

# Finreon Engagement Report 2025-2026

June 2026



**=Finreon**  
ENGAGEMENT  
POOL

## Management Summary

### Engagement Statistics – 2025-2026 cycle<sup>1</sup>

**Total number of companies contacted**

**296**



Responsible for 70.8% of the developed world listed equities' total emissions<sup>2</sup> (scope 1 & 2)

**Total number of companies with reactions**

**85**

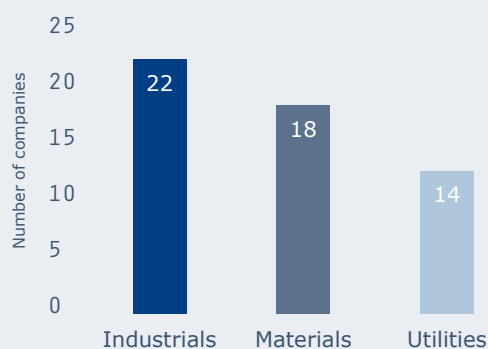


Responsible for 24.8% of the developed world listed equities' total emissions (scope 1 & 2)

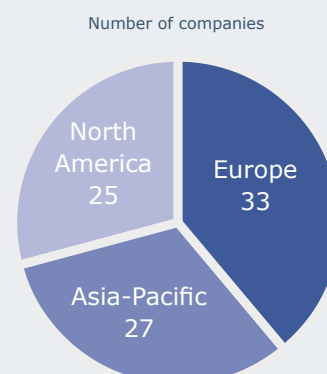


### Key statistics of companies with reactions

#### Sector breakdown (Top 3)



#### Region breakdown



#### Modes of communication



Modes are not mutually exclusive; one company may be counted in more than one category.

<sup>1</sup> The statistics and information in the remainder of the report consider interactions with the companies between June 2025 and May 2026.

<sup>2</sup> Source: All carbon-related data from ISS ESG, reporting year 2024, unless specified otherwise. GHG data, valid for all carbon data in the report unless specified otherwise: scope 1 & 2 emissions (tCO<sub>2</sub>e). Carbon risk ratings: the ISS ESG Carbon Risk Rating is a holistic and forward-looking assessment of the climate-related risk of companies on a scale from 0 (very poor performance) to 100 (excellent performance).

## Main Outcomes of the Engagement Cycle 2025-2026

The interactions with the shorted companies and the results of the survey sent together with the engagement letter “*notice on short position*” provide valuable insights on the companies that took part in the survey and belong to the most CO<sub>2</sub>-intensive organizations worldwide:

### Active dialogue with 15 of the world’s most CO<sub>2</sub>-intensive companies

During the 2025-2026 engagement cycle, the Finreon Engagement Pool conducted an **active dialogue with 15 shorted companies**. These 15 companies account for over 11% of the developed world listed equities’ total emissions (scope 1 & 2).

### Reported effect of engagement and market signals remains high

**Over 70% of respondents report a high effect of engagement and market signals** – two academically grounded impact channels used in the Finreon Engagement Pool – on their efforts towards decarbonization.

### Response rate in Europe consistently high; low and falling in North America

The response rate from shorted companies in Europe has remained consistently high at over **50% across engagement cycles**. By contrast, the response rate in North America, already at a low level, **declined further to 15%**.

### Escalation process of the Finreon Engagement Pool drives engagement

The two-phase escalation process generated 85 company responses. Most came through Investor Relations, while **outreach to the company’s top management accounts for 39% of reactions**, thus helping to reach previously unresponsive companies.

### Despite challenges, absolute emissions reduction targets remain ambitious

The survey results show an ambition gap: while **many respondents target scope 1 and 2 reductions of more than 15% by 2030**, **scope 3 targets remain more dispersed** and harder to deliver according to companies’ explanations.

### Carbon offsets do not play a major role in decarbonization plans

**Carbon offsets are not a core lever** in respondents’ climate plans: **81% do not rely on them at all**, while only 14% use them in a limited way. This aligns with standard framework guidance: reduce emissions first, reserve offsets for residual hard-to-abate emissions.

### Long-term dynamic shift of shorted companies provides mixed insights

**Scope 1 and 2 emissions** of the different cohorts of shorted companies engaged by the Finreon Engagement Pool over time **have declined**, while scope 3 emissions have increased. **Forward-looking climate metrics**, on the other hand, **have improved**.

# Content

---

|                                                                                        |           |
|----------------------------------------------------------------------------------------|-----------|
| <b>Management Summary</b>                                                              | <b>2</b>  |
| Engagement Statistics – 2025-2026 cycle                                                | 2         |
| Main Outcomes of the Engagement Cycle 2025-2026                                        | 3         |
| <b>1. Motivation</b>                                                                   | <b>5</b>  |
| 1.1 Combination of Academically Recognized Impact Channels                             | 6         |
| <b>2. The Finreon Engagement Concept</b>                                               | <b>8</b>  |
| 2.1 The Engagement Process                                                             | 9         |
| <b>3. Finreon Innovation: Negative Market Signal and Engagement on the Credit Side</b> | <b>11</b> |
| <b>4. Detailed Findings of the Finreon Engagement Survey</b>                           | <b>12</b> |
| 4.1 Engagement and Market Signals as Established Impact Channels                       | 12        |
| 4.2 Evolution of the Shorted Companies' Response Rate                                  | 13        |
| 4.3 Effectiveness of the Escalation Process in the Communication Channel               | 15        |
| 4.4 Ambitious Emissions Reduction Targets despite Challenges                           | 16        |
| 4.5 Minor Role of Carbon Offsets in Decarbonization Plans                              | 18        |
| 4.6 Long-Term Dynamic Shift of Shorted Companies: Mixed Insights                       | 19        |
| <b>5. Engaging on the Transition through Dialogue</b>                                  | <b>21</b> |
| 5.1 Dialogue Statistics                                                                | 21        |
| 5.2 Insights from engaging with Oil & Gas Companies                                    | 22        |
| 5.2.1 Dialogue with a North American Gas Pipeline Operator                             | 23        |
| 5.2.2 Dialogue with a European Integrated Oil Major                                    | 24        |
| 5.2.3 Dialogue with a European Integrated Major with Dual-Track Strategy               | 25        |
| 5.3 Collaborative Climate Action 100+ Engagement with Siemens Energy                   | 26        |
| 5.4 Company spotlight: From Short to Long                                              | 27        |
| <b>6. Engagement with Climate Action 100+</b>                                          | <b>28</b> |
| <b>7. Alignment with the Swiss Stewardship Code</b>                                    | <b>29</b> |
| <b>8. Literature</b>                                                                   | <b>30</b> |
| <b>Disclaimer</b>                                                                      | <b>31</b> |

# 1. Motivation

---

In the past year, sustainable investing has entered a more demanding phase. Investors worldwide are navigating a landscape shaped by geopolitical tensions and continued politicization around ESG and climate commitments. In parallel, the regulatory landscape is proving more uncertain as key regulatory frameworks such as CSRD, CSDDD and SFDR are being reviewed or adjusted in the European Union. Amid these developments, investors are increasingly concentrating on more focused approaches based on financial materiality and measurable outcomes. In this context, engagement has become an even more important instrument for investors seeking to address climate risks, assess corporate transition plans and contribute to real-world change. Climate Action 100+, for example, continues to provide investors with a framework to assess whether major emitters have credible decarbonization strategies, capital expenditure plans and governance structures aligned with the transition. Recent benchmark results show that corporate disclosure on decarbonization strategies has improved, although credible transition plans remain limited<sup>3</sup>, underlining why systematic sustainable investment and continued engagement in particular are more necessary than ever.

The transition away from fossil fuels involves profound changes in how we produce energy, manage resources, and conduct business. Such a transition is associated with major risks for unsustainable CO<sub>2</sub>-intensive companies, whereas it represents an opportunity for forward-looking companies. This paradigm shift is also influencing the investment strategies of investors. Greater transparency and disclosure about the extra-financial characteristics of portfolios is required and investors are expected to properly address climate risks in their portfolios while also contributing to the transition.

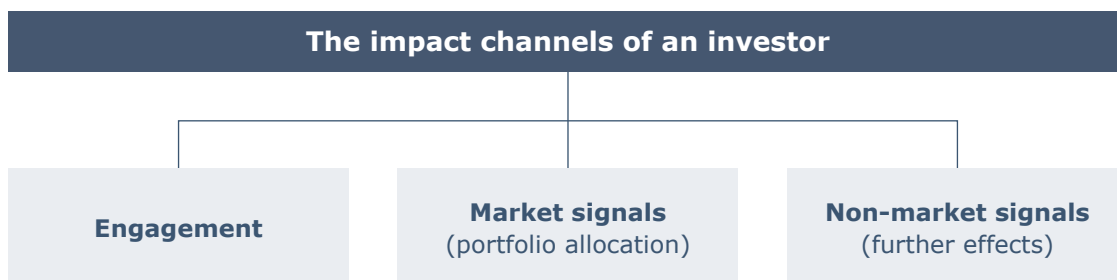
However, one should realize that investors – especially in liquid markets such as listed equities or bonds – do not have the same influence channels as companies when it comes to contributing to the transition. While a company can directly affect the real world by e.g. cutting CO<sub>2</sub> emissions (=company impact), investors cannot directly impact the real world. As a matter of fact, reducing the financed carbon footprint of a portfolio – by e.g. selling stocks of a company with high CO<sub>2</sub> emissions – does not lead to an immediate reduction of CO<sub>2</sub> in the atmosphere. Rather, investors can indirectly influence companies through various impact channels, which will in turn lead to real-world effects (=investor impact)<sup>4</sup>. Academia has identified three main impact channels through which investors can generate impact:

<sup>3</sup> Climate Action 100+ (2025). Climate Action 100+ Benchmark results show mixed progress amongst the world's highest-emitting companies. [Available at climateaction100.org](https://climateaction100.org).

<sup>4</sup> See e.g. Busch T., Pruessner E., Brosche H. (2023). Principles for Impact Investments: Practical guidance for measuring and assessing the life cycle, magnitude, and tradeoffs of impact investments. Working Paper. [Available at SSRN.com](https://ssrn.com), also Heeb, F. Köbel, J.F. (2021). The Investor's Guide to Impact; evidence-based advice for investors who want to change the world. University of Zurich, Center for Sustainable Finance and Private Wealth (CSP). [Available at csp.uzh.ch](https://csp.uzh.ch).

