



# SWISS RESPONSIBLE INDICES

SWISS EQUITIES AND CHF BONDS ESG  
INDICES "POWERED BY ETHOS",  
CALCULATED BY SIX

January 2025



# ●ethos

1. Ethos today
2. Ethos indices
3. Swiss Responsible Equity Index (SREI)
  - 3a) Methodology
  - 3b) Composition
  - 3c) Performance
4. Swiss Responsible Bond Index (SRBI)
  - 4a) Methodology
  - 4b) Composition
  - 4c) Performance



## THE ETHOS GROUP - PIONEER OF SRI\* IN SWITZERLAND SINCE 1997

WWW.ETHOSFUND.CH



### OUR RAISON D'ÊTRE

- Promotion of socially responsible investing (SRI)
- Fostering of a stable and prosperous socio-economic environment



### OUR SERVICES

- Exercise of voting rights
- Shareholder dialogue
- ESG analyses
- Investment solutions (funds & indices)
- Reporting solutions
- Education



### OUR MEMBERS

- Over 250 pension funds
- Represents approx. 2 million insured persons
- Approx. one third of 2nd pillar assets in Switzerland

## WHAT SETS ETHOS APART

### OPINION LEADER WITH OVER 25 YEARS' EXPERIENCE IN SUSTAINABILITY

#### INDEPENDENCE

- Non-profit organisation, founded by and for pension funds
- Financed exclusively by the clients of Ethos Services
- Fully independent of the analysed companies

#### PROFESSIONALISM

- Excellent knowledge of the companies, in particular through the exercise of voting rights and shareholder dialogue
- Approx. 40 employees in Geneva and Zurich, including more than 20 analysts
- Collaboration with internationally recognised institutional partners

#### TRANSPARENCY

- Own corporate governance documents (Charter, SRI Principles, annual report and accounts, etc.)
- Communication of voting recommendations five days before general meetings
- Engagement topics with the companies

**SYNERGIES BETWEEN THE ACTIVITIES, ALL DEDICATED TO SRI**  
**A GLOBAL APPROACH CONTRIBUTING TO A SOLID COMPANY KNOWLEDGE**

**ETHOS INVESTMENT SOLUTIONS**

approx. CHF 5.4 billion as of 31.12.2024

of which approx. CHF 1.7 billion replicating Ethos indices (funds and mandates)

<b>SUSTAINABILITY ANALYSIS</b>	<b>PROXY VOTING</b>	<b>SHAREHOLDER DIALOGUE</b>
<p><b>Covered universe</b>            SPI            SBI AAA-BBB            MSCI World            MSCI EM Top 250</p>	<p><b>Covered universe</b>            SPI            MSCI Europe (ex CH) Top 200            MSCI NAM Top 200            MSCI Asia Pacific Top 100            and more</p> <p>&gt; 230 clients (approx. CHF 60 bn)</p>	<p><b>Ethos Engagement Pool Switzerland</b>            189 members</p> <p><b>Ethos Engagement Pool International</b>            117 members</p> <p><b>Engagement Services</b>            Various banks and asset managers</p>
<p>Analysis of over 2,000 companies            and issuers</p>	<p>Analysis of over 800 companies</p>	<p>Universe of 2,000 companies</p>

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## A FAMILY OF SUSTAINABLE INDICES DEVELOPED BY ETHOS, CALCULATED BY SIX AND MSCI [DIRECT LINK](#)

SWISS EQUITIES

CHF BONDS

INTERNATIONAL EQUITIES

### ESG INDICES

#### **SREI**

Launched in 2024

#### **SRBI**

Launched in 2024

#### **Ethos Index on MSCI World**

+0.19% p.a. since 2015\*

### GOVERNANCE INDICES

#### **ESCGI**

+0.38% p.a. since 2017\*

#### **ESCGI Large**

+0.57% p.a. since 2019\*

Assets under management replicating all Ethos indices:

**CHF 1.7 bn** as of 31.12.2024

\*Annualised outperformance at 31.12.2024 compared with the reference index since the index was launched. Past performance is not indicative of future performance.

## SWISS RESPONSIBLE INDICES

### NEW ESG INDICES «POWERED BY ETHOS», CALCULATED BY SIX

- Ethos launches two new sustainability indices in 2024:
  - › A Swiss equity index: [Swiss Responsible Equity Index \(SREI\)](#)
  - › A CHF bond index: [Swiss Responsible Bond Index \(SRBI\)](#)
- Ethos aims to promote investment in and financing of issuers whose extra-financial performance is more sustainable than that of their peers.
- These sustainable indices are based on the SPI and SBI AAA-BBB indices and exclude companies/issuers whose ESG practices are deemed insufficient by Ethos.
- These indices allow investors to reduce the ESG risks of their investments while maintaining a diversified exposure to the Swiss equity and CHF bond markets (low tracking error compared to the base indices).



## NEW ESG INDICES "POWERED BY ETHOS", CALCULATED BY SIX

	SREI	SRBI
BASIS UNIVERSE	SPI	SBI AAA-BBB
MIN. ESG RATING	B+	B+
EXCLUSIONS	According to the Ethos Charter*	According to the Ethos Charter* & asset-backed securities
WEIGHTING	Market capitalisation**	Market value
REBALANCING	Annual (September)	Monthly
LAUNCH DATE	29.12.2023	28.03.2024
PERFORMANCE START DATE***	24.09.2018	01.01.2019
NUMBER OF ISSUERS IN THE INDEX (BASIS UNIVERSE) AS OF 31.12.2024	139 companies (SPI: 201)	277 issuers (SBI AAA-BBB: 350)
WEIGHT OF NON INCLUDED ISSUERS	1.6%	6.4%

\* This includes companies that do not fulfil the criteria of the Swiss Association for Responsible Investment (SVVK-ASIR) and/or the principles of the UN Global Compact (UNGC).

