



# SWISS RESPONSIBLE INDICES

SWISS EQUITIES AND CHF BONDS ESG  
INDICES "POWERED BY ETHOS",  
CALCULATED BY SIX

April 2024



## ● ethos

1. Ethos today
2. Ethos indices
3. Methodology of the SREI



## THE ETHOS GROUP - PIONEER OF SRI\* IN SWITZERLAND SINCE 1997

WWW.ETHOSFUND.CH



### OUR RAISON D'ÊTRE

- Promotion of Socially Responsible Investments (SRI)
- Fostering of a stable and prosperous socio-economic environment



### OUR SERVICES

- Exercise of voting rights
- Shareholder dialogue
- ESG analyses
- Investment solutions (funds & indices)
- Reporting solutions
- Further training



### OUR MEMBERS

- Over 250 pension schemes
- Represents approx. 2 million insured persons
- Approx. one third of 2nd pillar assets in Switzerland

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### WHAT CHARACTERISES ETHOS

#### INDEPENDENCE

- Non-profit organisation, founded by and for pension funds
- Financed exclusively by the clients of Ethos Services
- Independent of the analysed companies

#### PROFESSIONALISM

- High quality standard based on more than 25 years of experience (1997)
- Excellent knowledge of the companies, in particular through the exercise of voting rights and shareholder dialogue
- Approx. 40 employees in Geneva and Zurich, including more than 20 analysts
- Cooperation with foreign partners

#### TRANSPARENCY

- Own corporate governance (charter, annual report and accounts,...)
- Publicly accessible guidelines for exercising voting rights and public announcement of voting recommendations 5 days before the Annual General Meetings
- Engagement topics with the companies

## SYNERGIES BETWEEN THE ACTIVITIES

### ETHOS INVESTMENT SOLUTIONS

approx. CHF 4.8 billion as of 31 December 2023

Ethos investment funds 3.5 billion - Ethos index-based mandates 0.9 billion - Advisory mandates 0.4 billion

SUSTAINABILITY ANALYSIS	PROXY VOTING	SHAREHOLDER DIALOGUE
<p><b>Covered universe</b> SPI SBI AAA-BBB MSCI World MSCI EM Top 250</p>	<p><b>Covered universe</b> SPI MSCI Europe (ex CH) top 200 MSCI NAM top 200 MSCI Asia Pacific top 100 and more</p> <p>&gt; 230 clients (approx. CHF 55 billion)</p>	<p><b>EEP Switzerland</b> 186 members</p> <p><b>EEP International</b> 116 members</p> <p><b>Engagement Services</b> Various banks and asset manager</p>
<p>Analysis of over 2,000 companies and issuers</p>	<p>Analysis of over 800 companies</p>	<p>Universe of 2,000 companies</p>