## 1.1 Combination of Academically Recognized Impact Channels

**Illustration 1: The three channels of investor impact. Own illustration based on Wilkens et al., 2023<sup>5</sup>.**



In the realm of the investor impact, academia generally recognizes three different types of impact channels<sup>5</sup>. Next to market signals (investment and divestment activities) and non-market signals (such as generating information or raising awareness), engagement plays a key role in the impact toolkit of investors, especially in liquid markets. Engagement refers to the process by which investors interact with companies to influence their behavior and decisions, particularly in areas related to corporate governance, social responsibility, and environmental practices. Several papers have shown the effectiveness of engagement for instance on companies' Environmental, Social and Governance (ESG) performance<sup>6</sup> or their corporate climate policy<sup>7</sup>. Moreover, there is a consensus among academic experts on the contribution of engagement to mitigating climate change<sup>8</sup>. While engagement has long been in the spotlight for shareholders wishing to influence the policies and practices of their portfolio companies on ESG questions, organizations and investors are increasingly recognizing the potential of engagement for the broader investment community (such as bondholders and long-short portfolios for instance).

This broader interest for engagement stems from the fact that many institutional investors have committed to achieve net zero portfolio emissions by 2050 or sooner. To ensure their investment strategy is consistent with achieving this goal, they must now use all the impact channels at their disposal (see illustration 1) to influence companies and their trajectory of future emissions in order to drive down CO<sub>2</sub> emissions in the real economy. The need for action is further exacerbated by the observation that climate change is already unfolding its profound consequences across companies, sectors and regions. A particular investment strategy that differs from holding shares of a company and that is increasingly considered by investors worldwide<sup>9</sup> consists in taking sustainability-motivated short positions in specific high-carbon companies.

<sup>5</sup> Wilkens, M., Jacob, S., Rohleder, M., Zink, J. (2023). The Impact of Sustainable Investment Funds – Impact Channels, Status Quo of Literature, and Practical Applications. [Available at SSRN.com](#).

<sup>6</sup> Barko, T., Cremers, M., Renneboog, L. (2021): Shareholder Engagement on Environmental, Social, and Governance Performance. *Journal of Business Ethics*. [Available at Springer.com](#).

<sup>7</sup> Heeb, F., Kölbel, J. F. (2024). The Impact of Climate Engagement: A Field Experiment. Swiss Finance Institute Research Paper, No. 24-04. [Available at SSRN.com](#).

<sup>8</sup> Heeb, F., Kölbel, J.F., Weder, C. (2026). Beliefs About the Climate Impact of Green Investing. SAFE Working Paper No 463. [Available at SSRN.com](#).

<sup>9</sup> The United Nations Principles for Responsible Investing (2021, Shorting and Responsible Investment A Review. [Available at UNPRI.org](#) observes that a growing number of their signatories use shorting in their investment portfolios.



By taking short positions in a financial instrument (i.e. selling it), the investor gains a negative economic exposure towards the company underlying the instrument<sup>10</sup> (risk materiality perspective) and sends a (negative) market signal<sup>11</sup> (net zero materiality<sup>12</sup> perspective). For instance, the United Nations Principles for Responsible Investing describes<sup>13</sup> taking a short position as the reflection of an economic exposure that has real-world implications for employees, the environment and affected stakeholders. Applied in the framework of a sustainable investment approach, short positions can be:

- a strategy to signal that an entity, security, or asset may be inaccurately priced due to its insufficient consideration of ESG factors in its operations.
- an alternative to screening, to “provide opportunities to profit from an underlying economic exposure and engage with companies – opportunities that would not be available were the position to be excluded”.
- a strategy to mitigate the aggregate exposure of a portfolio to significant risks associated with ESG factors<sup>14</sup>.

Because of the sustainability-motivated nature of short positions in such strategies, the combination of short positions with engagement becomes key to help convey the investors’ view regarding ESG-related risks, practices or policies both to the market and to the shorted companies. Because listed companies’ management do pay attention to feedback from the market and especially to short positions, engaging with shorted companies helps clarify the market signal and the reasons behind the decision to short. Furthermore, the combination of short positions with engagement enables an alignment of incentives between investors and companies by e.g. allowing investors to remove their short positions (and therefore the negative signal) and invest in the company should it improve sufficiently from a sustainability perspective. Finally, combining short positions with engagement can optimally complement other sustainable investment approaches on the long side<sup>17</sup> because the approach allows to broaden the universe of companies on which impact channels can be applied to.

<sup>10</sup> Seiz, R., Vial, C. & Gougler, A. (2023). Avoiding greenwashing in investment portfolios through consistent emissions classification and transparent reporting of derivatives. [Available at SSRN.com](#).

<sup>11</sup> Furdak, R., Xiang, V. & Zheng, D. (2020). The Big Green Short. Man Institute Analysis. [Available at investorsforpurpose.com](#).

<sup>12</sup> Institutional Investors Group on Climate Change (2022). Incorporating Derivatives & Hedge Funds into the Net Zero Investment Framework. [Available at iigcc.org](#).

<sup>13</sup> United Nations Principles for Responsible Investment. (2021). Shorting and Responsible Investment: A Review. [Available at UNPRI.org](#).

<sup>14</sup> For the motivations underlying the use of such financial instruments, see also Varsani, H. et al. (2024). ESG and Climate Reporting with Derivatives. MSCI Research Insights. [Available at MSCI.com](#).

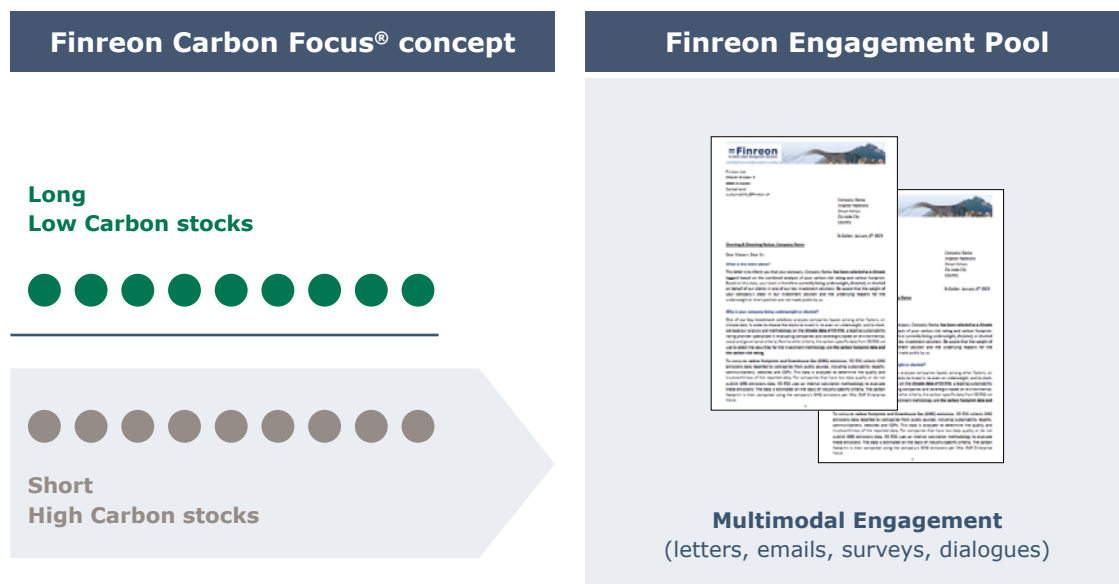
<sup>15</sup> United Nations Principles for Responsible Investment. (2021). Shorting and Responsible Investment: A Review. [Available at UNPRI.org](#). For a thorough discussion on the combination of engagement with short positions, see also Gougler, A., Seiz, R. (2024). “We are shorting your stock”: Combining sustainability-based shorting with engagement. [Available at SSRN.com](#).

<sup>16</sup> Institutional Investors Group on Climate Change (2022). Incorporating Derivatives & Hedge Funds into the Net Zero Investment Framework. [Available at iigcc.org](#).

<sup>17</sup> Gougler, A., Seiz, R. (2024). “We are shorting your stock”: Combining sustainability-based shorting with engagement. [Available at SSRN.com](#).

## 2. The Finreon Engagement Concept

**Illustration 2: The Finreon Engagement Pool engages with the most carbon-intensive global companies in each sector which are being shorted in the Finreon Carbon Focus® investment concept.**



Finreon’s engagement concept – through the Finreon Engagement Pool – innovatively combines short positions and engagement and builds upon the Finreon Carbon Focus® investment solution. This investment approach analyses developed markets’ listed companies based, among other factors, on climate data. In order to choose the global<sup>18</sup> stocks to invest in, to over- or underweight, and to short, Finreon bases its analysis and methodology on the climate data of ISS ESG, a leading sustainability rating provider specializing in evaluating companies and sovereigns based on environmental, social and governance criteria.

