

Engagement Report
2018



The association provides services to its members that enable them to holistically act responsibly towards the environment, the economy and society through their investment decisions.

Editorial



Hubert Niggli
SVVK-ASIR President 2018 & Head Asset
Management, Suva

Hubert Niggli studied and worked as a research assistant at the Institute of Particle Physics at ETH Zurich where he received his doctorate (PhD) in physics in 1998 and subsequently spent a research period in Berkeley, California. Niggli then joined Zurich Reinsurance in 2009 as a risk analyst and underwriter for non-traditional reinsurance. In 2003, he moved to Suva to head the Risk Management and Quantitative Research department and later took on a new role as Head of Finance in February 2006 where he is responsible for investments, securities administration and reporting as well as accounting.

Hubert Niggli is a CFA and FRM Charterholder.

Dear readers,

Exactly three years ago the Swiss Association for Responsible Investment (SVVK-ASIR) was founded with the intention to make sustainable investing more efficient for responsible investors. From the beginning, the institutional members of SVVK-ASIR set clear goals to find a collaborative approach to addressing social and sustainability issues in the corporate space. We have accomplished a great deal since then. Through democratic consensus, the normative basis was established, which is a legal framework that states the norms and values of the Swiss population with regard to responsible investing. It provides standards for assessing investments in accordance with environmental, social, and governance (ESG) criteria.

With these standards set in stone, we turned our attention to delivering key services to our members, enabling them to create investment portfolios that align with their beliefs. Our services include company screening, exclusion recommendations for divestment and most importantly, an engagement process that was developed in collaboration with over 200 institutions. Actively engaging with companies allows us to provide our members with more detailed assessments. It has also allowed us to initiate dialogues with divesting companies who have the potential to make a social and environmental difference.

Our greatest milestone is that we as an association are now perceived as experts in responsible investing across Switzerland. In fact, SVVK-ASIR has officially become the point of contact for banks, insurance companies and governments seeking views of Swiss institutional investors in this area. We have our founding members and partners to thank for what we have achieved thus far.

Finally, international institutions like the EU, UN and OECD are calling on investors to join the fight against global issues such as climate change, poverty and child labor, as these problems have a better chance of being solved if everyone pulls together. Moving forward, we will continue to actively engage in these global initiatives.

The greatest challenge will be to find common ground despite the differences in priorities among the various parties involved. We mustn't lose sight of the fact that we are all shooting for the same thing, namely progress in social, environmental and governance practices.

Happy reading,

Hubert Niggli
SVVK-ASIR President 2018

1.0

2.0

3.0

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The association aims to provide services to its members that enable them to holistically act responsibly towards the environment, the economy and society through their investment decisions.

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Normative basis: the SVVK-ASIR framework

1.0

National regulators and governments in Switzerland are becoming more and more focused on how appropriate and transparent governance structures can support a higher degree of integrity and ethical behavior. Against this backdrop, a legal framework was established that reflects the democratic consensus on sustainability issues.

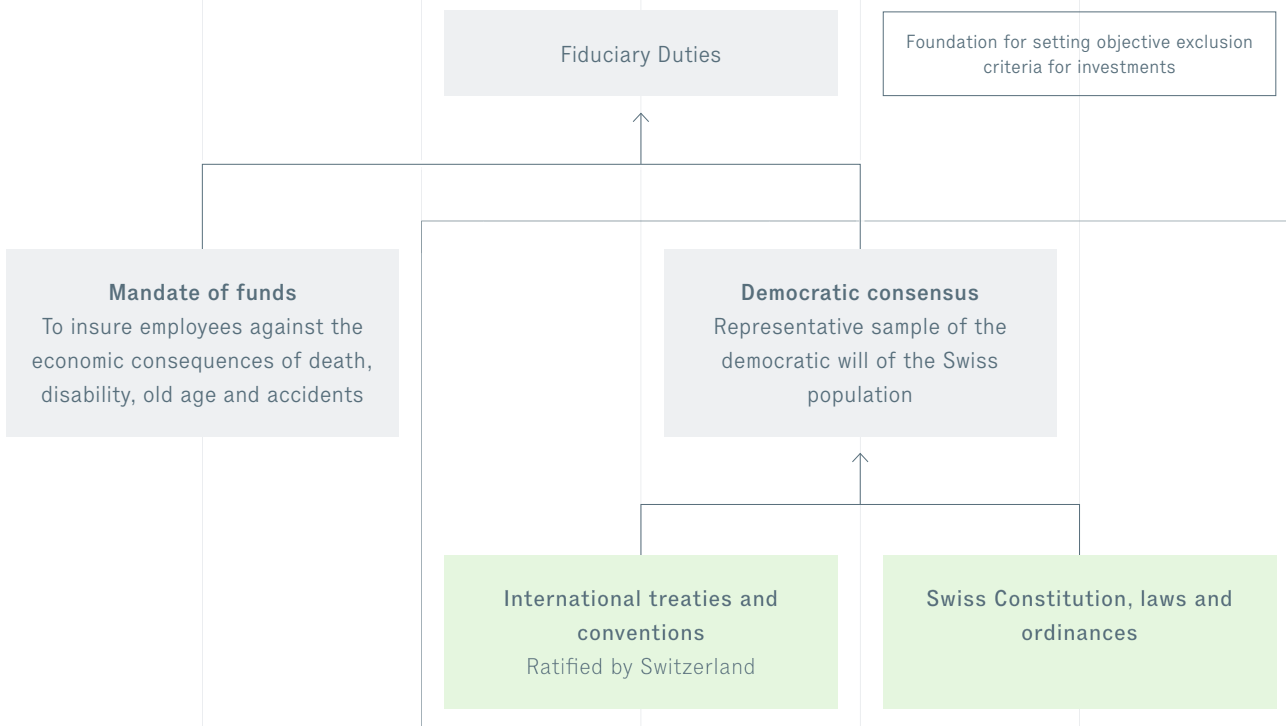
In providing services for a large and representative part of the Swiss population, the founding members of SVVK-ASIR (Swiss Association for Responsible Investment) saw it as natural to take the laws and regulations resulting from the democratic consensus as well as international agreements and conventions (e.g. the Convention on Cluster Munitions) into consideration as the basis for the definition of objective and recognized ESG (Environmental, Social and Governance) criteria. The international agreements concluded by Switzerland also largely align with the 10 principles of the United Nations Global Compact, to which more than 8,000 companies from 145 countries belong.

