

ENGAGEMENT REPORT

Period: 01.01.2025 - 30.09.2025

PORTFOLIO(S)

PORTFOLIO NAME	COMPOSITION AS OF	NUMBER OF COMPANIES	NUMBER OF COMPANIES ENGAGED	AuM ENGAGED
Previs 2025	03.01.2022	100	97	97.1%
TOTAL 1				

KEY ENGAGEMENT NUMBERS

97

COMPANIES ENGAGED
(OUT OF 100)

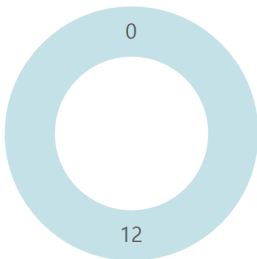
97%

AuM ENGAGED

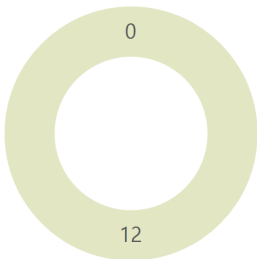
12

CAMPAIGNS

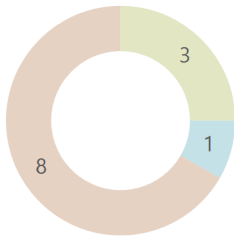
KEY FIGURES ON THE RELEVANT CAMPAIGNS



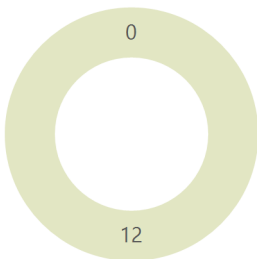
ONE OFF VS RECURRING
One off Recurring



TYPE
Direct Collaborative



PILLAR
Environment Governance Social

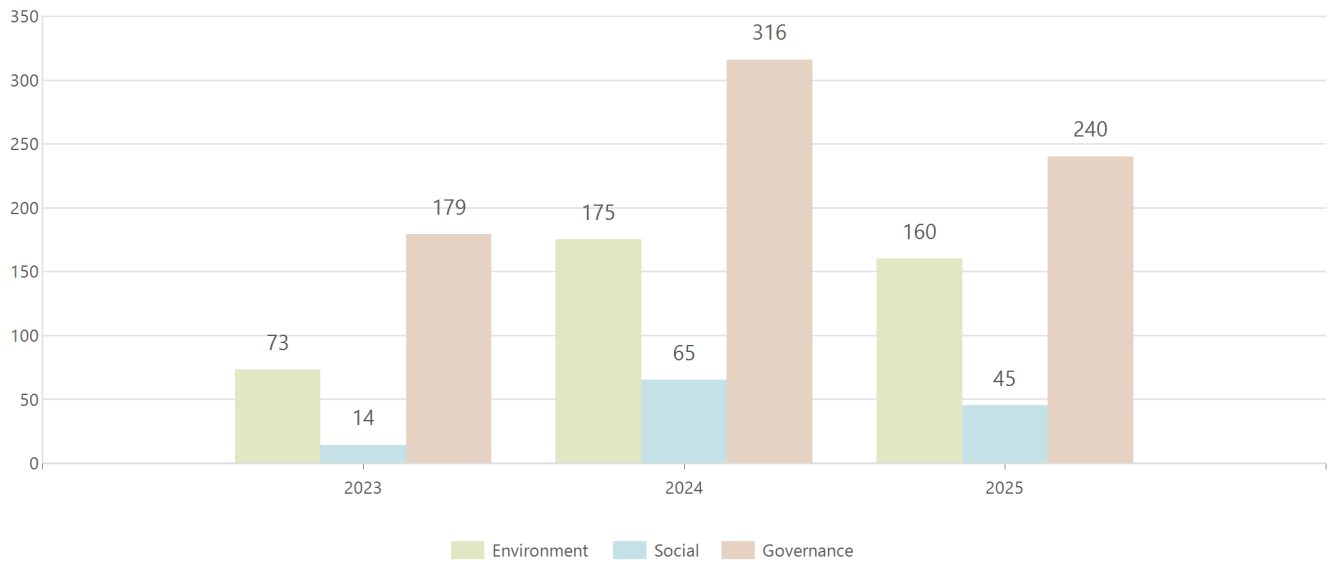


STATUS AS OF 30.09.2025
In progress Completed

OVERVIEW

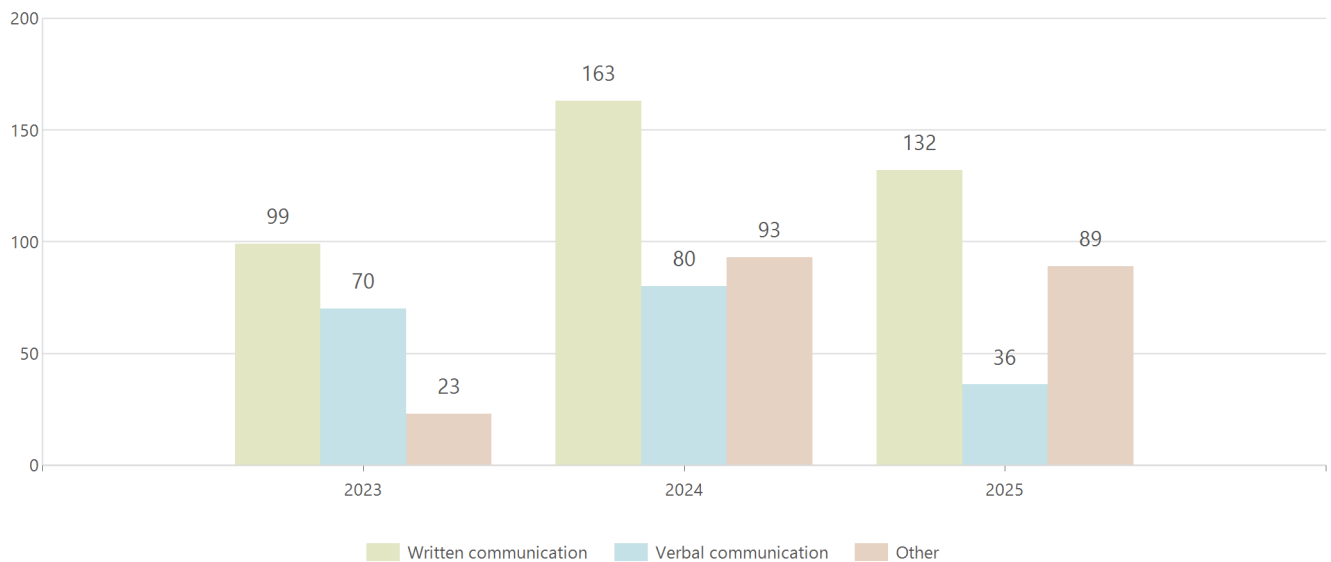
1. OVERVIEW

1.1 ENGAGEMENT ACTIONS BY PILLAR *



* If an engagement action addresses several pillars, it will be counted in each pillar.

