



RI TRANSPARENCY REPORT

2013/14

Ethos Foundation



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. 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 a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

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

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

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

PRI disclaimer

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	✓	Public	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

Ethos Foundation

Reported Information

Public version

Organisational Overview

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

- ☐ Fund management
- ☐ Fund of funds, manager of managers, sub-advised products
- ☐ Other, specify
- ☒ Execution and advisory only services

OO 01.2 Additional information. [Optional]

Ethos, Swiss Foundation for Sustainable Development, was created in February 1997 by two Geneva-based pension funds and is currently composed of more than 140 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.

The Foundation owns the company Ethos Services which conducts all investment and consulting activities. Ethos Services is specialised in the field of socially responsible investment (SRI). Ethos Services advises investment funds and discretionary asset management mandates according to a SRI approach for an equivalent of CHF 2 billion.

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Switzerland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

18

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
☒ No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	002	774	533
Currency	CHF				
Assets in USD		2	140	634	226

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	87.7	0
Fixed income – corporate	3.7	0
Fixed income – government	4	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	4.6

Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as broad ranges

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report	Voluntary to Disclose	Peering	General
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OO 07.1

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2

Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

Strategy and policies: Ethos is a dedicated socially responsible investment (SRI) manager. Our SRI approach and objectives are at the heart of our organization since its founding in 1997. Ethos favours a longterm investment horizon which focuses on socially responsible investment. Such an approach is based on three complementary pillars:

- a) taking environmental, social and governance criteria into consideration;
- b) actively and responsibly exercising shareholder voting rights;
- c) engaging in dialogue with company management, exclusively on material ESG issues.

Ethos' investment strategy therefore aims to invest in companies that primarily consider the natural environment as an economic challenge, respond to their key stakeholders' concerns, integrate a social dimension into their corporate policies and comply with best practice standards in the field of corporate governance. In accordance with its articles of association, Ethos actively participates in the public debate and conducts studies on ESG issues that contribute to foster the implementation of SRI in Switzerland and abroad. Ethos mainly focuses on its core market (Switzerland) for engagement activities, Proxy vote and ESG evaluation. For its core market, Ethos research engagement and proxy vote is fully done by Ethos's research team. For noncore markets, Ethos relies on information provided by third parties (ECGS for proxy vote and governance evaluation; Sustainalytics, Bloomberg and Asset 4 for Environmental and social evaluation and RepRisk for reputational controversies).

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.		
	<input checked="" type="checkbox"/> We incorporate ESG issues into investment decisions on our internally managed assets <input checked="" type="checkbox"/> We engage with companies on ESG issues via our staff, collaborations or service providers <input checked="" type="checkbox"/> We cast our (proxy) votes directly or via service providers <input type="checkbox"/> None of the above		
OO 11	Mandatory	Gateway	General
OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.		
	<input checked="" type="checkbox"/> Fixed income – corporate <input checked="" type="checkbox"/> Fixed income – government <input type="checkbox"/> None of the above		

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☒ Private equity
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.
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Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers
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- ☒ Private Equity

Closing module

- ☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
OA 01.1	Indicate if you have a responsible investment policy.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]		

Ethos is a dedicated SRI provider, meaning that all of our investment services are SRI oriented. Ethos' approach focuses on the long-term orientation of companies in which its assets are invested. In its investment decisions, Ethos always considers ESG analyses along with financial sustainability criteria. It is Ethos' conviction that integrating ESG criteria contributes to increasing the long-term value of a company for shareholders and other key stakeholders.

In order to evaluate and measure their contribution to sustainable development, companies are assessed against a comprehensive set of ESG criteria. Companies making the greatest efforts and delivering the best contributions to sustainability are favored. Ethos not only considers the operations but also the added value brought by products and services in terms of social and environmental performance. The portfolio therefore reflects the advantages of companies and sectors that are the best contributors to sustainable development.

Conversely, in accordance with its sectorial exclusion criteria, which are part of the investment policy, Ethos does not invest in companies with sales exceeding 5% in controversial activities/sectors are systematically excluded. The excluded sectors are considered as not being sustainable and are the following: pornography, armament, nuclear industry, tobacco, agro-genetically modified organisms and gambling. However, based on evidence, Ethos also excludes companies involved in serious ESG controversies human right and labor rights breaches, serious environmental damages, gross corruption, etc. and especially companies whose responses are not deemed as credible (norm-based exclusions).

The systematic integration of ESG issues in all our active portfolios is based on a best-in-class approach. This means that our asset managers are authorized to invest only in companies who best meet our extra-financial requirements.

Ethos also has portfolios based on passive/indexed management approaches which respect to Ethos exclusion criteria. In this case, ESG analyses are used in the exercise of shareholder rights and the active dialogue with companies.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1

Indicate if your responsible investment policy is publicly available.

☒ Yes**OA
02.2**

Provide a URL to your responsible investment policy.

URL

<http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p146f>☐ No**OA 02.3**

Indicate if your other policies or guidance documents related to responsible investment are publicly available.

☒ Yes☒ Yes, all☐ Yes, some**OA
02.4**

List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Ethos fund Annual Report	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p453f –
Ethos' Exclusion Criteria	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p178f –
Ethos' 2014 Proxy Voting Guidelines	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p435f –
Ethos M&S fund regulation	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p412f –
Ethos fund regulations	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p402f –
Private Equity Mission Statement	http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p302f –

☐ No**OA 03****Mandatory****Core Assessed****PRI 1,2**

OA 03.1

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04**Mandatory****Core Assessed****General****OA 04.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

- As independence is one of its core values, Ethos provides no paid services to issuers. Should any exceptions occur, they will be disclosed in an adequate manner.
- In line with Ethos' in-house policy, Ethos' staff and Directors are required, upon appointment, to sign the Chart 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' policy regarding conflicts of interest for the members of its board of trustees is included in Article 10 of Ethos Services' Bylaws available on Ethos' website.

☐ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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☒ Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
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- ☒ At least once per year
- ☐ Less than once per year

OA 05.3	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.
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- ☒ Quarterly
- ☐ Biannually
- ☐ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

OA 05.4	Additional information. [Optional]
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- Annually review ESG ratings and exclusions;
- Monthly monitoring portfolio composition against investment directives;
- Vote 100% of Swiss listed equities and at least 75% of the market cap of non-Swiss investments;
- Engage in dialogue with investee companies in core market (in person meetings, conf. calls, letters, emails);
- Systematic contact with the companies of the core market (Switzerland) before the AGM (more than 100 contacts for Swiss listed companies);
- Participate in public consultations; Initiate collaborative engagement and active share ownership in Switzerland (Say on Pay campaigns).

OA 06	Voluntary	Descriptive	General
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OA 06.1	List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.
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☒ Add responsible investment objective 1

Objective 1	Adoption and implementation of complete Codes of Conduct by the 100 largest Swiss listed companies
Key performance indicators	-Number of companies implementing Codes of Conduct -Range of the Codes of Conduct -Hierarchic level in charge of the implementation -etc
Describe the progress achieved	In 2012, 73 companies adopted a Code of Conduct. In 2013, they were 80.

☒ Add responsible investment objective 2

Objective 2	Adoption of the GRI by the the 100 largest Swiss listed companies
Key performance indicators	-Number of companies adopting GRI Guidelines -GRI reporting level -GRI reporting check -GRI reporting index -external and independent GRI verification
Describe the progress achieved	In 2008, only 19 companies were reporting in accordance with the GRI. In 2013, more than 40 companies are reporting accordingly.

☒ Add responsible investment objective 3

Objective 3	Implementation of transparent, clear and fair remuneration systems
Key performance indicators	-Transparency of remuneration systems -Type of remuneration plans (short-term, long-term, with/without performance criteria) -etc
Describe the progress achieved	Ethos started this initiative in 2008 with only three companies proposing a "Say on Pay". In 2013, more than 50 companies organised such a vote."

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Continuing engaging the last 20 companies that still do not have Code of Conduct and improve the implementation of the Code of Conduct.
Key performance indicators	-Number of companies implementing Codes of Conduct -Range of the Codes of Conduct -Hierarchic level in charge of the implementation -etc

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Improve transparency in corporate political donations (100 largest Swiss companies)
Key performance indicators	<ul style="list-style-type: none"> -Number of companies with policy on political donations -Range of the policy -Public disclosure of the policy -etc

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Following up on the implementation of the "Minder popular initiative" (for more information see below) by the 100 largest Swiss companies
Key performance indicators	<ul style="list-style-type: none"> - Improve transparency of remuneration report - Improve structure of board and executive remuneration - Avoid excessive payouts

OA 06.3	Additional information.
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The key engagement topics for influence (or monitoring) are decided on an annual basis by Ethos and the members of the Ethos Engagement Pool. Each member of the pool can make additional proposals.