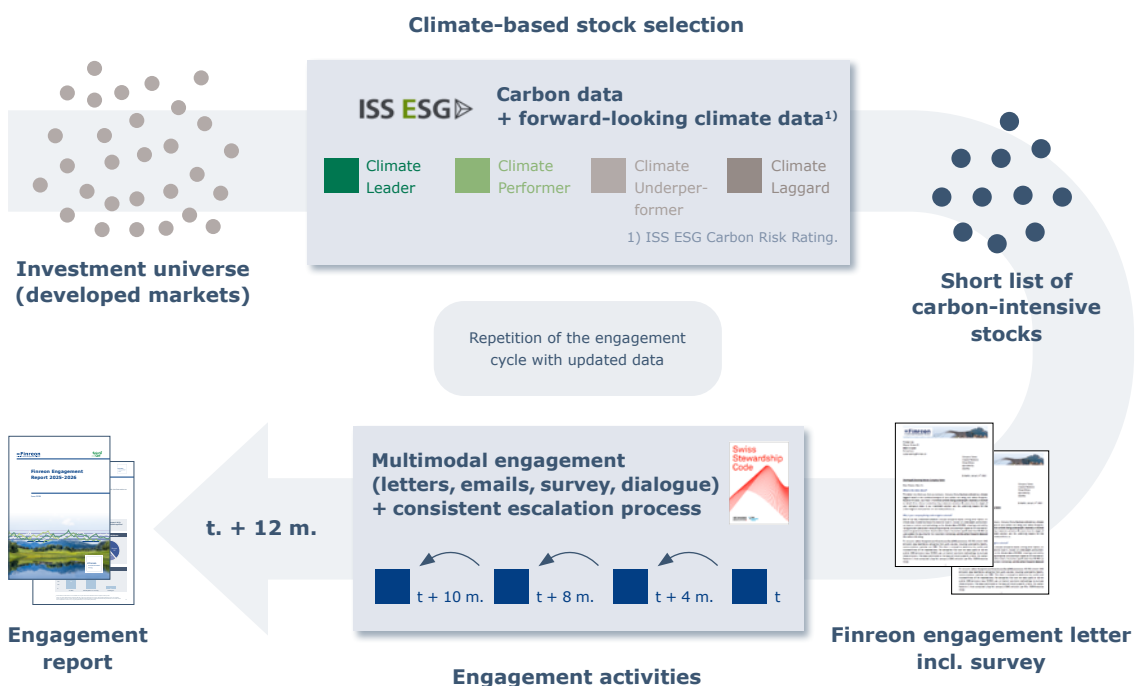
Next to other criteria, the carbon-specific data from ISS ESG used by Finreon to select the stocks for the investment methodology are the carbon footprint data (as a current/backward looking measure) and the carbon risk rating (as an estimate/forward looking measure). Based on this analysis, the most carbon-intensive companies for each sector are selected and shorted. These companies, which cause very high GHG emissions levels both in absolute terms and compared to their sector peers, are proactively informed about this pressure as part of our engagement concept, thus reinforcing the market signal and fostering transparent dialogues for a low-carbon future.

<sup>18</sup> The investment universe consists of stocks from developed markets.



## 2.1 The Engagement Process

**Illustration 3: The Finreon engagement concept follows a systematic and data-driven process based on the Swiss Stewardship Code.**



Finreon follows a systematic engagement process based on the principles formulated by the Swiss Stewardship Code<sup>19</sup>. In the first step and following the Finreon Carbon Focus® investment concept, the companies to be shorted are selected based on climate considerations. In the second step, all companies on the short list are then contacted with the Finreon engagement letter dubbed notice on short position and invited to fill out the Finreon engagement online survey. The survey is an important tool in the engagement process and serves three functions:

1. It allows to frame our engagement efforts on the aspects of the decarbonization that are deemed most pressing.
2. It allows to gather more granular information on certain topics, so that Finreon can use the information for its exchange with companies and as a base case for future assessment of the company's efforts.
3. It allows to collect aggregate data on the most CO<sub>2</sub>-intensive companies worldwide in order to be able to draw some high-level conclusions e.g. on their approach to decarbonization and their stance on the impact channels used by investors.

Some aspects of the survey will truly unfold their value over the long run (such as e.g. the assessment of how fast the surveyed companies plan to decarbonize their business activities and the lists of concrete measures meant to be implemented in the near future),

<sup>19</sup> For more information, please refer to [section 7](#) of the report.

some other aspects of the survey provide valuable insights in the most CO<sub>2</sub>-intensive companies that took part in the survey ([see Management Summary](#)).

The engagement activities are conducted through different channels (letters, emails, survey, dialogues). Two aspects of the engagement process that play an important role in the consistency and credibility of an engagement initiative are 1) the monitoring of companies considered in the engagement and 2) a clear escalation process in case of unsatisfactory results. The combination of shorts positions with engagement offers several advantages in these two aspects:

**1) Monitoring:** In order to be able to monitor companies appropriately, stakeholders should regularly assess the situation, ESG performance and long-term prospects of the companies on the engagement list. The Finreon engagement concept actively monitors the companies based on objective data. Companies considered in the Finreon engagement concept are selected based on their CO<sub>2</sub> footprint as well as on forward-looking, carbon-related metrics. Finreon then regularly monitors the companies on the short list based on these quantitative measures, which are regularly updated by ISS ESG. In the engagement process, the companies are also informed that Finreon only considers measurable improvements in those aspects (such as a decreasing carbon footprint or an improving carbon risk rating). Thanks to the regular rebalancing of the short list and the regularly updated data, sufficient improvements means that improving companies may be removed from the short list. On the other hand, companies with worsening or stagnating metrics can be identified and the short positions on those companies can be maintained or increased, and the companies can be further engaged with.

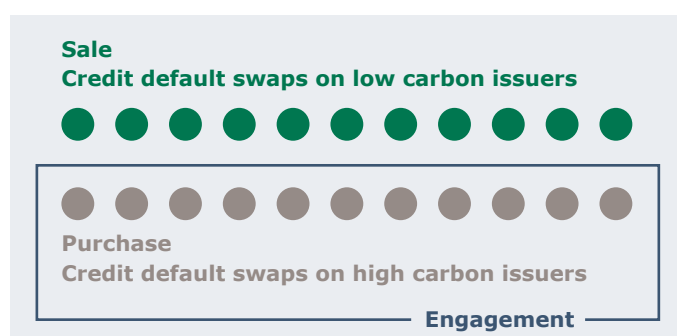
**2) Escalation process:** Investors should also envisage escalation measures if companies with which engagement is pursued do not achieve desired results.

- A clear escalation process is already in place with regards to the communication of the engagement (see illustration 3). In the first phase of the engagement cycle, the Finreon Engagement Pool contacts the Investor Relations department of the shorted companies through the first two escalation steps: an initial engagement letter followed by a reminder. For companies that do not respond during this first phase, the engagement process enters a second phase in which the CFO is contacted directly. This phase includes a letter outlining our engagement approach and highlighting the lack of response during the initial phase, followed by a final reminder if no response is received from the CFO.
- When it comes to escalation measures in case of stagnating or worsening metrics, the fact that these companies are being shorted means that the market pressure is therefore already being exerted. In case of stagnating or worsening climate-related results, the short position can be increased, meaning the market signal is reinforced. As a result, the companies have a clear and immediate incentive to quickly take the steps necessary to improve their climate profile in order to be removed from the short list.

Only concrete improvements that can be measured in the carbon-related data can lead to the company being removed from the short list, and not mere declarations of intent that can be weakened or eliminated. On the other hand, if there is sufficient improvement in the above-mentioned criteria, the company can be removed from the short list. Depending on the company profile and key figures, companies can even be included on the long side of the Finreon Carbon Focus® concept (see illustration 2), thus providing a positive market signal to the company.

### 3. Finreon Innovation: Negative Market Signal and Engagement on the Credit Side

**Illustration 4: The Finreon Carbon Focus® Fixed Income concept: negative market signal and engagement with CO<sub>2</sub>-intensive companies on the credit side.**



In 2025, Finreon launched a mandate that applies the Finreon Carbon Focus® concept to the credit side, thus further broadening the reach of its climate-related investment and engagement approach. The existing concept on the equity side already sends a clear capital-market signal by taking short positions in particu-

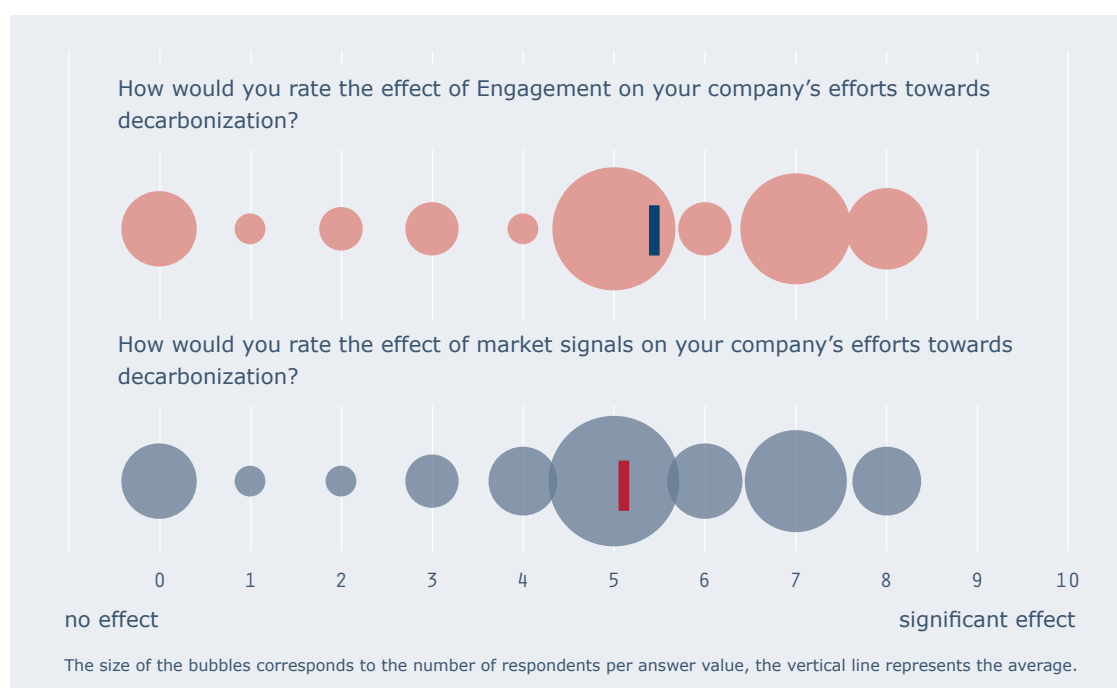
larly CO<sub>2</sub>-intensive companies and combining this positioning with direct engagement through the Finreon Engagement Pool. By applying the same logic to credit markets through the use of credit default swaps (CDS) (see illustration 4), the approach now extends beyond the equity perspective and addresses companies across their entire capital structure. This is important because many high-emitting companies with relatively poor forward-looking climate risk metrics rely not only on equity markets, but also significantly on bond and credit markets to finance their operations. As a result, engagement can be conducted from a broader investor perspective, addressing not only a company's equity valuation and shareholder expectations, but also its financing conditions and long-term creditworthiness. For members of the Finreon Engagement Pool, this means that the engagement universe is expanded in a targeted and consistent way: Companies with a negative (CO<sub>2</sub>-related) credit positioning through CDS can also become part of the dialogue, allowing investors to reinforce the message that insufficient climate action may have implications across both equity and credit markets. The extension to the credit side therefore strengthens the Finreon Carbon Focus® approach: it supports efficient portfolio decarbonization while also increasing the pressure on CO<sub>2</sub>-intensive companies to present credible transition strategies and make measurable progress in reducing emissions.

