ESG reporting: standard for pension funds V 1.1

Recommendation to ASIP members

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Foreword

The ESG Reporting Standard is **recommendatory in nature**. This is an **update to the first version (V 1.0) from December 2022** that resulted from discussions with members of ASIP and its partners.[1] It was approved via a resolution of ASIP's Executive Board on 5 December 2024.

ASIP has again set up a working group for the revision of version 1.0. Its membership is as follows: ASIP (Martin Roth; Fredy Greuter; Lukas Müller-Brunner; Jürg Tobler, PKZH; Max Laubscher, PKBS), SVVK-ASIR (Tamara Hardegger; Christina Meier; Benjamin Jungen, comPlan), PUBLICA (Manuela Guillebeau), PPCmetrics (Silvia Rudigier), AMAS (Adrian Schatzmann), KGAST (Roland Kriemler; Monika Szalay) and CFA Society/PwC (Dimitri Senik). The cooperation of the individual associations does not give rise to any obligations for their members.

Many thanks to Tamara Hardegger and Christina Meier from SVVK-ASIR. They painstakingly consolidated the feedback on the previous standard and incorporated it into the current version. The implementation would not have been possible without their cooperation – thank you!

The new version of the standard **applies to reporting periods beginning on or after 1 January 2025**. Early adoption for reporting periods prior to this is permitted.

Lukas Müller-Brunner

Director of ASIP

Zurich, 18 December 2024

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In case of doubt, the German version applies.

[1] See market study of pension funds with PwC and ASIP's survey of asset managers, custodian banks and data providers in autumn 2024. ASIP is monitoring market developments and will make further adjustments as required in due course with the involvement of its members.

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INTRODUCTION AND PRINCIPLES

1) Fiduciary duty

The supreme body of the pension fund (PF) bears **fiduciary responsibility** for the sustainable and forward-looking management of the insured members' assets.[2] This is based on a **long-term investment strategy** that takes into account the PF's risk capacity and tolerance, with the aim of achieving a return that is in line with the market and subject to reasonable risks. The supreme joint body of the PF must take all relevant investment risks and opportunities into account in its considerations.[3] These risks and opportunities also include environmental, social and corporate governance aspects, known as ESG criteria.[4] **Consideration of ESG criteria** should therefore be understood as **part of a PF's fiduciary duty**.[5]

2) Objectives of ASIP's ESG standard

The objectives of ASIP's recommendation are to:

1. Promote the inclusion of ESG risks and opportunities in line with the fiduciary duty.
2. Increase transparency for insured members regarding the consideration of sustainability in the investment process – and therefore prevent greenwashing from occurring or insured members from being deceived.
3. Create a clear framework for the ESG aspects to be reported as well as their classification and determination.

The widespread acceptance of the first version of the standard sent an important message: the pension fund industry accepts responsibility for tackling the topic of sustainability, actively com-

[2] See Art. 71 (Asset management) and Art. 51b (2) of the Occupational Pensions Act [BVG]; Art. 49a (Responsibility of the supreme body), Art. 50 (Security and risk diversification), Art. 51 (Return: generation of a return in line with the market), Art. 52 (Liquidity) of the revised Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans [BVV 2].
[3] See FSIO notices on occupational pensions no. 152 of 6 May 2020.
[4] See ASIP guide for investments by pension funds (ASIP technical note no.112).
[5] See ASIP's detailed ESG guidelines under ASIP's Standpoint 3.

municates this, and takes its responsibility seriously. To make this even more effective, this version 1.1 clarifies and simplifies the existing recommendations. The main changes compared to version 1.0 are:

- Strengthening of **qualitative reporting** (e.g. in the area of stewardship).
- **Clarification** and addition of examples (e.g. transparency rates).
- Adjustment to (newly) established **calculation standards** (e.g. REIDA).
- Withholding of key figures with insufficient data availability or excessive methodological uncertainty in order to **increase feasibility**.

3) Coherence of measures

The market offers a variety of different sustainable investment approaches for PF. However, the starting point must always be the underlying intention. In other words, **the specific objectives** pursued by the supreme body of the PF as part of its fiduciary duty are **decisive** for the selection of the measures to be pursued.[6] This provides guidance on answering the questions of what is 'sustainable' and how greenwashing can be avoided: the **measures must clearly support the objectives**. The situation is credible when principles, objectives and measures present a coherent overall picture.

