



Tellico pk

Climate and Sustainability Report 2024

ALIGNED WITH THE LATEST VERSION OF THE ASIP ESG REPORTING STANDARD

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Dear Policyholders



Peter Hofmann

Chairman of the Board of Trustees,
Tellco pk

Our primary goal is to fulfill our pension promises to all insured persons in the long term. A far-sighted and responsible view of the future is essential for this, which is why we attach great importance to the sustainable management of our assets.

We see it as part of our fiduciary duty to consider not only financial aspects when selecting and monitoring our assets, but also the impact on the environment, social issues and corporate governance (so-called ESG criteria). New legal requirements such as the Climate and Innovation Act and the revised CO₂ Act set ambitious climate targets and call for climate neutrality by 2050. In addition, the Swiss Climate Scores, as an industry-wide standard, ensure uniform transparency in the assessment of the climate compatibility of financial investments. The Federal Council supports this development through its Energy Strategy 2050 and is calling for greater integration of climate risks in the financial sector. These and other relevant regulations form a clear framework for our sustainability strategy and shape our responsible actions.

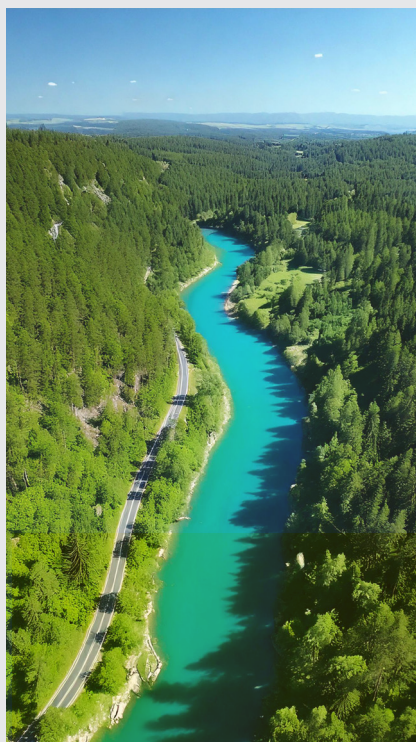
In line with these developments, we systematically take ESG criteria into account in our investment strategy and focus specifically on sustainable investments in order to create long-term value.

We also attach great importance to continuously monitoring and reporting on the ESG performance of our investments. This enables us to review the achievement of our sustainability goals, minimize risks and provide transparency to our stakeholders.

With this in mind, we are pleased to present our Climate and Sustainability Report 2024, which is based on the recommendations of the ASIP ESG Reporting Standard Version 1.1.



Peter Hofmann



Our Principles

ESG criteria are systematically taken into account as part of the investment process and risk management when managing pension assets. We have laid down this principle in the investment guidelines.

We are committed to our responsibility for society and the environment and support the Federal Council's sustainability goals as part of the Energy Strategy 2050, which we supplement with further ESG

goals. The board of Tellco pk assumes central responsibility for the integration of ESG criteria into the investment strategy and the implementation of the sustainability goals.



**SUSTAINABILITY AT
TELLCO PK**

INVESTMENT GUIDELINES



Overview of Key Figures

TRANSPARENCY

Transparency rate I (Coverage rate):
67%

Transparency rate II:
see individual key figures

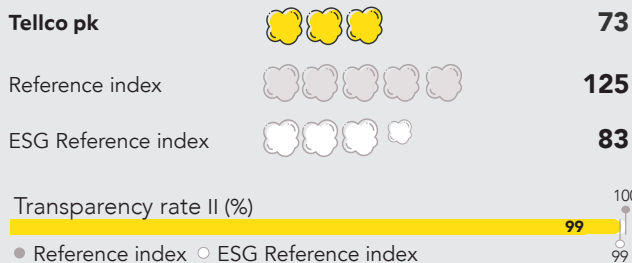
STEWARDSHIP

	Switzerland	Abroad
Voting rate of our asset managers	100%	83%
Approval rate of our asset managers	76%	87%

CLIMATE: EQUITIES AND CORPORATE BONDS (LISTED)

