
UNCTAD-ISAR Workshop on the Future Direction of the Corporate Reporting Model

Monday, 13th October 2014
Room XXVI, Palais des Nations, Geneva

Workshop material:

***The role of business and corporate reporting in addressing
major challenges of global development agenda***

Presented by

Vincent Kaufmann
Deputy CEO
Ethos

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“Sustainability Matters”: The point of view of a Socially Responsible Investor

ISAR 31 Workshop
Geneva, 13.10.2014

Vincent Kaufmann, Deputy CEO
Ethos Foundation



Ethos

- **Ethos – Swiss Foundation for Sustainable Development**
 - 146 members with AUM of CHF 180 billion
 - Objectives: Promote SRI and a stable and prosperous socio-economic environment
- **Ethos Services SA (owned by Ethos and several of its members)**
 - SRI-funds (CHF 2 billion)
 - Proxy Advisory Services (>100 clients)
 - Engagement Programme (100 members)
 - SRI advisory services
- **Ethos Académie (association of private persons, approx. 200 membres)**
 - Information, voting execution assistance

Ethos' approach to SRI

As a long term socially responsible investor, Ethos aims to:

- Invest with a **long term** approach and generate **additional value** compared to « traditional » investors
- **Preserve** the **capital** managed on behalf of beneficial owners
- **Reduce** the **reputational risk** of the investments
- **Mitigate** the **impact** of the investments on **future** generations

Where to Invest

To achieve their goals, SR Investors seek to invest in companies that:

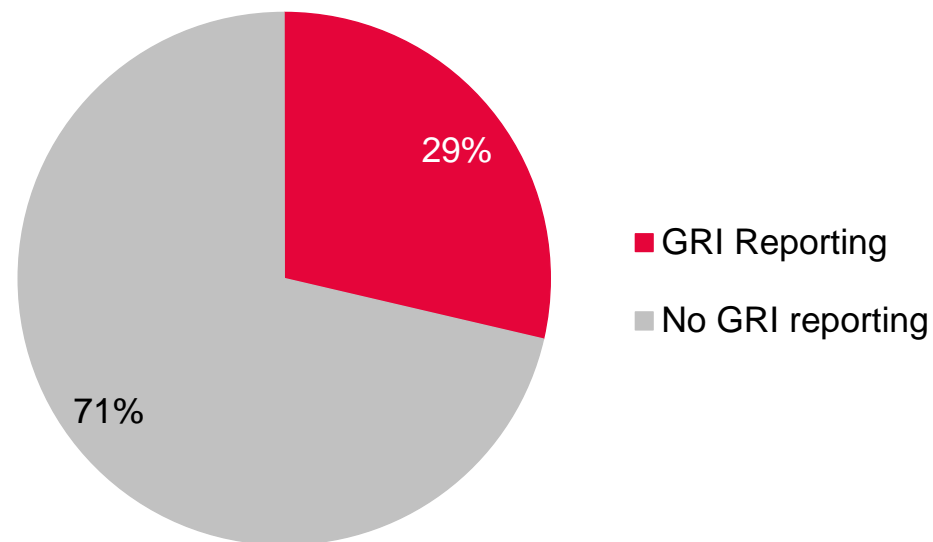
- Implement **best practice** in the fields of corporate governance and corporate social responsibility
- Produce goods/services with a **positive environmental and/or social impact**
- Have a **good reputation**
- **Mitigate** their **impact** on climate change
- Are **not** active in **unsustainable** or **unethical** activities

Sustainability Information and SRI

- To be included in the investable universe, issuers must provide **extra-financial information** that is:
 - Material
 - Reliable
 - Comparable
 - Produced in a timely manner and recurrent
 - Audited

