

Vontobel

# Inspiration

For the next generations

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**Sustainability  
combines economic,  
environmental,  
and social issues.**

# Editorial

## Dear readers,

As required of us all, we spent the past few months in “lockdown,” a period of heightened uncertainty. But it was also a period that revealed how much can be achieved in a very short time with solidarity and thoughtfulness. It wasn’t always big ideas, but often small gestures and actions that made a difference. The same should apply as we progress toward greater sustainability. This too begins with small things, but taken together, they will move us in the right direction.

The fact that deceleration can have a positive effect – without economic losses – is being demonstrated by the sustainable forestry efforts undertaken in various tropical forests around the world. This approach promotes economic value creation without neglecting environmental integrity or social development. It is thus contributing to the fight against overexploitation in this precious habitat.

In order to achieve greater sustainability in the world, economic, environmental, and social aspects should be viewed in the future as parts of a whole. But if we want to bring about such a change of attitude, examining our values will be critical, because these values, anchored in our culture, exert enormous influence over our attitudes – including towards sustainability. If, for example, we as a society could reduce the costs to individual people of behaving sustainably, it would be easier to motivate them to make this change in their behavior.

The past few weeks have also shown that digitalization really came to our rescue in our pursuit of greater sustainability. Thanks to companies offering digital solutions and alternatives, people were able to implement creative ideas quickly for living and working in a spirit of solidarity – and this helped prevent the physical distance that was asked of us from becoming social distance.

If you would like to invest in such companies, i.e. invest with a sustainable focus – without sacrificing returns – then you should include ESG criteria (Environment, Social, Governance) in your decision making. Sustainable investment solutions along these lines have been a tradition at Vontobel for 20 years.

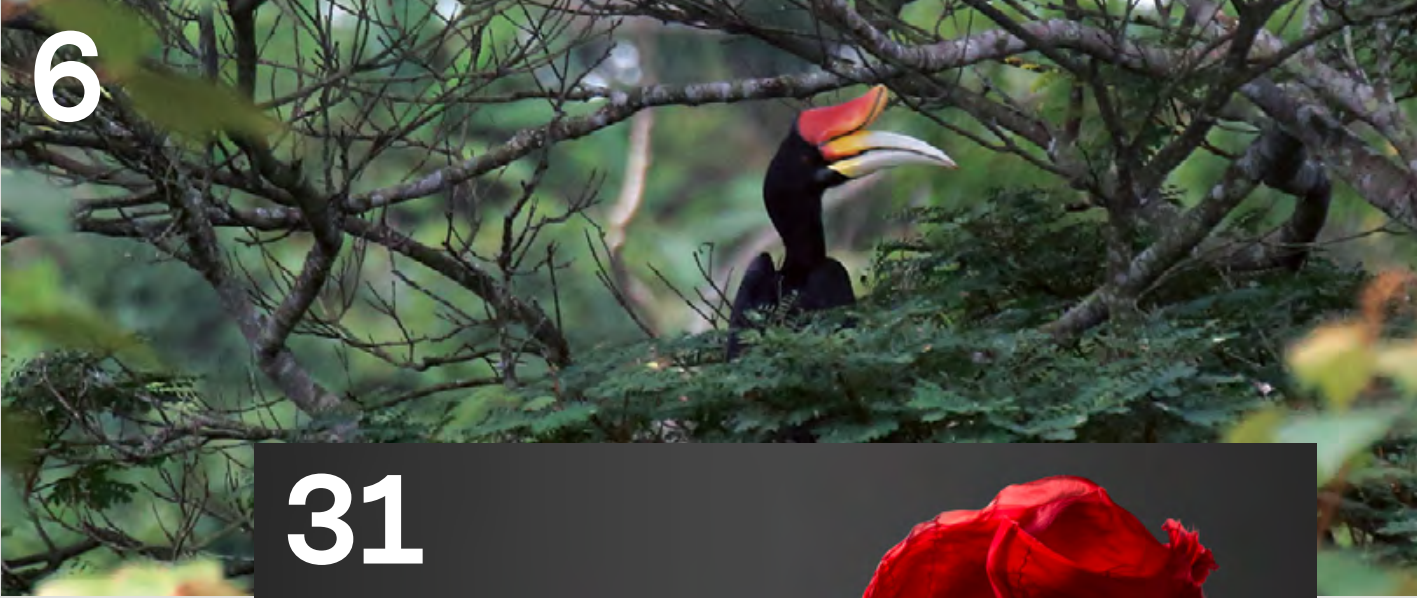
I wish you a stimulating and interesting read.



