



LEA 02	Disclosures Monetary	Reason for interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	

RI TRANSPARENCY REPORT

2014/15

Zürcher Kantonalbank

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	-	n/a							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	-	n/a							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	-	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	-	n/a							✓
OA 19	Internal and external review and assurance of responses	-	n/a							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	-	n/a	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	-	n/a	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	-	n/a	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	-	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	-	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	-	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	✓	Private	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	-	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	-	n/a	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	-	n/a		✓					
LEA 13	Companies changing practices / behaviour following engagement	-	n/a		✓					
LEA 14	Examples of ESG engagements	-	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	-	n/a		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	-	n/a		✓					
LEA 20	Securities lending programme	-	n/a		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	-	n/a		✓					
LEA 24	Shareholder resolutions	-	n/a		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	-	n/a	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	-	n/a	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	-	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	-	n/a	✓						
FI 10	Description of ESG integration	-	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	-	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	✓	Private	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	-	n/a		✓					
FI 20	Engagement with government issuers	-	n/a		✓					

Zürcher Kantonalbank

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Switzerland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

4844

OO 02.4 Additional information. [Optional]

Zürcher Kantonalbank - as an independent, incorporated public-law institution - is wholly owned by the canton of Zurich.

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		199	095	000	000
Currency	CHF				
Assets in USD		216	313	354	998

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income – corporate	10-50%	10-50%
Fixed income – government	10-50%	10-50%
Fixed income – other	10-50%	10-50%
Private debt	0	0
Private equity	0	<10%

Property	<10%	0
Infrastructure	0	0
Commodities	<10%	<10%
Hedge funds	0	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	<10%
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- None of the above

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Property
- Commodities
- Cash
- None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Private equity
- Commodities
- Hedge funds
- Inclusive finance
- None of the above

OO 12**Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Inclusive Finance

Closing module

- Closing module

Zürcher Kantonalbank

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
- No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

RI and ESG issues are deeply rooted in our organizations governance structure and policies. Sustainability is a central part of the legal mandate ZKB has to fulfill as a cantonal bank. Accordingly, within a systematic balanced scorecard responsibilities are defined on every level and segment of the organization with regard to the management and the integration of ESG aspects on a strategic as well as operative level. In the investments segment ZKB aims to gradually implement ESG issues in all investment processes. The primary target is currently to provide more transparency on relevant ESG issues for the clients. For the distinct SRI segment extensive ESG aspects (negative and combined screening) are applied for both equity and fixed income as well as thematic investment products available for retail and institutional clients.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<https://www.zkb.ch/en/lq/ew/dsc-about-us/sustainability.html>

- No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
 - Yes, all
 - Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Sustainability -> Products	https://www.zkb.ch/en/lg/ew/dsc-about-us/sustainability.html

No

OA 02.5 Additional information. [Optional]

In the bank-wide sustainability policy the relevant ESG aspects are defined. Additionally, detailed guidelines exist for all SRI products and describe the combined investment approach with exclusion criteria and best-in-class selection. Internal guidelines describe the scope of each exclusion criteria in depth and describe the indicators as well as the scoring mechanism used in the selection process. Zürcher Kantonalbank's sustainable investment funds were awarded the quality label for transparency by Eurosif, the European Sustainable Investment Forum.

OA 03 **Mandatory** **Core Assessed** **PRI 1,2**

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2 Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Some policies cover all, some a minority of AUM

OA 03.3	Additional information. [Optional]
----------------	------------------------------------

Proxy voting: ESG Criteria -> all swiss equities, selectively abroad
<http://www.balfidor.ch/de/balfidor-fondsleitung/stimmrechtsausuebung/2014.html>
<http://www.balfidor.ch/de/balfidor-fondsleitung/stimmrechtsausuebung/2015.html>
 Specific guidelines/Exclusion -> for example: Human Rights issues risk assessment, controversial weapons excluded.
 Commodities: no investment product on single soft commodities
 Extensive Exclusion criteria and positive Screening for RI-Products

OA 04	Mandatory	Core Assessed	General
--------------	------------------	----------------------	----------------

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	---

Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
----------------	--

Conflict of interest along the RI investment process are addressed with several measures. For instance there are 'chinese walls' between the sustainable research department and the portfolio management. The stock selection for the sustainable investment universes are made independently. Furthermore ZKB adopts and monitors guidelines regarding insider trading and compliance in the asset management department.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
--------------	------------------	------------------------------	----------------

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
----------------	--

Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
----------------	--

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

OA 05.4

Additional information. [Optional]

The management has defined strategic AuM objectives for the SRI segment. On the asset management side performance objectives, product development objectives, sustainability research objectives as well as qualitative objectives (ESG integration across bank operations) have been formulated for the sustainable investment department. Additionally, it is an overarching target to integrated ESG aspects along all investment solutions that the bank offers: the ZKB ESG indicator for funds is a first step in that direction.

