

# Active Ownership Report

**Investment Stewardship –**

**Reporting Period Q4 2022 – Q3 2023**

**Edition for Germany, Italy, Liechtenstein,  
Luxembourg and Austria**

A brand of



**swisscanto**

# Contents

<b>Foreword</b>	<b>3</b>
<b>Purpose of this report</b>	<b>4</b>
<b>1 Investment stewardship</b>	<b>5</b>
<b>2 Recent highlights and developments in investment stewardship</b>	<b>6</b>
<b>3 Proxy voting</b>	<b>8</b>
3.1 Approach	8
3.2 Founder and family friendly policy	8
3.3 Support for sustainability resolutions	8
3.4 Proxy voting activities and charts	9
3.5 Case studies	12
<b>4 Engagement strategy</b>	<b>15</b>
4.1 Engagement approach	16
4.2 Direct dialogue	17
4.2.1 Direct dialogue activities and charts	17
4.2.2 Case studies – Swisscanto	17
4.3 Global standards engagement	19
4.3.1 Selecting companies for engagement	19
4.3.2 Global standards engagement activities and charts	20
4.4 Thematic engagement	21
4.4.1 Core focus areas: Environmental	22
4.4.2 Other focus areas: Mainly Social	22
4.4.3 Thematic engagement activities and charts	23
4.5 Case studies – Sustainalytics	26
4.6 Collaborative engagements	29
<b>5 Outlook</b>	<b>30</b>
<b>6 Appendix</b>	<b>31</b>
6.1 Direct engagements	31
6.2 Current global standards engagements	36
6.3 Current thematic engagements	39
6.4 Recent collaborative engagements	42
6.5 Recent memberships	43
<b>Your contacts</b>	<b>44</b>
<b>About us</b>	<b>44</b>

# Foreword

Our understanding of sustainability is based on the holistic approach of ESG integration (Environmental, Social and Governance) and investment stewardship. The integration of ESG criteria into our investment process as a third dimension alongside risk and return enables us to take a holistic view of the opportunities and risks of our investment decisions. To safeguard the risk-return profile of our investments and to promote best-practice ESG standards among issuers globally, investment stewardship is an integral element in our investment process. We provide our clients with comprehensive and transparent information on ESG criteria and their impact on the portfolio.

Against a background of major structural change, we want to protect our investors by optimally managing assets entrusted to us with regard to new or emerging risks and opportunities. Our climate strategy is therefore consistently focused on dialogue and capital allocation. We are a signatory of “The Net Zero Asset Managers” initiative and have committed ourselves within our sustainable product line to align our investments with the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to well below 2°C.

Finally, our efforts to understand the risks and opportunities related to biodiversity and the circular economy continue to increase. With a close link to climate change and likely significant impacts on society and the economy, these topics will become increasingly important for investors in the future. Accordingly, we are increasing engagement with companies to ensure appropriate risk management, disclosure of relevant data, and evolution of business practices and business models to align with sustainable development principles.

For more details about our sustainability strategy and efforts in general and across our asset management capabilities, please consult our brochure «Sustainability is our conviction»<sup>1</sup>.

Iwan Deplazes  
Head Asset Management

Dr René Nicolodi  
Deputy Head Asset Management

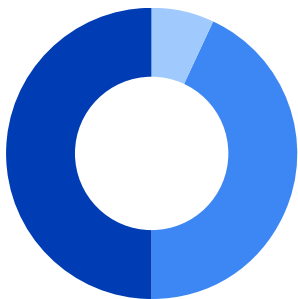
<sup>1</sup> [swisscanto.com/int/en/sustainability/sustainable-investment-funds.html](https://www.swisscanto.com/int/en/sustainability/sustainable-investment-funds.html)

# Purpose of this report

This report describes the investment stewardship activities and priorities during the period of Q4 2022 to Q3 2023. It also gives an outlook of the current and future stewardship priorities. Investment stewardship is essentially risk management for the triple-impact bottom line (risk, return and sustainability). By duly and responsibly exercising voting rights and keeping up our engagement efforts with issuers, we, or the respective fund management company, strive to mitigate the risk that business models and industries are not adapting to best-practice ESG standards, which ultimately may have implications for our capital allocation. We are issuing this report to transparently provide detail on our investment stewardship activities for our responsible, sustainable and traditional product lines and all asset classes, except for our (direct) real estate and private markets investments whereas proxy voting is done only for Swisscanto collective investment schemes under the lead of the fund management company.

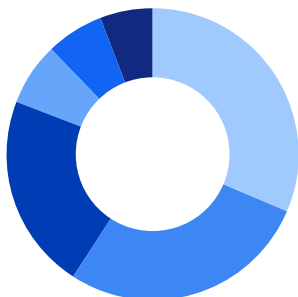
The following sections give an overview about our Assets Under Management of Swisscanto Funds (under Swiss and Luxembourg law), Swisscanto Investment Foundations and discretionary mandates (from CHF 5 million) and related distribution per asset class as per end of September 2023. The stewardship efforts focus mainly on issuers of equity and fixed income instruments:

## Product Lines



	bn CHF	%
Sustainable	16.3	7
Responsible	100.3	43
Traditional	118.5	50

## Asset Classes



	bn CHF	Total	Active	Passive
		<b>234.7</b>	<b>17.5</b>	<b>117.2</b>
Fixed Income	74.2		40.9	33.3
Equity	65.2		15.5	49.7
Multi-Asset	50.6		33.1	17.5
Real Estate	16.5		14.1	2.4
Alternative Solutions	14.6		0.3	14.3
Overlay Solutions (only)	13.6		13.6	0.0

Source: Asset Management of Zürcher Kantonalbank, Assets under Management incl. double counting (fund of fund and Swisscanto investment foundations), as of September 30, 2023

# 1 Investment stewardship

Through our investment stewardship, we seek to promote sustainable business practices while fostering compliance with renowned international principles and widely accepted ESG best-practice standards. In general, this includes promoting compliant practices, checks-and-balances 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 relevant best-practice ESG topics. Our investment stewardship comprises the following active ownership elements:

- With proxy voting, **Swisscanto Fund Management Company Ltd.** and **Swisscanto Asset Management International S.A.** (both hereinafter “**Swisscanto**”) actively and responsibly cast their votes according to a sustainable oriented mindset and strategy.
- By engaging actively with issuers, we promote best-practice ESG standards and convey our climate change message and strategy.

Overall, the investment stewardship activities are based on **three pillars**:

## Engagement

Proprietary guiding principles for engagement: promotion of best-practice ESG standards and climate message via direct dialogue through us and engagement partner “Sustainalytics”.

## Proxy Voting

Proprietary principle-based sustainability voting policy promoting best-practice ESG and climate-related resolution by actively exercising voting rights.

## Capital allocation

Strong and proprietary investment philosophies with a focus on sustainable and responsible investing (across the active Products in traditional asset classes): sustainable and climate-friendly capital allocation with a focus on return generation.

The **three pillars above have strong interactions with each other** as shown by the following **illustrative example** with our general instruments to implement our climate strategy with issuers:



Source: Asset Management of Zürcher Kantonalbank

More information about our sustainability strategy can be found here:  
[swisscanto.com/int/en/sustainability/sustainable-investment-funds.html](https://swisscanto.com/int/en/sustainability/sustainable-investment-funds.html)

## 2 Recent highlights and developments in investment stewardship

More than ever, the consideration of ESG issues and criteria is becoming increasingly important in our stewardship activities. While corporate governance issues still dominate at annual general meetings (AGMs), the focus of our engagement discussions is shifting clearly also on the dimensions E (Environment) and S (Social). Those shareholder resolutions at AGMs are at centre of our proxy voting in the USA, while Europe is still catching up and seeing an increased number of shareholder resolutions driven by environmental and social considerations.

### **Climate change currently in focus**

In the context of our engagement dialogue, climate change is the prominent element for us and for issuers globally. We ask companies to explain to us how they intend to shape and achieve their ambitious greenhouse gas emissions (“GHG”) reduction targets. We are particularly interested in the medium-term targets and the accountability of responsibilities in this regard at management level as well as on the board of directors and in management compensation plans. There is still room for improvement, particularly with the last two elements. Transparent reporting on ESG objectives and activities is also addressed. In addition, we sense that issuer’s interaction with ESG data providers shows potential for improvement in many cases.

### **Accountability for Sustainability**

While certain issuers have already implemented a dedicated sustainability committee on their board of directors, certain other issuers are opting to make the entire board or just the chairperson accountable for sustainability matters. We see it as beneficial that accountability in terms of sustainability is clearly defined at board, and first and foremost, at management level. A transition to a more sustainable economy also means a change in business models with varying degrees of scope, relevance, and materiality.

### **Digitalisation/technology expertise on the board of directors**

Besides accountability in terms of sustainability at board level, we are witnessing a growing number of initiatives to bolster the technological expertise of boards and management teams. Primarily during the pandemic, most corporates sought to strengthen their supply chain and digitalise the entire business process to make them more resilient in times of crises. We welcome these initiatives and actively encourage companies to adopt a more strategic mindset when it comes to sourcing, optimising business processes and digitalising, which is ultimately the key to secure the long-term value generation of firms and reaching a net-zero society by 2050<sup>2</sup>.

### **Sustainability and diversification of sourcing within the supply chains**

Companies generate significant GHG emissions outside their own sphere of activity – known as Scope 3 emissions. In general, the Scope 3 data and related quality is still in an early stage and so far, mainly a model. Few companies have started to report their Scope 3 emissions. We are therefore committed to ensuring that companies also identify the resource and energy risks of their supply chains and include them in their reporting. In addition, the continuous review of other key ESG issues such as fair labour conditions and human rights compliance forms an important part of sustainable supply chain management. Overall, we are noticing a trend towards reshoring and/or localisation of supply chains among issuers from developed markets. We are calling on companies to ensure that best-practice ESG is also implemented in their supply chains.

<sup>2</sup> Digital transformation (weforum.org).

### **ESG KPIs as part of (long-term) variable compensation**

As part of our climate engagement, we actively ask issuers to implement ESG and, in particular, climate-related key performance indicators (KPIs) in their management compensation schemes. Only a small number of companies are meeting this call for accountability in terms of ESG, and this partly due to the still uncertain path of certain issuers regarding climate and/or determining which ESG KPI are the most relevant for their industries.

The EU Taxonomy will help in this regard in clarifying and identifying the material and relevant KPIs for an issuer. If their climate path is clear – such as with a commitment to Science Based Targets initiative (SBTi) – issuers are in our view more likely to consider an implementation of climate and/or ESG KPI's in their compensation. We believe that the relatively low weighting of these ESG KPI in the current schemes and the fact that in most cases that these metrics are implemented in the short-term incentives (instead in the long-term incentives) reflects issuer-driven hesitation primarily regarding potential sustainability-driven regulation and soft law requirements or reliable measurability. We hope this perception will change and these ESG KPIs will be reflected more prominently along traditional value generating KPIs such as ROIC<sup>3</sup>, ROE<sup>4</sup>, EVA<sup>5</sup> and relative TSR<sup>6</sup> in compensation schemes. We think it is imperative for listed issuers to respect this call for a shareholder aligned Pay-for-Performance which also reflects ESG more prominently and the transition of the underlying economy and corporates towards more sustainable goals, i. e. the UN Sustainable Development Goals (UN SDGs) et al.

### **Duration of mandate of auditing companies**

The topic of “auditor rotation” became prominent in June 2023, when, according to the regulation of the European Parliament (No. 537/2014), a change of audit firm must take place after a maximum of 10 years. This requirement aims to promote the independence of an audit and strengthen its quality. Thus, in June 2023, we lowered our proxy voting guideline from 20 years to ten years to align with this regulation.

In the Swiss capital market, the average mandate duration of the Swiss Performance Index (SPI) companies is 15.2 years, and 28% of the index has an auditor mandate lasting more than 20 years. Among the twenty companies in the Swiss Market Index (SMI), more than 35% have had the same audit firm for over 20 years. Numerous global companies also have significant potential for improvement in this respect: 349 of 673 companies analysed during 2022 and headquartered outside Switzerland had an audit firm tenure of more than 20 years. In the context of our corporate dialogues (direct engagements), we are actively highlighting this need for an auditor rotation.

### **Developments**

Going forward, we envisage that the GHG emission plans and targets will be discussed and scrutinised along with aspects of sustainable supply chains. Circular economy considerations leading to a more efficient resource utilization as well as biodiversity will dominate our stewardship activities over the next few years. At the core of all our stewardship activities will be:

- fostering best-practice ESG standards among issuers industries, and
- promoting solutions with regards to the UN SDGs.

<sup>3</sup> Return on invested capital: assess a company's efficiency in allocating capital to profitable investments.

<sup>4</sup> Return on Equity: profitability of a business in relation to the equity.

<sup>5</sup> Economic value added: return generated over and above investors' required rate of return.

<sup>6</sup> Total shareholder return: profit generated from all capital gains and dividends from a company's shares during a holding period.

# 3 Proxy voting

Swisscanto's proxy voting activities aim, besides promoting the UN SDGs, to responsibly fulfil its fiduciary duties by casting votes diligently according to a sustainability-oriented principle-based and proprietary policy to protect investment returns and to foster better ESG performance across issuers and foremost the investee companies (i.e. we intend to improve risk-adjusted returns).

## 3.1 Approach

Proxy voting is performed for Swisscanto's investment funds that are invested in listed direct equity investments. Swisscanto follows a sustainability-oriented proxy voting policy which is annually updated with the support of its renowned external proxy voting provider and our asset managers. Within proxy voting, Swisscanto supports ESG-related resolutions and thus supports and complements our engagement goals. Swisscanto's sustainability proxy voting guideline and voting behaviour are disclosed at [swisscanto.com/voting](https://www.swisscanto.com/voting). To perform Swisscanto's proxy voting responsibilities, the services of a renowned third-party specialist are used to provide proxy voting research based on Swisscanto's proprietary sustainability proxy voting guidelines and to facilitate the execution of votes at all relevant company shareholder meetings worldwide.

## 3.2 Founder and family friendly policy

Conflicts of interest may result in decisions being made against the interests of shareholders. Most of the Board of Directors must be independent members. When casting votes, it is taken care to ensure that the ratio of non-independent and independent members of the Board of Directors is equal.

An exception is made for listed companies with significant shareholders. In this case, their proportional representation in accordance with their equity stake is allowed if the company has a uniform capital structure and the "one share, one vote" principle is respected. Provided that shareholder value has been created, a family-shareholder and founder friendly policy in the elections of the Board of Directors is pursued.

## 3.3 Support for sustainability resolutions

At AGMs, resolutions designed to improve good corporate governance in the long term in accordance with recognised principles or to enforce environmental, social and governance (ESG) aspects are being supported, as long as these are appropriate and sensible for the company's current value creation (along its value chain) or fit the company's strategic orientation. Among other things, shareholder proposals that promote measures and introduce guidelines and reports with respect to the following are supported:

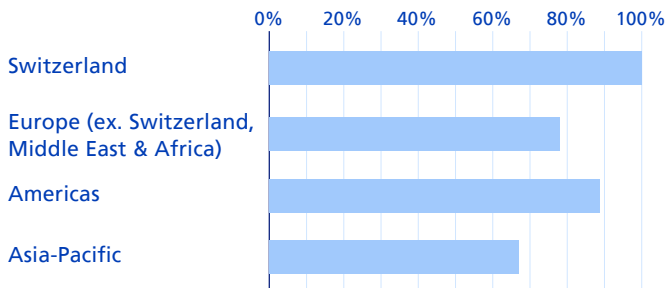
- the responsible handling of resources (e. g. increasing resource efficiency or the promotion of renewable energy and recycling)
- mitigating climate change (e. g. reducing greenhouse gases)
- improving human rights standards (e. g. the promotion of fair working conditions and transparency to promote equal pay)
- promoting data privacy
- improving product safety and compatibility
- promoting best practice for corporate governance (e. g. increasing the transparency of remuneration or disclosing the results of votes casted at AGMs)
- avoiding conflicts of interest (e. g. disclosure of political contributions)
- supporting relevant and appropriate sustainability-oriented shareholder resolutions at AGMs.



