



POLICY ENGAGEMENT GUIDELINES

Appendix I to the Engagement
Policy



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1. INTRODUCTION

As outlined by the Principles for Responsible Investment (PRI), policy engagement refers to “engagement with policymakers conducted as part of investors’ approach to responsible investment.”¹

Investors acting in isolation cannot address the structural challenges that threaten the stability of global markets, the resilience of financial systems, and the sustainable development of investment returns. Engagement with policy makers can promote the tackling of systemic sustainability issues, which, if unaddressed, risk unfolding adverse impacts on investment returns, such as climate change, biodiversity loss and social inequalities. Engagement with policy makers aims to promote the development of public policy frameworks addressing these issues.

These Policy Engagement Guidelines set the framework and define the rules for ESG-AM’s policy engagement activities. The Policy Engagement Guidelines are an integral part of ESG-AM’s Sustainable Investment Framework, and are to be understood as an element of ESG-AM’s Engagement Policy.

¹ UN PRI. (2022, November). A sustainable finance policy engagement handbook. Available at: <https://www.unpri.org/download?ac=17538> (Last accessed on 03.05.2024)

2. BOUNDARIES OF ACTION

ESG-AM is firmly committed to maintaining neutrality on political affiliations or partisan agendas. Instead, ESG-AM actively engages in policy advocacy to support the development, implementation, evaluation, and continuous improvement of sustainability-related standards and frameworks. This includes promoting alignment with established international norms, such as the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other globally recognized sustainability frameworks. By focusing on evidence-based solutions that transcend political divisions, ESG-AM fosters collaborative progress and drives positive, systemic change across all sectors.

In compliance with this statement, ESG-AM's policy engagement:

- > Does not intend to endorse any political party, program or ideology. ESG-AM will not affiliate with any policy engagement activities associated with institutions representing a political party, specific political view, or religious group. Furthermore, ESG-AM does not provide financial support to political parties, candidates, or campaigns.
- > Is limited to aspects of policy development that are beneficial for the effective implementation of ESG-AM's sustainable investment framework. This includes the introduction of regulatory frameworks, standardization, the enhancement of guidance and the enhancement of availability and quality of data. Policy developments supported by ESG-AM must be aligned with established international norms.
- > Is limited to collaborative action. ESG-AM chooses to selectively join policy engagement activities offered on collaborative platforms such as the PRI, WDI and CDP. ESG-AM does not approach policy makers individually.
- > Is fully transparent. ESG-AM discloses all policy engagement activities through appropriate channels, accessible to investors and clients, other stakeholders and the public. ESG-AM does not conduct policy engagement behind closed doors.

3. POLICY ENGAGEMENT THEMES AND GEOGRAPHICAL FOCUS

ESG-AM may consider addressing policy engagement themes, which generally address the acceleration of the introduction of regulatory sustainability-related requirements, as well as their harmonization and standardization, as long as the themes and the demands are not contradicting established international norms. Furthermore, themes may be addressed through policy engagement activities, if they are directly related to the sustainable investment objectives of ESG-AM, and if they are the result of a materiality analysis.

Focus themes for policy engagement activities by ESG-AM may include:

- a. Harmonization and standardization of corporate disclosure frameworks: ESG-AM advocates for unified reporting standards that improve comparability and reliability of sustainability data.
- b. Regulatory sustainability requirements: Promoting policies that require clear, ambitious, and enforceable sustainability obligations across sectors and regions. Promoting that such policies are underpinned by clear and consistent guidance.
- c. Stewardship frameworks: Promoting enhanced guidelines for responsible stewardship and investor engagement with companies, in the context and as an element of the fiduciary duty.
- d. Human rights and social themes: Encouraging frameworks that safeguard fundamental and labor rights, promote diversity and inclusion, and address social inequities, including through the promotion of gender equality and fair wages.
- e. Climate change and biodiversity: Supporting policies that address climate change mitigation, adaptation, and the protection of biodiversity.
- f. Systemic transformation through interconnected themes: Advocating for regulatory approaches that recognize the interplay between environmental, social, and governance (ESG) issues.

The geographical focus of policy engagement activities is currently:

- > Global: Global engagement, aimed at international supranational bodies and intergovernmental formations/organizations such as G7, G20, UNFCCC, international financial regulatory bodies (e.g. Financial Stability Board), the ISSB (International Sustainability Standards Board), and the IOSCO (International Organization of Securities Commissions), OECD, among others.
- > Regional: Focus on European Institutions such as European Commission, European Parliament, European Council, ESMA, and other EU bodies.
- > National: Focus on Swiss legislative and regulatory institutions/policymakers at federal level. ESG-AM may also consider expanding its national focus to include EU member states if materiality assessments demonstrate high relevance.

ESG-AM regularly reviews this thematic and geographical focus, to account for emerging priorities in sustainability and responsible investment, updated materiality analyses, and other developments.



4. APPROACH

Policy engagement at ESG-AM is limited to collaborative action, including participation in collaborative sign-on letters, calls for action, and investor statements to show collective support for specific policy changes. ESG-AM's membership in the Principles for Responsible Investment (PRI), the Workforce Disclosure Initiative (WDI) as well as the CDP offer opportunities to collaborate with other investors on policy engagement. ESG-AM may also participate in policy consultations. The latter may take place indirectly, i.e. by providing feedback to the mentioned organizations on their response to consultations, or by responding directly in the name of ESG-AM to the consultation.



5. GOVERNANCE AND REPORTING

Governance:

- > The ESG-AM Engagement Manager (EM) is responsible for the day-to-day implementation of policy engagement activities. The EM is also responsible for documenting and tracking all policy engagement activities in the ESG-AM Engagement Tracking Tool.
- > The ESG-AM Head of Sustainability ensures that policy engagement activities align with ESG-AM Sustainable Investment Framework, the sustainable investment objectives of ESG-AM strategies and this policy.
- > The Executive Management Board provides strategic oversight and ensures alignment with the company's overall mission and values. The Executive Management Board is responsible for informing the Board of Directors about policy engagement activities in regular intervals, and to inform the Board of Directors about envisaged strategic adjustments of policy engagement activities. The Board of Directors, in turn, is responsible for providing strategic guidance, approving major political engagement strategies, and ensuring that these activities are aligned with the company's long-term objectives and regulatory obligations.

Reporting:

ESG-AM discloses policy engagement activities through social media platforms and in the annual Engagement Report.

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