Limit of self regulation

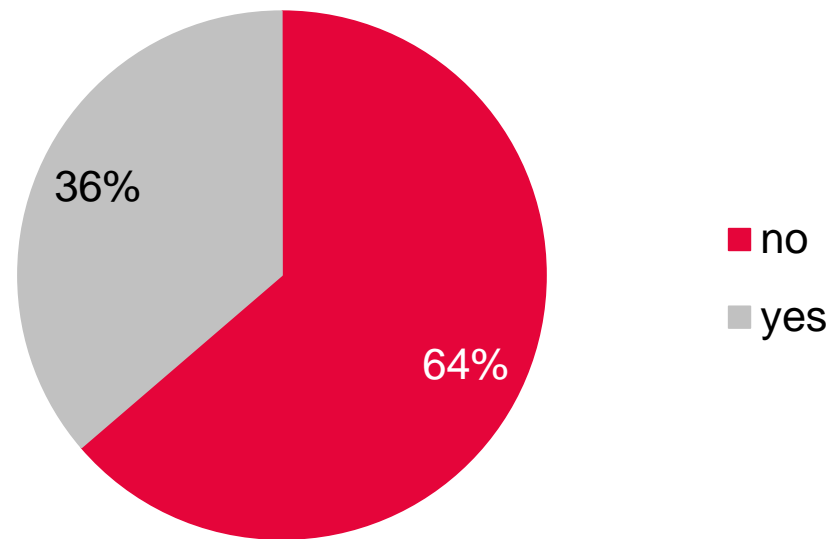
Companies following GRI in Switzerland*:



* 157 Swiss listed companies in Ethos' Universe

Current issues

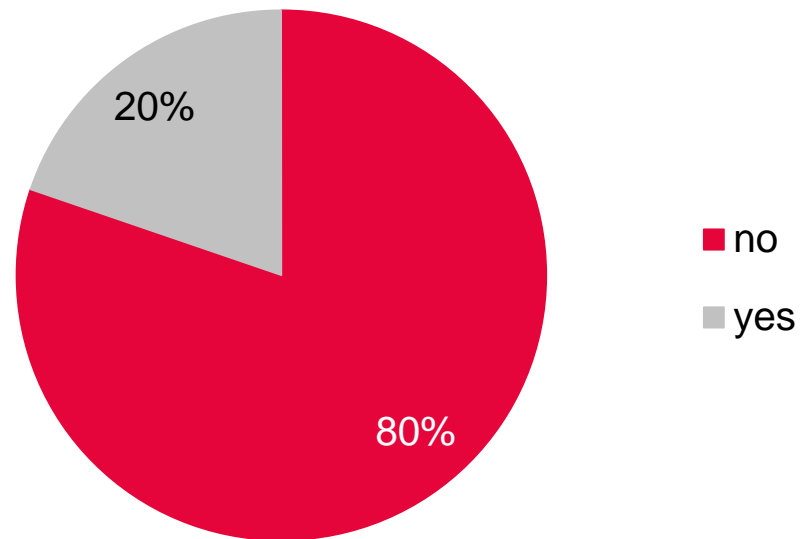
Companies disclosing GHG information (scope 1 and 2) in Switzerland*:



* 157 Swiss listed companies in Ethos' Universe

Current issues

Companies disclosing GHG reduction targets in Switzerland*:



* 157 Swiss listed companies in Ethos' Universe

Current issues

- The **SIX** Swiss Exchange does **not** plan to introduce minimum requirements regarding **sustainability disclosure** considering that listed companies are overburdened by regulation
- Mid and small companies complain about **extra costs** that not all investors accept to bear (one size does not fit all)
- Companies complain about the **lack of standardization** of the requests/questionnaires they receive regarding CSR
- The large **majority** of investors **do not** apply SRI criteria

Expectations with regard to Sustainability Reporting

- Standard makers must **collaborate** to define a **common** framework
- **Standards** should be adapted to company **size** and focus on **materiality**
- Pension funds should be **more active** in the **SRI** field
- Socially responsible investments should be **labelised**
- Financial analysts should **integrate sustainability** issues into their valuation model

Role of Stock Exchanges

- **Stock Exchanges** have an important role to play :
 - Require **sustainability disclosure**
 - Adopt a **common standard** of sustainability disclosure
 - Respond to **investors' needs** regarding financial and extra-financial reporting

Ethos - www.ethosfund.ch

www.ethosfund.ch
info@ethosfund.ch

Place Cornavin 2
Case postale
CH-1211 Genève 1
T +41 (0)22 716 15 55
F +41 (0)22 716 15 56

Bureau de Zurich:
Gessnerallee 32
CH-8001 Zurich
T +41 (0)44 421 41 11
F +41 (0)44 421 41 12