Principles

Human rights	1.	Business should proclaim the protection of international human rights, support, respect and
	2.	make sure they are not complicit in human rights abuses.
Labor law	3.	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining, and also for
	4.	the elimination of all forms of forced and compulsory labor;
	5.	the abolition of child labor; and
	6.	insert the elimination of discrimination in employment and occupation

Swiss norms and values

As shown in the diagram, the legal framework expresses the norms and values of the Swiss population. As such, it is a suitable basis for establishing objective criteria for assessing investments according to ESG principles.



The Swiss Federal Constitution is the primary document for these basic norms, followed by the international conventions related to topics in the field of sustainability that have been ratified and brought into force by Switzerland. The laws and regulations relating to sustainability that have been adopted by the Swiss Federal Council and Parliament are to be observed.

List of legal instruments

Name ¹	Swiss reference ²
Swiss Constitution	101
Environment	
Rio Declaration on Environment and Development (1992)	N/A
Convention Concerning the Protection of the World Cultural and Natural Heritage (1972)	0.451.41
UN Convention on Biological Diversity (1992)	0.451.43
Convention on Wetlands of International Importance especially as Waterfowl Habitat (1971)	0.451.45
European Convention for the Protection of Animals during International Transport (Revised) (2003)	0.452
Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)	0.453
European Convention for the Protection of Animals kept for Farming Purposes (1976)	0.454
Convention on the Conservation of European Wildlife and Natural Habitats (1979)	0.455
European Convention for the Protection of Pet Animals (1987)	0.456
European Convention for the Protection of Animals for Slaughter (1979)	0.458
European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (1986)	0.475
Vienna Convention for the Protection of the Ozone Layer (1985)	0.814.02
Montreal Protocol on Substances that Deplete the Ozone Layer (1990)	0.814.021
Stockholm Convention on Persistent Organic Pollutants (POPs) (2001)	0.814.03
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989)	0.814.05
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (1972)	0.814.287
Convention for the Protection of the Marine Environment of the North-East Atlantic (1992)	0.814.293
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998)	0.916.21
Paris Agreement (2017)	0.814.012

Name ¹	Swiss reference ²
Swiss Constitution	101
Human Rights	
Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR, 1950)	101
International Covenant on Economic, Social and Cultural Rights (1966)	0.103.1
International Covenant on Civil and Political Rights (1966)	0.103.2
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	104
Convention on the Rights of the Child (1989)	107
Convention on the Rights of Persons with Disabilities (2006)	109
Charter of the United Nations (1945)	120
Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine (1997)	0.810.2
United Nations Declaration on the Rights of Indigenous Peoples (2007)	N/A
Labor Rights	
ILO Declaration on Fundamental Principles and Rights at Work (1988)	N/A
Forced Labour Convention (1930)	0.822.713.9
Freedom of Association and Protection of the Right to Organise Convention (1948)	0.822.719.7
Right to Organise and Collective Bargaining Convention (1949)	0.822.719.9
Equal Remuneration Convention (1951)	0.822.720.0
Abolition of Forced Labour Convention (1957)	0.822.720.5
Discrimination (Employment and Occupation) Convention (1958)	0.822.721.1
Minimum Age Convention (1973)	0.822.723.8
Worst Forms of Child Labour Convention (1999)	0.822.728.2
Governance	
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)	0.311.21
United Nations Convention against Transnational Organized Crime (2000)	0.311.54
United Nations Convention against Corruption (2003)	0.311.56
Swiss Criminal Code	311.0
Banned Weapons	
Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water (1963)	0.515.01
Treaty on the Non-Proliferation of Nuclear Weapons (1968)	0.515.03
Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (1972)	0.515.07
Chemical Weapons Convention (1993)	0.515.08
Convention on Certain Conventional Weapons (1980)	515.091
Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997)	515.092
Convention on Cluster Munitions (2008)	0.515.93
The Arms Trade Treaty (2013)	0.518.61
Federal Act on War Material	514.51

¹ Protocols to international treaties are not mentioned in this table.

