

Engagement Services

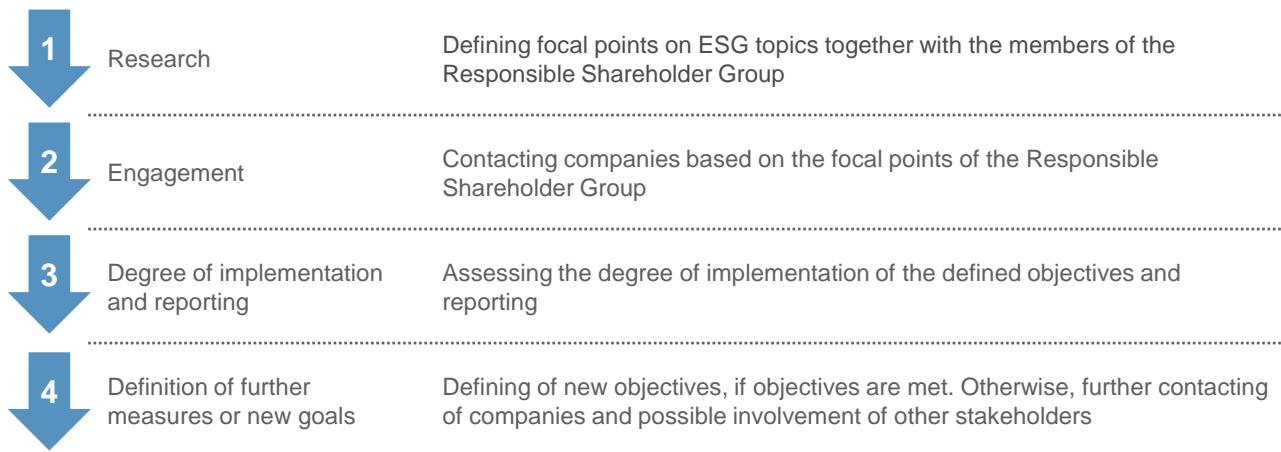
Introduction

Inrate engages on Environmental, Social, and Governance (ESG) issues with listed companies in Switzerland on behalf of the dedicated clients (the “Responsible Shareholder Group”, RSG). The clients are long-term asset owners aiming to improve sustainability performance by setting important topics on a firm’s agenda. Our engagement services provide the opportunity to bring investors together to examine and challenge the companies’ actions and policies. Moreover, engagement poses the possibility to align investment portfolios with the values and norms of the beneficiaries. We conduct face-to-face meetings with selected companies of the Swiss Performance Index (SPI) on specific ESG-related issues. Our role is to stimulate the target company’s ability to cope with environmental, social, and governance risks. Inrate has a long history of involvement in innovative sustainability research promoting sound business practices across industries and companies. Our engagement services thereby optimally complement our services to portfolio construction and active voting.

Key Benefits

- **Responsibility** – Promote sustainable business practices across Swiss companies and enhance long term value
- **Dialogue** – Efficient and comprehensive way to engage with investee companies on environmental, social and governance issues of concern
- **Agenda setting** – Asset owners can make own suggestions for new engagement topics within the Responsible Shareholder Group at the annual meeting
- **Reporting** – Activities of the Responsible Shareholder Group are comprehensively represented in a report
- **Reputation** – Due to our fact-based approach, a high level of acceptance in the Swiss market has been achieved
- **Coverage** – Around 170 listed companies headquartered in Switzerland are covered
- **Methods** – Meetings, telephone conferences and emails

Engagement Process



Current Main Topics of Engagement Process (2019)

Environmental	Scope 3 – indirect CO ₂ emissions and green products/services
Social	Psychosocial risks at work and due diligence on human rights
Governance	Board competencies and ESG criteria in compensation systems

Engagement Approach with the Companies (Example: ESG criteria in compensation systems)

	Comment	Intermediate Result
Implementation	<i>Indication: ESG criteria in the compensation system help creating incentives towards long-term value creation</i>	
Relevance	<i>Indication: ESG criteria must be relevant and aligned with the firm's long-term strategy</i>	
Long-term orientation	<i>Indication: Compensation system must be long-term oriented</i>	
Transparency	<i>Indication: Compensation reports must transparently disclose KPI, level of achievement, and performance targets</i>	
Comprehensibility	<i>Indication: Compensation system must be simple so that internal and external stakeholders can understand pay-for-performance link</i>	

1. Investment Decision: Consideration of ESG criteria

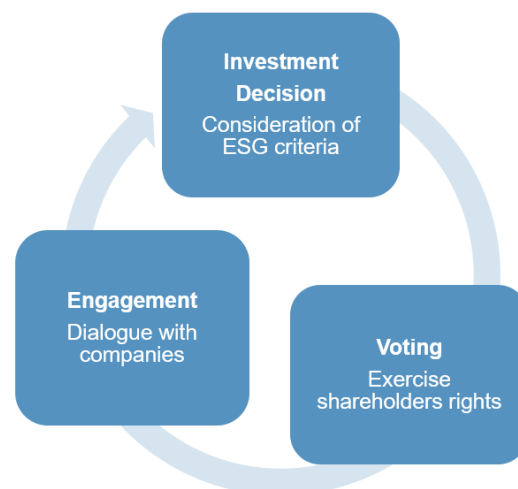
Inrate's *ESG-Impact-Ratings*, *ESG Investment Universes*, *ESG Portfolio Analyses*, *ESG Exclusion Criteria* provide the basis for sustainable investing.

2. Voting: Exercise shareholders rights

zRating Governance Services support institutional investors in exercising shareholders' rights with transparent and understandable voting recommendations and detailed corporate governance research.

3. Engagement: Dialogue with companies

Responsible Shareholder Group is a group of long-term asset owners that participates in improving companies' sustainability through continual dialogue on ESG issues.



About Inrate

Inrate is a leading independent sustainability ratings provider based in Switzerland. Since 1990, we link our in-depth sustainability analysis with innovative investment solutions for the financial markets. Our ratings are a measure of the impact companies have with their behavior and products on society and the environment as well as their willingness and ability to effectively tackle the corresponding challenges.

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