\*\* Free float adjusted. Maximum weight per security (cap): 20%.

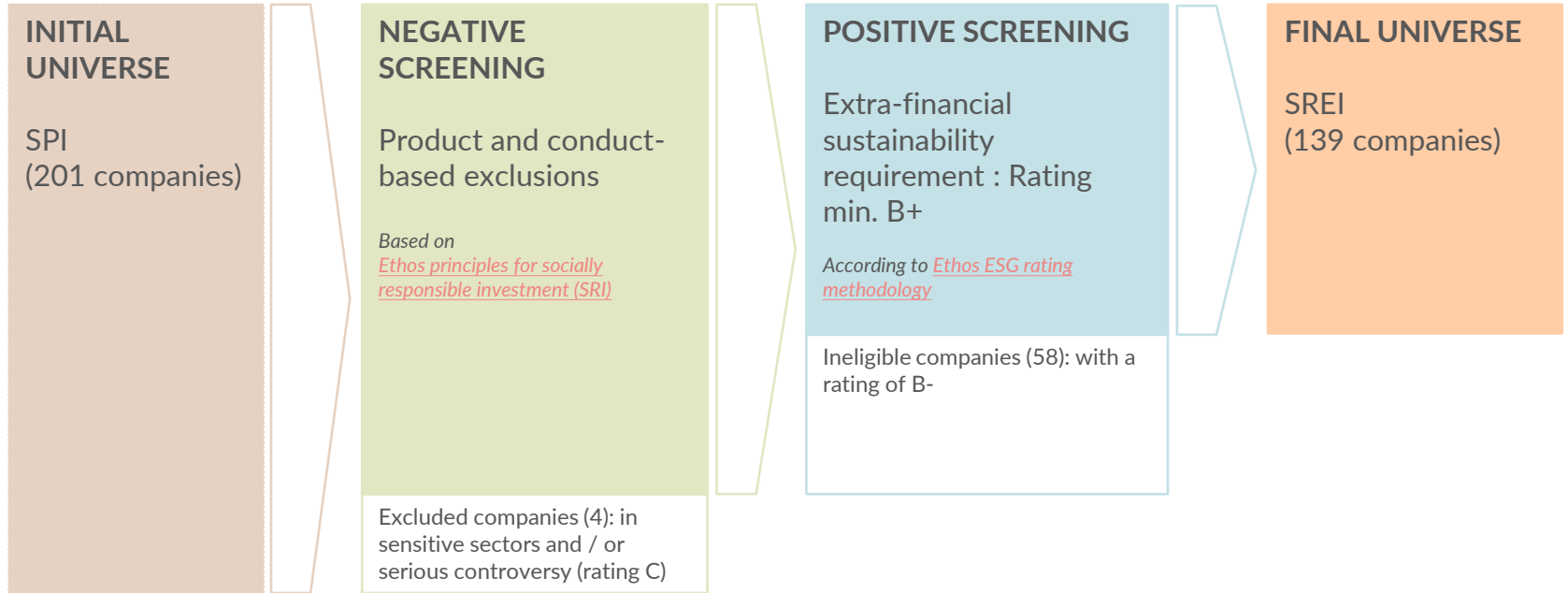
\*\*\* The performance until launch date is a backtested performance calculated by SIX.

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## CONSTRUCTION PROCESS OF THE SREI DATA AS OF 31.12.2024



## PRODUCT-SPECIFIC EXCLUSIONS

CRITERION: REVENUES FROM THE FOLLOWING SECTORS > 5%

	Conventional weapons
	Non-conventional weapons (systematically excluded)
	Gambling
	Genetically modified organisms (GMOs) in agrochemical industry
	Nuclear energy
	Adult entertainment

	Tobacco
	Thermal coal
	Oil sands
	Fossil fuels extracted by hydraulic fracturing
	Arctic oil and gas
	Transport in oil and gas pipelines and storage of unconventional fossil fuels



## CONDUCT-BASED EXCLUSIONS

### CRITERION: AT LEAST ONE MAJOR CONTROVERSY

#### CATEGORIES OF CONTROVERSIES

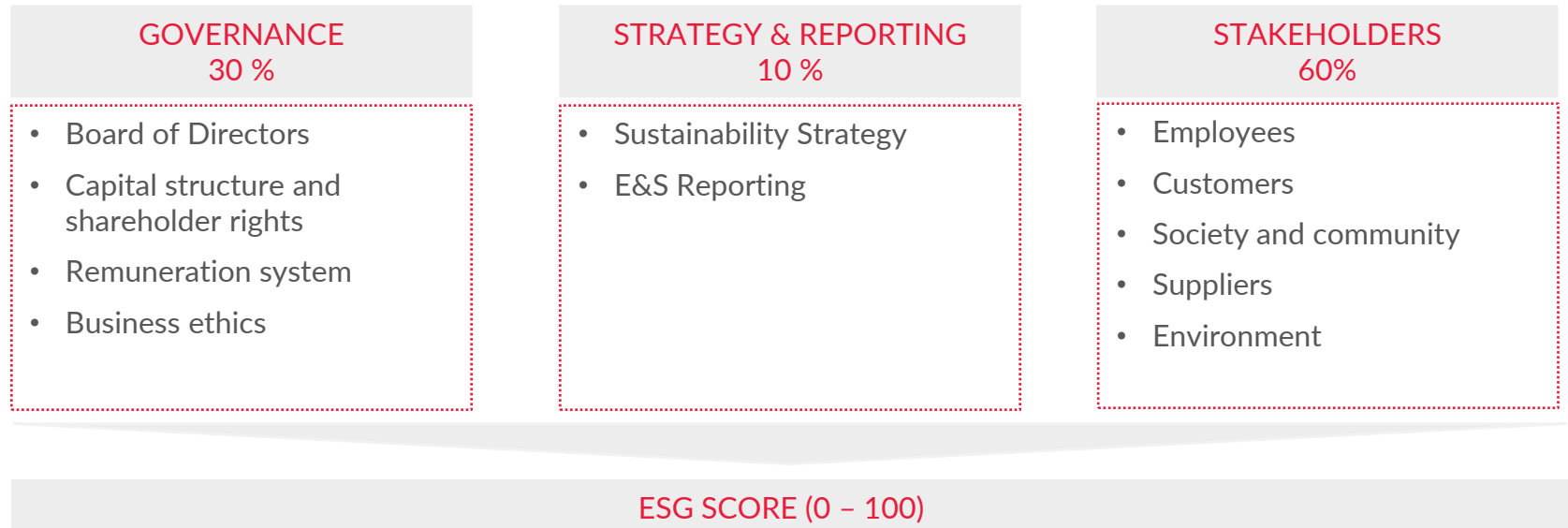
- **ENVIRONMENT:** serious environmental damage such as pollution, deforestation, etc.
- **SOCIAL:** human rights violations, child labor, etc.
- **GOVERNANCE:** functioning of the board of directors, remuneration, etc.
- **BUSINESS ETHICS:** Cartel and market manipulation, corruption, etc.
- **PRODUCTS:** product safety, controversial financing and investments, etc.