² Refers to the official Swiss registry (Systematische Rechtssammlung; Recueil systématique).

An approach beyond financial data.

2.0



Jacqueline Oh
Managing Director

Jacqueline Oh has several years of experience in consulting and business development, having worked at various global Swiss banks in Zurich and Hong Kong. Since May 2016 she has been responsible for establishing and managing the association to ensure the provision of services for its members. As a project manager she is highly instrumental in the implementation of sustainability strategies in the financial sector.

Jacqueline Oh holds a Master's degree in Management and Economics with emphasis on Econometrics from the University of Zurich. She also completed an advanced studies degree in Corporate Finance, Renewable Energy Management and Political Communications.

The Swiss Association for Responsible Investment was founded in December 2015 by a group of major institutional investors. Its aim – to help its members go beyond financial data to make responsible investment decisions based on environmental and social values. Managing Director, Jacqueline Oh, explains the role of the association and how investors benefit from its collaborative services.

The SVVK-ASIR provides services to its institutional members that enable them to make responsible investment decisions toward the environment and society. Why is this important and why can't they achieve this on their own?

Actually, our members are very capable of making sustainably conscious investment decisions on their own, but collaborating is more efficient. 10 to 20 years ago people made investments based on financial analyses only. Today, it's also about non-financial data. A growing number of sustainable investors expect companies to be agents of social change and look to make investments that support their social and environmental values. They want to know, for example, where their food is coming from, how the clothes they're buying are made, what a company's carbon footprint looks like or how a company treats its employees.

What are the implications on long-term assets in general?

Many believe that companies with social and environmental objectives minimize certain vulnerabilities, such as the risk of lawsuits from employees or toxic spills, and look for these goals as predictors of performance. There is growing evidence that integrating environmental, social and governance (ESG) factors into an investment analysis and portfolio construction offers investors potential long-term performance advantages.

What types of services does SVVK-ASIR offer and how do members benefit from them?

Our mandate mainly involves screening companies based on ESG criteria and engaging with the companies investors are invested in. Screening and engaging, as a collaborative approach, is extremely efficient because it allows us to represent many investors at once. It also gives us the opportunity to communicate and share knowledge about some of the issues around ESG. Our members benefit from the insights that come out of these direct company dialogues.

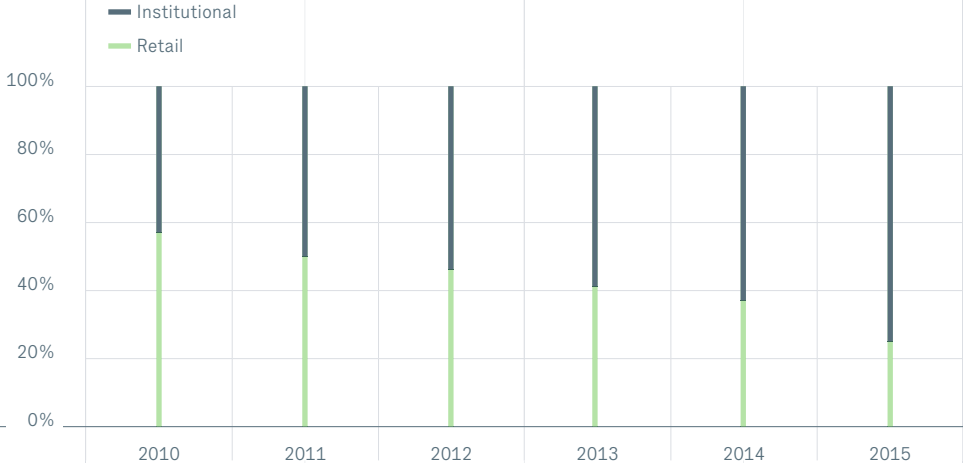
In terms of sustainable investing, how does Switzerland compare to EU countries?

It depends on how you look at it. In terms of private and institutional investors, private clients in Switzerland have increasingly shown a growing interest in sustainable investing over the last decade¹. When it comes to institutional investors, we've seen a significant rise since the initiation of SVVK-ASIR in 2015².

¹ Sustainable Investment Market Report 2010: bit.ly/Sustainable-Investment-2010, page 10

² Sustainable Investment Market Report 2016: bit.ly/Sustainable-Investment-2016

Investors



Institutional vs. Retail (in per cent)

To what extent are Swiss companies familiar with ESG criteria?

Listed companies globally know what ESG criteria are nowadays and most are the taking initiative to meet these standards. This wasn't the case about 10 years ago. This is no different in Switzerland. In fact, Switzerland as a country was highly aware of ESG criteria before its financial industry jumped on board.

Let's talk about the SVVK-ASIR normative basis. What is it and how was it constituted?

The SVVK-ASIR normative basis is a legal framework ratified by the Swiss Federal Constitution that expresses the norms and values of the Swiss population with regard to responsible investing. It serves as the basis for establishing objective and recognized standards for assessing investments in accordance with ESG (Environmental, Social and Governance) criteria. These norms as well as the international conventions related to sustainability have also been adopted by the Swiss Federal Council and Parliament and are to be observed. (see pages 6-7)

Tell us about some of the projects you're currently working on?