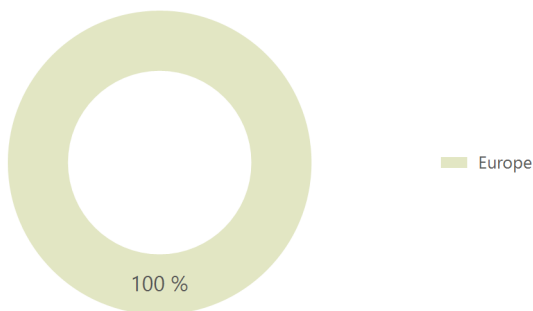
1.2 ENGAGEMENT ACTIONS BY TYPE



1.3 BREAKDOWN OF ENGAGED COMPANIES BY THEME

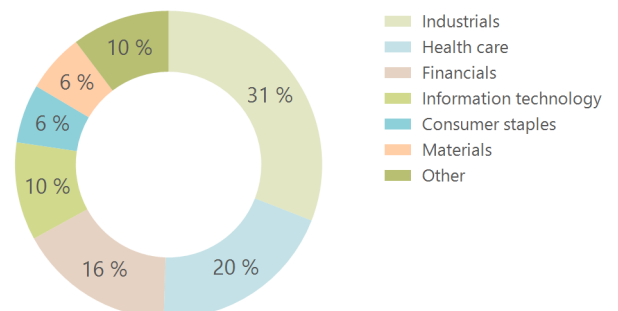
THEME	NUMBER OF COMPANIES ENGAGED			% AUM
	IN ETHOS' CAMPAIGNS	IN COLLABORATIVE CAMPAIGNS	TOTAL	
Environment			97	97.1 %
Climate change	95	2	97	97.1 %
Environmental impact	3	0	3	3.8 %
Biodiversity	3	0	3	3.8 %
Social			97	97.1 %
Labour rights	94	3	97	97.1 %
Human rights	94	3	97	97.1 %
Health & safety	94	3	97	97.1 %
Governance			97	97.1 %
Remuneration	92	5	97	97.1 %
Business ethics	94	3	97	97.1 %
Board composition and functioning	94	3	97	97.1 %
Tax responsibility	92	5	97	97.1 %
ES reporting	94	3	97	97.1 %
Sustainability strategy	94	3	97	97.1 %
Diversity	96	1	97	97.1 %
Code of conduct	94	3	97	97.1 %
Availability of ESG policies	94	3	97	97.1 %
Digital responsibility	43	4	47	49.0 %