#### CLASSIFICATION OF CONTROVERSIES

- **INDIVIDUAL:** the company faces accusations for acts it alone has committed.
- **TRANSVERSAL:** the same problem affects several companies at the same time, to similar degrees or with significant variations between the companies concerned.

## ETHOS ASSESSMENT METHODOLOGY (I)

### QUANTITATIVE ESG-SCORE



For each of the 3 pillars, there are indicators common to all sectors, as well as indicators specific to one (or more) sector(s). The weighting of the indicators varies according to the company's sector and country.

## ETHOS ASSESSMENT METHODOLOGY (II) FROM ESG SCORE TO ESG RATING

		ESG SCORE (z-score compared with companies in the same sector)			
		Below -1 standard deviation	Below mean	Above mean	Above +1 standard deviation
		MAXIMUM LEVEL OF CONTROVERSY	none / minor	B-	B+
moderate	B-		B+	A-	A-
serious	B-		B-	B+	B+
severe	B-		B-	B-	B-
major	C		C	C	C

Investment universe

\* The company is involved in one or more cases with damage considered particularly significant. Note that the frequent occurrence of serious controversies may constitute a severe controversy.

\*\* The company is involved in one or more cases with uncontrolled damage of extremely serious scope. These generally reflect common practice within the company and may be in violation of international law.

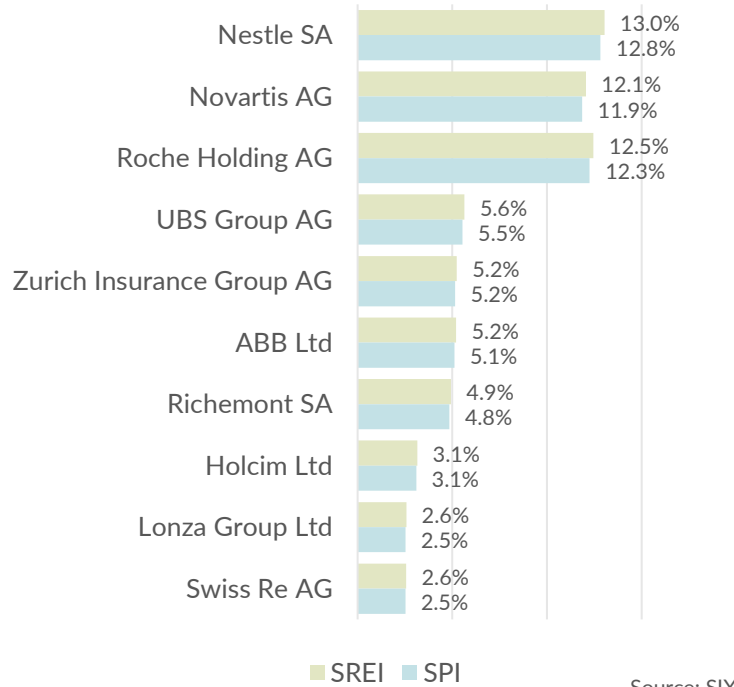
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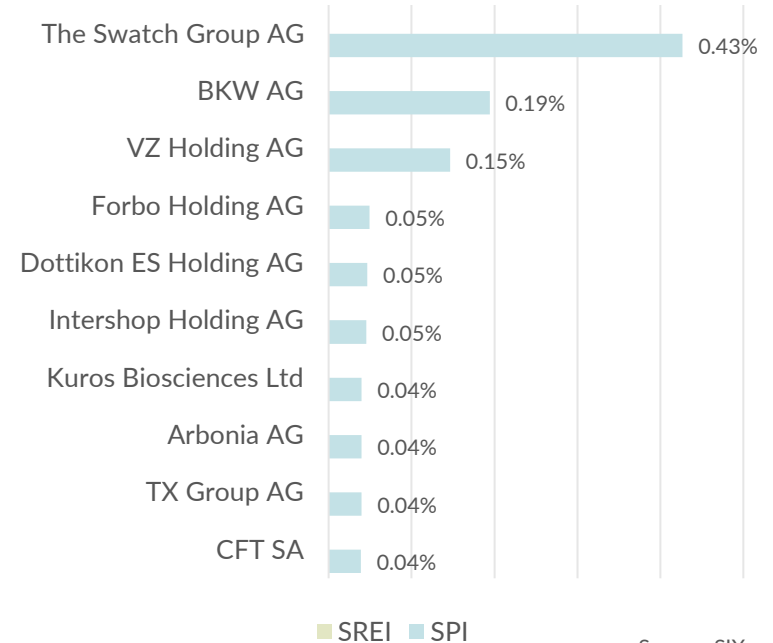