For information, the Minder popular initiative "against excessive remuneration" was massively approved by the Swiss people on March 3 2013 and gives shareholders significant rights with regard to board and executive remuneration.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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The Ethos Foundation is a nonprofit foundation under Swiss law. Its activities are determined and ruled by the Charter, while the Articles of Association and Bylaws specify the Foundation's purpose and organisation.

The Ethos Foundation is member, cofounder and signatory of the Code of Conduct of Swiss Pension Fund Organisations and signatory to the Principles for Responsible Investment (PRI) of the United Nations since 2006. The Foundation is organised as follows: The members' General Meeting issues recommendations to the Foundation Board of Trustees, in particular regarding the Charter, the Articles of Association, the composition of the board, the voting guidelines and the investment exclusion criteria.

The governing body of Ethos Foundation is its Foundation Board. It oversees the implementation of the Foundation's objectives and has the competence to approve the Charter, Articles of Association, the investment exclusion criteria as well as the voting guidelines.

The Executive Management executes all operational activities on behalf of the Foundation. The Foundation fully owns Ethos Services SA (ESSA), which is the operational unit of Ethos. Ethos Services must abide by Ethos Charter and ensures the implementation of the Ethos' principles in all activities.

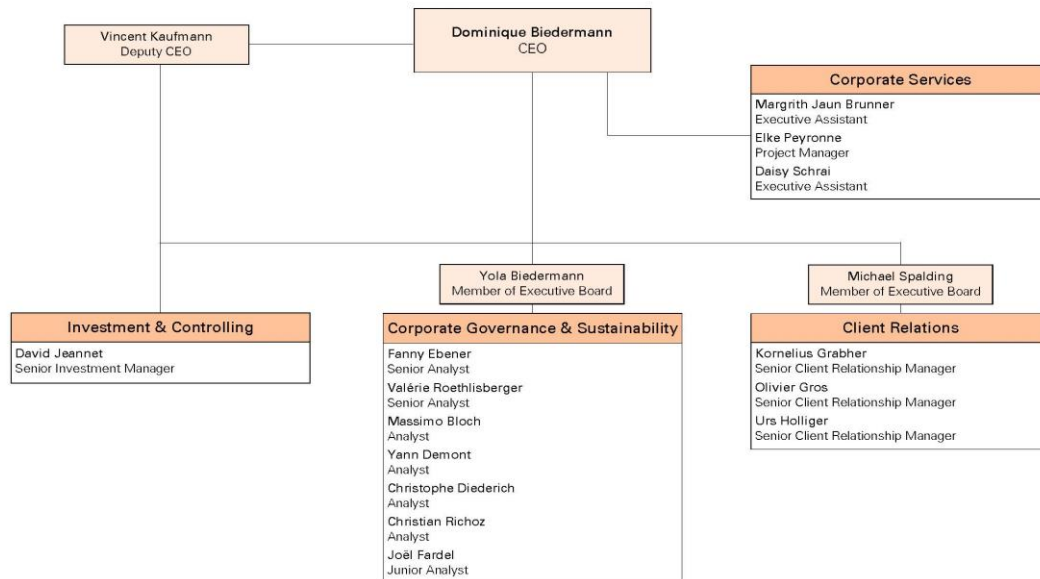
The Board of Ethos Services is responsible for designing and approving products and services delivered by ESSA. The SRI strategy defined by the Board is implemented by Ethos' Executive Management.

Ethos Foundation is the 2009 recipient of the International Corporate Governance Network (ICGN) Award. The award is considered as the highest distinction in the field of corporate governance and is given annually for exceptional achievement in that connection. For the Awards Committee, Ethos has helped bring about significant improvements in corporate governance and has had a major positive impact in its region.

Ethos' Executive Director, Dominique Biedermann, received in June 2012 the Landis and Gyr annual award for his his personal pioneering achievements in implementing good corporate governance and sustainability principles in asset management.

The University of Fribourg (Switzerland) has also awarded the Doctor Honoris Causa degree to Dominique Biedermann on the occasion of the 2013 Dies Academicus. This distinction is an acknowledgement of Dominique Biedermann's contribution in the fields of socially responsible investment and active share ownership during the past sixteen years. It is also an honor for the Ethos Foundation that is thereby recognized not only by the business world, but also by academia.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



© Ethos Services, 1.2.2014

To upload the image click the Save button below

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify

Head of Corporate Governance & Sustainability

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Portfolio managers
- ☐ Investment analysts
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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18

OA 08.3	Additional information. [Optional]
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Ethos is fully dedicated to SRI investment, engagement, vote and ESG ratings and portfolio screening.

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

Other C-level staff or head of department

Head of Corporate Governance & Sustainability

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

Dedicated responsible investment staff

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Ethos staff remuneration is only fixed. Semestrial appraisals of staff performance take place. Based on the results the staff can be promoted, receive a salary increase or approval to follow trainings or other formations relevant to their functions, part of which are paid by Ethos. Sales representatives may receive a small variable remuneration based on quantitative and qualitative target achievements.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Ethos has been member of CDP from 2005 to 2012, and a signatory since 2013. Until 2012, Ethos was actively involved, together with banking partners, in the organization and completion of the Swiss edition of the CDP. Ethos was in charge of chasing the 100 Swiss largest companies making up the Swiss universe. As such, Ethos actively and systematically engaged with these 100 companies and encouraged them to disclose detailed data and improve their carbon reporting practices. In addition, Ethos co-authored the CDP Switzerland 100 Report 2012 which was published in French and German and supervised the publication of the Report. Finally, Ethos co-organized the launch event of the CDP Switzerland 100 Report 2012 during which the key results of the CDP questionnaire were presented.

- ☒ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

- ☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☒ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In 2013, Ethos actively participated in EITI's working group on collective engagement. It took part in the webinars, gave feedbacks on the various letters and documents that the working group developed and participated in the numerous conference calls of the group.

- ☐ Global Investors Governance Network (GIGN)
☐ Global Real Estate Sustainability Benchmark (GRESB)
☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Ethos was a member of the Institutional Investors Group on Climate Change (IIGCC) and, as such, actively supported its 2012 Global Investor Statement on Climate Change. In 2013, Ethos also participated in two of the working groups of the IIGCC: IIGCC Corporate Working Group and IIGCC Policy Working Group.

- ☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
☐ Investor Network on Climate Risk (INCR)/CERES
☐ Local Authority Pension Fund Forum
☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In 2013, Ethos participated in numerous collaborative initiatives launched on the UNPRI Clearinghouse. Ethos had a supporting role.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Forum Nachhaltige Geldanlagen (FNG)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Forum Nachhaltige Geldanlagen (FNG): Along with other key SRI players in Switzerland, Ethos actively supports FNG, a regional Sustainable Investment Forum (SIF) active in Austria, Germany and Switzerland which aims at promoting sustainability among institutional investors. More precisely, Ethos is part of the Swiss local working group that specifically focuses on actions to better define sustainability for investors and promote its further development and implementation. FNG publishes a yearly survey on SRI in Switzerland in which Ethos actively takes part.

- ☒ Shareholder Association for Research and Education (Share)

Your organisation's role in the initiative during the reporting period
(see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's
involvement in the initiative. [Optional]

Active contribution to Global Proxy Review - A pension trustee's guide to key
shareholder votes in 2013
(<http://www.workerscapital.org/proxyreview/assets/reports/Eng-GPR-2013.pdf>)

Committee on Workers Capital, in collaboration with SHARE

- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

Ethos Engagement Pool (EEP)

Your organisation's role in the initiative during the reporting year
(see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Ethos main tool for collaboration with other shareholders is the Ethos Engagement Pool (EEP), now in its tenth year. This unique vehicle brings together and pools the resources of more than 90 Swiss institutional investors to systematically engage with Swiss companies on various ESG issues. Engagement topics and objectives are selected by the EEP members on an annual basis, while engagement activities are coordinated and conducted by Ethos on behalf of the pool's members.

In 2013 these key themes encompassed climate change, Environmental and Social reporting, supply chain management, codes of conduct, anticorruption principles & policies, company's political donations as well as corporate governance issues pertaining to the Board's composition and organisation, board and executive remuneration and the shareholders general meetings. Every year, Ethos provides its members a detailed stewardship report, which includes quantitative and qualitative measures of success, as well as an analysis of further action, when required.

- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

OA 11.3

Additional information. [Optional]

Ethos' funds are exclusively SRI oriented, all shareholder rights are exercised actively (voting, engaging in dialogue). On behalf of the Ethos Engagement Pool, a group of more than 90 Swiss pension funds and other institutions of public utility, Ethos engages in dialogue with the 100 largest Swiss companies, on topics of general concern in Corporate governance as well as Social and Environmental issues. Ethos is often invited by Swiss and non-Swiss regulators or authorities to give their opinion on different public policy matters.

OA 12

Voluntary

Additional Assessed

**PRI
4,5,6****OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

☒ Yes☒ Yes, individually☒ Yes, in collaboration with others**OA 12.2**

Select the methods you have used.