4) Create transparency

ASIP recommends **publishing updates at regular intervals** (e.g. on the website) to create transparency about measures taken. This includes statements on how the supreme body deals with ESG topics (Governance) as well as information on targets, measures and their progress in **qualitative** and **quantitative form.** Both elements are **equally important**. Reports are intended to serve as a reference point for further action and to document progress over time.

[6] See ASIP's ESG guidelines, p. 11 et seq.

5) Provision of data by partners

This recommendation applies to all PF. However, in order for it to be implemented, it is essential that PF receive the relevant information from their partners – asset managers, custodian banks and investment foundations. Although significant improvements have been noted, **there is still room for improvement**. This version 1.1 has taken into account the feedback from members and partners alike in order to improve the provision and quality of data in the future.[7]

6) Connection to established standards

Where appropriate, ASIP follows the existing standards. At national level, these include, for example, the '**Swiss Climate Scores**' (SCS)[8] launched in 2022. ASIP refers to the SCS in its industry recommendation where appropriate, but also emphasises qualitative reporting, particularly for stewardship aspects.[9] When calculating key real estate figures, ASIP also recommends using the methodological principles of **REIDA**, a standardisation initiative of major Swiss real estate investors, including several PF.[10] This is also in line with the current recommendations of AMAS[11] and KGAST.[12]

[7] See market study of pension funds with PwC and ASIP's survey of partners in autumn 2024.
[8] State Secretariat for International Financial Matters (SIF), Swiss Climate Scores. The latest version applies.
[9] This is also in line with the findings of the PACTA Climate Test 2024 published by the Federal Office for the Environment
[10] See REIDA CO_2 benchmark, methodological basis.
[11] See, amongst others, Environmental indicators for real estate funds, AMAS.
[12] See, amongst others, KGAST's recommendation on environmentally relevant key figures for real estate investment groups.

ESG REPORTING STANDARD

A. Qualitative section

The desired elements are listed below in the form of a checklist. The report may be structured differently and may contain its own elements.

1. Principles

This section includes statements on the way in which the supreme body of the PF incorporates ESG risks and opportunities, and in particular the following:

- The role of the supreme body in relation to sustainability aspects
- Incorporation into investment guidelines
- The sustainability policy

2. Objectives and implementation

The PF should report on its objectives and implementation measures:

- **Sustainability objectives** of the supreme body
- **Measures/investment approaches** to achieve the objectives

ASIP's ESG guidelines and definitions in the Appendix to AMAS's Sustainable Finance Self-regulation standard serve as guidance here. The elements to be reported for the different **investment approaches** are listed below (with information on the investments they apply to).

Exclusions: **topics** addressed (e.g. exclusion of weapon manufacturers) and criteria applied (e.g. revenue threshold) as well as optionally the **number and/or names** of titles excluded.

Exercise of voting rights (voting): in the case of collective investment schemes, the PF can focus on summary reporting.[13]

- **Principles** applied
- Which proxy voting policy is implemented and why?
- **URL** for the **proxy voting policy** (of the third-party provider)
- **URL** for the published **voting behaviour** (of the third-party provider)

Engagement:

Disclosure of the **principles of the engagement strategy** and the **channels** used (third party, engagement initiatives, in-house) and a **URL** for the stewardship report[14] of the third party commissioned with the engagement. Additional elements:

- **Topics** addressed (e.g. climate, human rights, biodiversity etc.)
- **Objectives** (e.g. disclosure, climate transition) and **progress** made
- **Escalation pathway** for unsuccessful engagements (by the third party)[15]
- **Membership** of engagement pools and (active or passive) **participation** in collective engagement initiatives[16] (**name** and **URL**)

Impact investments: description of the desired, actual **impact** using relevant **indicators (KPIs)** and reporting on the **progress** made.[17] Here, too, reference can be made to the contracted third party's impact assessment.

