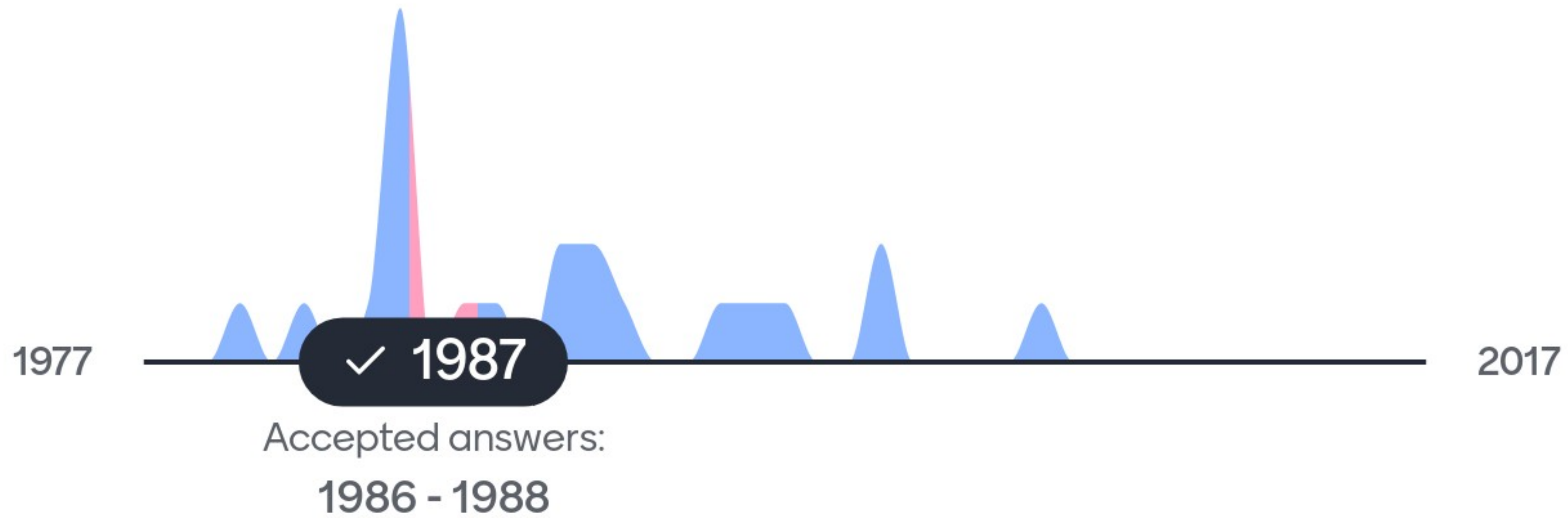
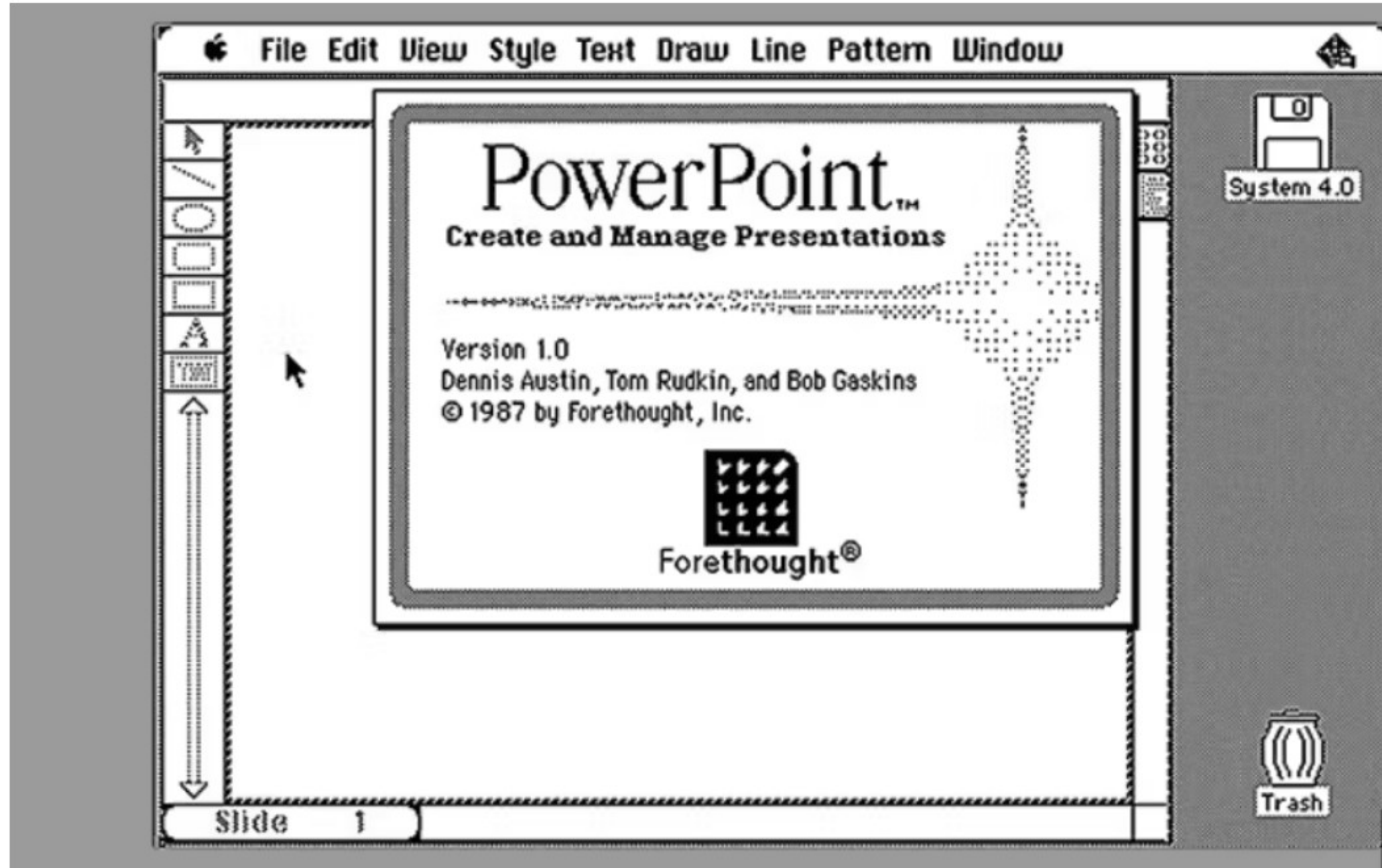


SIX IR best practice roundtable - food for thought from an IR perspective

Marcus Händel, Cembra
28 May 2024

Powerpoint has been here since. ...?