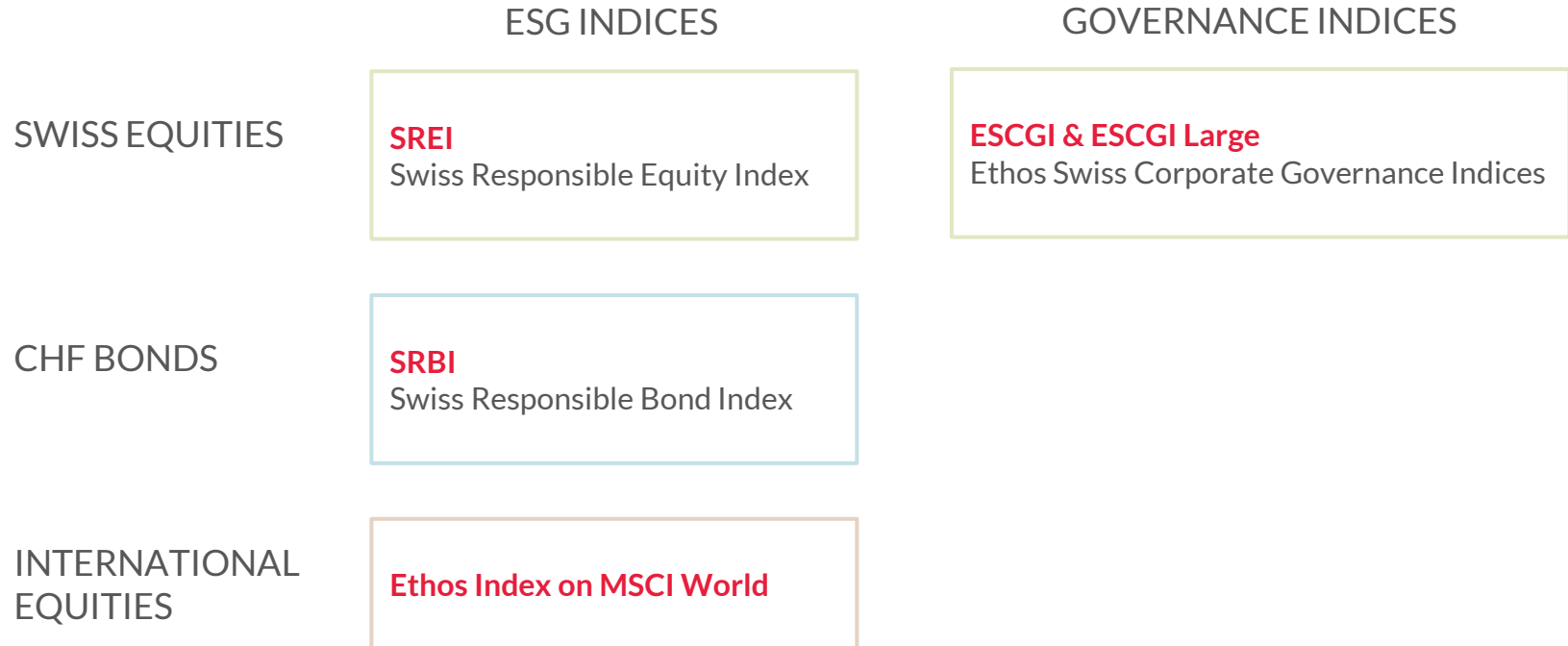


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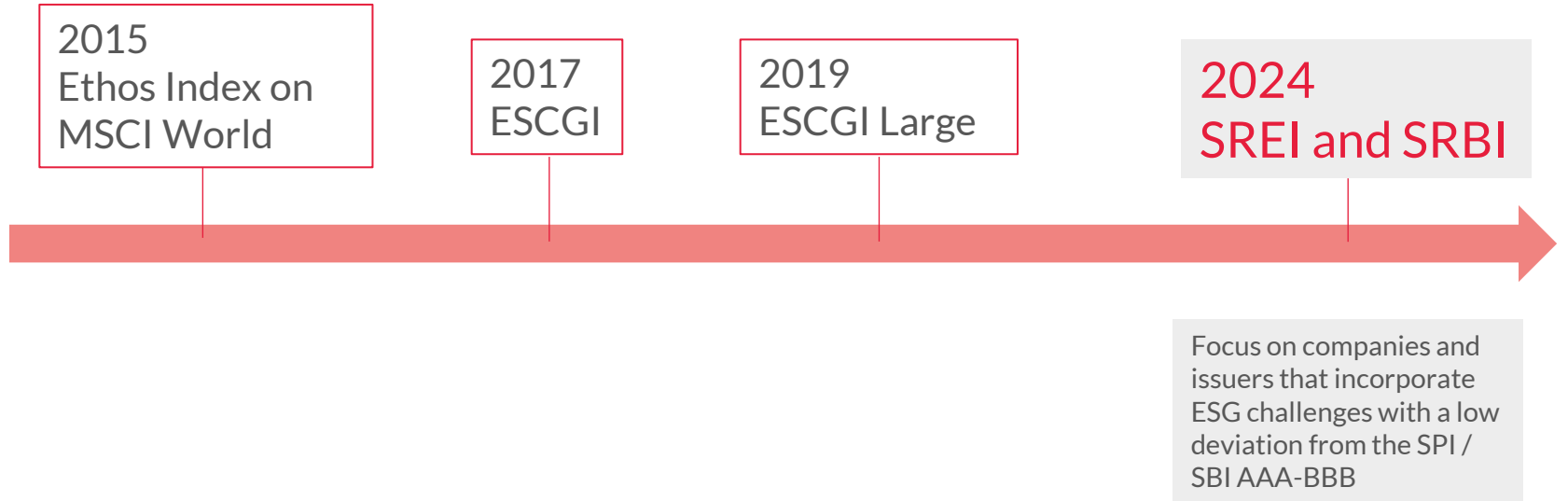