Portfolio construction (e.g. 'best/worst-in-class', 'ESG integration', 'net zero management'): if approaches are used that result in the weighting of individual parts of the portfolio being increased or decreased, the following elements must be described:

- Intention/objectives of the approach
- Criteria/methodology for re-weighting

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[13] Due to the legal nature of collective investment schemes, the shares are not directly held by the PF. The principles of the relevant fund management company therefore apply from a legal perspective.
[14] The terms 'engagement report' or 'active ownership report' are used interchangeably in this context.
[15] An escalation pathway or escalation procedure defines which measures are to be taken, and when, in the event of an unsuccessful engagement dialogue. See glossary for examples.
[16] e.g. FAIRR, Investor Alliance for Human Rights, Nature Action 100, PRI Advance, Climate Action 100+ (CA100+), the Net Zero Engagement Initiative (NZEI) of the IIGCC, the Collaborative Sovereign Engagement on Climate Change of the PRI and various other initiatives from different providers.
[17] The UN's 17 Sustainable Development Goals (SDGs) can be used as a template here.

- Results/achievement of objectives

3. Climate alignment

Decarbonisation: if a decarbonisation approach is applied that aims to reduce the financed CO_2e emissions (absolute emissions or intensity), the target horizon and annual **reduction path** should be specified. If **other approaches** are taken into account (financing the climate transition/'climate solutions', emissions reductions at sector level, net-zero alignment at the issuer level, to name a few[18]), their objectives and **methodology** must also be explained.

Climate stewardship: the PF describes how climate issues are taken into account in its engagement and proxy voting policy. Possible elements of reporting include:

- **Engagement**: alignment of the engagement objectives with the 2050 net-zero target
- **Voting rights**: handling of climate-related votes by the PF (or a third party commissioned by the PF)
- Possible **membership** of a climate engagement initiative (e.g. CA100+)[19]
- URL for the climate stewardship strategy and report (of the third party)

4. Memberships

The PF must announce any memberships of **financial market and asset owner initiatives**[20]. If collective investments are undertaken, **memberships of external asset managers** may be reported, whereby the PF must make it clear that these are not their own memberships. To the extent known, information must also be provided on the **active participation** of **external asset managers** in collective **engagement initiatives**[21].

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[18] See, for example, the Swiss Climate Scores (SCS), the Net Zero Investment Framework(NZIF), or the Target-Setting Protocol(TSP) of the Net Zero Asset Owner Alliance (NZAOA).
[19] See also the recommendations of the Swiss Climate Scores.
[20] For example, IIGCC, NZAOA (or NZAM for asset managers), PAAO, SSF or UNPRI.
[21] Climate Action 100+, IIGCC Net Zero Engagement Initiative, FAIRR, Nature Action 100, PRI Advance, PRI Spring etc.

B. Quantitative section

1. Metadata

1.1 Transparency rates (coverage)

The following quantitative figures refer to only some of the assets, namely **equity**, **corporate bonds**, **convertible bonds**, **real estate** and **government bonds** (alternative asset categories are not included, but key figures may also be shown for these where available). It is therefore important to show what proportion of assets **(I)** the various key figures are being reported for and with what coverage **(II)** (see calculation notes in the Appendix).

- **Transparency rate I (total assets)**: proportion of assets for which ESG key figures are reported in %.
- **Transparency rate II (key figure)**: proportion per asset class, product or mandate for which the key figure is available in %, measured in terms of market capitalisation.

1.2 Data sources

Disclosure of data sources. The information provided by the asset manager/custodian bank may be adopted.

1.3 Benchmark

The ESG key figures must be disclosed both for the portfolio and for a reference index (benchmark) that broadly reflects the market.

2. Key figures

The set of key figures is divided into **basic** and **supplementary key figures**. The former provide a comprehensive foundation; it should be possible for the bulk of PFs to report these key figures. The supplementary key figures allow for more detailed reporting, but their availability is limited in some cases.

As before, the key figures corresponding to the **Swiss Climate Scores** (version from December 2023) are written in ***italics***.