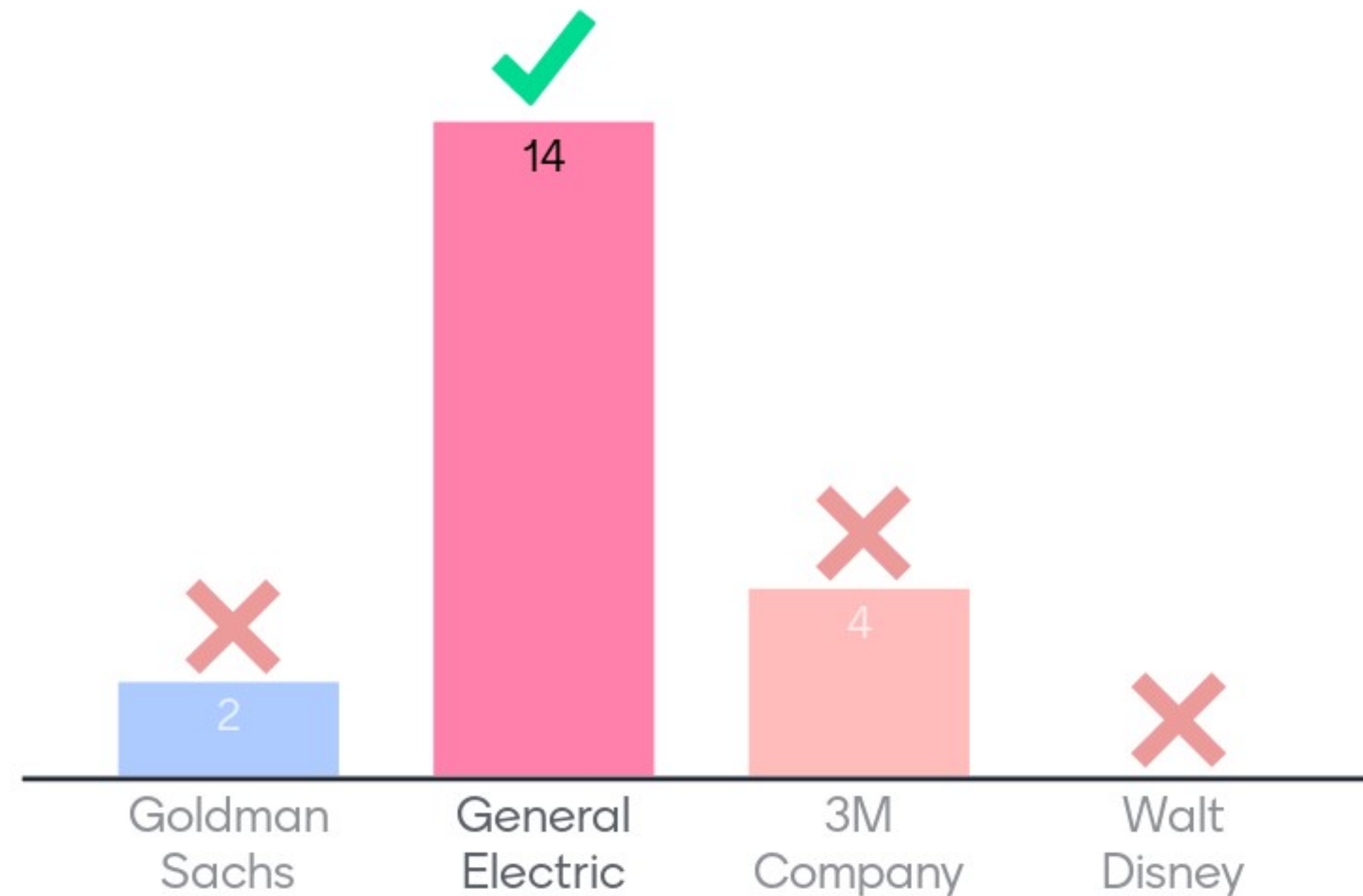




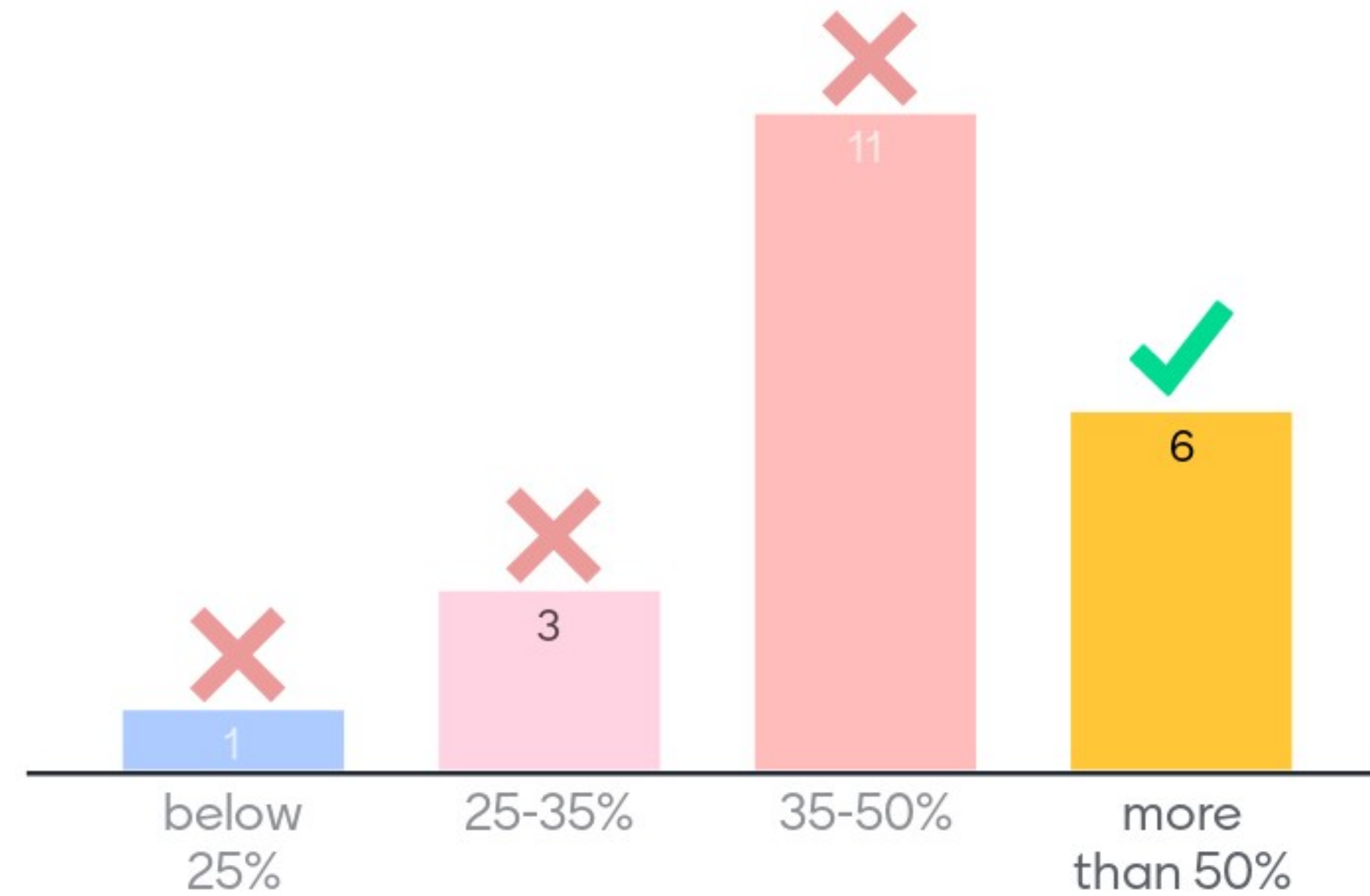
1987



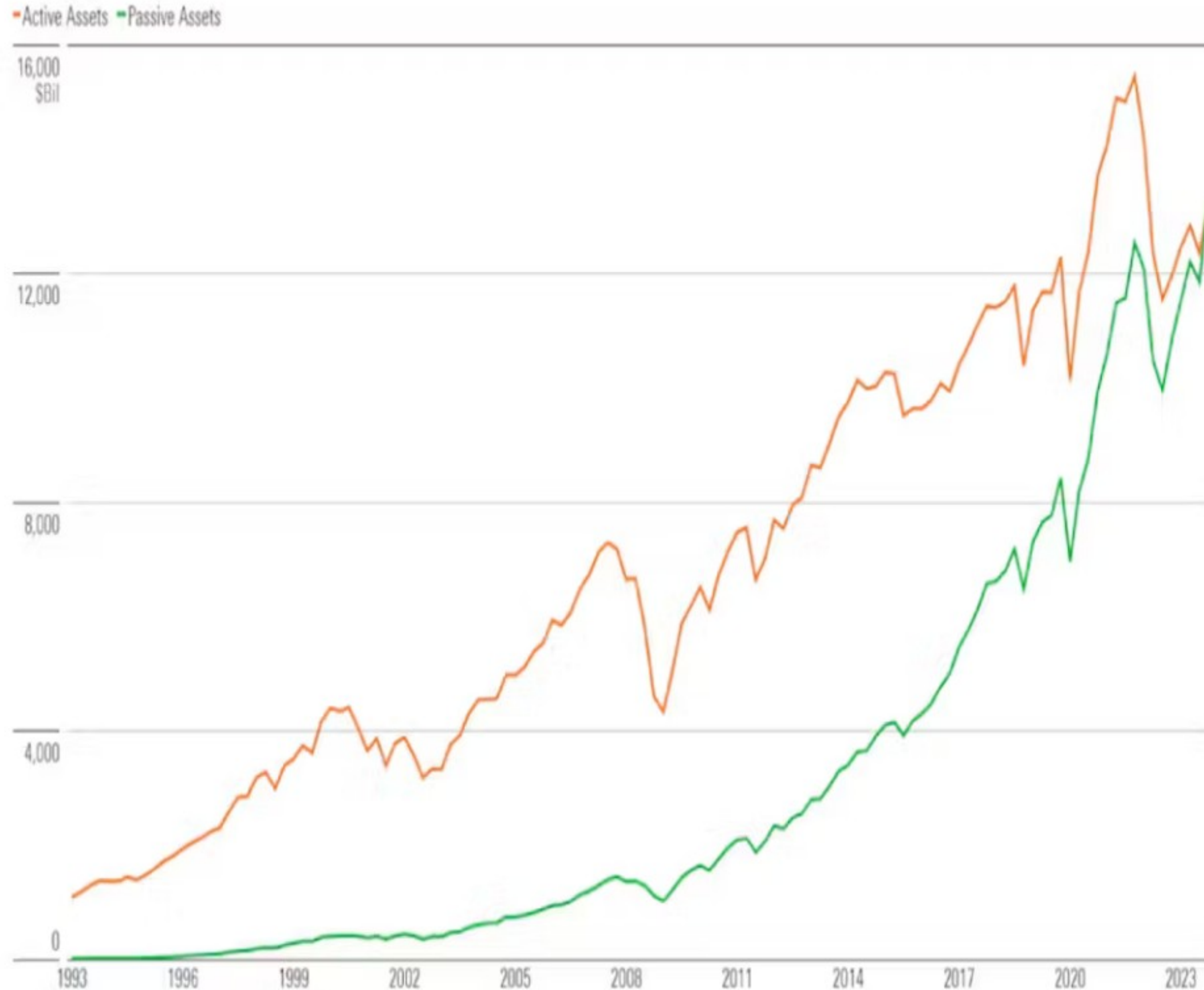
IR history - which US company invented the "Investor Relations" role?