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2 Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

10

Promoting responsible investment

OA 10 **Mandatory** **Core Assessed** **PRI 4,5**

OA 10.1 Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 - Moderate
 - Advanced
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Eurosif
FNG (Forum Nachhaltige Geldanlagen)
EFFAS ESG Commission (European Federation of Financial Analysts Societies)
Swiss Sustainable Finance SSF - <http://www.sustainablefinance.ch/>

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 - Moderate
 - Advanced
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 - Moderate
 - Advanced
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Project with oikos, a student organization of University of St. Gallen and foundation that promotes sustainable economics and management, <http://www.oikos-international.org/stgallen/>

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- Joint student project (Zürcher Kantonalbank and oikos) for analysing companies of Swiss Market Index (Education on sustainable finance/analysis, portfolio construction, support of building up a research process and backing of analysis)
- Other collaborative organisation/initiative, specify
 - Other collaborative organisation/initiative, specify
 - Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 11.3

Additional information. [Optional]

The sustainability investment department regularly contributes to the promotion of RI through regular research publications, a newsletter and / or public presentations. Additionally, Zurich Cantonalbank has launched a sustainability indicator for all equity/ fixed income / balanced funds that are in the investment universe of the bank (roughly 600 funds: ZKB funds and third party funds). With three indicators (carbon, reputational risk, governance) each fund portfolio has been measured and quantitatively scored in an easily understandable scale (A to G). The instrument provides more transparency and comparability for relationship managers and clients regarding the sustainability profile of RI and non-RI funds. The new instruments has been integrated in different bank's informations systems. We are glad to give you more information on the sustainability indicator for funds if requested.

Systematic training of roughly 1200 customer relation managers on ESG/RI.

Through the cooperation in various industry organisations/universities (eg. Forum Nachhaltige Geldanlagen, EFFAS ESG commission, AZEK, ZHAW) a very active contribution with regard to the promotion of and education on ESG issues is made.

A focus of the public policy engagement is 1. directed towards the role of institutional investors and ESG issues, 2. directed towards the organisation of events on new, innovative RI topics and finally 3. directed towards the correct measurement of the RI market. Specificall, the interaction with policy makers is usually carried out on a rather informal level.

We offer workshops for pension funds / foundations on ESG and UN PRI.

In 2013 we launched first passive ESG investment solutions for pension funds.

In 2014 we repositioned an existing Swiss Equities Fund Enhanced and included ESG-Scores (worst-out) and Exclusion Criteria.

We also started a project in 2014 to integrate ESG Data into Financial Analysis with our Research-Department. We deliver basic ESG-Data to be considered in their analysis.

Since 2014, for all active global equity funds, comprehensive ESG-Data (such as general ESG-Scores, Carbon Footprint, Reputational Risks or Governance Issues and so on) are integrated in a standardized way into the quality assessment of the companies in the opportunity list.

Zürcher Kantonalbank

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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ESG incorporation in actively managed listed equities


Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------


LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
----------	--

ESG incorporation strategy (select all that apply)


- Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 80
--	--

- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 10
--	--

- Screening + thematic strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 10
--	--

- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities
--

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

All listed equity: exclusion of controversial weapons, Human Rights issues in risk assessment

Listed thematic equity: exclusions of above and integration of ESG-Data (such as general ESG-Scores, Carbon Footprint, Reputational Risks or Governance Issues and so on) in a standardized way into the quality assessment of the companies in the opportunity list.

Sustainable Product: In order to define the range of sustainable products, the analysts apply a selection of very stringent exclusion criteria. The ex-ante exclusion criteria make sure that our clients do not invest in companies that contribute to the world's most serious environmental problems and social risks. Further problem areas such as the compliance with the prohibition of child labor or of ILO principles are reviewed in the analysis and monitored constantly and companies breaching standards are excluded ex-post. Ex-ante exclusion criteria: Climate change - Extraction of fossil fuels - Operation of fossil-fuel power stations - Production of cars and aircrafts Depletion of the ozone layer - Production of substances that deplete the ozone layer Loss of biodiversity - Production of persistent organic pollutants (POP) - Forestry without FSC certification - Fishing without MSC certification Nuclear energy - Nuclear power plants and permanent disposal sites for nuclear waste - Production of nuclear reactors Genetic technology - Release of genetically modified organisms Social problems - Production of Arms - Production of tobacco and smoking

