

# Montreal Carbon Pledge Disclosure 2018

## Carbon Footprint – a Risk Indicator | Sustainability fund

As a signatory of the UN Montreal Carbon Pledge, Swisscanto Invest calculates the carbon footprint for its funds relative to the benchmark. For example, the Swisscanto (LU) Equity Fund Sustainable has a CO<sub>2</sub> footprint that is around 70% lower than the MSCI World (as at the end of March 2019). The carbon footprint states whether the companies in the portfolio emit more or less CO<sub>2</sub> than the companies in the compared benchmark when manufacturing their products and when purchasing electricity and heat. A fund's carbon footprint – as it is usually calculated today – is therefore a key figure that indicates whether, with increasing CO<sub>2</sub> prices, companies in the fund have more or less additional costs than those in the benchmark, and is therefore an indicator of relative risk. The carbon footprint does not provide any indication as to whether the fund is compatible with the Paris climate target.

### Swisscanto Invest «Sustainable» product line

#### Climate-relevant exclusion criteria

- Extraction of fossil fuels (coal, oil, natural gas)
- Operation of fossil-fuelled power plants
- Manufacture of automobiles and aircraft
- Airlines

#### Climate-relevant positive criteria

- Renewable energies
- Energy efficiency
- Public transport
- Individual transport (environmentally friendly drive systems, non-motorised transport, new mobility concepts)
- Resource efficiency

**Table: Sustainable funds compared to their respective benchmark, data as at 31 March 2019**

Fund name	Carbon Footprint <sup>1</sup>		Potential CO <sub>2</sub> emissions <sup>2</sup>		Benchmark
	Fund	Benchmark	Fund	Benchmark	
Swisscanto (CH) Equity Fund Sustainable International	60	215	0	2395	MSCI World Index (Fund BM is ex Switzerland Index)
Swisscanto (LU) Equity Fund Sustainable	59	215	0	2395	MSCI World Index
Swisscanto (CH) Equity Fund Sustainable Switzerland	192	136	0	0	Swiss Performance Index
Swisscanto (CH) Equity Fund Sustainable	59	215	0	2395	MSCI World Index
Swisscanto (LU) Equity Fund Sustainable Emerging Markets	121	330	0	12815	MSCI Emerging Markets Index
Swisscanto (LU) Bond Fund Sustainable Global Credit	174	276	N/A	N/A	ICE BofAML Global Corporate Index

Source: Swisscanto Invest, Trucost, MSCI ESG

<sup>1</sup> Carbon footprint (greenhouse gases [GHG] in tonnes per investment of CHF 1 million, scope 1 and 2), for explanations see page 3

<sup>2</sup> Potential CO<sub>2</sub> emissions (potential CO<sub>2</sub> emissions in tonnes per investment of CHF 1 million), for explanations see page 3

## Swisscanto Invest «Responsible» product line

### Climate-relevant exclusion criteria

- Companies with their own coal reserves

### Climate-relevant positive criteria

- Environmental criteria (E) in the ESG score (such as energy savings or resource efficiency)

**Table: Responsible funds compared to their respective benchmark, data as at 31 March 2019**

Fund name	Carbon Footprint <sup>1</sup>		Potential CO <sub>2</sub> emissions <sup>2</sup>		Benchmark
	Fund	Benchmark	Fund	Benchmark	
Swisscanto (LU) Equity Fund Systematic Responsible Global	131	215	1466	2395	MSCI World Index
Swisscanto Sammelstiftung Systematic Responsible Emerging Market Equity Fund	172	330	15546	12815	MSCI Emerging Markets Index
Swisscanto (LU) Equity Fund Systematic Responsible Emerging Markets	172	330	15546	12815	MSCI Emerging Markets Index
Swisscanto (CH) Equity Fund Responsible Global ex CH	247	215	1737	2395	ISF – Swisscanto (CH) Equity Fund Responsible Global ex CH Customized
Swisscanto (CH) IPF I Index Equity Fund World (ex CH) Responsible	175	215	1558	2395	MSCI World (Fund BM ist ex Switzerland Index)
Swisscanto (CH) Index Equity Fund World (ex CH) Responsible	175	215	1558	2395	MSCI World (Fund BM ist ex Switzerland Index)

Source: Swisscanto Invest, Trucost, MSCI ESG

<sup>1</sup> Carbon footprint (greenhouse gases [GHG] in tonnes per investment of CHF 1 million, scope 1 and 2), for explanations see page 3

<sup>2</sup> Potential CO<sub>2</sub> emissions (potential CO<sub>2</sub> emissions in tonnes per investment of CHF 1 million), for explanations see page 3

### When is an investment climate-friendly?

As yet, there is no established standard for climate-friendly capital investments. Although a study carried out by the Swiss Federal Office for the Environment uses a predictive analysis model, it only partially assesses the opportunities arising from positive solutions for climate protection. In contrast, the approach by the Sustainable product line of Swisscanto Invest is based on two pillars:

- Investments in the most CO<sub>2</sub>-intensive industries are omitted, i.e. the extraction of fossil fuels is excluded, as well as electricity production from fossil fuels, airlines and other traditional car manufacturers, whose business is based on the combustion engine.
- Instead, investments are made in companies whose products and services contribute to making the Paris climate agreement target a reality. Here, we focus in particular on the topics of energy and resource efficiency, renewable energies and low-CO<sub>2</sub> mobility (see figure).

### Example: When investing CHF 10,000 in Swisscanto (CH) Equity Fund Sustainable, funds are directed towards ...

#### Energy

 CHF 1'400 Renewable energy  
Energy efficiency

#### Mobility

 CHF 500 Public transport  
Private transport

#### Resources

 CHF 2'700 Resources efficiency  
Water

#### Health

 CHF 1'900 Access to health care  
Promotion of public health

#### Finance

 CHF 700 Financial inclusion  
Financial infrastructure

#### Knowledge

 CHF 800 Education  
Connectivity

Source: Swisscanto Invest

## Definitions

### Carbon Footprint

The CO<sub>2</sub> footprint is a measure for the total amount of greenhouse gas emissions caused directly or indirectly by an activity. The greenhouse gas protocol differentiates between three levels of greenhouse gas emissions:

- Scope 1: Directly-generated greenhouse gas emissions
- Scope 2: Indirect greenhouse gas emissions from purchased energy
- Scope 3: Other indirect greenhouse gas emissions through third parties (optional)

The first two levels (scope 1 and 2 in CO<sub>2</sub> equivalents), for which data availability can be ensured, are selected as the starting point for the CO<sub>2</sub> footprint. In the future, data from scope 3 are also to be taken into account. Interpreting the data is a difficult task, as the data only covers a portion of the emissions and prevented emissions are not considered.

### Potential CO<sub>2</sub> emissions

Companies that extract fossil fuels have access to fossil fuel reserves. The number of “potential CO<sub>2</sub> emissions” shows how many tonnes of CO<sub>2</sub> is caused by an investment of CHF 1 million in the index or fund, if these reserves are extracted and utilised.

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