

Stewardship: Voting & Engagement

One of our sustainability approaches in the ZKB Discretionary Mandate and ZKB Portfolio Consulting (Classic, Premium, Expert, International)
Version: December 2024



Stewardship encompasses voting (exercising voting rights at general meetings) and engagement (active dialogue on sustainability topics) with companies in which investments are made. Through our stewardship activities, we aim to promote sustainable business strategies and practices, compliance with recognised international principles and best practice standards on sustainability topics.

Voting: exercising voting rights

Exercising voting rights at the general meetings of companies in which investments are made is an effective way of actively influencing how companies handle sustainability topics.



As we primarily use collective investments in the ZKB Discretionary Mandate and ZKB Portfolio Consulting and therefore do not prioritise the selection of individual securities, we do not have any direct voting rights in companies. We therefore exert our influence indirectly through the targeted selection of fund managers, who in turn exercise voting rights in the relevant companies. When selecting investment funds, we analyse both the voting policy as well as the voting behaviour of the fund managers. We check whether the fund managers have clear guidelines for exercising voting rights and, for example, whether they are committed to complying with internationally recognised principles. We also use



published voting reports to analyse whether the fund managers comply with their voting policy and how successful they are as a result.

Engagement: active dialogue on sustainability topics

Engagement means that an active dialogue with a specific goal related to sustainability issues is maintained with the companies in which investments are made. The aim is to encourage companies to comply with best practice standards in the area of sustainability and to set sustainability targets which are specific, credible and measurable. This includes, for example, a company's climate strategy or its business ethics.

We fulfil our engagement in two ways. Firstly, indirectly through our selection of fund managers, who in turn fulfil their own engagement. As part of our selection process, we check whether the fund managers actually engage with the companies they invest in and assess the engagement principles the fund managers have set. In addition, we examine the results achieved by the fund managers with their engagement efforts.

Secondly, we engage directly with the fund managers we have selected through active dialogue. This way, we promote awareness of our understanding of sustainability and draw the fund managers' attention to any sustainability risks in their portfolios. As one of the top 100 most influential fund buyers in Europe, we exert a targeted influence on fund managers' sustainability-related decisions.

Where does stewardship come into play in the ZKB Discretionary Mandate and ZKB Portfolio Consulting?

Stewardship is an important element of our understanding of sustainability and plays a key part of our investment process. Stewardship is applied in all characteristics (Responsible (ESG), Basic, Individual Securities and Index) wherever influence is possible.

Our team which selects the fund managers is in regular and systematic dialogue with the fund managers with regard to stewardship.

Since the client makes the investment decisions with the ZKB Portfolio Consulting and thus determines the composition of the advisory portfolio, the proportion of funds in the client portfolio for which stewardship is practised, may differ from that of the corresponding reference portfolio¹.

For more information on our sustainability approaches, please contact your client advisor.

¹ The reference portfolio describes the investment decision made in the investment process. The ZKB Discretionary Mandates are invested in line with the reference portfolio. In the ZKB Portfolio Consulting the reference portfolio is used as an investment proposal and as the basis for comparison in portfolio monitoring.

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