



Exemplary Energy and Climate
An initiative of the Confederation



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Fact sheet

Climate-friendly financial flows

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Context and objective

Financial market players have a key role in the implementation of the Swiss federal government's Energy Strategy 2050 and the goals of the Paris Agreement. The Paris Agreement stipulates that financial flows should be oriented towards low greenhouse gas emissions and climate-resilient development. In turn, this will support the transformation of the real economy to net-zero emissions. On this path, Swiss pension funds and other financial market players can follow the guidance of the Exemplary Energy and Climate initiative (EEC).

Measures

The participants commit to implement the following five joint measures:



1. Reduction of greenhouse gas emissions by directly held properties

Participants can improve the climate compatibility of their property portfolio by replacing fossil heating systems with renewable systems and through building refurbishments. With these actions, they can have a direct impact on Switzerland's greenhouse gas emissions. The measure stipulates that participants put in place a reduction strategy for directly held property and define a target for the extent of greenhouse gas emissions in 2030. Participants also strive to reduce greenhouse gas emissions to net-zero by 2050 at the latest, in line with federal guidelines. In addition, the heating energy mix including the share of renewable energy sources is reported annually.



2. Active dialogue with portfolio companies and exercise of voting rights (“stewardship”)

Participants pursue active dialogue with particularly climate-relevant portfolio companies with the aim of promoting a development towards the net-zero target (= "engagement"). This can be either direct dialogue or through participation in corresponding “commitment pools” or collective initiatives. The escalation procedure, namely the process that is pursued in the event that the dialogue is not productive, should be clearly defined and transparently available. Through votes or proxy votes at general assemblies, participants commit to ensuring that voting behaviour is compatible with the 2050 net-zero emissions target.



3. Transparent disclosure of climate indicators for shares and corporate bonds

To provide information on the climate compatibility of their shares and corporate bonds, participants develop a transparent and comparable measurement concept based on established standards. For example, the measurement concept should include key figures on greenhouse gas emissions and exposure to fossil fuels and climate solutions and/or low-carbon technologies.



4. Climate criteria in the selection and monitoring of external asset management

Participants that mandate external asset managers or for example invest in funds or investment foundations take climate-related issues into account in the selection and monitoring of external asset managers. Participants can also indirectly influence the climate compatibility of their portfolios by pursuing active dialogue with external asset managers and by monitoring the proportion of externally managed investments in which the asset managers are engaged with portfolio companies on climate-related issues.



5. Transparent communication between participants and their stakeholders

EEC attaches great importance to communication with the aim of maximising the impact of the role model function. To this end, the participants report annually to their insured parties and pension recipients as well as to the broader public on their progress with regard to the implementation of measures and attainment of goals for specific asset classes.

Monitoring

EEC defines appropriate indicators together with participants in order to measure the progress that can be achieved through the implementation of these measures. With this, the initiative aims to create transparency and comparability between participants. EEC indicators are based on the Swiss Climate Scores from the Federal Council and on the recommendations and standards of relevant bodies such as the Net-Zero Asset Owner Alliance and the Task Force on Climate-related Financial Disclosures.

For example, the extent of greenhouse gas emissions from directly held property is reported, which places greenhouse gas emissions in relation to the energy reference area. This indicator is used to measure the reduction strategy for directly held property and to monitor target attainment. The participants define individual targets for themselves and interim targets for a range of indicators. The targets are both exemplary and measurable.

As a part of monitoring within EEC, the key figures are collected annually and their development is tracked. In addition, every two years the participants carry out the PACTA climate tests coordinated by the Federal Office for the Environment.

Communication

Alongside individual reporting by participants to their stakeholders, the initiative includes the participants in the communication activities of EEC. In particular, this includes consistent reporting on the development of target values and measured values. The first public reporting is planned for 2024 (for the 2023 financial year).

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