☒ Endorsed written submissions to governments, regulators or standard-setters developed by others☒ Drafted your own written submissions to governments, regulators or standard-setters☒ Participated in face-to-face meetings with government members or officials to discuss policy☐ Other, specify**OA 12.3**

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☒ Yes, publicly available

provide URL

<http://www.uss.co.uk/Documents/Audit-Grouppositionpaper5Mar2013.pdf>

provide URL

<http://www.sec.gov/comments/s7-07-13/s70713-448.pdf>

provide URL

<http://www.ethosfund.ch/pdf.asp?c=p463f>

☐ No

☐ No

OA 12.4

Additional information.

In 2013, Ethos participated in various collaborative initiatives which targeted the public sector and the establishment of a clear legal framework. For example:

- The Sustainable Stock Exchanges (SSE) initiative. The SSE initiative invites exchanges globally to become a Partner Stock Exchange within the SSE by making a voluntary public commitment to promote improved ESG disclosure and performance among listed companies.
- Joint investors letter to SEC to require Pay Ratio Disclosure (CEO to worker).
- and many more.

ESG issues in asset allocation

OA 13

Voluntary

Descriptive

PRI 1

OA 13.1

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

☒ Yes

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Ethos does not invest in what it considers as unsustainable asset classes such as derivatives. No securities lending is authorised by Ethos.

☐ No

OA 14

Voluntary

Descriptive

PRI 1

OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☐ Yes

☒ No

Investment execution and advisory services

OA 17	Voluntary	Descriptive	PRI 1,2
OA 17.1	Indicate if your organisation takes account of responsible investment/ESG considerations when providing execution and/or advisory services.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 17.2	Additional information.		

Ethos' advisory& investment & proxy services are exclusively RI oriented!

Innovation

OA 18	Voluntary	Descriptive	General
OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.		

Ethos investment process follows two main steps:

1. We first limit the investment universe to the most sustainable companies (negative screening), in order to reduce operational, environmental and reputational risks. Then, a company has to reach a certain defined level of extra-financial sustainability (ESG ratings) in order to be included in our investment universe.
2. Once the sustainable investment universe is defined, we use series of sustainable financial indicators such as the quality of earnings, the level of indebtedness or the stability of management, to build the final portfolio. An impact filter is then applied which avoids investing in high CO2 companies or companies that are not creating jobs.

Ethos' approach to responsible investment is innovative as Ethos applies all principles of responsible investment in its actively managed funds:

- Exclusions (sectorial and normative),
- Best-in-class approach,
- Voting,
- Direct engagement with investee companies,
- Collaborative engagement,
- Respect of best practices in SRI (no security lending, transparency of the portfolio composition, monthly factsheet, detailed quarterly report).

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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☒ Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
----------------	--------------------------------------------------------------------------------

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
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ESG scores are double-checked with the management during an ad hoc meeting. In particular, there is a systematic control procedure in place for exclusions, whereby the conditions for inclusion/exclusion of individual companies are reviewed to ensure full accordance with Ethos' Charter. In some instances, decisions on the exclusion of particular companies may be forwarded for validation to the board of the Ethos Foundation.

Proxy analyses are double-checked by the Head of Corporate Governance and Sustainability or by its deputy. All abstain or oppose votes are systematically discussed by the team and the executive management. In some instances, final voting decisions are validated by Ethos executive board or the board of Trustees.

☐ No

Ethos Foundation

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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.

Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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Ethos acts as the sustainability advisor, co-promoter and distributor of a fund of funds of private equity - Unigestion - Ethos Environmental Sustainability L.P - which is externally managed by Unigestion SA.

Ethos is responsible for ESG related analysis and engagement and works closely with Unigestion to integrate ESG factors in the investment process. As part of the due diligence process, fund managers have to respond to a set of questions related to sustainability. Ethos systematically conducts a preinvestment sustainability assessment of fund managers preselected by Unigestion. Underlying fund managers of the private equity fund of fund are systematically assessed with regard to their ability to incorporate sustainability factors into their investment analysis and decision-making processes, promote and monitor ESG factors in their portfolio companies and report to limited partners on sustainability related information.

In addition, Ethos determines if an investment in the preselected funds is consistent with the mission statement of the Unigestion - Ethos Environmental Sustainability L.P. The mission statement clearly puts sustainability at the heart of the investment strategy. The mission statement requires the fund to contribute to the emergence of products and services with a lasting positive environmental impact and to avoid investments in companies whose long term contribution to the environment is not significant. It also requires the fund to seek to back underlying funds whose portfolio companies are mindful of all of their stakeholders and respectful of their surrounding communities (neutral or positive social and community impacts). Portfolio companies are expected to fully monitor and adequately control matters relating to business ethics, labour relations, community, human rights, supply chain management and corporate governance. Ethos monitors fund managers' sustainability practices and risk management over the life of the fund and regularly engages with them on ESG best practices. The fund of funds will report on a regular basis to investors on the environmental contribution of the underlying portfolio companies as well as the ESG practices of the fund managers and portfolio companies.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.
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☐ Yes

☒ No

SAM 03	Mandatory	Gateway	General
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SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring
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Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 03.2	Additional information. [Optional]
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Please refer to question SAM 01.1 of the present section.

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
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SAM 10.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:
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	General
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	PE		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>		
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

If you select any 'Other' option(s), specify

Please refer to question SAM 01.1 of the present section.

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
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SAM 11.1

When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

	PE		
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Other general RI considerations in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment selection in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment monitoring in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Reporting

	PE		
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>		
Reporting on company incidents relating to ESG issues	<input type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

If you select any 'Other' option(s), specify

The mission statement of our private equity fund of fund, Unigestion - Ethos Environmental Sustainability L.P. clearly puts sustainability at the heart of the investment strategy. The mission statement requires the fund to contribute to the emergence of products and services with a lasting positive environmental impact and to avoid investments in companies whose long term contribution to the environment is not significant. It also requires the fund to seek to back underlying funds whose portfolio companies are mindful of all of their stakeholders and respectful of their surrounding communities (neutral or positive social and community impacts). Portfolio companies are expected to fully monitor and adequately control matters relating to business ethics, labour relations, community, human rights, supply chain management and corporate governance. Ethos monitors fund managers' sustainability practices and risk management over the life of the fund and regularly engages with them on ESG best practices. The fund of funds will report on a regular basis to investors on the environmental contribution of the underlying portfolio companies as well as the ESG practices of the fund managers and portfolio companies.

Monitoring

SAM 12	Mandatory	Core Assessed	PRI 1-6
SAM 12.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:		
	General		

	PE		
Include responsible investment as a standard agenda item at performance review meetings	<input type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input checked="" type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
-----------------	--------------------------------------------------------------------------------------------------------------------

	%
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44

SAM 15	Voluntary	Descriptive	PRI 2
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SAM 15.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
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- ☐ Add Example 1
- ☐ Add Example 2
- ☐ Add Example 3
- ☐ Add Example 4
- ☐ Add Example 5

SAM 15.2	Additional information.
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Ethos addresses ESG issues with underlying fund managers of the private equity fund of fund. As part of the due diligence process, fund managers responded to a set of questions related to sustainability. In addition, Ethos conducts a pre-investment sustainability assessment of all the fund managers preselected by Unigestion to determine if an investment in their funds was consistent with the mission statement of Unigestion - Ethos Environmental Sustainability L.P. Finally, Ethos directly engaged with several of the fund managers over sustainability-related risks and best practices.

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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☒ Yes, we disclose information publicly

	provide URL
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<http://www.ethosfund.ch/e/inc/download.asp?folder=publication&codefile=p302e>

	provide URL
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<http://www.ethosfund.ch/e/inc/download.asp?folder=publication&codefile=p413e>

SAM 16.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.
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☐ Yes

☒ No

SAM 16.3	Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.
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Information	Public	Clients/beneficiaries
How responsible investment considerations are included in manager selection, appointment and monitoring processes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Details of the responsible investment activities carried out by managers on your behalf	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify below	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you select 'Other', specify

A short version of the annual sustainability report is publicly available on Ethos' website (see URL), while the full document is distributed to beneficiaries.

- ☐ Yes, we disclose information to clients/beneficiaries only
- ☐ We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM
16.4**

Additional information. [Optional]

Ethos and Unigestion report to beneficiaries on a quarterly and yearly basis. ESG information related to fund managers and underlying companies is included in the Quarterly Investors' Report along with financial information. In addition, a dedicated sustainability report is distributed on a yearly basis. The report includes Ethos assessment on the fund managers' ability to incorporate sustainability factors into their investment analysis and decision-making processes, to promote and monitor ESG factors in their portfolio companies and to report to limited partners on sustainability related information. It also gives information on the engagement activities carried out during the reporting year. Finally, the assessment of the environmental contribution of the products or services offered by portfolio companies and of the portfolio companies' management of sustainability issues at stake is also included in the annual sustainability report. A short version of the annual sustainability report is publicly available on Ethos' website (see URL), while the full document is distributed to beneficiaries.