	BASIC KEY FIGURES[22]	SUPPLEMENTARY
STEWARDSHIP	**Exercising of voting rights**	
	Voting rate (percentage of companies for which voting rights are exercised) measured in terms of **invested equity capital**[23] Switzerland ...% / abroad ...%	Intensification of qualitative reporting
	Rejection rate of **proposals by the Board of Directors** (management proposals)[24] Switzerland ...% / abroad ...%	Intensification of qualitative reporting
	Engagement	
	Number of engagements in the year under review (number of companies or number of engagement cases)[25]	Intensification of qualitative reporting

[22] If implementation takes the form of collective investments, the activities of the fund management company may be reported (exercising of voting rights, engagement etc.).
[23] A **point of reference** is required, **rather than a precise figure**. See calculation notes.
[24] In the data basis, this key figure corresponds to the key figure previously required (‘approval rate’), whereby ‘withhold’ (in the context of plurality voting) is deemed to be a rejection.
[25] Engagement cases = (topic + company). As a general rule, a **point of reference** is expected **rather than a precise figure**, as the decisive factor is the **quality of the engagements**. See calculation notes.

ASSET CLASS-SPECIFIC KEY FIGURES[26]	BASIC KEY FIGURES	SUPPLEMENTARY
	Equity, corporate bonds and **convertible bonds** (listed)	
	GHG emissions • *Intensity: tCO_2e per CHF million revenue for **scope 1 & 2** (weighted average carbon intensity)* • *Footprint: tCO_2e per CHF million invested capital for **scope 1 & 2*** ***Exposure** to **fossil fuels** in % of total assets:*[27] • *Coal* • *Other fossil fuels*	***GHG emissions*** • *Intensity: tCO_2e per CHF million revenue for **scope 3** (weighted average carbon intensity)* • *Footprint: tCO_2e per CHF million invested capital for **scope 3*** ***Proportion** of portfolio subject to public commitments to net zero and **verified credible interim targets** in %*[28]
	Real estate in Switzerland[29] (direct and indirect[30])	
	• **Energy intensity** kWh per m^2 ERA[31] • **GHG intensity** kg CO_2e per m^2 ERA for **scope 1 & 2** • **Energy mix**	• **GHG intensity** kg CO_2e per m^2 ERA for **scope 3**
	Real estate abroad	
		• **Energy intensity** kWh per m^2 ERA/RA[32] • **GHG intensity** kg CO_2e per m^2 ERA/RA[32]
	Government bonds[33]	
		• **GHG (intensity)** tCO_2e per million CHF GDP or per capita (depending on whether intensity is based on production or consumption)[34]

[26] These key figures consciously focus on the climate dimension. Other ESG aspects are just as important, but their quantitative recording, including at company level, is not yet sufficiently developed.
[27] See SCS (v.8/12/2023) and calculation notes: The threshold is **0% of revenue**.
[28] See SCS (V.8/12/2023) and calculation notes. This refers to verification by the **SBTi**.
[29] **REIDA's** current **methodological principles** apply to all real estate figures.
[30] **Indirectly held real estate**: listed real estate funds, real estate investment groups and non-listed funds (core investments, i.e. no real estate private equity).
[31] Where necessary, the energy reference area (ERA) can be calculated from the rentable area (RA) (see **REIDA** and calculation notes).
[32] As ERA-based data is often not available for **real estate abroad**, the reporting can be based on either ERA or RA.
[33] The term government bonds applies here to the following categories of securities: **treasuries, local authorities** and **sovereigns**. It excludes agencies, supranationals and other state-owned enterprises.
[34] See calculation notes in the Appendix.

CALCULATION NOTES

1) Aggregation

Due to the different units of measurement, the aggregation of key figures across total assets is only of limited use (e.g. CO_2/revenue <> CO_2/GDP). Aggregation can be performed where possible. The PF is free to decide whether to disclose the key figures per asset class or per product/mandate.

2) Transparency rate

Transparency rate I (total assets): proportion of assets for which ESG key figures are reported in %.

Transparency rate II (key figure): proportion per asset class, product or mandate for which the key figure is available in %, measured in terms of market capitalisation.

- → Specification of key figures per asset classor per product/mandate
- → The transparency rate can also be disclosed on an aggregated basis for key figures that have been aggregated across several asset class.

Transparency rates allow for the reporting of incomplete data. **However, it is not permissible to make assumptions relating to unavailable data** (e.g. assuming zero emissions for securities where no CO_2 data is available).

