

# Our Investment Stewardship Activities

Edition for Germany, Austria, Liechtenstein, Italy and Luxembourg

As a global investor with a strong Swiss heritage, Swisscanto Invest ("Swisscanto") recognizes that environmental, social, and corporate governance (ESG) factors can present material risks to portfolio investments as well as opportunities for better risk-adjusted returns.

## Our fiduciary duty and societal responsibility

Responsible and sustainability investing is our conviction and forms an integral element of Swisscanto's overall strategy. We are convinced that integrating ESG factors leads to better-informed investment decisions and generates value for investors, and as a result for society at large. Depending on the category of the portfolio, our ESG investing commitment may comprise any or all of the following:

- **Investment stewardship**, i.e. being an active investor to promote best-practice ESG through proxy voting and engagement
- **ESG integration**, i.e. minimizing ESG risks
- **Controversies**, i.e. exclusion criteria
- **Reduction of greenhouse gas emissions** and/or
- **Driving positive impact** across our portfolios (i.e. exploiting ESG opportunities).

Capital is allocated responsibly, sustainably and in a climate-friendly way with a focus on generating returns. Our investment stewardship activities complement our ESG-integrated investment focus and Swisscanto's sustainability strategy.

## Our investment stewardship activities

Through our investment stewardship, we seek to promote sustainable business practices while fostering compliance within renowned international principles and widely accepted ESG best-practice standards. This includes promoting compliant practices, check-and-balance principles, adequate pay-for-performance, environmental protection and climate change stewardship, supporting biodiversity, fair labour practices, non-discriminatory work, and the protection of human rights and other best-practice ESG topics. Our investment stewardship comprises the following active ownership elements:

- With proxy voting, we actively and responsibly cast our votes according to our sustainable oriented mindset and strategy.
- By engaging actively with issuers, we promote best-practice ESG standards and convey our climate change message and strategy.

## Proxy voting

Proxy voting is performed for our investment funds<sup>1</sup> that are invested in listed direct equity investments. We follow a sustainability-oriented proxy voting policy which is annually updated with our external proxy

voting provider, ISS. Within proxy voting we support ESG-related resolutions to complement our engagement goals. Our proxy voting guideline and voting behaviour are disclosed at [swisscanto.com/voting](https://www.swisscanto.com/voting).

## Engagement

Engagement is primarily driven and led by our bottom-up fundamental capabilities, mostly equity related but comprising also fixed income, as it drives both perspectives and benefits issuers overall irrespective of their listed securities. Our engagement activities<sup>2</sup> are based on the following three main pillars:

- **Direct dialogue with Swiss issuers:** Our focus is to create visibility among companies as an active investor by promoting best-practice ESG in the interest of our investors and to leverage our home base expertise.
- **Collaborative engagements:** The focus is to promote best-practice ESG in entire industries and to achieve environmental and/or social goals (i.e. 17 UN SDGs). These collaborative engagements are mostly driven by the UN PRI platform, but opportunistic direct interactions with companies by Swisscanto alone or selectively with other investors also take place. In addition, we support various ESG initiatives such as ClimateAction100+, TCFD, Climate Bond Initiative et al.
- **Global & Thematic engagements:** The focus is to promote best-practice ESG standards and our climate strategy on a global scale in our investors' interest. In addition, we focus within the thematic engagements on climate change and cleantech. Swisscanto has mandated Sustainalytics to leverage existing resources and to convey our key sustainability messages globally. Depending on relevance and materiality, Swisscanto also participates in these corporate dialogues.

## Engagement on climate not only mitigates risks ...

Swisscanto recognizes that the diverse impacts of climate change pose significant economic and business risks. Following the Paris Agreement, there is a strong societal and political willingness to curb greenhouse gas emissions to avoid average global warming of more than 2 degrees Celsius compared to pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees as companies and governments increasingly commit to a net zero ambition by 2050. We therefore actively engage with

<sup>1</sup> Includes investment fund assets of Swisscanto Asset Management International SA.

<sup>2</sup> Includes investment fund assets of Swisscanto Asset Management International SA where asset management is carried out by Swisscanto.

companies on climate change and ask them to define an ambitious carbon reduction strategy, establish accountability in boards and related ESG KPIs in the compensation schemes.

### ... but also supports our investment decisions

Climate change is currently among the top issues for Swisscanto, which faces the risk of asset loss in a low-carbon future (stranded assets) and seeks to better understand how various potential scenarios could affect, in the short, medium and long term, the relevant business models in terms of sustainability and investment performance.

### About Swisscanto

Proven specialists develop high-quality investment and pension solutions for private investors, companies and institutions under the «Swisscanto Invest» brand. Swisscanto Invest is known for its vanguard role in sustainable investments, and its funds regularly achieve national and international recognition.

### Your contacts

Enquiries should be emailed to:

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For all matters relating to engagement; primarily issuers/ companies who want to engage with us.
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