Ethos Foundation

Reported Information

Public version

Direct - Listed Equity Incorporation

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.

Overview

LEI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

☒ Passive

% of internally managed listed equities

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

☒ Active – quantitative (quant)

% of internally managed listed equities

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

☒ Active – fundamental and other active strategies

% of internally managed listed equities

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

LEI 02

Voluntary

Descriptive

PRI 1

LEI 02.1

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

Ethos is a dedicated SRI provider, meaning that all of our investment services are SRI oriented. Ethos' approach focuses on the long-term orientation of companies in which its assets are invested. In its investment decisions, Ethos always considers ESG analyses along with financial sustainability criteria. It is Ethos' conviction that integrating ESG criteria contributes to increasing the long-term value of a company for shareholders and other key stakeholders.

In order to evaluate and measure their contribution to sustainable development, companies are assessed against a comprehensive set of ESG criteria. Companies making the greatest efforts and delivering the best contributions to sustainability are favored. Ethos not only considers the operations, but also the added value brought by products and services in terms of social and environmental performance. The portfolio therefore reflects the advantages of companies and sectors that are the best contributors to sustainable development.

Conversely, in accordance with its sectorial exclusion criteria, which are part of the investment policy, Ethos does not invest in companies with sales exceeding 5% in controversial activities/sectors are systematically excluded. The excluded sectors are considered as not being sustainable and are the following: pornography, armament, nuclear industry, tobacco, agrogenetically modified organisms and gambling. However, based on evidence, Ethos also excludes companies involved in serious ESG controversies, human right and labor rights breaches, serious environmental damages, gross corruption, etc. and especially companies whose responses are not deemed as credible (norm-based exclusions).

The systematic integration of ESG issues in all our active portfolios is based on a best-in-class approach. This means that our asset managers are authorized to invest only in companies who best meet our extra-financial requirements.

Ethos also has portfolios based on passive/indexed management approaches which respect to Ethos exclusion criteria. In this case, ESG analyses are used in the exercise of shareholder rights and the active dialogue with companies.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03
Mandatory
Gateway/Core Assessed
PRI 1
LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div>
	100

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
--	----------------------------------------

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
-----------------	-------------------------------------------------------------------------------------

Ethos' approach focuses on the long-term value-creation of companies and debtors in which its assets are invested. It is Ethos' conviction that respecting and implementing ESG "best-in-class" criteria in combination with negative screening (sectorial and norm-based exclusions) contributes to increasing the long-term value for shareholders and other key stakeholders.

LEI 03.3

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

Ethos investment process follows two main steps:

3. We first limit the investment universe to the most sustainable companies (negative screening), in order to reduce operational, environmental and reputational risks. Then, a company has to reach a certain defined level of extra-financial sustainability (ESG ratings) in order to be included in our investment universe.
4. Once the sustainable investment universe is defined, we use series of sustainable financial indicators such as the quality of earnings, the level of indebtedness or the stability of management, to build the final portfolio. An impact filter is then applied which avoids investing in high CO2 companies or companies that are not creating jobs.

Ethos' approach to responsible investment is innovative as Ethos applies all principles of responsible investment in its actively managed funds:

- Exclusions (sectorial and normative),
- Best-in-class approach,
- Voting,
- Direct engagement with investee companies,
- Collaborative engagement,
- Respect of best practices in SRI (no security lending, transparency of the portfolio composition, monthly factsheet, detailed quarterly report).

LEI 04	Voluntary	Additional Assessed	PRI 1
LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.		

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Sector-related analysis or ratings
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Issue-specific analysis or ratings
- ☐ Other, specify

LEI 04.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

For Switzerland, Ethos builds its ESG rating using its own primary environmental, social and corporate governance research. To do so, 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.), internal studies (Ethos Remuneration Survey, Corporate Social Responsibility Studies etc.) as well as studies from external providers, media news, etc.

For foreign countries, Ethos is responsible for defining the ESG rating using the primary environmental, social and corporate governance research of external providers (Sustainalytics, Bloomberg, Asset 4, RepRisk and ECGS). External providers are paid an annual subscription. Ethos has built a system to consolidate the data from these external providers. Ethos' analysts review all company ratings and data and validate the final assessment. An ESG rating is given to each company according to the evaluation scale A+, A-, B+ and B-. The rating follows a best in class approach. As such, it takes into account industry specific ESG characteristics and positions the company with regard to its peers.

Companies with sales exceeding 5% from controversial activities are systematically excluded. The excluded sectors, which are deemed not sustainable are the following: pornography, armament, nuclear energy, tobacco, agrogenetically modified organisms and gambling.

Ethos also excludes companies facing serious ESG controversies which response to the controversy is not deemed as credible (norm-based exclusions).

All ESG ratings are reviewed at least annually but also at any time during the year if needed. Updates of ESG ratings are sent to all our fund managers. Ethos reviews the consistency of its portfolio with its ESG evaluation and exclusions on a monthly basis.

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

- ☐ Yes
☒ No

LEI 05**Voluntary****Additional Assessed****PRI 1****LEI 05.1**

Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
☐ We occasionally make this information available.
☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
☐ We occasionally make this information available.
☐ We do not make this information available.

Our ESG engagements and proxy voting activities have no direct influence on our investment decision but indirectly via ESG ratings in which the engagement responsiveness of an issuer and the progress realised can positively or negatively influence the final ESG rating.

(A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description

The ESG exclusion criteria apply as part of Ethos' ESG rating methodology. Ethos considers two type of ESG exclusions:

5. Exclusions linked to controversial sectors; if a significant part of the company's sales (more than 5% of revenues) is realised in a sensitive sector, the company is excluded. Sensitive sectors include armament, nuclear energy, tobacco, gambling, pornography and genetically modified organisms (GMOs) in the agrochemical sector;
6. Norm-based exclusions : the company's exclusion is related to the existence of serious controversies (breach of human rights, major damage to the natural environment, large corruption scandals, etc...) and to the lack of a credible response from the company.

☒ Positive/best-in-class screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description

An ESG rating is given to each company according to the evaluation scale A+, A-, B+ and B-. The rating follows a best in class approach. As such, it takes into account industry specific ESG characteristics and positions the company with regard to its peers. A company has to reach a predefined level of extra-financial sustainability in order to be included in our investment universe.

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify

Principal International Conventions signed by Switzerland

Description

The ESG exclusion criteria apply as part of Ethos' ESG rating methodology. Ethos considers two type of ESG exclusions:

7. Exclusions linked to controversial sectors; if a significant part of the company's sales (more than 5% of revenues) is realised in a sensitive sector, the company is excluded. Sensitive sectors include armament, nuclear energy, tobacco, gambling, pornography and genetically modified organisms (GMOs) in the agrochemical sector;
8. Norm-based exclusions : the company's exclusion is related to the existence of serious controversies (breach of human rights, major damage to the natural environment, large corruption scandals, etc...) and to the lack of a credible response from the company.

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Please refer to question LEI 04.2 of the present section.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
-----------------	-------------------------------------------------------------------------------------------------------

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 07.2	Additional information. [Optional]
-----------------	------------------------------------

ESG scores are double-checked with the management during an ad hoc meeting. In particular, there is a systematic control procedure in place for exclusions, whereby the conditions for inclusion/exclusion of individual companies are reviewed to ensure full accordance with Ethos' Charter. In some instances, decisions on the exclusion of particular companies may be forwarded for validation to the board of the Ethos Foundation.

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:

☒ Systematic

☐ Occassional

☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.

☒ Audits of fund holdings are undertaken regularly by internal audit function

☐ Other, specify

☐ None of the above

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
-----------------	------------------------------------------------------------------------------------------------------------------

With the processes in place, it should not be the case. However, should a breach be detected, the asset manager would immediately take action to restore full compliance with the responsible investment guidelines. In case an immediate action could harm the portfolio performance, the asset manager, after informing Ethos, would take the necessary time and provisions to restore compliance in a not detrimental way.

LEI 08.3	Additional information.
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Twice a month, Ethos proceeds to systematic verifications to confirm that all portfolios respect the responsible investment guidelines.

External asset managers are advised by their own dedicated and independent risk& compliance teams of any breaches between the portfolios and the responsible investment guidelines.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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LEI 10.1	Describe how you integrate ESG factors into investment decision making processes.
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Please refer to question LEI 03.2 of the present section.

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 12

Voluntary

Descriptive

PRI 1

LEI 12.1

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify
- Engagement to convey or confirm concerns and allow improvement.
- ☐ None of the above

LEI 12.2

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify
- Reports on specific issues made by Ethos' team.
- ☐ None of the above

LEI 13

Voluntary

Additional Assessed

PRI 1

LEI 13.1	Indicate into which aspects of investment analysis you integrate ESG information.
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- ☐ (Macro) economic analysis
- ☒ Industry analysis
- ☒ Systematically
- ☐ Occasionally
- ☒ Analysis of company strategy and quality of management
- ☒ Systematically
- ☐ Occasionally
- ☐ Idea generation
- ☒ Portfolio construction
- ☒ Systematically
- ☐ Occasionally
- ☐ Fair value/fundamental analysis
- ☐ Other, specify

LEI 13.3	Additional information.
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Please refer to question LEI 03.2 of the present section.