Example: Transparency rates I and II

	Asset share	Availability Key figures (e.g. GHG emissions)	Transparency II
Cash	*5%*		
Government bonds	*10%*	10%	100%
Corporate bonds	*15%*	5%	33%
Equity	*30%*	20%	67%
Real estate Switzerland + abroad	*20%*	10%	50%
Infrastructure	*10%*		
Hedge funds	*5%*		
ILS	*5%*		
Total	***100%***		
Transparency I	**75%**		

3) Stewardship: voting rate

The voting rate indicates the percentage of companies for which voting rights are exercised. **An exact figure is not expected** here, as this would be neither expedient nor proportionate. The following **simplifications** can be used (other, more precise calculation methods are also permitted, e.g. using the average invested capital).

Swiss voting rate: 100% can be stated here without calculation, due to the legal obligation to vote at Swiss companies.

International voting rate:

- **Total invested capital (denominator)**: invested equity capital **at the end of the reporting year**
- **Percentage of companies (numerator)** where votes were exercised: **sum of market values at the end of the reporting year**, i.e. zero for companies that left the portfolio at year-end. Also not included are companies that were only added to the portfolio after their Annual General Meeting (and where votes could therefore not be exercised, although they are included in the total).

4) Stewardship: number of engagements

Engagements are defined and counted in different ways. **Possible information on the number** includes**:**

- **Number of companies** (different dialogue topics with one company count as one engagement)
- **Number of engagement cases** (different dialogue topics with companies count individually)

Engagement here is defined as **dialogue with the issuer of the security** (usually companies) with the aim of improving company practice in connection with ESG issues. The engagement pursues **concrete objectives**, is **evaluated** in terms of its **progress** and often extends **over a prolonged period of time**.

What counts is the quality of the engagement, not the quantity. Nevertheless, the approximate number required here gives an indication of the extent of the activities. In order to be able to better assess both scope and quality in future, **ASIP** will provide its members with an **engagement reporting template** so that this information can be requested in a standardised manner.

5) Swiss Climate Scores (SCS) key figures

Exposure to fossil fuels.

The SCS (version 8/12/2023) defines a '**threshold of 0% of revenue** [which] applies both to activities directly associated with the exploration and production of fossil fuels and also, where data is available, to activities financing this production'. The SCS cites the Global Coal Exit List as a possible data source.

Proportion of portfolio subject to public commitments to net zero and verified credible interim targets.

The SCS (version 8/12/2023) provides the following information: 'Companies must have made a public commitment to achieving net zero emissions, and their near-term targets must be verified by the Science Based Targets initiative (SBTi)'. The SBTi lists these companies on its website: Science Based Targets initiative.

6) Real estate

ASIP recommends calculating key real estate figures in accordance with the current version of **REIDA's**[35] methodological principles. The reliance on REIDA is consistent with the current recommendations of AMAS[36] and KGAST.[37]

Energy reference area (ERA): if the energy reference area is not available, it can be derived from the rentable area (RA) using a conversion factor (see REIDA CO_2 benchmark, methodological basis).

Scope 3 (**supplementary key figure):** scope 3 covers all upstream and downstream emissions from the value chain. In the building sector, these are primarily GHG **emissions from building**

[35] See REIDA CO_2 benchmark, methodological basis for calculating the CO_2 figures.
[36] See Environmental indicators for real estate funds : best practice, AMAS.
[37] See KGAST's recommendation on environmentally relevant key figures for real estate investment groups.

materials, particularly concrete, but also glass and fossil insulation materials, known as '**grey emissions**'. These are by far the most important category of scope 3 emissions in the building sector and, according to the GHG Protocol, must be reported under scope 3.2 Capital goods. At present, however, they are rarely recorded.

- **Key figures**: the PF can report whichever scope 3 emissions are available, specifying the relevant category according to the GHG Protocol (e.g. Scope 3.13 Downstream leased assets, Scope 3.2 Capital goods etc.).[38]
- **Qualitative reporting**: alternatively or in addition, the PF can provide **qualitative** information on the status of **grey energy** and **grey emissions** incorporation (or how they are being incorporated by its asset manager). This is guided by the objectives of the Circular Building Charter, an initiative of major public and private building contractors in Switzerland[39]:
  - Recording and reducing **grey GHG emissions** (scope 3.2)
  - **Closing raw-material cycles**: reducing non-renewable primary raw materials and increasing the circularity of renovations and new buildings.

