



Stiftung Auffangeinrichtung BVG
Fondation institution supplétive LPP
Fondazione istituto collettore LPP

Our responsibility

ESG criteria as the guiding principle
for our actions and investments

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Substitute Occupational Benefit Institution

The Substitute Occupational Benefit Institution is unique: on behalf of the Confederation, the non-profit organisation is the only occupational benefits institution in Switzerland to insure all employers and individuals willing to join the mandatory occupational pension scheme (BVG/LPP) and looks after over 1.3 million clients in the area of vested benefits accounts. The foundation under private law, which is supported by employee and employer associations, is thus an important cornerstone in the second pillar and contributes significantly to the stability of the system.

1 Introduction

The Substitute Occupational Benefit Institution assumes its responsibility as a company and investor. Environmental, social and governance (ESG) criteria are taken into account in its actions. These form the basis for the foundation as an employer and for sustainable and responsible investment.

The Substitute Occupational Benefit Institution is a social employer: certified equal pay for all (SQS Fair Compensation) and transparent functional salary bands are a matter of course for us. The modern offices at the three locations in Zurich-Oerlikon, Lausanne and Bellinzona are located right next to the railway station and allow ecological commuting by public transport. Most employees also work from home on a regular basis. Hybrid work is possible at all levels.

The ESG criteria are an important element of opportunity and risk management in asset management and are defined as a principle in the foundation’s investment regulations. The Substitute Occupational Benefit Institution thus aims to make an impact on ESG issues. In order to ensure the long-term success of its equity investments, the foundation actively exercises its shareholder rights. In doing so, it follows the guidelines for exercising voting rights of the Ethos foundation and thus fulfils its fiduciary responsibility towards its beneficiaries.



2 Our responsibility as a company

The Substitute Occupational Benefit Institution assumes economic, social and ecological responsibility. Firstly, by making a key contribution to the stability and functionality of retirement planning in Switzerland, and secondly as a social employer in all parts of the country. For us, value-based cooperation is of key importance. When it comes to the environment, we make sure that we keep our energy, water and paper consumption low.



We are committed to ensuring the stability and functionality of retirement planning in Switzerland

Thanks to its special tasks assigned by the federal government, its position in the market and its networking in politics, administration and authorities, the private-law foundation, which is supported by employee and employer associations, is an important cornerstone in the second pillar and significantly supports the stability of the system.



We are pushing ahead with digitalisation

Through the online services that clients and other occupational benefits institutions can use, we contribute to efficiency and the economical use of resources (e.g. less paper consumption).



We pay fair wages

Certified equal pay for all 200 employees (SQS FAIR Compensation) and transparent job descriptions and wage bands are important to us – from apprentices to the managing director.



We promote sustainable mobility

The offices in Zurich-Oerlikon, Lausanne and Bellinzona are close to railway stations, which are among the largest in the respective regions of the country, thus ensuring the best public transport connections. Our business trips are primarily geared towards travelling by train.



We enable flexible working

As far as operationally possible, we support working time models such as working from home, part-time and flexitime.



We procure sustainably

When it comes to procurement, we make sure that there is a low environmental impact. All of the electricity consumed by the Substitute Occupational Benefit Institution is generated from renewable energy sources.

3 Our responsibility as an investor

For the Substitute Occupational Benefit Institution, long-term successful capital investment is of key importance due to the statutory [fiduciary obligation of care and diligence](#) where the payment of pensions and the safe management of vested benefits accounts are concerned. In this respect, sustainability factors such as a healthy environment, social issues and responsible governance (ESG criteria) are taken into account.

When defining the investment principles enshrined in the investment regulations, the Board of Trustees of the Substitute Occupational Benefit Institution has formulated a specific [sustainability principle](#). On the basis of this principle, ecological and social aspects are incorporated into the investment process.

Asset management is primarily carried out via asset management mandates that are transferred to external portfolio managers (banks or other specialist institutions). When selecting portfolio managers, the inclusion of [ESG criteria](#) in the investment process is explicitly taken into account. All asset managers of the Substitute Occupational Benefit Institution have signed the [UN Principles for Responsible Investment \(UN-PRI\)](#).

Exercising shareholder rights, engaging in dialogue with the companies and excluding investments in exceptional cases are the most suitable measures for the Substitute Occupational Benefit Institution to take sustainability into account in the long term.



ESG criteria

These are criteria for measuring sustainability that include environmental, social and governance aspects. The abbreviation ESG is made up of the terms environment, social and governance.

Fonte: ASIP

3.1 Voting: exercising voting rights

The exercise of voting rights is an important instrument for safeguarding the long-term interests of the beneficiaries of the pension assets. In addition to purely financial interests, the focus is on ESG factors. The Substitute Occupational Benefit Institution is guided by the [voting rights recommendations of the Ethos Foundation](#).

The voting rights are exercised in the long-term interest of the insured parties. The Ethos Foundation's voting rights recommendations are based on the annually revised [proxy voting guidelines](#). They specify in detail the circumstances under which proposals of the Board of Directors are approved or rejected. [ESG criteria](#), in particular corporate governance, but also CO₂ emissions, [form the basis](#) for the proxy voting recommendation.

