RI TRANSPARENCY REPORT

2019

Ethos Foundation
About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2019 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an Index which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an ‘at a glance’ summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>The signatory has completed all mandatory parts of this indicator</td>
</tr>
<tr>
<td>☐</td>
<td>The signatory has completed some parts of this indicator</td>
</tr>
<tr>
<td>⚫</td>
<td>This indicator was not relevant for this signatory</td>
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<tr>
<td>-</td>
<td>The signatory did not complete any part of this indicator.</td>
</tr>
<tr>
<td>⚫</td>
<td>The signatory has flagged this indicator for internal review</td>
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</table>

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.
## Organisational Overview

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Short description</th>
<th>Status</th>
<th>Disclosure</th>
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<tr>
<td>OO 01</td>
<td>Basic information</td>
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<td>Public</td>
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<tr>
<td>OO 02</td>
<td>Reporting year</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>OO 03</td>
<td>Signatory category and services</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>OO 04</td>
<td>Other offerings/business activities</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>OO 05</td>
<td>Breakdown of ESG coverage</td>
<td>✓</td>
<td>Asset mix disclosed in OO 06</td>
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<td>OO End</td>
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## Strategy and Governance

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<td>Responsible investment policy</td>
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</tr>
<tr>
<td>SG 02</td>
<td>Norms used to develop policies</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 03</td>
<td>Policy offerings to clients</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 04</td>
<td>ESG/RI in business offerings</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 05</td>
<td>Outsourcing of services</td>
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<td>Private</td>
</tr>
<tr>
<td>SG 06</td>
<td>Providing training/education</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 07</td>
<td>Applying, advancing and promoting the PRI principles</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 08</td>
<td>Actions taken to promote responsible investment</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 09</td>
<td>Long term trends</td>
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<td>Public</td>
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<tr>
<td>SG 10</td>
<td>Interaction with asset owners</td>
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<tr>
<td>SG 11</td>
<td>Aligning approach with investor goals</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 12</td>
<td>ESG recommendations not aligned with investor goals</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 13</td>
<td>Seeking feedback from clients</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>SG 14</td>
<td>Managing conflicts of interest</td>
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### Active Ownership Services

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<tr>
<td>AOS 02</td>
<td>Acquiring ESG data and information</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>AOS 03</td>
<td>Identifying emerging ESG issues</td>
<td>✓</td>
<td>Private</td>
</tr>
<tr>
<td>AOS 04</td>
<td>Prioritizing engagement topics</td>
<td>✓</td>
<td>Public</td>
</tr>
<tr>
<td>AOS 05</td>
<td>Channels of engagement</td>
<td>✓</td>
<td>Public</td>
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<tr>
<td>AOS 06</td>
<td>Accessing the appropriate teams when engaging with companies</td>
<td>✓</td>
<td>Public</td>
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<tr>
<td>AOS 07</td>
<td>Monitoring engagements</td>
<td>✓</td>
<td>Public</td>
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<tr>
<td>AOS 08</td>
<td>Defining and measuring success</td>
<td>✓</td>
<td>Public</td>
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<tr>
<td>AOS 09</td>
<td>Companies changing practices/behavior following engagement</td>
<td>✓</td>
<td>Private</td>
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<tr>
<td>AOS 10</td>
<td>Engaging with policy makers and industry bodies</td>
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<td>Private</td>
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<td>AOS 11</td>
<td>ESG in voting recommendations</td>
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<td>Public</td>
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<tr>
<td>AOS 12</td>
<td>Raising concerns with companies ahead of voting</td>
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<td>Private</td>
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<tr>
<td>AOS 13</td>
<td>Voting against management</td>
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<tr>
<td>AOS 14</td>
<td>Monitoring voting outcomes</td>
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<td>Public</td>
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<tr>
<td>AOS 15</td>
<td>Mechanisms for clients to review voting recommendations</td>
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<td>AOS 16</td>
<td>Involvement in projects to improve voting trail and obtaining confirmation</td>
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<td>AOS 17</td>
<td>Sharing ESG information on companies with clients</td>
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### Research and Data Provision

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<td>Sources for research and/or rating</td>
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<td>RDP 03</td>
<td>Stakeholder input</td>
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<td>Public</td>
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<tr>
<td>RDP 04</td>
<td>Up-to-date assessment and ratings</td>
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<td>Public</td>
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<tr>
<td>RDP 05</td>
<td>Balanced research and assessment</td>
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</tr>
<tr>
<td>RDP 06</td>
<td>Consistency and comparability</td>
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<td>Public</td>
</tr>
<tr>
<td>RDP 07</td>
<td>Emerging ESG issues and trends</td>
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<td>Private</td>
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<td>RDP 08</td>
<td>Client use of outputs</td>
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<td>RDP 09</td>
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</table>
Ethos Foundation

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
Basic Information

**OO 01**  
**Mandatory** | **Public** | **Descriptive**

**OO 01.1** Select the location of your organisation's headquarters.  
Switzerland

**OO 01.2** Indicate the number of countries in which you have offices (including your headquarters).
- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

**OO 01.3** Indicate the regions where you have offices.
- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

**OO 01.4** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
- FTE
  - 16

**OO 01.5** Additional information [OPTIONAL]

Ethos employs 18 employees, which corresponds to 16.1 FTEs. 5 employees (including 4 men) benefit from part-time working conditions.
### Signatory category and services

#### OO 02
**Mandatory**
- **Public**
- **Descriptive**

#### OO 02.1
Indicate the year end date for your reporting year.

31/12/2018

#### OO 03
**Mandatory**
- **Public**
- **Gateway**

#### OO 03.1
Indicate which of the following categories reflect your core offering or main business activity:

- [ ] Reporting
- [x] Active Ownership Services
- [ ] Investment consultancy
- [ ] Research and Data Provision
- [ ] Other, specify (1)
  - Sustainable Investment solutions: Ethos proposes a range of sustainable funds (white labelling), investment universes based on ESG criteria as well as sustainable indices.
- [ ] Other, specify (2)

#### OO 03.2
Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- [ ] Reporting
- [ ] Investment consultancy
- [ ] Other, specify (3)
- [ ] Other, specify (4)
- [x] None of the above

#### OO 04
**Mandatory**
- **Public**
- **Descriptive**

#### OO 04.1
Please describe your core offering or main business activity.

Ethos, Swiss Foundation for Sustainable Development (hereinafter referred to as « Ethos Foundation »), was created in February 1997 by two Geneva-based pension funds and is currently composed of more than 220 institutional investors. Its purpose is to promote:

1. the consideration of sustainable development principles and corporate governance best practice in investment activities, in accordance with the principles defined in its Charter,
2. a stable and prosperous socio-economic environment that serves the society as a whole and that preserves the interests of future generations.

To achieve its goals, the Ethos Foundation owns a 69.6% stake in Ethos Services SA (hereinafter referred to as « Ethos »). Ethos is a company specialized in the field of socially responsible investment (SRI) and mainly serves institutional investors.

With 18 employees working across two offices in Geneva and Zurich, Ethos offers products dedicated to sustainable investments and to the promotion of sustainability in the finance industry:
• proxy voting analyses and reports including voting recommendations for Swiss and non-Swiss listed companies;
• a shareholder engagement programme grouping numerous Swiss institutional investors to engage companies listed in Switzerland (Ethos Engagement Pool Switzerland - EEP Switzerland);
• a shareholder engagement programme grouping numerous Swiss institutional investors to engage companies listed outside of Switzerland (Ethos Engagement Pool International - EEP International);
• environmental, social and corporate governance (ESG) analyses and ratings of listed companies as well as debt issuers (government, sovereign, supranational, corporate, etc.);
• ESG portfolio screenings;
• sustainable investment solutions such as sustainable funds, investment universes based on ESG criteria as well as sustainable indices.
Ethos Foundation

Reported Information

Public version

Strategy and Governance

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Ethos’ responsible investment philosophy is based on Ethos Foundation’s Charter as well as on Ethos’ eight principles for SRI which outline how Ethos aims to generate a sustainable long-term return for its clients.

These policies cover Ethos’ framework for integrating principles for responsible investment as well as fiduciary duties of investors throughout the entire investment lifecycle. This includes:

- ESG considerations in stock selection through product-based screening, conduct-based screening and ESG assessments of companies.
- Defining an approach to climate change and how Ethos aims to mitigate climate change risks related to its investment funds.
- Identifying Active Ownership duties, i.e. how Ethos exercises its shareholder voting rights and engages companies on ESG issues.