Thematic Sustainable Products: Same research process as Sustainable Products plus thematic exposure to renewable energy, mobility, resource efficiency, energy efficiency and so on. We offer products on single topics as well as a multi thematic fund. We also offer thematic funds on social side (generica, medtech, healthcare)

LEI 03.3

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Thematic Sustainable Products: Same research process as Sustainable Products plus thematic exposure to renewable energy, mobility, resource efficiency, energy efficiency and so on. We offer products on single topics as well as a multi thematic fund. We also offer thematic funds on social side (generica, medtech, healthcare)

(A) Implementation: Screening**LEI 06****Mandatory****Descriptive****PRI 1****LEI 06.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

Negative/exclusionary screening

Screened by

Product

Activity

Sector

Country/geographic region

Environmental and social practices and performance

Corporate governance

Description

- Climate change
 - Extraction of fossil fuels
 - Operation of fossil-fuel power stations
 - Production of cars and aircrafts
- Depletion of the ozone layer
 - Production of substances that deplete the ozone layer
- Loss of biodiversity
 - Production of persistent organic pollutants(POP)
 - Forestry without FSC certification
 - Fishing without MSC certification
- Nuclear energy
 - Nuclear power plants and permanent disposal sites for nuclear waste
 - Production of nuclear reactors
- Genetic technology
 - Release of genetically modified organisms
- Social problems
 - Production of Arms
 - Production of tobacco and smoking

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

"Industry leaders" are those large cap companies in their respective industries and regions that set an example by excelling at taking responsible actions in terms of environmental protection, social and governance issues. The selection of industry leaders is based on a multi-step process. The quantitative analysis compares roughly 50 environmental, social and corporate governance indicators. The data is obtained from specialized providers (such as Asset4, Trucost, GMI or RepRisk). Then, we carry out a product and sector analysis, which is mainly built on the know-how, experience and industry-specific knowledge of our analysts.

Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
----------	---

Screening Criteria are developed by internal specialized department together with external experts and are regularly (at least once a year) revised. Changes are published on homepage, factsheets and through other channels.

LEI 07	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
-----------------	---

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
---------------	------------------	--------------------	--------------

LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
-----------------	--

- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 09.2	Describe your organisation's processes for sustainability themed funds. [Optional]
-----------------	--

Thematic Sustainable Products: Same research process as Sustainable Products plus thematic exposure to renewable energy, mobility, resource efficiency, energy efficiency and so on. We offer products on single topics as well as a multi thematic fund. We also offer thematic funds on social side (generica, medtech, healthcare)

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
---------------	------------------	----------------------	--------------

LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
-----------------	---

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<https://www.zkb.ch/en/lg/ew/dsc-about-us/sustainability.html>

Provide URL

<https://www.zkb.ch/de/pr/pk/anlegen-boerse/weitere-anlageformen/nachhaltige-anlagen.html>

LEI 18.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEI 18.3 Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
 Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

Zürcher Kantonalbank

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 02

Mandatory

Gateway

PRI 1,2,3

LEA 02.1

Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2

Additional information. [Optional]

ZKB's sustainable investment department actively considers the relevant ESG aspects in all one-to-one meetings that are carried out with companies. The relevant ESG aspects are chosen in accordance with the sector exposure or regional exposure of a company. Additionally, the fund management company carries out the proxy voting activities for Swiss listed equities; planned for foreign listed equity in future.

The votes are casted by and in behalf of the fund management which is the legal owner of the shares. The fund management company tracks the proxy voting activities and reports on the activities.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- Yes
 No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- Yes
 No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
 No

Process for engagements conducted with/on your behalf by service providers

LEA 07	Mandatory	Core Assessed	PRI 2,4
--------	-----------	---------------	---------

LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes
 No

LEA 08	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 08.1 Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

General processes for all three groups of engagers

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2 Additional information. [Optional]

The votes are casted by and in behalf of the fund management which is the legal owner of the shares. The fund management company tracks the proxy voting activities and reports on the activities.

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
-----------------	--

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8	Additional information. [Optional]
-----------------	------------------------------------

The votes are casted by and in behalf of the fund management which is the legal owner of the shares. The fund management company tracks the proxy voting activities and reports on the activities.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

	Approach
--	----------

- We use our own research or voting team and make our own voting decisions without the use of service providers.

	Based primarily on
--	--------------------

- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
 - votes in selected markets
 - votes on certain issues (all markets)
 - votes for significant shareholdings (all markets)
 - other, explain
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

Proxy voting for Swiss listed equities.