## SREI'S 10 LARGEST POSITIONS AND 10 LARGEST EXCLUSIONS AS OF 31.12.2024

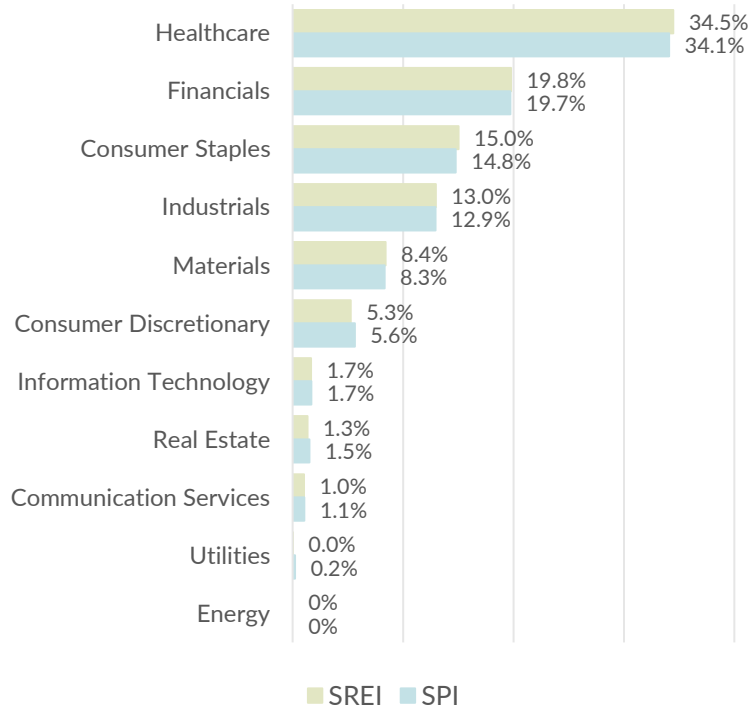


Source: SIX

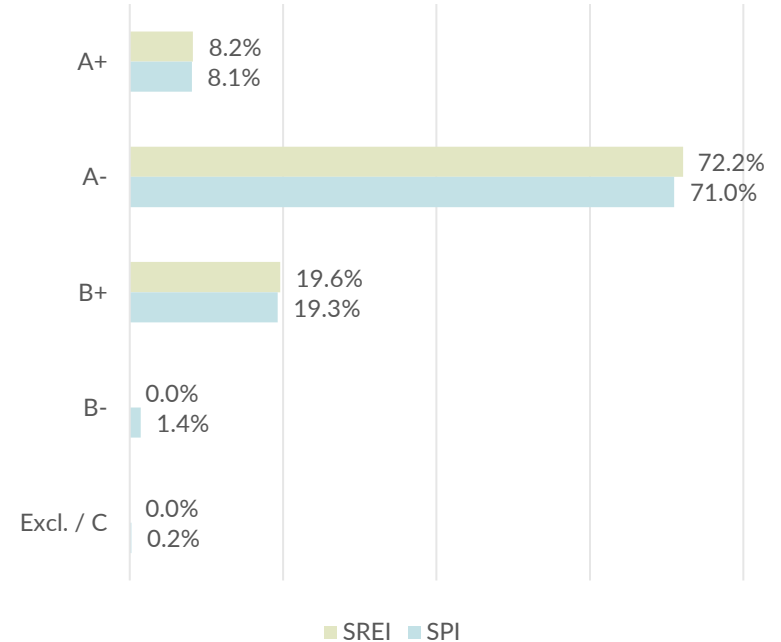


Source: SIX

## BREAKDOWN BY SECTOR (GICS) & ETHOS ESG-RATING AS OF 31.12.2024



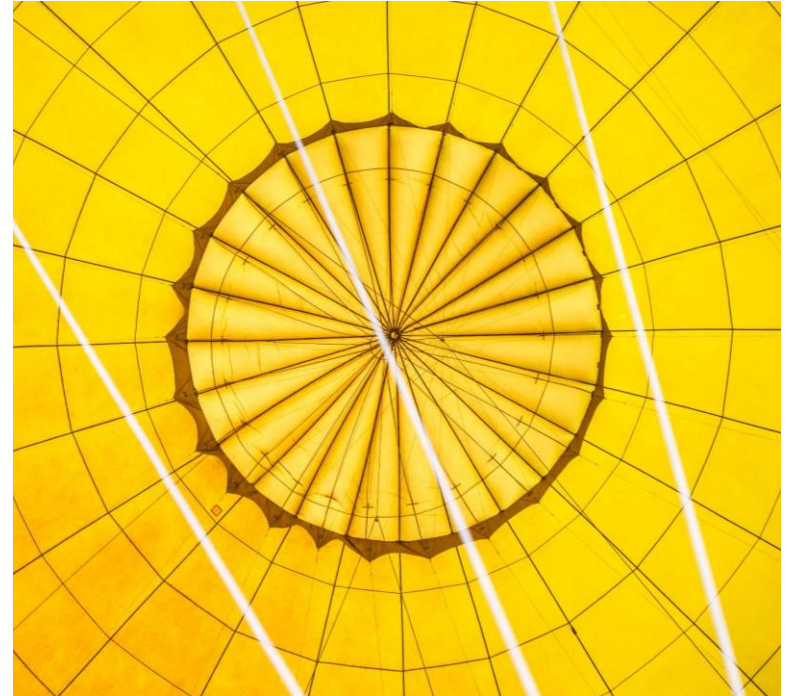
Source: Morningstar Direct, SIX



Source: Ethos, SIX

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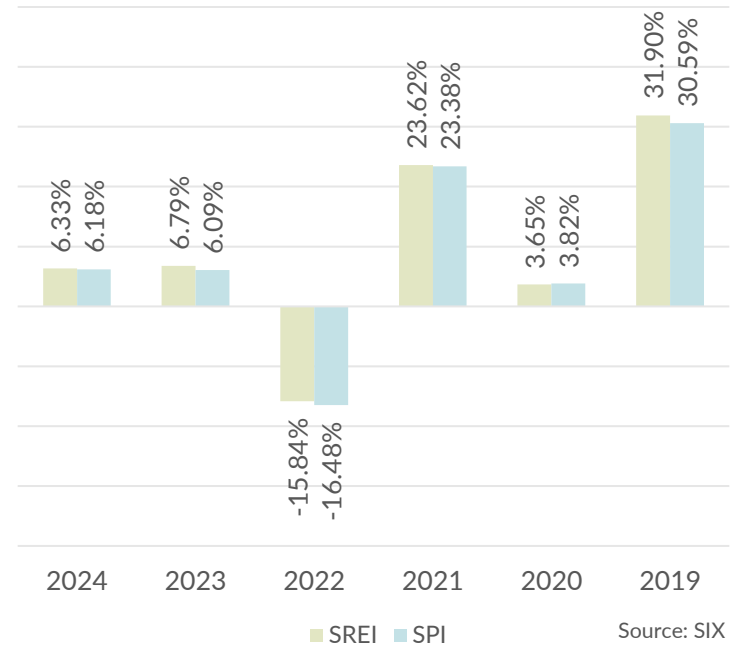
## SREI\* VS SPI PERFORMANCE FROM 24.09.2018 TO 31.12.2024



Source: SIX

\*The index performance between September 24, 2018 and December 29, 2023 is a "backtested" performance calculated by SIX. The date of 24.09.2018 corresponds to the annual rebalancing of the SPI by SIX. Historical performance is not indicative of future performance.

## SREI\* VS SPI PERFORMANCE AS OF 31.12.2024



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## PERFORMANCE ATTRIBUTION SREI\* VS SPI FROM 24.09.2018 TO 31.12.2024

- Stock selection explains almost 80% of SREI's outperformance since September 24, 2018, the date of the SPI's annual rebalancing by the SIX.
- The biggest contributors to outperformance are the stocks excluded from the index, in particular Credit Suisse and Swatch Group.

Best Selections					Worst Selections						
	GICS Sector	Weight +/-	Return +/-	Effect		GICS Sector	Weight +/-	Return +/-	Effect		
1	Credit Suisse Group AG	Financials	-1.12	-153.86	3.81	1	Also Holding AG	Information Technology	-0.08	152.74	-0.11