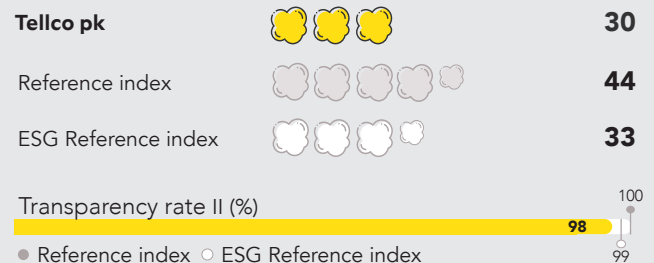
GREENHOUSE GAS – INTENSITY

Scope 1 and 2: 73 tCO₂e per CHF million revenue



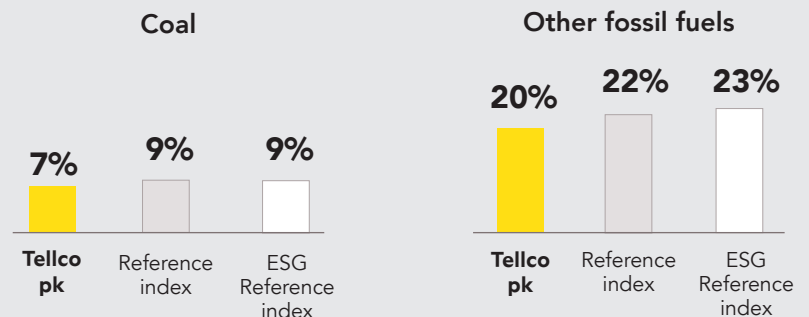
GREENHOUSE GAS – FOOTPRINT

Scope 1 and 2: 30 tCO₂e per CHF million invested capital



EXPOSURE TO FOSSIL FUELS

Calculated with a threshold of 0% of revenues and taking into account the total enterprise value in the portfolio.



CLIMATE: GOVERNMENT BONDS

GREENHOUSE GAS – INTENSITY

Scope 1 (Production approach): 125 tCO₂e per CHF million GDP



CLIMATE: REAL ESTATE SWITZERLAND



Energy-Intensity

98 kWh per m² energy reference area



CO₂-Intensity

20 kg CO₂ per m² energy reference area (Scope 1 and 2)



Energy Mix

23% renewable energy
77% conventional energy

Sustainable Investment Approaches

In 2024, Tellco pk invested exclusively in collective investments, mainly managed by Tellco Bank Ltd, partly by other asset managers. The funds managed by Tellco Bank Ltd were launched in accordance with Tellco pk. The following investment approaches relate to the Tellco Classic funds.

ESG Integration

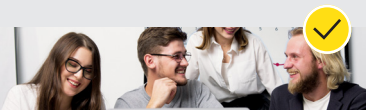
We are strongly committed to the integration of environmental, social and governance (ESG) as a cornerstone of our investment strategy. We carefully examine potential investments through an ESG lens, emphasizing ethical alignment and long-term sustainability.

ESG criteria are also integrated into our risk management structure and are applied across all asset classes.

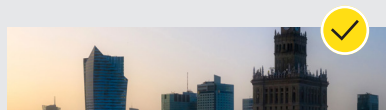
Thematic Investments

With the equity fund "Sustainable Heritage Fonds" launched by Tellco Bank Ltd, we invest specifically in companies that are active in the development and distribution of established and progressive technologies and business models for a sustainable future. As part of our infrastructure investments, we also focus on projects in the area of social infrastructure (retirement homes, schools, etc.).

Best-in Class approach/Positive Screening



Society



Governance



Climate

The best-in-class approach applied is based on a positive screening process in which only companies with sustainable value creation and an MSCI ESG rating of at least BBB are considered for equity and bond investments. The assessment is based on weighted ESG criteria in the areas of environment, social and corporate governance as well as an analysis of controversies.

Exclusions

We exclude various companies, sectors or activities from our equity and bond investment universe based on predefined criteria. We regularly check our portfolio for compliance with these exclusion criteria and request confirmation of this from our asset managers at regular intervals.

EXCLUSION CRITERIA



Negative Screening

We refrain from investing in companies that generate more than 10% of their revenue from coal production.



Norm-Based Screening

We follow the exclusion list of the Swiss Association for Responsible Investments (SVK-ASIR). The SVK-ASIR uses laws, ordinances and international agreements and

conventions as a basis for defining objective and recognized ESG criteria.

Sustainable Infrastructure Investments by Tellico pk

In addition to the asset classes covered by the ASIP ESG reporting standard, Tellico pk pursues a consistent sustainability strategy, particularly in the area of alternative investments. The goal of investing CHF 400 million in sustainable infrastructure projects in Switzerland and Europe - primarily in the area of decarbonization - was already set in 2019. As at June 30, 2024, over CHF 135 million had been invested in over 100 projects. This is being done in collaboration with nine institutional partners. In addition to the energy transition, Tellico pk also supports social sustainability goals.