Based on its fully integrated sustainable philosophy, Ethos is able to provide the following business offerings to its clients:

**Sustainability assessment**

- Product-based screening

Ethos identifies companies active in sensitive activities/sectors, such as armament (conventional and unconventional), thermal coal, nuclear industry, tobacco, genetically modified organisms in the agribusiness, gambling and adult entertainment.

- Conduct-based screening

Based on evidence that is checked by its staff, Ethos identifies companies involved in serious ESG controversies, such as human rights and labour rights breaches, serious environmental damages, severe corruption, etc. In this process, Ethos also measures the pertinence of the companies’ responses to such controversies and takes it into account in the result of the screening.

- ESG assessments

Ethos has established a comprehensive set of ESG criteria in order to assess companies’ contribution to sustainable development. Companies that make the greatest efforts and deliver positive contributions to sustainability are favoured. Ethos not only considers the operations but also the added value of products and services in terms of social and environmental performance and is thus able to provide its clients with high-quality ESG research.

Ethos sustainability assessment covers all companies included in the Swiss Performance Index (SPI), in the MSCI World Index and the 250 largest companies of the MSCI Emerging Markets Index as well as all issuers included in the Swiss Bond Index AAA-BBB.

**Active ownership**

- Proxy voting service

Ethos offers a proxy voting service based on the Ethos corporate governance principles and proxy voting guidelines. The Ethos corporate governance principles and proxy voting guidelines are based on international best practice as well as on the Ethos charter focused on the concept of sustainable development. The guidelines also take into account local standards and practice in terms of corporate governance. The Ethos proxy voting guidelines are reviewed annually in order to take into account the
latest regulatory and legal developments as well as evolving corporate governance best practice. The
guidelines are communicated online.

Ethos provides proxy reports for all companies included in the SPI, in the MSCI Europe Index as well as
the 150 largest companies of the MSCI North America and the 100 largest companies of the MSCI Asia-
Pacific.

- Engagement service

Conducting a high-quality and long-term dialogue with companies is at the heart of the Ethos approach.
To this effect, Ethos conducts a direct dialogue with Swiss-listed companies, in order to systematically
discuss ESG issues (EEP Switzerland). For companies listed outside of Switzerland, Ethos focuses on
indirect engagement by joining forces with other institutional investors and participating in collaborative
engagement initiatives (EEP International). To support its engagement activities, Ethos publishes papers
on specific engagement topics with the aim of outlining the expectations of institutional investors. Each
year, Ethos issues reports for the members of both the EEP Switzerland and the EEP International.
These reports describe the activities, evaluate the progress made during the year and suggest if and how
a dialogue should continue. The issues on which Ethos engages are communicated online on an annual
basis.

EEP Switzerland represents 134 pension funds and other tax-exempt institutions which managed total
assets of CHF 223 billion / EEP International represents 37 pension funds and other tax-exempt
institutions which managed total assets of CHF 131 billion.

Sustainable investment solutions

Ethos’ sustainable funds and indices put emphasis on companies and sectors that are positive
contributors to sustainable development. Ethos investment approaches therefore integrate the best
practices of responsible investment:

- exclusion of issuers active in sensitive sectors (product-based) and/or subject to major ESG
  controversy (conduct-based),
- best-in-class/best-in-universe approaches for the actively managed funds,
- systematic and transparent exercise of shareholder rights in line with the Ethos proxy voting
  guidelines,
- active dialogue on ESG topics with investee companies through direct and collaboration
  engagement,
- respect of best practices in SRI (no security lending, transparency on the portfolio composition,
  monthly factsheets with ESG information, detailed quarterly reports on voting activity, carbon
  footprint, etc).

For the management of the funds and mandates, Ethos collaborates with several banking partners such
as Pictet Asset Management, Vontobel Asset Management and Unigestion.

Ethos also has two custom indices calculated by third parties:

- Swiss Equities: Ethos Swiss Corporate Governance Index (ESCGI) in collaboration with SIX Swiss
  Exchange: the index takes into account the main corporate governance best practice criteria in
  order to define the weight of the different constituents. This is the first index of this type on the
  Swiss stock market. The index allows investors to reduce the weight of companies that entail a
  corporate governance risk.
- Non-Swiss Equities: Ethos Index on MSCI World calculated by MSCI: the index allows investors to
  benefit from the expertise of Ethos in regards to product-based and conduct-based screenings,
  while remaining closely replicated to the MSCI World index.

For institutional investors, Ethos also proposes discretionary SRI mandates or discretionary SRI advisory
solutions.

As of December 31 2018, the asset under management (AuM) of the sustainable funds and indices
advised and distributed by Ethos amounted to CHF 1.1 billion whereas the AuM of the mandates
amounted to CHF 348 million.
For further information, please refer to the relevant sections of the questionnaire or visit our website https://www.ethosfund.ch/en

<table>
<thead>
<tr>
<th>SG 01.2</th>
<th>Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Yes</td>
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</table>

<table>
<thead>
<tr>
<th>SG 01.3</th>
<th>Indicate the components/types of your internal policy and provide the URL and/or an attachment of the document/s if they are publicly available.</th>
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</thead>
</table>

**Policy components/types**

☑ Policy setting out your overall ESG/RI approach

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<th>Public availability</th>
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<tr>
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<td><img src="https://www.ethosfund.ch/sites/default/files/2017-03/2017_Principes_Ethos_pour_ISR_EN_web.pdf" alt="URL" /></td>
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</tbody>
</table>

☐ Attachment
☐ Not publicly available
☑ Formalised guidelines on environmental factors

<table>
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☐ Attachment
☐ Not publicly available
☑ Formalised guidelines on social factors

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</tr>
</tbody>
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Formalised guidelines on corporate governance factors

Formalised guidelines on engagement approach

Formalised guidelines on (proxy) voting approach

Screening / exclusions policy
<table>
<thead>
<tr>
<th>SG 01.4</th>
<th>Indicate how these are put into practice internally across the organisation.</th>
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<tbody>
<tr>
<td>☑ Regular employee training on RI/ESG</td>
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</tr>
<tr>
<td>☑ Regular RI/ESG policy awareness building for employees</td>
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</tr>
<tr>
<td>☑ Establishment of policy review committee/team</td>
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<tr>
<td>☑ Remuneration linked to achieving ESG objectives</td>
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</tr>
<tr>
<td>☑ Annual performance incentives</td>
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<td>☑ Other, specify (2)</td>
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<td>☑ Other, specify (3)</td>
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**SG 01.5** Additional information [OPTIONAL]

Additional documents explaining Ethos' ESG methodology and carbon rating as well as reporting on Ethos' proxy voting and engagement approach are available on Ethos' corporate website www.ethosfund.ch.
SG 02.1 Indicate what frameworks and guidelines you have used to develop your organisation’s policies. Tick all that apply.

☐ UN Principles for Responsible Investment
☐ UN Global Compact Principles
☐ UN Guiding Principles on Business and Human Rights
☐ Universal Declaration of Human Rights
☐ UN Sustainable Development Goals
☐ International Bill of Human Rights
☐ International Labour Organisation Conventions
☐ IFC Performance Standards
☐ United Nations Convention Against Corruption
☐ OECD Principles of Corporate Governance
☐ OECD Guidelines for Multinational Enterprises
☐ GRI standards
☐ Other, specify (1)
  ICGN Global Governance Principles
☐ Other, specify (2)
  ICGN Global Stewardship Principles
☐ Other, specify (3)
☐ None of the above

SG 03 Mandatory Public Descriptive

SG 03.1 Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.
<table>
<thead>
<tr>
<th></th>
<th>Off the shelf</th>
<th>Tailored</th>
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<tbody>
<tr>
<td>Asset class-specific RI guidelines</td>
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<tr>
<td>Sector-specific RI guidelines</td>
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<tr>
<td>Screening/exclusions policy</td>
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<td></td>
</tr>
<tr>
<td>Engagement policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Proxy) voting policy</td>
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<td>RI guidelines set out within the Investment Policy Statement (IPS)</td>
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<td>RI guidelines set out in a freestanding RI policy</td>
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<td>Multi-year RI implementation project plan</td>
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<td>Conflict of interest management policy</td>
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<td>Stockbroker allocation policy</td>
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<td>Other, please specify (3)</td>
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<tr>
<td>None of the above</td>
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<td></td>
</tr>
</tbody>
</table>

**please specify (1) - Off the shelf**

Sustainable investment solutions: Ethos proposes a range of sustainable funds (white labelling), investment universes based on ESG criteria as well as sustainable indices.