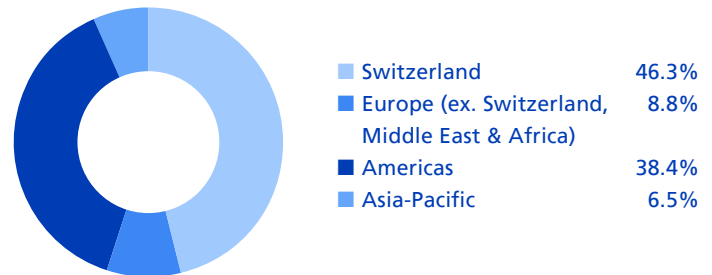
### 3.4 Proxy voting activities and charts

In general, Swisscanto casts votes in all its significant equity investments. This is especially the case in the Swiss market where Swisscanto has a voting ambition of 100% in its equity investments. In the case of international investments Swisscanto considers cost-benefit rationales (in certain markets the costs clearly outweigh the value of our positions). In the markets outside Switzerland, Swisscanto casted its votes on 88% of all assets in direct equities, converted in Swiss francs (including Switzerland).

#### % of votes based on votable assets



#### Regional split of eligible assets for voting\*



\* Taking into account the proxy voting markets (transactional) and threshold of CHF 5 million per non-Swiss issuer.

Source: Swisscanto/as of September 30, 2023

The number of votes cast has significantly increased over the last few years. On one hand, Swisscanto lowered the voting threshold and more strongly refined its proprietary Sustainability Voting Guideline towards more sustainability-oriented elements, while on the other asset valuations have increased, which has led to voting at a higher number of AGMs. Further, in 2024 Swisscanto will vote in more emerging markets and again lower the threshold of voting, as described below:

- With direct equity investments in companies domiciled in Switzerland, Swisscanto casts its votes comprehensively across all investments.
- With direct registered equity investments in companies domiciled outside Switzerland, Swisscanto casts its votes at the shareholder meetings if the position of the shares held exceeds the market value of CHF 5 million.
- In March 2024, this market value threshold was lowered to CHF 2 million for Swisscanto Asset Management International S.A. and Swisscanto implemented comprehensive voting for all Sustainable Theme funds.

The voting on the share positions held is carried out across all fund products, i.e. throughout active, passive, and mostly also for private label fund products. Excluded from the reported proxy voting activities are our private equity investments.

In the period of October 2021 to September 2022, Swisscanto voted at 1,073 AGMs and in the period of October 2022 to September 2023, Swisscanto voted at 1,095 AGMs.

Shareholder meetings	2023 <sup>(A)</sup>	%	2022 <sup>(A)</sup>	%	2021 <sup>(A)</sup>	%
Total votes casted at shareholder meetings	1,095	100.0	1,073	100.0	1,044	100.0
– thereof ordinary general meetings	1,020	93.2	992	92.5	946	90.6
– thereof Swiss issuers	214	19.5	215	20.0	201	19.3

(A) 1 October (previous year) to 30 September

Source: ISS Proxy Exchange

Swisscanto casts its votes in the most important financial markets and regions. This is primarily driven by our effective and primarily active investments in issuers. The main voting markets are North America, Europe, Japan, and emerging markets. The most important voting markets in Europe are Switzerland, followed by the UK, France, Germany, France and the Netherlands.

Market	2023 <sup>(A)</sup>	%	2022 <sup>(A)</sup>	%	2021 <sup>(A)</sup>	%
USA	418	38.2	406	37.8	418	40.0
<b>Switzerland</b>	<b>214</b>	<b>19.5</b>	<b>215</b>	<b>20.0</b>	<b>201</b>	<b>19.3</b>
Japan	92	8.4	82	7.6	98	9.4
United Kingdom	48	4.4	46	4.3	51	4.9
Canada	39	3.6	45	4.2	36	3.4
Germany	30	2.7	30	2.8	22	2.1
France	29	2.6	32	3.0	34	3.3
Australia	29	2.6	31	2.9	19	1.8
Netherlands	28	2.6	26	2.4	23	2.2
Ireland	20	1.8	14	1.3	13	1.2
China	17	1.6	17	1.6	14	1.3
Cayman Islands	15	1.4	14	1.3	11	1.1
Sweden	13	1.2	17	1.6	17	1.6
Denmark	12	1.1	10	0.9	8	0.8
Hong Kong	10	0.9	14	1.3	13	1.2
Brazil	10	0.9	10	0.9	8	0.8
Other markets	71	6.5	64	6.0	58	5.6
<b>Total</b>	<b>1,095</b>	<b>100.0</b>	<b>1,073</b>	<b>100.0</b>	<b>1,044</b>	<b>100.0</b>

(A) 1 October (previous year) to 30 September

Source: ISS Proxy Exchange

Around one third of the companies in which Swisscanto exercised its voting rights are in the industrial and financial sector. Another third is health care, ITC, and consumer goods companies, which reflects Swisscanto's investment exposure.

Sector	2023 <sup>(A)</sup>	%	2022 <sup>(A)</sup>	%	thereof Swiss issuers <sup>(A)</sup>	%
Industrials	194	17.7	184	17.1	52	24.2
Financials	182	16.6	175	16.3	38	17.7
Health Care	146	13.3	139	13.0	37	17.2
Information Technology	127	11.6	126	11.7	20	9.3
Consumer Discretionary	103	9.4	102	9.5	19	8.8
Real Estate	66	6.0	78	7.3	16	7.4
Materials	75	6.8	77	7.2	13	6.0
Consumer Staples	74	6.8	63	5.9	11	5.1
Utilities	47	4.3	46	4.3	6	2.8
Communication Services	45	4.1	46	4.3	2	0.9
Energy	36	3.3	37	3.4	1	0.5
<b>Total</b>	<b>1,095</b>	<b>100.0</b>	<b>1,073</b>	<b>100.0</b>	<b>215</b>	<b>100.0</b>

(A) 1 October (previous year) to 30 September

Source: Swisscanto

At the 1,095 AGMs, Swisscanto responsibly voted on over 17,485 agenda items, of which 15.3% were against the management recommendation, according to its sustainability-oriented policy. Besides the routine items, such as approving the financial statements and dividends, the most important voting topics were:

- Board elections (e. g. independence, no dual mandates CEO/chair)
- Compensation-related matters (pay-for-performance)
- Environmentally and socially oriented shareholder resolutions, especially in North America (we envisage that, going forward, more E-&S-resolutions will also be held in Europe as thresholds for shareholder resolutions are lowered, such as in Switzerland where the planned commercial law revision came into force in 2023).

#### Alignment with management

	2023 <sup>(A)</sup>	%	In line with management	%	Against management	%
Total items voted at shareholder meetings	17,485	100.0	14,802	84.7	2,683	15.3
– thereof Swiss issuers	4,936	28.2	4,103	83.1	833	16.9
– thereof non-Swiss issuers	12,549	71.8	10,699	85.3	1,850	14.7

Voting instructions	2023 <sup>(A)</sup>	%	For	%	Against	%	Other	%
Total items voted at shareholder meetings	17,485	100.0	14,532	83.1	2,299	13.1	654	3.7
– thereof Swiss issuers	4,936	28.2	4,089	82.8	842	17.1	5	0.1
– thereof non-Swiss issuers	12,549	71.8	10,443	83.2	1,457	11.6	649	5.2

(A) 1 October (previous year) to 30 September

Source: ISS Proxy Exchange / Q4 2022 to Q3 2023

In the period from Q4 2022 to Q3 2023, Swisssanto supported 460 out of 642 shareholder proposals, which corresponds to an approval rate of 72%. Most shareholder proposals were related to environmental and social items, where our approval rate was higher at 83% and 85%, respectively.

Proposal Category	2023 <sup>(A)</sup>	Voted for	%	Voted against	%	Other	%
Audit Related	12	8	66.7	4	33.3	0	0.0
Company Articles	18	0	0.0	18	100.0	0	0.0
Compensation	49	27	55.1	22	44.9	0	0.0
Corporate Governance	41	34	82.9	7	17.1	0	0.0
Director Election	36	21	58.3	8	22.2	7	19.4
Director Related	78	67	85.9	11	14.1	0	0.0
E&S Blended	51	19	37.3	32	62.7	0	0.0
Environmental	122	101	82.8	21	17.2	0	0.0
Miscellaneous	17	4	23.5	13	76.5	0	0.0
Non-Routine Business	9	6	66.7	3	33.3	0	0.0
Routine Business	7	2	28.6	5	71.4	0	0.0
Social	202	171	84.7	31	15.3	0	0.0
<b>Total</b>	<b>642</b>	<b>460</b>	<b>71.7</b>	<b>175</b>	<b>27.3</b>	<b>7</b>	<b>1.1</b>

(A) 1 October (previous year) to 30 September

Source: ISS Proxy Exchange / Q4 2022 to Q3 2023

### 3.5 Case studies

Below you will find a selection of proxy voting case studies that highlight our efforts to improve the ESG profile of issuers, mitigate risks to our investments, and/or address issues in conjunction with our engagement efforts. The complete reporting of Swisscanto's sustainability proxy voting guideline and voting behaviour are disclosed at [swisscanto.com/voting](https://www.swisscanto.com/voting).

#### A.P. Moller-Maersk A/S, Denmark

<b>Sector</b>	Industrials
<b>Theme</b>	Social: Risks Related to Human Rights
<b>Meeting Date</b>	28 March, 2023
<b>Summary</b>	At the AGM of A.P. Moller-Maersk A/S, we voted FOR the shareholder resolution "Report on Efforts and Risks Related to Human Rights".
<b>Rationale</b>	The proponent requested that the board of directors report on the company's efforts to respect human and labor rights in compliance with the UN Guiding Principles, and identify the possible financial risks related to human rights and how the company plans to address them, if any. While A.P. Moller-Maersk has taken some positive steps, the company could take additional steps to address human rights risks. The company is reportedly implicated in several controversies related to labor rights. Considering these alleged controversies, adoption of the proposal could be beneficial to concerned shareholders. Additional information regarding policies the company has implemented to address human rights impacts in its operations and supply chain would allow shareholders to better gauge how well the company is managing risks related to human rights.

Source: Swisscanto and ISS

#### Amazon.com, Inc., USA

<b>Sector</b>	Consumer Discretionary
<b>Theme</b>	Environment: Plastic Use
<b>Meeting Date</b>	April 4, 2023
<b>Summary</b>	At the AGM of Amazon, we voted FOR the shareholder resolution "Report on Efforts to Reduce Plastic Use"
<b>Rationale</b>	The proponent is requesting an annual report on plastic packaging, including any company strategies or goals to reduce the use of plastic packaging. The company disclosed its single-use plastic usage for its global operations network, but it did not include the plastics used at third-party fulfilment centres, which may account for 60 percent of Amazon's sales. Concern over the environmental damage caused by plastics is rising and regulations are likely to go into force in a number of jurisdictions that would limit the amount of single-use plastic packaging that can be used. The additional disclosure requested by the proponent would help shareholders gauge whether Amazon is appropriately managing risks related to the creation of plastic waste. As such, shareholder support for the proposal is warranted.

Source: Swisscanto and ISS

#### Credit Suisse Group AG, Switzerland

<b>Sector</b>	Financials
<b>Theme</b>	Governance: Opposition to Audit and Governance Committee members
<b>Meeting Date</b>	April 4, 2023
<b>Summary</b>	At the annual general meeting (AGM) of Credit Suisse, we voted AGAINST the re-election of the BoDs who were members of the Audit and Governance Committee.
<b>Rationale</b>	We believed there was a lack of supervision and inadequate management leading to the emergency rescue of Credit Suisse. Publication of the annual report had to be postponed due to inquiries from the US Securities and Exchange Commission. On March 8, 2023, the Securities and Exchange Commission informed the bank that there were still questions and comments regarding the adjustments made by the bank to the cash flow statements for the 2019 and 2020 financial years. The focus was also on the related controls. These votes by Swisscanto in April 2023 followed several votes against management at the prior Extraordinary Meeting (November 2022) and AGM (April 2022).

Source: Swisscanto

## Equinor ASA, Norway

<b>Sector</b>	Energy
<b>Theme</b>	Environment: Climate Risks and Opportunities
<b>Meeting Date</b>	10 May, 2023
<b>Summary</b>	At the AGM of Equinor ASA, we voted FOR the shareholder resolution “identify and manage climate-related risks and possibilities, and integrate them into company’s strategy”
<b>Rationale</b>	The proponents raise valid concerns about Equinor’s energy transition plan. In this regard, the setting of GHG emission reduction targets for Scopes 1, 2, and 3 aligned with a 1.5 C scenario would make the company’s transition plan more credible. The company’s transition plan is aligned with a 1.5 C pathway for scopes 1 and 2 only. Support for this proposal is warranted, as the proposal aims to strengthen the energy transition plan that Equinor currently discloses, especially in calling for absolute reduction targets and downscaling of fossil fuel exploration.

Source: Swisssanto and ISS

## Holcim Ltd., Switzerland

<b>Sector</b>	Materials
<b>Theme</b>	Governance: Succession planning by Governance Committee
<b>Meeting Date</b>	May 4, 2023
<b>Summary</b>	At the AGM of Holcim Ltd., we voted AGAINST the re-election of the entire Nomination, Compensation and Governance Committee of the Board.
<b>Rationale</b>	The Chairman of the Board, B. Hess, had decided not to stand for re-election to the board of directors (BoD) at the Annual General Meeting in May 2023. The BoD proposed CEO J. Jenisch as the new Chair, thus serving in the dual role of CEO/Chair. Jenisch is highly relevant to the Board’s industry expertise, as he is the one with cement industry competencies in the Board. Therefore, a cautious vote FOR the election of J. Jenisch as a director and Chair of the Board was warranted, also considering assurances from Holcim that a new CEO would be appointed within one year. At the same time, Swisssanto wanted to register our concern over succession planning at the firm. We expect that such „abrupt“ solutions happen only in exigent circumstances. Therefore, we voted against the re-election of the members of the Nomination, Compensation and Governance committee.

Source: Swisssanto and ISS

## The Procter & Gamble Company, USA

<b>Sector</b>	Materials
<b>Theme</b>	Governance: Rotation of Auditor
<b>Meeting Date</b>	May 11, 2023
<b>Summary</b>	At the AGM of Procter & Gamble we voted AGAINST the re-ratification of the audit firm.
<b>Rationale</b>	To address the familiarity threat and therefore reinforce the independence of statutory auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or an audit firm. Further, in accordance with the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (article 41) as from June 2020, the maximum duration of an audit engagement with the same auditing firm shall not exceed 20 years. As from June 2023, the tenure of a particular statutory auditor or audit firm shall not exceed a maximum duration of 10 years (Articles 41 and 17). This ruling reflects an ESG best-practice standard, therefore we apply this rule globally. In this case, the audit firm has been serving the company for 133 years.

Source: Swisssanto and ISS

## Walmart Inc., USA

---

**Sector** Consumer Staples

---

**Theme** Social: Workplace Health and Safety Audit

---

**Meeting Date** May 31, 2023

---

**Summary** At the AGM of Walmart Inc., we voted FOR the shareholder resolution “Oversee and Report a Workplace Health and Safety Audit”.

