

At BCV, we are guided by the principles of economically, environmentally, and socially sustainable development.

Our Sustainability Report<sup>1</sup> provides details of the many steps we have taken to fulfill our commitment to these principles. These steps include:

- Creating sustainable investment solutions
- Reducing the environmental impact of our work
- Promoting training, equal opportunities, and diversity in the workplace
- Supporting cultural and sporting activities and outreach initiatives

In keeping with this longstanding commitment, our goal is to integrate socially responsible investment principles into all of our investment solutions.

## What is SRI?

Socially responsible investing – or SRI – refers to investment strategies that take into account the environmental, social, and governance (ESG) ramifications of investment decisions.

SRI is underpinned by three types of criteria:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Pollution &amp; waste</li> <li>• Environmental opportunities</li> <li>• Natural resources</li> </ul>	<ul style="list-style-type: none"> <li>• Human capital</li> <li>• Product liability</li> <li>• Stakeholder opposition</li> <li>• Social opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Corporate behavior</li> </ul>

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## Measurable impacts

At BCV, we can help you take a responsible approach to investing by giving you concrete SRI-oriented proposals with measurable impacts. We offer investment solutions that score well in terms of ESG criteria, without this negatively impacting their expected risks or returns. Our SRI value proposition is built around five core measures.

### Core measures

Signatory to the United Nations Principles for Responsible Investment
Negative screening policy
AGM voting
ESG-centric portfolio management
Excluding coal

### Impacts

	BCV is committed to promoting sustainable finance
	Companies involved in illegal activities or major controversies are excluded
	Shareholders vote responsibly at AGMs
	Companies are rewarded for good ESG practices
	Investments underpin the energy transition by reducing CO <sub>2</sub> emissions

<sup>1</sup>Our Sustainability Reports are available at: <https://www.bcv.ch/en/La-BCV/Responsabilite-d-entreprise/Responsabilite-d-entreprise>

## Integrating ESG criteria into asset management

Our five core measures enable us to take a comprehensive approach to SRI.

### 1. Signatory to the United Nations Principles for Responsible Investment

**BCV is a signatory to the United Nations Principles for Responsible Investment (UNPRI), which seek to promote a sustainable financial system.**

The UNPRI, which are geared towards asset owners, asset managers, and intermediaries, are the most comprehensive and credible set of principles out there and the most widely recognized standard within the financial community.

With a view to building a more sustainable financial system, signatories make the following six commitments:

1	We will incorporate ESG issues into investment analysis and decision-making processes.	4	We will promote acceptance and implementation of the Principles within the investment industry.
2	We will be active owners and incorporate ESG issues into our ownership policies and practices.	5	We will work together to enhance our effectiveness in implementing the Principles.
3	We will seek appropriate disclosure of ESG issues by the entities in which we invest.	6	We will each report on our activities and progress towards implementing the Principles.

### 2. Negative screening

**Our negative screening policy excludes companies involved in illegal activities or serious controversies.**

We use two main sources to draw up our list of excluded companies: the Swiss Association for Responsible Investments (SVVK-ASIR) and the MSCI ESG Universal ex Thermal Coal indices.

Sources	SVVK-ASIR list <i>Association of major Swiss institutional investors</i>	MSCI ESG Universal ex Thermal Coal indices <i>MSCI is an index provider</i>
<b>Criteria</b>	<ul style="list-style-type: none"> <li>The Swiss Constitution along with Swiss laws and their implementing ordinances</li> <li>International conventions and agreements (e.g., Ottawa, Oslo, NPT)</li> <li>UN Global Compact</li> </ul>	<ul style="list-style-type: none"> <li>Excluded business activities: controversial weapons (cluster munitions, landmines, and nuclear, biological, and chemical weapons) and coal<sup>1</sup></li> <li>Excluded controversies: human-rights violations, the UN Global Compact, and ILO standards</li> </ul>
<b>Sectors</b>	<ul style="list-style-type: none"> <li>Cluster munitions</li> <li>Landmines</li> <li>Nuclear proliferation</li> <li>Major controversies</li> </ul>	
<b>Exclusions</b>	16 companies excluded	> 350 securities excluded from the MSCI ACWI index <sup>2</sup> (approx. 13% of the investment universe)

<sup>1</sup> All companies that generate at least 30% of their income from coal mining or from coal-fired power generation are excluded from the index.