**SG 03.2** Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

Ethos supports its clients in offering a wide range of sustainable products and services outlined in question SG 01.1 above.

In particular, numerous Swiss Pension funds rely on Ethos’ voting guidelines for their own voting policy. On request, Ethos helps clients to design their own policy.

We check the four options above but Ethos offers clients specific sustainable products and services rather than offering policies per se.
**SG 04.1** Briefly describe how you include ESG/RI factors as part of your business offerings.

### Business area

**Active Ownership Services**

**How you include ESG/RI factors**

Ethos offers a voting service based on the Ethos corporate governance principles and proxy voting guidelines. The Ethos corporate governance principles and proxy voting guidelines are based on international best practice in corporate governance as well as on the Ethos charter focused on the concept of sustainable development. The guidelines also take into account local standards and practice in terms of corporate governance. The Ethos proxy voting guidelines are reviewed and if necessary updated annually in order to take into account the latest regulatory and legal developments as well as evolving corporate governance best practice. The board of trustees of Ethos' Foundation is responsible for accepting the voting guidelines. The guidelines are communicated online.

Conducting a high-quality and long-term dialogue with companies is at the heart of Ethos’ approach. To this effect, Ethos conducts a direct dialogue with Swiss-listed companies, in order to systematically discuss ESG issues. For companies listed outside of Switzerland, Ethos focuses on indirect engagement by joining forces with other institutional investors and participating in collaborative engagement initiatives.

For further information, please refer to the relevant sections of the questionnaire or visit our website [https://www.ethosfund.ch/en](https://www.ethosfund.ch/en)

### Research and Data Provision

**How you include ESG/RI factors**

- **Product based screening**

  Ethos identifies companies with sensitive activities and or active in sensitive sectors, such as armament (conventional and unconventional), thermal coal, nuclear industry, tobacco, genetically modified organisms in the agribusiness, gambling and adult entertainment.

- **Conduct-based screening**

  Based on evidence that is checked by its staff, Ethos identifies companies involved in serious ESG controversies, such as human rights and labour rights breaches, serious environmental damages, severe corruption, etc. In this process, Ethos also measures the pertinence of the companies’ responses to such controversies and takes it into account in the result of the screening.

- **ESG assessments**

  Ethos has established a comprehensive set of ESG criteria in order to assess companies’ contribution to sustainable development. Companies that make the greatest efforts and deliver positive contributions to sustainability are favoured. Ethos not only considers the operations but also the added value of products and services in terms of social and environmental performance and is thus able to provide its clients with high-quality ESG research.

For further information, please refer to the relevant sections of the questionnaire or visit our website [https://www.ethosfund.ch/en](https://www.ethosfund.ch/en)
Sustainable investment solutions: Ethos proposes a range of sustainable funds (white labelling), investment universes based on ESG criteria as well as sustainable indices.

**How you include ESG/RI factors**

Ethos’ sustainable funds and indices put emphasis on companies and sectors that are positive contributors to sustainable development. Ethos investment approaches therefore integrate the best practices of SRI:

- exclusion of issuers active in sensitive sectors (product-based) and/or subject to major ESG controversy (conduct-based),
- best-in-class/best-in-universe approaches for the actively managed funds,
- systematic and transparent exercise of shareholder rights in line with the Ethos proxy voting guidelines,
- active dialogue on ESG topics with investee companies through direct and collaboration engagement,
- respect of best practices in SRI (no security lending, transparency on the portfolio composition, monthly factsheets with ESG information, detailed quarterly reports on voting activity, carbon footprint, etc).

For the management of the funds and mandates, Ethos collaborates with several banking partners such as Pictet Asset Management, Vontobel Asset Management and Unigestion.

Ethos also has two custom indices calculated by third parties: Ethos Swiss Corporate Governance Index (ESCGI) in collaboration with SIX Swiss Exchange and Ethos Index on MSCI World calculated by MSCI.

For institutional investors, Ethos also proposes discretionary SRI mandates or discretionary SRI advisory solutions.

For further information, please refer to the relevant sections of the questionnaire or visit our website https://www.ethosfund.ch/en

**SG 04.2**

Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.
<table>
<thead>
<tr>
<th>Roles present in your organisation</th>
<th>Oversight/accountability for ESG/RI</th>
<th>Implementation of ESG/RI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Directors</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Chief Executive Officer (CEO), Chief Financial Officer (CFO)</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Chief Operating Officer (COO), Chief Information Officer (CIO)</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>Other chief-level staff</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td></td>
<td><strong>Please specify</strong> Head of Corporate Governance and Responsible Investment Head of Client Relations</td>
<td><strong>Please specify</strong> Head of Corporate Governance and Responsible Investment Head of Client Relations</td>
</tr>
<tr>
<td>Other heads of department</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Dedicated ESG/RI staff</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>Other role, specify (1)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other role, specify (2)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other role, specify (3)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>None of the above</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
SG 04.3  Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

☐ Staff training on ESG/RI incorporation
☐ Including ESG/RI knowledge factors in personal development goals
☐ Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
☐ Including ESG in selection requirements when hiring new employees
☐ Other, specify (1)
☐ Other, specify (2)
☐ Other, specify (3)
☐ Other, specify (4)

SG 04.4  Indicate whether your organisation has any ESG/RI linked incentives for its employees.
☐ Yes
☐ No
☐ Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 04.5  Describe the ESG/RI linked incentives.

Only sales representatives may receive a variable remuneration based on pre-determined quantitative target achievement such as the successful distribution of Ethos' product and services which are fully dedicated to ESG/RI. Ethos does not offer any annual variable remuneration to its management, analysts and general staff. Ethos' management, analysts and staff are entirely dedicated in providing ESG/RI's related products and services. Their commitment to ESG is therefore tested from the recruiting process to their daily activities. A bi-annual evaluation of all employees is conducted to ensure their alignment with Ethos' Charter and commitments towards ESG/RI.

SG 04.7  Additional information [OPTIONAL]

Additional information for SG-04.02

RI oversight and accountability are executed in the following way:

Ethos’ dedicated staff of analysts, the Head of CG and RI and the CEO are responsible for the ESG analysis methodology, framework and ratings of each company. The methodology is submitted yearly to the investment committee of Ethos’ board of directors. Every year, the criteria for the ESG rating are first reviewed and validated, then they are applied to the assessment of the companies. After completion of the assessment and attribution of ESG ratings to companies by the dedicated RI analysts, several validation sessions take place in presence of the Head of CG and RI as well as the CEO. After setting the final rating for each company, the ratings are communicated to the external asset management partners who use them to select the companies that can be included in Ethos’ various investment funds. A global review of all ESG ratings is performed annually.

Throughout the year, the dedicated team monitor events that could impact the ESG rating of a given company. In such cases, the event would trigger an analysis and a specific validation session, attended by the Head of CG and RI and the CEO, to determine whether or not the event must lead to a change in the company's rating. The result is then immediately communicated to the external asset management partners in order to make the necessary portfolio adjustments.

In parallel, a constructive long term dialogue with investee companies, in particular when there are specific issues at stake, is carried out by Ethos’ dedicated staff, members of the management, the CEO and Ethos chairman.

Additional information for SG-04.04
Ethos is a foundation fully dedicated to Sustainable Development and Socially Responsible Investment. Therefore, all Ethos' directors and staff's mission is to promote and implement SRI. The employee appraisals include the success in the application and the realisation of these objectives.

Except from the sales representatives, Ethos employee remuneration consists of fixed remuneration only (salary, pensions). Bi-annual appraisals of staff performance take place. Based on the results, an employee can be promoted, receive a salary increase and/or job-specific training or other education relevant to their functions, part or all of which is paid by Ethos. Only sales representatives may receive a limited variable remuneration based on pre-determined quantitative and personal target achievement.

**SG 06**

**Mandatory**

**Public**

**Descriptive**

<table>
<thead>
<tr>
<th>SG 06.1</th>
<th>Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Board/trustee training</td>
<td></td>
</tr>
<tr>
<td>☑ Investment manager training</td>
<td></td>
</tr>
<tr>
<td>☑ Regulatory bodies/authorities or public policy makers</td>
<td></td>
</tr>
<tr>
<td>☑ Corporate executive training</td>
<td></td>
</tr>
<tr>
<td>☑ ESG analyst training</td>
<td></td>
</tr>
<tr>
<td>☑ Other, specify (1)</td>
<td></td>
</tr>
</tbody>
</table>

Ethos provides training and lecturers to universities and other higher education institutions.

| ☐ Other, specify (2) |
| ☐ Other, specify (3) |
| ☐ Other, specify (4) |
| ☐ None of the above |

<table>
<thead>
<tr>
<th>SG 06.2</th>
<th>Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.</th>
</tr>
</thead>
</table>

In June 2018, the General Meeting of the Ethos Foundation brought together the members of Ethos, mainly Swiss pension funds. Approximately 100 important Swiss asset owners attended the event which aimed at raising awareness and promote responsible investment among Swiss pension funds.