1.4 BREAKDOWN OF ENGAGED COMPANIES BY LOCATION



COUNTRY	NUMBER	%
Europe	97	100.0%
Switzerland	96	99.0%
Austria	1	1.0%
TOTAL	97	100%

1.5 BREAKDOWN OF ENGAGED COMPANIES BY SECTOR



SECTOR	NUMBER	%
Industrials	30	30.9%
Capital goods	26	26.8%
Commercial & professional services	2	2.1%
Transportation	2	2.1%
Health care	19	19.6%
Pharmaceuticals, biotechnology & life sciences	13	13.4%
Health care equipment & services	6	6.2%

SECTOR	NUMBER	%
Financials	16	16.5%
Financial Services	8	8.2%
Insurance	5	5.2%
Banks	3	3.1%
Information technology	10	10.3%
Technology hardware & equipment	8	8.2%
Semiconductors & semiconductor equipment	1	1.0%
Software & services	1	1.0%
Consumer staples	6	6.2%
Food, beverage & tobacco	6	6.2%
Materials	6	6.2%
Materials	6	6.2%
Real estate	5	5.2%
Real Estate Management & Development	5	5.2%
Consumer discretionary	3	3.1%
Consumer durables & apparel	2	2.1%
Consumer Discretionary Distribution & Retail	1	1.0%
Communication services	1	1.0%
Telecommunication services	1	1.0%
Utilities	1	1.0%
Utilities	1	1.0%
TOTAL	97	100%

ENGAGEMENT PILLARS

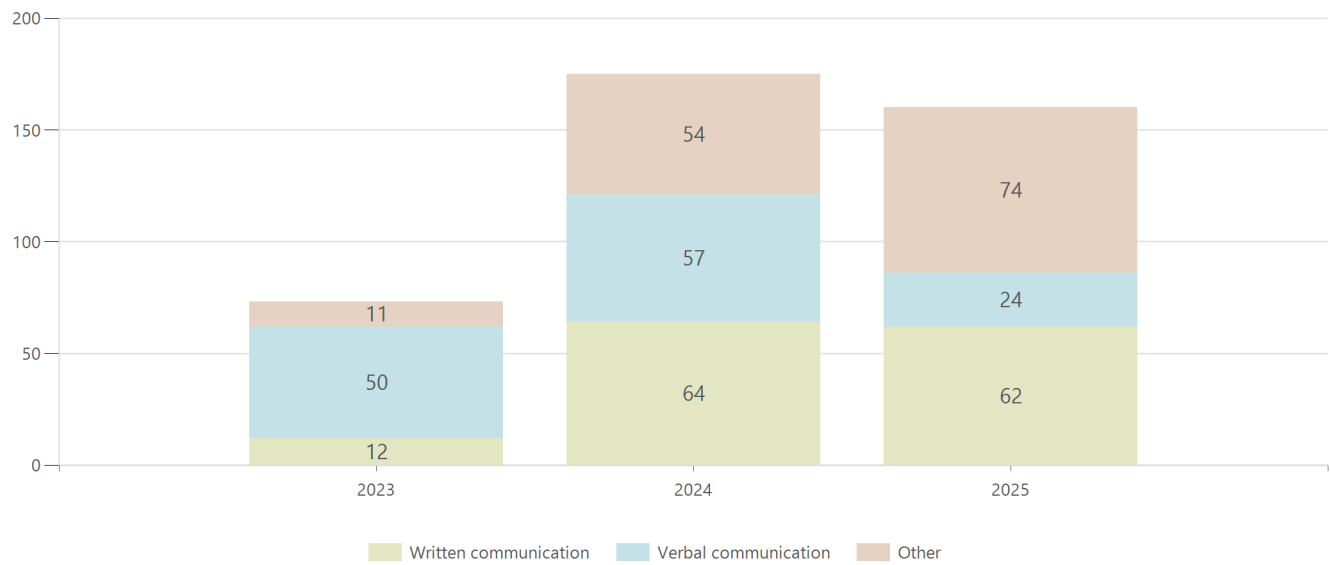
2. ENVIRONMENT

2.1 OVERVIEW OF THE RELATED CAMPAIGNS

CAMPAIGN'S NAME	NUMBER OF COMPANIES		CAMPAIGN SIGNED ON
	IN PORTFOLIO(S)	TOTAL	
Climate change strategy and risk management of Swiss companies	97	150	20.07.2021
Nature and biodiversity strategy and risk management of Swiss companies	3	3	16.02.2024
Science-based GHG reduction targets	38	50	07.02.2025
TOTAL 3			

The campaigns initiated by Ethos are in bold.

2.2 ENGAGEMENT ACTIONS WITH COMPANIES IN THE PORTFOLIO ON ENVIRONMENT THEMES *



* Please find in appendix 6 the mapping of themes into the usual "Environment", "Social" and "Governance" pillars and the one of action types into categories "Written communication", "Verbal communication" and "Other".

2.3 DETAILS OF THE RELATED CAMPAIGNS

CLIMATE CHANGE STRATEGY AND RISK MANAGEMENT OF SWISS COMPANIES

SDG

SDG 13: Climate Action

UNGC PRINCIPLES

Principle 7: precautionary approach to environmental challenges
Principle 8: promote environmental responsibility
Principle 9: encourage environmentally friendly technologies

SUMMARY

The implementation of the Paris Agreement to contain warming below 2° compared to the pre-industrial period has put particular pressure on the private sector, including investors and companies. Ethos' engagement focuses on the following aspects:

- Greenhouse gas (GHG) emission reduction strategy across the value chain and climate change risk management
- Consideration of climate change in financing (banking) and insurance activities
- Transparency on GHG emissions, reduction measures taken, progress made and actions planned for the future
- Voting on the climate strategy of the largest GHG emitters ("Say on Climate")

RESULT OVERVIEW

In 2024, Ethos continued its intensive dialogue with Swiss-listed companies on climate-related issues. A total of 439 engagement actions were conducted on this theme, particularly targeting the largest GHG emitters on the stock exchange.

Holcim and Nestlé account for the largest share of emissions and therefore remained key targets of Ethos' engagement efforts last year, leading to significant results.

Between 2022 and 2023, Holcim's total emissions decreased by three million tonnes, from 130 million to 127 million tonnes. Nestlé also saw a significant reduction in emissions over the same period, with a decrease of nearly 15 million tonnes, from 102.4 million tonnes in 2022 to 87.5 million tonnes in 2023. Furthermore, both companies have CO₂ reduction targets that have been approved by the Science Based Targets initiative (SBTi).

However, Ethos is concerned about potential negative consequences arising from Holcim's planned separation of its United States operations into an independent company. The environmental regulations in the United States are less stringent, which could slow down the company's decarbonisation efforts in that market.

NATURE AND BIODIVERSITY STRATEGY AND RISK MANAGEMENT OF SWISS COMPANIES

SDG

SDG 3: Good Health and Well-Being
SDG 6: Clean Water and Sanitation
SDG 11: Sustainable Cities and Communities
SDG 12: Responsible Production and Consumption

UNGC PRINCIPLES

Principle 8: promote environmental responsibility

SUMMARY

After climate change, biodiversity and the protection of nature are now among the most important environmental concerns of institutional investors.

RESULT OVERVIEW

As part of the Nature Action 100 campaign, Ethos took the lead in engaging with three Swiss companies: Nestlé, Novartis, and Roche, organising discussions on this topic in 2024. Beyond direct dialogue with companies, the Nature Action 100 campaign aims to ensure that companies set concrete objectives and actions within their corporate governance framework and publicly disclose them, ensuring transparency for shareholders. In 2024, the campaign published an evaluation of the 100 targeted companies, based on measurable indicators, providing a solid foundation for engagement on the topic.

The Spring campaign, coordinated by the Principles for Responsible Investment (PRI), seeks to encourage companies and governments to achieve positive outcomes for nature. Its objective is to maximise investors' contributions to the global goal of halting and reversing biodiversity loss by 2030, with an initial focus on deforestation-related issues. Within this campaign, Ethos is responsible for engaging with Clariant, which is particularly affected as it uses palm oil in its chemical products. The company has set a goal to eliminate deforestation from its supply chain and is a member of the «Roundtable on Sustainable Palm Oil» (RSPO). Ethos will maintain regular engagement in the coming years to monitor the company's progress on this issue.

SCIENCE-BASED GHG REDUCTION TARGETS

SDG

SDG 13: Climate Action

UNGC PRINCIPLES

Principle 7: precautionary approach to environmental challenges
Principle 8: promote environmental responsibility
Principle 9: encourage environmentally friendly technologies

SUMMARY

The formulation of science-based climate targets is a fundamental step for any company developing an ambitious climate strategy.