2	The Swatch Group AG Bearer Shares	Consumer Discretionary	-0.43	-88.35	0.64	2	Temenos AG	Information Technology	0.04	-51.25	-0.07
3	Zurich Insurance Group AG	Financials	0.41	70.42	0.38	3	Kuros Biosciences Ltd	Health Care	0.00	211.14	-0.04
4	Compagnie Financiere Richemont SA Class	Consumer Discretionary	0.66	49.52	0.35	4	Accelleron Industries AG Ordinary Shares	Industrials	-0.02	103.82	-0.03
5	Vifor Pharma AG	Health Care	-0.24	-54.85	0.33	5	Romande Energie Holding SA	Utilities	0.03	-117.97	-0.03
6	The Swatch Group AG	Consumer Discretionary	-0.16	-86.31	0.23	6	EFG International AG	Financials	-0.04	35.54	-0.02
7	Sika AG Registered Shares	Materials	-0.02	-105.45	0.15	7	Swissquote Group Holding SA	Financials	-0.04	310.74	-0.02
8	DocMorris AG	Consumer Staples	-0.07	-96.14	0.13	8	GAM Holding AG	Financials	0.00	-157.17	-0.02
9	ABB Ltd	Industrials	0.19	101.37	0.11	9	Meyer Burger Technology AG	Information Technology	0.00	-89.13	-0.02
10	Swiss Life Holding AG	Financials	0.11	92.26	0.09	10	SoftwareONE Holding AG Ordinary Shares	Information Technology	-0.01	1.11	-0.02

Source: Morningstar Direct, SIX

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## KEY RISK-RETURN FIGURES SREI\* VS SPI BASED ON MONTHLY DATA AS OF 31.12.2024

10.2018 - 12.2024	SREI	SPI
RETURN P.A.	6.43%	5.91%
EXCESS RETURN P.A.	0.49%	
VOLATILITY (ST DEV)	12.61%	12.54%
SHARPE RATIO	0.57	0.53
TRACKING ERROR	0.38%	
INFORMATION RATIO	1.29	
BETA	1.01	1.00
MAXIMUM DRAWDOWN	-19.48%	-19.93%

Source: Morningstar Direct, SIX



[Direct link to our website & factsheet](#)

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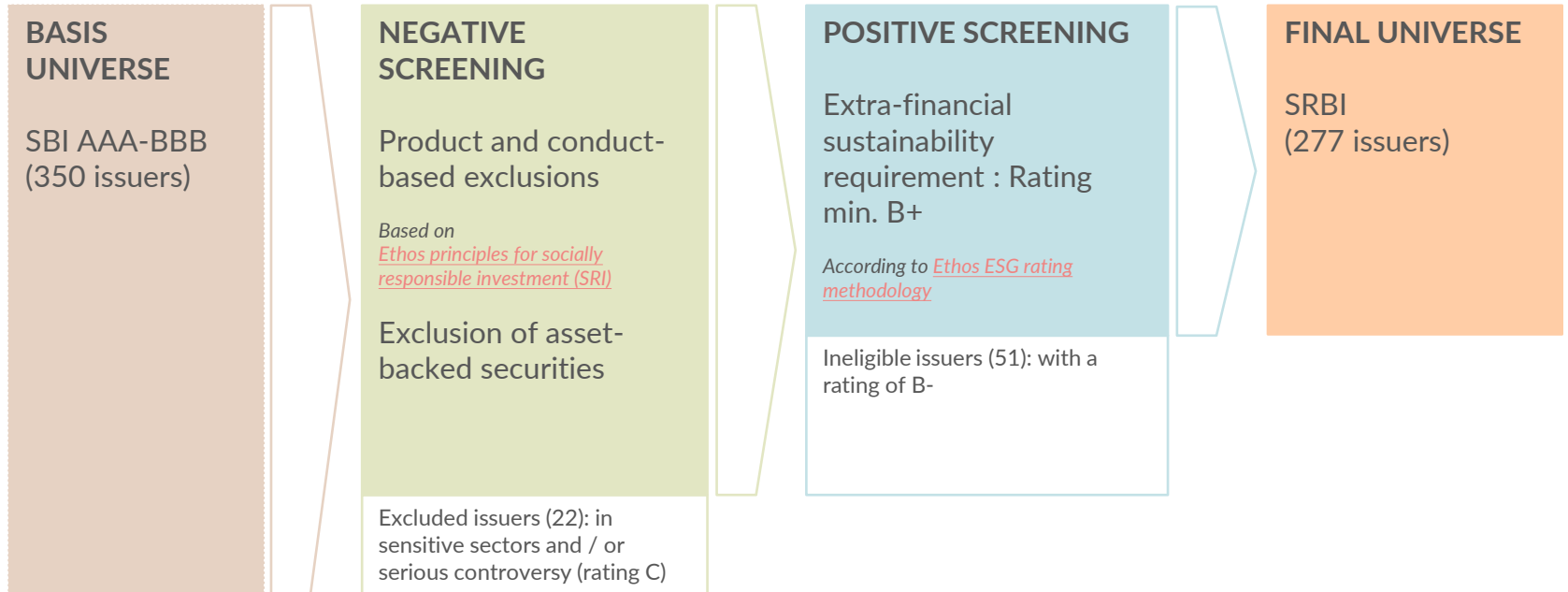
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## CONSTRUCTION PROCESS OF THE SRBI DATA AS OF 31.12.2024



- ethos

## ETHOS ASSESSMENT METHODOLOGY

DIFFERENT APPROACHES DEPENDING ON THE TYPE OF ISSUER

LISTED  
ISSUERS

Approach identical to SREI

See slides 12-15

UNLISTED  
ISSUERS

Approaches specific to SRBI

Next slides

SOVEREIGN  
ISSUERS

## ETHOS ASSESSMENT METHODOLOGY

### UNLISTED ISSUERS

SECTOR ASSESSMENT		COMPANY-LEVEL ASSESSMENT					FINAL ESG RATING
CONTRIBUTION TO THE ASSESSMENT OF SUSTAINABLE DEVELOPMENT	ESG RATING	IMPACT OF PRODUCTS & SERVICES	ENVIRONMENTAL AND SOCIAL STRATEGY	STAKEHOLDERS	GOVERNANCE	ESG CONTROVERSIES	
Exceptional / Long term	A+	The qualitative assessment of a company's extra-financial performance can have an impact on the sector rating of products and services. <ul style="list-style-type: none"> <li>• Positive: if the company significantly outperforms its peers</li> <li>• Negative: if the company significantly lags its peers, is exposed to ESG controversies and/or has poor governance practices.</li> </ul>					A+
Positive/ transitional	A-						A-
Neutral / not significant	B+						B+
Negative	B-	Exposure to major ESG controversies					B-
		>5% of revenues in sensitive sectors					C
							EXCL.

Investment universe

## ETHOS ASSESSMENT METHODOLOGY (I)

### SOVEREIGN ISSUERS

#### ENVIRONNEMENTAL PERFORMANCE

- GHG emissions per capita
- Ecological footprint per capita
- Level of water stress
- Access to clean and affordable energy
- Vulnerability to climate change

#### SOCIAL PERFORMANCE

- Respect of human rights
- Voice and accountability
- Income inequality
- Human development index
- Gender inequality index

#### GOVERNANCE PERFORMANCE

- Control of corruption
- Political stability
- Government effectiveness
- Rule of law
- Quality of regulation

ESG SCORE (0 – 100)

These indicators are drawn from a variety of independent data sources, guaranteeing a solid approach with broad coverage while limiting data availability times (World Bank, UNDP, SDG Transformation Center, World Inequality Lab, Notre-Dame Global Adaptation Initiative, etc.).

## ETHOS ASSESSMENT METHODOLOGY (II)

### SOVEREIGN ISSUERS

	ESG SCORE (z-score compared with other sovereign issuers)			
	Below -1 standard deviation	Below mean	Above mean	Above +1 standard deviation
ESG rating based on ESG score	B-	B+	A-	A+
Downgrade if among the 10% worst performers on the E, S or G pillar	B-	B-	B+	A-
Exclusion*	C	C	C	C

Investment universe

NOTE: Local issuers (such as cantons, provinces and states) are classified one level lower than the country in question.

