

Investment stewardship activities

Edition for Switzerland

Through our investment stewardship, we seek to promote sustainable business practices while fostering compliance with renowned international principles and widely accepted ESG best-practice standards. This includes promoting compliant practices, checks-and-balances principles, adequate pay-for-performance, environmental protection and climate change stewardship, supporting biodiversity, fair labour practices, non-discriminatory work and the protection of human rights, and other relevant ESG best practices. We take active ownership for all our Swisscanto funds whenever possible and in the interests of investors.

Investment stewardship activities – based on three pillars:

– Engagement

Proprietary engagement principles: promoting best-practice ESG standards and climate messaging via our direct dialogue and engagement partner “Sustainalytics”.

– Proxy voting

Proprietary principle-based sustainability voting policy that promotes ESG best practices (e.g. climate-related resolutions) through Swisscanto’s active exercise of voting rights.

– Capital allocation

Strong and proprietary investment philosophies (across the active products in traditional asset classes, i.e. listed equities and fixed income): sustainable and responsible capital allocation with a focus on return generation and alignment with a CO₂e reduction path.

Investment stewardship activities

We practise investment stewardship activities for our Swisscanto funds with “Responsible” and “Sustainable” characteristics as well as for our “Traditional” product lines within the traditional asset classes, wherein proxy voting is carried out under the leadership of the fund management companies.

Exercise of voting rights (proxy voting)

Votes are actively and responsibly cast according to a sustainably oriented mindset and strategy. Swisscanto Fund Management Company Ltd. is responsible for exercising the voting rights for its funds domiciled in Switzerland, and Swisscanto Asset Management

International S.A., Luxembourg, for exercising the voting rights for its funds domiciled in Luxembourg. Zürcher Kantonalbank’s Asset Management is responsible for exercising the voting rights for the Swisscanto ETFs domiciled in Ireland.

Voting rights are exercised with listed direct equity investments. Swisscanto’s and Zürcher Kantonalbank’s voting policies focus on best-practice corporate governance and sustainability and are updated annually by an external proxy voting consultant (ISS), the legal department, Zürcher Kantonalbank’s Asset Management and the fund management company. Swisscanto’s and Zürcher Kantonalbank’s voting guidelines and voting behaviour are published on [swisscanto.com/voting](https://www.swisscanto.com/voting).

Engagement

Our engagement is primarily driven and determined by our fundamental bottom-up capabilities and focused on equity and fixed-income securities. Our engagement activities are based on the following three pillars:

– **Direct dialogue with Swiss issuers:** Our focus is to create visibility among companies as an active and sustainable asset manager by promoting ESG best practices in the interests of our investors by leveraging our home base expertise.

– **Collaborative engagements:** The focus is to promote ESG best practices for entire industries as well as their achievement of environmental and/or social goals (i.e. 17 UN SDGs). These collaborative engagements are mostly driven by the UN PRI platform, but opportunistic direct interactions with companies also take place. In addition, we support various ESG initiatives such as Climate Action 100+, Nature Action 100, TNFD, Climate Bond Initiative, etc.

– **Global and thematic engagements:** Our engagements aim to promote best-practice ESG standards and sustainable themes on a global scale in the interests of our investors. Within thematic engagements, we focus on climate change, biodiversity, circular economy and healthy longevity. We commissioned Sustainalytics to leverage existing resources and convey our key sustainability messaging globally. Depending on relevance and materiality, we may also participate in these corporate dialogues.

Climate engagement not only reduces risks ...

We are aware that the various effects of climate change entail considerable economic and business risks. Since the Paris Agreement, there has been a strong social and political readiness to contain green-house gas emissions in order to avoid an average global warming of more than 2 degrees Celsius compared to pre-industrial levels. In addition, further efforts are being made to limit the temperature increase to 1.5 degrees Celsius, with companies and regulators increasingly committing to net-zero emissions by 2050. We actively address the topic of climate change and urge companies to define an ambitious strategy for reducing greenhouse gas emissions, establish accountability on boards of directors and incorporate corresponding ESG KPIs into remuneration systems.

... but also supports our investment decisions

Climate change is currently one of our top priorities. We deal with the risk of asset loss of our investments in a low-carbon future (stranded assets) by examining how potential scenarios may affect the relevant business models in the short, medium and long term with regard to sustainability and investment performance.

About Zürcher Kantonalbank's Asset Management

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

Swisscanto Fund Management Company Ltd. – Swiss fund management for Zürcher Kantonalbank and third parties

Swisscanto Fund Management Company Ltd., part of the Zürcher Kantonalbank Group, was established in 1960 and serves as the fund management company of the Swisscanto funds domiciled in Switzerland. Furthermore, Swisscanto Fund Management Company Ltd. also supports an increasing number of third-party customers with tailor-made services and flexible solutions.

Swisscanto Asset Management International S.A.

Swisscanto Asset Management International S.A., part of the Zürcher Kantonalbank Group, is a Luxembourg-based investment fund management company offering a range of fund solutions across various asset classes and risk profiles. In addition to serving as the in-house management company for Swisscanto funds under Luxembourg law, it operates as a third-party management company for private label funds, providing tailored solutions to meet specific client needs.

Your contacts

Please send your enquiries by email to:

- Engagement@swisscanto.ch
For all questions relating to engagement and especially for issuers/ companies wishing to contact us.
- Voting@swisscanto.ch
For all questions relating to the exercise of voting rights (proxy voting).

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