EXTERNAL PARTNERS & ESG COMMITMENT

Tellico pk's investment strategy relies on external partners with progressive ESG practices:

- All of the nine partners in the infrastructure sector have a formal ESG strategy
- All of the nine partners have signed the UNPRI or are involved in climate-relevant organizations
- Eight of the nine partners are implementing active measures to reduce greenhouse gases

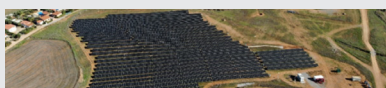
EXPOSURE & SUSTAINABILITY FOCUS

The geographical distribution of impact investments in infrastructure is concentrated in Switzerland (30%) and surrounding countries (55%), with a smaller share in North America (15%). Over 60% of investments flow into projects for "affordable and clean energy". Further investments are made in the areas of healthcare (retirement homes) and sustainable infrastructure (transportation, digital networking).

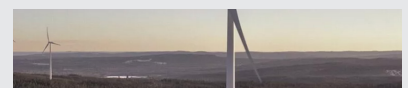
FLAGSHIP PROJECTS



Oase Group
Retirement living, Switzerland



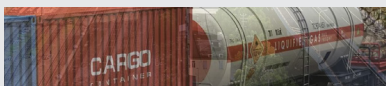
N-Sun-Energy
Solar, Spain



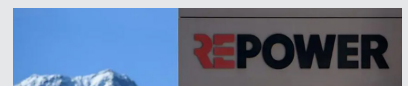
Green Force II
Wind energy, Sweden



MW Storage
Battery storage, Switzerland



Cargo Roll/InRoll
Freight wagon transport,
Switzerland



Repower
Hydropower, Switzerland

The following examples illustrate the impact of investments in clean energy and social infrastructure:

- Swedish wind farm: electricity supply for 44'000 households, annual CO₂ reduction of 8'000 tons
- Development, construction and operation of photovoltaic systems in Spain: total exported/produced energy of 4'588 megawatt hours
- Social commitment: partnership with the Oase Group for age-appropriate living with over 265 apartments for senior citizens and 214 care places

Stewardship

In the 2024 financial year, Tellco pk invested exclusively in collective investments, which are mainly managed by Tellco Bank Ltd and partly by other asset managers. The exercise of voting rights and engagement activities of these asset managers are therefore listed in the following sections.

The collective investments in our portfolio managed by Tellco Bank Ltd were set up in accordance with the specifications of Tellco pk. Their voting rights policy is formulated in accordance with the principles of Tellco pk.



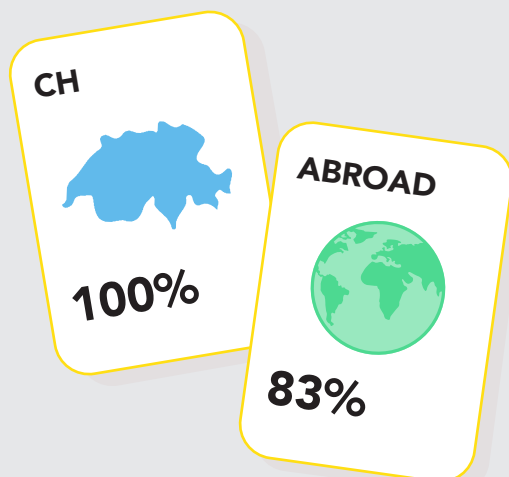
Exercising Voting Rights

At this point, we would like to disclose the voting rate in relation to our investments and create transparency about how many companies were voted on by our asset managers. We would also like to provide information on voting behavior by showing the number of approvals.

VOTING RATE

Percentage of companies for which voting rights are exercised

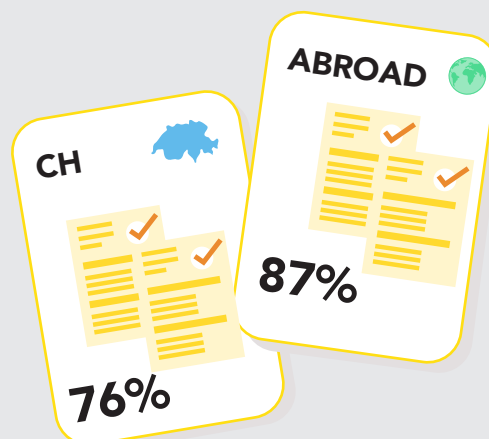
Measured in terms of invested equity capital



APPROVAL RATE

Percentage of approval of the proposals of the board of directors

Measured in terms of invested equity capital



Voting Rights Policy

Details of the voting policy and voting behavior of some of our asset managers are disclosed in the following documents:



Equities Switzerland

Tellco Bank Ltd votes its investments in Swiss equities in accordance with the ISS Climate Proxy Voting Guidelines. These guidelines take into account climate-related risks and opportunities in corporate decisions and focus on responsible governance. They are based on international standards such as TCFD and aim to encourage companies to reduce greenhouse gas

emissions and implement a clear climate strategy.