Real estate equities: depending on the availability of data, these emissions may be reported under equity or real estate.

7) Government bonds

Emissions for government bonds are to be calculated on the basis of the latest version of the **'Financed Emissions' PCAF standard**[40] (PCAF), p. 109 et seq. However, the standard recommends two approaches: **production-based and consumption-based emissions**. **Consumption-based** emissions (**scope 1, 2 and 3** according to PCAF) paint a more comprehensive picture, as emissions from net imports (import-export) are also reported in addition to emissions from domestic production. However, these are more difficult to measure than **production-based** emissions (**scope 1** according to PCAF).

- **Free choice of scope**: the PF is free to choose whether to include **production-** and/or **consumption-based emissions** under this figure, but this should be made transparent.

[38] Scope 3 emissions are currently (Dec 2024) not part of the REIDA CO_2 benchmark, but can be specified separately. See Methodology V1.2 , Section 4.5 Clarification of the system boundary.
[39] See Circular Building Charter and the glossary.
[40] See (2022), PCAF.

- The PF should **calculate** the chosen scope according to **PCAF**: **production-based** emissions should be reported in relation to **GDP adjusted for purchasing power** and **consumption-based** emissions **per capita**, see PCAF, p. 116).
- **Qualitative reporting**: it is also possible to show how the external asset manager deals with the issue of states' CO_2 emissions (e.g. consideration of historical emissions, climate targets, etc.).

Which bonds: in this context, the term 'government bonds' applies to bonds issued by central and state governments, but not to bonds issued by state-owned companies or supranational organisations. Specifically, it applies to the following bond categories (according to the Global Aggregate Bond Index): **treasuries, local authorities and sovereigns.** This excludes **agencies** and **supranationals.**

Mixed bond mandates: if the government bonds are held in a mixed bond mandate or fund, the proportion of government bonds in the portfolio and the benchmark can also be indicated.

8) Derivatives

The inclusion of CO_2 emissions from the assets underlying the derivatives is still controversial. The ASIP standard therefore only requires **disclosure of the handling** of emissions from derivatives. Should a standardised approach become established in the market, ASIP will clarify its recommendation.

GLOSSARY / TERMS USED

Best-in-class	Industry-neutral investment approach that selects or gives a higher weighting to the best companies in each industry based on ESG criteria (e.g. ESG ratings or sub-aspects). Similar to this: worst-in-class.
CA100+	Climate Action 100+ is the world's largest investor coalition. Its aim is to encourage the world's 100 (now 170) most significant greenhouse gas emitters to take the necessary measures against climate change. Launched in 2017, the initiative is coordinated by regional investor networks. In Europe, these are the Institutional Investors Group on Climate Change (IIGCC) and the Principles for Responsible Investment (PRI).
Charter Circular Building	An initiative of major public and private building contractors in Switzerland, including the federal government and the city and canton of Zurich, which aim to drive forward the circular economy in the Swiss construction industry. Specific targets are to reduce non-renewable primary raw materials to 50 percent of the total mass by 2030, to record and significantly reduce grey greenhouse gas emissions, and to measure and significantly improve the circularity of renovations and new buildings. When constructing and maintaining properties, innovative solutions should be developed in order to meet these targets: renovating instead of building from scratch, building for the long term, reducing the use of materials, reusing materials.
CO_2e	CO_2 equivalent (see GHG)
CO_2 intensity	Amount of CO_2 equivalents emitted relative to a reference measurement, e.g. per unit of assets under management (tCO_2e/CHF million AuM) or per area of a building (CO_2e/m^2).
Decarbonisation	In an investment context, this refers to the (gradual) reduction in the portfolio's CO_2 intensity through a change in the portfolio composition or decarbonisation by the companies themselves. In the first case, decarbonisation of the portfolio does not correspond to an actual reduction in emissions in the real economy. Further measures (e.g. engagement, exercising of voting rights) are therefore recommended.
Double materiality	See ASIP's ESG guidelines, 2022
Engagement	Refers to the targeted dialogue between the investor and the issuer of the security (usually a company) with the aim of improving company practice in connection with ESG issues. The engagement pursues concrete objectives,