- We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
---------------	------------------	----------------------	----------------

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.balfidor.ch/de/balfidor-fondsleitung/stimmrechtsausuebung/2014.html>

provide URL

<http://www.balfidor.ch/de/balfidor-fondsleitung/stimmrechtsausuebung/2015.html>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Zürcher Kantonalbank

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

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ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
-------	-----------	-----------------------	-------

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div style="background-color: #0070c0; width: 5%; height: 20px; margin-bottom: 2px;"></div> <div style="background-color: #0070c0; width: 95%; height: 20px; margin-bottom: 2px;"></div> <div style="display: flex; justify-content: space-between; align-items: center;"> 5 % </div>
---	---

- No incorporation strategies applied

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div style="background-color: #0070c0; width: 95%; height: 20px; margin-bottom: 2px;"></div> <div style="background-color: #0070c0; width: 5%; height: 20px; margin-bottom: 2px;"></div> <div style="display: flex; justify-content: space-between; align-items: center;"> 95 % </div>
---	--

	Total actively managed fixed income - corporate
--	---

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

In order to define the range of sustainable products, the analysts apply a selection of very stringent exclusion criteria. The ex-ante exclusion criteria make sure that our clients do not invest in companies that contribute to the world's most serious environmental problems and social risks. Further problem areas such as the compliance with the prohibition of child labor or of ILO principles are reviewed in the analysis and monitored constantly and companies breaching standards are excluded ex-post. Ex-ante exclusion criteria: Climate change - Extraction of fossil fuels - Operation of fossil-fuel power stations - Production of cars and aircrafts Depletion of the ozone layer - Production of substances that deplete the ozone layer Loss of biodiversity - Production of persistent organic pollutants(POP) - Forestry without FSC certification - Fishing without MSC certification Nuclear energy - Nuclear power plants and permanent disposal sites for nuclear waste - Production of nuclear reactors Genetic technology - Release of genetically modified organisms Social problems - Production of Arms - Production of tobacco and smoking products.

Industry leaders" are those large cap companies in their respective industries and regions that set an example by excelling at taking responsible actions in terms of environmental protection and social issues. The selection of industry leaders is based on a multi-step process. The quantitative analysis compares roughly 50 environmental, social and corporate governance indicators. The data is obtained from specialized providers (such as Asset4, Trucost, GMI or RepRisk). Special research process exist for different types of fixed income (sovereign, supnationals, corporates, cities...). Then, we carry out a product and sector analysis, which is mainly built on the know-how, experience and industry-specific knowledge of our analysts.

(A) Implementation: Screening**FI 06****Mandatory****Descriptive****PRI 1****FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Corporates:

Climate change

- Extraction of fossil fuels
- Operation of fossil-fuel power stations
- Production of cars and aircrafts

Depletion of the ozone layer

- Production of substances that deplete the ozone layer

Loss of biodiversity

- Production of persistent organic pollutants(POP)

- Forestry without FSC certification
 - Fishing without MSC certification
- Nuclear energy
- Nuclear power plants and permanent disposal sites for nuclear waste
 - Production of nuclear reactors
- Genetic technology
- Release of genetically modified organisms
- Social problems
- Production of Arms
 - Production of tobacco and smoking

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
--	-------------

Industry leaders" are those large cap companies in their respective industries and regions that set an example by excelling at taking responsible actions in terms of environmental protection and social issues. The selection of industry leaders is based on a multi-step process. The quantitative analysis compares roughly 50 environmental, social and corporate governance indicators. The data is obtained from specialized providers (such as Asset4, Trucost, GMI or RepRisk). Special research process exist for different types of fixed income (sovereign, supnationals, corporates, cities...). Then, we carry out a product and sector analysis, which is mainly built on the know-how, experience and industry-specific knowledge of our analysts.

Norms-based screening

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
---------	---

Screening Criteria are developed by internal specialized departement togehter with external experts and are regularly (at least once a year) revised. Changes are published on homepage, factsheets and through other channels.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG factors

FI 11

Mandatory

Core Assessed

PRI 1

FI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1 Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

FI 13.2 Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

FI 13.3 Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

No

Communication

FI 18 **Mandatory** **Core Assessed** **PRI 2,6**

FI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

We disclose it publicly

Provide URL

<https://www.zkb.ch/en/lg/ew/dsc-about-us/sustainability.html>

Provide URL

<https://www.zkb.ch/de/pr/pk/anlegen-boerse/weitere-anlageformen/nachhaltige-anlagen.html>

FI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

FI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
- We disclose it to clients/beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries