithms and weightings. The Asset Management considers the relevance of ESG criteria with regards to sustainability risks and opportunities. The ESG scores calculated cover a scale of 0 to 100, whereby 0 is the lowest value, 50 the average, and 100 the best.

ESG leaders are companies with an ESG score ≥ 50 and governments with an ESG score ≥ 66.67 . In exceptional cases, ESG leaders may be defined on the basis of fundamental research even if their ESG score is under 50.

6.1.3 Investments in Theme Adopters

Companies that have optimized their value chain with regard to the circular economy and digital economy are also counted as sustainable investments in accordance with Article 2(17). Such companies are included as so-called Circular Economy or Digital Economy Adopters based on a fundamental analysis. Accordingly, from criteria such as Recycling rates, waste reduction, takeback initiatives, eco-design policies, disclosure of recycling content in products/packaging, a Circular Economy Adopters Score is determined. Companies with an above-average score qualify as Circular Economy Adopters. From criteria such as the area of operations and policy, the level of investment to promote the company's digital transformation of the company, the integration of a digital strategy into the company's entire business model, the degree

of process automation in customer and employee activities, a Digital Economy Adopters Score is determined. Companies with an above-average score qualify as Digital Economy Adopters.

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 (opportunities) 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 based on proprietary ESG scores. If an engagement on ESG issues is carried out with an ESG Laggard, this company is not counted as an ESG Laggard as long as the engagement is active. The duration of the engagement can typically extend over a period of 4 years. The ESG score is reviewed at least once a year for new circumstances and findings and adjusted if necessary.

The weighting of all positions in ESG laggards in the sub-fund is the same or lower than the weighting of all positions in ESG laggards in the sub-fund's benchmark.

6.3 Reduction of CO₂e intensity

The Asset Management's investment activity targets a continuous reduction in the CO₂e intensity of investments as follows. 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 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 7.5% 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 (7.5%) 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.

6.4 Exclusion criteria

The Portfolio Management uses exclusion criteria to identify an increased risk of harm to environmental and social values, or business activities that are considered high risk. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following activities correspond to the exclusions described in Delegated Regulation 2020/1818. The Asset Management has also determined other additional activities which result in the exclusion of companies from the investment universe:

- 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

- Production of military hardware
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- UN Global Compact violations
- Exploitative child labour
- Production of pornography
- Extraction of coal (ex metal production) *
- Operation of nuclear facilities *
- Uranium extraction
- Manufacture of nuclear reactors *
- Genetic engineering: human medicine
- Manufacture of tobacco and smokers' accessories
- Production of alcohol (> 5% revenue)
- Gambling (> 5% of revenue)
- Intensive livestock farming
- Coal reserves *
- Operation of fossil fuel power plants (> 5% revenue) *
- Exploitation of natural gas *
- Exploitation of oil *
- Conventional car manufacturers without a comprehensive transition strategy for using alternative, more climate-friendly drive systems *
- Aircraft production *
- Airlines *
- Cruise ship operators *
- Genetically modified organisms (GMO) in agriculture *
- Non-sustainable fishing and fish farming *
- Non-sustainable forestry *
- Non certified palm oil (<50% RSPO)

- 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

Further (additional) countries with:

- Low level of democracy and freedom (classified as "not free" in the Freedom in the World report published annually by Freedom House) **
- Use of the death penalty **
- Particularly high military budget (> 4% of gross domestic product, GDP) **

- Expansion of nuclear energy (total share >50%) **
- Corruption (corruption index < 35 according to the Corruption Perceptions Index (CPI) of Transparency International) **
- Nuclear Non-Proliferation Treaty not ratified **
- Paris Climate Agreement on climate change not ratified **
- Convention on Biological Diversity not ratified (CBD) **

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

* Green bonds and sustainable bonds do not require exclusion providing the limits of Delegated Regulation (EU) 2020/1818 apply directly to all assets at project level. 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.

** Green bonds and sustainable bonds do not require exclusion. For green, social 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. Social bonds are used to raise capital for specific activities to reduce or prevent negative impacts on society. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society.

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 methodology and data

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

8.1 Sustainable investments in accordance with Article 2(17) SFDR

Data on sustainable investments is collected on the basis of MSCI-ESG business segment turnover data. The data provider does not provide business segment turnover data for all issuers. The granularity of the turnover data may not be sufficient to link it with one or more SDGs. Missing business segment turnover data can be added later on the basis of publicly available data.

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 the sustainable investment objectives are not jeopardised.

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 jeopardise the achievement of the sustainable investment objectives. If data were used that did not meet the minimum standard, there would be a risk that they would have to be corrected regularly, which would jeopardise the continuous achievement of a sustainable investment objective.

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 peer group means that, despite the use of estimation models, the availability and quality of the data is high enough not to compromise the achievement of the sustainable investment objective.

8.4 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 the latter cannot be ascertained from other publicly available sources, the data provider submits a turnover estimate. These turnover estimates may diverge from reality. As the data provider relies on comparative figures for the relevant sector and other available information from the company, it is assumed that such estimates do not impair the achievement of the long-term investment objectives.

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 a sustainable investment 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 Management's sustainability policy (ESG committee, the Asset Management'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 Management'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. Attainment of the sustainable investment objective

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 of address of management company, various optimizations Chapter 1: Clarification of PAIs and regulation Chapter 5: Clarification of exclusion criteria, and additional country list Chapter 6: Clarification of reduction of CO2e intensity & sustainable investments Chapter 7: Clarification of data source
May 2024	General: different optimizations Chapter 5: Clarification of exclusion criteria Chapter 6: Sustainable Investments Chapter 7: Update on Data providers and estimates
July 2024	Chapter 8: Additions to limitations on methods and data
November 2024	Chapter 1: Clarification no significant harm to the sustainable investment objective Chapter 5: Clarification of exclusion criteria
August 2025	Chapter 1: Adjustments on Quote of Sustainable Investments Chapter 4: Adjustments on Quote of Sustainable Investments Chapter 5: Adjustment on Definition of Sustainable Investments Chapter 6: Introduction of Engagement to ESG-Laggards, "Buffer-Rule" for ESG leader and SDG leader