

Regulation on Environmental, Social and Governance (ESG) Criteria

1. Introduction

The investment strategy of the Schindler Pension Fund is geared to long-term, risk-compliant capital growth. In addition to the financial aspects, the strategy considers environmental, social and governance factors (ESG criteria). Responsible investing is an integral part of risk management. With this in mind, investments are evaluated as far as possible in terms of their sustainability.

The Pension Fund takes a holistic approach that factors in all ESG criteria. Where the environment is concerned, further attention is paid to the carbon intensity of investments, and the associated risks to the climate.

The Regulation on Environmental, Social and Governance (ESG) Criteria enters into effect as of January 1, 2022.

2. Sustainability frameworks used

Equities and bonds (individual and fund-based investments)

The Pension Fund bases its ESG requirements for listed securities (equities and bonds) on the Sustainable Investment Framework of its global custodian, Credit Suisse. This in turn is based on data supplied by MSCI. It is broken down as follows:

- a) Controversies
- b) Exclusions
- c) Best in class

Indirect real estate investments

Real estate investment funds and real estate foundations may be evaluated in accordance with GRESB or similar, via the global custodian.

Own real estate

The Pension Fund's own real estate holdings are not assessed according to ESG criteria. New construction projects must satisfy the Minergie standard as a minimum.

Alternative investments

In the case of alternative investments, which are made primarily in Private Equity and Infrastructure, the fund managers are assessed rather than the individual funds. The investment process applied by these fund managers is evaluated in accordance with the UN Principles for Responsible Investment (UN PRI).

3. Listed equities and bonds

Portfolio managers apply their own ESG guidelines in connection with their investments for the Pension Fund. Additionally, they are urged to use ESG-compliant funds where this makes sense. Furthermore, no investments may be made in securities on the exclusion list issued by the Swiss Association for Responsible Investments, SVVK-ASIR.

The ESG credentials of listed equities and bonds, both direct and fund-based investments, are assessed once a year in accordance with the Credit Suisse Sustainable Investment Framework. Investments that do not fulfil the predetermined CS criteria are evaluated within the Investment Committee, which makes the

decisions on what further steps to take with these investments. Funds and investments that CS does not deem to be ESG-transparent do not have to be sold.

4. Indirect real estate investments

The investment funds and foundations assessed in accordance with GRESB (for example) must be rated at least A to be classified by the Pension Fund as sustainable. Unrated investment funds and foundations may still be purchased, but these funds must be able to prove that they plan demonstrably to reduce the carbon footprint of their portfolio, in particular, over the next few years.

5. Own real estate

Assessments of projects and options for action take the entire life cycle of a property into account. Where possible and financially feasible, the following points must be reviewed and factored into every major renovation in order to reduce the building's consumption of CO₂.

- Reduction of thermal heat and heating energy consumption
- Reduction of energy required for hot water
- Reduction of electricity consumption
- Increase in the proportion of renewable energies used.

Own real estate that meets the Minergie standard as a minimum is classified by the Pension Fund as sustainable.

The Investment Committee reviews once a year whether or not the above points have been implemented.

6. Alternative investments

Managers of new funds in the alternative segment (Private Equity, Infrastructure, Alternative Bonds, International Real Estate) must be rated at least A in accordance with the UN Principles for Responsible Investment. Funds offered by such managers are classified by the Pension Fund as sustainable.

7. Reporting to the Board of Trustees

Credit Suisse assesses the ESG credentials of the portfolio as a whole once a year. The Management of the Pension Fund supplements the CS report with its own estimates and evaluations (own real estate and alternative investments). The Board of Trustees is briefed on the findings as part of the reporting cycle.

8. Information for beneficiaries

Beneficiaries of the Pension Fund are notified periodically of ESG assessments.

The Board of Trustees of the Schindler Pension Fund adopted this ESG Regulation unanimously at its meeting of November 24, 2021.