## 4. Detailed Findings of the Finreon Engagement Survey

### 4.1 Engagement and Market Signals as Established Impact Channels

#### Illustration 5:

Results of the below-mentioned questions about the effect of engagement and market signals.



The Finreon Engagement Pool's notice of short position combines engagement with a short-selling strategy. When asked about the impact of the two academically grounded impact channels on their awareness of the importance investors place on climate-related issues, over 70% of respondents rated the effect as 5 or higher – highlighting a clear influence on corporate perception. Notably, the share of respondents rating both effects at 5 or above is high among both companies already covered in the previous engagement cycle and companies newly included in the current cycle. This suggests that both channels are not limited to repeated engagement but are also perceived as important in first-time interactions. Moreover, the results indicate many respondents perceive market signals and engagement as relevant factors in their decarbonization efforts. This is in line with recent research on the beliefs of academic experts about the climate impact of sustainable investing which particularly found out there is a broad consensus among academic experts that actively engaging with firms can have a strong positive impact on the mitigation of climate change by companies<sup>20</sup>.

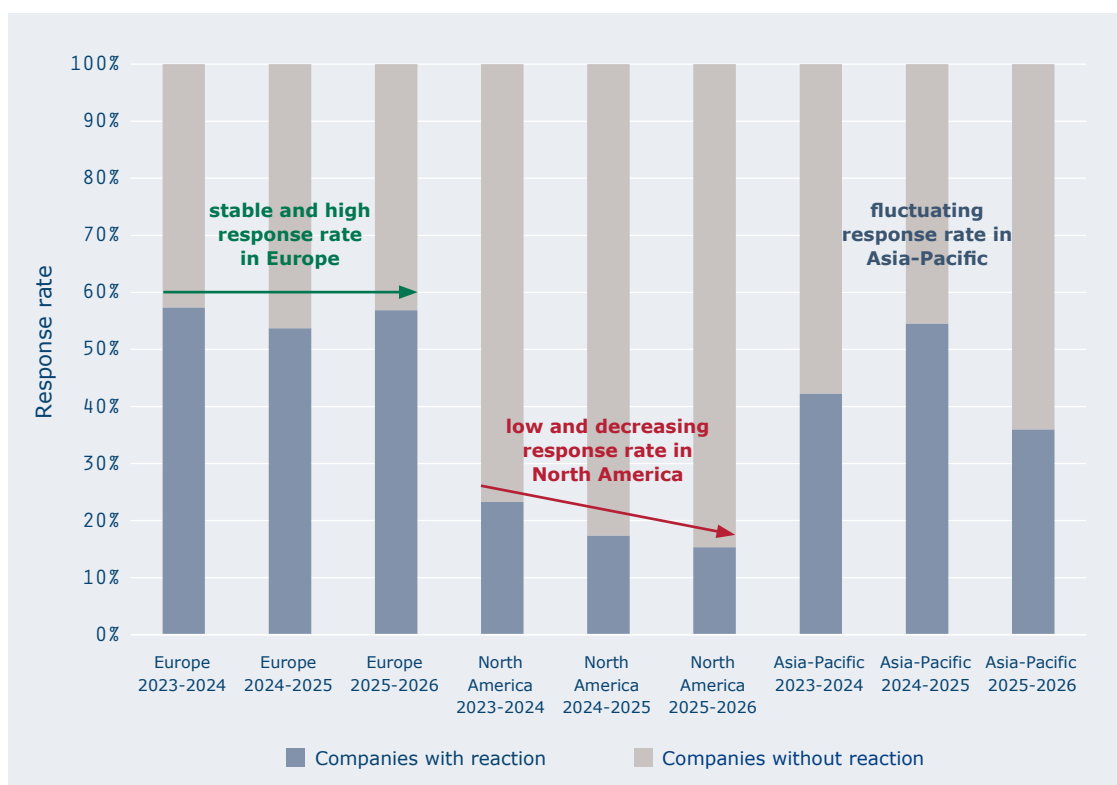
<sup>20</sup> Heeb, F., Kölbel, J.F., Weder, C. (2026). Beliefs About the Climate Impact of Green Investing. SAFE Working Paper No 463. [Available at SSRN.com](https://ssrn.com).

## 4.2 Evolution of the Shorted Companies' Response Rate

Our escalation process is structured to allow companies sufficient time to respond to our initiative. It includes a follow-up reminder, providing an additional opportunity to react to our engagement. Furthermore, Finreon reaches out to two distinct departments and hierarchy levels – Investor Relations and the Chief Financial Officer Office – to ensure that the exchange does not rely on a single point of contact.

For the engagement cycle from June 2025 to May 2026, 29% of companies responded through the various communication channels available ([see section 2 of the report](#)). The overall response rate decreased slightly compared to the previous cycle, which is mainly due to the dynamics of the regional response rates, as illustrated in illustration 6 below:

**Illustration 6: Share of responding companies by region and by engagement cycle.**



As observed in the previous engagement cycles, the response rate from shorted companies headquartered in Europe remains high with a response rate of 57% (compared to 54% in 2024-2025 and 57% in 2023-2024). As in previous years, reasons include the geographic proximity with Finreon and its customer base, but also Europe being a longstanding frontrunner in international efforts towards decarbonization. Despite recent EU revisions to the CSRD and CSDDD, including the “stop-the-clock” delay of key reporting and due diligence requirements, European companies continue to show a high engagement

response rate. This suggests that interest in investor dialogue around decarbonization remains stable, even as the regulatory framework continues to evolve. This continued focus on decarbonization is also reflected in the targets set by the surveyed European companies. More than 72% of European respondents plan to reduce their scope 1 and 2 GHG emissions by at least 15% by 2030 from a 2024 baseline, without relying on CO<sub>2</sub> offsets. For scope 3 emissions, 55% of the same European respondents plan reductions of at least 15% on the same basis by 2030 as well.

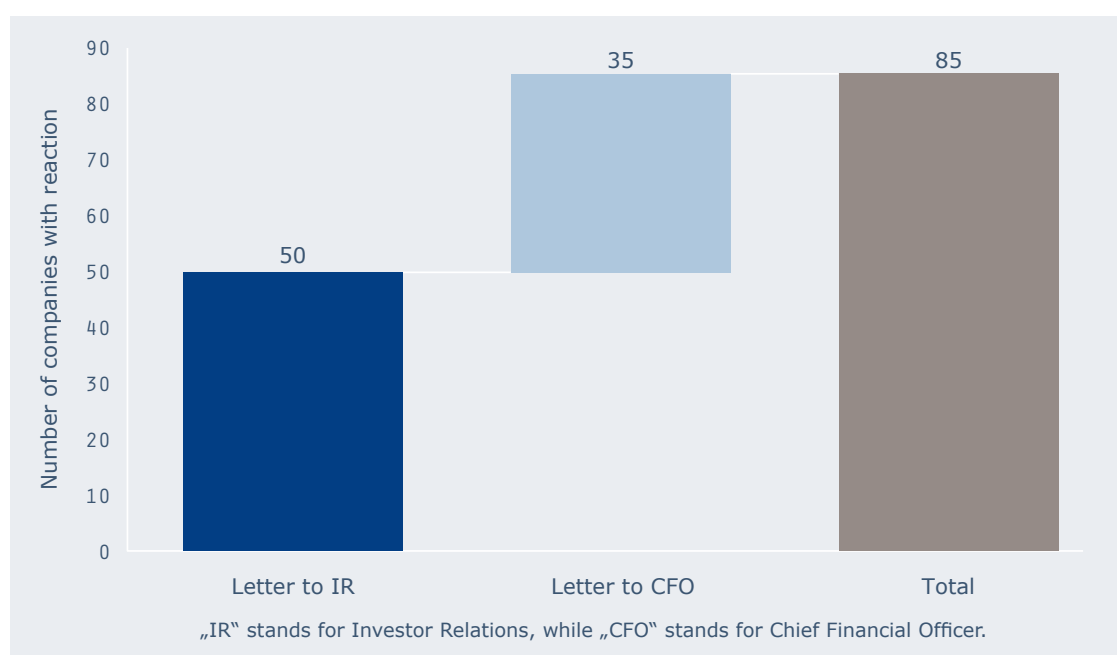
The picture is different in North America where the already low response rate has yet again sunk during this engagement cycle, with just over 15% of companies having reacted to the Finreon Engagement Pool's solicitations (compared to 17% in the previous engagement cycle). The significantly lower response rate among North American companies may reflect a more difficult environment for engagement around decarbonization, especially in the USA. Compared with Europe, the U.S. faces weaker and more uncertain climate disclosure regulation, alongside a more politicized debate around climate policy. This may reduce companies' willingness to engage openly on climate-related topics, suggesting that decarbonization momentum in the U.S. could be more vulnerable to political and regulatory headwinds. This is also reflected in the North American responses to our survey: of the survey respondents, only 11% plan to reduce their scope 1 and 2 GHG emissions by at least 15% by 2030 from a 2024 baseline, a share much lower than the survey participants in Europe (see above).

In Asia-Pacific, the response rate in this engagement cycle declined to 33%, compared with 54% in the previous cycle, which itself had increased from 42% the year before. This volatility may partly reflect the region's highly diverse regulatory landscape. While markets such as Singapore have been early movers in mandatory climate reporting, other key jurisdictions are still in different phases of implementation: Australia's mandatory climate-related financial disclosure regime started for the first group of entities from January 2025, while Japan issued its inaugural sustainability disclosure standards in 2025, with broader mandatory application expected to phase in over time. Therefore, corporate awareness and responsiveness to sustainability engagement may fluctuate more strongly across years than in more harmonized markets such as Europe. Nevertheless, more than 40% of respondent companies in Asia-Pacific plan to reduce their Scope 1 and 2 CO<sub>2</sub> emissions by at least 15% by 2030 from a 2024 baseline, indicating that decarbonization remains on the agenda despite the lower response rate.



### 4.3 Effectiveness of the Escalation Process in the Communication Channel

**Illustration 7: Reactions of shorted companies across both escalation phases.**



The Finreon Engagement Pool follows a two-phase escalation process as described in [section 2.1](#). In the first phase of the engagement cycle, the Finreon Engagement Pool contacts the Investor Relations departments of the shorted companies. For companies that do not respond during this first phase, the engagement process enters a second phase in which the CFO is contacted directly. The process proved effective in practice: During the 2025-2026 engagement cycle, 85 companies responded in total, showing that many companies are open to discussing climate-related topics when approached in a structured way.

