

# ETHOS MATERIALITY MATRIX

Ethos' mission is to promote socially responsible investment. At a time when sustainability and climate reports are becoming mandatory for large companies in Europe and Switzerland, Ethos Services SA has decided to lead by example by preparing a sustainability report in accordance with recognised reporting standards.

In this context, the material issues considered when evaluating Ethos Services SA were:

- the materiality of the risks for the company;
- the ESG themes covered by Ethos' services;
- a comparison with other players in the same sector;
- the results of a survey conducted among Ethos' stakeholders.

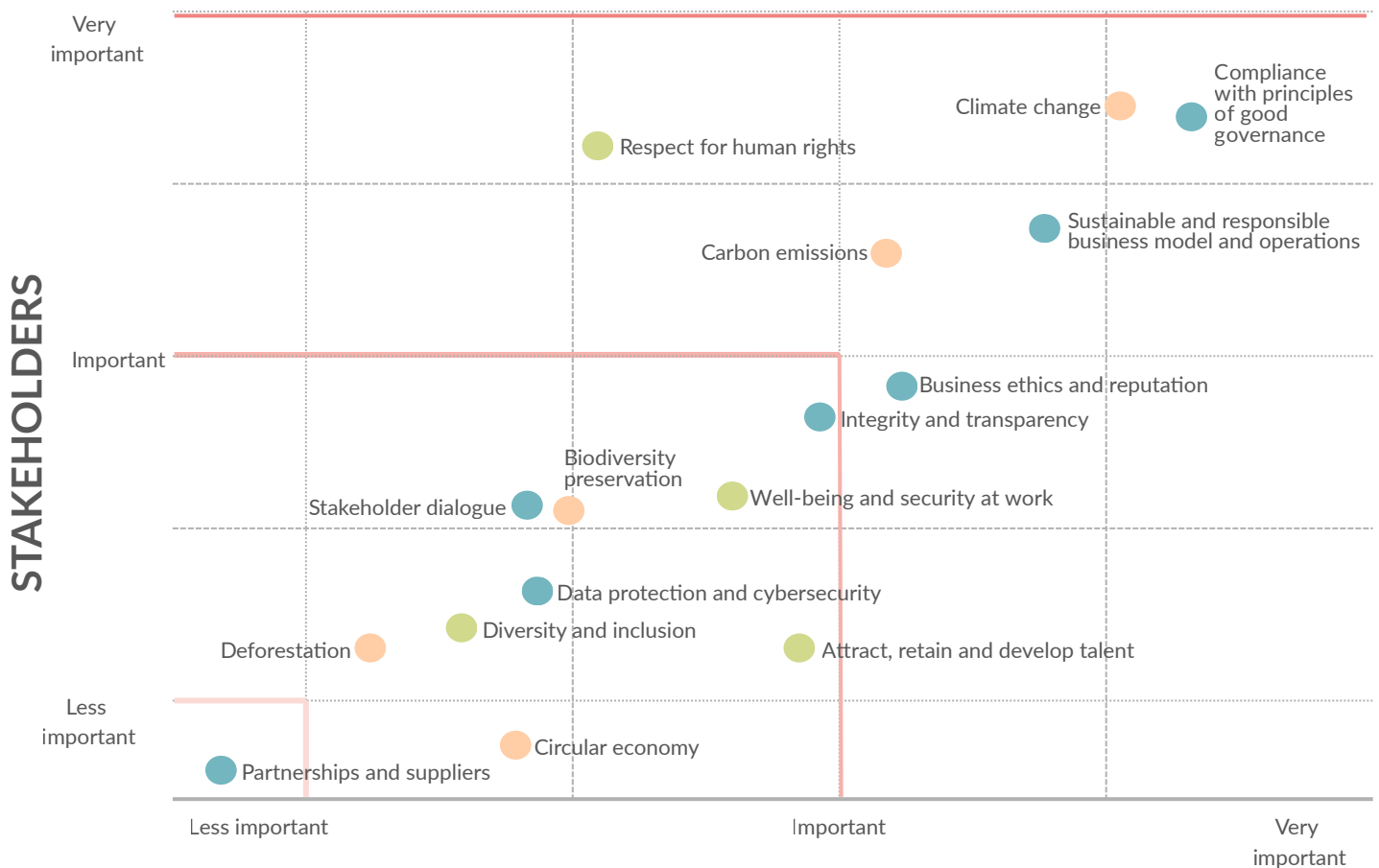
When identifying the material issues and analysing them according to GRI standards, an important distinction was made in terms of how this report

accounts for the activities of Ethos Services SA and their impact. Due to its mission to promote socially responsible investment, most of the material topics defined by the GRI standard could apply to Ethos Services SA.