Our daily work involves handling company-specific incidents that come up in the conduct-based screenings. But we are also engaging in global initiatives such as child labor problems in the cacao industry and the implementation of the Paris Agreement, which is a UN convention to reduce greenhouse gas emissions and accelerate the transition to a low-carbon economy across industries. We actively approach companies to evaluate and compare KPI's, always keeping our eyes open for best practices.





What has been the most impactful achievement since SVVK-ASIR's initiation?

Establishing exclusion recommendations for divestment has definitely been the achievement with the greatest medial outreach and impact. We are pleased to see financial institutions such as asset managers, other pension funds and index providers following our recommendations. This has also led to an open dialogue with divesting companies who have the power to make a difference.

How is SVVK-ASIR's approach different from other similar asset owners in Switzerland?

We're not offering a service where we simply distribute a general report. The association screens, evaluates and verifies the results in-house in order to deliver tailor-made analysis to our members. As our main aim is to support our members in making responsible investment decisions, we actively initiate dialogues with the companies in question to discuss sustainability issues in relation to ESG criteria. We also make it a point to do onsite visits to investigate company operations. Finally, we interact with NGO's to understand environmental and societal issues holistically. Through our commitment to engagement and our evaluating process, which adheres to specific Swiss standards, as defined in the SVVK-ASIR normative basis, we are in the best position to provide our members with high-quality, comprehensive investment recommendations.

What's in store for the future?

Climate change with a particular focus on companies responsible for emissions and indirect carbon emissions will continue to be an important topic and will certainly keep us busy as we strive to find optimal solutions to implement measures. How sustainability issues in areas such as mobility or plastic will develop in Switzerland and also globally, remains to be seen.

COLLEES

ESG¹⁶
Cacao industry²⁰
Engagement map²⁴
Weapons²⁶
The Paris Agreement²⁸

DRIS

Environment, social and governance (ESG) investing – strategy or hype?

3.1

An analysis of over 200 research papers

80%

of studies show that stock price performance of companies is positively influenced by good sustainability practices

88%

of research shows a positive correlation between sustainability and operational performance

90%

of studies find a relationship that points to sustainability practices reducing a firm's cost of capital

Research shows that companies with high quality ESG strategies deliver superior performance on a range of key business indicators in comparison to their peers. A growing number of investors are beginning to see the long-term value in this.

Of all the acronyms associated with responsible investing, ESG, which stands for environment, social and governance is perhaps the most critical. The recent rise in academic and business research provides evidence to underpin the belief that the highest quality ESG companies deliver superior performance on a range of key business indicators in comparison to their competitors. What's more, studies also show that companies with solid ESG strategies are more equipped to withstand pressures in times of market stress with a greater degree of resilience than weaker-performing ESG peers.

As a consequence, ESG and related types of investing have emerged as key considerations in investment analysis. Global investors and stewards of capital continue to develop investment approaches whereby ESG factors are identified, evaluated and considered in their analysis, monitoring and decision-making processes. For many investors, how a company identifies and manages the risks and opportunities around ESG issues is now a key indicator of the quality of its board, executive management and overall business. A growing number of them believe that environmental, social and corporate governance aspects constitute sources of long-term investment risk and return.

The importance of ESG

Environmental and social factors such as food, water and energy security, access to natural resources, climate change, human rights, and supply chain labor standards present material issues for businesses and the corporate world. Poor prac-



tices in corporate governance — i.e., corruption, a lack of board diversity or executive compensation plans not aligned with investor interests — can also impact shareholder value.

Responsible investing with an ESG approach requires investors and companies to take a wider view and acknowledge the full spectrum of risks and opportunities. Integrating an assessment of financial quality along with ESG quality allows socially conscious investors to form a holistic view of enterprise risk and its ability to deliver long-term value. Such an approach also helps them steer clear of investing in firms with major controversies related to critical issues such as workplace discrimination, animal welfare, toxic emissions and so on.

Why all the fuss?

Perhaps one of the main reasons ESG is on everyone’s radar is because clients are asking for it. Companies worry that unsatisfied clients could lead to adverse publicity. And from an investor’s point of view, holding investments attached to a poor reputation or with some expectation of regulatory clampdowns is just too risky. A recent survey conducted by Ernst and Young revealed to what extent ESG ratings effect investment decisions. 39% of the surveyed investors said they would rule out an investment immediately if a company showed signs of risk or history of poor governance, while 32% said they would react in the same way if human rights were at risk in operations. A whopping 76% of survey respondents would reconsider an investment in cases of risk or history of poor environmental performance, followed by risk from resource scarcity at 75% and risk from climate change at 71%.

ESG integration at SVVK-ASIR

When it comes to complying with ESG criteria, SVVK-ASIR creates the greatest possible transparency for its members by collaborating and engaging in dialogue with the companies in the investment universe. This allows the SVVK-ASIR to integrate ESG criteria as part of the risk management process in the investment activity of its members. Through the various SVVK-ASIR services, founding members can optimize the fiduciary management of client funds in an appropriate and efficient manner – all in the interests of their clients.