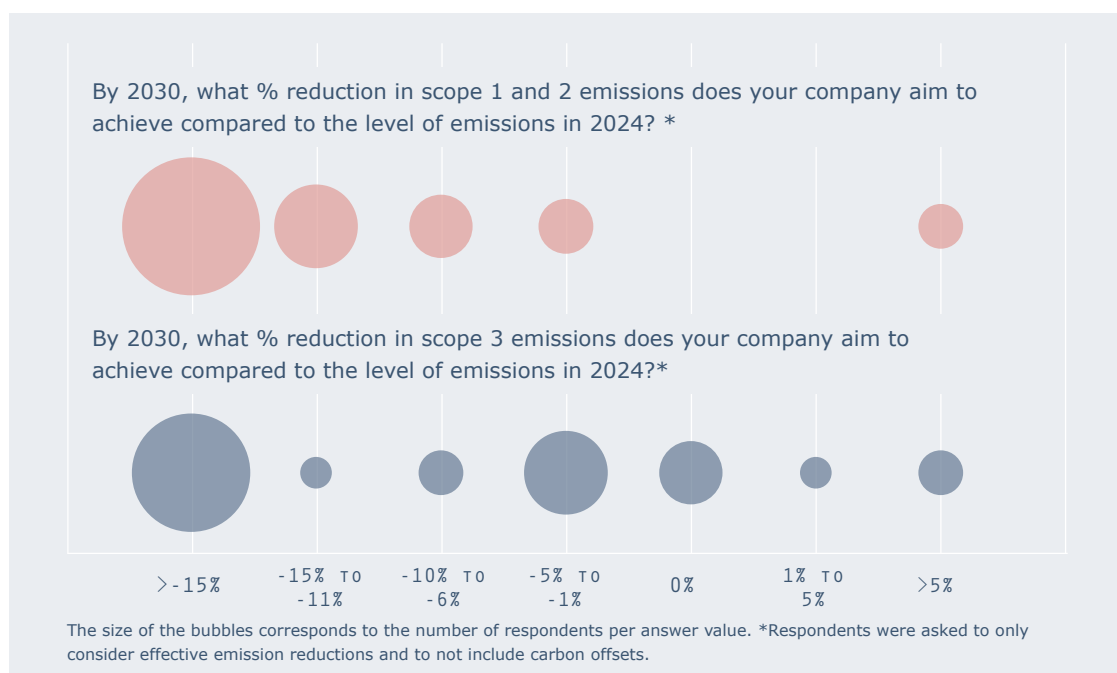
As shown in the illustration above, most responses were received during the first phase: 50 out of 85 companies reacted after the outreach to Investor Relations. This suggests that, in many cases, direct contact with Investor Relations is enough for the companies to react to our engagement solicitation. It also often provides access to the right internal experts, as Investor Relations teams frequently involve colleagues from the sustainability or other relevant departments. This creates the basis for an informed exchange on decarbonization. For companies that did not respond to the first contact, the second phase added a further escalation step by addressing the CFO. This led to 33 additional responses, accounting for around 39% of all companies that reacted. Contacting the CFO helps bring the topic to the top level of management and signals that decarbonization is not only a sustainability issue, but also relevant from a strategic and financial perspective.

Taken together, the two phases reflect a process that is practically effective: it applies increasing pressure in a structured and transparent manner, ensuring that engagement reaches the appropriate decision-making level in due time.

## 4.4 Ambitious Emissions Reduction Targets despite Challenges

### Illustration 8:

Results of the above-mentioned questions about the reduction targets of companies by 2030.

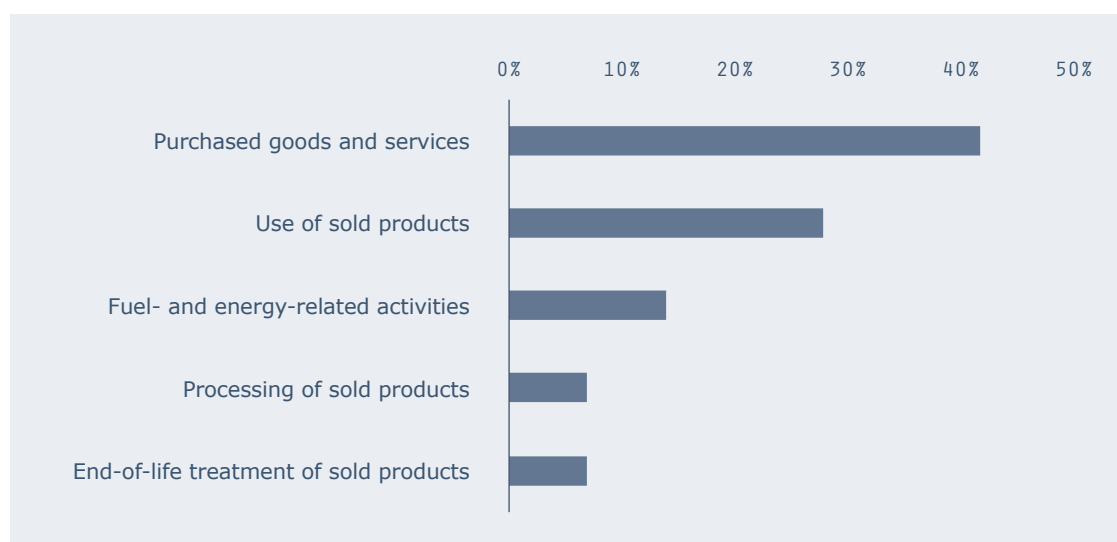


In this engagement cycle, we surveyed shorted companies on their reduction targets up to 2030 (compared to a 2024 baseline) and surveyed scope 1, 2 and scope 3 reduction targets separately. Scope 1 emissions come from a company's own operations, while scope 2 emissions result from purchased energy such as electricity or heat. They usually are in the company's direct control. Scope 3 emissions, by contrast, arise across the wider value chain, including upstream suppliers and downstream product use. Results indicate that respondents are generally more ambitious on scope 1 and 2 emissions than on scope 3 emissions. For scope 1 and 2, responses are strongly concentrated in the highest reduction category, with many companies aiming to reduce emissions by more than 15% by 2030. Scope 3 targets are more dispersed across the answer categories, with a notable share of companies targeting smaller reductions. This reflects the fact that scope 3 emissions are often harder to address, as they depend on suppliers, customers, product use, and broader value-chain changes, while scope 1 and 2 emissions are more directly under companies' control. For companies reporting no change or even an increase in emissions, no clear regional or sectoral pattern can be identified. The reasons given often relate to expected business growth, which may offset planned emission reductions, or to decarbonization roadmaps that are still under development or not yet fully operational.

When surveyed about the scope 3 categories they will be prioritizing to reduce, the responses show that companies tend to focus their scope 3 decarbonization efforts on the categories that account for the largest share of their value-chain emissions, most notably

purchased goods and services, fuel- and energy-related activities, and the use of sold products. Many companies point to supplier engagement, product efficiency, lower-carbon materials, logistics improvements and customer decarbonization as key levers. At the same time, the answers highlight the complexity of scope 3 management: several companies have not yet set targets, are still improving their data basis, or expect absolute emissions to rise due to business growth, capital investments or higher activity levels. Overall, scope 3 decarbonization appears to be a clear priority for many respondents, but progress remains uneven and highly dependent on value-chain partners and external developments.

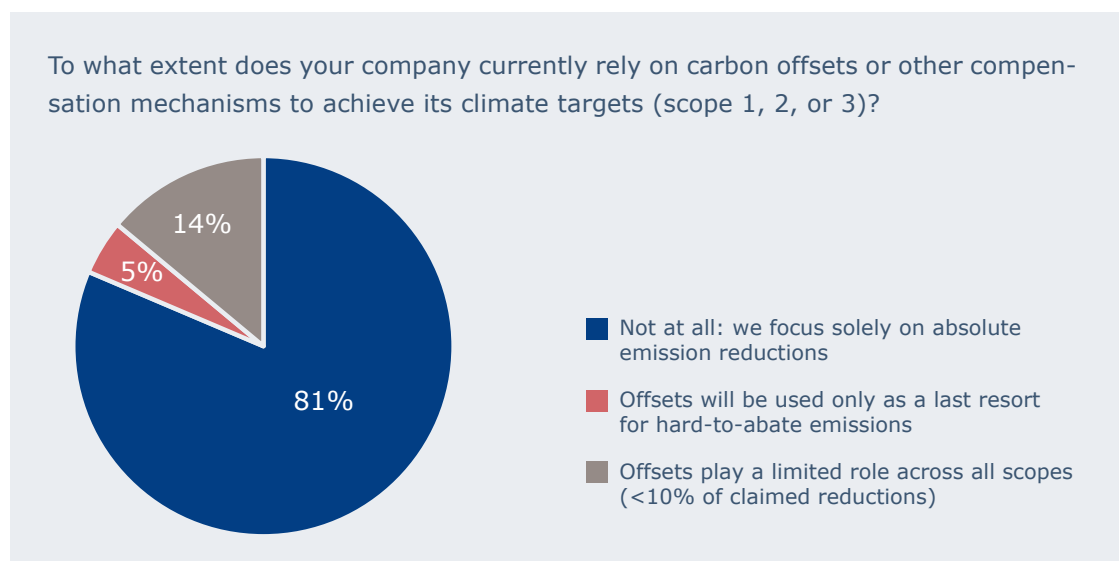
**Illustration 9: Percentage of respondents that consider a specific scope 3 category as the greatest challenge from a decarbonization perspective during last year's engagement cycle (2024-2025).**



This is in line with last year's survey results which give us some insights into which scope 3 categories pose the greatest challenge to CO<sub>2</sub>-intensive companies: Over 43% of surveyed companies consider "purchased goods and services" as the greatest challenge. This is mostly due to the reliance on external partners over which companies do not have direct control, and who might only have fragmented data on their own emissions' profile. Another stated reason is the lack of influence over these suppliers' practices. This heavily depends on the company's importance as a customer. Emissions from sold products – specifically those related to use of sold products, processing of sold products, and end-of-life treatment – present the second block of categories that poses the greatest challenge for companies, mostly due to limited control and high variability across customer behavior, technologies, but also regional contexts. The focus of companies facing such challenges – and the focus of engagement efforts with companies facing such challenges – should be to pursue active collaboration across the value chain, especially when companies can exert influence on their suppliers and/or customers, thereby leveraging their position. This aspect has been and remains the emphasis of several dialogues that the Finreon Engagement Pool conducted in this engagement cycle.