**Georg Schubiger**

Head Wealth Management





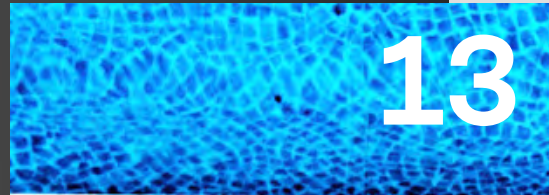
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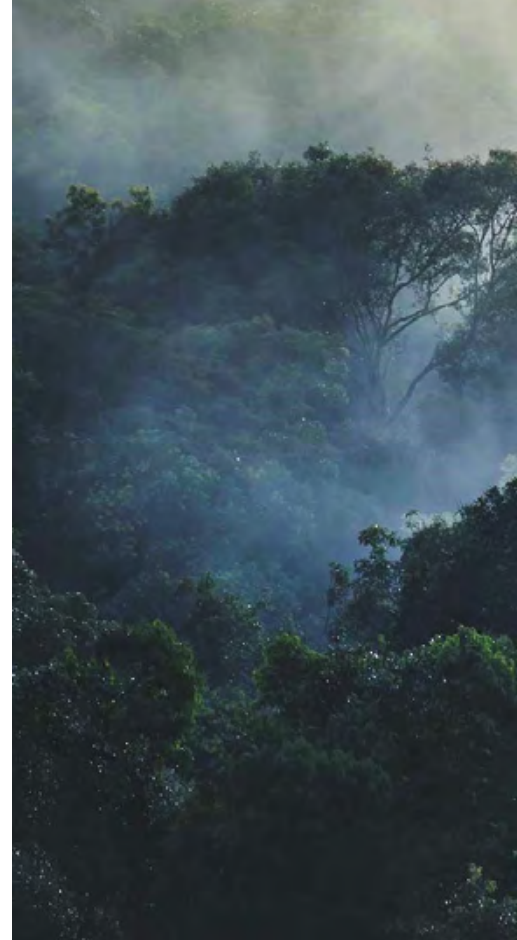
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## **Improving the world with Artificial intelligence**

Artificial intelligence is a driver for greater sustainability.

# Sustainable forestry results in benefits for everyone

**Tropical forests play a unique role in many ways. However, because of economic interests, their preservation is significantly threatened. As the Precious Forests Foundation shows, sustainable exploitation represents a lifeline against deforestation.**



**Precious  
Forests  
Foundation**

The Precious Forests Foundation (PFF) is committed to the permanent preservation of natural tropical forests. On the one hand, it aims to demonstrate the value of what the ecosystem of tropical forests can produce and on the other, it promotes the sustainable, multiple exploitation of their renewable wood and non-wood products. PFF is committed to the development of innovations based on application-oriented research in tropical forests and sustainably exploited forest areas.

[precious-forests.foundation](http://precious-forests.foundation)





— **“The forest is on fire”: What do you think when you read news like this in the media?**

Ernst A. Brugger: My dominant thought is of loss. If a tropical forest burns down, it is not only trees that are lost. In the long run, you will lose important, irreplaceable biodiversity worldwide. You will lose capacity for CO<sub>2</sub> compensation, the natural water cycle will be disturbed, and you will lose the economic potential of the forests. In addition: If trees burn, the CO<sub>2</sub> they sequester will be released back into the atmosphere.

— **Only around 4 percent of all forest fires worldwide have a natural cause. Why are people deliberately driving deforestation forward?**

Ted van der Put: The main reason is economic. Forests are protected in most countries; you cannot cut down trees without permission. But if the forest burns down, you can start all over, discuss how to make economic use of the space created, which often means realizing new possibilities. For example, you can cultivate the land for agriculture, extract raw materials, or convert it into an industrial area with residential construction needed to house the people running these industries.

— **The Precious Forests Foundation focuses specifically on tropical forests. Why this choice?**

Ernst A. Brugger: If we look at the trend of the past 30 years, tropical forests equivalent in area to the entire country of Switzerland are lost every year. If this continues, the world will have practically no tropical forests left

in 50 to 70 years. Would that make sense? No, it would be insanely stupid, both ecologically and economically. It's estimated that tropical rain forests alone sequester around half to three-quarters of the CO<sub>2</sub> emissions produced by the entire global transport sector every year. It also makes no economic sense to allow deforestation. By means of CO<sub>2</sub> compensation budgets, forests represent a potential source of income and they also possess additional economic substance that is currently unexploited. Our projects aim to demonstrate that with sustainable forest management, tropical forests can be profitably exploited – and thus better protected. This approach is not yet very widespread in the tropics, so effective and innovative projects are needed to develop it further.