Estimate the share of passive funds worldwide!



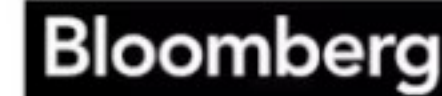
Active vs passive funds 1993-2023



Source: Morningstar December 2023



It's Official: Passive Funds Overtake Active Funds



Live TV Markets Economics Industries Tech Politics Businessweek Opinion More

Markets

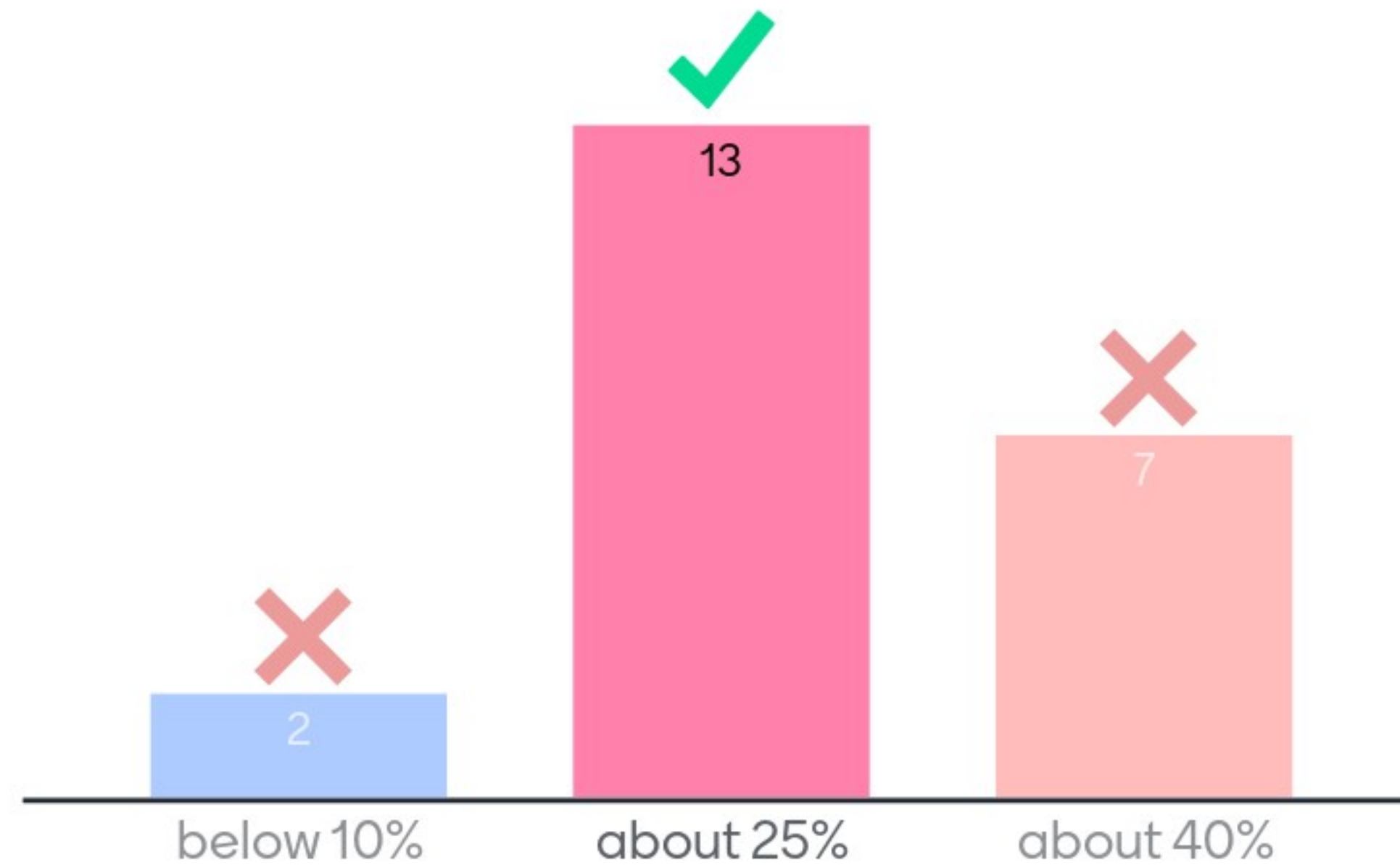
Global Passive Equity Funds Set to Overtake Active Funds

- Fund industry about to pass a symbolic milestone, SocGen says
- Passive credit funds are also seeing cumulative net inflows

Also relevant for IR:

... many global active funds added a governance & ESG layer to their investment process

Estimate the expected share of ESG assets in 2030 (2023: 5%)



Global ESG assets estimated >25% of total assets by 2030

Bloomberg

● Live TV Markets Economics Industries Tech Politics Businessweek Opinion More

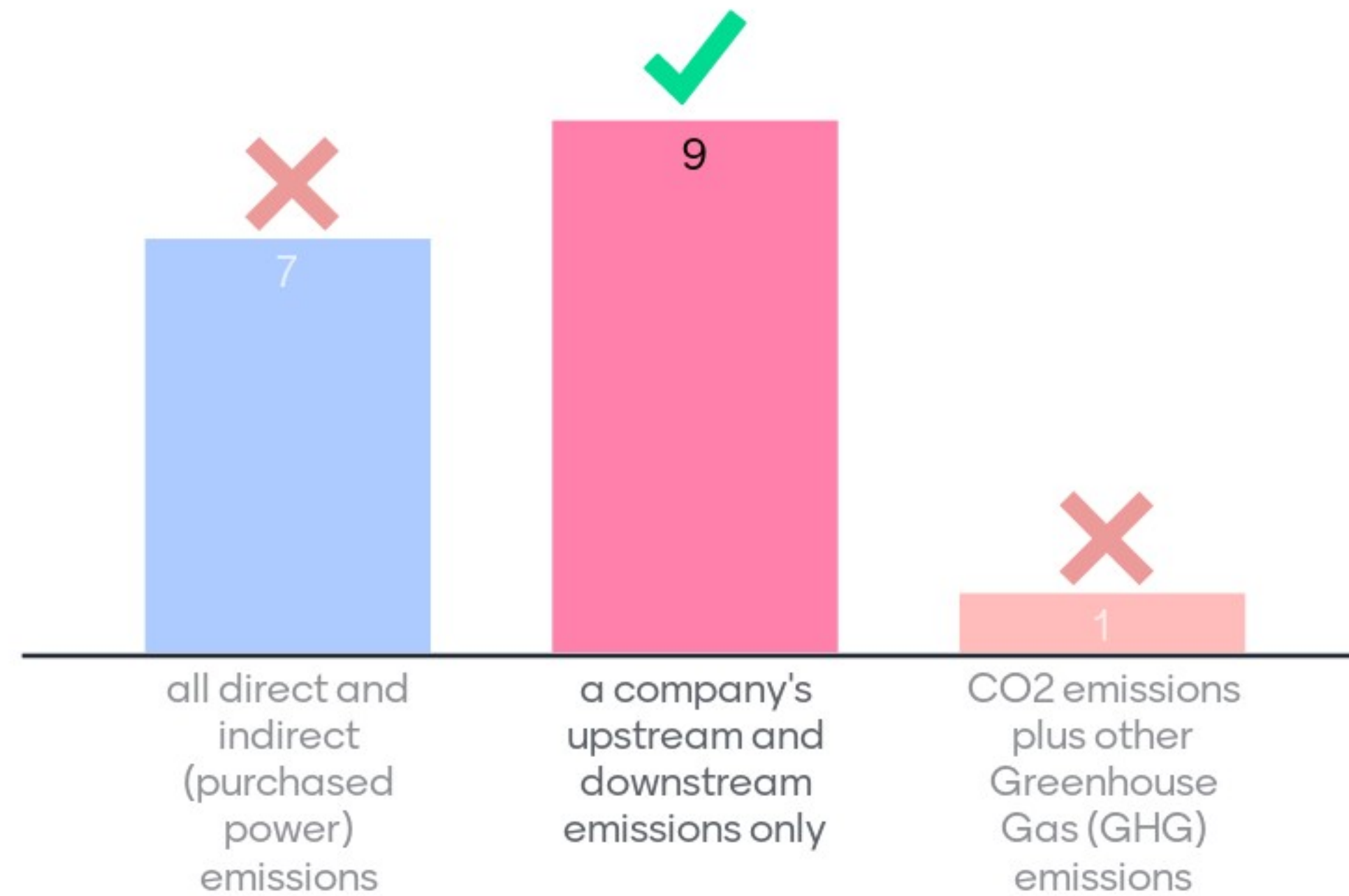
Global ESG assets predicted to hit \$40 trillion by 2030, despite challenging environment, forecasts Bloomberg Intelligence