## 4.5 Minor Role of Carbon Offsets in Decarbonization Plans

**Illustration 10: Results of the above-mentioned question about companies' reliance on carbon offsets or other compensation mechanisms.**



Carbon offsets are credits used to compensate for emissions by financing reductions or removals outside a company's own operations or value chain. Leading frameworks such as the SBTi Corporate Net-Zero Standard and the Oxford Principles stress that companies should first reduce emissions across scopes 1, 2 and 3, while offsets should only play a complementary role, mainly for residual or hard-to-abate emissions on the path to net zero and increasingly through high-quality carbon removals closer to 2050. Against this backdrop, the survey results are encouraging: 81% of respondents state that they do not rely on offsets at all, 14% use them only to a limited extent, and 5% see them as a last resort, thereby not excluding using them going forward. However, these claims should still be interpreted cautiously, as limited reliance on offsets does not automatically mean that companies have sufficiently ambitious or fully operational decarbonization plans; it mainly indicates that offsets are not currently positioned as a central lever in their stated climate strategies.

### Survey participant

Utilities company, Europe  
responsible for 118M tons CO<sub>2</sub> (scope 1,2 & 3)

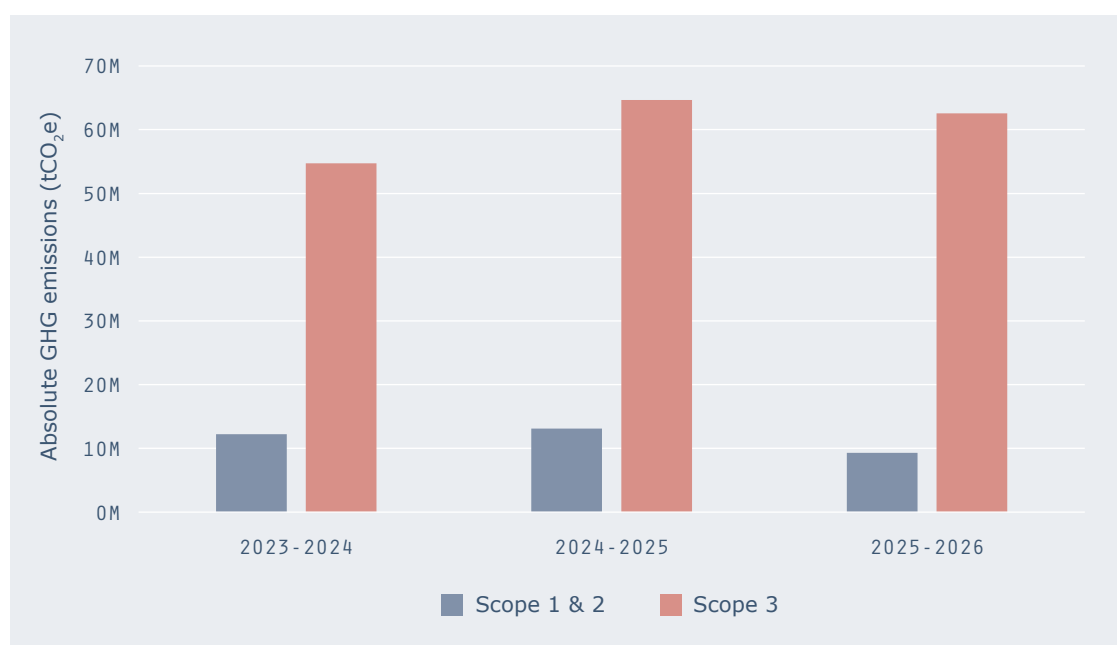
«Our company has acquired emission reduction carbon credits solely for voluntary offsetting purposes. These credits are not used to achieve its emission reduction targets or to reduce reported value-chain emissions across scopes 1, 2 and 3.»

## 4.6 Long-Term Dynamic Shift of Shorted Companies: Mixed Insights

A longer-term view of the shorted company universe shows a development that is consistent with the Finreon Carbon Focus® concept as well as with broader market trends. As a reminder, the strategy systematically identifies and shorts the most CO<sub>2</sub>-intensive companies, considering both their regional and sectoral context as well as their current emissions profile and forward-looking climate risks.

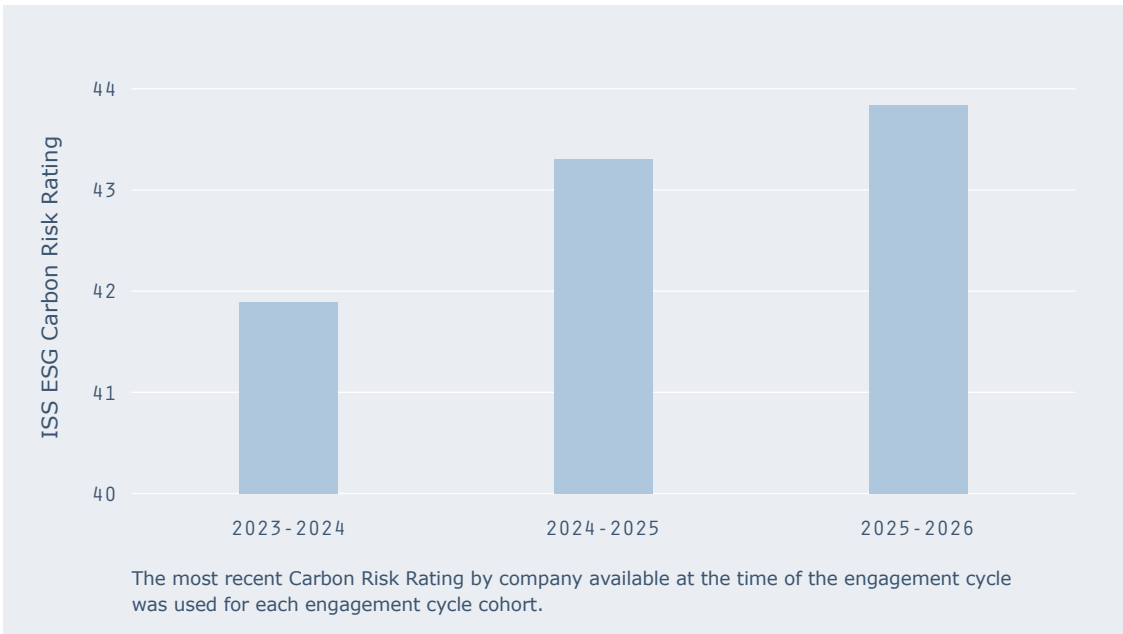
### Illustration 11:

**Average absolute GHG emissions by engagement cycle cohort. The most recent GHG emissions by company available at the time of the engagement cycle were used for each engagement cycle cohort.**



Looking at the average emissions profile of the shorted universe for each cycle separately, (see illustration 11), the results indicate that average scope 1 and 2 emissions across the shorted group – the most CO<sub>2</sub>-intensive companies worldwide – have declined over time, while average scope 3 emissions have tended to rise, meaning that the shorted universe as a whole is becoming more emissions-intensive in absolute terms when the full value chain is considered. This pattern is consistent with broader trends in corporate decarbonization: companies are increasingly managing and reducing their direct and energy-related emissions, yet upstream and downstream value chain emissions remain a growing challenge. As the shorted universe is rebalanced over time, these figures should be interpreted as changes in successive shorted cohorts rather than as direct evidence of improvement by the same companies.

**Illustration 12: Average Carbon Risk Rating of the shorted universe by engagement cycle.**



A similar pattern emerges when looking at the forward-looking climate risks of the shorted companies. The average Carbon Risk Rating (CRR) computed by ISS ESG, which measures a company’s exposure to climate transition risks and its capacity to manage those risks on a scale from 0 (very poor performance) to 100 (excellent performance), has increased year on year across successive shorted groups, as shown in illustration 12. This increase is not contradictory to the rise in scope 3 emissions. Rather, it reflects a typical transition dynamic: many CO<sub>2</sub>-intensive companies are improving their climate governance, developing transition plans, and strengthening climate-related disclosures, even if they have not yet achieved full value-chain decarbonization. These improvements are captured positively in the CRR. Taken together, the findings suggest that the short universe is evolving rather than static. The Finreon Carbon Focus® concept continues to identify companies with high carbon exposure, but the data also shows that some of these companies are becoming more aware of transition risks and are starting to report on them and manage them more systematically. This indicates that the CRR progress among CO<sub>2</sub>-intensive companies is driven by a combination of factors, including regulation, policy developments, economic incentives, investor engagement, and market signals. Together, these forces likely encourage companies to report more transparently, manage climate-related risks more systematically, and gradually move toward meaningful emissions reductions.

## 5. Engaging on the Transition through Dialogue

### 5.1 Dialogue Statistics

Finreon conducted dialogues with **15 companies** during the engagement cycle with a clear focus on:

- Explaining the **reasons motivating the short position**
- Discussing the **actions to be taken** by CO<sub>2</sub>-intensive companies **to reduce greenhouse gas emissions** (decarbonization).