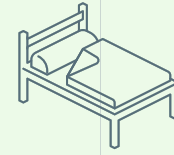
Ernst & Young:
 → bit.ly/Ernst-and-Young

Increasing awareness

The shift towards ESG principles is not only happening at a business level. In 2015, all United Nations Member States adopted an Agenda for Sustainable Development, which includes 17 Sustainable Development Goals to be met by 2030. The UN 2030 Agenda envisages “a world of universal respect for human rights and human dignity, the rule of law, justice, equality and non-discrimination”. The 17 SDGs serve as the blueprint to achieving a fair and more sustainable future for all. The goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice. This UN commitment has played a key role in increasing the awareness of social and environmental issues in industry.

PRI and the birth of ESG

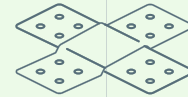
The Principles for Responsible Investment (PRI), supported by the United Nations, is an international network of investors working together to put six key principles into practice. The mindset is that institutional investors have a duty to act in the best long-term interests of their beneficiaries. The aim of PRI is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. Its establishment was instrumental in underlining the importance of integrating ESG (Environmental, Social and Governance) principles in investment management, setting a challenging regulatory backdrop for businesses to adhere to.



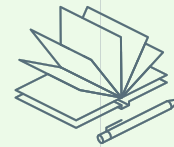
01 No poverty



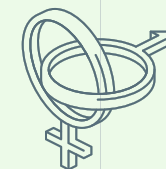
02 Zero hunger



03 Good health and well-being



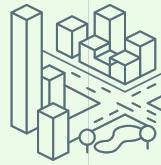
04 Quality education



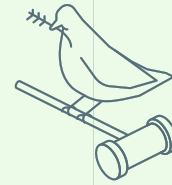
05 Gender equality



06 Clean water and sanitation



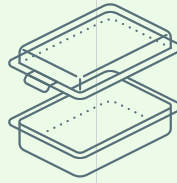
11 Sustainable cities and communities



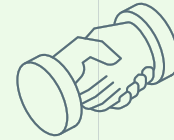
16 Quality education



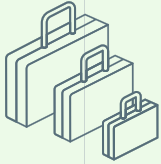
07 Affordable and clean energy



12 Responsible consumption and production



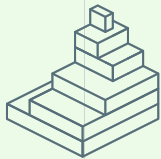
17 Partnerships for the goals



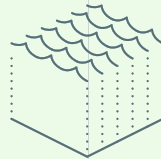
08 Decent work and economic growth



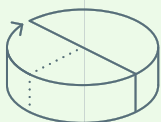
13 Climate action



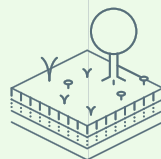
09 Industry, innovation and infrastructure



14 Life below water



10 Reduced inequalities



15 Live on land

17 Sustainable Development Goals

Combating child labor in the cacao industry

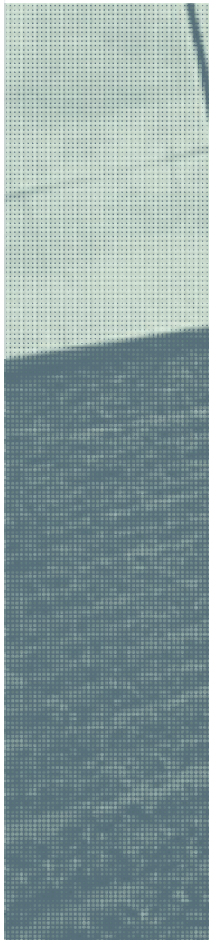
3.2

For many years, the cocoa industry has been criticized for its association with child labor in supply chains, particularly on the Ivory Coast of West Africa and in Ghana to the east where more than 60 per cent of the world's cocoa beans are produced. Reportedly, two million child laborers are working on cocoa farms in these two countries alone.

Cocoa beans are usually grown on small-scale farms, and then passed on to complex supply chains. Major industry players claim that this makes it difficult to properly control how things operate across supply chains. In an attempt to address the issue, the US Department of Labor has included cocoa from several West African countries on a list of goods believed to be produced by forced labor or child labor. As the problem of child labor is so widespread and concerns the whole industry, SVVK-ASIR has initiated a collaborative engagement with several other institutional investors and some of the largest cocoa grinders and chocolate manufacturers, including include Nestlé, Mondelez, Hershey's, Lindt & Sprungli, Barry Callebaut, Olam International and Cargill.

Investor expectations

In 2017, an investor expectations report was released as a part of the SVVK-ASIR collaborative engagement. The report clearly articulates what investors expect from cocoa companies committed to taking measures against child labor.





- Communicate a detailed plan and timeline of operational procedures for monitoring and remediation of child labor in the majority of their farm bases in Côte d'Ivoire and Ghana by 2020.
- Ensure continuous rollout of plan beyond 2020 with the aim to cover all farm bases located in these two countries.
- Report on the extent to which current income levels of local cocoa-growing farmers match the cost of living in these two countries.
- Demonstrate progress in meeting cost of living standards for farmers in Côte d'Ivoire and Ghana, by reporting on the impact of programs and other initiatives to increase farmer wages.

These expectations were endorsed by more than 60 institutional investors globally and were well recognized within the cocoa industry and among its stakeholders. The report also includes best practice examples and a benchmark of company performance in relation to the rollout of child labor monitoring and remediation systems (CLMRS) and interventions towards a standard living income for cocoa-growing farmers¹.