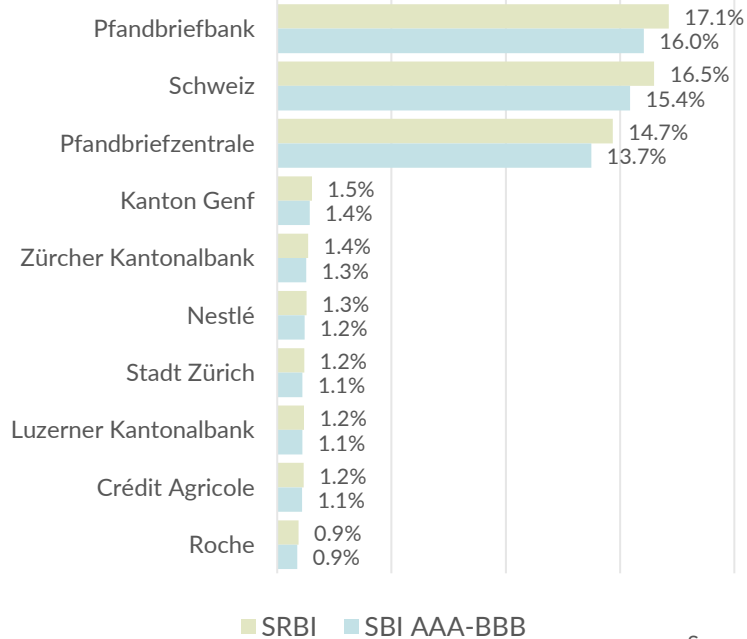
\* Countries subject to international sanctions, major social violations or which have not ratified the main international treaties on weapons of mass destruction.

## ● ethos

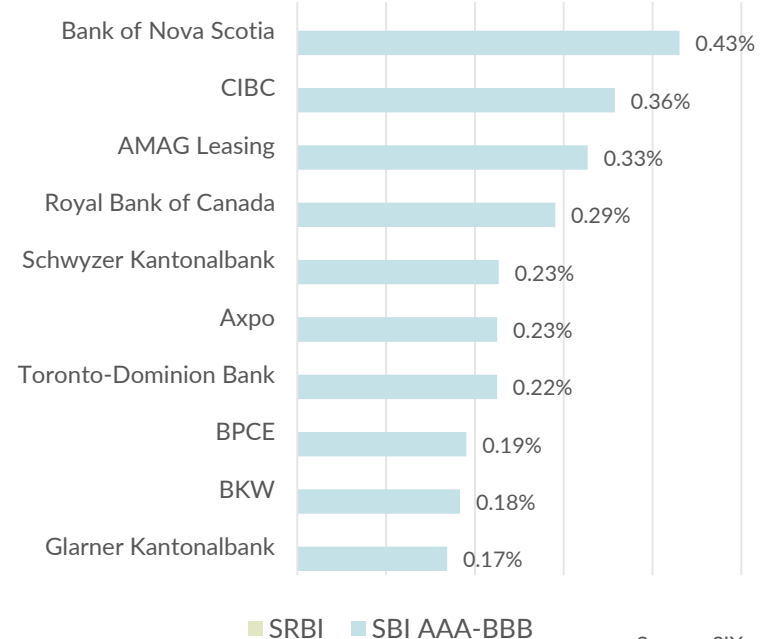
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## 10 LARGEST ISSUERS & 10 LARGEST ISSUERS NOT INCULDED IN SRBI AS OF 31.12.2024

