

# Sustainable Investing: People, Planet, Prosperity Mandate in funds

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PKB SUSTAINABLE FUTURE

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## Sustainable Investments can make the difference

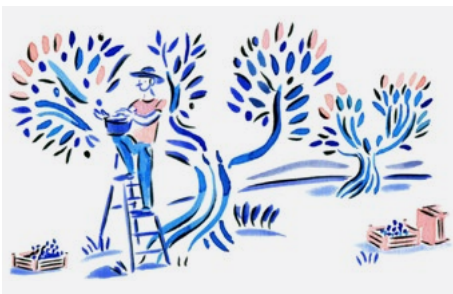
At PKB we define “sustainable investing” as an investment process that integrates non-financial aspects, such as social, environmental, governance and/or ethical questions (Source: CSP, University of Zurich).

We strongly believe that Environmental, Social and Governance (ESG) factors will increasingly enable companies committed for a better world to generate higher returns in the long-term.

A better world can only be achieved via **Sustainable development**, defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". (Source: Report of the World Commission on Environment and Development: Our Common Future; 1987).

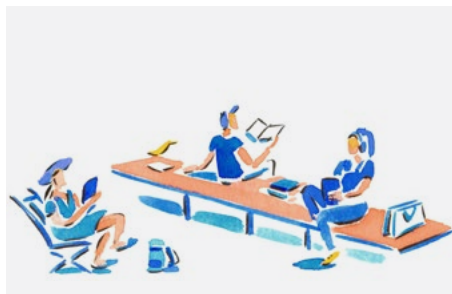
## What is ESG?

ESG factors encompass a large variety of topics that impact our world in a broad way.



### Environmental Conservation of the natural world

- Climate change and carbon emissions
- Air and water pollution
- Biodiversity
- Deforestation
- Energy efficiency
- Waste Management
- Water scarcity



### Social Consideration of people & relationships

- Customer satisfaction
- Data protection and privacy
- Employee engagement
- Community relations
- Human rights
- Labor standards



### Governance Standards for running a company

- Board composition
- Audit committee structure
- Bribery and corruption
- Executive compensation
- Lobbying
- Political contributions
- Talent diversity
- Whistleblower schemes



## An introduction to sustainable investments

Over the past decade a series of key events has taken place that has substantially increased the growth of sustainable investments. In 2015 the United Nations (UN) published its 2030 Agenda for Sustainable Development, listing 17 Sustainable Development Goals (UN SDGs), from no poverty to affordable clean energy, from peace, justice and strong institutions to clean water and sanitation. These 17 interrelated objectives represent the challenges that the world must solve to achieve a better and more sustainable future for all.



For more information:  
<https://sdgs.un.org/goals>

That same year, the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) took place in Paris, again under the UN's auspices. Focused on climate change, the Conference reiterated the objective to maintain the global temperature rise within 2° Celsius (and, if possible, 1.5°) above the pre-industrial era. 2021 was the year of the COP26, where countries reaffirmed the Paris-agreement goals and stressed the urgency of action "in this critical decade," when carbon dioxide emissions must be reduced by 45% to reach net zero around mid-century. Finally at the end of 2022, the COP27, that took place in the Egyptian coastal city of Sharm el-Sheikh, concluded with a historic decision to establish and operationalize a loss and damage fund for compensating the effect of climate change. Held in december 2023, COP28 reinforced the commitment of all the participants to build a more sustainable world.

Structural changes create new investment opportunities. Sustainable investing aims to deliver long-term sustainable financial returns in a fast-changing world. Major changes are taking place in the marketplace.

The market for ESG investments is constantly growing and forecasts confirm this trend. Asset managers globally are expected to increase their ESG-related Assets under management (AuM) to US\$33.9tn by 2026, from US\$18.4tn in 2021 (representing a growth of +13% per annum).

(Source: PwC "Asset and wealth management revolution 2022: Exponential expectations for ESG". <https://www.pwc.com/gx/en/news-room/press-releases/2022/awm-revolution-2022-report.html>)



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## Why choose PKB as your partner for sustainable investments?

We are an independent Swiss private banking group truly free of conflict of interest. As a family-owned business, PKB is run with the simple yet powerful values of a large family. Our values and actions speak by themselves.

We align our ESG investment solutions with the financial goals and values of our clients. Our Swiss Sustainable Finance (SSF) membership is a testament to our commitment to nurture and develop the ecosystem of relationships that keep us running as a family and as a business, today as in the future.

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## PKB Sustainable Future: one sustainable mandate with two investment profiles

PKB Sustainable Future is a sustainable investment solution developed by PKB, offering two profiles investing in sustainable funds that primarily use ESG criteria:

- **Balanced:** investing up to 70% in equities (neutral exposure 50%)
- **Growth:** investing up to 90% in equities (neutral exposure 70%)

By nature, investments in ESG assets have a medium to long-term investment timeframe, with a minimum ideal timeframe of 5 years.

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## PKB's investment process and methodology

Our screening process is simple yet comprehensive. We begin with the traditional analysis – the investment company, the manager, past performances and risk management – and we add a focus on sustainability, which assesses how and to what extent ESG considerations are integrated into the investment process.

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## Investment universe

The investable universe includes all active and passive funds, classified as article 8 and 9\* under the EU's Sustainable Finance Disclosure Regulation (SFDR). SFDR requires financial-market participants to disclose how they integrate sustainability risks and factors into their investment decision-making processes and how they consider the potential adverse impacts of their investments on sustainability factors. This information is aimed toward helping investors make better informed decisions that align with their sustainability preferences and goals. Additionally, SFDR aims to increase transparency in the investment industry, to promote greater accountability and help address greenwashing concerns.

\* An Article 8 fund (also referred to as "light green") under SFDR promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

In addition to meeting the requirements of Article 8, a fund identifying as Article 9 (also referred to as "dark green") under SFDR is defined as "a Fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective."



## Selection methodology

The final Scoring for each fund in the investable universe has been calculated by combining a score relating to the financial aspects, one related to ESG metrics and one related to portfolio alignment with the United Nations Sustainable Development Goals (UNSDGs).

As for the scoring related to the Sustainable Development Goals, PKB decided to cluster them into the following groups:

### 1. People



Contribute to reducing poverty and hunger, improving health and strengthening gender and social equality.

### 2. Planet



Contribute to the protection of the planet, climate and natural resources as an essential precondition for economic development.

### 3. Prosperity



Ensure prosperous and fulfilling lives in harmony with nature through infrastructure and innovation.

PKB set a score for each SDG, based on the alignment/misalignment percentages provided by MSCI for each fund, rewarding funds that generate a positive impact across the macro themes and penalizing those that generate a negative impact.

## Investment Process and Portfolio Construction

Portfolio construction is carried out from the metrics described in the previous points, with the aim of allocating investments in the People, Planet, and Prosperity groups and favoring instruments that show a high valuation in the sustainability and financial components.

For more information please visit [www.pkb.ch](http://www.pkb.ch) or write to [assetmgt@pkb.ch](mailto:assetmgt@pkb.ch)

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