---

**Rationale** The proponent is requesting that Walmart conduct a third-party audit on workplace safety. The company states that it is committed to upholding worker safety, and it outlines its relevant policies including its Code of Conduct and Human Rights Statement. Associates are regularly trained on workplace safety, and the board says that Walmart contracts with an independent third party to conduct risk-based assessments of its U.S. stores and clubs to monitor the execution of specific elements of its health and safety program. However, the company has faced public scrutiny because of the safety conditions at its stores. Allegations associated with workplace health and safety could harm the company's reputation and make it difficult to retain employees. An independent audit would help shareholders evaluate the effectiveness of the company's safety policies and practices, and its management of related risks. As such, shareholder support for this proposal is warranted.

---

Source: Swisscanto and ISS

# 4 Engagement strategy

We believe that investors are well positioned to promote ESG best practices in their investments, particularly with significant participations. After identifying the companies for engagement, we develop an engagement strategy that describes how we want to achieve the desired goal. This deals with the priorities, the order in which different topics are dealt with, and the tools that we will use in the dialogue. The strategy also allows us to measure progress and successes along the way:

## Maximising operating performance in the area of sustainability

We want companies to maximise the sustainable operating performance of their company and ensure that their investment plans have been critically tested in terms of environmental, social and governance impacts (UN SDGs) and their ability to create long-term shareholder value, e. g. total shareholder return (TSR) or economic value added (EVA).

## Focusing on significance

We expect companies to conduct a materiality analysis to identify priority areas around ESG and to optimise their sustainability efforts. Based on the results of this assessment, a sustainability policy and strategy should be developed to measure, understand and communicate performance and progress. Measurable qualitative and quantitative targets should be set in order to manage the changes more effectively. Companies should also publish a sustainability report that includes their progress in addressing key issues, preferably as an integral part of their annual report. A sustainability report should be a platform for communicating sustainability performance and impact, whether positive or negative. As a result, the relevant sustainability and financial targets should be included in management compensation plans that are externally verifiable and measurable (ambitious) and relative ESG key performance indicators (KPIs) should act as incentives.

## Engagement reporting

Besides this active ownership report, quarterly engagement reports summarise the engagement activities undertaken by our external engagement partner on our behalf.

Our engagement activities are based on the following three main types: direct dialogue mostly with Swiss issuers, collaborative engagements and engagements by our external partner (i.e. global standards and thematic engagement). The following overview shows the number of engagements per engagement type, in total **471 engagements** during Q4 2022 to Q3 2023.



## 4.1 Engagement approach

In general, when working with issuers, we take the following engagement approach (esp. escalation strategy):

	<b>1. Investor relations</b>
	<b>2. CFO/CEO level</b>
	<b>3. Board level</b> (issuer-induced engagement traditionally starts at this level)
	<b>4. A Adjusting proxy voting</b> (voting against discharge, members of the board of directors, remuneration and/or resolutions) and/or <b>B Considering the submission of a corresponding shareholder resolution to the Annual General Meeting</b> and/or
	<b>5. Potential underweighting a specific issuer</b>
	<b>6. Potential divestment as a last resort if the risks have increased, the violation is very serious and significant and the engagement is unsuccessful.</b>

Engagement topics that we discuss are driven either by issuers or us and focus mainly on ESG matters along also with fundamental aspects. The severity of the respective issues dominates the agenda in most of the cases, such as UN Global Compact breaches, climate and GHG-Reduction measures and targets, proxy voting implications and other material and significant ESG issues.

We consider terminating the engagement to be the last option and are continuing the efforts to engage for as long as there is meaningful progress and effort from a company. However, we think that in general over a period of ~12 -36 months engagements can produce a desired outcome, but this depends highly on the readiness of the respective issuer to engage. After such period, we tend to close the case, if there is no reasonable progress. As a last escalation step, we might consider selling the instruments of an issuer, if there is no progress regarding the envisaged outcome.

The choice of engagement methods is highly dependent on the context and corporate culture. Normally, we initiate communication through e-mails and phone calls and then use all available engagement tools, from constructive dialogue to proxy voting. In general, an engagement follows a structured process:

Steps	Period	Note
Initial meeting	From a few days and up to 3 weeks	Developing an understanding of strategy, ESG risks and dealing with allegations or issues
Follow-up discussion	Shortly after the initial meeting	Defining the change objective and sharing the proposed measures
Interim	A few days/weeks after the meeting	Reviewing the case and revising proposed measures if necessary
Follow-up meeting(s)	A few weeks or months after the first meeting	Assessing progress and discussing emerging issues
Ongoing improvements	Progress reported in "engagement reporting"	Potentially revising the change objective and proposed measures

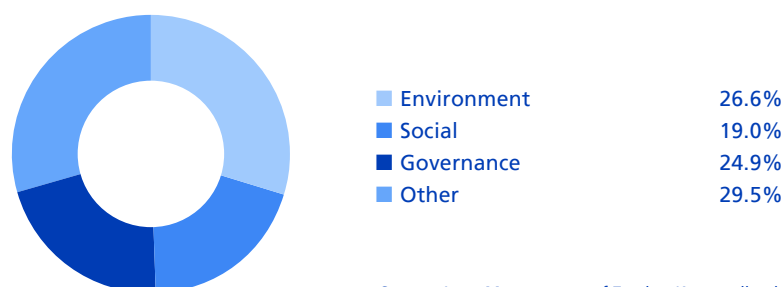


## 4.2 Direct dialogue

For Swiss companies, we take advantage of our strong home market position (see also section 3.4 about our voting stakes). Our equity holdings are regularly among the top 10/top 15 equity holdings of the constituents of the SMI, and we are in dialogue with around 100 to 200 Swiss companies (almost all liquid SPIs). We are also in direct dialogue with international issuers, where there is an active and often regular interaction with issuers especially on proxy voting matters and increasingly also more on environmental and social dimensions as shows the pie chart below. In general, the focus is on materially relevant ESG issues (i.e. UN Global Compact Principles, proxy voting topics, climate change and/or other generally recognized ESG best practice standards) by means of a constructive and productive dialogue in which we advise companies on ESG best practices. In essence, we put forward the investor's views.

### 4.2.1 Direct dialogue activities and charts

In the period Q4 2022 to Q3 2023, we conducted 227 direct engagements, divided according to the theme environment, social, governance and other topics (strategic, financial, etc.).



Source: Asset Management of Zürcher Kantonalbank

In the reporting period, our engagements mainly focused on sectors like industrials and financials and healthcare in Switzerland, while internationally the top three sectors of our engagement efforts were in healthcare, financials, industrials and consumer discretionary.

Sector	Swiss Companies	exSwiss Companies	Total
Health Care	13	36	49
Financials	12	36	48
Industrials	4	22	26
Materials	4	18	22
Consumer Staples	2	5	7
Information Technology	1	17	18
Utilities	1	10	11
Communication Services		5	5
Consumer Discretionary		19	19
Energy		3	3
Other (Government)		1	1
<b>Total</b>	<b>54</b>	<b>173</b>	<b>227</b>

Source: Asset Management of Zürcher Kantonalbank / as per Q4 2022 to Q3 2023

### 4.2.2 Case studies – Swisscanto

Below you will find a selection of engagement case studies where we invested most of our resources to improve the ESG profile of these issuers, mitigate our risk to our investments, clarify proxy voting matters and/or alleviate related issues and address some specific topics. We performed more engagements than the following case studies (see appendix) but believe that these are the most relevant and material direct engagement cases during the reporting period, respectively over the last three years.

### Alcon AG, Switzerland

<b>Sector</b>	Health Care
<b>Theme</b>	Governance: Performance measurement for remuneration
<b>Period</b>	Q4 2022 – ongoing
<b>Summary</b>	Swisscanto proposed that Alcon’s compensation performance measures should include cash flow-based metrics (ROIC) and relative performance metrics (TSR) to ensure alignment with shareholder interests. Alcon took note of our proposals, but responded that it prefers to align the incentives for its remuneration framework with innovation and market share. Here, however, we lack transparency (ex-post) as to what has been achieved and where. We will continue to communicate our requirements regarding a best practice remuneration framework with Alcon.
<b>Status</b>	Ongoing

Source: Swisscanto and ISS

### Alcon AG, Switzerland

<b>Sector</b>	Health Care
<b>Theme</b>	Governance: Composition of Board of Directors
<b>Period</b>	Q4 2022 – ongoing
<b>Summary</b>	With 11 members, the Board of Directors is internationally positioned and represented with diverse skills that are central to the company. However, for a company based in Switzerland, the knowledge regarding the trends and regulatory changes (non-financial reporting) from a Swiss perspective can still be improved. The company welcomed the proposal and was open to examining it.
<b>Status</b>	Ongoing

Source: Swisscanto and ISS

### Galenica AG, Switzerland

<b>Sector</b>	Healthcare
<b>Theme</b>	Governance: Disclosure of ESG-related information and communication with Rating Agencies
<b>Period</b>	Q4 2022 – ongoing
<b>Summary</b>	Swisscanto noticed that some key figures for Galenica are not found by MSCI, leading to a poor score in MSCI’s ESG Rating. Swisscanto organized a call with Galenica to understand their position on ESG disclosure and communication with Rating Agencies. In particular, we discussed the potential financial benefits that come from an improved ESG rating, such as lower interest rates and a lower risk profile, which may reduce a firm’s cost of debt and equity capital over time, or increased demand from sustainable investors. We encouraged the company to improve its reporting and engage with MSCI to ensure its leading performance is accurately reflected in ESG ratings. We will continue to monitor this.
<b>Status</b>	Ongoing

Source: Swisscanto and ISS

### Lonza Group AG, Switzerland

<b>Sector</b>	Healthcare
<b>Theme</b>	Environment: Remediation of the former “Gamsenried” landfill site
<b>Period</b>	Q4 2022 – ongoing
<b>Summary</b>	At the former “Gamsenried” landfill site in Valais, 1.5 million tons of soil were contaminated by chemical waste. Lonza has submitted the plans for the remediation of the site to the authorities and is ready to start phase 1 of the plan. Although Lonza has made a provision of CHF 285 million related to the case, the total cost of remediation and associated liabilities will not be known for some time. We will continue to monitor this.
<b>Status</b>	Ongoing

Source: Swisscanto and ISS

## Lonza Group AG, Switzerland

<b>Sector</b>	Healthcare
<b>Theme</b>	Governance: Accounting & Reporting - Auditor Rotation
<b>Period</b>	Q4 2022 – ongoing
<b>Summary</b>	ISS Excerpt: In order to address the familiarity threat and therefore reinforce the independence of statutory auditors and audit firms, it is important to establish a maximum duration of the audit engagement of a statutory auditor or an audit firm. Further, in accordance with the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (article 41) as from June 2020, the maximum duration of an audit engagement with the same auditing firm shall not exceed 20 years. As from June 2023, the tenure of a particular statutory auditor or audit firm shall not exceed a maximum duration of 10 years (Articles 41 and 17). This ruling reflects an ESG best-practice standard, therefore we (ISS) apply this rule globally. Swisscanto has also adopted this policy, e.g., Swisscanto votes against proposals to ratify auditors if the auditor has been serving the company for more than 20 years. In Lonza's case, the same auditor has been serving the company for 24 years. Swisscanto planned to oppose the proposal to ratify the auditor for fiscal year 2023 and discussed our position with the company. Lonza subsequently informed us that it was conducting a competitive tender to select a new auditing company, with the new auditor expected to be ratified at the fiscal year 2024 annual general meeting. We will continue to monitor this.
<b>Status</b>	Ongoing

Source: Swisscanto and ISS

## Volkswagen AG, Germany

<b>Sector</b>	Consumer Discretionary
<b>Theme</b>	Social: Allegations of forced labor in China's Xinjiang Uyghur Autonomous Region (XUAR)
<b>Period</b>	2019 – 2023
<b>Summary</b>	We have been in frequent engagement talks with Volkswagen („VW“) since 2019. While in the past, our efforts were concentrated on decarbonization, last year the topic of labor rights and minorities was in focus. In November 2022, MSCI ESG Research assessed VW to be in violation of the United National Global Compact (UNGC) citing allegations of forced labour related to employing Uyghurs and other ethnic minorities at SAIC Volkswagen in China's Xinjiang Uyghur Autonomous Region (XUAR). The main topics of concern were the presence of VW in this geographic area and the limited control over the labour and working conditions. These allegations caught our attention and we decided to proactively start an engagement dialogue with Volkswagen in the same month. Our goal was to understand VW's position considering these allegations and to see which initiatives they had in place at their site in the XUAR region. We first spoke with MSCI on that topic to understand their methodology, the foundation for these allegations and potential engagement points to alleviate them. We then started an engagement directly with Volkswagen to address these allegations and discussed potential improvements. In February 2023, Ralf Brandstätter, CEO of Volkswagen China, travelled to the Xinjiang region to visit the production site and found no signs of violations of human rights. Nevertheless, MSCI did not remove its red flag as no independent audit was conducted at this point and not enough proof was delivered by VW that no human rights were violated. We kept a regular dialogue with VW during this time and we received feedback from the company on their progress regarding the issue. However, as there was limited progress after the visit by Ralf Brandstätter, we decided in May 2023 to sell the holdings in our active funds. We continue to monitor VW's efforts with regards to the issue and we keep an ongoing dialogue with them.
<b>Status</b>	Divested from Active Funds (may still be held in Index Funds)

Source: Swisscanto and ISS

### 4.3 Global standards engagement

In order to complement our engagement activities and more broadly communicate and execute our strategy to reduce greenhouse gas emissions on a global level, we have engaged Sustainalytics, which acts as our external engagement provider. It works on our behalf and on behalf of other investors at more than 300 global companies per year on the topics of human rights and labour rights, environmental and business ethics as well as other relevant ESG matters (in line with our focus on direct dialogue).

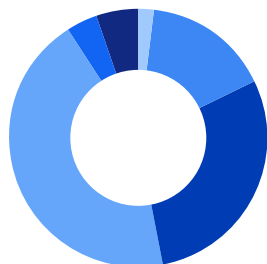
#### 4.3.1 Selecting companies for engagement

We select companies for engagement on the basis of significant investments and the violation of international conventions and standards such as the UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, Interna-

tional Labour Organization (ILO) standards and/or other generally recognised ESG best-practice standards. Engagements are prioritised according to the severity of the violations. However, the engagement can also be carried out on a situational basis and as required.