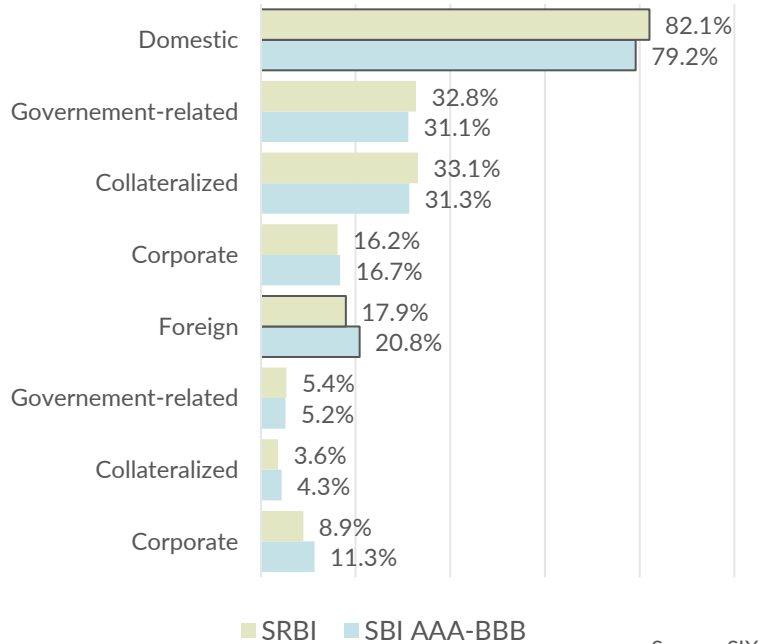


Source: SIX

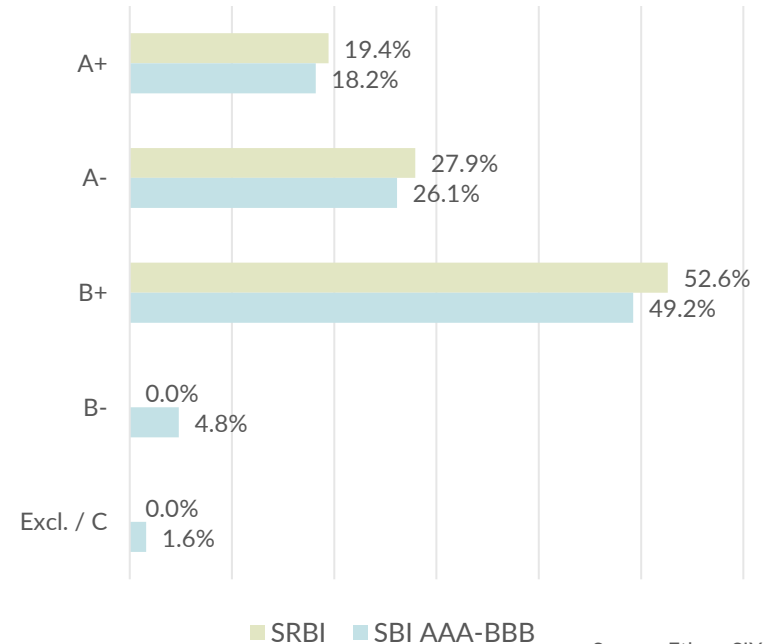


Source: SIX

## BREAKDOWN OF ASSETS BY DOMICILE AND CATEGORY & BY ETHOS RATING ESG AS OF 31.12.2024



Source: SIX



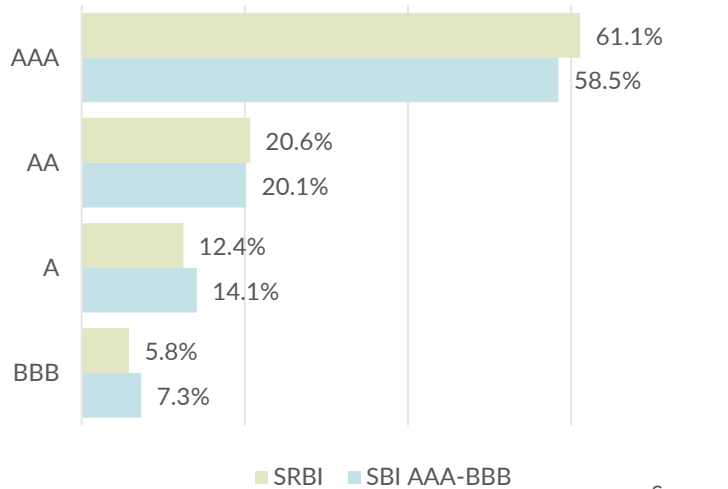
Source: Ethos, SIX



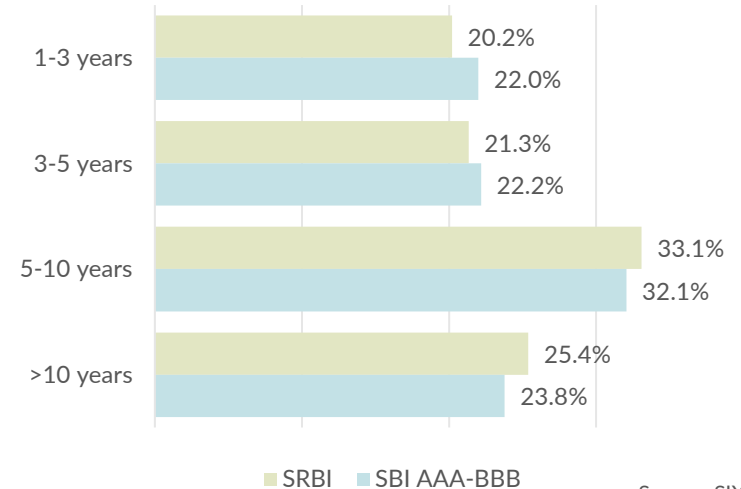
## BREAKDOWN BY COMPOSITE SIX RATING AND MATURITY AS OF 31.12.2024

	SRBI	SBI AAA-BBB
Yield to maturity	0.64%	0.65%

	SRBI	SBI AAA-BBB
Macaulay duration (years)	7.48	7.22



Source: SIX



Source: SIX

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## SRBI\* PERFORMANCE VS SBI AAA-BBB

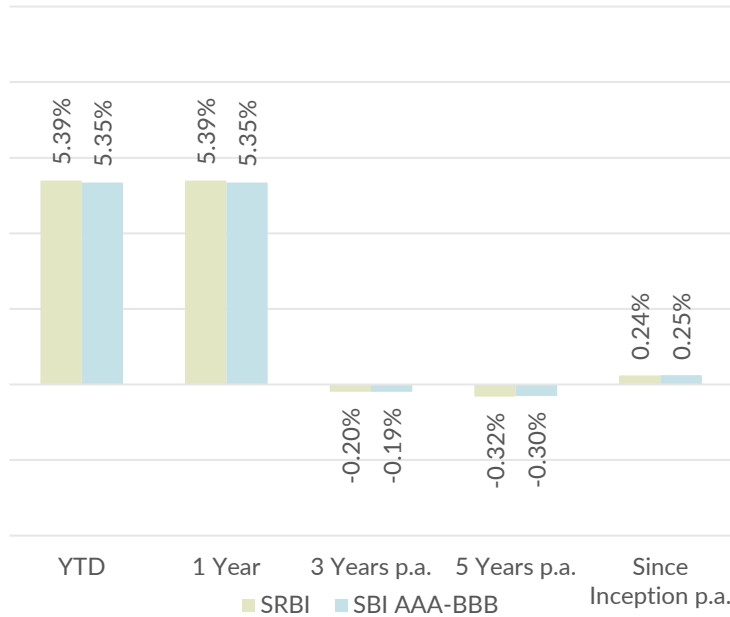
01.01.2019 TO 31.12.2024



Source: SIX

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## SRBI\* PERFORMANCE VS SBI AAA-BBB AS OF 31.12.2024



Source: SIX

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**SRBI\* KEY RISK/RETURN FIGURES VS SBI AAA-BBB**  
**BASED ON MONTHLY DATA AS OF 31.12.2024**

01.2019 - 12.2024	SRBI	SBI AAA-BBB
RETURN P.A.	0.24%	0.25%
EXCESS RETURN P.A.	0.00%	
VOLATILITY (ST DEV)	5.05%	4.92%
SHARPE RATIO	0.09	0.09
TRACKING ERROR	0.19%	
INFORMATION RATIO	-0.02	
BETA	1.03	1.00
MAXIMUM DRAWDOWN	-16.29%	-15.91%

Source: Morningstar Direct, SIX



[Direct link to our website & factsheet](#)

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