ESG incorporation in passively managed listed equities

LEI 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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LEI 14.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
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☒ Yes

LEI 14.2	Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.
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	(% of total passive listed equity funds)
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- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 14.3	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.
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☒ Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Ethos - Equities CH indexed, Corporate Governance</p> <p>This investment fund replicates the Swiss Performance Index while excluding companies facing serious controversies (norm-based exclusions) or companies which generate more than 5% in sensitive sectors (sectorial exclusions). The excluded sectors, which are deemed not sustainable, are the following: pornography, armament, nuclear energy, tobacco, agrogenetically modified organisms and gambling. Pictet Asset Management is in charge of the management of the fund and uses a quasi full replication strategy. In addition, the fund systematically exercises the voting rights in accordance with Ethos voting guidelines. Finally, the fund seeks a continuous and systematic dialogue on sustainability issues with the management of the companies in which it is invested to enhance ESG practices.</p>	<p><input checked="" type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☒ Index/fund 2

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p>Ethos - Equities Europe ex CH Indexed, Corporate Governance</p> <p>This investment fund replicates the MSCI Europe ex-Switzerland while excluding companies facing serious controversies (norm-based exclusions) or companies which generate more than 5% in sensitive sectors (sectorial exclusions). The excluded sectors, which are deemed not sustainable, are the following: pornography, armament, nuclear energy, tobacco, agrogenetically modified organisms and gambling. Pictet Asset Management is in charge of the management of the fund and uses a quasi full replication strategy. In addition, the fund systematically exercises the voting rights in accordance with Ethos voting guidelines.</p>	<p><input checked="" type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration of ESG issues</p> <p><input type="checkbox"/> Other</p>

☐ Index/fund 3

☐ Index/fund 4

☐ Index/fund 5

☐ No

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

☒ Screening

Describe any reduction in your starting investment universe or other effects.

The negative screening (norm-based and sectorial exclusions) has reduced investment universes accordingly:

- Swiss Performance Index (SPI): about 2.5% of the market capitalisation
- MSCI World (Developed markets): about 13.5% of the market capitalisation
- MSCI Europe ex Switzerland (Developed markets): about 13.2% of the market capitalisation
- MSCI North America (Developed markets): about 15.6% of the market capitalisation
- MSCI Pacific (Developed markets): about 7.7% of the market capitalisation

Specify the percentage reduction

%

10

☒ Integration of ESG issues

Select which of these effects followed your ESG integration:

- ☒ Reduce or prioritise the investment universe
 - ☒ Overweight/underweight at sector level
 - ☒ Overweight/underweight at stock level
 - ☒ Buy/sell decisions
 - ☐ Other, specify
- ☒ Index incorporating ESG issues (for passively managed funds)

Describe influence on composition or other effects

The negative screening (norm-based and sectorial exclusions) has reduced investment universes accordingly:

- Swiss Performance Index (SPI): about 2.5% of the market capitalisation
- MSCI World (Developed markets): about 13.5% of the market capitalisation
- MSCI Europe ex Switzerland (Developed markets): about 13.2% of the market capitalisation
- MSCI North America (Developed markets): about 15.6% of the market capitalisation
- MSCI Pacific (Developed markets): about 7.7% of the market capitalisation

LEI 16	Voluntary	Descriptive	PRI 1
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LEI 16.1

Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

a) Impacted funds' financial performance

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No

b) Reduced funds' risk or volatility

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No

c) Improved funds' ESG performance

Screening	Integration of ESG issues	Index incorporating ESG(for passively managed funds)
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No

LEI 16.2

Describe how you are able to determine these outcomes and your actual performance.

Financial Performance

We use two different tools to assess the impact of ESG selection effect:

- Exclusions' performance contribution: Our fund manager calculates a proprietary equity index which replicates the normal benchmarks but without excluded companies (sectorial and norm-based exclusions). The performance of this index compared to the traditional benchmark allows us to determine the contribution of the excluded companies to fund performance.
- Best in class performance contribution: The asset manager determines several model portfolios including one with our best in class approach (optimisation of the tracking error of the companies in which he is allowed to invest (companies with an ESG rating of A+ and A-). The performance of the model portfolio is compared to the overall performance of the funds and benchmark to see if best-in-class companies positively or negatively contributed to the fund performance.

Reduced funds' risk or volatility

Most of our actively managed funds (7 funds out of 8) have betas lower than 1 and volatility lower than their benchmark over a three-year period.

ESG performance

Ethos continuously monitors the ESG ratings breakdown of its funds against relevant benchmarks and reports this information on a monthly basis to investors.

LEI 17**Voluntary****Descriptive****PRI 1****LEI 17.1**

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG issue 1

ESG issue and explanation
<p>Total was excluded from our investment universe during the reporting year.</p> <p>Total is involved in human rights violations (see below) and is accused of falsifying oil spill reports. Moreover, Total is directly involved in oil sand extraction activities with the Joslyn North Mine Project; the practice is considered to have very high environmental and social impacts by Ethos. Total is also accused in the US and France of bribery and corruption to obtain concessions in Iran.</p> <p>Total's Human rights violation</p> <p>Total signed a controversial contract with Moroccan authorities for oil exploration in the Anzarane Offshore block. This territory has been occupied by Morocco since 37 years, violating Saharawi people's autonomy. By signing this contract Total is accused of direct violation of the Saharawi people's right to self-determination and sovereignty over their own natural resources.</p>
ESG incorporation strategy applied
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies <input type="checkbox"/> Index incorporating ESG issues

- ☐ ESG issue 2
☐ ESG issue 3
☐ ESG issue 4
☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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☒ We disclose it publicly

Provide URL

<http://www.ethosfund.ch/f/inc/download.asp?folder=price&codefile=f2f>

Provide URL

<http://www.ethosfund.ch/f/inc/download.asp?folder=price&codefile=f13d>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes
☒ No

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

- ☐ We disclose it to clients and/or beneficiaries only
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Ethos Foundation

Reported Information

Public version

Direct - Listed Equity Active Ownership

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.

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

In its core market (Switzerland), Ethos engages with companies on various ESG topics via the Ethos Engagement Pool which was launched in 2004 and includes about 90 institutional members at the end of 2013. The topics are set every year by the members of the pool and entail frequent visits, emails, phone calls, letters and the publication of ESG thematic reports. In Ethos' view, engagement requires both monitoring and influence on ESG issues. In fact, in order to conduct an efficient and successful engagement, prior collection of ESG data on best or poor practices is fundamental. In each engagement, there is a part of monitoring and influence. In fact, asking a question on a specific ESG issue means that the company could be more transparent. By asking questions (monitoring), Ethos always encourages or influence the company to be more transparent and improve its practices. Detailed disclosure is requested on a wide range of ESG themes of strategic importance. These currently include: climate change, E&S reporting, supply chain management, codes of conduct and anticorruption principles; policies, as well as corporate governance issues such Board composition, executive remuneration structure and transparency and shareholder rights. We then systematically assess and compare corporations across the main universe on their disclosure practices. This information is made publicly available in various studies available free of charge via our website and in turn informs our engagement strategy.

In addition, Ethos actively participates in international investor coalitions for climate change, access to medicine, transparency in extractive industry, media freedom and is also committed to cofiling shareholder resolutions with regards to environmental and social issues such as child labour, oil sands, corruption and bribery, etc. Ethos often joins investor groups and grants its support by working on and signing investor statements and letters addressing a series of issues in the ESG field.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2 Describe how you identify and prioritise engagements.

The key engagement topics for influence (or monitoring) are decided on an annual basis by Ethos and the members of the Ethos Engagement Pool. Each member of the pool can make additional proposals.

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**LEA
04.1**

Indicate if you define specific objectives for your engagement activities.

☐ Yes

☒ No

**LEA
04.2**

Indicate if you monitor the actions that companies take following your engagements.

☒ Yes

☒ Yes, in all cases

☐ Yes, in the majority of cases

☐ Yes, in the minority of cases

**LEA
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

We gather data on key engagement topics for the 100 largest Swiss companies every year. This allows us to benchmark each company of the universe and to measure the evolution of company' practices on key ESG issues year on year. Ethos has a central database in which each contact with investee companies is inputted. At year-end, Ethos sends a detailed engagement report to the members of the Ethos Engagement Pool. The report includes details on the companies included in the universe and for each key engagement indicator.

A short version of this report is available on Ethos' webpage in French and German:

http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p383f_

☐ No

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

**LEA
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

**LEA
05.2**

Describe how you identify and prioritise collaborative engagements.