### 4.3.2 Global standards engagement activities and charts

The following overview shows the headquarters and the sectors of the **100 companies (114 engagements)** during Q4 2022 to Q3 2023:



Switzerland	1.8%
Europe (ex Switzerland)	14.0%
United States and Canada	25.4%
Asia/Pacific	38.6%
Africa/Middle East	3.5%
Latin America and Caribbean	4.4%

Sector	Number of companies	Sector	Number of companies
Banks	11	Diversified Financials	3
Diversified Metals	9	Industrial Conglomerates	3
Utilities	9	Oil & Gas Producers	3
Pharmaceuticals	6	Precious Metals	3
Chemicals	5	Technology Hardware	3
Healthcare	5	Aerospace & Defense	2
Retailing	5	Automobiles	2
Software & Services	5	Machinery	2
Consumer Services	4	Telecommunication Services	2
Food Products	4	Traders & Distributors	2
Commercial Services	3	Other	6
Consumer Durables	3	<b>Total</b>	<b>100</b>

Source: Sustainalytics

Most of our international engagements performed by our engagement partner Sustainalytics focus on environmental and social issues. The run rate during the reporting period amounted to **~110 cases**, and those engagements run over several months and/or years. In general, an engagement takes roughly 18-36 months to have a fruitful outcome. In the reporting period, **16 engagements** were resolved. The focus of the engagements during the reporting period was on the following topics and issues (UN Global Compact):

<b>Business Ethics</b>	<b>33</b>
– Accounting and Taxation	4
– Bribery and Corruption	7
– Business Ethics	9
– Consumer Interests - Business Ethics	5
– Money Laundering	8
<b>Environment</b>	<b>15</b>
– Activities Resulting in Adverse Environmental and Human Rights Impacts	2
– Activities Resulting in Adverse Environmental Impacts	1
– Controversial Project(s) - Environmental and Human Rights Impacts	5
– Emissions, Effluents and Waste	2
– Incident(s) Resulting in Negative Environmental and Human Rights Impacts	1
– Land Use and Biodiversity	2
– Leaks, Spills and Pollution - Environmental and Human Rights Impacts	2
<b>Human Rights</b>	<b>47</b>
– Activities Resulting in Adverse Human Rights Impacts	2
– Community Relations	1
– Community Relations - Indigenous Peoples	3
– Consumer Interests - Human Rights	2
– Controversial Project(s) - Human Rights and Environmental Impacts	1
– Controversial Project(s) - Human Rights Impacts	1
– Data Privacy and Security	2
– Human Rights - Operations	1
– Incident(s) Resulting in Negative Human Rights and Environmental Impacts	1
– Incident(s) Resulting in Negative Human Rights Impacts	5
– Involvement With Entities Violating Human Rights	11
– Occupational Health and Safety	5

– Quality and Safety	2
– Quality and Safety - Human Rights	9
– Social Impact - Products	1

**Labour Rights 19**

– Child Labour	2
– Discrimination and Harassment	2
– Forced Labour	3
– Forced Labour - Supply Chain	1
– Freedom of Association	5
– Labour Rights	3
– Labour Rights - Operations	2
– Labour Rights - Supply Chain	1

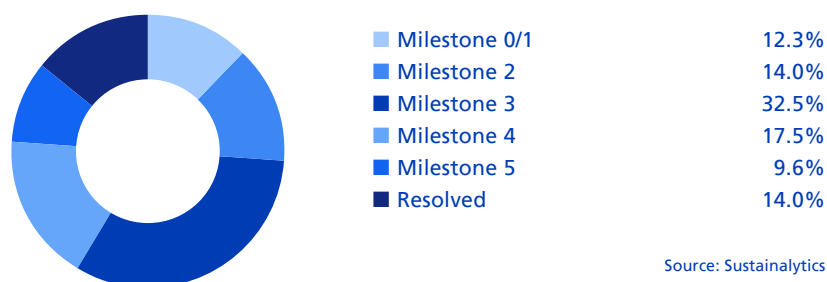
**Engagements 114**

Source: Sustainalytics / as per Q4 2022 to Q3 2023

There were only few changes over certain quarters as engagement takes time to materialise meaningfully. It should be noted that a change in the progress of an engagement case is a big step forward in implementing measures to mitigate any ESG issues. The achieved milestones as of end of September 2023 are shown below.

The milestones have been defined as follows:

- Milestone 1: Issuer acknowledges issue and commits to mitigation and management.
- Milestone 2: Issuer establishes a strategy to address the issue.
- Milestone 3: Strategy is well formed and has moved into early stages of implementation.
- Milestone 4: Implementation of strategy has advanced meaningfully, and related issuer disclosures are maturing.
- Milestone 5: Issuer has implemented all aspects of its strategy that are reasonable to expect, and the change objective is considered fulfilled.



Source: Sustainalytics

Our engagement partner measured and assessed the engagement progress in 61 cases, as shown in the chart below. In around half of the cases standard progress was made, while in about a 20% of the engagements, the progress was good to excellent.



Source: Sustainalytics

**4.4 Thematic engagement**

As part of our focused engagement themes, we work cooperatively with companies on key ESG topics to raise industry standards in accordance with the UN Sustainable Development Goals (UN SDGs). These enable us to play an active role in tackling key shared sustainability challenges by encouraging companies to proactively deal with specific ESG risks and opportunities.

While our engagement for companies includes a broad ESG spectrum focused on international norms and conventions, our thematic engagement focuses on the following core areas which are mostly performed in collaboration with our external engagement partner:

In general, the core area of our focus with thematic engagement is also on environmental issues, in specific climate change and related topic such as cleantech, water, biodiversity and circular economy. Besides these core topics, we do also pay attention with our specific thematic engagements to issues within the supply chains and related human rights as well as on the governance of SDGs.

#### **4.4.1 Core focus areas: Environmental**

##### **Climate change**

We want to contribute to mitigating climate change by promoting energy and resource efficiency, renewable energy, and the reduction of greenhouse gases. We are actively committed to fighting climate change through global coalitions and initiatives, direct dialogue and the engagements of our external engagement partner. We also pursue an active, climate-friendly capital allocation strategy and can selectively underweight portfolio holdings and/or sell parts of the portfolio (e.g. coal and other fossil fuels) to pursue climate-related objectives.

##### **Focus of our thematic engagement with Sustainalytics on climate change:**

Thematic cooperation with the steel and cement sectors, which are key emitters and have the potential to be key elements in the transition to a low-carbon economy. The priorities are:

- coordinate with the Science Based Targets Initiative (SBTI)
- improve transparency and governance at board level, in line with common systems such as CDP and TCFD
- absolute and efficiency-relevant CO2 emissions targets with corresponding incentive programmes, based on science, where appropriate.

##### **Focus of thematic engagement with our engagement partner on responsible cleantech**

Cleantech has the potential to play a significant role in promoting the transition to a low-carbon economy. However, the growing supply of cleantech products is not only an important part of the response to climate change, it also poses environmental and social challenges. Engagement aims to improve company actions and information related to the way raw materials are produced, how products are manufactured and how products can be recycled after use.

##### **Biodiversity**

We help preserve the diversity of habitats and species. Working with companies, we are committed to actively protecting biodiversity and publishing the relevant data in their company reports that assess risks.

##### **Circular economy**

A circular economy seems to be an ideal alternative to the linear model of “take, manufacture and dispose”. This model ensures that we make optimal use of limited resources by reusing or reprocessing products that would otherwise end up in landfill. It makes sense both ecologically and economically, and companies, the community and investors can benefit a lot from this sustainable model. Various initiatives, such as the UN Sustainable Development Goals, call for greater resource efficiency in consumption and production (responsible supply chains), the sustainable use of natural resources and a significant reduction in waste through prevention, reduction, recycling, and reuse. For this reason, we encourage issuers to focus on and implement various measures such as emissions reduction, resource efficiency, recycling and the substitution or reduction of toxic substances and plastics. Key drivers include the introduction of improved technologies and operating procedures, the development of environmentally friendly products and services, and customer awareness.

#### **4.4.2 Other focus areas: Mainly Social**

##### **Human rights**

We respect and support the protection of internationally recognised human rights as defined by the United Nations, including the rights to life, freedom, security, fair working conditions and equal opportunities, as well as childrens’ rights. Our human rights obligations are based on international conventions and standards such as the UN Global Compact, as companies are expected to act in adherence to internationally recognised standards.

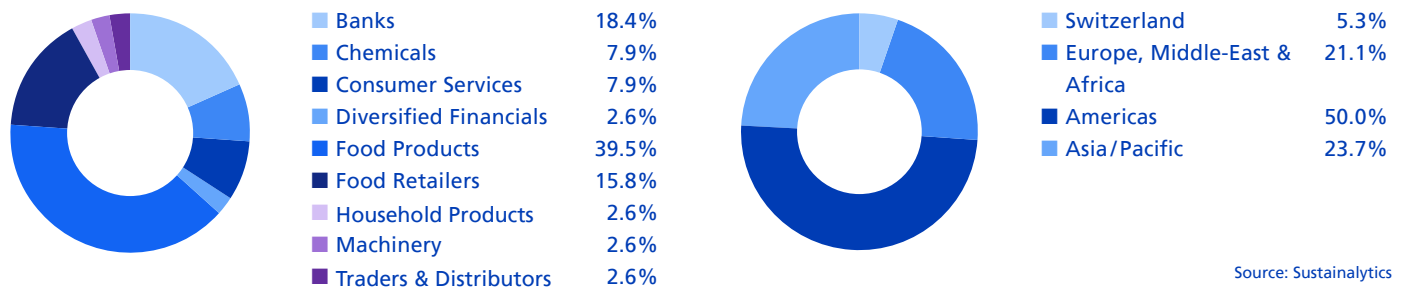
#### 4.4.3 Thematic engagement activities and charts

We are currently involved in the following thematic engagements where our engagement partner is mostly in the lead when discussing specific KPIs with the issuers (see appendix for a detailed list of issuers):

##### Biodiversity and natural capital

The engagement is intended to support issuers in strengthening their management of biodiversity-related impacts, risks and opportunities, taking a double-materiality approach. Given most companies (and investors) are in the early stages of addressing biodiversity and natural capital risks and opportunities systematically, this engagement is unique in that it: 1) has no pre-defined end date; and 2) will focus on collaboration with a diverse range of stakeholders, including policymakers, intergovernmental organizations and NGOs. The engagement will evolve with best practices, data availability and investor expectations.

The following pie charts show the sectors and locations (headquarters) of the **38 engaged companies** in this thematic engagement:



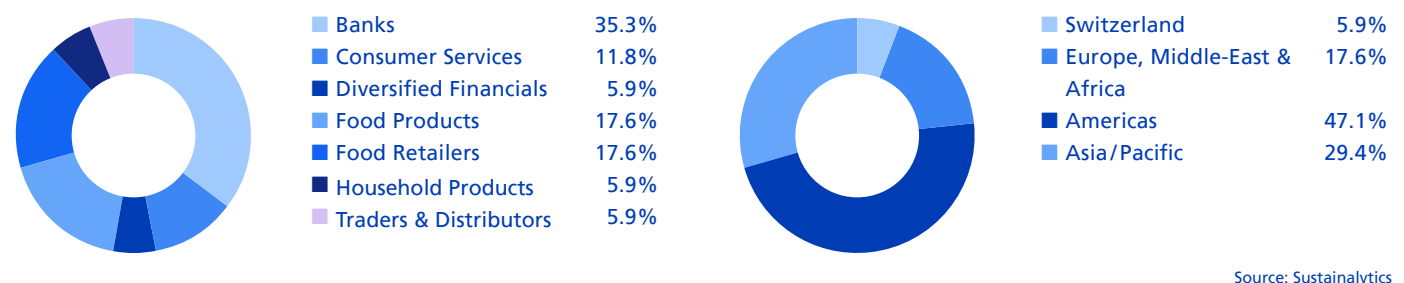
The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- Governance
- Risk and impact assessment
- Strategy
- Targets and results
- Transparency and accountability

##### Climate change – Sustainable forests and finance

At the end of the three-year timeline of this project, the company should have demonstrated how its management of climate change & forestry-related activities is in line with international disclosure standards and have science-based targets aligning with a 1.5-degree transition pathway or beyond, as well as being actively involved in efforts to further SDG goals. On a secondary level, the engagement seeks to promote the integration of nature-related risks and disclosures into reporting, strategic planning, and risk management, for long-term value creation in forestry value chains.

The following pie charts show the sectors and locations (headquarters) of the **17 engaged companies** in this thematic engagement:



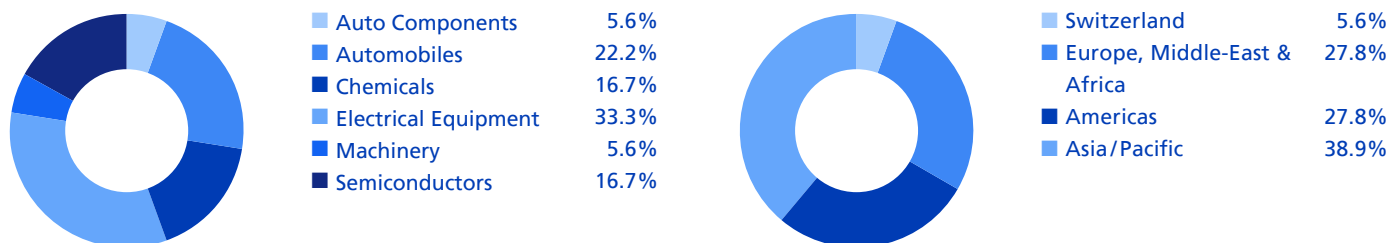
The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- Natural resource management
- Physical risk – value chain management
- Practical mitigation & forests
- Targets & strategy
- Governance & disclosure

## Responsible Cleantech

The objective of this engagement is to catalyse more sustainable production of some of the most popular cleantech solutions. The equipment manufacturers should implement policies that adequately address the environmental and social risks of their operations and supply chains. The companies should apply a life cycle approach to their products. They should also engage their suppliers and/or customers and start or join collaborative initiatives towards sector-wide improvement.

The following pie charts show the sectors and locations (headquarters) of the **18 engaged companies** in this thematic engagement:



Source: Sustainalytics

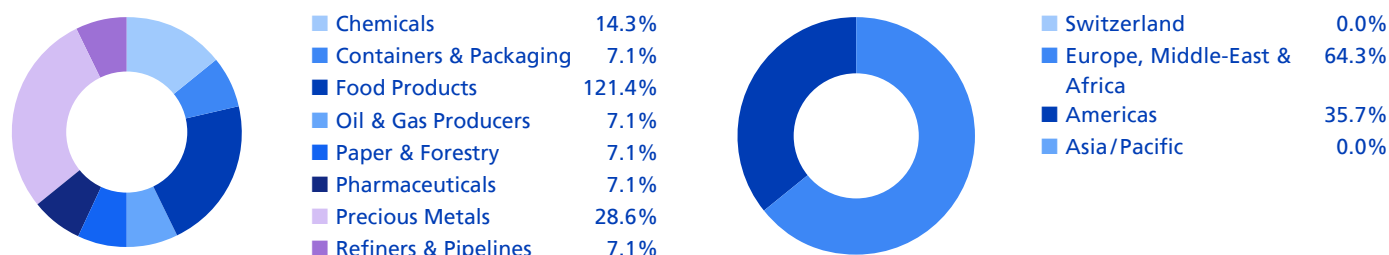
The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- Governance
- Operational risk management
- Supply chain risk management
- Circularity
- Stakeholder engagement

## Localised water management

The goal of this engagement is to have positive impacts on water management and stewardship on company, basin and sector level. On a company level, we aim for improved awareness of the importance and benefits of adapting water strategies to the local risks and realities, as well as enhanced company-wide appreciation and management of water as a material risk and opportunity. As regards the Tiete and Vaal river basins, we hope these dialogues to support the identification of concrete opportunities for collaboration with other stakeholders linked to the same catchment, in order to improve long-term water security for everyone involved. Furthermore, we would like to see companies cascade learnings and best practices across their operations and respective sectors, with this ultimately prompting joint efforts also in other basins.

The following pie charts show the sectors and locations (headquarters) of the **14 engaged companies** in this thematic engagement:



Source: Sustainalytics

The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- Water quantity
- Water risk and opportunity management
- Water governance
- Public water management
- Integrated water resources management
- Water quality



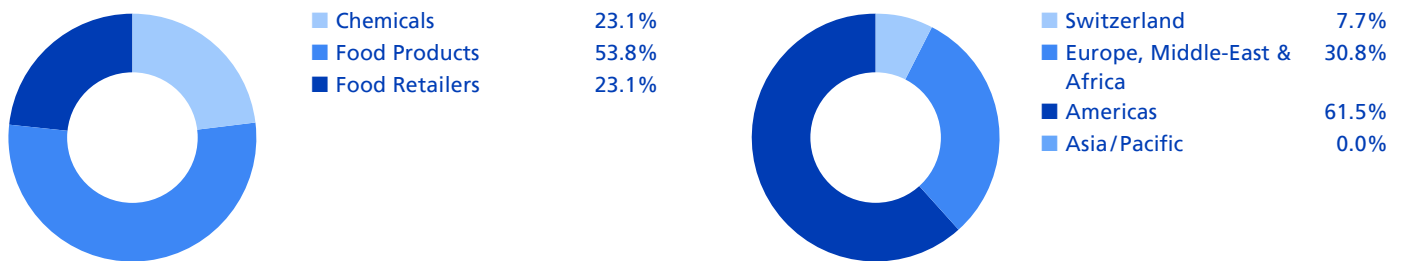
## Feeding the future

The objective of this engagement programme is to:

- encourage food companies to embark on a transition towards more sustainable practices and develop holistic responses to the environmental challenges; and
- contribute to a more sustainable trajectory for the future of food.

