

# ESG Reporting Recommendation "The Swiss Finish"

Global Asset Owner Meeting on Biodiversity

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Frankfurt, 5th June 2024

## ESG@ASIP: Act and not react!

- ESG is here to stay!
- Proactive, practicable self-regulation to avoid public regulation analogous to the ESG EU taxonomy
- ASIP activities: awareness raising, information
- Publication of ASIP ESG guidelines in July 22 (with best practice examples from ASIP members)

[https://www.asip.ch/media/filer\\_public/30/ec/30ec7b97-8107-4e65-b3e9-55a4b528102b/asip\\_esg-wegleitung.pdf](https://www.asip.ch/media/filer_public/30/ec/30ec7b97-8107-4e65-b3e9-55a4b528102b/asip_esg-wegleitung.pdf)

- ASIP recommendation for ESG reporting, published 12<sup>th</sup> December 2022

# ASIP ESG Guidelines

## Inhaltsverzeichnis

- VORWORT .....4
- AUSGANGSLAGE .....4
- RISIKO UND WIRKUNG (HINTERGRUNDINFORMATIONEN) .....5
- ESG-WEGLEITUNG (CHECKLISTE) .....10
- 1. VERANKERUNG .....11
  - 1.1. DEFINITION .....12
  - 1.2. ANLAGEREGLEMENT .....13
  - 1.3. ANLAGEPOLITIK/-STRATEGIE .....15
  - 1.4. AUSSCHLUSSKRITERIEN .....16
  - 1.5. BENCHMARK (VERGLEICHSINDEX) .....17
  - 1.6. OFFENLEGUNG & MITGLIEDSCHAFTEN .....19
- 2. BESTANDSAUFNAHME .....20
  - 2.1. PORTFOLIOANALYSE .....20
  - 2.2. VERMÖGENSVERWALTUNGSMANDATE .....21
  - 2.3. AUS- UND WEITERBILDUNG .....22
- 3. LIQUIDE ANLAGEN .....22
  - 3.1. AKTIEN .....22
    - 3.1.1. STIMMRECHTSAUSÜBUNG .....23
    - 3.1.2. ENGAGEMENT .....24
  - 3.2. OBLIGATIONEN .....25
- 4. ILLIQUIDE ANLAGEN .....27
  - 4.1. IMMOBILIEN (DIREKT) .....28
  - 4.2. IMMOBILIEN (INDIREKT) .....31
  - 4.3. ALTERNATIVE ANLAGEN .....32
- 5. BERICHTERSTATTUNG .....33

## ESG Reporting Recommendation

- Working group with AMAS, KGAST, CFA Switzerland, Swiss Sustainable Finance, PPCmetrics
- Goal: Each pension fund publishes a separate annual ESG reporting for the 2023 financial year, appropriate to the size of the pension fund, vis-à-vis its beneficiaries.
- The reporting indicators are currently limited to the "E".
- 2 variants of key figures (basic and advanced) can be selected
- Coordination with asset managers, custodians and custodian banks. Also terms alignments with Swiss Climate Score




Swiss Law

Nothing has changed in the current legislation on sustainable investing:

- Return: in line with the market
- Risk: appropriate diversification
- Liquidity: ensure pension funding

**No explicit requirements regarding sustainability!**




Recommendation

The industry association ASIP now recommends ESG reporting standards for Swiss pension funds:

- Who: all CH pension funds
- When: from 1st January 2023 (first time: reporting on the 2023 financial year)
- Why: Transparency and disclosure, as well as improvement of benchmarks
- Own the consolidated data!


**Require disclosure & comparability to promote sustainable investment!**

- **Purpose of ESG-Reportings:**
  - Require disclosure & comparability to promote sustainable investing!
  - Communication tool vis-à-vis insured persons & other stakeholders
  - Tool to prevent greenwashing
  
- **Structure of ESG-Reportings:** Two parts


Qualitative part

**Purpose:** Disclose objectives & principles of the applied sustainability strategy

- Anchoring in the investment guidelines?
- Which ESG approaches are used in which asset classes?


Quantitative part

**Purpose:** Set of indicators for consistency and comparability

- Standardised sustainability indicators
- Distinction: Basic key figures vs. Advanced key figures

**Basis**

*Proxy Voting (% of Portfolio)*

*Engagement / Memberships*

*ESG aspects (exclusions, best-in-class, integration, ...)*

*Shares, corporate bonds and convertible bonds (listed):*

- *Greenhouse gas emissions (CO2 Intensity Scope 1 & 2)*
- *Fossil fuel exposure*

*Government bonds (listed):*

- *Greenhouse gas emissions (CO2 Intensity Scope 1 & 2)*

*Real Estate (listed and unlisted):*

- *Energy intensity (Scope 1)*
- *CO2 intensity (Scope 1)*
- *Energy source mix (Scope 1)*

**Advanced (on top of basis)**

Global warming potential

Number of investments with a commitment to net zero

Scope 1 for Real Estate

Etc.

## ESG-REPORTING-SOME THOUGHTS

- Reporting is one thing; acting on this basis is another!
- By means of ESG reporting, a development can be shown over time, especially in the quantitative part : **ASIP as Consolidator and Data Owner!**
- Deliberate avoidance of ESG ratings in reporting, as their comparability is very difficult.
- The initial outlay for ESG reporting is certainly not small; however, it should become an annual standard process, similar to TER reporting.
- If the ESG key figures are missing for asset classes / products, these can be reported as non-transparent
- The ESG reporting recommendations will change over time or adapt to new circumstances (work in progress).



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