<https://www.issgovernance.com/file/policy/active/specialty/Climate-International-Voting-Guidelines.pdf>

Equities World

[BlackRock Investment Stewardship: Global Principles for Benchmark Policies](#)

[BlackRock Investment Stewardship: Climate and Decarbonization Stewardship Guidelines](#)

[BlackRock 2024 Global Voting Spotlight](#)

Engagement

Some of our asset managers are signatories to the United Nations Principles of Responsible Investments (UNPRI) and are therefore obliged to engage actively with investee companies in addition to exercising their voting rights. Engagement means that investors actively enter into dialog with the companies in which they invest in order to encourage them to act more sustainably.

EXAMPLE: ENGAGEMENT TOPICS OF ONE ASSET MANAGER



BLACKROCKS ENGAGEMENT PRIORITIES

BlackRock describes the main topics of its engagement activities in the document "Engagement Priorities".

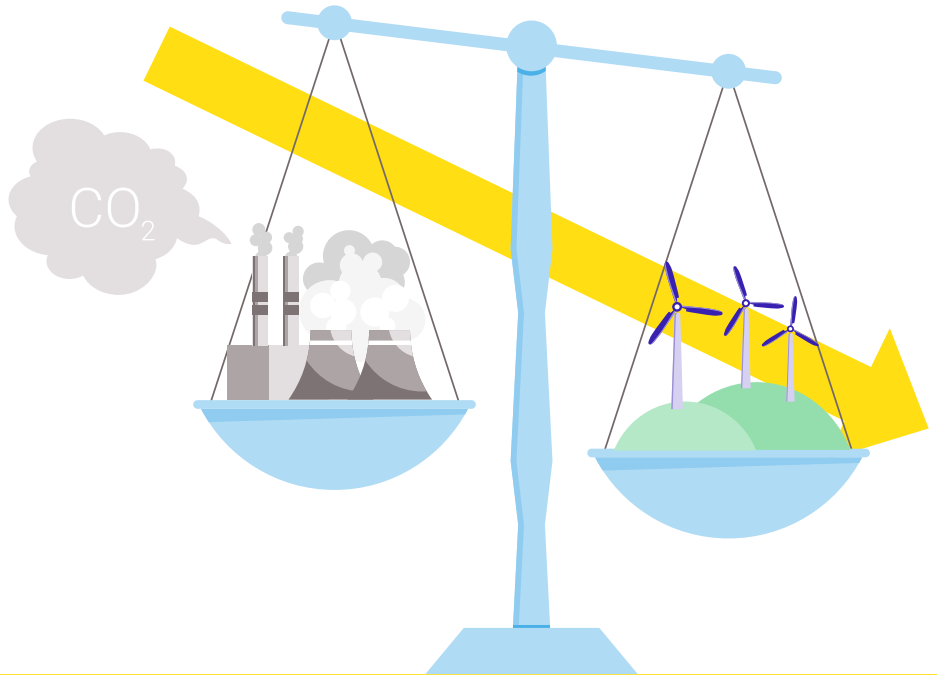


Climate Data

In the following sections, we would like to explain our decarbonization approach and show the most important climate-related key figures in relation to our various asset classes.

Our Contribution to the Transition to Net Zero

The decarbonization approach is our strategy for reducing greenhouse gas emissions with the aim of pursuing a CO₂ reduction path that ultimately leads to "net zero" emissions.



We design our investment and business activities in such a way that they actively contribute to the achievement of global climate targets. The measurement and reduction of CO₂ emissions play a central role in this and are integrated into our investment policy:

- In the context of our equity and bond investments, at least 80% respectively 70% of the companies or issuers invested in must be considered sustainable using the exclusion and positive screening approach. We classify those with at least an average or above-average ESG rating (at least MSCI ESG rating BBB) as sustainable, taking controversies into account. The ESG rating evaluates, among other things, the measures taken by the issuer to reduce greenhouse gas emissions and support net zero targets.
- We strive for a sustainable energy mix in our real estate investments. Technologies such as photovoltaics, geothermal probes and heat pumps contribute to the sustainable energy mix in our facilities, both in new buildings and when optimizing existing ones. We aim to double the output of our own photovoltaic systems by 2025.
- We are also actively pursuing a decarbonization strategy with our sustainable infrastructure investments. Over CHF 150 million has already been committed to projects in the areas of photovoltaic systems, wind farms, hydropower, rail transportation, etc.