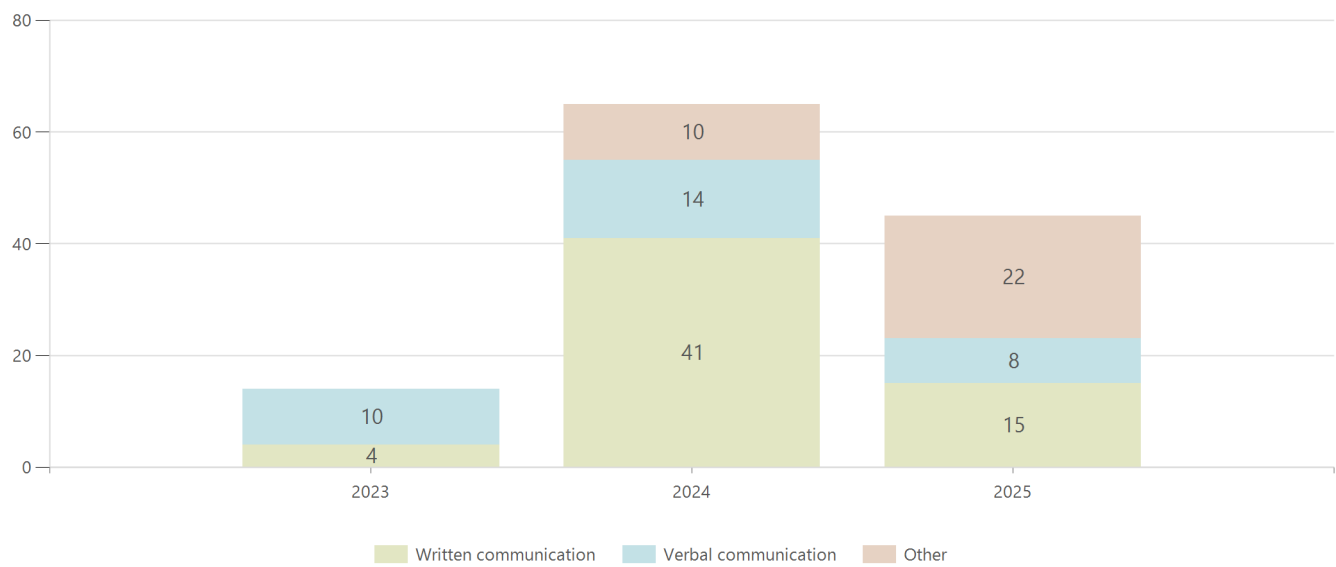
3. SOCIAL

3.1 OVERVIEW OF THE RELATED CAMPAIGNS

CAMPAIGN'S NAME	NUMBER OF COMPANIES		CAMPAIGN SIGNED ON
	IN PORTFOLIO(S)	TOTAL	
Working conditions and respect for human rights of Swiss companies	97	150	19.04.2022
TOTAL 1			

The campaigns initiated by Ethos are in bold.

3.2 ENGAGEMENT ACTIONS WITH COMPANIES IN THE PORTFOLIO ON SOCIAL THEMES *



* Please find in appendix 6 the mapping of themes into the usual "Environment", "Social" and "Governance" pillars and the one of action types into categories "Written communication", "Verbal communication" and "Other".

3.3 DETAILS OF THE RELATED CAMPAIGNS

WORKING CONDITIONS AND RESPECT FOR HUMAN RIGHTS OF SWISS COMPANIES

SDG

SDG 5: Gender Equality
SDG 8: Decent Work and Economic Growth
SDG 10: Reduced Inequalities
SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 1: support and respect human rights
Principle 2: no human rights abuse
Principle 3: freedom of association and collective bargaining
Principle 4: no forced labor
Principle 5: no child labor
Principle 6: no employment discrimination
Principle 10: no corruption

SUMMARY

Following the rejection of the Responsible Business Initiative in November 2020, the counter-proposal providing for an obligation of transparency will come into force, but the duty of care will affect a very small number of companies.

Ethos believes that the ordinance on due diligence and transparency in the areas of minerals and metals from conflict zones and child labour is clearly insufficient in relation to international developments and the UN human rights guidelines. In view of the law, Ethos believes that it will be necessary to continue the dialogue with companies to voluntarily implement an extended duty of care on their international operations and supply chain

RESULT OVERVIEW

Ethos' engagement on social issues focuses on ensuring that companies implement satisfactory policies and publish relevant indicators to measure their performance and the actual implementation of these policies. Initially, this theme was centred on sustainability requirements for suppliers but has since expanded to include the broader issue of human rights compliance and best practices in working conditions, both within companies' operations and their supply chains.

