

Climate: CO₂e reduction

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



The CO₂e reduction refers to reducing greenhouse gas emissions (such as carbon dioxide and methane) in the investment context. We are guided by the targets set out in the Paris Climate Agreement. This Agreement aims to limit global warming compared to the pre-industrial age.

What does CO₂e mean?

This abbreviation stands for CO₂ equivalents. In addition to the familiar carbon dioxide (CO₂), CO₂ equivalents also include other greenhouse gases such as methane and nitrous oxide. As a unit of measurement, CO₂ equivalent measures the impact of various greenhouse gases on global warming.

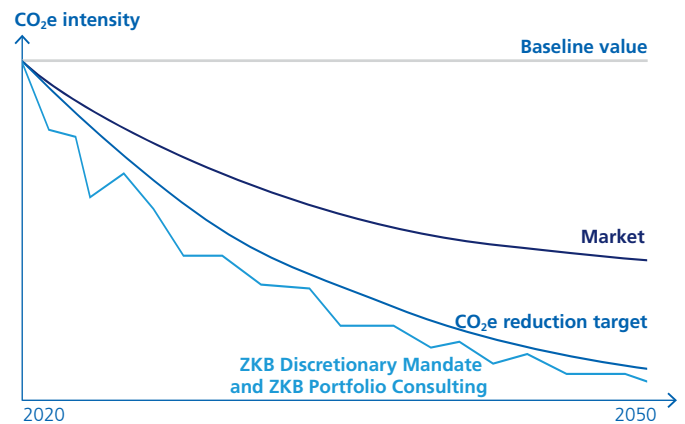
What does CO₂e intensity mean?

CO₂e intensity indicates how many tonnes of CO₂e companies emit per USD 1 million in revenue or how many tonnes of CO₂e countries emit per USD 1 million in gross domestic product.

How is the CO₂e reduction implemented in the ZKB Discretionary Mandate and ZKB Portfolio Consulting?

We aim to reduce CO₂e emissions in the reference portfolios of the ZKB Discretionary Mandate and ZKB Portfolio Consulting. The characteristics Basic and Individual Securities are guided by the target stipulated in the Paris Agreement of limiting global warming to below 2 °C compared to pre-industrial levels, while the characteristic Responsible (ESG) is guided by the ambitious target of keeping global warming to a maximum of 1.5 °C. The characteristic Index does not pursue a CO₂e reduction target.

Since the client makes the investment decisions with the ZKB Portfolio Consulting and thus determines the composition of the advisory portfolio, the CO₂e



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reduction of the client portfolio may differ from that of the corresponding reference portfolio. The client is informed about such deviations.

How is the CO₂e reduction calculated?

The CO₂e reduction is calculated based on the CO₂e lowering path methodology developed by Zürcher Kantonalbank. This methodology pursues the goal of reducing the portfolio's CO₂e intensity by at least 4% per year for the characteristics Basic and Individual Securities or 7.5% for the characteristic Responsible (ESG) plus nominal economic growth, and is based on the effective (retrospective) emissions data from companies and countries¹ (Chart). We obtain this data from the external data provider MSCI ESG Research LLC. The calculation relates exclusively to the portion of the portfolio for which corresponding data is available.

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

¹ We consider the Scope 1 and 2 greenhouse gas emissions as defined by the Greenhouse Gas Protocol (GHG).

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