In July 2018, Ethos published a survey about the annual general meetings, remuneration practices and corporate governance performance of the 200 Swiss listed companies.

In November 2018, the related association Ethos Académie organised a public event on corporate ethics and climate change. Participation to the event was free and open to everyone. The event aimed to raise awareness among the society about the aforementioned topics and create a debate between University representatives, pension fund representatives and the audience.

In November 2018, the annual general meeting of the Ethos Engagement Pool Switzerland brought together more than 130 Swiss pension funds which mandate Ethos to engage the 150 largest Swiss listed companies on ESG topics. The annual general meeting was attended by many members of the pool who validated the engagement topics for 2019. Ethos presented the main results of the engagement activities conducted in 2018. The Sustainability Officer of a listed company and a representative of a climate-focused NGO where invited to present the importance of a constructive dialogue with investors.

In December 2018, Ethos published the 18th edition of its proxy voting guidelines and corporate governance principles. The document is publically available on the Ethos website.

Throughout the year, Ethos management regularly participates in education within Universities and other institutions to bring sustainability awareness to students in a wide range of curriculums. In 2018, Ethos delivered 15 courses in different high schools or executive courses on ESG topics.

In addition, Ethos is regularly invited to attend the board or investment committee meetings of large Swiss asset owner to present its approach towards RI/ESG.
All the actions above are either free of charge for all or free of charge for members of the Ethos Foundation.

**SG 07**

**Mandatory**

**SG 07.1** Describe how your organisation applies, advances and promotes the PRI Principles.

**Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.**

ESG integration is an essential Ethos' responsible investment philosophy based on Ethos Foundation's Charter as well as on Ethos' eight principles for SRI and thus directly reflected in its service offering. The policy covers Ethos’ framework for integrating ESG considerations in stock selection through product-based screening, conduct-based screening and ESG assessments of companies. In addition, the policy outlines the Ethos approach to climate change and how Ethos aims to mitigate climate change risks related to its investment funds. Finally, the policy describes the Ethos approach towards Active Ownership i.e. how Ethos exercises its shareholder voting rights and engages companies on ESG issues.

**Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.**

Active Ownership is an essential part of Ethos’ philosophy based on Ethos Foundation's Charter as well as on Ethos’ eight principles for SRI and thus directly reflected in its service offering. Ethos believes that active ownership by all institutional investors is key to effectively discharging their stewardship duties. Active ownership is a benefit to the economy as a whole, as it increases board accountability and enhances long term value creation. Institutional investors should establish clear guidelines with regard to the exercise of their votes and also relative to their engagement activities and collaboration with other investors. They should also specify when and how they escalate their activities in order to protect and enhance shareholder value.

Some examples of Ethos concrete actions in the active ownership space:

- In June 2018, Ethos and the members of the EEP International launched a multi-year engagement program urging eight European electric utilities to develop ambitious climate strategies to facilitate the transition to a low-carbon economy. Several institutional investors across the globe have decided to support these efforts, in total the investor group represents approximately EUR 100 billion.
- In December 2018, Ethos has joined the Shareholders for Change engagement network, which provides a collective engagement platform that allows smaller institutional investors dedicated to socially responsible investment to increase the impact of their engagement activities with European companies.

**Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.**

Transparency is an essential part of Ethos' philosophy based on Ethos Foundation's Charter as well as on Ethos’ eight principles for SRI.

Some examples of Ethos concrete pushed for more transparency:

- In December 2018, Ethos published the 18th edition of its proxy voting guidelines and corporate governance principles. The document is publically available on the Ethos website.
- Ethos participates in the Sustainable Stock Exchanges (SSE) collaborative initiative. Ethos is the lead investor with stock exchange in Switzerland SIX Swiss Exchange.
- Ethos participates in the Climate Action 100+, a global collaborative engagement initiative to encourage the biggest corporate GHG emitters to implement sound climate governance, set ambitious GHG targets and adopt the TCDF recommendations. Ethos is the lead engager for Nestlé, LafargeHolcim and ThyssenKrupp.
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Ethos offers dedicated services for Swiss Pension funds. Ethos’ members can access Ethos online platform which gather information on ESG evaluation of listed companies, engagement activities and proxy voting activities. Ethos’ members can implement robust ESG and responsible investment strategy in terms of stock selection and active ownership. Ethos covers all spectrum of responsible investment from portfolio construction and monitoring to active ownership strategy.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Ethos actively participates in collaborative engagement proposed by PRI and other dedicated institution such as ICGN, ECGS, Shareholder for Change, ICCR or ShareAction. In particular, Ethos actively participates in the Climate Action 100+ initiative and act as lead enager for Nestlé, LafargeHolcim and ThyssenKrupp.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Ethos discloses its position on significant matters through its “news” release system. Ethos also regularly publishes studies, as well as position papers on various corporate governance topics, as well as on social and environmental issues.

With regard to voting at shareholder general meetings, disclosure of Ethos’ voting positions on its website allows the investee companies and all their stakeholders to have a full overview of Ethos’ voting activity and to check the consistency of the votes with Ethos’ corporate governance principles and proxy voting guidelines.

Ethos publishes its engagement topics on its website as well as the list of Swiss pension funds that are members of the Ethos Engagement Pool.

Ethos publishes an extensive annual report summarizing all its activities and disclosing numeros statistics as well as environmental and social KPIs. The report also includes Ethos’ detailed financial results, corporate governance information and remuneration.

<table>
<thead>
<tr>
<th>SG 08</th>
<th>Mandatory</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG 8.1</td>
<td>Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.</td>
<td></td>
</tr>
<tr>
<td>☐ Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Provided financial support for academic or industry research on responsible investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Spoken publicly at events and conferences to promote responsible investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Written and published in-house research papers on responsible investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Encouraged the adoption of the PRI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Written and published articles on responsible investment in the media</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Policy engagements and other interactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ None of the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In June 2018, the General Meeting of the Ethos Foundation brought together the members of Ethos, mainly Swiss pension funds. Approximately 100 important Swiss asset owners attended the event which aimed at raising awareness and promote responsible investment among Swiss pension funds.

Ethos participated in the working group and provided financial support to develop a methodology for Natural Capital accounting together with an external consultant and the Swiss Federal Office for the Environment (FOEN).

In December 2018, Ethos published the 18th edition of its proxy voting guidelines and corporate governance principles. The document is publicly available on the Ethos website.

Representatives of Ethos are regularly speaking at responsible investment conferences. For example, in December 2018 the CEO of Ethos has spoken at the ‘PRI on Climate’ conference in Zurich.


The CEO of Ethos regularly comments on ESG matters in Swiss media or participates actively at Swiss listed companies’ general meetings.

In 2018, Ethos took part in the consultation regarding the revision of the Swiss company law.

Ethos is exclusively focused on ESG topics. Accordingly, the Ethos ESG services and investment funds are reviewed and managed thoroughly for climate-related risks by excluding coal, by analysing the specific climate change risks of companies and assigning each company a carbon rating, by actively underweighting carbon-intensive companies versus the investment funds’ benchmarks and thus limiting the carbon footprint of the investment funds and finally by conducting wide ranging dialogues with companies in its investment funds and in its members portfolios with a particular focus on climate change. Ethos is signatory of the Montréal Carbon Pledge and reports on the carbon footprint of all the equity funds labelled by Ethos.

SG 09

SG 09.1 | Indicate which of the following long-term trends are addressed in your product outputs.

☐ Changing demographics
☒ Climate change

☐ Resource scarcity
☐ Technology developments
☐ Other, specify (1)
☐ Other, specify (2)
☐ None of the above

SG 11

SG 09.2 | Explain how this long-term trend affects your product outputs.

Ethos is exclusively focused on ESG topics. Accordingly, the Ethos ESG services and investment funds are reviewed and managed thoroughly for climate-related risks by excluding coal, by analysing the specific climate change risks of companies and assigning each company a carbon rating, by actively underweighting carbon-intensive companies versus the investment funds’ benchmarks and thus limiting the carbon footprint of the investment funds and finally by conducting wide ranging dialogues with companies in its investment funds and in its members portfolios with a particular focus on climate change. Ethos is signatory of the Montréal Carbon Pledge and reports on the carbon footprint of all the equity funds labelled by Ethos.
**SG 11.1** Describe how you typically align your organisation’s philosophy and approach to ESG/RI with your investor clients’ goals.