Significant progress has been made in recent years, particularly in the publication of workforce-related indicators, as well as in diversity and anti-discrimination measures. However, further efforts are still needed, especially regarding supplier-related requirements.

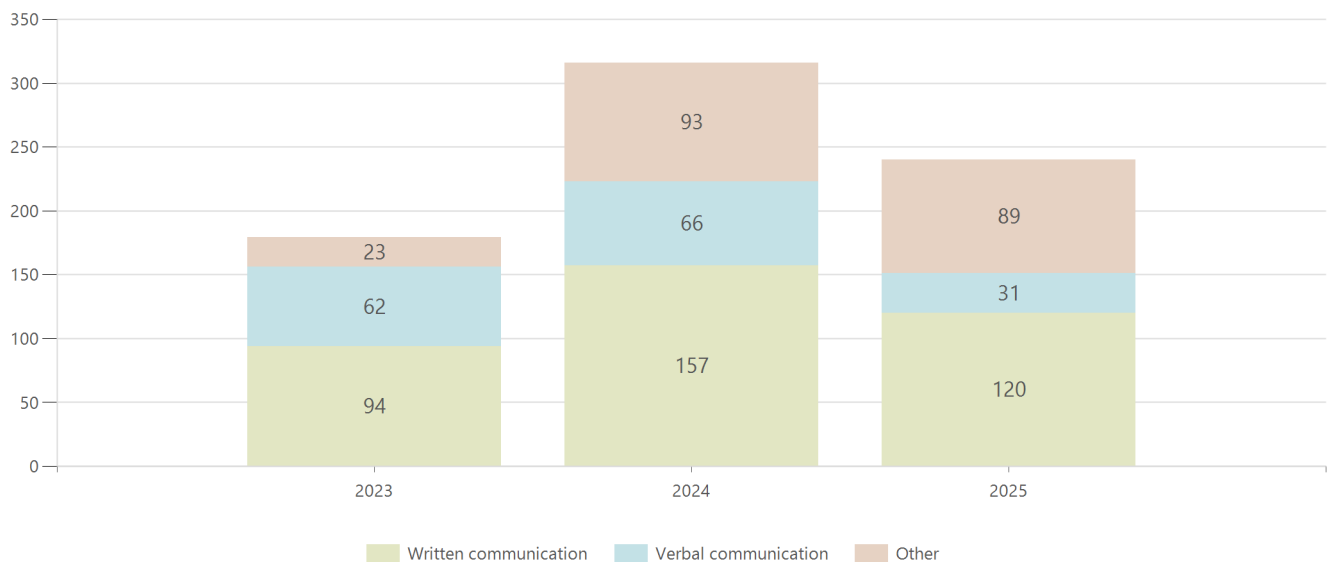
4. GOVERNANCE

4.1 OVERVIEW OF THE RELATED CAMPAIGNS

CAMPAIGN'S NAME	NUMBER OF COMPANIES		CAMPAIGN SIGNED ON
	IN PORTFOLIO(S)	TOTAL	
Board independence	21	35	07.02.2025
Composition and functioning of the board of directors of Swiss companies	97	150	19.04.2022
Corporate Digital Responsibility of Swiss companies	47	47	05.03.2021
Environmental and social reporting by Swiss companies	97	150	12.03.2021
Gender diversity on the board of directors	31	58	07.02.2025
Remuneration of swiss companies	97	150	19.04.2022
Separation of chair and CEO roles	3	5	07.02.2025
Tax responsibility of Swiss companies	97	150	19.04.2022
TOTAL 8			

The campaigns initiated by Ethos are in bold.

4.2 ENGAGEMENT ACTIONS WITH COMPANIES IN THE PORTFOLIO ON GOVERNANCE THEMES *



* Please find in appendix 6 the mapping of themes into the usual "Environment", "Social" and "Governance" pillars and the one of action types into categories "Written communication", "Verbal communication" and "Other".

4.3 DETAILS OF THE RELATED CAMPAIGNS

BOARD INDEPENDANCE

SDG

SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 10: no corruption

SUMMARY

Ethos considers that a board of directors should include at least 50% independent members in order to guarantee objectivity and the fair representation of minority shareholders' interests in decision-making.

COMPOSITION AND FUNCTIONING OF THE BOARD OF DIRECTORS OF SWISS COMPANIES

SDG

Not applicable

UNGC PRINCIPLES

Principle 10: no corruption

SUMMARY

As the highest governing body of a public company, the Board of Directors is elected by its shareholders, who attach great importance to its composition. The skills, independence, diversity and availability of board members therefore remain key issues. Ethos has been conducting a dialog with all Swiss companies on these issues since 2005.

