

Climate: CO₂e reduction

One of our sustainability approaches in the ZKB Discretionary Mandate and ZKB Portfolio Consulting (Classic, Premium, Expert, International)
Version: May 2024



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.

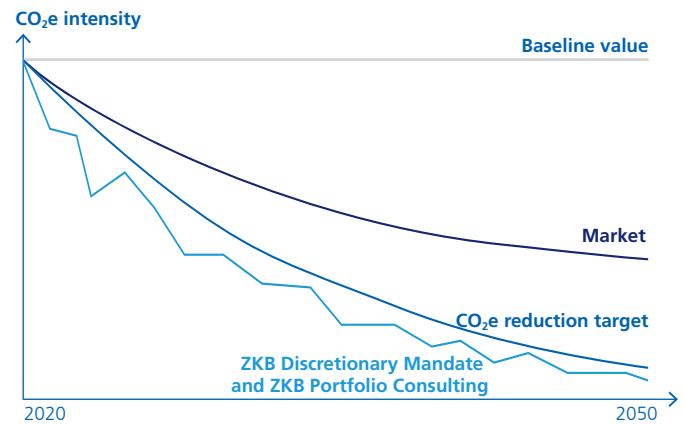
What does CO₂e intensity mean?

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?

In the reference portfolios¹ of the ZKB Discretionary Mandate and ZKB Portfolio Consulting, we pursue the goal of reducing CO₂e intensity in the investment context. 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



Quelle: Zürcher Kantonalbank

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 countries² (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 The reference portfolio describes the investment decision made in the investment process. The ZKB Discretionary Mandates are invested in line with the reference portfolio. In the ZKB Portfolio Consulting the reference portfolio is used as an investment proposal and as the basis for comparison in portfolio monitoring.

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

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/sustainability-approaches, 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.