— **What are some examples of such projects?**

Ted van der Put: We are focused on research and innovation, with the aim of making it possible to create economic, ecological, and social value in the tropical forests, and then helping spread this knowledge so it can be widely applied. If forests offer too little economic potential, ecological interests take a back seat. What we are trying to do is find the right equilibrium.

One of our projects is concerned with reducing the costs of sustainable forestry. One element of this sustainability is the protection of biodiversity. Proving this, however, is elaborate and time-consuming. You have to physically walk through the forest and check various parameters.

## 8 Forest protection

**“Every tree,  
every stream,  
every hill is  
mapped.”**

Thanks to new technologies, it is now possible to record the sounds in the forest and evaluate the diversity of the animal world more easily. Thanks to innovative approaches like this, costs can be reduced and sustainable forest management can become economically more attractive.

### — Can economically exploiting the forest stop deforestation?

Ernst A. Bruggen: In your thinking, you have to include the approximately 300 million people who, according to estimates by the World Food Organization (FAO), live in, or on the edge of, tropical forests. They need to be given an opportunity that goes beyond subsistence-level small farming. Sustainable forestry can do this, satisfying more than just basic needs: it creates jobs, provides infrastructure and training opportunities.

Ted van der Put: The reasons the forest is overexploited are mostly economic, so sustainable forest management must take the economic value of the forest into account. There is no reason why the forest should not be used economically, as long as its primeval nature, functionality, and biodiversity are preserved. This is a more holistic approach than the traditional concept of forest protection, which focuses on “preserving” the current status. Thanks to sustainable forest management, the forest is deemed to have economic value, so that the people who live there, governments, and concession holders all have an incentive to protect it. At the same time, certification helps orient consumers and the buyers in



**Ernst A. Bruggen**

Ernst A. Bruggen is the Founding and Honorary President of the Precious Forests Foundation, as well as the Founder and Chairman of the Board of BHP – Bruggen und Partner AG, which specializes in corporate social responsibility, business location promotion, and regional development. Ernst A. Bruggen has a doctorate in economic geography and qualified as a lecturer at the University of Zurich.



**Ted van der Put**

Ted van der Put is a board member of the Precious Forests Foundation. He works for the IDH, the Sustainable Trade Initiative, as an independent executive advisor. The IDH is committed to sustainable trade and solutions for global sustainability. He is also a member of the Board of Directors of the smartphone manufacturer Fairphone.

companies involved in processing forest products. Our founder, Precious Woods Holding, for example, only delivers wood products that have been certified.

### — Where do you see the greatest challenges in establishing sustainable forestry?

Ernst A. Bruggen: Sustainable forestry is only possible if there are clear rules or laws that are accepted and complied with. For sustainable, certified forestry, we need management concessions that are initially valid for a period of 25 to 35 years but can be extended. Let's assume that a concession is 5,000 km<sup>2</sup> in area. This corresponds to around 700,000 soccer fields. Cartographers map every tree, every stream, every hill, using GPS data. Then the area is divided into approximately 20 parcels, each the size of 35,000 soccer fields, and in parcel no. 1 the forestry operations begin. After 25 to 35 years we are back at parcel no. 1. A gentle approach ensures that after seven to 12 years, none of the interventions made in the forest are recognizable any more. Sustainable forestry involves a lot of effort; it needs not only competent management but also long-term investors.

### — From a political point of view, wouldn't it be more attractive to simply clear tropical forests so the needs of the population could be met more quickly?

Ted van der Put: If your perspective is short-term, that would seem to be a plausible approach. But in the long term, that would be neither in the interest of the population living there nor in the interest of the planet as a whole. Deforestation can disturb the region's natural rain





Photo: Torben Claas

and water cycle. Soil erosion increases, and quality of life decreases. And clearing the forest only produces a one-time gain, which in most cases does not end up flowing back to the local communities.

What we have to do is make short-term approaches like this less attractive, on a global level. For example, we believe that trading in CO<sub>2</sub> certificates has great potential. Such a certificate entitles the holder to emit a ton of carbon dioxide or another greenhouse gas. Up to now, these have been undervalued, for political and bureaucratic reasons. As soon as this changes and the certificates represent a relevant source of income, there will be additional incentives for the government and the population to preserve the forests.