RESULT OVERVIEW

In 2024, most indicators related to board composition among the companies in the engagement universe remained stable, with some at a satisfactory level.

On diversity, Ethos opposed the re-election of nomination committee chairs when the board had less than 20 % female representation without a valid justification.

Ethos engaged in numerous discussions with companies regarding board composition, particularly in the period leading up to the general meeting.

Maintaining a regular dialogue on these issues remains crucial, especially to ensure that new challenges are adequately addressed in board discussions, such as environmental and social issues, as well as those related to corporate digital and tax responsibility.

CORPORATE DIGITAL RESPONSIBILITY OF SWISS COMPANIES

SDG

SDG 3: Good Health and Well-Being
SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 1: support and respect human rights
Principle 6: no employment discrimination
Principle 9: encourage environmentally friendly technologies

SUMMARY

The digital revolution is creating new challenges for companies and their shareholders. Numerous scandals, including the Cambridge Analytica case, have highlighted the abuses that can result from the exploitation of private data for commercial and political purposes. This implies new ethical, legal, financial and reputational risks for companies. There is now a need to build trust between different stakeholders and companies. This is why the concept of Corporate Digital Responsibility has been developed.

RESULT OVERVIEW

Between 2021 and 2023, Ethos reviewed the digital responsibility practices of the 48 largest companies listed on the Swiss stock exchange (SMI Expanded). These studies were conducted in collaboration with EthicsGrade, a company specialising in corporate ratings based on their management of digital issues, to assess the practices of Switzerland's largest listed companies. A questionnaire was sent to companies to allow them to explain their practices.

Between the first study published in January 2022 and the third study published in December 2023, Ethos engaged extensively with all the companies concerned on this topic. Numerous discussions took place during the three years covered by Ethos' studies, and engagement on digital responsibility is expected to intensify in the future, given the significant potential for improvement in this area.

Since 2024, Ethos has been collecting data directly as part of its ESG rating process, using publicly available information. This decision was driven by the significant gap between public information and the private information provided by companies during the study. In the last study conducted in 2023, the average score was 27.5 points out of 100, whereas it dropped to 15.6 points when based solely on public information.

ENVIRONMENTAL AND SOCIAL REPORTING BY SWISS COMPANIES

SDG

SDG 13: Climate Action

UNGC PRINCIPLES

Principle 7: precautionary approach to environmental challenges

Principle 8: promote environmental responsibility

SUMMARY

Environmental and social reporting is essential to enable investors to judge the non-financial performance of companies. It forms an indispensable basis for investment decisions and for judging the way in which companies' governing bodies manage these issues. Following the rejection of the Responsible Multinationals Initiative in November 2020, the counter-project "Transparency in Non-Financial Business" is expected to come into force in 2024 for the financial year 2023. It will require corporate transparency on environmental and social issues. Even if part of Ethos' expectations regarding non-financial reporting are met by the counter-project, the issue remains relevant. Indeed, the text of the law does not recommend the application of a recognised standard and the verification of information by an external body.

RESULT OVERVIEW

An increasing number of companies are publishing sustainability reports that Ethos considers satisfactory, meaning they cover key issues with quantitative indicators. In 2024, 58 % of these companies aligned their reports with the GRI standard.

Additionally, various legislative changes have had -or will have- a positive impact on the quantity and quality of non-financial information disclosed by companies. Articles 964a and following of the Swiss CO require companies of a certain size to prepare a report on non-financial matters and submit it for shareholder approval. At the same time, the Federal Council has approved an ordinance specifying the content of the climate-related section of the non-financial report, which will be mandatory from 2025 (for reports covering the 2024 financial year).

Dialogue and progress monitoring remain essential, as despite the new legal requirements, the content and quality of published reports remain inconsistent and do not always meet Ethos' expectations. Ethos will also closely monitor the decision of the Federal Assembly regarding the revision of Articles 964a and following of the Swiss CO, whose draft amendment proposes, among other measures, a mandatory audit of these reports and the requirement to follow specific reporting standards, which will be defined by ordinance.

GENDER DIVERSITY ON THE BOARD OF DIRECTORS

SDG

SDG 5: Gender Equality
SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 10: no corruption

SUMMARY

According to Article 734f of the Swiss Code of Obligations, every board of directors must include at least 30% women.

