

ESG at Zuger Kantonalbank

# ESG philosophy in the investment business

As the leading bank in the Zug economic region, we are aware of our responsibilities. We think and act in a future-oriented way, and incorporate environmental and social aspects into our ambitious commercial objectives. By doing so we create added value – for our stakeholder groups and for the environment.

## Strong arguments in favour of responsible investments

Whereas with traditional investments only the metrics of classic financial analysis are applied, responsible investments offer the added possibility of steering portfolios in a constructive direction. Incorporating ESG criteria into the investment decision-making process is designed to reduce ESG risks in the portfolio and allow the corresponding opportunities to be exploited. Companies which take into account ESG aspects tend to exhibit better long-term corporate quality and a superior ability to react to ESG risks and opportunities compared to those with a poor ESG rating. This is also often reflected in long-term performance.

«Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.»

Brundtland Report, 1987

## What we mean by ESG

The term “ESG” has become firmly established, above all in the investment business. ESG stands for Environmental, Social and Governance. Investing in accordance with ESG criteria means weighing up the corresponding opportunities and risks in these three areas when making investment decisions. Although there is no conclusive list of the themes and factors involved or any universally binding definitions for this concept, it may be taken to refer to the implementation of principles that promote environmentally compatible and sustainable development.



**Environmental** covers themes such as climate change and energy efficiency, the promotion of renewable energies and biodiversity, and the reduction of environmental pollution.



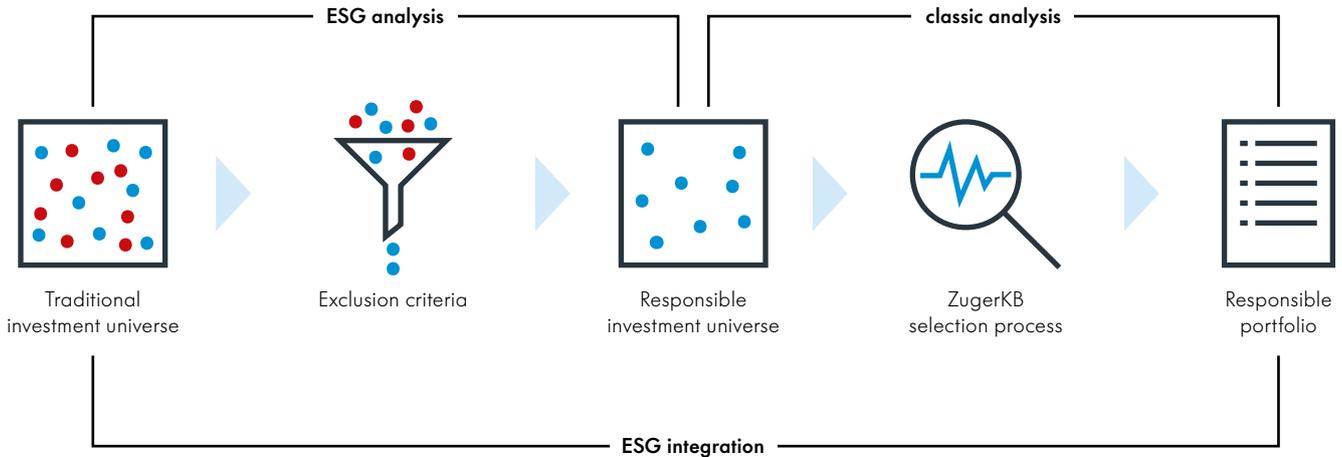
**Social** relates to working conditions such as the prohibition of child and forced labour, workplace safety and health, and the promotion of education and gender equality.



**Governance** covers measures aimed at preventing corruption and bribery, and ensuring fair remuneration for corporate bodies, diversity in management and the independence of audit and control bodies.

## Our investment approach

Our business policy is reflected in a responsible approach to the investment business. We advise our clients in a comprehensive and transparent way. ESG is becoming standard practice on the advisory side too, as clients require the bank to take into account ESG aspects in the investments the bank manages itself, or in those for which it offers advice and recommendations. We have therefore made it our mission to apply explicit and binding guidelines for our investment products. Exclusion criteria are defined as a first step in a two-part selection process and then applied in the creation of a responsible investment universe. With this as a basis, classic financial analysis instruments are then used to create a responsible portfolio that combines both responsible and classic factors of financial analysis (ESG integration).



### Exclusion criteria

The application of various ESG exclusion criteria enables us to proactively mitigate risks that may arise from controversial business activities. We therefore focus on companies with greater resilience to long-term ESG risks of relevance to the sector. Thus issuers who fail to comply with defined standards or values closely related to the aims of sustainability are excluded. Taking our convictions as a basis, we have drawn up a selection of exclusion criteria for investments at Zuger Kantonalbank. We distinguish between norms-based exclusions (exclusion of companies that violate internationally recognised norms and

standards), values-based exclusions (exclusion of companies whose business activities are deemed inadmissible for an investor) and country-based exclusions (countries that systematically breach international standards).

### Publications

You can find more information on our exclusion criteria as well as further publications relating to ESG on our website at [www.zugerkb.ch/en/esg](http://www.zugerkb.ch/en/esg).

### We are signatories to or members of the following organisations

Signatory of:



### Contact

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