The measures companies are expected to implement cover contingency planning (including science-based scenario analysis), responsible stewardship of land and other natural resources, eliminating food waste, aligning with shifting consumer trends, and supporting a sector-wide transition to more sustainable business models.

The following pie charts show the sectors and locations (headquarters) of the **13 engaged companies** in this thematic engagement:



Source: Sustainalytics

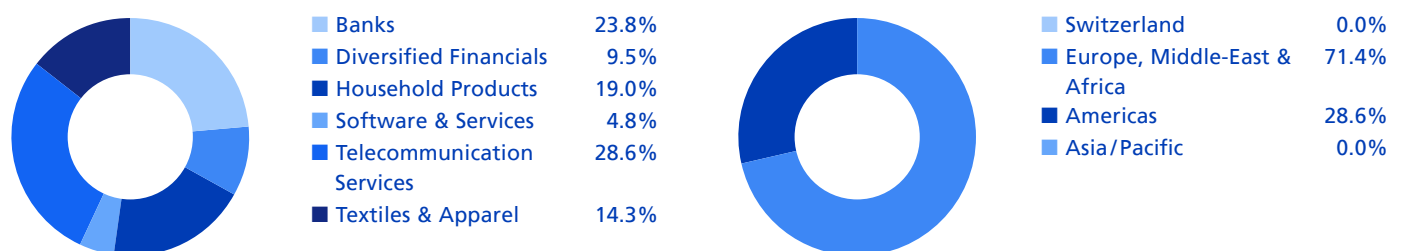
The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- Biodiversity and land use
- Non-land resources and food waste
- Sustainable product portfolio
- Supply chain resilience
- Collaboration

## The Governance of SDGs

The objective of this engagement is to encourage the company to clearly identify which SDGs are the right ones for it to prioritise. In addition, the company should demonstrate that its decision-making considers SDG impacts, guides culture, and maintains its license to operate, and is geared towards achieving concrete positive change.

The following pie charts show the sectors and locations (headquarters) of the **21 engaged companies** in this thematic engagement:



Source: Sustainalytics

The focus within this thematic engagement is on the following KPIs for which the progress is measured and assessed:

- SDG governance and strategy
- Board oversight of SDG strategy framework
- Risk and impact assessment and management
- Reporting
- Stakeholder engagement

#### 4.5 Case studies – Sustainalytics

Below you will find a selection of engagement case studies, that we regard as relevant and material for our investment universe, which were performed by Sustainalytics on our behalf.

##### 3M Co., United States

<b>Sector</b>	Industrials
<b>Topic</b>	Global Standards - Activities resulting in adverse environmental and human rights impacts
<b>Period</b>	Q4 2019 – Q4 2023
<b>Summary</b>	<p>While 3M ceased its decades-long production and sales of PFOA and PFOS in the early 2000s, the adverse impacts of the company's activities are ongoing owed to the continued sales of PFAS. The chemicals are extremely persistent in the environment and resistant to typical environmental degradation processes. Investigations by a number of US states have shown that the contamination is widespread, with the chemicals present in rivers, groundwater, drinking water wells and landfills. The PFAS pollution is also a financial burden on local governments: the installation of drinking water filters can cost several millions of dollars, while more permanent solutions can be far more expensive. Starting in 2018, litigation and settlements compounded with plaintiffs from 20 states bringing lawsuits against 3M. Most recently (August 2023), 3M agreed to settle a case in the US District Court of South Carolina for USD 12.5 billion. Also in 2023, 3M agreed to discontinue production of all PFAS chemicals by 2025.</p> <p>Conclusion: In addition to agreeing to discontinue production of PFAS chemicals, 3M Co. provided clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. 3M also applied the lessons learnt from PFAS to its product development and has invested in sustainable chemistry.</p>
<b>Status</b>	Engaged per Q3 2023 and Resolved per Q4 2023

Source: Swisscanto and ISS

##### Bayer AG, Germany

<b>Sector</b>	Pharmaceuticals
<b>Topic</b>	Global Standards - Quality and safety
<b>Period</b>	Q2 2018 – ongoing
<b>Summary</b>	<p>The focus of this engagement is on its issues with its glyphosate-based products (Roundup) which Bayer acquired when it purchased Monsanto in 2018. Monsanto had a legacy of producing chemicals with harmful side effects such as PCBs and dioxins which are both persistent in the environment and harmful to humans over a lengthy period of use. Roundup has caused many tens of thousands of lawsuits in the US, due to the active ingredient glyphosate which has allegedly been linked to cancer. Bayer may eventually incur over USD 15 billion in expenses to pay legal awards and settlements for glyphosate-related cases.</p> <p>Change objective: As it addresses concerns about glyphosate and develops new products to replace it, Bayer should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.</p>
<b>Status</b>	Engaged

Source: Swisscanto and ISS

## First Solar, United States

<b>Sector</b>	Information Technology
<b>Topic</b>	Thematic – Responsible cleantech
<b>Period</b>	Q1 2021 – Q4 2023
<b>Summary</b>	<p>The objective of this engagement was to catalyze more sustainable production of some of the most popular cleantech solutions. First Solar was asked to implement policies that adequately address environmental and social risks of their operations and supply chains. It was expected to apply a life cycle approach to their products. Finally, it should engage their suppliers and/or customers and start or join collaborative initiatives towards sector-wide improvement.</p> <p>First Solar is structurally different from the other large solar panel producers, with production in the US, Malaysia and Vietnam instead of China (primarily), and working with Cadmium Telluride (CdTe) instead of crystalline silicon. That said, First Solar impressed with respecting labour rights in its factories and also conducting audits of suppliers and sharing the results. Early during the engagement First Solar joined the Responsible Business Alliance (RBA) and assessed its own facilities using RBA's due diligence tool – it finds its facilities to be low risk. In our view, the primary area for improvement is that First Solar has not committed to paying living wages in its code of conduct (which would also apply to suppliers). First Solar reports paying competitive wages relative to local markets and has evaluated its compensation practices with respect to living wage levels, but has not committed to paying a living wage. In regards to circularity, First Solar demonstrated early preparedness to recover materials from decommissioned solar modules and tends to follow local regulations – the EU already requires recycling solar panels and a number of US states have, or are considering, establishing policies on decommissioning and recycling. First Solar commits to recycling over 90% of materials in a module, including semiconductors, glass, rubber and aluminium and does so with in-house PV recycling capabilities.</p>
<b>Status</b>	Engaged per Q3 2023 and Resolved per Q4 2023

Source: Swisssanto and ISS

## Orpea SA, France

<b>Sector</b>	Healthcare
<b>Topic</b>	Global Standards – Quality and safety
<b>Period</b>	Q2 2022 – ongoing
<b>Summary</b>	<p>The book “Les Fossoyeurs” raised four allegations against Orpéa. Some of the allegations were confirmed by the company's own audit and the investigation of the French authorities. 1) On the low quality of care, Orpéa was reported to ration incontinence pads and food to clients. That could be a result of having insufficient care providers and building the staff incentive system entirely based on financial performance. 2) On the misuse of public funds, Orpéa allegedly falsified documents and did not return budget surpluses to authorities. 3) On conflict of interest, Orpéa was accused of building privileged relations with public servants for their advantage. 4) On the violation of employment law, Orpéa was said to have misused temporary labour contracts, hindered union activities and freedom of association, and discriminated against some employees. Orpéa rejected the allegation of poor care quality but admitted that there are gaps to be addressed.</p> <p>In November 2022, Orpéa committed to making improvements. It recognized that caring for employees are the prerequisites for delivering good quality care. It made commitments to improve the quality of care for clients and residents through: reducing staff turnover, increasing staff hiring, providing medical training, gathering feedback from clients, and supporting and empowering care staff. In addition, the company has set up training plans on ethics aiming at cultural change. Going forward, Sustainalytics will closely monitor the implementation of these commitments.</p>
<b>Status</b>	Engaged

Source: Swisssanto and ISS

## Southern Copper Corp., United States

<b>Sector</b>	Diversified Metals
<b>Topic</b>	Leaks, spills and pollution – environmental and human rights impacts
<b>Period</b>	Q2 2018 – ongoing
<b>Summary</b>	<p>In August 2014, the Buenavista copper mine in Mexico, operated by Southern Copper Corporation's (SCC) subsidiary, Buenavista del Cobre, suffered a toxic spill of 40,000 cubic metres of wastewater containing copper sulphate and heavy metals from a tailings pond. The spill reached two Mexican rivers – the Bacanuchi and Sonora – and impacted a 200-mile area and seven municipalities downstream. SCC spent \$126 mn on remediation efforts and monitored water quality for five years after the spill, submitting regular reports to the National Water Commission of Mexico (CONAGUA). Although the reports were not made public, independent studies confirm that the toxic elements released were stabilized by the carbonates that are naturally present in the Bacanuchi river soil. At the same time, SCC made significant efforts to improve its policies and procedures regarding the maintenance and operation of tailings ponds. Although the Mexican authorities approved remediation efforts in 2017, there was concern from communities and other stakeholders that they were insufficient. Subsequent legal actions by an NGO and plaintiffs asked the authorities to increase transparency on the nature of the agreement with Grupo Mexico regarding remediation, how the remediation plan was approved and how the authorities evaluated those measures were fulfilled. In 2021, the Supreme court ordered the Mexican authorities to hold informative sessions with communities and plaintiffs to explain the process and how they reached their conclusion that the remediation measures were effective. In May 2023, the Ministry of Environment and Natural Resources reiterated the concerns of plaintiffs, indicating in a report that the soil, air and water quality in the area remains a significant concern. SCC disputes these conclusions and references studies by various environmental, medical, epidemiological and biological agencies and consultants. Several lawsuits are pending resolution and will be monitored to understand if SCC's efforts were insufficient. Looking forward, SCC's latest disclosures demonstrate a marked improvement in their policies and operational practices and no new incidents have been reported. Ensuring that all SCC's plans are put into action and maintained will form the remaining phase of the engagement.</p>
<b>Status</b>	Engaged

Source: Swisscanto and ISS

## Tesla Inc., United States

<b>Sector</b>	Consumer Discretionary
<b>Topic</b>	Thematic – Responsible cleantech
<b>Period</b>	Q1 2021 – Q4 2023
<b>Summary</b>	<p>In the scope of our responsible cleantech engagement by our engagement partner, noteworthy progress was made during a three-year engagement that concluded December 2023. The engagement covered GHG emissions reduction within the supply chain, responsible battery supply chain and related sourcing of materials as well as on workplace and employee engagement. Tesla demonstrated a deep understanding of the issues, and leads in some cases, for instance in building its own lithium refinery in Texas and eliminating acid from the leaching process. In other areas Tesla still faces challenges, most notably related to human capital, but improvement in this area will be driven by a separate engagement that commenced April 2022 and is ongoing.</p>
<b>Status</b>	Engaged per Q3 2023 and Resolved per Q4 2023

Source: Swisscanto and ISS

## Vestas, Demark

<b>Sector</b>	Industrials
<b>Topic</b>	Thematic – Responsible cleantech
<b>Period</b>	Q4 2020 – Q4 2023
<b>Summary</b>	<p>The objective of this engagement was to catalyze more sustainable production of some of the most popular cleantech solutions. Vestas was asked to implement policies that adequately address environmental and social risks of their operations and supply chains. It was expected to apply a life cycle approach to their products. Finally, it should engage their suppliers and/or customers and start or join collaborative initiatives towards sector-wide improvement.</p> <p>For many years, Vestas has been recognized as a sustainability leader. It demonstrated a strong commitment to environmentally and socially sustainable production and sourcing with a comprehensive strategy. The more challenging aspects of the engagement related to supply chain risk management and circularity, and there was particular focus on recovery of raw materials from blades. Fierce price competition and supply chain disruptions made it challenging to accelerate progress with sourcing raw materials with superior environmental performance, but the company continues to execute its plans - those include: 1) carbon neutrality by 2030; and 2) production of „zero-waste turbines“ by 2040, including recycling of blades. Finally, in terms of collaborations to improve circularity, Vestas' CETEC initiative with Olin (US-based epoxy producer) and the Danish Technological Institute Aarhus University is trying to develop a blade recycling solution, but it is technically and commercially challenging. Although the engagement is resolved, our thematic investment team will continue to follow these developments.</p>
<b>Status</b>	Engaged per Q3 2023 and Resolved per Q4 2023

Source: Swisssanto and ISS

### 4.6 Collaborative engagements

Collaborative engagements enable investors to speak with a strong “common voice” when addressing common ESG issues. It takes on a variety of forms including investor letters and broader investor initiatives such as topical coalitions and campaigns.

We engage in collaborations with other investors or institutions whenever necessary and appropriate. We believe that the best way to drive improved market practices and ESG best-practice standards is through active membership of collaborative platforms, such as:

- United Nations' Principles for Responsible Investment (UN PRI),
- European Fund and Asset Management Association (EFAMA),
- Asset Management Association Switzerland (AMAS),
- Swiss Sustainable Finance (SSF), and
- European Sustainable Investment Forum (Eurosif).

For each of these platforms, we identify and prioritise our collaborative engagement activities within these memberships. This takes many forms, including investor letters and broader investor initiatives such as current coalitions and campaigns. We evaluate collaborative engagement and participate in areas where we can add value through our market position and insights in line with our engagement strategy and proxy voting guidelines, for example through initiatives targeting Swiss and international companies on the topic of climate change, which is important for our overall thematic focus.

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 Swisssanto whether on a standalone basis or selectively with other investors also take place. In addition, we support various ESG initiatives such as ClimateAction100+, TCFD, Climate Bond Initiative et al. The most recent memberships and collaborative initiatives are shown in the appendix under item 8.4. and published as a complete overview under the link [swisssanto.com/int/en/sustainability/investment-stewardship.html](https://www.swisssanto.com/int/en/sustainability/investment-stewardship.html).

# 5 Outlook

The Swiss company law revision (in force in 2023) brings important innovations:

- ESG reporting from the year 2024: this also creates feedback effects for engagements on ESG strategy and activities, while the asset manager allocates capital in an ESG-friendly way.
- Shareholders may request that (ESG-)items be included on the shareholder meeting agenda, provided that they together hold at least 0.5% of the share capital or votes in companies whose shares are listed on a stock exchange.

The EU Taxonomy Regulation describes a framework to generally classify “green” or “sustainable” economic activities within the EU. Previously, there was no definition. The EU taxonomy now creates rules and frameworks for the concept of sustainability when a company is operating in a sustainable or environmentally friendly manner. The legislation aims to reward and promote environmentally friendly business practices and technologies through an investment focus. The focus is on the following six environmental goals:

- Climate protection
- Adaptation to climate change
- Sustainable use and application of water or marine resources
- Transition to a circular economy
- Pollution prevention or control
- Protection and restoration of biodiversity and ecosystems

As part of our thematic engagements, together with our engagement partner, we continue to select companies that have the appropriate, material and relevant topics as outlined in our engagement guidelines. Those guidelines, but also our other policies, and related stewardship strategy are being regularly reviewed and if necessary updated as necessary.