¹ GES: bit.ly/combating-child-labour

Keeping the momentum

Following the report, SVVK-ASIR participated in a number of meetings with the companies in Switzerland, whereby the investor group emphasized the need for further rollout of child labor monitoring and remediation systems as well as the need for company disclosure on how the current interventions in cocoa-growing communities impact farmer wages.

While much work is still needed to move towards a cocoa sector free from child labor, there were considerable rollouts of systems to identify and remediate cases of child labour in 2017. Progress differs between companies, with some well underway to achieving full implementation of CLMRS in a majority of their supply chains by 2020. Others have committed to ambitious goals for combatting child labor and improving farmer livelihood, but have yet to show substantial progress to meet them. In cases where a CLMRS rollout was rather swift, questions have been raised on the quality of the various systems. Hence, SVVK-ASIR will focus more closely on the robustness of CLMRS as collaborative engagement continues.

3.2





Improving the livelihood of farmers

Generally, more progress has been made in the implementation of CLMRS than in establishing a sufficient living wage for cocoa-growing farmers. Until recently, there has been little discussion on the latter. This is changing, however. Companies are beginning to put it on their agendas and are more widely discussing this issue in multi-stakeholder forums.

Studies are also underway to calculate what an average living income in cocoa-growing communities in Ivory Coast and Ghana should be, as are discussion and actions to fill the gap between actual living wages and estimated incomes. The latter issue on how to fill income gaps is emerging as a crucial debate in the cocoa industry and among its stakeholders. This is also where the collaborative engagement will continue to work with the industry. The overall goal will be to show how interventions such as training in good agricultural practices, price premiums, crop diversification, access to micro-credit and micro-insurance, women's empowerment and so on have an impact.

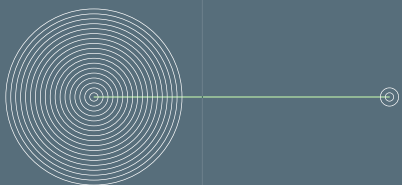
In 2019, SVVK and its partner, Global Express Services (GES), will continue to engage in discussion meetings as well as produce a new benchmark report.