<sup>2</sup> MSCI All Country World Index (composed of stocks in 23 developed countries and 26 developing countries)

### 3. AGM voting

**We have drawn up guidelines on how to vote at the AGMs of Swiss companies whose stocks are held by our investment funds.**

These guidelines – based on the principles of good governance – were adopted in early 2020. Our in-house committee now decides how to vote on each item on the agenda, after reviewing the recommendations issued by the proxy voter.

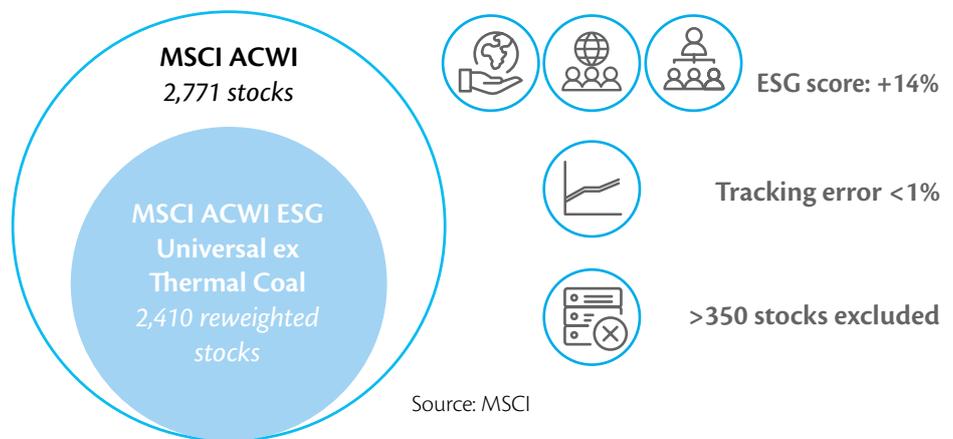
### 4. ESG-centric portfolio management

**We factor ESG criteria into our investment processes by reweighting our portfolios to prioritize companies with good ESG practices.**

To do this, we draw on analyses produced by MSCI Research, an international firm that evaluates and scores major stocks using a tried-and-tested methodology. Selecting stocks in this way enables us to significantly improve our investment products' ESG scores.

In addition, our analyses have shown that we can achieve this without worsening our products' risk-return profiles.

**Example: Standard global equities universe and ESG**



### 5. Excluding coal

**We screen out companies that generate a significant proportion of their income from coal.**

Coal is the dirtiest fossil fuel and alone accounts for nearly 30% of CO<sub>2</sub> emissions. So by targeting coal, we can support the energy transition and reduce our portfolios' carbon footprint. Energy, base metals, and utilities are the main sectors involved.

## Our SRI product range

We take account of ESG criteria when selecting stocks for our investment funds and discretionary management mandates.

The same approach is used when choosing investment products managed by third-party providers. Before we decide to work with an asset manager, we conduct an in-depth analysis of the firm's SRI policy and how it incorporates ESG criteria into its investment products. This helps us ensure that the products we offer are fully transparent in terms of sustainability.

For discretionary management mandates, we systematically choose ESG-compliant products over similar standard products.

## Our partnership with the University of Lausanne

BCV Asset Management works closely with the University of Lausanne on SRI-related research that involves:

- Assessing the impacts that SRI has on institutional portfolios
- Developing tools to more easily integrate ESG criteria into portfolio-management processes
- Coming up with more sustainable ways of managing real-estate portfolios

Through this partnership, we can help you better understand the often-complex SRI market and how SRI criteria can inform your investment decisions.

### Contact

For more information, contact us at 021 212 20 51 (Lausanne office) or 044 388 71 30 (Zurich office).

[www.bcv.ch/en/invest](http://www.bcv.ch/en/invest)

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