- **Describe**

Ethos was created by Swiss pension funds and focuses its activities to offer sustainable solutions to pension funds. The articles of association of Ethos Foundation provides that the majority of the members of the board of trustees must be representatives of its members. The board of Ethos Foundation is responsible for defining the Charter, the voting guidelines, the exclusion criteria and Ethos principles for SRI. The goals of our clients are therefore directly addressed in the governance of Ethos.

- **This is not relevant for my organisation**

**SG 12**

<table>
<thead>
<tr>
<th>SG 12.1</th>
<th>Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients’ goals.</th>
</tr>
</thead>
</table>

- **Describe**

- **This is not relevant for my organisation**

**SG 13**

<table>
<thead>
<tr>
<th>SG 13.1</th>
<th>Indicate whether you seek feedback from clients on your RI/ESG services and product offerings</th>
</tr>
</thead>
</table>

- **Yes**

**SG 13.2** Describe how you use this feedback in your RI/ESG services and product offerings.

Ethos regularly exchanges views with its members and clients. This can be formal e.g. through the annual meetings of the EEP Switzerland and the EEP International or informal in regular meetings and calls between members and clients of Ethos and the client relationship managers of Ethos. The feedback gained is collected by Ethos’ client relationship management team and discussed by Ethos’ management and flows into improving existing services and developing new services. The Head of Client Relations is a member of Ethos’ management.

- **No**

**SG 14**

<table>
<thead>
<tr>
<th>SG 14.1</th>
<th>Indicate whether your organisation has a policy for managing potential conflicts of interest.</th>
</tr>
</thead>
</table>

- **Yes**

**SG 14.2** Describe how you manage potential conflicts of interest.

Independence is one of Ethos’ core values and Ethos does not provide paid services to issuers or any listed company. Should any exception occur, it must be disclosed in an adequate manner.

In line with Ethos’ policy, Ethos employees and directors are required, upon appointment, to sign the Charter of the Swiss Association of Pension Funds and the Ethical Code of the Association of Certified International Investment Analysts, which explicitly ban any activities that might entail conflicts of interest.
Ethos' Code of Conduct as well as Ethos' internal regulation on conflicts of interest and gifts are publicly available:


On an annual basis, Ethos employees and directors must sign a statement, confirming that they adhered to above listed policies and codes, and must disclose all active financial relations that may impair his/her independence. Ethos management and directors must also disclose all other activities that are carried out in addition to their role within Ethos. Employee statements are reviewed by the CEO. Management and board statements are reviewed by Ethos/Ethos Foundation president.

| SG 14.3 | Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process. |

Independence is one of Ethos’ core values and Ethos does not provide paid services to issuers or any listed company. Should any exception occur, it must be disclosed in an adequate manner.

In line with Ethos' policy, Ethos employees and directors are required, upon appointment, to sign the Charter of the Swiss Association of Pension Funds and the Ethical Code of the Association of Certified International Investment Analysts, which explicitly ban any activities that might entail conflicts of interest.

Ethos' Code of Conduct as well as Ethos’ internal regulation on conflicts of interest and gifts are publicly available:


On an annual basis, Ethos employees and directors must sign a statement, confirming that they adhered to above listed policies and codes, and must disclose all active financial relations that may impair his/her independence. Ethos management and directors must also disclose all other activities that are carried out in addition to their role within Ethos. Employee statements are reviewed by the CEO. Management and board statements are reviewed by Ethos/Ethos Foundation president.

☐ No
Ethos Foundation

Reported Information

Public version

Active Ownership Services

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
### Active ownership services

<table>
<thead>
<tr>
<th>AOS 01</th>
<th>Mandatory</th>
<th>Public</th>
<th>Gateway</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AOS 01.1</strong></td>
<td>Indicate which active ownership services are part of your business offerings. Tick all that apply.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Engagement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Voting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AOS 01.2</th>
<th>Indicate which markets your organisation covers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Developed markets</td>
<td></td>
</tr>
<tr>
<td>☐ Emerging markets</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AOS 02</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AOS 02.1</strong></td>
<td>Indicate where you acquire your ESG data and information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Regulatory sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Information from stakeholders and NGOs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ In-person meetings or calls with company, industry, municipality or government representatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Media reporting (including social media, blogs and similar)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Primary data (self-reported from companies or other organisations)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Secondary data (from ESG research provider databases)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (3)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AOS 02.2</th>
<th>Describe how this information is used in your product/service offerings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The direct engagement activities with Swiss companies (EEP Switzerland) relies on Ethos’ assessment of the ESG performance of each company. Ethos collects ESG primary data on the 200 Swiss listed companies and builds its ESG rating using its own primary environmental, social and corporate governance research. Ethos uses all public information available such as information disclosed by companies (annual report, corporate press release, articles of association, minutes of general meeting etc.), Ethos studies on ESG topics, as well as studies from external providers, media news, etc. Direct dialogue is systematically sought with every company included in the Swiss Performance Index (SPI).</td>
<td></td>
</tr>
</tbody>
</table>

Regarding engagement with non-Swiss companies, Ethos relies on insight provided by like-minded institutions such as the ICCR, ShareAction and Shareholders for Change. Ethos also establishes ESG ratings for non-Swiss companies based on environmental, social and corporate governance secondary data provided by external sources (Sustainalytics, Trucost, Bloomberg, RepRisk and ECGS). Ethos has its proprietary model for the processing and consolidation of the data from the external providers, which leads to the attribution of an ESG rating to each company. |

Regarding proxy voting reports for Swiss companies, Ethos systematically provides voting recommendations on all companies of the SPI and all Swiss companies listed abroad and part of the MSCI World. Ethos uses all public information disclosed by companies (annual report, corporate press release, articles of association, minutes of general meeting etc.), as well as direct dialogue with the companies. The voting recommendations are based on Ethos’ own voting guidelines (updated every year).
and on Ethos’ Charter.

Regarding proxy voting reports for non-Swiss companies, the voting recommendations are based on Ethos’ proxy voting guidelines. In markets where Ethos does not perform the analysis of primary data, the analysis is provided by the following partners: Expert Corporate Governance Service (ECGS) in Europe (and of which Ethos is the Swiss member) and Shareholder Association for Research and Education (SHARE) in North America.

### Engagement

<table>
<thead>
<tr>
<th>AOS 04</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOS 04.1</td>
<td>Describe how you select priority engagement topics to raise with companies and how you involve your clients in this process.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The engagement topics are determined on an annual basis by Ethos and the members of the EEP Switzerland and the EEP International and reflect the priorities set by the members of the two pools. When selecting companies for direct engagements Ethos aims to reflect the exposure of the pool members (i.e., by selecting target companies with a large share in the common indexes such as MSCI World), the materiality of the engagement topic for the targeted company and the chances of changing the behaviour of the targeted company through engagement. Additionally, international initiatives in scope of the EEP International are signed on behalf of the clients that are members of the pool and thus they publicly appear as cosignatories.

| AOS 04.2 | Describe how you define the objectives and milestones of the engagements and how you involve your clients in this process. |

Within the framework of the EEP Switzerland, Ethos is in close contact with the companies of the EEP Switzerland universe throughout the year and the analysts follow the progress of the companies with specific engagement objectives set for each company. Within the framework of systematic campaigns (e.g., climate strategy or tax responsibility), clear and realistic expectations are defined at the beginning of the campaign and progress against these expectations is monitored.

At the international level within the framework of the EEP International, Ethos measures the progress of the direct dialogues conducted with companies with a proprietary system based on five milestones (if possible):
- Milestone I: Letter to the Chairman of the Board of Directors
- Milestone II: Contact with the company established
- Milestone III: Company recognizes the issue and is open to dialogue
- Milestone IV: Company develops credible strategy to address the issue
- Milestone V: Problem solved and appropriate measures implemented

These milestones make it possible to record the efforts of individual companies and systematically measure progress.

During the annual meetings of both the EEP Switzerland and the EEP International, progress and key achievements are presented to the pool members. The members are also involved in the determination of the engagement topics. Besides defining the engagement themes, the members can also provide input regarding potential engagement objectives.