Minimum requirements regarding sustainability ratings for equity and bond issuers

Goal of doubling the number of photovoltaic installations at our real estate facilities

Active decarbonization approach in the context of sustainable infrastructure investments

Equities and Corporate Bonds (listed)

Greenhouse gas emissions and exposure to fossil fuels for our equities and corporate bonds are aggregated below.

These asset classes generate a total of 73 tonnes of carbon dioxide equivalents (CO₂e) per one million revenue (intensity) or 30 tonnes per one million invested capital (footprint), whereby the direct (so-called scope 1) and indirect (so-called scope 2) emissions were used.

The term carbon dioxide equivalents is used here to describe various gases that contribute to the greenhouse

effect such as carbon dioxide (CO₂), in a standardised unit of measurement. This helps to better compare their effects on global warming.

The disclosure of exposure to fossil fuels also enables the gradual phasing out of coal and other fossil fuels to be tracked.

GREENHOUSE GAS – INTENSITY

Scope 1 and 2: 73 tCO₂e per CHF million revenue

Telco pk



73

Reference index



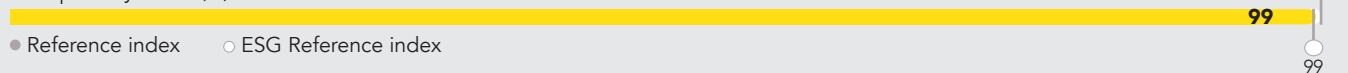
125

ESG Reference index



83

Transparency rate II (%)



GREENHOUSE GAS – FOOTPRINT

Scope 1 and 2: 30 tCO₂e per CHF million invested capital

Telco pk



30

Reference index



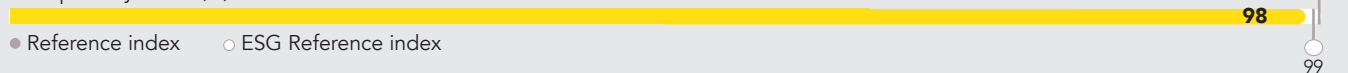
44

ESG Reference index



33

Transparency rate II (%)

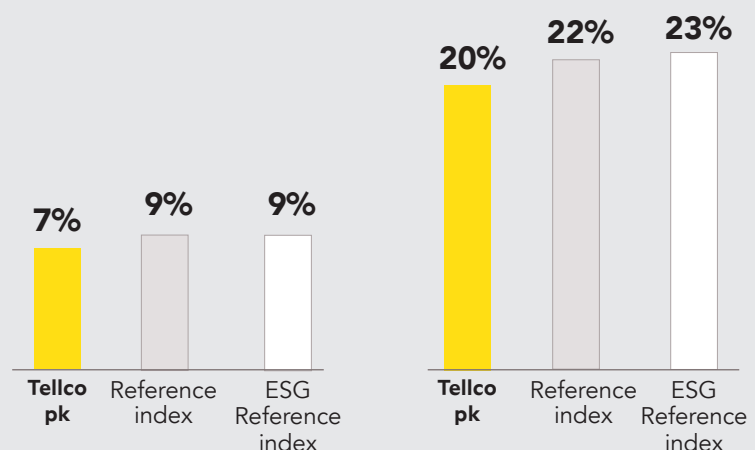


EXPOSURE TO FOSSIL FUELS

Exposure is calculated by checking whether a company directly or indirectly (e.g. through financing) generates revenue from activities in the coal or other fossil fuels sector. A threshold of 0% of revenue applies, i.e. all corresponding revenue counts. For companies classified as exposed, the total enterprise value in the portfolio is taken into account.

Coal

Other fossil fuels



Real Estate in Switzerland

23% of our properties in Switzerland use renewable energy. In total 98 kWh of energy per square metre of energy reference area is required (energy requirement or intensity).

The calculation of the key figures is based on the methodological principles of the Real Estate Investment Data Association (REIDA), which aims to improve the transparency and comparability of data in the real estate market.