	is evaluated in terms of its progress and often extends over a prolonged period of time, during which investors express their expectations through face-to-face meetings, telephone calls and written exchanges. However, engagement can also take place with other interest groups, e.g. industry associations or political decision-makers.
Escalation pathway	An escalation pathway or escalation procedure defines which measures are to be taken, and when, in the event of an unsuccessful engagement dialogue. These may include (collective) letters to the management of the company, the exercise of voting rights at the Annual General Meeting with corresponding justification addressed to the company, the submission of a shareholder proposal, a limit on new investments or (partial) sale of the securities, to name a few examples.
ESG risks/opportunities	See ASIP's ESG guidelines, 2022
GHG	Greenhouse gas emissions, which are responsible for the greenhouse effect and global warming, are various gases expressed in CO_2 equivalents (CO_2e).
GHG Protocol	The Greenhouse Gas Protocol (GHG Protocol) sets out comprehensive, globally standardised procedures and methods for measuring and managing greenhouse gas emissions. It was developed to create an internationally recognised standard for accounting and reporting of scope 1, 2 and 3 emissions.
Grey energy	Denotes the non-renewable primary energy in kWh that is concealed in the materials used in a building. This includes the energy for raw material extraction, production (e.g. cement), installation and, at the end of the building's life, dismantling and disposal of the building materials and products (see minergie.ch). Similarly, **grey GHG emissions** are also generated by the aforementioned manufacturing processes.
Impact investments	These aim to achieve a measurable, positive social and/or environmental impact in addition to a financial return. Impact investments in sustainable and socially responsible projects and activities create a direct link between portfolio investments and activities with a positive social or environmental impact.
Indirect real estate	Indirectly held real estate, i.e. listed real estate funds, real estate investment groups and non-listed funds. In this context, this refers to core investments, i.e. not real estate private equity.
NA100	Nature Action 100 (NA100) is a global investor initiative involving more than 200 international institutional investors. The NA100 is the biodiversity counterpart to Climate Action 100+. The initiative aims to encourage companies to adopt more ambitious targets and measures to halt and reverse the loss

	of nature and biodiversity. The primary means of achieving this is direct dialogue (engagement) with the companies.
PACTA	PACTA (Paris Agreement Capital Transition Assessment) is a publicly available tool for measuring the climate compatibility of financial portfolios. It was developed by the 2° Investing Initiative think tank and co-financed by the EU, Germany and Switzerland. The Federal Office for the Environment (FOEN) has conducted a voluntary climate compatibility test for Swiss banks, asset managers, pension funds and insurance companies every other year since 2017.
PCAF	The Partnership for Carbon Accounting Financials (PCAF) is an initiative made up of majority European financial market participants that aims to establish common rules for the calculation of financed emissions.
REIDA	The Real Estate Investment Data Association (REIDA) is an association founded by the major real estate investors in Switzerland, including several members of ASIP. Its aim is to create comparability when measuring the CO_2 emissions or CO_2 intensity of investment properties. ASIP refers to the current REIDA methodology for calculating its key real estate figure; this is V1.2 dated 16 August 2023 at the time of publication of this recommendation.
SBTi	The Science Based Targets initiative (SBTi) is a joint initiative of the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resources Institute (WRI) and the WWF. It aims to evaluate companies' climate targets. SBTi-validated company targets help investors assess whether a company's targets are credible and compatible with the Paris climate targets.
Scope 1, 2 and 3	The three scopes make it possible to show greenhouse gas emissions by source: scope 1 emissions are generated directly (on site), while scope 2 emissions are the emissions from the energy that is required and purchased for production/operation. Scope 3 emissions are emissions generated along the entire value chain, e.g. through the extraction or manufacture of raw materials, and the delivery and use or disposal of the product. This differentiation is important because it clarifies the source of emissions and therefore also the ways to reduce them.
SCS	The Swiss Climate Scores (SCS) were introduced in June 2022 by the State Secretariat for International Financial Matters (SIF) of the Federal Department of Finance (FDF). They are a set of (thus far) voluntary indicators in-

	tended to provide private investors with information on the climate compatibility of the 'products offered by asset managers, banks and insurance companies'.
Stewardship	Stewardship is understood in this context as the exercise of voting rights and investor engagement (dialogue with the issuers of securities). Another commonly used term, which is synonymous here, is 'active ownership'.