February 08, 2024

- Despite geopolitical and macro challenges, the ESG market matures and anchors capital markets - exceeding 25% of projected global assets under management
- Enhanced scrutiny and regulations to bolster the ESG market credibility
- Europe is set to remain the largest in ESG assets with over \$18 trillion in 2030
- Investor appetite remains resilient as asset managers plan to boost ESG AUM

London, 8 January 2024 - Global ESG assets surpassed \$30 trillion in 2022 and are on track to surpass \$40 trillion by 2030 – over 25% of projected \$140 trillion assets under management (AUM) according to a latest ESG report from Bloomberg Intelligence (BI).

Sustainability: "Scope 3 carbon emissions are defined as..."



Climate change gets more real than ever...

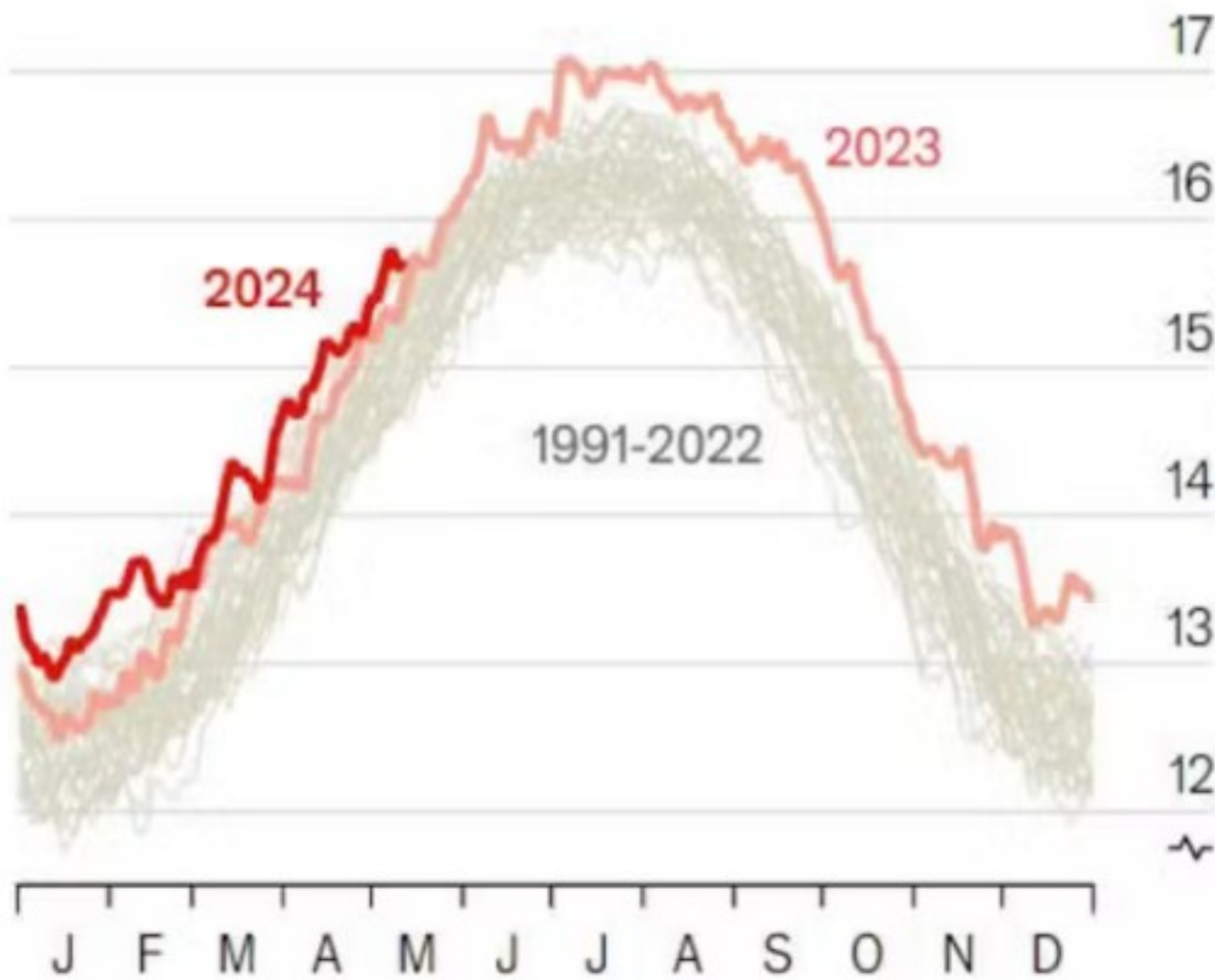
The Economist, May 2024

A bit excessive

Global average

Daily air temperature, °C

1



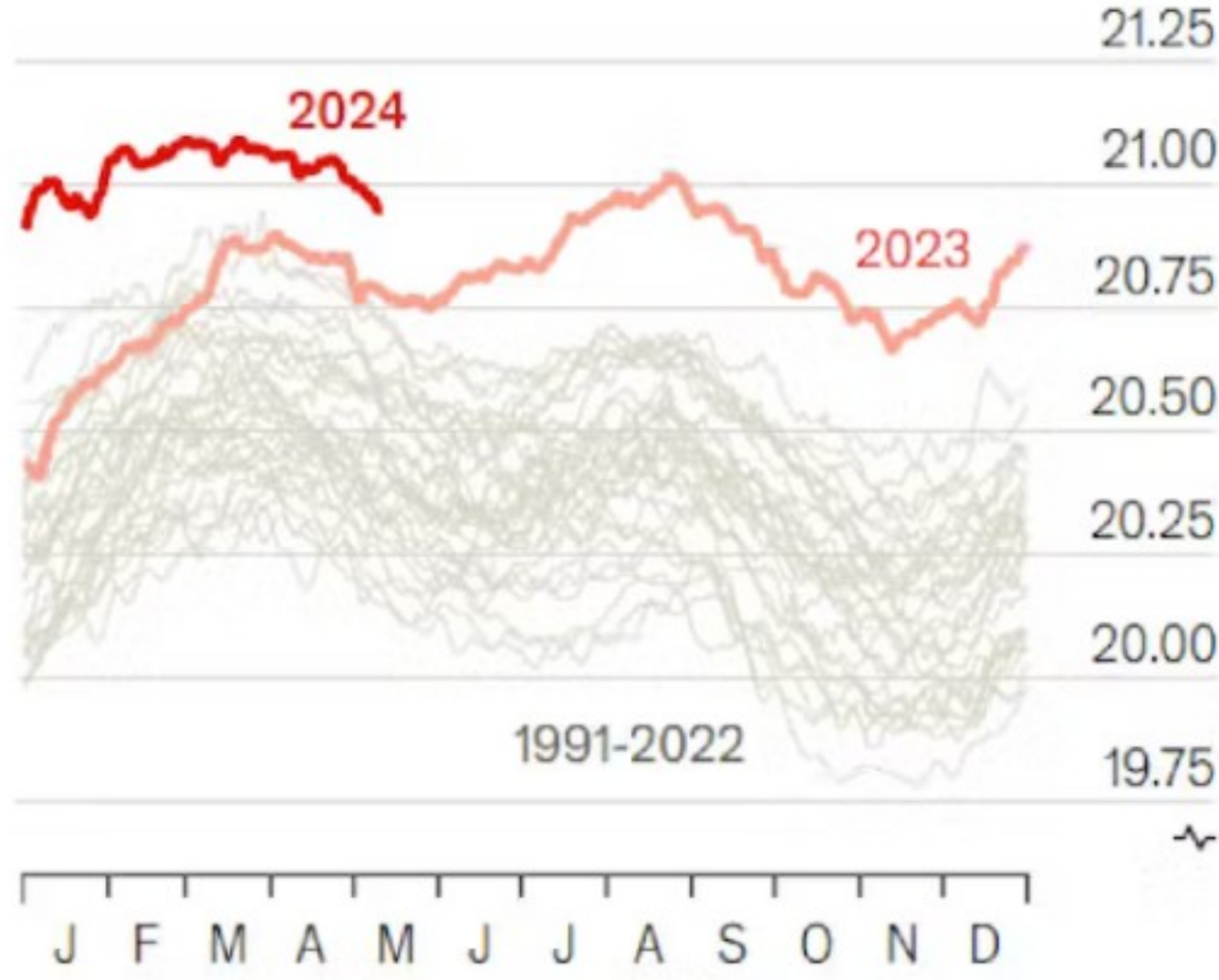
Source: Copernicus, ERA5

Sea's on fire

Global average*

Sea-surface temperature, °C

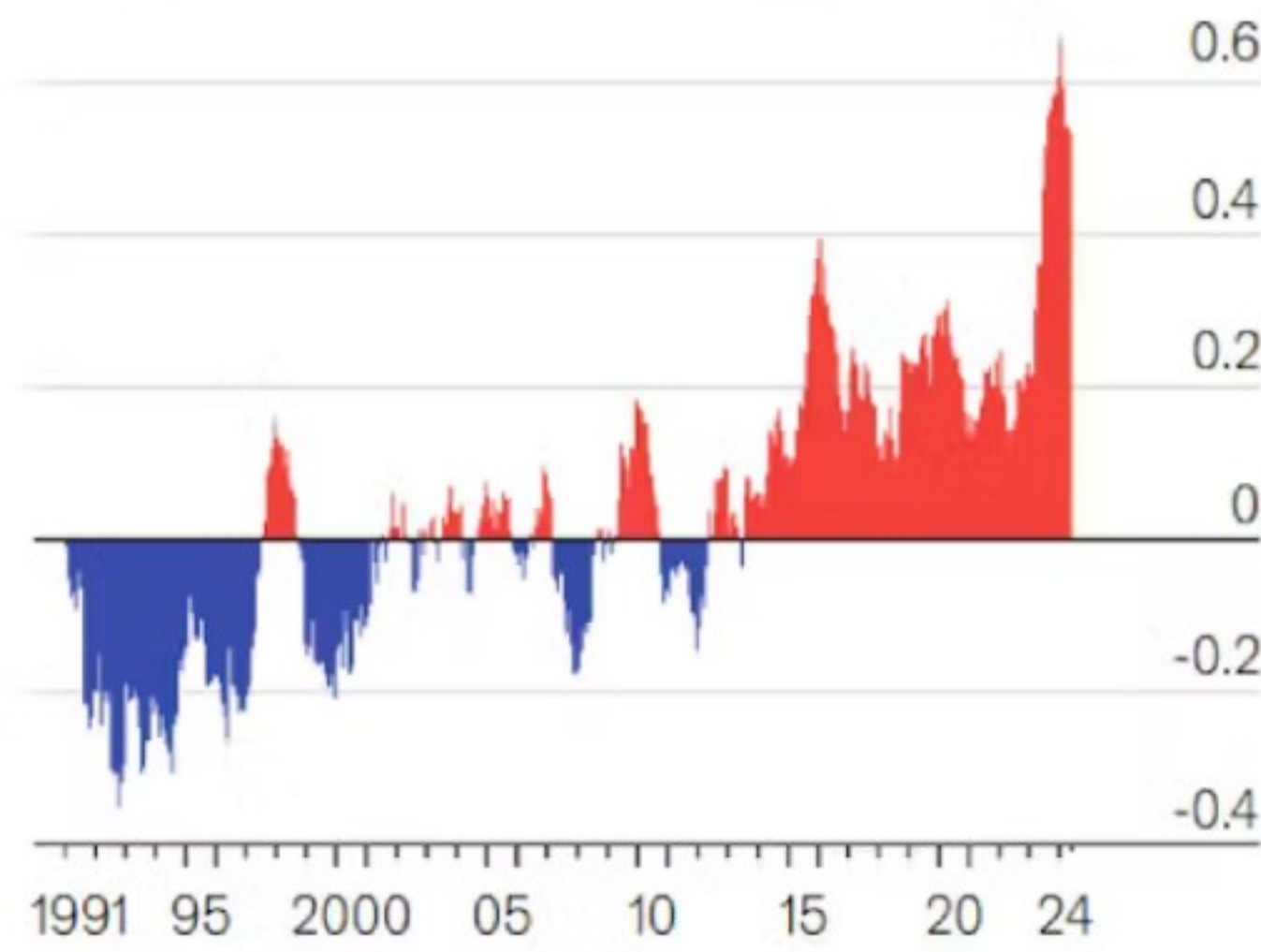
3



Source: Copernicus, ERA5

Monthly sea-surface temperature anomalies, °C
Compared with 1991-2020 average

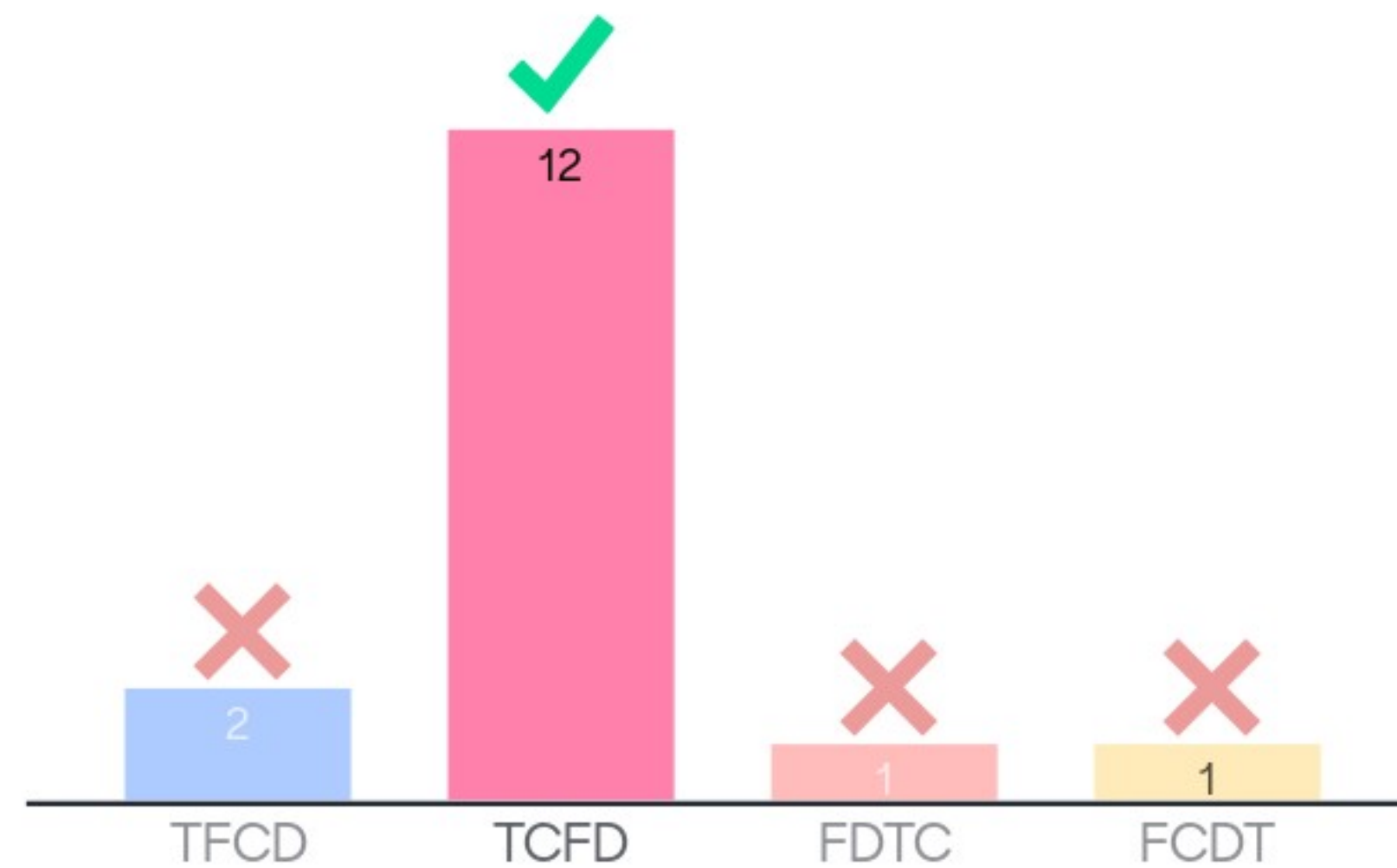
4



*Excludes polar regions

Source: Economist 15 May 2024 (Six charts help to explain 2024's freakish temperatures (economist.com))

Sustainability: What's the Swiss reporting requirement for climate-related disclosures from 2024 on?



