



FOR PRIVATE BANKS

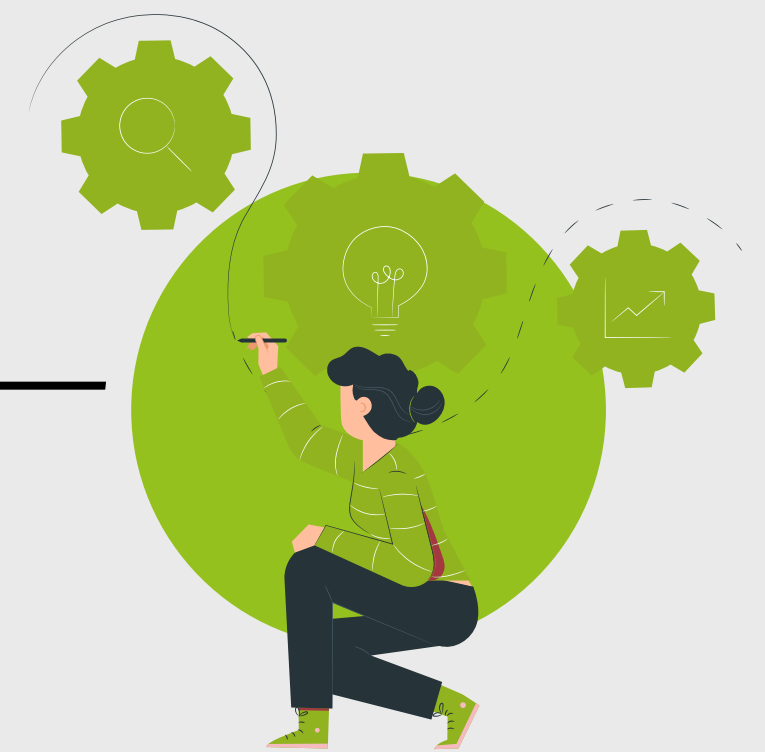
3 KEY STEPS TOWARDS SUSTAINABLE PRIVATE BANKING

INTEGRATE

EMBED SUSTAINABILITY INTO PRIVATE BANKS' PURPOSE AND POLICIES.



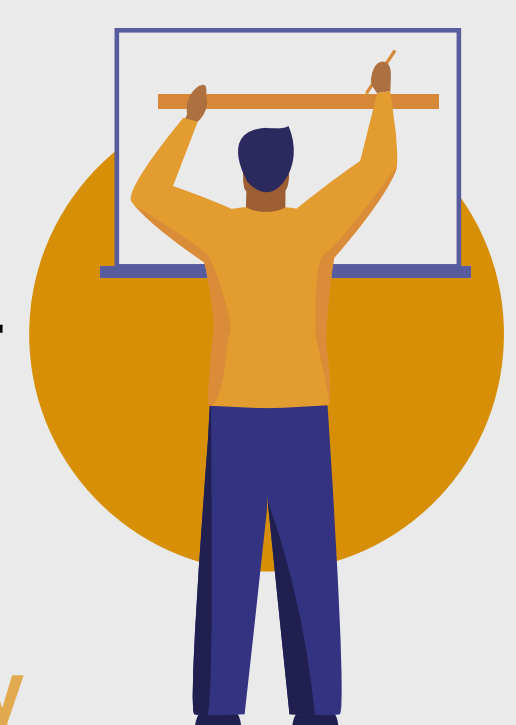
- **Define a clear purpose:** Sustainability should be an integral part of private banks' policies and processes. Integrate commitments to reach net-zero GHG emissions by 2050 (aligned with the Paris Agreement) and secure a nature-positive world by 2030 (per the Global Biodiversity Framework goals) into your core business purpose and strategy, and communicate them clearly.
- **Develop private banking and wealth management-specific sustainability policies:** Reference Group sustainability policies and processes to develop policies relevant to private banking and wealth management policies
- **Identify climate and nature-related impacts and dependencies, along with risks and opportunities:** Develop short and long-term plans to integrate climate and nature-related factors into financial and investment decision-making processes. A monitoring framework should be established to track progress towards achieving these goals.



INVEST

DEVELOP RISK MANAGEMENT PROCESSES AND CAPACITY TO INGRAIN SUSTAINABILITY INTO ORGANISATIONAL CULTURE, GOVERNANCE, AND INCENTIVES.

- **Invest in human capital:** Good governance structures, upskilling employees, and performance-based incentives can foster a purpose-driven culture. Assign the responsibility of achieving set climate and biodiversity-related targets to executive boards and set corresponding short-term and long-term targets/KPIs for every business area.
- **Integrate climate and nature-related considerations into risk management frameworks:** Incorporate climate and nature-related financial risks into risk assessments, stress testing, and scenario analysis. Use scenario analysis to develop decarbonization and nature-recovery pathways.
- **Develop sustainable finance products:** Offer clients a wide variety of products such as thematic funds, impact investing, blended conservation finance, and PE investments."



IMPLEMENT

SUSTAINABILITY PRACTICES THROUGH ACTIVE ENGAGEMENT, SUSTAINABILITY SCREENING, AND UNDERSTANDING CLIENTS' SUSTAINABILITY PREFERENCES.

- **Leverage active engagement and proxy voting:** Both engagement and voting activities have the potential to drive real-world decarbonization. On behalf of their clients, through voting and engagement, private banks can advocate for companies to establish ambitious science-based carbon reduction targets, implement climate and nature-friendly policies, and disclose their decarbonization efforts.
- **Incorporate sustainability factors in the client engagement process:** Develop a client onboarding policy that includes a sustainability questionnaire and an ESG due diligence process. This should include linking product offerings to clients' sustainability preferences. Client engagement and onboarding policies should be shared with relationship managers, investment staff, and clients for transparency.
- **Engage and collaborate with multiple stakeholders:** Engage and collaborate with multiple stakeholders to understand their sustainability expectations and needs. Advocate for ambitious environmental policies in line with global climate and biodiversity goals. It is an opportunity to share and learn from industry best practices.

The suggestions provided herein are designed to guide private banks, with the aim of assisting them on their path towards more sustainable practices.

