

ESG integration

One of our sustainability approaches in the ZKB Discretionary Mandate and ZKB Portfolio Consulting (Classic, Premium, Expert, International)



ESG integration refers to the systematic inclusion of ESG criteria (environmental, social and governance) in the investment process. In both the ZKB Discretionary Mandate and ZKB Portfolio Consulting we systematically include financially relevant ESG risks and opportunities of companies and countries in our analyses.

What are ESG criteria?

The abbreviation ESG stands for Environment (energy consumption, water consumption, etc.), Social (working conditions, data protection, etc.) and Governance (compensation systems, structure of supervisory boards, etc.).

E Environmental

S Social

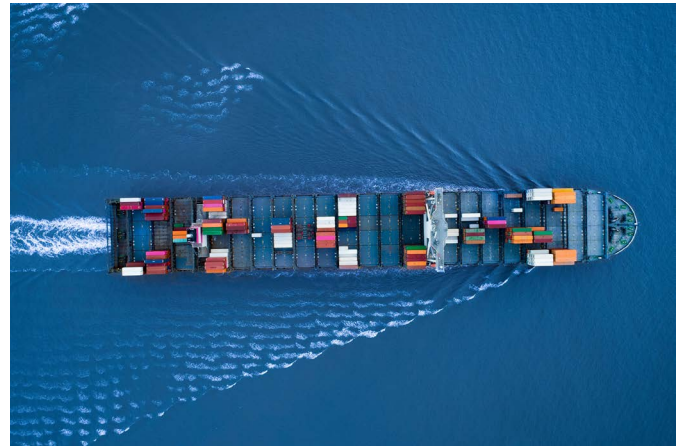
G Governance

What is meant by ESG integration?

By ESG integration, we understand systematically taking ESG criteria into consideration as part of the investment process. This means that both the ZKB Discretionary Mandate and ZKB Portfolio Consulting systematically include financially relevant ESG risks and opportunities of companies as well as countries in the research process and analyses. The evaluation is based on the ESG rating, which we obtain from the external data provider MSCI ESG Research LLC.

What does the MSCI ESG rating tell us?

The MSCI ESG rating measures the environmental, social and governance-related financial risks and opportunities of companies as well as countries.



As ESG risks and opportunities for companies vary significantly depending on the sector, the assessment is made in comparison to companies in the same sector. The focus of the ESG rating is on how the company deals with these risks and opportunities, and not on the sustainability benefits of the products manufactured or the services provided.

The classification is based on a scale from AAA to CCC. AAA and AA are used to describe the leading companies in their respective sector as well as the leading countries, while ratings from A to BB are considered average. Companies and countries with an MSCI ESG rating of B or lower are labelled as laggards.

How is ESG integration implemented?

In the reference portfolios of the ZKB Discretionary Mandate and ZKB Portfolio Consulting, we generally use investment instruments with an MSCI ESG rating of BB or higher. At portfolio level, we aim for a minimum rating of A. The MSCI ESG rating at portfolio level is calculated as the weighted average of the ESG ratings

of the investment instruments contained in the portfolio and relates to the portion of the portfolio for which an MSCI ESG rating is available. The rating at portfolio level is only displayed if an MSCI ESG rating is available for at least 75% of the investment instruments in the portfolio.

Since the client makes the investment decisions with the ZKB Portfolio Consulting and thus determines the composition of the advisory portfolio, the MSCI ESG rating of the client portfolio may differ from that of the corresponding reference portfolio. The client is informed about such deviations.

For more information on our sustainability approaches, please contact your client advisor.

Legal Notices

Marketing information - This document is for information and advertising purposes. Zürcher Kantonalbank reserves the right to make changes or additions to the information provided at any time and without prior notice. The information on [zkb.ch](https://www.zkb.ch), which is continuously updated, applies. The document does not constitute an offer or a recommendation to purchase, hold or sell financial instruments or to obtain banking services, nor does it form the basis for a contract or obligations of any kind. Due to legal, regulatory or tax provisions, the availability of products and services to certain persons may be subject to restrictions, which may arise in particular due to their place of residence or domicile, nationality or customer segmentation. Restrictions apply in particular to US persons in accordance with the relevant regulations. This document contains general information and does not take into account personal investment objectives, the financial situation or the special needs of any specific individual. The information should be carefully checked for compatibility with personal circumstances before making an investment decision. For the assessment of legal, regulatory, tax and other implications, it is advised to seek advice from specialists. The document was prepared by Zürcher Kantonalbank with customary due diligence and may contain information from carefully selected third-party sources. Zürcher Kantonalbank provides no warranty as to the correctness and completeness of the information contained therein and accepts no liability for damages resulting from the use of the document or information contained therein. Every investment involves risks, especially risks related to fluctuations in value, returns and, if applicable, currencies. Past performance and returns or estimates regarding future performance, returns and risks are not reliable indicators of future results. The return may increase or decrease as a result of currency fluctuations. Zürcher Kantonalbank reserves the right to change services, products and prices at any time without prior notice. The information contained in this document has not been prepared in accordance with any legislation promoting the independence of investment research, nor is it subject to any prohibition on trading following the dissemination of investment research. This document or any information contained herein may not be reproduced or transmitted without the written consent of Zürcher Kantonalbank.
© 2024 Zürcher Kantonalbank. All rights reserved.