Sustainability and ESG: history

Sustainability – ability to continue over a long period of time

- Origins: forestry industry 1987 Brundtland Report and 1992 Rio Conference

ESG – Environment Social Governance

- Origins: The term «ESG» was first introduced by Goldman Sachs research in ~ 2005

ESG ratings – leading quality rating S&P Global CSA / Dow Jones Sustainability Index

- Origins: SAM, Zurich → Robeco SAM (~2005), Amsterdam (~2015) → S&P Global, US (today)

Sustainability at a glance

Sustainability performance

- E**
 - Reduced Scope 1+2 emissions intensity significantly since 2014
 - 100% of electric power from renewable hydro sources
 - Opportunity financing electric vehicles
- S**
 - NPS of 21¹ and providing loans under some of the strictest consumer finance laws in Europe
 - Diverse workforce with >40 nationalities
 - GPTW trust index of 71%² and certified equal pay for equal work
- G**
 - Strong governance structure since the IPO³
 - Sustainability linked to variable executive compensation since FY 2020
 - Sustainability committee chaired by CEO

Selected targets

Reduce Scope 1+2 carbon emissions by 75% by 2025 (basis: 2019)

Customer net promoter score of at least +30¹

Employee GPTW² trust index of at least 70%

Independent limited assurance of Sustainability Reports (since FY 2021)

External recognition



Low ESG risk

Top 8% (score 16.1) among >200 consumer finance peers, Oct 2023



Top 10%

in diversified financial services (Score 45), September 2023



AAA

Rated 1st among listed consumer finance worldwide, May 2023



Inclusion

in the 2023 Bloomberg Gender Equality index as one of 11 Swiss companies, January 2023

¹ Net promoter score (from continued measurement) on a scale -100 to 100, FY 2023 | ² Great Place to Work.org, result for 2022 | ³ ISS Governance Quality Score of 1 on a scale from 1 to 10, January 2024

Sustainability

Improving external recognition



Low ESG risk

Top 8% (score 16.2) among 245 worldwide peers, May 2023



Top 10%

in diversified financial services (Score 43), September 2023

MSCI
ESG RATINGS

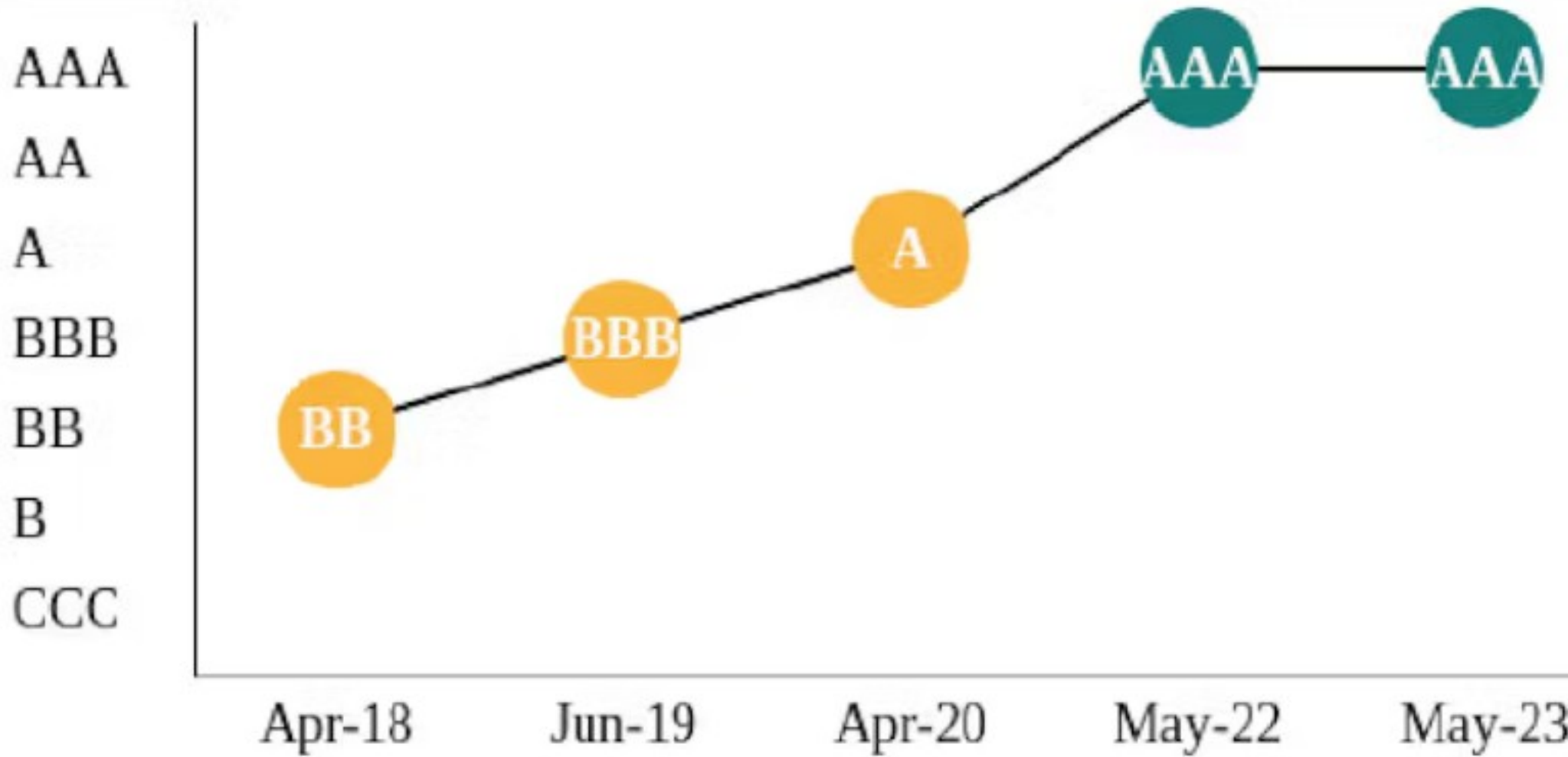


CCC | B | BB | BBB | A | AA | **AAA**

AAA

Top-rated among 68 peers, May 2023. MSCI ESG Leaders 2022 Indexes Constituent

ESG Rating history



Inclusion

in the 2023 Bloomberg Gender Equality index as one of 11 Swiss companies, January 2023

