

## Key elements in a transformation into a sustainable bank

Adrian Schneider, Chief Investment Officer, Graubündner Kantonalbank

Integrating sustainability into the business strategy has become a key success factor for banks. More than 10 years ago, Graubündner Kantonalbank (GKB) has taken an active and systematic position on sustainability. In our operations, we have been CO<sub>2</sub>-neutral since 2015 and we aim to achieve this goal in our investment and lending business by 2030, too.

By mid-2020, a comprehensive sustainability concept incorporating exclusion criteria, ESG integration, shareholder engagement and thematic investing was implemented in GKB's investment strategy, investment process and all investment solutions. The repositioning of the product range from traditional to sustainable brought many, albeit solvable, challenges.

The first objective was to define the “right” exclusion criteria. This definition is interesting because it requires subjective value judgements and, unlike rule-based screening, cannot be founded on objective criteria. Another challenge was to select a partner for ESG research that fits GKB's investment philosophy.

“Do the right thing and tell everyone about it,” says an ancient proverb. Besides the technical implementation, communication and education are key elements of a functional sustainability concept: GKB is seeking an active dialogue with stakeholder groups. At the same time, it is pursuing the objective of transferring knowledge about the investment business to client advisors, and convincing clients and the public of the added-value created by more sustainable investment strategies.

After the implementation of a sustainable investment strategy last year, GKB has been steadily developing the sustainability approach further. The focus is on achieving the goal of making investment solutions climate-neutral. This entails two key elements: a clearly defined strategy setting out the path to CO<sub>2</sub> neutrality and dedicated sustainability reporting with clear details on both financial and climate performance indicators. Only such a transparent approach can strengthen the credibility of sustainable investments.