However, two distinct categories emerge:

- Topics directly related to the operations of Ethos Services SA, for which specific policies have been implemented and for which data is available and disclosed.
- Topics covered by the services provided by Ethos Services SA, where the organisation has an indirect impact. These topics are addressed in the report where data is available.

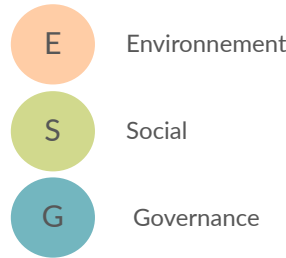
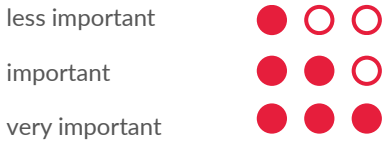
The following chart and table describe the material issues, their scope, impact and level of importance.



ETHOS SERVICES SA

**DEFINITION OF MATERIAL ISSUES FOR ETHOS**

Level of importance



MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE	SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)
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**CLIMATE CHANGE** ● ● ●

Climate change is one of the most important issues of our time. It poses a risk not only to the global economy and investors, but also to the environment and the survival of life on Earth.

**Ethos operations**

Although the company's operations have a limited direct impact on the climate due to its modest size, Ethos implements all possible measures to reduce its carbon and environmental footprints.

**CARBON EMISSIONS** ● ● ●

Carbon emissions are a key factor in climate change. The scientific data is clear: to avoid global warming of more than 1.5°C by the end of the century, which would have catastrophic consequences, we must reduce CO2e emissions. Both the public and private sectors have a key role to play in financing a low-carbon economy.

**Ethos activities**

Ethos incorporates rigorous environmental criteria into the management of its investment funds. Investments are selected based on extra-financial analysis and the exclusion of certain sectors, as well as an analysis of companies' greenhouse gas (GHG) emissions. Additionally, some funds have ambitious low-carbon intensity targets or incorporate climate transition criteria.

As part of its shareholder engagement activities, Ethos pursues the following climate change objectives: improving transparency, setting greenhouse gas (GHG) emission reduction targets and taking indirect emissions (scope 3) into account. These activities have an indirect impact on climate change.

While this impact is difficult to quantify, it is highly significant, both currently and in the future. By encouraging companies to pay close attention to this crucial issue, Ethos is helping to mitigate climate change.

**BIODIVERSITY PRESERVATION** ● ● ○

Biodiversity loss poses a material risk to businesses, their strategies and their assets. Therefore, it is essential that all businesses address this issue by adopting ambitious strategies to preserve and restore biodiversity.

**Ethos Operations**

Ethos does not have a significant direct impact on biodiversity or deforestation, either positive or negative. However, Ethos strives to purchase reconditioned equipment for its IT infrastructure.

**MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE**

**SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)**

**DEFORESTATION**



Deforestation lies at the heart of climate, biodiversity, food and water security topics and represents an increasingly significant financial risk. Ending deforestation could account for one third of the solution to achieving the Paris Agreement's climate goal in terms of CO<sub>2</sub> emissions and reducing biodiversity loss.

**CIRCULAR ECONOMY**



Based on the Ellen MacArthur Foundation's definition of a circular economy – an economy based on the principles of eliminating waste and pollution, conserving products and materials, and regenerating natural systems – Ethos considers the circular economy according to the following criteria:

- the use of sustainably produced recycled or bio-based materials as inputs for products;
- the possibility of returning products for reuse, repair, recovery or recycling so that they can last for several life cycles.

**Ethos activities**

Ethos incorporates rigorous environmental criteria into the management of Ethos-labelled investment funds. These criteria are based on extra-financial analysis and the exclusion of certain sectors. They also include analysis of the greenhouse gas emissions of companies in the funds and activities with a positive impact, including those in the circular economy.

Ethos engages in dialogue with companies regarding biodiversity, including diversity within terrestrial and marine species and ecosystems. This dialogue covers deforestation, ocean protection, access to water and plastic pollution. Through its participation in collective campaigns, Ethos indirectly impacts biodiversity. While quantifying this impact is challenging, it is nonetheless of paramount importance, both now and in the future. By engaging in ongoing dialogue with companies on this vital issue, Ethos is actively contributing to biodiversity protection.



**ATTRACT, RETAIN AND DEVELOP TALENT**



Attracting, retaining and developing qualified staff is essential for the smooth running of operations and the long-term success of businesses. This is especially true for service sector companies, which rely heavily on their human capital.

**WELL-BEING AND SECURITY AT WORK**



Well-being and safety at work refer to the overall state of satisfaction, fulfilment and security experienced by an employee in their professional environment. This state is based on several essential factors, including working conditions, safety, health protection, and the psychosocial aspects of work.

Bringing these elements together can prevent or reduce the risk of work-related accidents and illnesses, while also boosting employee motivation and commitment. This has a direct impact on the company's overall efficiency and performance.

