



TOOLKIT FOR WEALTH OWNERS

PRIVATE BANKING AND SUSTAINABILITY: ARE YOU FUTURE-READY?

WHAT'S CURRENTLY HAPPENING?

- 1 Does the bank employ sustainability (e.g. ESG) risk profiling and preference questionnaires during client onboarding and reviews?

Global responsible investment assets under management reached US\$35.3 trillion in 2020, up 15% from 2018.



- 2 Initiatives such as the Principles for Responsible Banking (PRB), the Task Force for Climate-related Financial Disclosures (TCFD), and the Task Force for Nature-related Financial Disclosures (TNFD) promote and advise financial institutions on sustainable best practices. Are the bank's short- and long-term objectives and practices in line with global climate (Paris Agreement) and biodiversity (Global Biodiversity Framework) objectives?

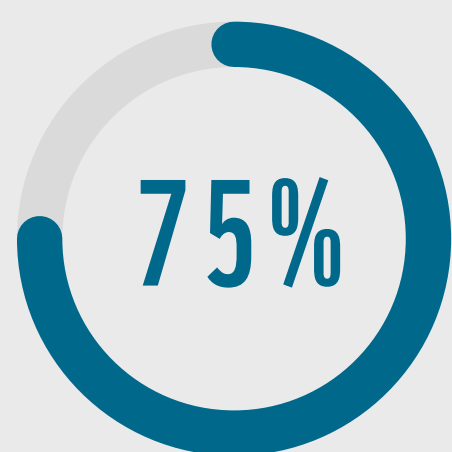
ESG bond issuance tripled to \$190 billion in 2021, accounting for 40% of the overall \$500 billion since 2015.

WHERE IS THE WORLD GOING?



- 3 How is the bank leveraging the clients' voting rights to reduce sustainability risks and engage with investee companies on climate and biodiversity issues?

Regulatory requirements under MiFID II in the EU mandate financial firms to conduct client "sustainability preferences" assessments. It assesses investors' knowledge, expertise, financial status, investment goals, and risk tolerance. Banks can build a customised investment strategy based on the assessment.



- 4 Sustainable investing can range from excluding particular sectors and industries to impact investing, which prioritises impact over financial returns. Does the bank have a well-defined procedure for determining the most effective approach and integrating client preferences regarding sustainability?

75% of surveyed clients believe their investments should make a positive impact on the world, with 57% attributing this to the impact of Covid-19.

WHAT DOES IT MEAN FOR ME AND MY FAMILY?

- 5 Sustainability factors can help to better manage intergenerational wealth and manage risks and opportunities. How can the bank's impact measurement and management assist clients in combating climate change and securing the future?

70% of wealthy older generations believe millennials are leading their families to sustainable investing. A shared interest in sustainable investment may benefit succession planning.



- 6 Integrating sustainability considerations can help mitigate reputational, compliance, and financial risks. Banks need a clear sustainability-centric approach to keep up with evolving regulations and conduct their businesses responsibly and transparently. Are the bank's governance and risk management processes publicised?

The Association of Banks in Singapore ("ABS") Sustainable Private Banking and Wealth Management Guidelines ("Guidelines") set minimum private banking and wealth management requirements for private banks.

- 7 Sustainable investing may yield excess returns (alpha), according to various studies. How does the bank find new investment markets, asset classes, and products to future-proof my wealth?

Climate-related and risk mitigation investment strategies have outperformed over 75 basis points per year for the past decade.