Within our direct and global standards engagements with our engagement partner, we continue focus predominantly at the moment on ESG issues (i.e. foremost UN Global Compact breaches and proxy voting matters) and the promotion of the UN SDGs. For the foreseeable future, we will continue to focus on climate change, while we further develop and establish the engagements on biodiversity and the circular economy.

# 6 Appendix

In this section, you find a summary of our stewardship efforts and related statistics during the reporting period.

## 6.1 Direct engagements

The following list reflects our direct engagement with issuers during the reporting period. The list shows when the engagement was performed and what the key focus in terms of ESG was.

Quarter	Company name	Country	Sector	E	S	G	Other
Q4 2022	ABB Ltd.	CH	Industrials	2	1	3	2
Q3 2023	Adecco Group AG	CH	Industrials	1	2	3	0
Q4 2022	adidas AG	DE	Consumer Discretionary	0	1	1	3
Q4 2022	AECOM	US	Industrials	3	2	1	2
Q1 2023	Albemarle Corporation	US	Materials	0	3	0	3
Q4 2022	Alcon AG	CH	Health Care	1	2	3	2
Q4 2022	Alcon AG	CH	Health Care	2	2	3	1
Q4 2022	Allianz SE	DE	Financials	3	1	3	3
Q4 2022	Allianz SE	DE	Financials	0	0	2	3
Q2 2023	Allianz SE	DE	Financials	3	2	2	3
Q1 2023	Allreal Holding AG	CH	Real Estate	3	0	1	2
Q3 2023	Allreal Holding AG	CH	Real Estate	3	0	1	2
Q2 2023	Alstom SA	FR	Industrials	0	1	0	3
Q3 2023	Amgen Inc.	US	Health Care	1	3	3	3
Q1 2023	Anthem Inc	US	Health Care	0	2	3	3
Q1 2023	Aptiv PLC	US	Consumer Discretionary	1	0	2	2
Q2 2023	Arkema SA	FR	Materials	3	1	1	0
Q3 2023	Baidu Inc Sponsored ADR Class A	CN	Communication Services	0	1	0	3
Q3 2023	Baidu Inc Sponsored ADR Class A	CN	Communication Services	2	2	2	3
Q4 2022	Baloise-Holding AG	CH	Financials	2	1	2	1
Q4 2022	Banco Bilbao Vizcaya Argentaria, S.A.	ES	Financials	3	0	3	3
Q2 2023	Banco Bilbao Vizcaya Argentaria, S.A.	ES	Financials	2	1	3	3
Q4 2022	Banco do Brasil S.A.	BR	Financials	2	2	2	2
Q4 2022	Banco do Brasil S.A.	BR	Financials	3	2	3	2
Q4 2022	Banco do Brasil S.A.	BR	Financials	3	1	3	3
Q3 2023	Bank of Nova Scotia	CA	Financials	3	1	2	3
Q2 2023	Barrick Gold Corporation	CA	Materials	3	3	0	1
Q4 2022	Barry Callebaut AG	CH	Consumer Staples	1	3	2	1
Q2 2023	Barry Callebaut AG	CH	Consumer Staples	3	3	0	1
Q2 2023	Befesa SA	DE	Industrials	3	0	0	0
Q1 2023	BeiGene Ltd	CN	Health Care	0	3	0	0
Q2 2023	Bristol-Myers Squibb Company	US	Health Care	0	0	3	0
Q2 2023	Bristol-Myers Squibb Company	US	Health Care	0	3	2	3

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high

Quarter	Company name	Country	Sector	E	S	G	Other
Q3 2023	California Water Service Group	US	Utilities	3	2	1	1
Q3 2023	Carl Zeiss Meditec AG	DE	Health Care	1	3	2	1
Q3 2023	Centene Corporation	US	Health Care	0	1	3	3
Q2 2023	CGI Inc. Class A	CA	Information Technology	0	0	2	3
Q2 2023	China Construction Bank Corporation	CN	Financials	3	1	2	3
Q1 2023	Coway Co., Ltd.	KR	Consumer Discretionary	1	0	1	3
Q3 2023	Coway Co., Ltd.	KR	Consumer Discretionary	1	0	1	3
Q4 2022	Credicorp Ltd.	PE	Financials	2	1	1	3
Q2 2023	Credit Agricole SA	FR	Financials	3	0	0	0
Q1 2023	Credit Suisse Group AG	CH	Financials	1	2	3	1
Q1 2023	CTBC Financial Holding Company Ltd.	TW	Financials	3	1	2	3
Q4 2022	Danone SA	FR	Consumer Staples	1	0	1	3
Q1 2023	Danone SA	FR	Consumer Staples	2	1	1	2
Q1 2023	Daqo New Energy Corp	CN	Information Technology	3	2	1	0
Q4 2022	Darktrace PLC	GB	Information Technology	1	1	3	3
Q1 2023	DBS Group Holdings Ltd	SG	Financials	3	0	2	0
Q4 2022	Delta Electronics, Inc.	TW	Information Technology	3	0	0	3
Q1 2023	Descartes Systems Group Inc.	CA	Information Technology	0	0	1	3
Q4 2022	Deutsche Post AG	DE	Industrials	2	0	0	3
Q4 2022	Development Bank of Japan	JP	Other (Government)	1	2	3	1
Q1 2023	Direct Line Insurance Group Plc	GB	Financials	3	1	2	3
Q2 2023	DoorDash, Inc. Class A	US	Consumer Discretionary	1	3	3	2
Q3 2023	Dow, Inc.	US	Materials	3	2	3	3
Q1 2023	East West Bancorp, Inc.	US	Financials	3	2	2	3
Q1 2023	EDP-Energias de Portugal SA	PT	Utilities	2	0	0	2
Q1 2023	Enel SpA	IT	Utilities	2	0	0	3
Q4 2022	Energiedienst Holding AG	CH	Utilities	3	2	3	3
Q1 2023	ENGIE SA.	FR	Utilities	2	0	0	3
Q2 2023	EPIC Suisse Ltd.	CH	Real Estate	3	1	1	1
Q3 2023	EPIC Suisse Ltd.	CH	Real Estate	3	1	2	3
Q4 2022	Essential Utilities, Inc.	US	Utilities	3	0	0	0
Q2 2023	Essential Utilities, Inc.	US	Utilities	2	0	0	3
Q3 2023	Euronext NV	FR	Financials	2	2	3	3
Q1 2023	F5, Inc.	US	Information Technology	0	0	1	3
Q2 2023	FedEx Corporation	US	Industrials	2	2	2	3
Q1 2023	Fifth Third Bancorp	US	Financials	3	1	2	3
Q1 2023	First Solar, Inc.	US	Information Technology	3	2	0	0
Q3 2023	FMC Corporation	US	Materials	0	3	2	3
Q2 2023	Ford Motor Company	US	Consumer Discretionary	2	2	1	0
Q1 2023	Fortinet, Inc.	US	Information Technology	0	0	1	3
Q4 2022	Galenica AG	CH	Health Care	2	2	3	1
Q3 2023	GAM Holding AG	CH	Financials	0	1	1	3
Q3 2023	Ganfeng Lithium Group Co., Ltd. Class A	CN	Materials	2	0	0	0
Q1 2023	Gerresheimer AG	DE	Health Care	3	0	0	3
Q1 2023	Gerresheimer AG	DE	Health Care	1	2	2	1
Q1 2023	Gilead Sciences, Inc.	US	Health Care	0	3	3	3
Q2 2023	Gurit Holding AG	CH	Materials	3	2	1	0

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high



Quarter	Company name	Country	Sector	E	S	G	Other
Q1 2023	GXO Logistics Inc	US	Industrials	2	2	2	3
Q4 2022	H&R Block, Inc.	US	Consumer Discretionary	1	1	1	0
Q4 2022	H&R Block, Inc.	US	Consumer Discretionary	1	1	1	1
Q1 2023	H&R Block, Inc.	US	Consumer Discretionary	1	1	1	3
Q3 2023	H. Lundbeck A/S	DK	Health Care	1	3	2	0
Q4 2022	Haier Smart Home Co., Ltd. Class A	CN	Consumer Discretionary	2	1	1	3
Q4 2022	HANWHA SOLUTIONS CORPORATION	KR	Materials	3	2	0	1
Q4 2022	Havells India Limited	IN	Industrials	2	3	3	3
Q1 2023	Hera S.p.A.	IT	Utilities	2	0	0	3
Q1 2023	HIAG Immobilien Holding AG	CH	Real Estate	3	1	1	2
Q3 2023	HIAG Immobilien Holding AG	CH	Real Estate	1	1	3	3
Q4 2022	Holcim Ltd	CH	Materials	2	1	2	3
Q4 2022	Honda Motor Co., Ltd.	JP	Consumer Discretionary	3	2	1	0
Q1 2023	HOYA CORPORATION	JP	Health Care	2	0	3	3
Q4 2022	Huntington Bancshares Incorporated	US	Financials	3	1	2	3
Q4 2022	Hyundai Mobis Co., Ltd	KR	Consumer Discretionary	2	2	2	0
Q1 2023	Hyundai Mobis Co., Ltd	KR	Consumer Discretionary	2	3	2	2
Q1 2023	Iberdrola SA	ES	Utilities	2	0	0	2
Q4 2022	Idorsia Ltd.	CH	Health Care	2	1	3	2
Q4 2022	IGM Financial Inc.	CA	Financials	2	1	2	3
Q1 2023	Ina Invest Holding Ltd.	CH	Real Estate	2	1	3	1
Q3 2023	Incyte Corporation	US	Health Care	1	3	1	1
Q1 2023	Industrie De Nora SpA	IT	Industrials	2	0	3	3
Q1 2023	Intapp, Inc.	US	Information Technology	1	2	2	3
Q1 2023	Intapp, Inc.	US	Information Technology	0	0	1	3
Q1 2023	Intershop Holding AG	CH	Real Estate	3	1	1	2
Q3 2023	Intershop Holding AG	CH	Real Estate	3	1	2	3
Q1 2023	Intertek Group plc	GB	Industrials	0	0	0	3
Q4 2022	Ionis Pharmaceuticals, Inc.	US	Health Care	0	3	2	3
Q3 2023	Ipsen SA	FR	Health Care	1	3	2	2
Q2 2023	Ivanhoe Mines Ltd. Class A	CA	Materials	2	2	2	3
Q3 2023	Ivanhoe Mines Ltd. Class A	CA	Materials	3	3	3	0
Q3 2023	Jones Lang LaSalle Incorporated	US	Real Estate	1	1	1	3
Q1 2023	Kasikornbank Public Co. Ltd.	TH	Financials	2	1	1	3
Q4 2022	Kering SA	FR	Consumer Discretionary	0	0	1	3
Q4 2022	KeyCorp	US	Financials	3	1	3	3
Q2 2023	Landis+Gyr Group AG	CH	Information Technology	2	2	3	1
Q3 2023	Legend Biotech Corp.	CN	Health Care	0	3	1	0
Q4 2022	LG Energy Solution Ltd.	KR	Industrials	3	2	1	0
Q4 2022	Lonza Group AG	CH	Health Care	3	1	2	2
Q3 2023	Lonza Group AG	CH	Health Care	0	0	2	3
Q3 2023	M3, Inc.	JP	Health Care	0	0	1	3
Q3 2023	M3, Inc.	JP	Health Care	1	3	2	2
Q1 2023	Mapfre SA	ES	Financials	2	1	2	3
Q1 2023	Marico Limited	IN	Consumer Staples	3	3	3	3
Q2 2023	Maxeon Solar Technologies, Ltd.	SG	Information Technology	3	2	2	2
Q1 2023	medmix AG	CH	Health Care	1	1	3	2

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high

Quarter	Company name	Country	Sector	E	S	G	Other
Q3 2023	Merck KGaA	DE	Health Care	0	0	1	0
Q2 2023	Methanex Corporation	CA	Materials	3	0	0	0
Q2 2023	Mineral Resources Limited	AU	Materials	2	0	0	0
Q3 2023	Mitsui Chemicals, Inc.	JP	Materials	0	0	1	3
Q1 2023	Mobimo Holding AG	CH	Real Estate	3	1	1	1
Q1 2023	Nestle S.A.	CH	Consumer Staples	2	2	3	0
Q1 2023	Nidec Corporation	JP	Industrials	1	2	3	3
Q1 2023	Nidec Corporation	JP	Industrials	1	2	3	0
Q2 2023	Northland Power Inc.	CA	Utilities	2	0	0	3
Q1 2023	Novartis AG	CH	Health Care	1	2	2	3
Q4 2022	Nutrien Ltd.	CA	Materials	2	3	0	3
Q3 2023	Nykode Therapeutics ASA	NO	Health Care	2	3	3	3
Q2 2023	Olympus Corp.	JP	Health Care	0	2	1	3
Q3 2023	Olympus Corp.	JP	Health Care	1	3	3	3
Q3 2023	Orion Oyj Class A	FI	Health Care	1	3	3	3
Q3 2023	Orion Oyj Class A	FI	Health Care	2	3	3	3
Q1 2023	Oversea-Chinese Banking Corporation Limited	SG	Financials	2	0	3	3
Q3 2023	Owens Corning	US	Industrials	1	0	0	3
Q4 2022	Partners Group Holding AG	CH	Financials	2	2	3	0
Q1 2023	Partners Group Holding AG	CH	Financials	1	2	2	3
Q3 2023	Pentair plc	US	Industrials	3	2	1	2
Q2 2023	Perella Weinberg Partners Class A	US	Financials	2	2	3	3
Q2 2023	Pfandbriefbank schweizerischer Hypothekarinstitute AG	CH	Financials	2	1	3	1
Q3 2023	Phoenix Holdings Ltd.	IL	Financials	2	1	2	3
Q3 2023	Piedmont Lithium Inc	US	Materials	3	2	1	2
Q3 2023	Piedmont Lithium Inc	US	Materials	3	3	3	0
Q2 2023	Pilbara Minerals Limited	AU	Materials	2	0	0	0
Q1 2023	Plug Power Inc.	US	Industrials	3	1	0	0
Q3 2023	Plug Power Inc.	US	Industrials	3	2	0	0
Q1 2023	Powszechny Zaklad Ubezpieczen Spolka Akcyjna	PL	Financials	3	1	3	3
Q4 2022	Preem Holdings AB	SE	Energy	2	0	2	2
Q1 2023	PSP Swiss Property AG	CH	Real Estate	3	0	0	1
Q3 2023	PT Bank Rakyat Indonesia (Persero) Tbk Class B	ID	Financials	3	1	3	3
Q3 2023	PT Kalbe Farma Tbk	ID	Health Care	0	0	3	0
Q2 2023	PT Telkom Indonesia (Persero) Tbk Class B	ID	Communication Services	2	3	1	0
Q3 2023	QIAGEN NV	DE	Health Care	2	3	3	1
Q2 2023	Regions Financial Corporation	US	Financials	2	2	3	3
Q2 2023	Rieter Holding AG	CH	Industrials	0	0	3	0
Q2 2023	Rieter Holding AG	CH	Industrials	0	0	3	0
Q1 2023	Roche Holdings, Inc.	CH	Health Care	1	2	2	3
Q3 2023	Roche Holdings, Inc.	CH	Health Care	1	3	3	1
Q1 2023	Samsung SDI Co Ltd Pfd Non-Voting	KR	Information Technology	2	2	2	3
Q4 2022	Schneider Electric SE	FR	Industrials	1	0	2	3
Q1 2023	Schneider Electric SE	FR	Industrials	3	0	2	0
Q2 2023	SCOR SE	FR	Financials	3	1	2	3
Q3 2023	SCOR SE	FR	Financials	3	0	2	3