**Ethos Operations**

Ethos pays particular attention to the working conditions of its staff and has implemented systems covering training, equal pay, work-life balance, and workplace well-being.

By developing its employees, Ethos has a positive impact on the labour market, both now and in the future. It trains talented individuals who go on to pursue rewarding careers, thereby contributing to society and the environment.

**Ethos activities**

As part of its engagement activities, Ethos encourages companies to implement ambitious policies on labour rights and occupational safety. Retaining employees is crucial for business success and an important factor in Ethos' ESG rating.

**MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE**

**SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)**

**DIVERSITY AND INCLUSION**



Diversity encompasses characteristics such as gender, origin, ethnic heritage, sexual orientation and age. Meanwhile, inclusion translates into respect, support and involvement for every member of staff, thereby promoting a harmonious and equitable working environment. A diverse team enables a company to adapt more easily to market changes by providing a wider range of perspectives and solutions. Furthermore, embracing cultural diversity broadens access to a wider talent pool, enhancing the company's appeal as an employer of choice.

**Ethos Operations**

Ethos does not discriminate in any way during the hiring process and strives to maintain an inclusive environment for all staff. Ethos also pursues a policy of equal pay. This has a positive impact on the labour market, both now and in the future, as it offers qualified staff, regardless of gender, the opportunity to take on positions of responsibility.

**Ethos activities**

As part of its shareholder dialogue, Ethos discusses the issue of quotas for women in senior management and on boards of directors with companies. When exercising its voting rights at general meetings, Ethos opposes the re-election of nomination committee chairs in companies with fewer than 30% women on their committees. This dialogue has an indirect impact on diversity. While this impact is difficult to quantify, it is crucially important, both now and in the future. By engaging in ongoing dialogue with companies on inclusion and diversity, Ethos is actively contributing to advancing this issue.

**RESPECT FOR HUMAN RIGHTS**



The management of human resources and working conditions is a key element of a company's sustainability strategy. Companies are expected to implement transparent policies that demonstrate how these issues are being identified and managed.

**Ethos Operations**

To this end, Ethos has signed a Human Rights Statement, undertaking to comply with the United Nations' Guiding Principles on Business and Human Rights. As a company, Ethos has no significant direct impact, either positive or negative, on global respect for labour and human rights.

**Ethos activities**

Through its dialogue with companies, Ethos encourages them to apply these policies to their supply chain employees, who are often based in emerging countries.

The objectives of the dialogue can be summarised as follows:

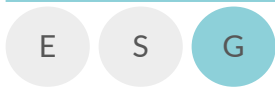
- transparent policy on workers' rights;
- publication of human resources indicators (e.g. accidents, fatalities, turnover rates, diversity, satisfaction);
- publication of a code of conduct for suppliers;
- implementation of due diligence, particularly with regard to human rights issues;
- introduction of a living wage in supply chains.

Ethos incorporates rigorous social criteria into its fund management. These criteria are based on extra-financial analysis and the exclusion of companies whose behaviour violates international standards or business ethics.

Ethos' impact stems from its exclusions and shareholder engagement. While this impact is difficult to quantify, it is of crucial importance, both now and for the future. By maintaining an ongoing dialogue with companies on this important issue, Ethos actively promotes and respects these fundamental rights.

**MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE**

**SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)**



**SUSTAINABLE AND RESPONSIBLE BUSINESS MODEL AND OPERATIONS**



In the face of the growing impact of climate change, it is now a necessity to adopt a sustainable and responsible business model that preserves natural resources while meeting the needs of current and future generations. Companies that integrate practices aligned with environmental, social and economic constraints will contribute to global resilience and strengthen their own sustainability.

**Ethos Operations**

Ethos Services SA is committed to integrating the concept of sustainable development into all its activities. The company was established to support the Ethos Foundation in achieving its two key objectives:

- to promote the integration of sustainable development principles and good corporate governance practices into investment activities, and
- to promote a stable and prosperous socio-economic environment that benefits civil society as a whole and preserves the interests of future generations.

Ethos exerts a positive influence on the labour market by attracting the best talent through its sustainable and responsible approach. These talented individuals, in turn, provide high-quality services and benefits, thereby maximising the impact of the company's activities.

The Board of Directors pays particular attention to the financial sustainability of Ethos Services SA, approving a multi-year business plan and annual budget and monitoring financial estimates at each meeting. Ethos Services SA has a high level of reserves and no debt.

**Ethos activities**

All Ethos services aim to achieve the two objectives mentioned above, thereby indirectly impacting the environment and society.

**BUSINESS ETHICS AND REPUTATION**



**INTEGRITY AND TRANSPARENCY**



Business ethics, integrity and transparency are vital for creating robust markets and fostering confidence among investors, employees and consumers. In the digital age, transparency is becoming a vital strategic asset. By adopting open and ethical practices, companies can consolidate their reputation, promote a sustainable and fair economic environment, and enhance their long-term attractiveness and resilience.

**Ethos Operations**

Ethos' operations are governed by a number of founding documents and policies that set the highest standards of business ethics. Ethos prioritises transparency in its communications with members, shareholders and civil society. As a result, Ethos has built a solid reputation and inspires confidence. This credibility enables Ethos to attract clients who are convinced by the quality of its services, thereby strengthening its impact in the field of sustainable finance.

**Ethos activities**

Ethos' SRI principles include specific and stringent exclusion criteria relating to corporate behaviour.

By excluding companies from its investment funds, Ethos exerts indirect influence over them.

**MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE**

**SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)**

**COMPLIANCE WITH PRINCIPLES OF GOOD GOVERNANCE**



Corporate governance is a key issue when it comes to implementing corporate sustainability strategies, as it is the main way of managing the ethical, environmental and social risks that a company faces.

**Ethos Operations**

Ethos strictly complies with all applicable Swiss laws and regulations. Furthermore, Ethos places great importance on codes of best practice in corporate governance. Ethos ensures that it applies the same standards to itself as it does to the companies it analyses, particularly by complying with its own corporate governance principles.

**Ethos activities**

As part of its shareholder dialogue, Ethos discusses good governance with companies, covering topics such as the composition and functioning of the board of directors, executive compensation policies, fiscal responsibility, digital responsibility, and shareholder rights. Ethos incorporates rigorous governance criteria into its fund management based on extra-financial analysis, excluding companies whose behaviour violates international standards or business ethics. Based on its analyses, Ethos also issues voting recommendations for general meetings of Swiss and major international listed companies. These recommendations are based on transparent voting guidelines that are reviewed annually to take into account developments in good corporate governance practice.

Through its activities, Ethos indirectly influences listed companies. While this impact is difficult to quantify, it is crucially important, both now and in the future. By engaging in constant dialogue with companies on good governance, Ethos actively contributes to ensuring compliance in this area.

**PARTNERSHIPS AND SUPPLIERS**



The choice of partners and suppliers is a key material issue for a company, with priority given to local players wherever possible. This approach strengthens the local economy, fosters trust and improves transparency within the company's value chain.

**Ethos Operations**

Ethos endeavours to select local suppliers wherever possible. This reflects our commitment to minimising the environmental impact of our operations.

**Ethos activities**

As part of its shareholder engagement activities, Ethos asks companies to implement codes of conduct for their suppliers to ensure compliance with human rights, working conditions, and environmental standards. Ethos also expects companies to regularly audit their suppliers, particularly those operating in high-risk countries.

**MATERIAL ISSUES, DEFINITION AND LEVEL OF IMPORTANCE**

**SCOPE ON ETHOS' OPERATIONS AND ACTIVITIES, AS WELL AS IMPACT (CURRENT AND POTENTIAL)**

**STAKEHOLDER DIALOGUE**



Engaging in dialogue with a company's stakeholders is crucial for strengthening its long-term strategy. Incorporating the opinions, needs and expectations of external stakeholders enables the company to anticipate risks, identify new opportunities and ensure its actions align with societal expectations. This process also fosters transparency and trust, both of which are vital for maintaining a solid reputation and building lasting relationships.

**Ethos Operations**

Ethos is in constant dialogue with its stakeholders and is establishing a more structured approach to this dialogue as part of the integration of the reporting standard into its sustainability report. This ongoing dialogue allows Ethos to respond to market needs and offer relevant services, thereby strengthening its impact in the sustainable finance sector.

**Ethos activities**

One of the services offered by Ethos as part of its engagement activities is facilitating dialogue between investors and companies in the long-term interests of all stakeholders.

**DATA PROTECTION AND CYBERSECURITY**



In businesses, data protection involves practices and standards that secure sensitive information depending on how it is used, what it contains and how critical it is, while complying with legal frameworks such as the Data Protection Act (DPA) and the General Data Protection Regulation (GDPR). The aim is to protect personally identifiable data. Meanwhile, cybersecurity encompasses strategies and technologies that protect systems, networks, and data from cyber threats, thereby ensuring the confidentiality, integrity, and availability of information. Combining these two approaches strengthens businesses' resilience to digital risks and ensures that individual rights are respected.

**Ethos Operations**

Ethos' websites comply with strict data protection guidelines. The company's IT environment adheres to the best cybersecurity practices, and regular security audits are conducted. All staff also receive regular training on cybersecurity threats.

This approach strengthens Ethos' reputation and builds trust with its clients, enabling the company to maximise its impact through its services.

**Ethos activities**

As part of its dialogue activities, Ethos encourages companies to implement policies that promote digital responsibility. Ethos has established several principles and expectations in this area, including those relating to data protection and cybersecurity.