REMUNERATION OF SWISS COMPANIES

SDG

Not applicable

UNGC PRINCIPLES

Not applicable

SUMMARY

The structure of executive remuneration and the transparency of remuneration reports remain a priority topic for dialogue. The powers of shareholders in Swiss companies to approve remuneration have become important since the Minder initiative came into force. While this has not necessarily led to a reduction in executive remuneration, it has resulted in greater shareholder control, which prevents excesses and improves transparency and the structure of remuneration.

In view of the latitude of interpretation left by Swiss legislation on how to submit the amounts of executive remuneration to shareholders, and despite intensive dialogue over several years, there is still a great deal of diversity in the solutions proposed concerning the methods of voting on remuneration and the amounts requested. This is also the case for the transparency of remuneration reports, which varies significantly from one company to another.

RESULT OVERVIEW

Executive compensation remains a priority topic in Ethos' engagement efforts. A transparent, reasonable, and long-term-oriented compensation system is a key element in creating long-term value. Ethos considers it essential to limit variable compensation to prevent excessive risk-taking.

Since Ethos began engaging on this issue in Switzerland in 2005, significant progress has been observed. In particular, shareholders now have expanded rights at company general meetings to prevent compensation excesses.

SEPARATION OF CHAIR AND CEO ROLES

SDG

SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 10: no corruption

SUMMARY

The combination of these two key roles is contrary to good corporate governance practice because it prevents an effective supervision of executive management by the board of directors.

TAX RESPONSIBILITY OF SWISS COMPANIES

SDG

SDG 11: Sustainable Cities and Communities
SDG 16: Peace, Justice and Strong Institutions

UNGC PRINCIPLES

Principle 10: no corruption

SUMMARY

The dialog is based on Ethos' five expectations on tax responsibility, which were sent to the chairs of the boards of the 150 largest companies in the SPI at the end of 2018:

1. Responsibility for tax strategy lies with the board of directors
2. The principles of tax responsibility are incorporated in the company's code of conduct or in a specific document setting out the company's tax policy
3. The company pays its taxes where the economic value is generated
4. Intra-group transactions are conducted on market terms
5. The company publishes the amount of taxes paid, country by country.

RESULT OVERVIEW

Since the introduction of this theme in 2018 and the distribution of Ethos' Engagement Paper on the subject to all companies in the engagement universe, the proportion of companies publishing information on their tax responsibility has increased, albeit at a slow pace.

In 2024, six companies publish a country-by-country tax report. During discussions with companies, it was highlighted that voluntary publication of country-by-country tax data could disadvantage those that choose to do so, as it would allow their competitors to better understand their tax strategy. However, these companies would support a public disclosure requirement, as it would ensure equal treatment. They therefore believe that country-by-country reporting should become mandatory before being widely implemented.

Ethos emphasises that several recent regulations in the European Union promote corporate transparency. The EU directive on country-by-country tax reporting, which came into force in December 2021, requires member states to transpose the legislation into national law by 22 June 2023. Companies, in turn, will have to publish their country-by-country tax information by 2026. This directive applies to all companies operating in the EU with revenues exceeding 750 million euro, including those headquartered in Switzerland.

These regulations should encourage Swiss companies to enhance their transparency. However, uncertainties remain regarding the quality of the information that will be published. Ethos will continue its dialogue with Swiss companies to monitor the implementation of these new obligations and to ensure that they comply with enhanced transparency standards.

REGULATORY AUTHORITIES

5. REGULATORY AUTHORITIES

5.1 ENGAGEMENT CAMPAIGNS WITH REGULATORY AUTHORITIES

CAMPAIGN'S NAME	CAMPAIGN SIGNED ON
TOTAL 0	

The campaigns initiated by Ethos are in bold.

5.2 ENGAGEMENT ACTIONS WITH REGULATORY AUTHORITIES

5.3 DETAILS OF THE RELATED CAMPAIGNS

There is no data available.

APPENDICES

6. MAPPINGS

Please note that one engagement action may address several themes. Ethos applies the following mapping to group themes into the usual environmental, social and governance pillars.

THEME
Environment
Environmental impact
Climate change
Biodiversity
Deforestation
Social
Labour rights
Health & safety
Human rights
Governance
Board composition and functioning
Remuneration
Shareholder rights
Other corporate governance topics
Diversity
Code of conduct
Business ethics
Tax responsibility
Digital responsibility
Sustainability strategy
ES reporting
Availability of ESG policies
Lobbying

Ethos applies the following mapping to group the types of actions into the usual written, verbal or other categories.

ACTION TYPE
Written communication
Email
Letter
Investor Statement
Press release
Shareholder resolution
Other
Verbal communication
Meeting
Conference call
Phone
AGM Statement
Other
Undefined
Public analysis/report
Ethos report sent

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