Since 2011, the Substitute Occupational Benefit Institution has exercised its voting rights within all of the Swiss companies in which it is invested. For 2022, this meant that it cast its votes at the Annual General Meetings of [201 Swiss companies](#). The Substitute Occupational Benefit Institution publishes all of the [details](#) of how it voted on its website. In mid-2022, the Substitute Occupational Benefit Institution also began exercising its voting rights in the 500 [foreign companies](#) in which it holds the largest number of shares. As the Substitute Occupational Benefit Institution only began exercising its voting rights after most Annual General Meetings had already been held, it was only able to participate in 52 Annual General Meetings in 2022.

Votes in Swiss shareholdings 2022

Annual General Meetings (AGM)	Number of proposals				
	Number	Total	For	Against	Abstention
Ordinary General Meeting	190	3'700	2'878	822	0
Extraordinary General Meeting	11	43	27	16	0
Total	201	3'743	2'905	838	0

Votes in global shareholdings (July 2022 to December 2022)

Annual General Meetings (AGM)	Number of proposals				
	Number	Total	For	Against	Abstention
Ordinary General Meeting	38	453	329	123	1
Extraordinary General Meeting	14	38	30	8	0
Total	52	491	359	131	1

The Ethos Foundation

The Ethos Foundation brings together more than 220 Swiss pension funds and other tax-exempt institutions. It was established in 1997 to promote sustainable investment and a stable and healthy economic environment.

Source: Ethos

3.2 Commitment: dialogue with companies

The Substitute Occupational Benefit Institution exercises its commitment through the two Ethos Engagement Pools [Switzerland](#) and [International](#). By pooling resources, within the two pools, with other pension funds and investors, the dialogue with the companies is given more weight. This makes constructive dialogue an important element in promoting sustainability – particularly in the area of reducing CO₂ emissions. Constructive dialogue is an important element in promoting sustainability – particularly in the area of reducing CO₂ emissions.

Ethos seeks ongoing dialogue with companies' management bodies on behalf of its members, guided by the values of the [Ethos Charter and international standards](#) (Sustainable Development Goals, UN Global Compact and OECD Guidelines for Multinational Enterprises).

In 2022, the Ethos Engagement Pool Switzerland (EEP Switzerland) engaged in dialogue with the 150 largest listed companies. The over 700 engagement activities carried out focussed on the topics of climate change, corporate governance, employment conditions, the observance of human rights, and sustainability reporting. The topics prioritised in the Ethos Engagement Pool International (EEP International) in 2022 were climate change, biodiversity, human and employee rights, shareholder rights and compensation. Engagement took place predominantly via investor initiatives and in selected cases in direct dialogue with companies. The Substitute Occupational Benefit Institution took part in 32 investor initiatives in 2022.

EEP Switzerland

The Ethos Engagement Pool Switzerland actively engages in dialogue with the 150 largest listed companies on the basis of the [dialogue topics](#) determined annually by the pool members and records the results in a [report](#).

EEP International

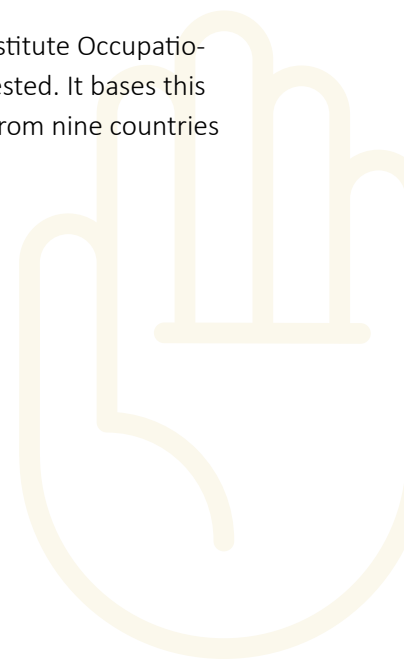
On the one hand, the Ethos Engagement Pool International conducts direct talks with listed companies abroad and, on the other hand, it gets its members involved in international investor initiatives (e.g. Carbon Disclosure Project). The [focal points](#) and the [summary of activities](#) are published in each case.

Source: Ethos

3.3 Exclusion: companies not taken into account

The Substitute Occupational Benefit Institution explicitly excludes from its investment portfolio companies that do not comply with the [Oslo conventions](#) on the prohibition of the manufacture and proliferation of cluster munitions and anti-personnel land mines and the New York Treaty on the Prohibition of Nuclear Weapons. In addition, the Substitute Occupational Benefit Institution adheres to any sanctions regimes imposed by Switzerland and the UN.

Once a year or if extraordinary events so require, the investment committee of the Substitute Occupational Benefit Institution makes a decision on the companies in which it should not be invested. It bases this decision on the [SVVK-ASIR+](#) exclusion list. There are currently a total of 31 companies from nine countries on the [exclusion list](#).



Stiftung Auffangeinrichtung BVG

Standort Deutschschweiz
Elias-Canetti-Strasse 2
8050 Zürich

Fondation institution supplétive LPP

Agence Suisse romande
Boulevard de Grancy 39
1006 Lausanne

Fondazione istituto collettore LPP

Agenzia Svizzera italiana
Viale Stazione 36
6501 Bellinzona

October 2023