

ESG at Zuger Kantonalbank

Stewardship

We are conscious of our responsibility towards the environment, society and future generations. With a holistic approach, we are committed to underpinning our business with ethical principles as well as social and environmental responsibilities, thereby fostering sustainable and beneficial development. By doing so we create added value – for our stakeholder groups and for the environment.

Our approach

Zuger Kantonalbank manages its own investment funds using ESG criteria, to which the entire area of stewardship also belongs. Stewardship (or active ownership) is a responsible investment approach in which investors collaborate and interact with the companies in which they have invested in order to create long-term financial, environmental and social value while at the same time achieving positive, long-term sustainable results.¹ This is mainly done through proxy voting (exercising shareholder voting rights) and engagement (maintaining an active dialogue with companies). The integration of stewardship into the investment process aims to improve the governance of selected companies, thereby reducing ESG risks in a portfolio and making the most of ESG opportunities. This can also help to increase the risk-adjusted portfolio return for investors in the long term.

Stewardship (proxy voting and engagement) is a responsible investment approach in which investors work with selected companies to achieve sustainable long-term results.

Implementation

To meet these requirements, we apply stewardship to our own equity and bond funds, which we largely implement within the framework of the Swiss Stewardship Code and the Principles of Responsible Investment (PRI). For practical implementation, we have delegated stewardship to our fund management company, which in turn works with Columbia Threadneedle Management Limited in London. By involving specialised providers who implement the relevant measures on behalf of

shareholders, it is possible to exert an influence even on large companies that operate on a global scale. This also has the advantage that the interests of different investors can be bundled, thereby making the influence on the selected companies that much greater and more efficient. Columbia Threadneedle Management Limited implements proxy voting and engagement in the case of our equity funds, and engagement for our bond fund. Strategy funds and mandates are exempt from stewardship.

Proxy voting

The exercising of membership rights includes the exercising of voting rights. Voting has the medium to long-term goal of bringing about improvements in corporate governance, in sustainable business operations, and in the social, ethical and environmental responsibility of companies, thereby achieving growth in shareholder value for investors. As proxy, Columbia Threadneedle Management Limited is mandated to exercise the relevant voting rights at all general meetings relating to the relevant subfunds. This creates a uniform philosophy and approach to corporate governance and the exercise of voting rights. The voting guidelines apply to all listed equity portfolios and take into account local requirements.

Engagement

Engagement is defined as a constructive dialogue with companies about ESG risks that could have a material negative impact on their business. The objective of engagement is to promote long-term returns on investment by mitigating risk or making the most of opportunities in connection with ESG factors. This may relate to financial performance, sustainability-related risks and opportunities, as well as other factors such as climate change, environmental responsibility, biodiversity, labour standards, human rights, public health, corporate behaviour and corporate governance. Columbia Threadneedle Management Limited conducts a dialogue with selected companies

¹ Source: Swiss Stewardship Code

in which the relevant subfunds are invested. The aim of this dialogue is to encourage companies to move towards best practice in key ESG areas. This includes adherence to internationally recognized standards such as the UN Global Compact and the Paris Climate Agreement, as well as a number of other guidelines.

Escalation

As a general principle, the aim is to conduct a constructive dialogue with the selected companies with a view to delivering a desired result for all parties involved. However, if the companies do not show progress in matters that are in the best long-term economic interest of shareholders, Columbia Threadneedle Management Limited may consider escalation. Escalation activities take place in cooperation with other investment companies.

There are various options available that can send a clear signal to the companies concerned. These are:

- Collaboration with other investors or stakeholders
- Issuance of public statements
- Submission of shareholder motions
- Direct intervention at the General Meeting
- Exercising of voting rights (proxy voting)
- Partial or complete divestment

Reporting

Zuger Kantonalbank regularly provides documents on its website (www.zugerkb.ch/en/esg) showing the activities associated with stewardship on behalf of Zuger Kantonalbank on the basis of the aggregated holdings of the relevant subfunds.

Publications

Other publications on the subject of ESG can be found on our web page www.zugerkb.ch/en/esg.

We are signatories to or members of the following organisations

Signatory of:



Contact

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