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high

Quarter	Company name	Country	Sector	E	S	G	Other
Q1 2023	SF Urban Properties AG	CH	Real Estate	3	1	1	2
Q3 2023	SF Urban Properties AG	CH	Real Estate	2	1	1	2
Q2 2023	Shell Drp 24	GB	Energy	3	0	0	3
Q3 2023	Shionogi & Co., Ltd.	JP	Health Care	0	2	3	0
Q4 2022	Siemens Healthineers AG	DE	Health Care	0	3	3	3
Q1 2023	SIG Group AG	CH	Materials	3	1	3	1
Q4 2022	Sika AG	CH	Materials	3	1	2	1
Q4 2022	SKAN Group AG	CH	Health Care	2	2	3	1
Q3 2023	SKAN Group AG	CH	Health Care	0	1	1	3
Q2 2023	Smith & Nephew plc	GB	Health Care	0	3	2	3
Q1 2023	Smurfit Kappa Group PLC	IE	Materials	3	0	0	3
Q4 2022	Stantec Inc	CA	Industrials	2	3	1	1
Q3 2023	Stevanato Group SpA	US	Health Care	3	2	2	3
Q4 2022	Sumitomo Mitsui Financial Group, Inc.	JP	Financials	3	0	3	3
Q2 2023	Sumitomo Mitsui Financial Group, Inc.	JP	Financials	3	0	2	0
Q1 2023	Suncorp Group Limited	AU	Financials	2	0	2	3
Q2 2023	Sunnova Energy Corp.	US	Energy	0	0	1	3
Q2 2023	SunPower Corporation	US	Industrials	3	2	0	0
Q1 2023	Swiss Prime Site AG	CH	Real Estate	2	2	0	1
Q1 2023	Swiss Re AG	CH	Financials	2	0	2	2
Q4 2022	Swissquote Group Holding Ltd.	CH	Financials	2	2	2	2
Q1 2023	Swissquote Group Holding Ltd.	CH	Financials	1	2	2	3
Q1 2023	Target Corporation	US	Consumer Staples	1	2	1	0
Q1 2023	Tecan Group AG	CH	Health Care	1	2	2	3
Q1 2023	Tenable Holdings, Inc.	US	Information Technology	0	0	1	3
Q3 2023	Tencent Holdings Ltd.	CN	Communication Services	0	3	0	1
Q4 2022	TerraForm	US	Utilities	3	0	0	0
Q2 2023	Terumo Corporation	JP	Health Care	1	1	3	3
Q4 2022	Thermo Fisher Scientific Inc.	US	Health Care	2	0	1	2
Q1 2023	Tokio Marine Holdings, Inc.	JP	Financials	3	0	3	3
Q1 2023	Trimble Inc.	US	Information Technology	0	0	1	3
Q3 2023	UCB S.A.	BE	Health Care	1	3	3	1
Q2 2023	VERBUND AG Class A	AT	Utilities	2	0	0	3
Q1 2023	Vertex Pharmaceuticals Incorporated	US	Health Care	0	3	0	2
Q1 2023	Vertex, Inc. Class A	US	Information Technology	0	0	2	3
Q4 2022	Vestas Wind Systems A/S	DK	Industrials	0	0	0	3
Q4 2022	Vienna Insurance Group AG	AT	Financials	2	1	3	3
Q4 2022	Volkswagen AG	DE	Consumer Discretionary	0	3	2	0
Q4 2022	Volkswagen AG	DE	Consumer Discretionary	1	3	2	1
Q4 2022	Volkswagen AG	DE	Consumer Discretionary	0	3	2	0
Q1 2023	Volkswagen AG	DE	Consumer Discretionary	0	3	2	0
Q2 2023	Volkswagen AG	DE	Consumer Discretionary	3	2	1	0
Q2 2023	Voltronic Power Technology Corp.	TW	Industrials	0	1	0	3
Q3 2023	Warner Music Group Corp. Class A	US	Communication Services	2	2	2	3
Q2 2023	Warteck Invest AG	CH	Real Estate	3	2	2	1
Q4 2022	West Fraser Timber Co. Ltd.	CA	Materials	2	2	3	3
Q3 2023	West Pharmaceutical Services, Inc.	US	Health Care	2	3	1	3

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high

Quarter	Company name	Country	Sector	E	S	G	Other
Q3 2023	Zealand Pharma A/S	DK	Health Care	1	3	3	3
Q3 2023	Zoom Video Communications, Inc. Class A	US	Information Technology	2	2	2	2
Q1 2023	Zug Estates Holding AG Class B	CH	Real Estate	3	2	1	2
Q3 2023	Zug Estates Holding AG Class B	CH	Real Estate	3	1	1	2
Q4 2022	Zurich Insurance Group Ltd	CH	Financials	2	1	2	1
Q1 2023	Zurich Insurance Group Ltd	CH	Financials	0	0	3	0
Q1 2023	Zurich Insurance Group Ltd	CH	Financials	0	0	3	0

Source: Sustainalytics

Engagement focus: 0 = not discussed, 1 = low, 2 = medium, 3 = high

## 6.2 Current global standards engagements

The following list reflects the global standards engagements with issuers performed by Sustainalytics by region. The list shows the relevant breach in terms of the UN Global Compact Principles and related engagements during the reporting period.

### Europe

Company name	Country	Sector	Norm
ArcelorMittal SA	Luxembourg	Steel	Human Rights
Barclays Bank Plc	United Kingdom	Banks	Business Ethics
Barclays PLC	United Kingdom	Banks	Business Ethics
Bayer AG	Germany	Pharmaceuticals	Human Rights
Bolloré SE	France	Media	Human Rights
boohoo group Plc	United Kingdom	Retailing	Labour
Danske Bank A/S	Denmark	Banks	Business Ethics
Deutsche Bank AG	Germany	Banks	Business Ethics
EDP-Energias de Portugal SA	Portugal	Utilities	Business Ethics
Glencore Plc	Switzerland	Diversified Metals	Business Ethics
Glencore Plc	Switzerland	Diversified Metals	Labour
Koninklijke Philips NV	Netherlands	Healthcare	Human Rights
Medtronic Plc	Ireland	Healthcare	Human Rights
Sanofi	France	Pharmaceuticals	Human Rights
Swedbank AB	Sweden	Banks	Business Ethics
Swedbank Hypotek AB	Sweden	Banks	Business Ethics
Telefonaktiebolaget LM Ericsson	Sweden	Technology Hardware	Business Ethics
Teleperformance SA	France	Commercial Services	Labour
UBS Group AG	Switzerland	Diversified Financials	Business Ethics

Source: Sustainalytics

### United States and Canada

Company name	Country	Sector	Norm
3M Co.	United States of America	Industrial Conglomerates	Environment
Activision Blizzard, Inc.	United States of America	Software & Services	Labour
Amazon.com, Inc.	United States of America	Retailing	Human Rights
Amazon.com, Inc.	United States of America	Retailing	Labour
Barrick Gold Corp.	Canada	Precious Metals	Human Rights
Blackstone, Inc.	United States of America	Diversified Financials	Business Ethics
Blackstone, Inc.	United States of America	Diversified Financials	Labour
Caterpillar, Inc.	United States of America	Machinery	Human Rights

<b>Company name</b>	<b>Country</b>	<b>Sector</b>	<b>Norm</b>
Cencora, Inc.	United States of America	Healthcare	Human Rights
Citigroup, Inc.	United States of America	Banks	Business Ethics
CoreCivic, Inc.	United States of America	Commercial Services	Human Rights
FirstEnergy Corp.	United States of America	Utilities	Business Ethics
Indivior PLC	United States of America	Pharmaceuticals	Business Ethics
Johnson & Johnson	United States of America	Pharmaceuticals	Human Rights
Kenvue, Inc.	United States of America	Retailing	Human Rights
Mattel, Inc.	United States of America	Consumer Durables	Human Rights
McDonald's Corp.	United States of America	Consumer Services	Labour
McKesson Corp.	United States of America	Healthcare	Human Rights
Meta Platforms, Inc.	United States of America	Software & Services	Human Rights
Meta Platforms, Inc.	United States of America	Software & Services	Human Rights
Pan American Silver Corp.	Canada	Precious Metals	Human Rights
PG&E Corp.	United States of America	Utilities	Human Rights
RTX Corp.	United States of America	Aerospace & Defense	Human Rights
Southern Copper Corp.	United States of America	Diversified Metals	Labour
Southern Copper Corp.	United States of America	Diversified Metals	Environment
Starbucks Corp.	United States of America	Consumer Services	Labour
Stryker Corp.	United States of America	Healthcare	Human Rights
Tesla, Inc.	United States of America	Automobiles	Labour
The Boeing Co.	United States of America	Aerospace & Defense	Human Rights
The Chemours Co.	United States of America	Chemicals	Environment
The GEO Group, Inc.	United States of America	Commercial Services	Human Rights
Thermo Fisher Scientific, Inc.	United States of America	Pharmaceuticals	Human Rights
Uber Technologies, Inc.	United States of America	Software & Services	Human Rights
Wells Fargo & Co.	United States of America	Banks	Business Ethics

## Asia/Pacific

<b>Company name</b>	<b>Country</b>	<b>Sector</b>	<b>Norm</b>
Adani Enterprises Ltd.	India	Traders & Distributors	Environment
Adani Ports & Special Economic Zone Ltd.	India	Transportation Infrastructure	Environment
Adani Ports & Special Economic Zone Ltd.	India	Transportation Infrastructure	Human Rights
AMP Ltd.	Australia	Diversified Financials	Business Ethics
Baidu, Inc.	China	Software & Services	Human Rights
Bank of Baroda	India	Banks	Business Ethics
China Gas Holdings Ltd.	Hong Kong	Utilities	Human Rights
Formosa Chemicals & Fibre Corp.	Taiwan	Chemicals	Labour
GCL Technology Holdings Ltd.	Hong Kong	Semiconductors	Labour
Hino Motors, Ltd.	Japan	Machinery	Business Ethics
Hoshine Silicon Industry Co., Ltd.	China	Chemicals	Labour
Imperial Pacific International Holdings Ltd.	Hong Kong	Consumer Services	Labour
Indofood Agri Resources Ltd.	Singapore	Food Products	Labour
Korea Electric Power Corp.	South Korea	Utilities	Human Rights
Li Ning Co., Ltd.	China	Consumer Durables	Labour
Lotte Chemical Corp.	South Korea	Chemicals	Business Ethics
Mitsubishi Materials Corp.	Japan	Diversified Metals	Business Ethics
Ntpc Ltd.	India	Utilities	Environment
Ntpc Ltd.	India	Utilities	Human Rights

Company name	Country	Sector	Norm
Oil & Natural Gas Corp. Ltd.	India	Oil & Gas Producers	Human Rights
Page Industries Ltd.	India	Retailing	Labour
Petroliam Nasional Bhd.	Malaysia	Oil & Gas Producers	Human Rights
POSCO INTERNATIONAL Corp.	South Korea	Traders & Distributors	Human Rights
Power Construction Corporation of China, Ltd.	China	Construction & Engineering	Environment
PT Indah Kiat Pulp & Paper Tbk	Indonesia	Paper & Forestry	Environment
PT Indonesia Asahan Aluminium (Persero)	Indonesia	Diversified Metals	Environment
Rio Tinto Ltd.	Australia	Diversified Metals	Human Rights
SAMSUNG BIOLOGICS Co., Ltd.	South Korea	Pharmaceuticals	Business Ethics
Samsung C&T Corp.	South Korea	Industrial Conglomerates	Business Ethics
Samsung Electronics Co., Ltd.	South Korea	Technology Hardware	Business Ethics
SDIC Power Holdings Co., Ltd.	China	Utilities	Environment
Sime Darby Plantation Bhd.	Malaysia	Food Products	Labour
SK, Inc.	South Korea	Industrial Conglomerates	Human Rights
Suruga Bank Ltd.	Japan	Banks	Business Ethics
Tencent Holdings Ltd.	China	Software & Services	Human Rights
The Star Entertainment Group Ltd.	Australia	Consumer Services	Business Ethics
Tokyo Electric Power Co. Holdings, Inc.	Japan	Utilities	Environment
Tongling Nonferrous Metals Group Co., Ltd.	China	Diversified Metals	Human Rights
Toyota Motor Corp.	Japan	Automobiles	Business Ethics
UPL Ltd.	India	Chemicals	Environment
Vedanta Ltd.	India	Diversified Metals	Human Rights
Westpac Banking Corp.	Australia	Banks	Business Ethics
Wilmar International Ltd.	Singapore	Food Products	Human Rights
YES BANK Ltd.	India	Banks	Business Ethics
Zijin Mining Group Co., Ltd.	China	Precious Metals	Environment
Zijin Mining Group Co., Ltd.	China	Precious Metals	Human Rights
ZTE Corp.	China	Technology Hardware	Human Rights

### Latin America and Caribbean

Company name	Country	Sector	Norm
Centrais Elébricas Brasileiras SA	Brazil	Utilities	Human Rights
Grupo México S.A.B. de C.V.	Mexico	Diversified Metals	Labour
Grupo México S.A.B. de C.V.	Mexico	Diversified Metals	Environment
JBS SA	Brazil	Food Products	Business Ethics
JBS SA	Brazil	Food Products	Business Ethics
JBS SA	Brazil	Food Products	Environment
Petróleos Mexicanos EPE	Mexico	Oil & Gas Producers	Human Rights
Vale SA	Brazil	Diversified Metals	Human Rights

### Africa/Middle East

Company name	Country	Sector	Norm
Bezeq The Israeli Telecommunication Corp. Ltd.	Israel	Telecommunication Services	Business Ethics
Harmony Gold Mining Co. Ltd.	South Africa	Precious Metals	Human Rights
MTN Group Ltd.	South Africa	Telecommunication Services	Human Rights
Pepkor Holdings Ltd.	South Africa	Retailing	Business Ethics
Sibanye Stillwater Ltd.	South Africa	Precious Metals	Human Rights
Steinhoff International Holdings NV	South Africa	Consumer Durables	Business Ethics

### 6.3 Current thematic engagements

The following list reflects our thematic engagement with issuers performed by Sustainalytics on our behalf by key area during the reporting period.