ENERGY MIX

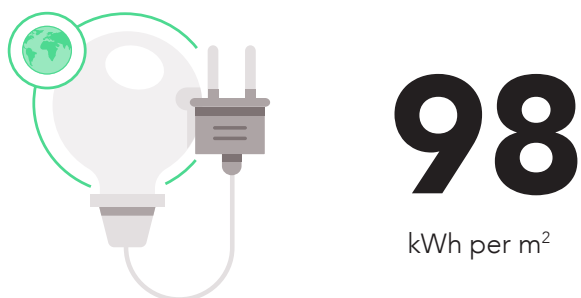
RENEWABLE ENERGY



CONVENTIONAL ENERGY

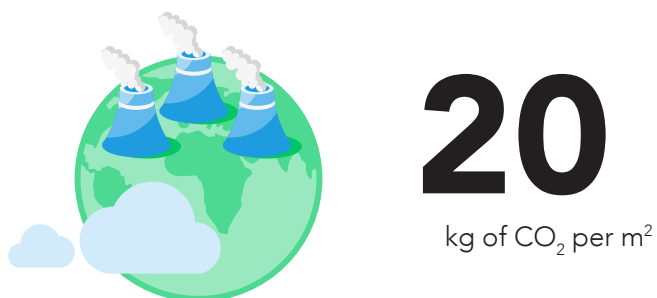


ENERGY INTENSITY PER M² ENERGY REFERENCE AREA



CO₂ INTENSITY PER M² ENERGY REFERENCE AREA

Scope 1 and 2



The transparency rate of our real estate investments is 70%, as commercial tenants are not obliged to report their key figures.

Transparency

Coverage and Availability of Key Figures

The data basis for ESG key figures is generally not yet fully developed. Therefore, we would like to disclose below the portion of our assets for which ESG key figures were available when this report was prepared.

We follow the basic profile of the ASIP ESG Reporting Standard Version 1.1, which recommends reporting ESG key figures for listed equities, corporate bonds and Swiss real estate. In addition, we also include government bonds in our report in order to create

additional transparency beyond the basic profile. ESG data availability is currently insufficient for other asset classes such as infrastructure, hedge funds, private equity and private debt, which is why these asset classes are not covered.

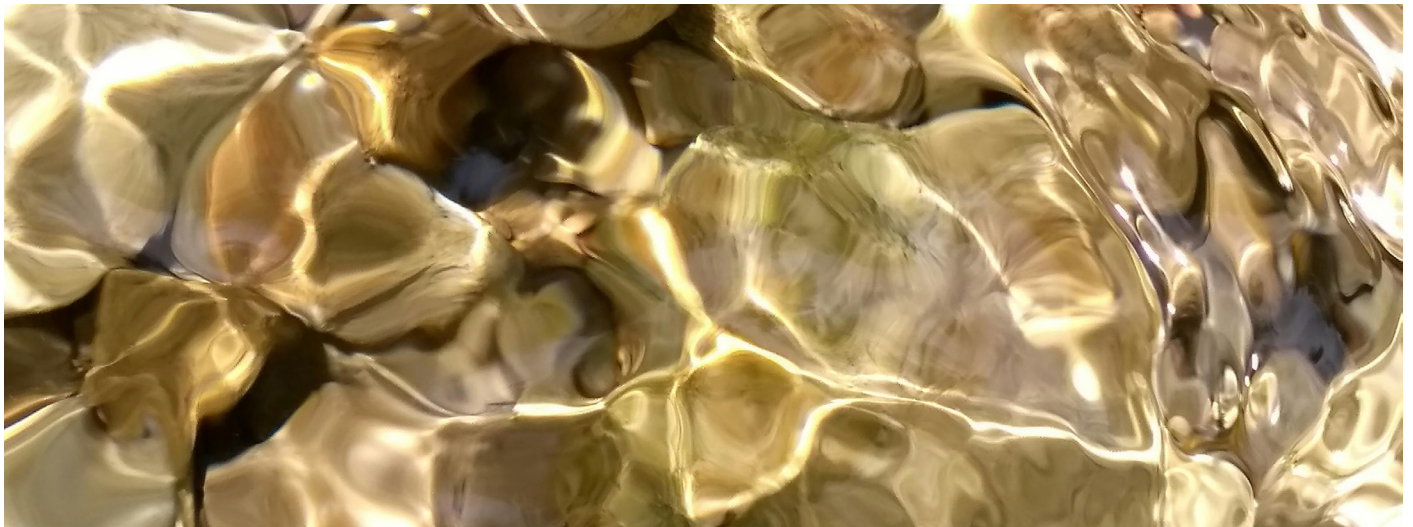
Transparency rate I (coverage rate) indicates which part of the total assets is covered by this sustainability report and amounts to 67%.

Transparency rate I

67%

Transparency rate II refers to key figures (e.g. greenhouse gas intensity) reported for each asset class covered (e.g. government bonds). It indicates which portion of the assets has corresponding data available for calculating the key figures.

Transparency rate II is shown separately for each key figure and is available on page 3 and pages 9-11.



Sources of Data

ESG data and key figures are obtained from various data sources, including from asset managers, global custodians and specialised ESG data providers. Climate figures for equities, corporate and government bonds, including the transparency rate for these investments, were obtained from Clarity AI.

We are continuously working to improve the transparency and integration of ESG metrics across our portfolio and to develop further data sources. In doing so, we attach

great importance to the reliability and timeliness of the information.