Sustainability content

- Disciplined, fact-based, transparent, relevant
- Story is less relevant

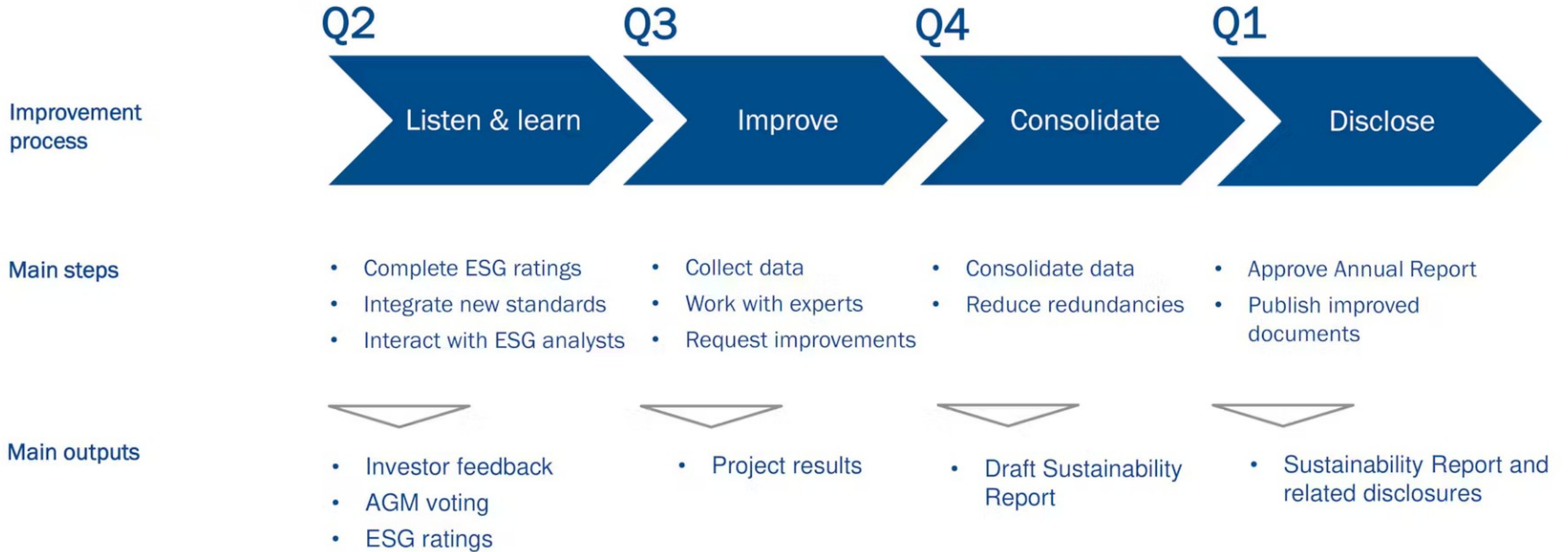
Most relevant sustainability topics

<p>Customer orientation Providing high customer value and setting ourselves apart through our outstanding and transparent services as well as our operational excellence</p>	<p>Quality and integrity of products and services Responsible provision of financing products and services that adhere to strict safety standards</p>	<p>People and development Recruitment, education and training, personal development, wellbeing, work-life balance, diversity and embedding Cembra's corporate values</p>	<p>Environmental stewardship Optimising processes and outputs that have an environmental impact. This is relevant both within the operations and in the area of financing.</p>	<p>Business integrity Compliance with laws and regulations, as well as governance, risk management practices, and ethical business conduct</p>
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Commitment	We strive for satisfied customers who reward us through high retention and loyalty	We are a responsible provider of financing products and services	We are a Great Place to Work (GPTW) ¹	We reduce our environmental footprint per employee	We take a zero tolerance approach to non-compliance
Key performance indicators	Net promoter score of at least +30 on a scale from -100 to +100	Qualitative assessment of lending portfolio quality metrics	GPTW employee trust index of at least 70%	Reduce Scope 1+2 emissions until 2025 by 75% (basis 2019)	Qualitative assessment of reported complaints and cases
Assessment 2023	Net promoter score of 21 (2022: 26)	Continued solid asset quality metrics	Employee trust index of 71% in 2022 (2020: 71%), measured every two years	Reported scope 1+2 emissions on track to reach 2025 target	No reportable cases

Sustainability reporting process

Annual end-to-end improvement process



Sustainability governance

Quotes

«Nachhaltigkeit ist eine Führungsaufgabe, die man nicht delegieren kann. Mit Stabsstellen haben wir schlechte Erfahrungen gemacht.»

Nora Teuwsen
CEO ABB Schweiz

«Our employees understand much more about sustainability than the Board.»

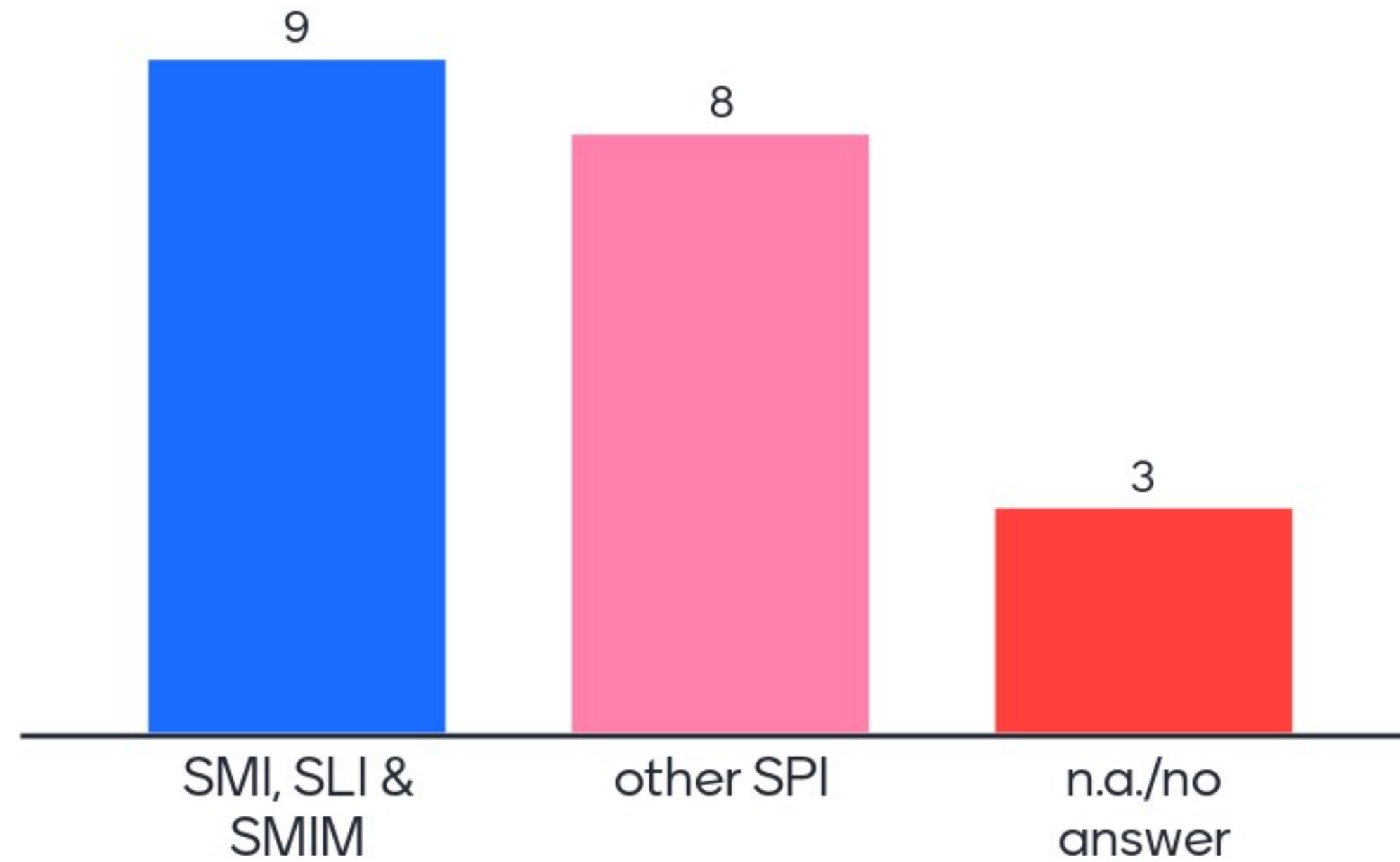
André Hoffmann
Chairman Roche

«ESG will be gone in 5 years. Sustainability will remain - everywhere.»