— **You spoke before of having clear rules or laws. How do you motivate people to make these things legally binding?**

Ernst A. Bruggler: Governments become interested when enforcing legal practice takes on a significant economic aspect. Take Costa Rica as an example. Until about 1940, the entire country was covered by rain forest. Then the timber and agro-industries arrived and began cutting into the forests – Costa Rica had few other natural resources. Livestock farming developed in the newly created open areas. Then, around 40 years ago, a counter-movement emerged that led to forestry legislation to protect the still existing natural forests, with the result that the forests expanded. Today, over 50 percent of Costa Rica's surface

is made up of forest and nature preserves. This has made tourism the most obvious option for creating value; around 35 percent of the country's gross domestic product today is generated by this sector.

— **Could that also work in other countries?**

Ernst A. Bruggler: If you wanted to transfer that to Brazil, for example, it would be more difficult. The sheer size and complexity of the country would require the greatest respect. Nevertheless, the ecological, economic, and social wealth of the Amazon region is an "asset" of global importance when you take the long-term view. The sustainable exploitation of the tropical forests, in combination with keeping large areas under protection, has great potential. Countries like Gabon, Bolivia, or Colombia are good examples of places where the conditions for sustainable forestry are relatively positive and respected.

— **What can one do as an individual to stop deforestation?**

Ted van der Put: It is important that we as consumers are aware of the origin of products that come from tropical forests. So we should be more curious: What countries do the products come from? Under what conditions were they produced? What does the supply chain look like? Are the suppliers trustworthy? The more critical we are, the more we can influence companies to promote sustainable forest management in these tropical countries.

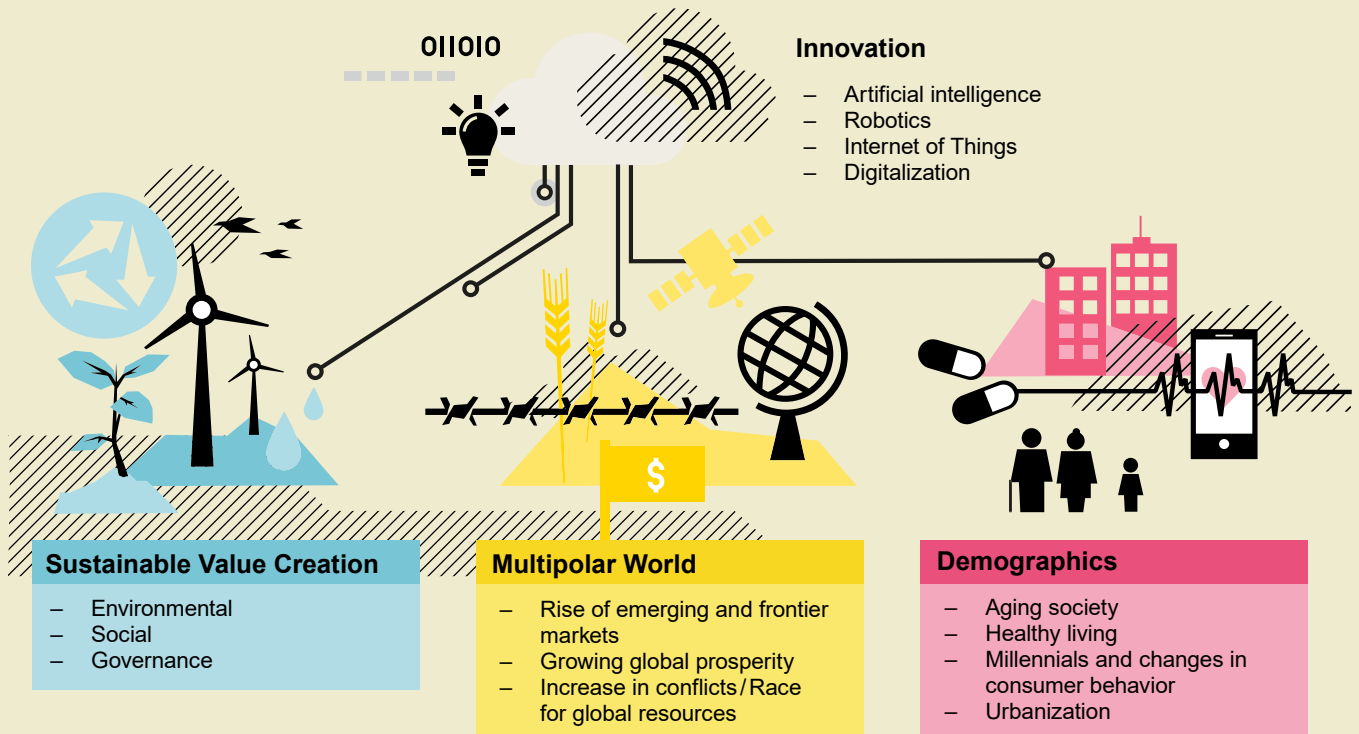
# Megatrends – currents of change

Megatrends represent change processes that affect things at a fundamental level – not from one day to the next, but over a period lasting decades. Megatrends can therefore provide valuable orientation, for example by calling our attention to changes that should be taken into account when investing.