Ethos chooses to participate in collaborative engagements pertaining to the following engagement topics:

- climate change
- political spending
- audit market reform
- fracking
- oil sands
- extra-financial reporting

☐ No

LEA 06

Mandatory

Core Assessed

PRI 2

**LEA
06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

- ☒ Yes, for all collaborative engagement activities
- ☐ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

**LEA
06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

- ☒ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

**LEA
06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

In terms of the results obtained and reported the leading investors.

☐ No

General processes for all three groups of engagers

LEA 09

Voluntary

Additional Assessed

PRI 1,2

LEA 09.1	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2	Additional information.
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Indirectly through our ESG ratings. When a company responds positively to our recommendations, its ESG rating can improve. On the opposite, if a company is not responsive or not ready to engage dialogue with its shareholders, the ESG rating can be downgraded thereby limiting investment potential.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of companies you engage with.
-----------------	----------------------------------------------------------------

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA
10.2

Additional information. [Optional]

Please refer to question LEA 04.3 of the present section.

Outputs and outcomes

LEA 11

Mandatory to Report Voluntary to Disclose

Core Assessed

PRI 2

LEA
11.1

Indicate the number of companies with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	100
Collaborative engagements	20

LEA
11.2

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA
11.3

Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

**LEA
11.5**

Additional information. [Optional]

As collaborative engagements are made through international initiatives, the universe of companies engaged may vary significantly. Therefore, the number disclosed above is very conservative and takes into account only large listed companies.

LEA 12

Voluntary

Additional Assessed

PRI 2

**LEA
12.1**

Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA
12.2**

Provide an estimated breakdown by E, S and/or G issues.

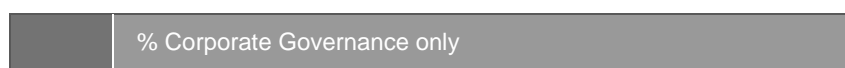
Individual / Internal staff engagements

% Environmental only

25

% Social only

25



50



0

100%



42



8



21



29

100%

LEA 13	Voluntary	Descriptive	PRI 2
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LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
-----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

☒ Yes

LEA 13.2	Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.
-----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	Number of company changes or commitments to change
Individual / Internal staff engagements	20
Collaborative engagements	

☐ No

LEA 13.3	Additional information.
-----------------	-------------------------

Ethos makes a complete and detailed report of engagement to the members of the Ethos Engagement Pool. The full report is not available to public. However, a short version of the report is available in French and German on our webpage:

http://www.ethosfund.ch/f/inc/download.asp?folder=publication&codefile=p383f_

One of the key achievements of Ethos Engagement Programmed is the Say on Pay evolution in Switzerland. In 2008, there was only three companies in Switzerland to do so. Ethos has systematically engage on this topic since then via letter to the board, direct meeting and shareholder resolution. In 2013, more than 50 Swiss listed companies were holding such a vote.

Ethos has also very positive result with regard to the publication of the Code of Conduct on the company website. Thanks to Ethos dialogue and regular contact with issuers, at year-end 2013, 80 companies posted their Code of Conduct on their website. Only 30 companies did so at the beginning of the engagement on this topic. The quality of the code as well as the implementation measures have also been significantly improved since the beginning of the programme.

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Say on Pay Vote at the AGM - 100 largest Swiss listed companies
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Encourage Swiss listed companies to hold an annual advisory vote on their remuneration report
Scope and Process	
Outcomes	<p>Ethos started this initiative in 2008. Only three companies held such a vote. Ethos sent letters to request that such a vote be held to the 97 other Swiss companies of the universe. Following unsatisfactory response, Ethos tabled 5 shareholder resolutions in 2009 with the 5 largest Swiss listed companies 4 of whom decided to propose such a vote allowing Ethos to withdraw its resolutions. In 2013, more than 50 companies had organised such a vote.</p>

☒ Add Example 2

Topic or ESG issue	Adoption and implementation of a code of conduct - 100 largest Swiss listed companies
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> • Increase the number of companies that have a code of conduct • Improve the exhaustivity of the codes • Improve the implementation of the code of conduct
Scope and Process	
Outcomes	<p>Engagement outcomes:</p> <p>9. Increase in the number of companies with a code of conducts (2013: 80 ; 2012: 73)</p> <p>10. Improvement in the implementation of the code of conduct: Among other topics, Ethos engages company on the training of employees on the code of conduct. In 2013, 75 companies of the sample gave some training to their employees on the code of conducts (2008: 45)</p> <p>The engagement is paramount to the improvement of the results.</p>

☒ Add Example 3

Topic or ESG issue	Improvement of the quality of the environmental and social (ES) reporting - 100 largest Swiss listed companies
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> • Increase the number of companies reporting on ES issues • Improve the quality of the ES reporting • Increase the number of companies following the GRI guidelines
Scope and Process	
Outcomes	<p>Engagement outcomes:</p> <p>11. Increase in the number of companies following the GRI guidelines: in 2013: 43; in 2008: 18</p> <p>12. Improve the quality of the ES reporting: in 2013: 14; in 2012: 12</p> <p>The engagement is paramount to the improvement of the results.</p>

☒ Add Example 4

Topic or ESG issue	Sustainable Stock Exchanges
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative
Objectives	
Scope and Process	
Outcomes	See reports of PRI (Ethos is a participant).

- ☐ Add Example 5
☐ Add Example 6
☐ Add Example 7
☐ Add Example 8
☐ Add Example 9
☐ Add Example 10

LEA 14.2	Additional information.
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The information above is only a sample of our engagement activities.

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	------------------------------------------------------------------------------------------

☒ We disclose it publicly

	please provide URL
--	--------------------

<http://www.ethosfund.ch/e/inc/download.asp?folder=publication&codefile=p383e>

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
----------	-------------------------------------------------------------------------------------------------------------

☐ Yes

☒ No

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
----------	--------------------------------------------------------------------------------------------------------------------------

<div>Reporting to the public</div> <div>Engagement information disclosed</div> <div><div><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</div><div><input checked="" type="checkbox"/> Number of engagements</div><div><input type="checkbox"/> Breakdown of engagements by type/topic</div><div><input type="checkbox"/> Breakdown of engagements by region</div><div><input type="checkbox"/> An assessment of the current status of the engagement</div><div><input type="checkbox"/> Outcomes that have been achieved from the engagement</div><div><input type="checkbox"/> Other information</div></div>	<div>Reporting to clients/beneficiaries</div> <div>Engagement information disclosed</div> <div><div><input checked="" type="checkbox"/> Details of the selections, priorities and specific goals of engagement</div><div><input checked="" type="checkbox"/> Number of engagements</div><div><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</div><div><input type="checkbox"/> Breakdown of engagements by region</div><div><input checked="" type="checkbox"/> An assessment of the current status of the engagement</div><div><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</div><div><input type="checkbox"/> Other information</div></div>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

LEA 15.4	Indicate how frequently you typically report engagements information.
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<div>Reporting to the public</div> <div> <input type="radio"/> Disclosed continuously (prior and post engagements) <input type="radio"/> Disclosed quarterly <input checked="" type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify </div>	<div>Reporting to clients/beneficiaries</div> <div> <input type="radio"/> Disclosed continuously (prior and post engagements) <input type="radio"/> Disclosed quarterly <input checked="" type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify </div>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- ☐ We disclose it to clients and/or beneficiaries only
☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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Institutional investors are entrusted with managing assets on behalf of a large number of beneficiaries. It is therefore their fiduciary duty to protect and enhance the long-term interests of the end-owners they represent. 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. Each year, Ethos issues its Principles of Corporate Governance and voting guidelines. This document sets out Ethos' corporate governance principles and proxy voting guidelines. These are the references that underpin both Ethos' dialogue with investee companies and the vote at shareowners' general meetings.

Ethos considers that best practice in corporate governance is indispensable for the implementation of a strategy based on corporate social responsibility, as well as to ensure adequate mechanisms of control. The Ethos Principles of Corporate Governance and voting guidelines are based first and foremost on the main codes of best practice in corporate governance. Adhesion to corporate governance best practice is a fundamental principle of corporate social responsibility and is necessary to ensure adequate control mechanisms and limit risk for investors. The principles and guidelines are also based on Ethos' Charter, which is grounded in 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 principles of corporate governance and voting guidelines serve a dual purpose. First, they set out the position on essential issues of corporate governance of an institutional investor committed to sustainable development and responsible investment. Secondly, they allow a systematic and consistent exercise of shareowner voting rights aiming at promoting the long-term interests of a company's shareowners and other stakeholders.

The proxy voting guidelines provide detailed explanations of Ethos' voting recommendations on the different issues submitted to the vote at general meetings. These recommendations are constructive in spirit since a shareowner should be able to trust the Board of Directors and ratify its proposals. Nevertheless, in cases where careful scrutiny leads to the conclusion that the board's proposals are not in line with the long-term interests of the shareowners and other stakeholders, an abstain or oppose vote might be appropriate.

Shareholder resolutions are the last step in a communication process between the shareholders and management. Bringing about a change in a company's "attitude" or practices is a process that is usually successful only after sustained and good quality dialogue. However, when constructive dialogue is not possible, or if it does not bear fruit within reasonable deadlines, a resolution enables the proponents to raise awareness of other shareholders and civil society on their concerns and to send a signal to the company.

Process

LEA 17

Mandatory

Descriptive

PRI 2

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
----------	---------------------------------------------------------------------------------------------------

Approach

☒ We use our own research or voting team and make our own voting decisions without the use of service providers.

Based primarily on

- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain

☐ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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Ethos systematically votes all its Swiss equities based on our own guidelines updated every year and on the Ethos' Charter. An internal specialist team drafts the proxy reports.

Regarding the non-Swiss equities, Ethos votes all shares held in the MSCI Europe index (developed countries). Outside Europe, Ethos votes approx. 75% of market capitalisation of its funds (North America and Asia Pacific MSCI regions).

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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☒ Obtain confirmation that votes have been lodged:

- ☒ for a majority of votes
- ☐ for a minority of votes

☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation

☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
-----------------	----------------------------------------------------------------------------------

For all Swiss companies we have confirmation of votes cast as they are sent to the independent representative or an employee of Ethos attends the GM in person.

For non-Swiss countries we have to rely on our custodian bank that executes the vote on the voting platforms or via subcustodians 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.

LEA 20	Voluntary	Additional Assessed	PRI 2
---------------	------------------	----------------------------	--------------

LEA 20.1	Indicate if your organisation has a securities lending programme.
-----------------	-------------------------------------------------------------------

- ☐ Yes
☒ No

LEA 20.3	Additional information. [Optional]
-----------------	------------------------------------

No securities lending is authorised by Ethos. Ethos is a long term active SRI shareholder who engages in dialogue with investee companies. It is therefore not in Ethos' philosophy to lend securities. This could entail not only financial risks, but also hinder Ethos' voting and engagement activities which are an integral part of its active shareholder SRI strategy.

LEA 21	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- ☒ Yes, in most cases
☐ Sometimes, in the following cases:
☐ No
☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Ethos' main center of activity is Switzerland. As described in previous questions, Ethos engages systematically in dialogue with investee companies on issues of concern (ESG). Ethos has a Proxy Voting service that provides proxy voting reports with detailed analysis and voting recommendations for Swiss listed companies. The recommendations are used for voting Ethos' funds and also sold to clients (investors only). After carefully analysing the different items put to the vote, Ethos contacts the investee companies to convey their concerns, ask questions and give their views on different ESG issues. This helps finalise the analysis and determine its final voting recommendation. Ethos' voting recommendations on Swiss listed companies are posted on its website two days before the AGM).

Regarding non-Swiss companies, Ethos is generally not in direct contact with investee companies. However, as a member of the ECGS (Expert Corporate Governance Service), Ethos can rely on the analyses and engagement of local partners in several countries in Europe and elsewhere, who provide voting recommendations based on commonly pre-approved proxy voting guidelines. Ethos however applies an in-house overlay of the provided voting recommendations to ensure they are consistent with its own voting guidelines. In case there is a divergence, it is Ethos' guidelines that are applied and the voting recommendations are overlaid.

Outputs and outcomes

LEA 22

Mandatory

Core Assessed

PRI 2

LEA
22.1

For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

☒ We do track or collect this information

Votes cast (to the nearest 1%)

%

95

Specify the basis on which this percentage is calculated

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

☐ We do not track or collect this information

LEA 23

Voluntary

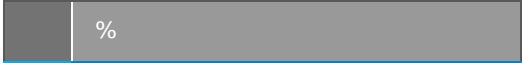


Descriptive

PRI 2

LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
-----------------	------------------------------------------------------------------------------------------------------------

☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 74.7
Against (opposing) management proposals	 25
Abstentions	 0.3

100%

LEA 23.3	For the reporting year, describe your approach towards voting on shareholder resolutions.
-----------------	-------------------------------------------------------------------------------------------

Shareholder resolutions are extremely rare in Switzerland. They are much more common in North America and to a lesser degree in continental Europe. Ethos systematically votes for resolutions that aim to enhance Corporate governance best practice as well as the Environmental and Social responsibility and practices of investee companies. Only when the resolutions are not clear, tabled by trade associations hostile to Social and Environmental issues Ethos votes against the resolution.

☐ No, we do not track this information

LEA 23.4	Additional information.
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Ethos votes against management (abstain is very exceptional) when the board's proposals are not in line with its CG Principles and Proxy voting guidelines. This often happens with regard to board and executive remuneration. Several cases of oppose votes are cast when capital increases without pre-emptive rights are very dilutive for existing shareholders. Discharge cannot be granted to the board and executive management when there are patent shortcomings or failures in corporate governance or a company's social responsibility. Board members re-election are refused when the board does not include more than 50% of independent outside directors. The re-election of a chairman/CEO is refused unless it is a transitional situation and the company has taken sufficient measures.

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
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☐ Yes

☒ No

LEA 24.6	Additional information.
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During the period under review, Ethos did not file or co-file any shareholder resolutions, but supported many of them via its proxy vote.

LEA 25	Voluntary	Descriptive	PRI 2
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LEA 25.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Discharge the board
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Ethos opposes the discharge when the company has a poor governance
Scope and Process	Ethos opposes several requests for discharge (11 over 120) due to poor governance (low board independence or excessive pay practice with no Say on Pay vote on the agenda), or board decisions detrimental to minority shareholder interests.
Outcomes	Ethos subsequent engagement allowed some improvement. In particular with regard to pay practice.

☒ Add Example 2

Topic or ESG issue	Approve Remuneration Report
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Ethos opposed when either transparency, structure and payouts were not in line with best practice and Ethos' voting guidelines.
Scope and Process	Until 2014 in Switzerland, shareholders had no rights with regard to board and executive remuneration as opposed to many other financial markets in developed countries around the globe. To enhance better governance, since 2007, Ethos has been advocating shareholder rights with regard to board and executive remuneration in Swiss listed companies.
Outcomes	Since the beginning of Ethos engagement with regard to Say on Pay in Switzerland, the number of companies (among the 100 largest listed) that have pro-actively implemented an advisory vote of their remuneration report/system has dramatically risen. From 3 in 2008 to more than 50 in 2013.

☒ Add Example 3

Topic or ESG issue	Approve increase of authorised capital
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Ethos opposed the resolution when the potential dilution exceed certain threshold set in its voting guidelines (chapter 5)
Scope and Process	Ethos has contacted the companies which requested excessive capital issuance authorisations.
Outcomes	Oppose (9) - For (18) Companies are usually receptive and lower the potential dilution the year after.

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

LEA 25.2	Additional information.
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The information above is only a sample of your engagement activities in Switzerland, our core market.

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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- ☒ We disclose it publicly

provide URL

<http://www.ethosfund.ch/e/products-services/voting-positions.asp>

**LEA
26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

**LEA
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Reporting to the public	Reporting to clients/beneficiaries
<p>Indicate how much of your voting record you disclose</p> <p><input checked="" type="radio"/> All voting decisions</p> <p><input type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>	<p>Indicate how much of your voting record you disclose</p> <p><input checked="" type="radio"/> All voting decisions</p> <p><input type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>
<p>Indicate what level of explanation you provide</p> <p><input type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input type="radio"/> Only explain abstentions and votes against management</p> <p><input checked="" type="radio"/> No explanations provided</p>	<p>Indicate what level of explanation you provide</p> <p><input checked="" type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input type="radio"/> Only explain abstentions and votes against management</p> <p><input type="radio"/> No explanations provided</p>

**LEA
26.4**

Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
<p><input type="radio"/> Continuously (primarily before meetings)</p> <p><input checked="" type="radio"/> Continuously (soon after votes are cast)</p> <p><input type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>	<p><input checked="" type="radio"/> Continuously (primarily before meetings)</p> <p><input type="radio"/> Continuously (soon after votes are cast)</p> <p><input type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>

☐ We disclose it to clients/beneficiaries only

☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Regarding Swiss companies, Ethos discloses its voting positions publicly on its website 2 days before the general meeting. The voting records of Ethos are available on the website without explanations.

For clients, however, detailed proxy reports are sent 16 days ahead of the meeting and the clients receive quarterly reporting with additional detailed as those provided to the public.

Ethos Foundation

Reported Information

Public version

Direct - Fixed Income

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.

Overview

FI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

Fixed income – government

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

FI 02

Mandatory to Report Voluntary to Disclose

Peering

General

FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Corporate	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.		

Fixed Income - Corporate

Ethos is a dedicated SRI provider, meaning that all of our investment services are SRI oriented. Ethos' approach focuses on the long-term orientation of companies in which its assets are invested. In its investment decisions, Ethos always considers ESG analyses along with financial sustainability criteria. It is Ethos' conviction that integrating ESG criteria contributes to increasing the long-term value of a company for shareholders and other key stakeholders.