#### Biodiversity and Natural Capital

Company name	Country	Sector
Archer-Daniels-Midland Co.	United States of America	Food Products
Banco do Brasil SA	Brazil	Banks
Bank of America Corp.	United States of America	Banks
Beyond Meat, Inc.	United States of America	Food Products
Carrefour SA	France	Food Retailers
Corteva, Inc.	United States of America	Chemicals
Crédit Agricole SA	France	Banks
Danone SA	France	Food Products
DBS Group Holdings Ltd.	Singapore	Banks
Deere & Co.	United States of America	Machinery
Fresh Del Monte Produce, Inc.	United States of America	Food Products
General Mills, Inc.	United States of America	Food Products
Gruma SAB de CV	Mexico	Food Products
ICL Group Ltd.	Israel	Chemicals
IOI Corp. Bhd.	Malaysia	Food Products
JPMorgan Chase & Co.	United States of America	Banks
Kerry Group Plc	Ireland	Food Products
Koninklijke Ahold Delhaize NV	Netherlands	Food Retailers
McDonald's Corp.	United States of America	Consumer Services
Mitsubishi Corp.	Japan	Traders & Distributors
Mowi ASA	Norway	Food Products
Nestlé SA	Switzerland	Food Products
Nissui Corp.	Japan	Food Products
Nutrien Ltd.	Canada	Chemicals
PepsiCo, Inc.	United States of America	Food Products
Procter & Gamble Co.	United States of America	Household Products
PT Bank Mandiri (Persero) Tbk	Indonesia	Banks
Shoprite Holdings Ltd.	South Africa	Food Retailers
Sime Darby Plantation Bhd.	Malaysia	Food Products
Starbucks Corp.	United States of America	Consumer Services
Sumitomo Mitsui Financial Group, Inc.	Japan	Banks
The Kroger Co.	United States of America	Food Retailers
Tyson Foods, Inc.	United States of America	Food Products
UBS Group AG	Switzerland	Diversified Financials
Walmart, Inc.	United States of America	Food Retailers
Want Want China Holdings Ltd.	Hong Kong	Food Products
Woolworths Group Ltd.	Australia	Food Retailers
Yum! Brands, Inc.	United States of America	Consumer Services

## Climate change – sustainable forests and finance

Company name	Country	Sector
Banco do Brasil SA	Brazil	Banks
Crédit Agricole SA	France	Banks
DBS Group Holdings Ltd.	Singapore	Banks
ING Groep NV	Netherlands	Banks
JPMorgan Chase & Co.	United States of America	Banks
Koninklijke Ahold Delhaize NV	Netherlands	Food Retailers
McDonald's Corp.	United States of America	Consumer Services
Mitsubishi Corp.	Japan	Traders & Distributors
PepsiCo, Inc.	United States of America	Food Products
Procter & Gamble Co.	United States of America	Household Products
Sime Darby Plantation Bhd.	Malaysia	Food Products
Sumitomo Mitsui Financial Group, Inc.	Japan	Banks
The Kroger Co.	United States of America	Food Retailers
Tyson Foods, Inc.	United States of America	Food Products
UBS Group AG	Switzerland	Diversified Financials
Woolworths Group Ltd.	Australia	Food Retailers
Yum! Brands, Inc.	United States of America	Consumer Services

Source: Sustainalytics

## Feeding the future

Company name	Country	Sector
Archer-Daniels-Midland Co.	United States of America	Food Products
Beyond Meat, Inc.	United States of America	Food Products
Carrefour SA	France	Food Retailers
Corteva, Inc.	United States of America	Chemicals
Fresh Del Monte Produce, Inc.	United States of America	Food Products
Gruma SAB de CV	Mexico	Food Products
ICL Group Ltd.	Israel	Chemicals
Kerry Group Plc	Ireland	Food Products
Nestlé SA	Switzerland	Food Products
Nutrien Ltd.	Canada	Chemicals
Pilgrim's Pride Corp.	United States of America	Food Products
Shoprite Holdings Ltd.	South Africa	Food Retailers
Walmart, Inc.	United States of America	Food Retailers

Source: Sustainalytics



## Localised water management

Company name	Country	Sector
Akzo Nobel NV	Netherlands	Chemicals
Anheuser-Busch InBev SA/NV	Belgium	Food Products
Catalent, Inc.	United States of America	Pharmaceuticals
Coca-Cola FEMSA SAB de CV	Mexico	Food Products
Cosan SA	Brazil	Refiners & Pipelines
Crown Holdings, Inc.	United States of America	Containers & Packaging
Exxaro Resources Ltd.	South Africa	Oil & Gas Producers
Gold Fields Ltd.	South Africa	Precious Metals
Harmony Gold Mining Co. Ltd.	South Africa	Precious Metals
Heineken NV	Netherlands	Food Products
Impala Platinum Holdings Ltd.	South Africa	Precious Metals
Sasol Ltd.	South Africa	Chemicals
Sibanye Stillwater Ltd.	South Africa	Precious Metals
Suzano SA	Brazil	Paper & Forestry

Source: Sustainalytics

## Responsible cleantech

Company name	Country	Sector
Daqo New Energy Corp.	China	Semiconductors
First Solar, Inc.	United States of America	Semiconductors
Ford Motor Co.	United States of America	Automobiles
Goldwind Science & Technology Co., Ltd.	China	Electrical Equipment
Gurit Holding AG	Switzerland	Chemicals
HANWHA SOLUTIONS CORP.	South Korea	Chemicals
Honda Motor Co., Ltd.	Japan	Automobiles
Hyundai Mobis Co., Ltd.	South Korea	Auto Components
Johnson Matthey Plc	United Kingdom	Chemicals
LG Energy Solution Ltd.	South Korea	Electrical Equipment
LONGi Green Energy Technology Co., Ltd.	China	Semiconductors
Nordex SE	Germany	Electrical Equipment
Plug Power, Inc.	United States of America	Electrical Equipment
Schneider Electric SE	France	Electrical Equipment
Tesla, Inc.	United States of America	Automobiles
TPI Composites, Inc.	United States of America	Machinery
Vestas Wind Systems A/S	Denmark	Electrical Equipment
Volkswagen AG	Germany	Automobiles

Source: Sustainalytics

## The governance of SDGs

Company name	Country	Sector
America Movil SAB de CV	Mexico	Telecommunication Services
Banco Bilbao Vizcaya Argentaria SA	Spain	Banks
Beiersdorf AG	Germany	Household Products
BT Group Plc	United Kingdom	Telecommunication Services
Burberry Group Plc	United Kingdom	Textiles & Apparel
Citigroup, Inc.	United States of America	Banks
Deutsche Börse AG	Germany	Diversified Financials

Company name	Country	Sector
Deutsche Telekom AG	Germany	Telecommunication Services
Henkel AG & Co. KGaA	Germany	Household Products
HSBC Holdings Plc	United Kingdom	Banks
International Business Machines Corp.	United States of America	Software & Services
Kering SA	France	Textiles & Apparel
L'Oréal SA	France	Household Products
LVMH Moët Hennessy Louis Vuitton SE	France	Textiles & Apparel
Orange SA	France	Telecommunication Services
Royal KPN NV	Netherlands	Telecommunication Services
Standard Chartered Plc	United Kingdom	Banks
Telefónica SA	Spain	Telecommunication Services
The Estée Lauder Companies, Inc.	United States of America	Household Products
The Goldman Sachs Group, Inc.	United States of America	Diversified Financials
Wells Fargo & Co.	United States of America	Banks

Source: Sustainalytics

## 6.4 Recent collaborative engagements

The following list shows our collaborative engagement efforts during the reporting period.

Collaborative Engagement	Year of signing	Description
<b>Emissions disclosure in the EU tech sector</b>	2021	<p>The technology sector is responsible for 2–3% of global GHG emissions. This sector is often overlooked in the emissions discussion. Based on the Arabesque S-Ray® Temperature Score (<a href="https://www.arabesque.com/de/arabesque-s-ray/temperature-score/">https://www.arabesque.com/de/arabesque-s-ray/temperature-score/</a>), six companies in the technology sector could be identified for engagement where disclosure is still insufficient. “Investor Letters” to these companies are intended to improve disclosure of their greenhouse gas emissions (which could then also be used to calculate a corresponding “Temperature Score”).</p> <p><b>More information:</b>  <a href="https://collaborate.unpri.org/group/8546/stream">https://collaborate.unpri.org/group/8546/stream</a></p>
<b>Net Zero Asset Managers Initiative</b>	2021	<p>The Net Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius and to supporting investing aligned with net zero emissions by 2050 or sooner. The initiative focuses on “financed” greenhouse gas emissions in their assets under management and the real-world impact of asset managers’ core business. The commitment is to follow this pathway with a certain percentage of own assets under management. In the course of this, it is expected that participating asset managers will also target net zero emissions by 2050 or sooner for their own operational emissions.</p> <p><b>More information:</b>  <a href="https://www.netzeroassetmanagers.org/#">https://www.netzeroassetmanagers.org/#</a></p>
<b>2021 Global Investor Statement to Governments on the Climate Crisis</b>	2021	<p>This initiative intends to encourage all countries to significantly strengthen their nationally determined contributions (NDCs) for 2030 and to ensure a planned transition to net-zero emissions by 2050 or sooner (also to become increasingly attractive investment destinations and not to find themselves at a competitive disadvantage).</p> <p><b>More information:</b>  <a href="https://theinvestoragenda.org/focus-areas/policy-advocacy/">https://theinvestoragenda.org/focus-areas/policy-advocacy/</a></p>
<b>FAIRR – Sustainable Aquaculture: Managing Biodiversity &amp; Climate Risks in Feed Supply Chains</b>	2021	<p>Aquaculture (i.e. the cultivation of aquatic animals and plants, especially fish, shellfish, and seaweed, in natural or controlled marine or freshwater environments) is a relatively new but fast-growing form of food production. Given the challenges facing livestock production, particularly in terms of climate and land use, aquaculture has often been positioned as a sustainable way to meet growing demand for protein in support of achieving food security and improved nutrition.</p> <p>This engagement will focus on eight salmon aquaculture producers to develop and disclose a science-based strategy for managing ESG risks in their feed supply chains.</p> <p><b>More information:</b>  <a href="https://www.fairr.org/engagements/sustainable-aquaculture-engagement/">https://www.fairr.org/engagements/sustainable-aquaculture-engagement/</a></p>

<b>CDP Science-Based Targets campaign</b>	2020	Science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. The campaign offers CDP investor signatories the opportunity to play a key role in accelerating the adoption of science-based climate targets in the corporate sector, by collaboratively engaging companies on this matter.
		<b>More information:</b> <a href="http://www.cdp.net/en/investor/engage-with-companies/cdp-science-based-targets-campaign">www.cdp.net/en/investor/engage-with-companies/cdp-science-based-targets-campaign</a>

## 6.5 Recent memberships

The following list shows our new membership activities and efforts during the reporting period.

Membership	Year of signing	Description
<b>Net-Zero Banking Alliance</b>  <b>Signatory Zürcher Kantonalbank</b>	2022	Zürcher Kantonalbank joined the Net-Zero Banking Alliance to play its part in reducing greenhouse gas emissions to net zero by 2050. It is committed to interim targets for 2030 and every five years thereafter until 2050. Zürcher Kantonalbank is aware of the key role of the financial sector in efforts to achieve sustainable development worldwide, which is why it has anchored the principles of sustainability as an integrated principle in its business activities and is constantly developing them further. In doing so, it is guided by science-based international, national and cantonal net zero reduction paths.
		<b>More information:</b> <a href="http://www.unepfi.org/net-zero-banking/">www.unepfi.org/net-zero-banking/</a>
<b>UNPRP - Principles for Responsible Banking</b>  <b>Signatory Zürcher Kantonalbank</b>	2022	These Principles align banks with society's goals as expressed in the Sustainable Development Goals (SDGs) and the Paris Agreement. They set the global benchmark for what it means to be a responsible bank and provide actionable guidance for how to achieve this. They drive ambition and challenge banks to continuously increase their contribution towards a sustainable future. The principles will help banks seize the opportunities of the changing economy and society of the 21st century by creating value for both society and shareholders, and help banks build trust with investors, customers, employees and society.
		<b>More information:</b> <a href="https://www.unepfi.org/banking/bankingprinciples/">https://www.unepfi.org/banking/bankingprinciples/</a>
<b>Farm Animal Investment Risk and Return (FAIRR)</b>	2021	FAIRR is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive livestock production. FAIRR provides cutting-edge research, best practice tools and collaborative engagement opportunities to help investors integrate these risks and opportunities into their investment decision-making and active stewardship processes.
		<b>More information:</b> <a href="http://www.fairr.org">www.fairr.org</a>
<b>Taskforce for Nature Related Financial Disclosure (TNFD)</b>	2021	Swisscanto has observer status since 2021 and is represented by Rocchino Contangelo, Head of Research, Global ESG Integrated. A Taskforce for Nature Related Financial Disclosure (TNFD) is being established to support the financial sector to address the market and systemic failures contributing to the erosion of natural capital. The TNFD will lead to new ways of identifying and valuing nature-related risks, as well as identifying the economic opportunities of protecting and nurturing biodiversity and ecosystems. The Observer Group serves as a reference point for inputs from both financial and non-financial organisations to ensure adequate linkages are made to the downstream/broader impacts of nature-related risks and provides different stakeholder perspectives.
		<b>More information:</b> <a href="http://www.tnfd.info">www.tnfd.info</a>

## Your contacts

- engagement@swisscanto.ch for all matters relating to engagement.
- voting@swisscanto.ch for all matters relating to proxy voting.

## Implementation of investment stewardship

The Asset Management of Zürcher Kantonalbank executes the engagement. Swisscanto Fondsleitung AG, Switzerland, is responsible for implementing proxy voting.

## About us

Swisscanto investment funds are managed centrally by the Asset Management of Zürcher Kantonalbank. Swisscanto Fondsleitung AG is the fund management company for Swisscanto funds domiciled in Switzerland.

Swisscanto Asset Management International S.A., Luxembourg is the management company for Swisscanto funds domiciled in Luxembourg.

## Asset Management of Zürcher Kantonalbank

Proven specialists manage high-quality investment and pension solutions for private investors, companies, and institutions. With its Swisscanto brand, Zürcher Kantonalbank Group is one of Switzerland's largest asset managers. It is also known for its role in sustainable investments.

## Swisscanto Fondsleitung AG

Swiss fund management for Zürcher Kantonalbank and third parties

Swisscanto Fondsleitung AG, part of Zürcher Kantonalbank group, has been established in 1960 and serves as fund management company of the Swiss domiciled Swisscanto funds. Furthermore, Swisscanto Fondsleitung AG also supports an increasing number of third-party customers with tailor-made services and flexible solutions.

## Swisscanto Asset Management International S.A.

European fund management for Zürcher Kantonalbank and third parties

Swisscanto Asset Management International S.A. offers fund solutions in Luxembourg with different asset classes and risk profiles and offers Private Label Fund customers an attractive and high-quality alternative. Thanks to an AIFM license (Alternative Investment Fund Manager), Swisscanto Asset Management International S.A. can also offer services for alternative fund products.

## Imprint

This brochure is published by Swisscanto Asset Management International S.A. ("Swisscanto").

## Legal notice

This document is intended for distribution in Germany, Italy, Liechtenstein, Luxembourg and Austria and is not directed at persons in other countries or at persons whose nationality or place of residence prohibit access to such information under applicable law. Where not indicated otherwise, the information concerns the collective investment schemes under the law of Luxembourg managed by Swisscanto Asset Management International S.A. (hereinafter „Swisscanto Funds“). The products described are undertakings for collective investment in transferable securities (UCITS) within the meaning of EU Directive 2009/65/EC, which is governed by Luxembourg law and subject to the supervision of the Luxembourg supervisory authority (CSSF). This document does not constitute a solicitation or invitation to subscribe or make an offer to purchase any securities, nor does it form the basis of any contract or obligation of any kind. The sole binding basis for the acquisition of Swisscanto Funds are the respective published legal documents (management regulations, sales prospectuses and key information documents (PRIIP KID), as well as financial reports) in German and English, which can be obtained free of charge at [www.swisscanto.com](http://www.swisscanto.com). Information about the sustainability-relevant aspects in accordance with the Disclosure Regulation (EU) 2019/2088 for the Swisscanto (LU) funds is available on the following website: <https://products.swisscanto.com/products/product?lang=en>. The distribution of the fund may be suspended at any time. Investors will be informed about the deregistration in due time. The investment involves risks, in particular those of fluctuations in value and earnings. Investments in foreign currencies are subject to exchange rate fluctuations. Past performance is neither an indicator nor a guarantee of future success. The risks are described in the sales prospectus and in the PRIIP KID. The information contained in this document has been compiled by Swisscanto with the greatest care. Despite professional procedures, Swisscanto cannot guarantee the correctness, completeness and topicality of the information. Swisscanto rejects any liability for investments based on this document. The document does not release the recipient from his or her own judgment. In particular, the recipient is recommended to check the information for compatibility with his or her personal circumstances as well as for legal, regulatory, tax and other consequences, if necessary, with the help of an advisor. The prospectus and PRIIP KID should be read before investing. The products and services described in this document are not available to U.S. persons under the relevant regulations (in particular Regulation S under the U.S. Securities Act of 1933). Data as at (where not stated otherwise): **05.2024**