

FCT Group Responsible Investment Charter

The FCT Group comprises two occupational benefits institutions, the FCT (Trianon Collective Foundation) and the FCT 1e (Trianon Collective Foundation 1e). Their mission is to respond to the individual needs of companies and insureds for occupational benefits provision throughout Switzerland. To meet the various requirements of its affiliated companies, the Group has developed two types of solution:

- Multi-employer solution, for micro-and small enterprises (FCT)
- Company solution, for medium-sized and large enterprises (FCT)

To complete its range of services, the FCT offers, in partnership with the FCT 1e (Trianon Collective Foundation 1e), an individual solution for executives, managers and companies subject to international accounting standards.

The occupational benefits concept offered by both foundations leverages the flexibility of an open architecture to tailor solutions to the needs of the affiliated companies and their insureds. Each company or group of companies affiliated to the FCT or FCT 1e has its own independent Pension Fund within the Foundation. The Pension Fund is managed by a joint Pension Committee, which chooses its investment strategy. Three distinct models are available for the multi-employer, company and individual solutions:

- **Selected investment strategies:** The Pension Committee chooses a strategy among the investment strategies offered by the FCT Group
- **Personalised investment strategies:** The Pension Committee composes its own asset allocation by selecting funds among the investment vehicles offered by the FCT (hereafter "FCT fund platform")
- **Customised investment strategies:** The Pension Committee defines its own strategy together with the asset manager(s) of its choice

Convinced of the added value of the open architecture model, the Board of Trustees of the FCT/FCT 1e is also keenly aware of its fiduciary responsibility to its insureds. Consequently, it aims to establish a framework which enables affiliated companies to ensure the sustainability of their occupational benefit programmes. Furthermore, the Board of Trustees is also convinced that integrating environmental, social and governance (ESG) criteria can positively influence the risk-return profile of investment strategies, and at the same time have a positive impact on the environment and society.

To this end, the Board of Trustees has developed the following guiding principles for its ESG policy:

1. **Develop** a range of ESG investments that fulfils the needs and expectations of the affiliated companies and their insured.
2. **Inform** affiliated companies and insureds openly and transparently about the ESG options available to them in order to facilitate the consideration of these dimensions when defining their investment strategy.
3. **Actively engage** as an investor and promote best practice in corporate governance.



1. Develop

Selected investment strategies

The Board of Trustees is aware that affiliated companies do not necessarily seek to establish their own investment profile and strategy. This is why it provides turnkey strategies in line with its convictions, particularly in terms of ESG investment.

These strategies adopt a sustainable approach based on the following two objectives:

- **optimising the ESG quality of investments**, with the aim of outperforming the benchmark index
- **Climate policy focused on the gradual reduction of carbon emissions**, with the goal of surpassing the index in terms of CO2 footprint and fossil fuel exposure, while maintaining tolerance for companies in transition

This approach is implemented gradually and only if the Board of Trustees is convinced that its implementation offers an attractive risk/return ratio compared with conventional (non-ESG) investments.

An annual ESG report is drawn up for each selected strategy to check that the objectives described above are being met, in line with the ASIP recommendations.

Personalised investment strategies

The FCT has set up a “fund platform” giving affiliated companies privileged access to a spectrum of carefully selected investment vehicles, which benefit from attractive fees thanks to economies of scale. These funds are analysed and recommended by the Investment Committee of the FCT and approved by the Board of Trustees. They cover various asset classes and follow different management forms. As a result, affiliated companies can implement their own asset allocation by selecting the funds on the fund platform that correspond best to their preferences, including ESG.

For the main asset classes, the FCT is committed to offering investment vehicles that provide:

- **optimisation of the ESG quality of investments**, compared with the benchmark index
- **Investment in vehicles with a climate policy that progressively reduces carbon emissions**, aiming to outperform the index in CO2 footprint and fossil fuel exposure, while allowing for companies in transition

This approach is implemented gradually and only if the Foundation Board is convinced that its implementation offers an attractive risk/return ratio compared with conventional (non-ESG) investments.

An annual ESG report is drawn up for each customised strategy using the "fund platform" in order to verify that the objectives described above are being met, in accordance with the ASIP recommendations.

Customised investment strategies

Pension Committees that delegate the management of their investments to a partner outside the FCT have the opportunity to invest sustainably according to their convictions. The FCT supports them in defining their sustainability strategy according to their specific needs.



2. Inform

Presentations and debates on the theme of sustainability are periodically organised at the FCT's non-statutory general meetings, in particular to inform and raise awareness among affiliated companies about the impact of investments on society and the environment. The FCT also regularly informs the Pension Committees about the ESG solutions it offers and developments in ESG investment.

Each year, the FCT draws up a consolidated ESG report including information on the three investment models. This report is in line with the ASIP recommendations.

3. Actively engage

Investing responsibly also means exercising one's voting rights to ensure that companies operate in the best interest of all stakeholders - including shareholders, society, and the environment. The FCT Group mandates a foundation that applies its shareholder engagement values and follows its voting recommendations at the general meetings of all listed shares in Switzerland held directly by the pension funds of the affiliated companies.

As the FCT invests mainly in investment funds, it encourages portfolio managers to exercise their voting rights. In particular, the ESG funds selected in the "fund platform" and used in the selected strategies include policies for exercising voting rights and commitments.

The FCT is also a member of the Ethos Engagement Pool Switzerland, which engages in direct and systematic dialogue with the 150 largest listed companies in Switzerland.