Ethos provides a detailed report of annual engagement activities to the members of the EEP Switzerland and the EEP International. The full reports are restricted to the respective pool members. However, a short version of both reports is available in French and German on Ethos’ webpage:

<table>
<thead>
<tr>
<th>AOS 05</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
</table>

29
Indicate what channels you use to engage. Tick all that apply and indicate the frequency with which you typically use the channels.

<table>
<thead>
<tr>
<th>Engagement type</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters and e-mails</td>
<td>In minority of cases</td>
</tr>
<tr>
<td></td>
<td>In majority of cases</td>
</tr>
<tr>
<td></td>
<td>In all cases</td>
</tr>
<tr>
<td>Meetings and/or calls with board/senior management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In minority of cases</td>
</tr>
<tr>
<td></td>
<td>In majority of cases</td>
</tr>
<tr>
<td></td>
<td>In all cases</td>
</tr>
<tr>
<td>Meetings and/or calls with CSR, IR or other management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In minority of cases</td>
</tr>
<tr>
<td></td>
<td>In majority of cases</td>
</tr>
<tr>
<td></td>
<td>In all cases</td>
</tr>
<tr>
<td>Visits to operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In minority of cases</td>
</tr>
<tr>
<td></td>
<td>In majority of cases</td>
</tr>
<tr>
<td></td>
<td>In all cases</td>
</tr>
<tr>
<td>Visits to supplier(s) from the company’s supply chain</td>
<td></td>
</tr>
<tr>
<td>Other (1), specify</td>
<td></td>
</tr>
<tr>
<td>AGM statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In minority of cases</td>
</tr>
<tr>
<td></td>
<td>In majority of cases</td>
</tr>
<tr>
<td></td>
<td>In all cases</td>
</tr>
<tr>
<td>Other (2), specify</td>
<td></td>
</tr>
<tr>
<td>Other (3), specify</td>
<td></td>
</tr>
</tbody>
</table>
Ethos employees systematically engage directly with all Swiss listed companies by analysing and proposing detailed voting recommendations at their AGM. A direct contact with a company representative takes place prior to the AGM to exchange Ethos’ potential concerns on ESG issues. Regular meetings and calls with board/senior management take place to emphasize the demands of Ethos. When carrying out specific campaigns (e.g. climate strategy or tax responsibility), clear and realistic expectations are defined at the beginning of the campaign and a letter is sent to all chairmen of the board.

At the international level Ethos employees engage directly with a number of companies as part of specific campaigns (e.g. electric utilities). Clear and realistic expectations are defined at the beginning of the campaign and a letter is sent to the chairman of the board. These letters are followed up with emails and conference calls. Ethos and the EEP International also leverage on the power of collaborative engagement initiatives to urge companies to change.

Ethos’ engagement approach is focused on attaining results based on realistic engagement objectives taking into account the specific circumstances of each company.

Ethos’ Engagement Policy is public and available here:
https://www.ethosfund.ch/sites/default/files/2017-03/Ethos_Engagement_Policy_EN_web.pdf

Employee level

- **Board members**
  - Frequency
    - In minority of cases
    - In majority of cases
    - In all cases

- **Corporate secretary/general counsel**
  - Frequency
    - In minority of cases
    - In majority of cases
    - In all cases

- **CEOs**
  - Frequency
    - In minority of cases
    - In majority of cases
    - In all cases

- **Other C-level staff or heads of departments**
  - Frequency
    - In minority of cases
    - In majority of cases
    - In all cases
Ethos launched the EEP Switzerland already in 2004. This allowed Ethos to gain broad engagement experience and develop a convincing engagement track record. The skilled and senior team at Ethos ensures that the concerns of the pool members are taken into account and applied in structured engagements to achieve maximum results and change corporate behaviour for the long term.

AOS 06.3 Describe the escalation strategies you take (or suggest that your clients take) when the engagement objectives are not achieved.

In cases where Ethos identifies serious ESG failures in companies targeted by the EEP Switzerland or the EEP International, a direct dialogue is sought. In most cases such engagement is confidential and based on mutual trust. However, if an engagement does not produce the expected results, Ethos can increase the intensity of the engagement and take the following measures:

- Make a AGM statement
  Ethos may decide to make public statements before or during the AGM if, for example, the Board of Directors of a company refuses to take adequate measures to remedy serious ESG failures.
- File a shareholder proposal
  If, in companies with serious ESG failures, several engagement measures do not produce results and there is a strong interest that the practice be changed, Ethos may file shareholder proposals.
- Collaborate with other shareholders
  In order to enhance the impact of an engagement or the support for a shareholder proposal, Ethos may form and promote a support group consisting of investors with the same objectives. The aim of such groups is to increase pressure on corporate governance by mobilising the investment community, civil society or public authorities.
- Issue recommendation to exclude
  In the case of companies which, despite several years of intensive commitment, refuse to take adequate measures to remedy serious ESG deficiencies, Ethos can recommend to the members of EEP.
In Switzerland, Ethos Foundation possesses one share of each listed company and therefore has sufficient impact and ability to carry out intensification measures.

AOS 07

Mandatory | Public | Descriptive
--- | --- | ---

**AOS 07.1** Indicate how you monitor the progress of engagements.

- Define timelines/milestones for your objectives
- Track and/or monitor progress against defined objectives.
- Track and/or monitor progress of actions taken when original objectives are not met
- Review and, if necessary, revise objectives on an ongoing basis
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

AOS 07.2 Describe how you typically decide what recommendations for next steps to give to clients.

- ☑ Yes, we do provide clients with recommendations for next steps
- We do not provide clients with recommendations for next steps

AOS 08

Mandatory | Public | Descriptive
--- | --- | ---

**AOS 08.1** Describe how you define success when evaluating/reviewing engagements on ESG factors.

Within the framework of the EEP Switzerland, Ethos is in close contact with the companies of the EEP Switzerland universe throughout the year and the analysts follow the progress of the companies with specific engagement objectives set for each company. Within the framework of specific campaigns (e.g. on climate strategy or tax responsibility), clear and realistic expectations are defined at the beginning of the campaign and progress against these expectations is monitored. Engagement success is defined as meeting the engagement objectives set and the expectations defined.

At the international level within the framework of the EEP International, Ethos measures the progress of the direct dialogues conducted with companies with a proprietary system based on five milestones (if possible):
- Milestone I: Letter to the Chairman of the Board of Directors
- Milestone II: Contact with the company established
- Milestone III: Company recognizes the issue and is open to dialogue
- Milestone IV: Company develops credible strategy to address the issue
- Milestone V: Problem solved and appropriate measures implemented

Success is defined as progressing at least from one milestone to the next.

**AOS 08.2** Describe how you measure success when evaluating/reviewing these engagements.

The experienced and senior staff of Ethos tracks progress against engagement objectives set and expectations defined and is thus able to judge if an engagement is deemed successful or not. At the
international level the proprietary Ethos milestones approach makes it possible to record the efforts of individual companies and systematically judge engagement progress.

The engagement topics are part of Ethos’ ESG evaluation of the companies which are updated annually. Any request made to companies is mapped with an ESG criteria and the progress can be tracked against the ESG evaluation.

During the annual meetings of both the EEP Switzerland and the EEP International, progress and key achievements are presented to the pool members. Feedback of the pool members is collected during these meetings.

Ethos provides a detailed report of annual engagement activities to the members of the EEP Switzerland and the EEP International. The full reports are restricted to the respective pool members. However, a short version of both reports is available in French and German on Ethos' webpage:


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### Voting

<table>
<thead>
<tr>
<th>AOS 11</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AOS 11.1</strong></td>
<td>Describe how ESG factors are taken into consideration in voting recommendations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ethos considers active share ownership as a means of obtaining higher long-term returns and contributing to the efficient functioning of the financial markets. Voting at shareholder meetings and engaging in sustained dialogue with companies are two basic elements of active ownership.

The Ethos corporate governance principles and proxy voting guidelines are based on international best practice on corporate governance as well as on the Ethos charter focused on the concept of sustainable development where corporate decisions are shaped not only by financial, but also by social, environmental and corporate governance considerations. In this respect, Ethos is convinced that loyalty in the relations between a company and its various stakeholders contributes substantially to the company’s long-term sustainability and its future value. For this reason, Ethos' approach is resolutely inspired by a long-term vision of a company.

The guidelines also take into account local standards and practice in terms of corporate governance. The Ethos proxy voting guidelines are reviewed and if necessary updated annually in order to take into account the latest regulatory and legal developments as well as evolving corporate governance best practice.