The ESG key figures provided are based on the available data universe. This report may contain key figures that were not calculated at the end of the reporting period.

Memberships

Tellco pk is not a direct member of any financial market or asset owner initiatives or organizations. However, in the context of our collective investments, we attach great importance to the fact that the fund companies we use participate in relevant initiatives. For example, the asset manager BlackRock is a member of the following organizations:



UN Principles for Responsible Investment (PRI)

The six principles of the UN PRI are intended to support the integration of environmental, social and governance (ESG) aspects into investment decisions.

<https://www.unpri.org/>



Climate Action 100+

An investor initiative that brings together over 700 institutional investors to encourage the largest greenhouse gas emitters to reduce their emissions.

<https://www.climateaction100.org/>



Net Zero Asset Managers Initiative

The Net Zero Asset Managers Initiative commits asset managers to align their portfolios with net zero emissions by 2050.

<https://www.netzeroassetmanagers.org/>



Sustainability Accounting Standards Board (SASB)

SASB creates industry-specific standards for the disclosure of material sustainability information for investors.

<https://sasb.ifrs.org/>



International Financial Reporting Standards

Accounting standards, which since 2023 also include sustainability standards in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

www.ifrs.org



Development

REVIEW

Tellco pk has taken significant steps to implement its sustainability strategy in recent years. It has been pursuing sustainable investment approaches since 2013, including investments in social infrastructure and the application of the SVVK exclusion criteria. The infrastructure impact strategy was later developed with a focus on the

decarbonization of Europe.

In 2023, Tellco pk launched its ESG project, which made a significant contribution to the further development of the sustainability strategy. Key measures were implemented in 2024, including:

- | | | |
|--|---|---|
| ✓ Integration of a sustainability article in the investment guidelines | ✓ Exercise of voting rights for Swiss equities in accordance with the Climate Policy (Tellco Classic funds) | ✓ Revision of the prospectus of the Tellco Classic funds |
| ✓ Introduction of ESG benchmarks for equities and bonds | ✓ Measuring the impact of sustainable investments | ✓ Definition of a mission statement for Energy Strategy 2050 with exclusion of coal |
| ✓ Implementation of the ESG strategy in the portfolios | ✓ Introduction of sustainable ESG funds | ✓ Start of the commitment and reduction path for CO ₂ -intensive investments |

With these measures, Tellco pk has further consolidated its sustainability strategy and integrated it into its investment strategy in a structured manner.

OUTLOOK

From 2025, Tellco pk will continue to develop its sustainability strategy. The focus will be on the following measures:

- Deepening the engagement and reduction path to further promote a sustainable transformation of the portfolios
- Continuous implementation of the defined ESG strategy to achieve long-term sustainability goals
- Further development of impact measurement to verify the effectiveness of sustainable investments
- Adaptation of the sustainability strategy to regulatory developments, particularly in the area of climate protection and ESG investments

With these steps, Tellco pk is continuing its strategic orientation and actively contributing to a more sustainable financial sector.



Glossar

Best-in Class/Positive Screening

Approach in which the ESG characteristics of a company are compared with those of its competitors. A threshold value is defined, which must be exceeded in order to be considered sustainable within the peer group.

Climate Alignment

Climate alignment means that a company or organisation organises its activities in such a way that it contributes to climate protection. This can be achieved through various measures, e.g. through the reduction of CO₂ emissions, the use of renewable energies or investing in climate-friendly technologies.

Collective Investments

Collective investments are financial instruments that pool money from multiple investors into a single fund, which is then managed and invested collectively by an investment manager.

CO₂

CO₂ is the chemical formula for the molecule consisting of carbon and oxygen carbon dioxide, also known as carbon dioxide. It is one of the most important greenhouse gases. Through combustion of coal, oil or natural gas in industry or heating, an excessive amount of carbon dioxide is released, which contributes to global warming.

CO₂e

CO₂e stands for CO₂ equivalents or carbon dioxide equivalents. This is a unit of measurement for standardising the climate impact of the various greenhouse gases.

CO₂ Intensity

Describes the amount of CO₂ released per unit of a certain activity or output. This unit can vary and typically includes measures such as tonnes of CO₂ per million CHF revenue (for companies), tonnes of CO₂ per million CHF gross domestic product (for countries) or kilograms CO₂ per square metre of energy reference area or rentable area (for real estate). In a portfolio, the CO₂ intensity is calculated as a weighted average and indicates the extent to which a portfolio is exposed to CO₂-intensive companies, countries, properties, etc. Although the term CO₂ intensity refers specifically to CO₂, it is often used synonymously for greenhouse gas intensity, which includes all greenhouse gases. In this case, it refers to CO₂ equivalents.