## A FAMILY OF SUSTAINABLE INDICES FROM SIX AND MSCI CALCULATED



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**EXPERTISE IN INDEX CREATION SINCE 2015**



\*Historical performance is not an indication of future performance.



## NEW ESG INDICES "POWERED BY ETHOS", CALCULATED BY SIX

	SREI	SRBI
BASIC UNIVERSE	SPI	SBI AAA-BBB
MIN. ESG RATING	B+	B+
EXCLUSIONS	According to the Ethos Charter*	According to the Ethos Charter* & asset-backed securities
WEIGHTING	Market capitalisation**	Market value
REBALANCING	Annual (September)	Monthly
LAUNCH DATE	29.12.2023	28.03.2024
BEGINNING OF THE PERFORMANCE***	24.09.2018	-
NUMBER OF ISSUERS IN THE INDEX (BASE UNIVERSE)	142 companies (SPI: 209)	265 Issuers (SBI AAA-BBB: 332)
WEIGHT OF EXCLUDED ISSUERS	1.7%	7.8%

\* This includes companies that do not fulfil the criteria of the Swiss Association for Responsible Investment (SVVK-ASIR) and/or the principles of the UN Global Compact (UNGC).

\*\* Free float adjusted. Maximum weight per security (cap): 20%.

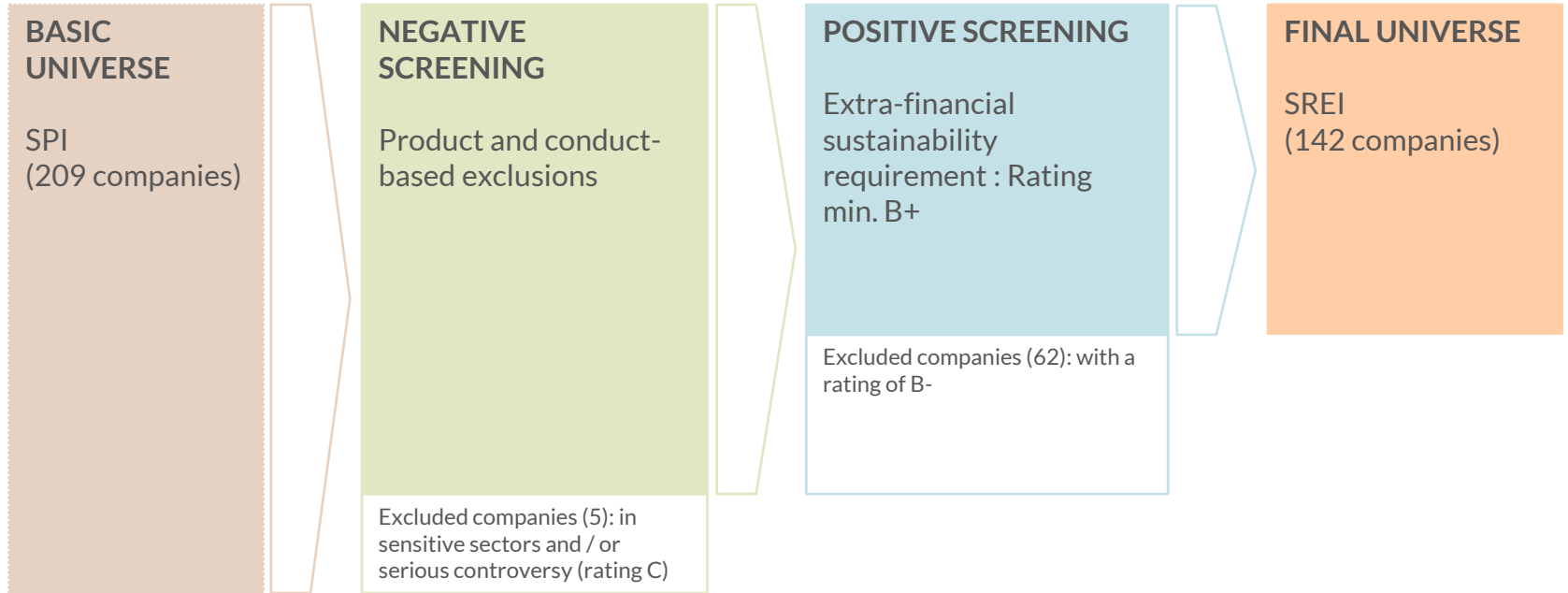
\*\*\* The performance of the index between 24 September 2018 and 29 December 2023 is a backtest calculated by SIX.