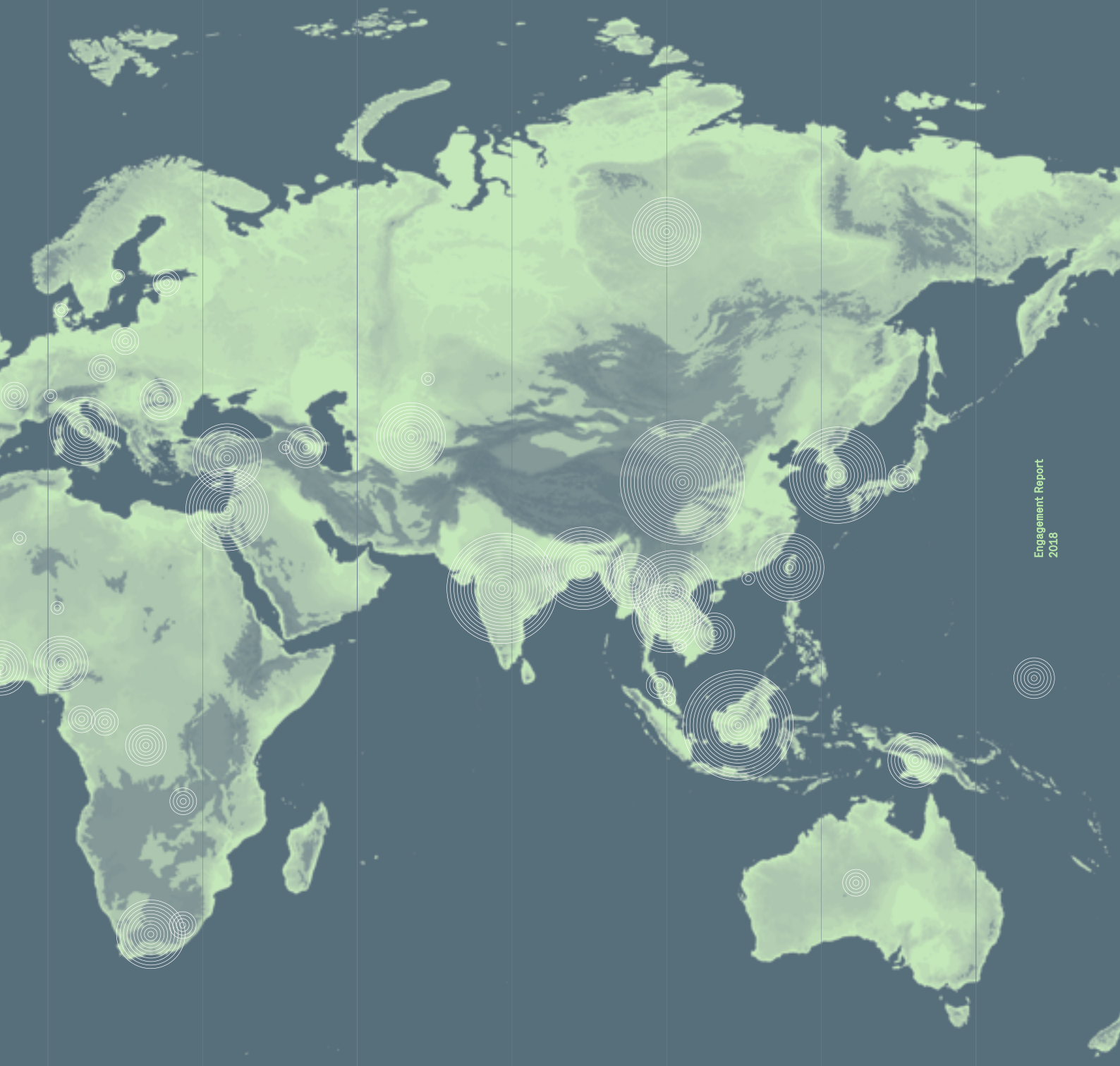
3.3

During Q3, SVVK-ASIR actively initiated dialogues in collaboration with GES (Global Engagement Services) with companies as well as external sources associated with 364 business conduct issues.

In 129 Engage cases, GES continues its dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In 235 Evaluate cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company in instances where severe consequences for the environment or humans exists.





Steering clear of controversial weapons

3.4

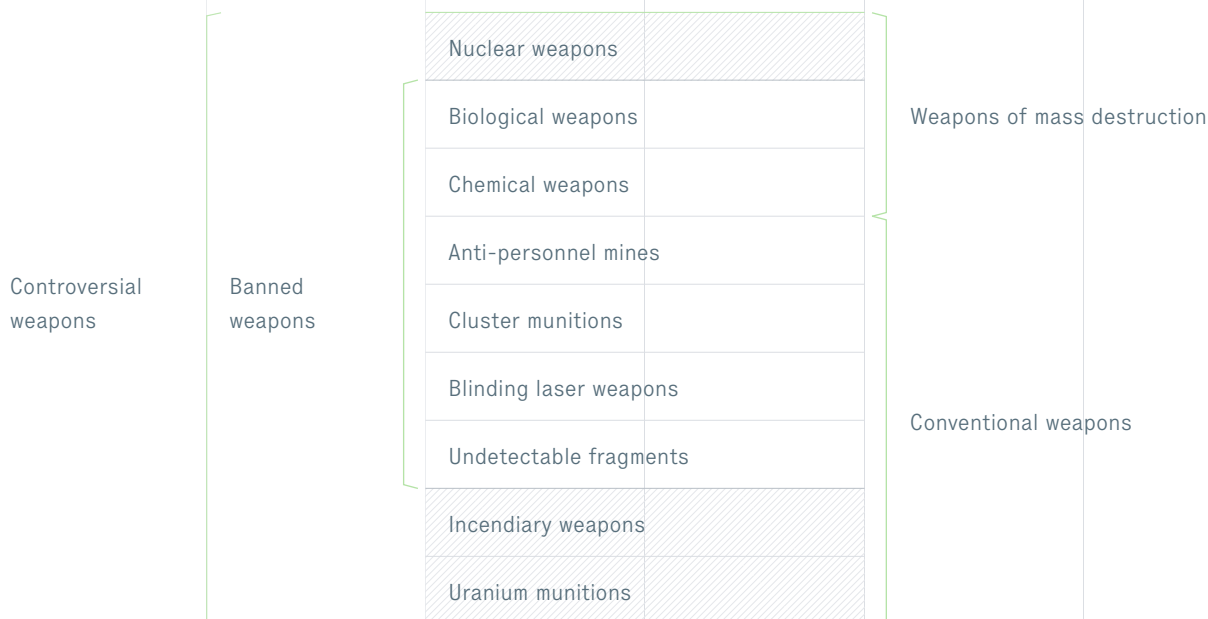
When making investment recommendations to its members, SVVK-ASIR orientates itself on the normative basis, which draws on the norms and values adopted by The Swiss Federal Constitution as well the laws and regulations of international conventions and sanctions ratified by Switzerland.

Producers of personnel mines, cluster munitions, biological and chemical weapons are explicitly prohibited by these international conventions. The SVVK-ASIR therefore recommends that its members refrain from investing in companies that develop, produce and store weapons that fall under international conventions.

With regards to nuclear weapons, the SVVK-ASIR adheres to the Nuclear Non-Proliferation Treaty and makes a distinction between nuclear-weapon and non-nuclear weapon states. Non nuclear states are prohibited from production. Hence, companies not located in a nuclear-weapon state are excluded from SVVK-ASIR recommendations as well as those supplying nuclear weapons to unauthorized states or those unlawfully involved in the development, production, storage and distribution of nuclear weapons.

The following table describes the legal foundations applied by SVVK-ASIR.

Definitions & legal bases regarding weapons



Legal foundations SVVK-ASIR

Name		SR number*
Agreement on the Prohibition of Nuclear Weapons in Air, Space and Underwater (1963)		0.515.01
Treaty on the Non-Proliferation of Nuclear Weapons (1968)		0.515.03
Convention on the Prohibition of Development, Production and Storage of Bacteriological (Biological) Weapons and of Toxin Weapons and the Destruction of Such Weapons (1972)		0.515.07
Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993)		0.515.08
Convention on the Prohibition or Restriction of the Use of Certain Conventional Weapons which can cause excessive suffering or indiscriminate effects (1980)		0515091
Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997)		0.515.092
Convention on Cluster Munitions (2008)		0.515.93
Arms Trade Treaty (2013)		0.518.61
Federal Act on War Material		514.51

* Systematic Collection of Laws

The Paris Agreement – A global effort to fight climate change

3.5

Under the Paris Agreement – an agreement within the United Nations Framework Convention on Climate Change (UNFCCC) – nations came together for the first time to combat climate change. SVVK-ASIR is helping Swiss investors join the global effort.