**Total number of companies with which a dialogue was conducted**

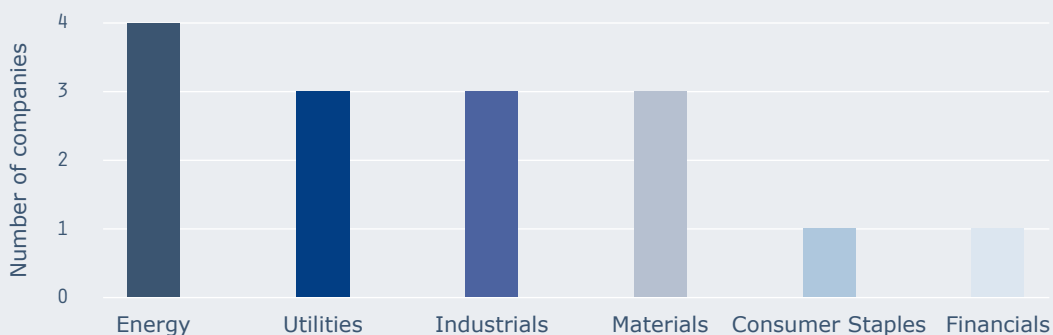
**15**

### Key statistics of companies with which a dialogue was conducted

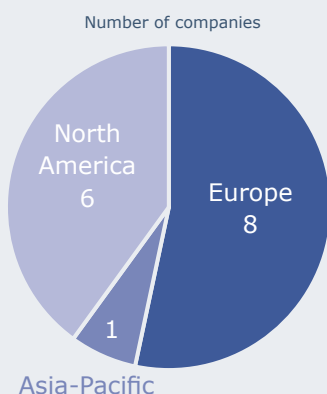


Responsible for 420'471'945 tons of CO<sub>2</sub>e (scope 1 & 2) equivalent to 11.1% of the developed world listed equities' total emissions

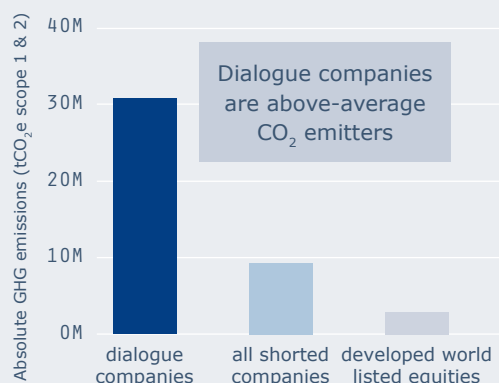
#### Sector breakdown



#### Region breakdown



#### Average carbon emissions





In order to disclose the reasons behind the short position, complement the market signal and to raise awareness on climate-related topics, Finreon has conducted dialogues with 15 focus companies in this engagement cycle.

## 5.2 Insights from engaging with Oil & Gas Companies

The oil and gas sector has been shaped by successive shocks throughout the 2020s. The COVID-19 period coincided with stronger transition narratives and, in some cases, more explicit decarbonization commitments. Russia's invasion of Ukraine then shifted sector priorities back toward energy security, cash-flow resilience and hydrocarbon investment. Elevated commodity prices generated record cash flows, enabling renewed investment in oil and gas production and, in many cases, a slower pace of portfolio transition. More recently, the conflict between Israel and Iran has again highlighted how instability can create short-term windfalls for fossil fuel producers while also reinforcing market volatility. This has led to oil and gas companies modifying their climate strategies, especially when it comes to capital expenditure (CapEx) and transition ambition, two key aspects of the Finreon Engagement Pool's engagement focus.

The most visible trend among oil and gas companies has been in capital expenditure (CapEx), repositioning low-carbon investment as a discretionary item in the light of the aforementioned events. In its 2026 AGMs Report<sup>21</sup>, Accela Research tracked seven oil and gas major companies, and observes that low-carbon CapEx fell approximately 28% year-on-year in 2025, with the share of total CapEx dedicated to low-carbon investments declining from approx. 19% to 14%, with all seven tracked companies reducing low-carbon investment in 2025. Another trend is the retreat from transition ambition, which is clearest at the target level. Since the start of 2025, three of the oil and gas majors tracked in the aforementioned Accela Research report have downgraded or retired key emissions targets, which might indicate that the oil and gas sector might tend to adapt targets to capital and market constraints. A key engagement question for investors is therefore no longer whether companies can deliver their original transition plans, but where their carbon footprint will land in the medium-term and how resilient the adapted plans are. This is especially relevant as strategies tend to become more hydrocarbon-oriented (often with a portfolio shift toward gas and LNG).

This also raises the evident question of long-term transition risks, which makes active engagement with oil and gas companies increasingly important. The following dialogues conducted by the Finreon Engagement Pool in the engagement cycle 2025-2026 with oil and gas companies illustrate these dynamics at the company level, with several of the sectorwide trends, including target retreats, conditional ambition, and low-carbon CapEx under pressure, surfacing directly in the conversations.

<sup>21</sup> Bowater, R., Dalman, A., & Yong, E. (2026). Oil and gas majors' 2026 AGMs: Resilience beyond price spikes: How capital allocation decisions today shape transition credibility. Accela Research Ltd. [Available at accelaresearch.com](https://www.accelaresearch.com).

### 5.2.1 Dialogue with a North American Gas Pipeline Operator

|                    |                                                                          |
|--------------------|--------------------------------------------------------------------------|
| <b>Date</b>        | 25 September 2025                                                        |
| <b>Format</b>      | One-on-one call                                                          |
| <b>Counterpart</b> | Senior Shareholder Engagement Analyst                                    |
| <b>Focus areas</b> | Emissions reduction targets, scope 1 abatement levers, scope 3 reporting |

This large North American operator focuses primarily on gas transmission infrastructure. The spin-off of its liquids pipeline business left it with a highly scope 1-intensive asset base (over 1'000 compressor units) and the subsequent surge in gas demand (including from data centres) materially altered the feasibility of its prior emissions commitments.

The company previously held a 30% operational GHG emissions-intensity reduction target by 2030 and a net zero target by 2050. Both have been withdrawn following a corporate restructuring and demand. The sole remaining commitment is a methane reduction goal of 40–55% by 2035 from a 2019 baseline (itself revised) and the commitment to a long-term objective of positioning to achieve net-zero emissions from operations. When asked what would prompt **re-engagement with emissions reduction targets**, management identified three conditions: policy mandates, customer demand signals, and technological feasibility. The company was clear that investors' voice matters, but framed this primarily in terms of return on investment. Focussing on the goal of **reducing GHG emissions and focusing accessible abatement levers**, the Finreon Engagement Pool then discussed the electrification of compressor stations, which both parties identified as the lowest-cost abatement lever and therefore the most viable near-term. Both parties agreed to follow-up on that aspect.

On **scope 3 reporting**, the Finreon Engagement Report raised whether additional downstream/use-phase disclosure could improve investors' assessment of transition risks. The company indicated it would consider reporting only if it became a regulatory obligation, and expressed a preference for directing resources toward scenario analysis instead.

#### Assessment

The withdrawal of scope 1 and 2 targets, rather than revision, is a material credibility concern, as is the conditional framing of all future ambition on external drivers. The methane commitment is meaningful but insufficient as a standalone transition strategy for a company of this scale. The Finreon Engagement Pool will continue engaging with the company and keep the short position in place in light of the company's carbon profile.

### 5.2.2 Dialogue with a European Integrated Oil Major

|                    |                                                                                             |
|--------------------|---------------------------------------------------------------------------------------------|
| <b>Date</b>        | 24 March 2026                                                                               |
| <b>Format</b>      | Online conference                                                                           |
| <b>Counterpart</b> | ESG Investor Relations VP, Sustainability Specialist                                        |
| <b>Focus areas</b> | Scope 3 boundary, intensity vs. absolute targets, medium-term milestones, policy engagement |

This European integrated major has made credible operational progress, including a reported 78% reduction in methane emissions and 36% reduction in scope 1 and 2 emissions since 2016, but ranks last among European peers on low-carbon capital expenditure (10% of the company’s capital expenditure in 2025). Its scope 3 target on oil product sales is the only remaining scope 3 commitment with clear materiality in the European peer group.

The Finreon Engagement Pool raised the **narrow scope 3 boundary**, which covers oil products but not gas, LNG, or bunker fuel. The company’s position is that it only sets targets where customers have viable low-carbon alternatives: EVs exist for oil products, but no credible substitute exists for gas or industrial fuel uses. The Finreon Engagement Pool noted that peers take a broader approach and suggested expanding the boundary. The Finreon Engagement Pool also flagged the **downward revision of its net carbon intensity target** (from -20% to -15–20%) and the removal of its 2035 interim target. The company attributed both to the scaling back of government incentive programmes.

On **policy engagement**, Finreon asked whether the company, given its stated reliance on government incentives, was actively engaging with policymakers. The response was cautious: the company expressed the view that the public overestimates the influence of oil majors on elected governments, which prompted the Finreon Engagement Pool to point towards other companies using this lever and actively reporting on their policy engagement activities to investors

#### Assessment

Genuine operational progress on methane is acknowledged, but the scope 3 boundary remains too narrow, medium-term accountability has weakened with the removal of the 2035 target, and the reluctance to engage on policy advocacy is in tension with the company’s stated dependence on incentive frameworks. The Finreon Engagement Pool will focus follow-up engagement on low-carbon CapEx trajectory and scope 3 coverage as alternative fuels develop.

### 5.2.3 Dialogue with a European Integrated Major with Dual-Track Strategy

|                    |                                                                                 |
|--------------------|---------------------------------------------------------------------------------|
| <b>Date</b>        | 14 May 2026                                                                     |
| <b>Format</b>      | Online conference                                                               |
| <b>Counterpart</b> | Head of ESG Investor Relations, Sustainability specialists                      |
| <b>Focus areas</b> | Target architecture, transition CapEx, offsets, lock-in risk and stress testing |

This company pursues a “dual-track” strategy, expanding its upstream hydrocarbon business while building out a low-carbon platform across renewables and biofuels. It has one of the highest low-carbon CapEx shares in the peer group (14% in 2025) and one of the most ambitious scope 1 and 2 absolute reduction targets. However, it also guides to the most aggressive oil and gas production growth in the sector.

The company retains an **intensity-based target architecture** covering all scopes, with a focus on energy efficiency and the build-out of its renewables and biofuels subsidiaries. It confirmed no intention to shift to absolute targets, which the Finreon Engagement Pool pushes for, citing planning flexibility. On **CapEx**, the company operates a rolling four-year window and guided decarbonization-related spending toward 15% of total CapEx over the next five years, with an important share directed to its renewables and biofuels businesses.

On **lock-in risk**, the company stated that investment decisions are assessed against multiple long-term energy transition scenarios, including lower-demand and higher-carbon-price pathways. It also emphasized a focus on low-cost upstream developments to preserve capital allocation flexibility. While the company is expanding investments in lower-carbon businesses (including renewable power, biofuels, carbon capture and storage), the Finreon Engagement Pool argued that a significant share of capital expenditure continues to support oil and gas projects with long operating lives, while elements of the transition strategy rely on the successful large-scale deployment of technologies such as CCS. The Finreon Engagement Pool therefore continue to encourage more investments in low-carbon and a regular granular disclosure to further demonstrate that future capital allocation is robust against transition-related financial risks.