CO₂ Reduction Path

Planned development of CO₂ reduction over time up to a defined final value.

Decarbonisation

Switching from fossil fuels to carbon-free and renewable energy sources.

Energy Intensity

Energy intensity can be understood as the energy demand of a property and is a measure of how much energy is required.

Energy Mix

The energy mix describes the composition of the energy sources that a property uses to generate energy. The energy mix can consist of various sources, such as fossil fuels (e.g. coal, oil, gas), renewable energies (e.g. solar, wind, hydropower, biomass) and nuclear energy.

Engagement

Maintaining dialogue with companies in order to influence their sustainability principles. The aim of this dialogue is to improve the ESG performance of a company in which investments are done.

ESG

ESG stands for environmental, social and governance (responsible corporate management). These criteria are used by investors to assess the social, ecological and ethical impact of investments in companies and countries.

ESG Integration

In addition to financial key figures, ESG factors are also taken into account in the investment process. This means that the environmental impact, social commitment and the corporate governance of a company are also assessed.

Exclusion/Negative Screening

Exclusion of companies, countries or issuers from the investment universe due to activities that are not compatible with the values of the investor or violate global ESG standards. Exclusion criteria may relate to product categories (e.g. weapons, tobacco), activities (e.g. animal testing) or business practices (e.g. human rights violations, corruption).

Greenhouse Gases

Greenhouse gases (GHG) such as carbon dioxide (CO₂), methane (CH₄) or nitrous oxide (N₂O) are trace gases that contribute to the earth's greenhouse effect. They absorb part of the heat radiation emitted by the planet's surface which would otherwise be emitted directly into space, and thus climate. The greenhouse effect, which is intensified by human activity leads to excessive global warming of the climate.

Greenhouse Gas Footprint

Total greenhouse gas emissions caused by a country, a company or a product. In an investment portfolio the footprint is calculated as the weighted average tonnes of CO₂ equivalents per million CHF. It describes the amount of annual greenhouse gas emissions attributed to the investor per million CHF invested.

Greenhouse Gas Intensity

Describes the amount of greenhouse gases released per unit of a certain activity or output. This unit can vary and typically includes measures such as tonnes of CO₂ equivalents per million CHF of revenue (for companies), kilograms of CO₂ equivalents per square metre of energy or rentable area (for real estate) or tonnes of CO₂ equivalents per million CHF gross domestic product (for countries). In an investment portfolio, the greenhouse gas intensity is calculated as a weighted average and indicates the extent to which a portfolio is exposed to greenhouse gas-intensive companies, countries, real estate, etc. The intensity is sometimes used as a synonym for CO₂ intensity, where the intensity in terms of CO₂ equivalents is meant.

Impact Investing

Investments that, in addition to a financial return, have a measurable, positive social or ecological impact.

Net Zero

A state in which the amount of greenhouse gases emitted by human activities is balanced by the amount that is removed from the atmosphere.

Reference Index / ESG Reference Index

A reference index measures the performance of a particular asset class or a specific market. Reference indices are used to assess the performance of a portfolio. The reference index used in this report was constructed based on the neutral investment allocation of Tellco pk and represents a conventional, non-ESG-focused index. The ESG reference index is a user-defined benchmark index that was composed taking ESG criteria into account.

Scope 1 emissions

Direct emissions from sources that the issuer owns or controls, for example emissions from company

vehicles.

Scope 2 Emissions

Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company.

Scope 3 Emissions

Indirect emissions from sources that the issuer does not own or control, but which indirectly influence the issuer's supply chain. This includes, for example, emissions from employees who drive to work or the emissions caused by the transport of goods purchased for production.

Stewardship/Active Ownership

Stewardship is the responsible allocation, management and oversight of capital in order to create long-term value for beneficiaries.

Thematic Investments

Thematic investments are investments which are made in companies and funds that deal with specific sustainability issues. Examples of this are topics in the field of technology, renewable energies, electromobility or even long-term growth themes such as recycling.

Transparency Rate I (Coverage Rate)

Percentage share of total investments measured by the investment value, which according to the recommendations for the basic requirement profile of the ASIP ESG Reporting standard is covered by this report. This percentage includes investments in government bonds, listed equities, corporate and convertible bonds as well as real estate in Switzerland. Not covered by the report are investments in private equity, infrastructure or other asset classes for which the availability of ESG data is still insufficient.

Transparency Rate II

Percentage of investments measured by the investment value for which ESG key figures are available. The transparency rate relates exclusively to the investments covered by this report according to the recommendations for the basic requirement profile of the ASIP ESG Reporting Standard (i.e. government bonds, listed shares, corporate and convertible bonds and real estate in Switzerland).