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## DEVELOPMENT PROCESS OF THE SREI









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## PRODUCT-SPECIFIC EXCLUSIONS

CRITERION: TURNOVER FROM THE FOLLOWING SECTORS > 5%

	Conventional weapons
	Non-conventional weapons (systematically excluded)
	Gambling
	Genetically modified organisms (GMOs) in agrochemical industry
	Nuclear energy
	Adult entertainment

	Tobacco
	Thermal coal
	Oil sands
	Fossil fuels extracted by hydraulic fracturing
	Arctic oil and gas
	Transport in oil and gas pipelines and storage of unconventional fossil fuels

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### CONDUCT-BASED EXCLUSIONS

#### CRITERION: AT LEAST ONE SIGNIFICANT CONTROVERSY

##### SERIOUS CONTROVERSIES REGARDING THE SUSTAINABILITY OF COMPANIES

- **ENVIRONMENT:** violation of environmental standards; serious and irreversible environmental damage (pollution, deforestation, etc.), use of hazardous substances; ...
- **SOCIAL:** Child labour; human rights; working conditions; corruption; ...
- **GOVERNANCE:** Malfunctioning of the Board of Directors; egregious remuneration; financial scandals, etc.

##### SERIOUS CONTROVERSIES IN BUSINESS ETHICS AND CORPORATE PRODUCTS

- **BUSINESS ETHICS:** Cartel agreements; market manipulation; corruption;...
- **PRODUCTS:** Product safety; controversial financing and investments; controversial weapons; products with a negative impact on the environment; ...

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**ETHOS ESG RATING (I)**  
**QUANTITATIVE ESG-SCORE**

**GOVERNANCE**  
30 - 40%

- Board of Directors
- Capital structure and shareholder rights
- Remuneration system
- Auditors
- Business ethics

**STRATEGY & REPORTING**  
10 - 20%

- Sustainability Strategy
- E&S Reporting

**STAKEHOLDERS**  
50 - 60%

- Employees
- Customers
- Society and community
- Suppliers
- Environment

**ESG-SCORE**



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## ETHOS ESG RATING (II)

### CONSIDERATION OF THE ESG SCORE AND CONTROVERSIES

		ESG SCORE (difference to the mean)			
		Below -1 standard deviation	Below mean	Above mean	Above +1 standard deviation
MAXIMUM LEVEL OF CONTROVERSY	none / minor	B-	B+	A-	A+
	moderate	B-	B+	A-	A-
	serious	B-	B-	B+	B+
	severe	B-	B-	B-	B-
	major	C	C	C	C

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