#### Assessment

The company shows genuine ambition on low-carbon investment, but this ambition is offset by the most aggressive oil and gas production growth in the peer group of oil and gas majors. Moreover, the company still relies on intensity targets rather than absolute targets. The modular project design and disclosed scenario stress testing are positive risk-management elements, but their credibility depends on granular and regular disclosure around assumptions and downside transition scenarios. The Finreon Engagement Pool will continue to challenge the significant share of capital expenditure directed towards oil and gas projects.

### 5.3 Collaborative Climate Action 100+ Engagement with Siemens Energy



#### Brief Description of the Company

- Major global energy technology company.
- Operates in more than 90 countries worldwide.
- Active across the energy value chain, from power generation to grid infrastructure and electrification.

#### Climate and Sustainability Profile

- Company with the highest carbon footprint (scope 1, 2 & 3) in the heavy electrical equipment sector within the investment universe.
- One of the Climate Action 100+ focus companies identified to be key to driving the global net zero emissions transition.

#### Summary of the dialogue activities

- As a contributing investor within the Climate Action 100+ initiative, the Finreon Engagement Pool participated in a joint engagement meeting with a team from Siemens Energy (Head Investor Relations, Head CSR, Team Lead Climate Action) and alongside investors from the United Kingdom, Canada, France and Japan.
- Siemens Energy changed its scope 3 downstream target from an absolute reduction target to an intensity target. Discussion with Siemens Energy therefore focused on target setting, but also scope 3 methodology, including fuel mix assumptions, hydrogen adoption, and comparability with peers.
- Investors challenged the lack of a CSRD-aligned transition plan; which the company is currently not planning to publish, citing uncertainty beyond 2030 but reaffirmed its 2030 targets and pointed to product-related transition levers, including hydrogen-ready turbines.
- A further discussion point revolved around measures for sulfur hexafluoride (SF6) reduction and SF6-free products. SF6 is an extremely potent greenhouse gas primarily used as an electrical insulator in electrical equipment and has a global warming potential of around 24'300 times that of CO<sub>2</sub>. The company is currently taking credible and sufficient measures.
- Further topics included lobbying disclosure, and the role of climate targets in executive remuneration.

#### Next steps

- Next steps include Siemens Energy reviewing internally what prevents fuller climate lobbying disclosure and Climate Action 100+ investors sharing best-practice examples.

#### 5.4 Company spotlight: From Short to Long

|                                                             |                                                          |                                                 |
|-------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------|
| Absolute scope 1 & 2 emissions change between 2022 and 2025 | Absolute scope 3 emissions change between 2022 and 2025* | Share of imported renewable electricity in 2025 |
| <b>-32%</b>                                                 | <b>-7%</b>                                               | <b>100%</b>                                     |

GSK plc was part of the Finreon Engagement Pool's 2023–2024 engagement cycle, with the company being shorted primarily due to concerns around its relative emissions intensity within its sector. In 2024, GSK reacted to our engagement letter by mentioning the measures already in place and their resolve to deliver operationally.

Since the 2023–2024 engagement cycle, GSK has made tangible progress on several aspects and met short-term targets that the company has set for itself, such as e.g. the 100% imported renewable energy share. In the Finreon Carbon Focus® investment concept, the progress was sufficient to move the company off the list of shorted companies and into the long list for the 2025–2026 cycle:

- **Significant operational decarbonization:** compared to 2025, the company reduced scope 1 & 2 emissions by around 45% vs. 2020 and by 32% since 2022, putting GSK well on track to achieve its target of an 80% reduction by 2030, demonstrating the ability to shift from setting targets to delivering measurable emissions reductions.
- **Renewable electricity:** GSK achieved its commitment to source 100% renewable electricity for all purchased electricity globally by 2025. This represents an important milestone in decarbonising the company's global manufacturing and research operations and is one of the key drivers behind the reduction in operational emissions.
- **Strengthened value-chain decarbonization:** the company continues implementing its net-zero by 2045 strategy, with increased focus on e.g. supplier engagement and reducing scope 3 emissions (stemming largely from inhalers), which are two aspects in which the company still has improvement potential.

Taken together, these developments were reflected in Finreon's Carbon Focus® methodology and were sufficient for the company to move from the short list to the long list. The company thus remains on our watchlist, with continued monitoring of GSK's sustainability profile in the investment concept.

## 6. Engagement with Climate Action 100+

---

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Its signatories engage with companies to address climate change risks and opportunities. The aim of Climate Action 100+ is to halve GHG emissions by 2030 and achieve net zero by 2050 in alignment with the Paris Agreement. The approach follows three goals:

- Establishing governance frameworks to clarify board responsibilities regarding climate risk.
- Reducing emissions throughout the value chain and collaborating with stakeholders to facilitate sector-specific transitions.
- Enhancing disclosure and implementing plans that align with TCFD recommendations to improve investment decisions.

Because the Finreon Engagement Pool's engagement efforts are largely aligned to the goals of Climate Action 100+, the Pool joined the initiative in early 2024 and participates in collaborative engagement with one of the focus companies. Joining Climate Action 100+ means that the Pool is now working with other signatories on company-related commitments and thereby further expanding the Finreon Engagement Pool's influence. Together with other investors, the Finreon Engagement Pool is committed to a constructive exchange to shape a more sustainable future.

A proud participant of:



## 7. Alignment with the Swiss Stewardship Code

The Swiss Stewardship Code is a set of principles designed to promote responsible investment and corporate governance among institutional investors in Switzerland. The code was developed by the Swiss Asset Management Association and Swiss Sustainable Finance with the support of pension funds, asset managers and service providers. The Finreon Engagement Pool makes sure to align with the Swiss Stewardship Code, especially with the following key principles relevant to the Finreon engagement concept:

### **Governance:**

Regular evaluation of the engagement concept and engagement activities in the Finreon ESG Board.

### **Stewardship Policies:**

Clear and systematic engagement concept in line with the Finreon Carbon Focus® investment solution.

### **Engagement:**

Individual engagement (with companies), collective engagement (with Climate Action 100+) and public engagement (dialogue with universities, public bodies and authorities).

### **Escalation:**

Clear list of measures for exerting pressure with a systematic escalation process, both in terms of communications and market signal.

### **Monitoring:**

Monitoring of companies based on CO<sub>2</sub> data (backward-looking), carbon risk data (forward-looking) and results of interactions with companies.

### **Transparency & Reporting:**

Transparent engagement process and reporting of our activities with the yearly engagement report.





## 8. Literature

---

- Barko, T., Cremers, M., & Renneboog, L.** (2021): Shareholder Engagement on Environmental, Social, and Governance Performance. *Journal of Business Ethics*. [Available at springer.com](https://www.springer.com).
- Bowater, R., Dalman, A., & Yong, E.** (2026). Oil and gas majors' 2026 AGMs: Resilience beyond price spikes: How capital allocation decisions today shape transition credibility. Accela Research Ltd. [Available at accelaresearch.com](https://www.accelaresearch.com).
- Busch T., Pruessner E. & Brosche H.** (2023). Principles for Impact Investments: Practical guidance for measuring and assessing the life cycle, magnitude, and tradeoffs of impact investments. Working Paper. [Available at SSRN.com](https://ssrn.com).
- Furdak, R., Xiang, V. & Zheng, D.** (2020). The Big Green Short. Man Institute Analysis. [Available at man.com](https://www.man.com).
- Gougler, A., Seiz, R. & Vial, C.** (2023). Avoiding greenwashing in investment portfolios through consistent emissions classification and transparent reporting of derivatives. [Available at SSRN.com](https://ssrn.com).
- Gougler, A., Seiz, R.** (2024). "We are shorting your stock": Combining sustainability-based shorting with engagement. [Available at SSRN.com](https://ssrn.com).
- Heeb, F. & Kölbel, J.F.** (2021). The Investor's Guide to Impact; evidence-based advice for investors who want to change the world. University of Zurich, Center for Sustainable Finance and Private Wealth (CSP). [Available at csp.uzh.ch](https://csp.uzh.ch).
- Heeb, F. & Kölbel, J. F.** (2024). The Impact of Climate Engagement: A Field Experiment. Swiss Finance Institute Research Paper, No. 24-04. [Available at SSRN.com](https://ssrn.com).
- Institutional Investors Group on Climate Change** (2022). Incorporating Derivatives & Hedge Funds into the Net Zero Investment Framework. [Available at iigcc.org](https://iigcc.org).
- Swiss Sustainable Finance and AMAS** (2023). Swiss Stewardship Code. [Available at sustainablefinance.ch](https://sustainablefinance.ch).
- Swiss Sustainable Finance** (2025). Swiss Sustainable Investment Market Study 2025. [Available at sustainable-finance.ch](https://sustainable-finance.ch).
- United Nations Principles for Responsible Investment.** (2021). Shorting and Responsible Investment: A Review. Available at [UNPRI.org](https://unpri.org).
- Varsani, H., Ferenc, Y. P., Ishihara, Y., Chitkara, D. & Mahmood, R.** (2024). ESG and Climate Reporting with Derivatives. MSCI Research Insights. [Available at MSCI.com](https://www.msci.com).
- Wilkens, M., Jacob, S., Rohleder, M. & Zink, J.** (2023). The Impact of Sustainable Investment Funds – Impact Channels, Status Quo of Literature, and Practical Applications. [Available at SSRN.com](https://ssrn.com).

## Contact Details



### St.Gallen (Headquarters)

Oberer Graben 3  
CH-9000 St.Gallen

+41 71 230 08 06

[www.finreon.ch](http://www.finreon.ch)

### Zürich

Mühlebachstrasse 65  
CH-8008 Zürich

+41 71 230 08 06

### Frankfurt (German Branch)

Taunusanlage 9-10  
DE-60329 Frankfurt

+49 69 505 060 4268

### Dubai (Rep Office)

Liberty House  
Level 8, 813A  
DIFC, Dubai  
Dubai, UAE

+971 56 800 99 44

Signatory of:



A proud participant of:



### Disclaimer

This document and any information contained herein are for informative and advertisement purpose only. This document constitutes neither financial, legal, tax or other advice nor an offer for any transaction. No investment decision should be made solely based on this information. Investments in financial instruments should only be made after carefully studying the corresponding prospectus and fund contract as well as the annual or half-yearly report including all the legal information therein. You should obtain advice from a qualified expert before making any investment decision. Although Finreon intends to keep the content of this document correct and complete, no warranty is given regarding correctness, completeness or this document being up to date. No liability is accepted for any damages whatsoever arising from action taken on the basis of information contained within this document.