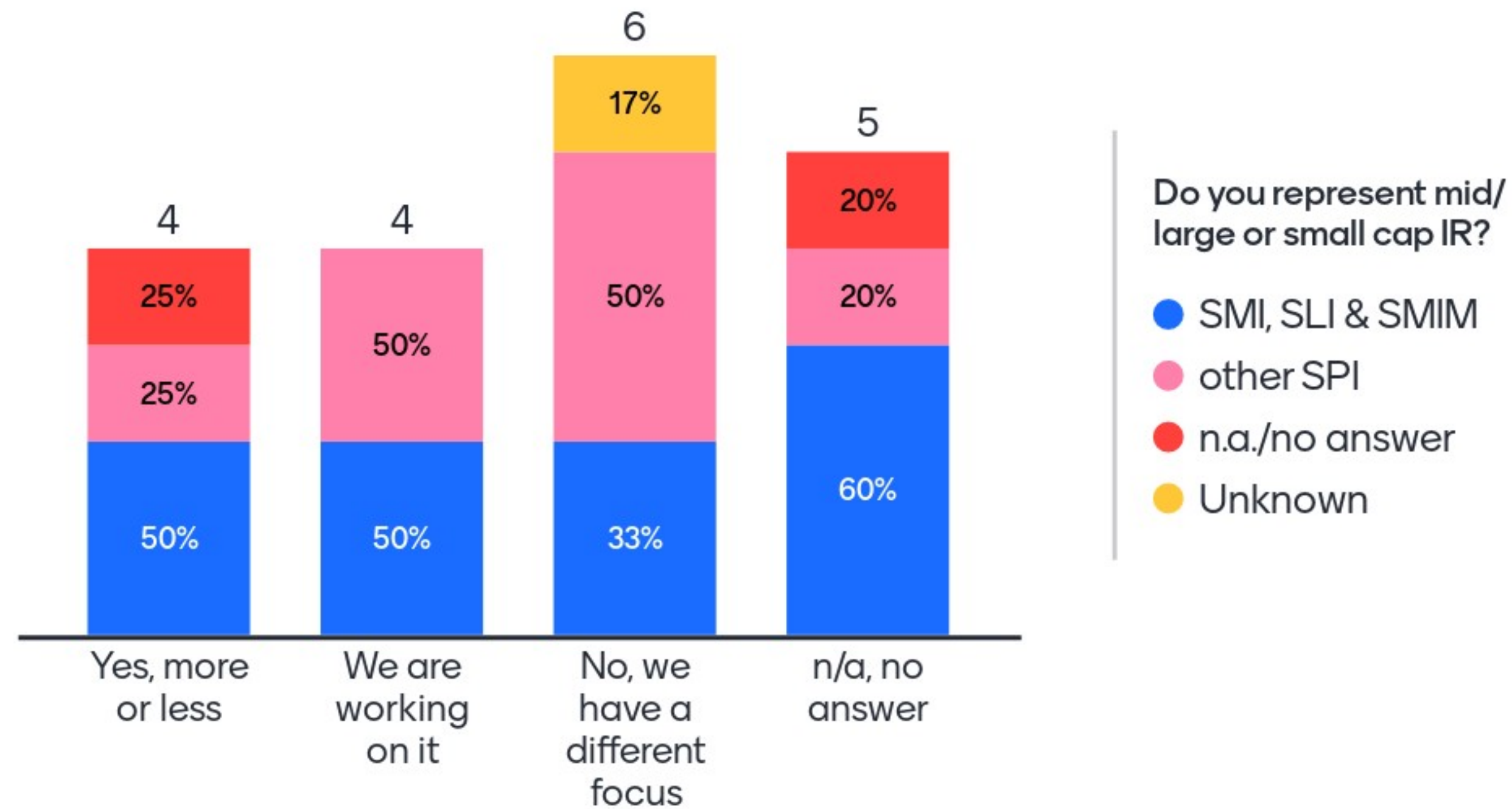
Felix Weber, former Chairman Cembra, 2023

Now we come to your IR best practices...

Do you represent mid/large or small cap IR?



Have you already reflected the shift to passive investing & ESG in your IR programme?



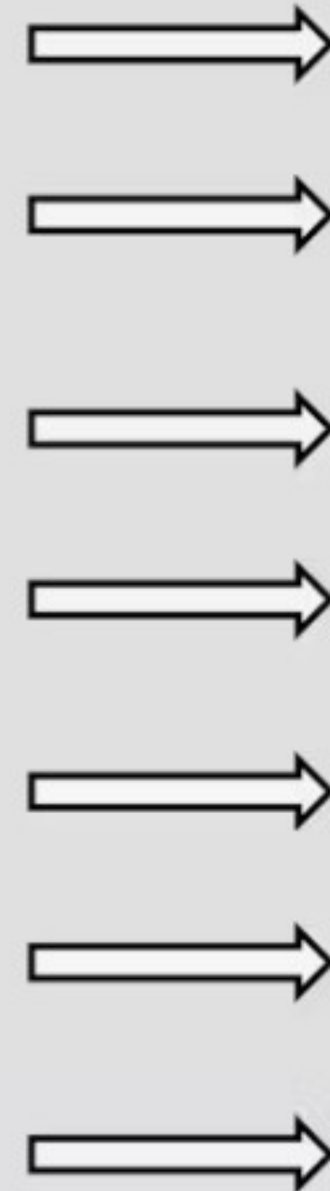
For discussion - extended IR toolbox required?

«Traditional» IR instruments are not enough

IR toolbox

«Traditional» IR instruments

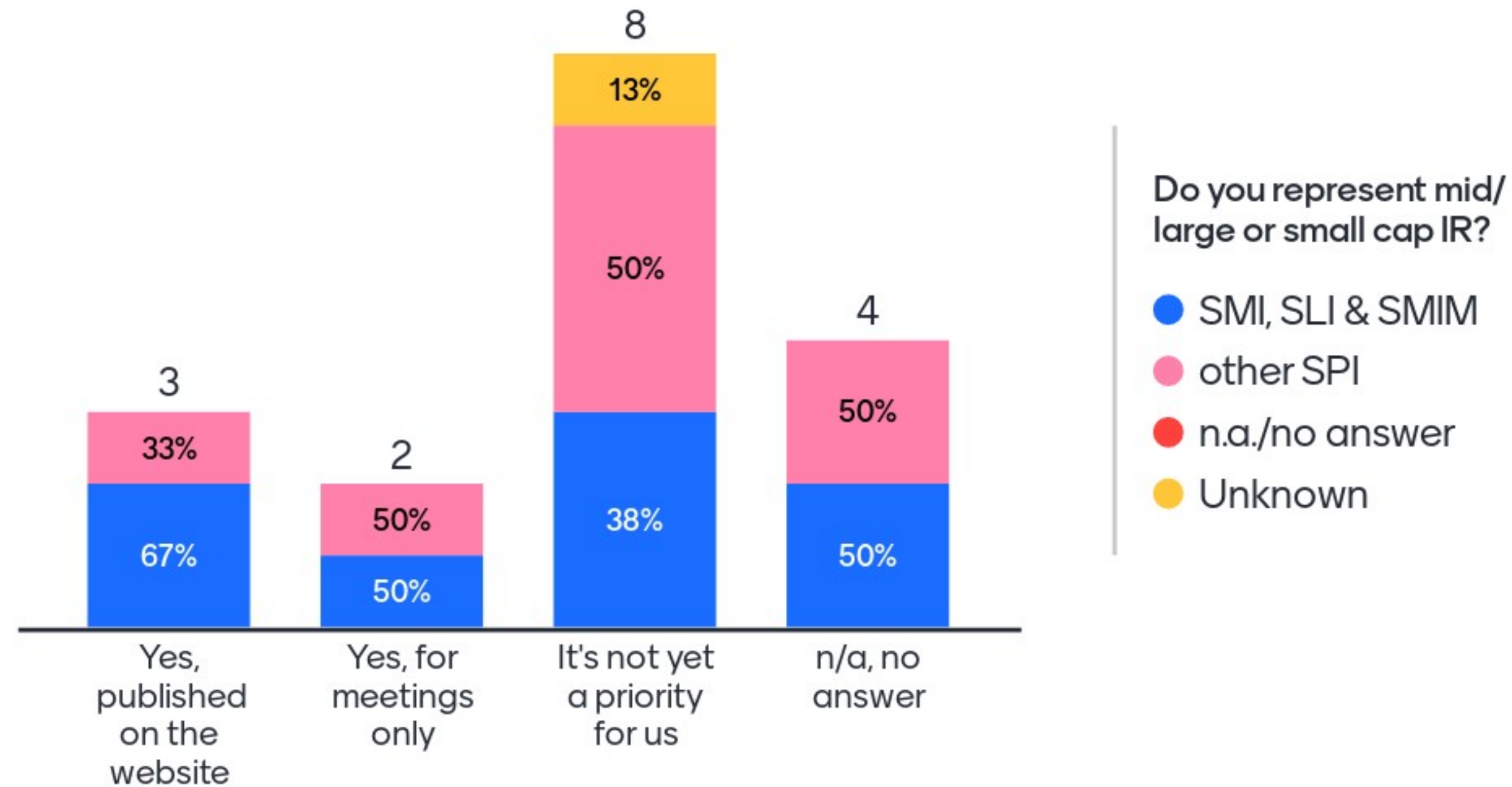
- Messaging & equity story
- Traditional shareholder targeting
- Roadshows, conferences, one-on-ones
- Investor presentations, CMD, site visits
- Analyst reports, sell-side marketing
- Relations with portfolio & fund managers
- Managing consensus & external expectations



New: IR instruments to address «non-active» and ESG

- Disclosures (Annual & Sustainability Reports, website)
- Improved SH targeting including passive & ESG funds
- Governance roadshows (Chairman), ESG roadshows
- ESG presentation, ESG investor day
- Governance ratings, ESG ratings
- Relations with funds' governance specialists
- Listen to expectations & manage internal improvements

Example for a quick win: Does your company use a Governance/ESG investor presentation?



Thank you