Acknowledging that climate change is a common concern of humankind, UN government officials have established the Paris Agreement. This agreement aligns within the United Nations Framework Convention on Climate Change (UNFCCC) and sets the parameters for greenhouse-gas-emissions mitigation, adaptation, and finance, starting in the year 2020. Representatives of 196 state parties negotiated the terms of the Agreement at the 21st Conference of the Parties of the UNFCCC in Le Bourget, France, and adopted it by consensus on 12 December 2015.

The Paris Agreement builds upon the UNFCCC and for the first time, unites all nations into a common cause to undertake ambitious efforts to combat climate change and offer support to developing countries to do so. As of November 2018, 195 UNFCCC members have signed the Paris Agreement, and 184 have become party to it. Its central aim is to strengthen the global response to the threat of climate change by keeping the rise of the global average temperature well below 2°C above pre-industrial level, and ultimately limiting the increase to 1.5°C – a level that could substantially reduce the risks and effects of climate change.

A unified effort

The Agreement additionally aims to strengthen the ability of countries to deal with the impact of climate change. Reaching these ambitious goals necessitates appropriate financial flows, a new technology framework and an enhanced capacity-building framework that would help facilitate action in developing and vulnerable countries. The Agreement also encourages enhanced transparency of action and

Aims

The aim of the Paris Agreement is described in Article 2, "enhancing the implementation" of the UNFCCC through:

- a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
- b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
- c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Countries are to aim to reach global peaking of greenhouse gas emissions as soon as possible. The agreement has been described as an incentive and driver of fossil fuel divestment.

support through a robust transparency framework.

To this end, each country is obliged to determine, plan, and regularly report on the contribution that it assumes toward mitigating global warming. While no mechanism forces a country to set a specific target by a specific date, each target should aim beyond previously set targets.

Leading by example

Some EU countries have already developed plans of action to achieve low emissions goals. French Environment Minister Nicolas Hulot, for example, announced a plan in July 2017 to ban all petrol and diesel vehicles in France by 2040 as part of the Paris Agreement. Hulot also stated that France will attempt to eliminate the use of coal to produce electricity after 2022 and that up to 4 billion euro will be invested in boosting energy efficiency.

Norway plans to ban the sale of petrol and diesel-powered cars by 2025 as a way to reach the Agreement's emission targets. The Netherlands will do the same by 2030. Electric trains running on the Dutch national railway network are already entirely powered by wind energy. The House of Representatives in the Netherlands passed a bill in June 2018 mandating that by 2050 the Netherlands will cut its 1990 greenhouse-gas emissions level by 95 percent, which exceeds the Paris Agreement goals.

Switzerland joins the pact

On October 6, 2017, Switzerland ratified the Paris Convention on Climate Change. Consequently, Switzerland as a nation has a legally binding international agreement to reduce greenhouse gas emissions. To meet the Paris Agreement targets, Switzerland has defined a national reduction target to reduce greenhouse gas emissions by 50 percent by 2030, compared with 1990 levels. The Paris Convention and the reduction target are transposed into the national law via the Federal Act on the Reduction of CO₂ Emissions (CO₂ Act).

SVVK-ASIR and the Paris Agreement

The Paris Agreement is perhaps the most prominent of a number of events that have propelled ESG to the top of the global agenda. The Agreement defines a binding target for the long-term reduction of gases, which implies medium-term effects on companies and investors. Thus, the SVVK-ASIR takes it into consideration within the framework of its normative basis and adapts its own processes of ESG screening to support members with implementation. The SVVK-ASIR also advises its members to analyze the financial opportunities and risks associated with climate change and evaluate the objectives adopted by the international community.

About SVVK-ASIR

The Swiss Association for Responsible Investments (SVVK-ASIR) was founded in December 2015 by a group of major institutional investors.

The association aims to provide services to its members that enable them to holistically act responsibly towards the environment, the economy and society through their investment decisions.

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Services

With the aim of efficiently fulfilling the fiduciary duties of its members with regard to ESG issues (environment, society and management), SVVK-ASIR provides the following services to its members:

01 Foundation:

Establishes rules to implement the most objective criteria possible (normative basis)

02 Screening and Monitoring:

Reviews member portfolios on the basis of the normative criteria

03 Dialogue:

Initiates discussions with companies to determine any systematic violations of the normative criteria

04 Exclusion recommendations:

Provides counsel on the process of excluding companies with which the dialogue was unsuccessful, or whose business model violates the normative criteria

05 Communication:

Assumes individual communication tasks for members

Members

Pension fund of the canton of Zurich (BVK)

compenswiss

comPlan

Pension fund for the postal service

Pension fund for the federal railways (SBB)

Public pension fund PUBLICA

Suva

Die Mobiliar

Migros Pension Fund

Partners & Network

Swiss Sustainable Finance

Ethical Council (Sweden)

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