The board of trustees of Ethos' Foundation is responsible for accepting the voting guidelines. The guidelines are communicated online.

Ethos is responsible for exercising the voting rights for all the investment funds it promotes as well as for defining voting recommendations for each point on the agenda of general meetings for the companies held by its clients.

The Ethos Charter is public and available here: https://www.ethosfund.ch/sites/default/files/2017-01/EF_Charte_2012_EN.pdf
Ethos’ proxy voting guidelines and corporate governance principles are public and available here: https://www.ethosfund.ch/sites/default/files/2018-12/LDPCG_Ethos_2019_EN_FINAL.pdf

<table>
<thead>
<tr>
<th>AOS 13</th>
<th>Mandatory</th>
<th>Public</th>
<th>Descriptive</th>
</tr>
</thead>
</table>
AOS 13.1  Indicate the proportion of votes where you have communicated the rationale to companies when you, on behalf of your clients, abstain or vote against management proposals.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we do not abstain or vote against management recommendations

AOS 13.2  Indicate the reasons you would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Votes in selected markets
- Votes in selected sectors
- Votes relating to certain ESG issues
- Votes on companies exposed to controversy on specific ESG issues
- Votes for significant shareholdings
- On request by clients
- Other; explain

AOS 13.3  Additional information [OPTIONAL]

In Switzerland, Ethos engages systematically in dialogue with investee companies on ESG issues. Ethos has a Proxy Voting service that provides proxy voting reports with detailed analysis and voting recommendations for Swiss listed companies. After analysing the different items put to the vote, Ethos contacts the analysed companies to convey their concerns, ask questions and give their views on different ESG issues. Such additional information is used to finalise the analysis and determine the final voting recommendations. Ethos’ voting recommendations on Swiss listed companies are posted on its website two days before the AGM. On demand, Ethos sends its detailed proxy voting report (around 30 pages) to companies after the AGM.

For non-Swiss companies, Ethos is generally not in direct contact with investee companies. However, as a member of the ECGS partnership (Expert Corporate Governance Service), Ethos can rely on the analyses and engagement of local partners in several countries outside Switzerland, who provide voting recommendations based on common pre-approved proxy voting guidelines.

Ethos publishes on its website quarterly and annual reports of all its voting activities with a short explanation of its rationale when opposing management recommendations:


AOS 14  Mandatory

AOS 14.1  Describe how you monitor voting outcomes.

Ethos gathers general meetings’ minutes and records the voting results for each item in its proprietary database. Ethos is therefore able to provide statistics regarding proxy vote in details. Ethos also captures and stores correspondence with the company.
AOS 14.2 | Describe how you typically decide what recommendations for next steps to give to clients.

- Yes, we do provide recommendations for next steps
- No, we do not provide recommendations for next steps

AOS 15 | Mandatory | Public

AOS 15.1 | Indicate whether you have formal mechanisms in place for clients to review your voting recommendations.

- Yes
- No

AOS 16 | Mandatory | Public | Descriptive

AOS 16.1 | Describe your involvement in any project to improve the voting trail and/or to obtain vote confirmation for your clients.

- Yes, we involve project to improve the voting trail and/or to obtain vote confirmation for our clients.
- Not applicable

For Swiss companies, Ethos generally receives confirmation of votes cast as they are either sent to the independent representative or an employee of Ethos attends the GM in person.

For non-Swiss companies, Ethos relies on custodian banks that executes the vote on the voting platforms or via sub-custodians if relevant. Those platforms usually confirm that the vote has been cast. However, this is never a guarantee that it has been taken into account at the AGM.

Communication and sharing ESG information

AOS 17 | Mandatory | Public | Descriptive

AOS 17.1 | Indicate whether you proactively disclose your engagement and/or voting outcomes to clients and the public.

- Engagement
- Clients
  - Disclosed quarterly or more frequently
  - Disclosed biannually
  - Disclosed annually
  - Disclosed less frequently than annually
  - Disclosed ad hoc/when requested
AOS 17.2 Indicate how you ensure all ESG information on companies gained as a result of engagement and/or voting activities is shared with clients.

☐ Engagement
  ○ We proactively ensure that all ESG information is made available.
  ○ We share all ESG information upon request.
  ○ We do not make any additional ESG information.

☐ Voting
  ○ We proactively ensure that all ESG information is made available.
  ○ We share all ESG information upon request.
  ○ We do not make any additional ESG information.

AOS 17.3 Additional information [OPTIONAL]

Ethos’ voting recommendations on Swiss listed companies are posted on its website two days before the AGM.
Ethos Foundation

Reported Information

Public version

Research and Data Provision

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
### Product level

<table>
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<tr>
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</thead>
</table>

<table>
<thead>
<tr>
<th>RDP 01.1</th>
<th>Indicate your product type. Tick all that apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Analysis</td>
<td></td>
</tr>
<tr>
<td>☐ Benchmarking reports</td>
<td></td>
</tr>
<tr>
<td>☑ ESG ratings</td>
<td></td>
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<tr>
<td>☐ Credit ratings</td>
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<tr>
<td>☑ ESG indices</td>
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</tr>
<tr>
<td>☑ Raw data</td>
<td></td>
</tr>
<tr>
<td>☐ Second party opinion on green or social bonds</td>
<td></td>
</tr>
<tr>
<td>☑ Surveys</td>
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<tr>
<td>☐ Other, specify</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>RDP 01.2</th>
<th>Indicate whether you make any of your products publicly available.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, all products</td>
<td></td>
</tr>
<tr>
<td>☑ Yes, some products</td>
<td></td>
</tr>
<tr>
<td>☐ No, we do not</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RDP 01.3</th>
<th>Additional information. [OPTIONAL]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethos collects ESG data from public sources and third party providers to assess entities’ contribution to sustainable development (stocks as well as corporate and sovereign bond issuers).</td>
<td></td>
</tr>
<tr>
<td>ESG ratings are also further processed to define sustainable universes that are used by Ethos indices and external financial professionals (mainly Asset Managers and Asset owners).</td>
<td></td>
</tr>
<tr>
<td>Ethos also offers Carbon ratings and prepares ESG portfolio screenings (footprints on ESG and/or Carbon).</td>
<td></td>
</tr>
</tbody>
</table>

### Research/process level

<table>
<thead>
<tr>
<th>RDP 02</th>
<th>Mandatory</th>
<th>Public</th>
</tr>
</thead>
</table>

### RDP 02.1
Indicate the types of sources you use for research and/or ratings of companies/sectors/geographies or similar. Tick all that apply.

- Your organisation’s independently collected data from public sources
- Regulatory sources
- Information from NGOs and other stakeholders
- In-person meetings or calls with company or industry representatives
- Primary data (self-reported from companies or other organisations)
- Secondary data (from other research provider databases)
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

### RDP 02.2
Indicate how ESG factors are incorporated into your research and/or rating methodology

- Identifying exposure and risk to ESG factors
- Considering responses to self-assessment questions on ESG
- Assessing current and future capacity to manage or mitigate ESG risks
- Assessing past and potential future performance on ESG factors
- Assessing alignment and compliance to different policies and regulations
- Assessing alignment and compliance explicitly to the Sustainable Development Goals (SDGs)
- Assessing current and future positive ESG impacts
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

### RDP 02.3
Describe how you define materiality and how this is captured in your research and/or rating methodology as well as final product.

Ethos defines materiality from a sustainability perspective by analysing which ESG topics have an impact not only on the core business of an issuer, but also for any other stakeholders, such as employees, suppliers, the environment and/or the society as a whole. This 360-degree analysis enables Ethos to assess ESG issues that are reasonably likely to impact the financial condition or operating performance of a company as well as the direct and indirect environmental and social impacts associated with its activities.

Ethos has developed a unique in-house methodology that takes into consideration the specificity of the issuer (nature, size, geographic location, etc.) as well as its sector specific issues in order to attribute specific ESG indicators and weighting to each issuer. The result of this assessment is a comprehensive evaluation of issuers’ organisation, policies and management systems with respect to the environmental and social challenges they face. This approach allows the identification of forward-thinking issuers that are leaders in their industries when it comes to managing ESG issues.

The methodology is reviewed on a biannual basis by the Investment Committee.
**RDP 03.1**

Describe how you actively include input and information, wherever possible, from relevant stakeholders or interested parties, in the research process or in reaching assessment conclusions.

For Swiss equities or debt, Ethos builds its ESG rating using its own primary environmental, social and corporate governance research. Ethos uses all public information available such as information disclosed by companies (annual report, corporate press release, articles of association, minutes of general meeting etc.), Ethos studies on ESG topics, as well as studies from external providers, NGO's, stakeholder associations, media news, etc.