In order to evaluate and measure their contribution to sustainable development, companies are assessed against a comprehensive set of ESG criteria. Companies making the greatest efforts and delivering the best contributions to sustainability are favored. Ethos not only considers the operations, but also the added value brought by products and services in terms of social and environmental performance. The portfolio therefore reflects the advantages of companies and sectors that are the best contributors to sustainable development.

Conversely, in accordance with its sectorial exclusion criteria, which are part of the investment policy, Ethos does not invest in companies with sales exceeding 5% in controversial activities/sectors are systematically excluded. The excluded sectors are considered as not being sustainable and are the following: pornography, armament, nuclear industry, tobacco, agro-genetically modified organisms and gambling. However, based on evidence, Ethos also excludes companies involved in serious ESG controversies, human right and labor rights breaches, serious environmental damages, gross corruption, etc. and especially companies whose responses are not deemed as credible (norm-based exclusions).

The systematic integration of ESG issues in all our active portfolios is based on a best-in-class approach. This means that our asset managers are buy bonds of only companies who best meet our extra-financial requirements.

Fixed Income - Government

Ethos is a dedicated SRI provider, meaning that all of our investment services are SRI oriented. Ethos' approach focuses on the long-term orientation of companies in which its assets are invested. In its investment decisions, Ethos always considers ESG analyses along with financial sustainability criteria.

Ethos does not have direct Sovereign or corporate bonds funds. Bonds funds are a mix of both. In order to evaluate and measure the contribution of Sovereign debt issuers to sustainable development, countries are assessed against three specific indicators;

- Ecological FootPrint (environment),
- Human Development Index (social) and
- World Governance Indicator (governance).

The first two indicators contribute to determine each country's weight in the portfolio. The last one determines which government debt must be substituted by corporate debt due to insufficient governance rating. The portfolio therefore reflects the advantages of countries that contribute most to sustainable development.

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)

%
100

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

Ethos' approach focuses on the long-term orientation of companies and debtors in which its assets are invested. It is Ethos' conviction that respecting and implementing ESG "best-in-class" criteria in combination with negative screening (sectorial and norm-based exclusions) contributes to increasing the long-term value of a company for shareholders and other key stakeholders.

FI 04.3

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination.
[Optional]

Ethos investment process follows two main steps:

13. First limit the investment universe to the most sustainable companies (negative screening), in order to reduce operational, environmental and reputational risks. Then, a company has to reach a certain defined level of extra-financial sustainability (ESG ratings) in order to be included in our investment universe.
14. Once the sustainable investment universe is defined, we use series of sustainable financial indicators such as the quality of earnings, the level of indebtedness or the stability of management, to build the final portfolio. An impact filter is then applied which avoids investing in high CO2 companies or companies that are not creating jobs.

Ethos' approach to responsible investment is innovative as Ethos applies all principles of responsible investment in its actively managed funds:

- Exclusions (sectorial and normative),
- Best-in-class approach,
- Respect of best practices in SRI.

FI 05	Voluntary	Additional Assessed	PRI 1
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FI 05.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- ☒ Raw ESG company data

Describe who provides this information.

For corporate ESG rating, please refer to the listed equity section.

- ☒ Issuer-related analysis or ratings

Describe who provides this information.

For corporate ESG rating, please refer to the listed equity section.

- ☐ Sector-related analysis or ratings
- ☒ Country-related analysis or ratings

Describe who provides this information.

At country level, Ethos uses three indicators that are recognized worldwide:

the « Human Development Index », developed by the United Nations Development Programme to rank countries by their quality of life,
 the « Ecological FootPrint », developed by the Global FootPrint Network to measure the human demand on the Earth's ecosystems,
 the « World Governance Indicator », developed by the World Bank to evaluate government governance.

- ☐ Screened bond list
- ☐ Issue-specific analysis or ratings
- ☐ Other, specify

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.		

Type of screening

- ☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

Description

Please refer to the listed equity section.

- ☒ Positive/best-in-class screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description

Please refer to the listed equity section.

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify

Principal International Conventions signed by Switzerland.

Description

Please refer to the listed equity section.

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Please refer to the listed equity section.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☐ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☐ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 08**Voluntary****Additional Assessed****PRI 1****FI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
 - ☒ Systematic
 - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

FI 08.2

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

Please refer to the listed equity section.

FI 08.3

Additional information.

Please refer to the listed equity section.

(C) Implementation: Integration of ESG factors

FI 10**Voluntary****Descriptive****PRI 1**

FI 10.1

Describe how you integrate ESG issues into investment decision-making processes.

For Switzerland, Ethos builds its ESG rating using its own primary environmental, social and corporate governance research. To do so, 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.), internal studies (Ethos Remuneration Survey, Corporate Social Responsibility Studies etc.) as well as studies from external providers, media news, etc.

For foreign countries, Ethos is responsible for defining the ESG rating using the primary environmental, social and corporate governance research of external providers (Sustainalytics, Bloomberg, Asset 4, RepRisk and ECGS). External providers are paid an annual subscription. Ethos has built a system to consolidate the data from these external providers. Ethos' analysts review all company ratings and data and validate the final assessment. An ESG rating is given to each company according to the evaluation scale A+, A-, B+ and B-. The rating follows a best in class approach. As such, it takes into account industry specific ESG characteristics and positions the company with regard to its peers.

Companies with sales exceeding 5% from controversial activities are systematically excluded. The excluded sectors, which are deemed not sustainable are the following: pornography, armament, nuclear energy, tobacco, agro-genetically modified organisms and gambling.

Ethos also excludes companies facing serious ESG controversies which response to the controversy is not deemed as credible (norm-based exclusions).

All ESG ratings are reviewed at least annually but also at any time during the year if needed. Updates of ESG ratings are sent to all our fund managers. Ethos reviews the consistency of its portfolio with its ESG evaluation and exclusions on a monthly basis.

FI 11**Mandatory****Core Assessed****PRI 1****FI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
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FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

Please refer to question FI 03.1 of the current section.

☐ No

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
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FI 15.1

Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.

Fixed Income - Corporate

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

FI 16**Voluntary****Descriptive****PRI 1****FI 16.1**

Indicate if you believe (by applicable strategy) that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

Fixed Income - Corporate

a) Impacted funds' financial performance

Screening	Integration of ESG issues
<input type="radio"/> Yes	<input type="radio"/> Yes
<input checked="" type="radio"/> No	<input checked="" type="radio"/> No

b) Reduced funds' risk or volatility

Screening	Integration of ESG issues
<input type="radio"/> Yes	<input type="radio"/> Yes
<input checked="" type="radio"/> No	<input checked="" type="radio"/> No

c) Improved funds' ESG performance

Screening	Integration of ESG issues
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes
<input type="radio"/> No	<input type="radio"/> No

Fixed Income - Government

	a) Impacted funds' financial performance
--	------------------------------------------

ESG incorporation (for actively managed funds)	
<input type="radio"/> Yes <input checked="" type="radio"/> No	

	b) Reduced funds' risk or volatility
--	--------------------------------------

ESG incorporation (for actively managed funds)	
<input type="radio"/> Yes <input checked="" type="radio"/> No	

	c) Improved funds' ESG performance
--	------------------------------------

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

FI 16.2	Describe how you are able to determine these outcomes and your actual performance.
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ESG performance

Ethos continuously monitors the ESG ratings breakdown of its funds against relevant benchmarks and reports this information on a monthly basis to investors.

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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- ☐ ESG issue 1
- ☐ ESG issue 2
- ☐ ESG issue 3
- ☐ ESG issue 4
- ☐ ESG issue 5

Communication			
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FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

☒ We disclose it publicly

Provide URL

<http://www.ethosfund.ch/e/inc/download.asp?folder=price&codefile=f7e>

Provide URL

<http://www.ethosfund.ch/f/inc/download.asp?folder=price&codefile=fs7f>

FI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

FI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation	<input type="radio"/> Broad approach to ESG incorporation
<input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Quarterly or more frequently	<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Between quarterly and annually	<input type="radio"/> Between quarterly and annually
<input type="radio"/> Less frequently than annually	<input type="radio"/> Less frequently than annually
<input type="radio"/> Other, specify	<input type="radio"/> Other, specify

☐ We disclose it to clients/beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Engagement in fixed income investments

Fixed Income - Corporate

FI 19

Voluntary

Descriptive

PRI 2

FI 19.1	Indicate if you engage with corporate issuers.
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☐ Yes

☒ No

FI 19.3	Additional information.
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In light of Ethos' limited resources, the ESG analysts currently concentrate on engaging issuers in listed equities investments.

Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
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FI 20.1	Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.
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☐ Yes

☒ No

FI 20.3	Additional information.
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In light of Ethos' limited resources, the ESG analysts currently concentrate on engaging issuers in listed equities investments.