For non-Swiss companies, Ethos establishes the ESG ratings based on environmental, social and corporate governance primary data provided by external sources (Sustainalytics, Trucost, Bloomberg, RepRisk and ECGS). Ethos has its proprietary model for the treatment and consolidation of the data from the external providers, which leads to the attribution of an ESG rating to each company.

**RDP 03.2**

Additional information. [OPTIONAL]

An in-depth sustainability analysis covers all environmental, social and governance criteria related to the company. The environmental and social assessment covers various themes such as corporate strategy and environmental management system, human resources, product sustainability, human rights, suppliers and relations with civil society. The governance dimension includes topics such as transparency, capital structure, board composition and functioning, the remuneration system, shareholders' rights and business ethics. The definition of the analysis criteria depends on good practices in regards to ESG, sectorial stakes as well as practices in different markets.

Ethos' ESG ratings are performed based on the ESG assessment in comparison to the ratings of companies in similar industries. The quantitative analysis is supplemented with qualitative analyses of the company's products as well as its exposition to serious or major controversies.

Ethos evaluates the sustainability performance of a company by analysing its exposure to ESG risks, as well as how it manages them. The company strategy is analysed based on the transparency of the information provided, the clarity and coherence of its mission statement as well as the ambition and skill set of management. The Ethos ESG assessment is structured in three stages which are corporate governance analysis, analysis of the corporate strategy and analysis of its reporting. It takes into account the specific ESG risks faced by the different stakeholders.

1. Corporate governance

The corporate governance of a company is the sum of the rules that define the roles and relations between shareholders, the board, executive management, external auditor as well as the company's stakeholders. In a publicly listed company it is of great importance that the corporate governance adheres to certain fundamental principles such as the separation of operational from supervision functions, sufficient independence of the board, equal treatment of shareholders and a fair remuneration policy that does not lead to excessive risk taking by executive management.

2. Company strategy and reporting

The Ethos ESG assessment evaluates the corporate strategy in terms of environmental and social responsibility. The existence of a sustainable development committee at the board or executive management level is a central element for ensuring that environmental and social issues are integrated at the highest level of the organisation. The company's participation in different sector initiatives aimed at improving corporate responsibility is also considered in the Ethos assessment.

The manner in which companies provide environmental and social information is also important. Ethos prefers companies which publish a sustainability report according to an internationally recognized reporting standard such as the GRI (Global Reporting Initiative). The reporting should contain a list of key performance indicators along with medium and long-term targets. The external verification of the sustainability report is also an important factor.

3. Stakeholders

Ethos analyses the manner in which the company manages its relations with the stakeholders listed below. The Ethos assessment takes into account the different challenges which companies face depending on their sector and size. The weighting assigned to the different stakeholders in the Ethos ESG assessment depends on the sector.

The ESG assessment described above contributes to the establishment of an Ethos ESG rating for each company. To this effect, the extra-financial analysis is completed with a review of any environmental, social or corporate governance controversy the company may be involved in.
The Ethos ESG rating allows to classify companies according to their relative ESG performance compared to their sector peers.

### RDP 04

**Mandatory**

<table>
<thead>
<tr>
<th>RDP 04.1</th>
<th>Indicate how you ensure that your ESG assessment of companies/sectors/geographies or similar is up-to-date and that new information is incorporated or new assessments are conducted at reasonable intervals.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑️ Regular update cycles (annual or more frequent)</td>
<td></td>
</tr>
<tr>
<td>☑️ Allowing assessments/ratings to be adjusted at any time by your organisation</td>
<td></td>
</tr>
<tr>
<td>☑️ On-going alerts systems in place for new events and information that might have implications on the original assessment/ratings</td>
<td></td>
</tr>
<tr>
<td>☑️ On-going monitoring of possible controversies and compliance to conventions, regulations and similar</td>
<td></td>
</tr>
<tr>
<td>☐ Providing tools for companies/sectors or others to update the researcher, rating agency or data provider with new information</td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (1)</td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (2)</td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify (3)</td>
<td></td>
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</tbody>
</table>

### RDP 04.2

**Additional information. [OPTIONAL]**

Ethos’ dedicated staff of analysts, the Head of CG and RI and the CEO are responsible for the ESG analysis methodology, framework and ratings of each company. Every year, the criteria for the ESG rating are first reviewed and validated, then they are applied to the assessment of the companies. After completion of the assessment and attribution of ESG ratings to companies by the dedicated RI analysts, several validation sessions take place in presence of the Head of CG and RI as well as the CEO. After setting the final rating for each company, the ratings are communicated to the external asset management partners who use them to select the companies that can be included in Ethos’ various investment funds. A global review of all ESG ratings is performed annually.

Throughout the year, the dedicated team monitor events that could impact the ESG rating of a given company. In such cases, the event would trigger an analysis and a specific validation session, attended by the Head of CG and RI and the CEO, to determine whether or not the event must lead to a change in the company's rating. The result is then immediately communicated to the external asset management partners in order to make the necessary portfolio adjustments.

In parallel, a constructive long term dialogue with investee companies, in particular when there are specific issues at stake, is carried out by Ethos’ dedicated staff, members of the management, the CEO and Ethos chairman.

### RDP 05

**Mandatory**

<table>
<thead>
<tr>
<th>RDP 05.1</th>
<th>Indicate how you typically ensure a balanced approach to your research methodology and assessing/rating of companies/sectors/geographies or similar. Tick all that apply and explain your approach to each option.</th>
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<tbody>
<tr>
<td>☑️ Balancing quantitative and qualitative indicators</td>
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Type of indicators

- ☑️ Balancing quantitative and qualitative indicators
Ethos ESG assessment framework consists of approximately 150 criteria/indicators depending on the issuer's sector and geographic location. Around 25% of which are policy/binary indicators, 35% qualitative ones and 40% quantitative data points related to ESG performance. Validation sessions take place in presence of the Head of CG and RI as well as the CEO in order to set the final rating for each company.

- Balancing management/process oriented indicators and performance indicators

See above answer.

- Balancing reference to past and current performances, such as whether the rating object's performance is improving or deteriorating

While the ESG score mainly reflects the current overall ESG performance of the issuer, the ESG rating take into account the improvement or deterioration of specific KPIs. Moreover, ESG controversies are monitored on a daily basis. In case an event occurs that could impact the ESG rating of a given company, after thorough analysis by the dedicated team, a validation session takes place in presence of the Head of CG and RI and the CEO to determine whether or not the event must lead to a change in the company's rating.

Changes to ratings are comparison to prior rating are communicated on a monthly basis to relevant clients and are available at all times on the client web platform.

- Balancing environmental, social and governance indicators

Ethos ESG assessment is structured in three major topics which are 1) corporate governance, 2) corporate strategy & reporting and 3) stakeholders. They represent, respectively, 20-40%, 20%, 40-60% of the framework. All dimensions are therefore taken into account and weighted according to the issuer's sector and geographic location.

- Balancing self-reported and public data

Ethos ESG assessment evaluates both quantitative and qualitative information reported by issuers (annual reports, CSR reports, website, etc.) as well as external sources such as sustainability third-party providers, NGOs, professional associations, medias.

- Other, specify (1)
- Other, specify (2)
- None of the above

RDP 06 | Mandatory | Public | Descriptive
---|---|---|---
RDP 06.1 | Describe the control processes in place to ensure quality of research.

Ethos commits to a high quality standard and professionalism in all of its activities. To this effect, sophisticated internal controls have been put in place. All issuer’s ESG assessment undergo a rigorous quality review process to ensure quality of research:
1. ESG scores are established by Ethos dedicated analysts that follow a defined methodology that is reviewed every year.
2. ESG scores are verified by Ethos' management during validation meetings. In particular, there is a...
control procedure in place for ratings leading to exclusions, whereby the conditions for inclusion/exclusion of companies are individually reviewed to ensure full accordance with Ethos’ Charter.

3. Final quality cross-checks are done before releasing the final assessments to clients and portfolio managers in order to identify potential assessment errors. Furthermore, in addition to processes described above, systematic statistical tests of the database are run on regular basis, aiming to verify the relevance of our ESG framework (criteria/indicators, rating formulas). The delivery of ESG ratings to clients is done through the client web platform, where data is updated only after formal sign-off in Ethos’ proprietary documenting system. The risk management and internal control system of Ethos is yearly verified and approved by its board of directors which only consist of non-executive directors.