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**Daniel Maier, CFA**  
Head Vontobel Wealth Management Investment  
Strategy & Thematics

With new industries emerging almost on a daily basis, revolutionizing established business models or even rendering them superfluous, it is necessary to select specific investment themes to focus on. Considering megatrends is helpful in this process, as they are trends that affect everyday life gradually, over the long term; they therefore represent fundamental changes that may be drawn out over decades.

Demographic change, the emergence of a multipolar world order, and the shift towards responsible management are three of these megatrends. They represent shifts that we shouldn't lose sight of, because they will challenge us in many ways and bring about much that is new. The Vontobel "Megatrend" Model helps investors keep an eye on the future.



## **Demographics: Satisfying the needs of old and young**

When discussing demographic change, people mostly focus on the aging of the population. The “Silver” generation is enjoying ever better physical and mental fitness, is active in many ways, and materially secure at a high level. Companies are reacting to this fact with offers especially tailored to the demands of this demographic group. For example, some holiday resorts or institutions geared toward further education specifically cater to the needs of seniors. Healthcare companies are meeting the demand for pharmaceutical products or services in assisted living centers. And start-ups are developing “smart” clothing and accessories that record and analyze health-related data.

But as a megatrend, “demographics” encompasses more than just focusing on the needs of the older generation. It also includes the changing consumer behavior of younger adults. Millennials and Generation Z are creating the impetus for new offers in areas such as mobile communication, e-commerce, media consumption, and e-sports. In 1994, the year Amazon was founded, who would have imagined that Internet-based retail would one day become so widespread? For many people, the attractiveness of today’s public sports competitions via computer games is just as astonishing. Yet e-sports are now a multi-billion dollar business, with 100 million viewers watching the final of the League of Legends World Championship online in 2019.

As the needs of every generation change, new companies – and even entire industries – spring up to meet them.

## **Multipolar world order: New competitors, new consumers**

In the last few years, doubts have arisen about the once undisputed supremacy of the United States in the political and economic arenas. On the political stage, the former “world policeman” is facing increasing competition from Russia and China. However, this transition from a unipolar to a multipolar order has not made the world safer. On the economic level, America is facing the rise of China, while India, too, has shown clear ambitions to modernize its infrastructure and significantly advance its economy.

How these two countries – the most populous in the world – are developing is indicative of the potential of the emerging markets.

But it is not only America that is struggling with dwindling influence. In general, government authority appears to be waning in many parts of the world. Among the reasons behind this trend are the ever-increasing networking of computer systems and devices (keywords: “cloud” and “Internet of Things”), as well as the incessantly increasing flow of data. Traditionally, central banks and governments had a monopoly on monetary and fiscal policy. Nowadays, a country’s ability to control its own currency or raise taxes is being questioned.

Many authorities and companies are insufficiently prepared for threats from radical forces (such as hackers) or for dealing with challenges like cryptocurrencies. Private companies are closing the gaps with a number of products and services.

## **ESG: Sustainability is becoming increasingly important**

A growing number of companies now regularly publish a report on their sustainability efforts, detailing their progress in operating in a manner that is environmentally friendly, socially just, and in line with a commitment to the principles of good corporate management. There are pragmatic arguments for making this information public: The stock exchange often punishes companies that do not have proper sustainability strategies. In addition, more and more investors believe that companies’ compliance with ESG standards (i.e. environmental, social and corporate governance criteria) should play an important role in the decision to invest in them or not. Many investment portfolios reflect this attitude now, holding equities of selected companies whose products are “sustainable,” for example because they have a significantly smaller CO<sub>2</sub> footprint than comparable products made by their competitors.



## Overview of important ESG criteria used in financial analysis

<b>ENVIRONMENTAL</b>	<b>SOCIAL</b>	<b>GOVERNANCE</b>
<b>Environmental management system</b>	<b>Employees</b>	<b>Efficient management structure</b>
Taking account of environmental considerations within key processes	Appropriate compensation	Independent board of directors
Systematic monitoring of targets	Ongoing training, health and safety	Separation between executive management and leadership of the board of directors
	Equal opportunities in recruitment	Independent auditors
<b>Environmentally efficient operations</b>	<b>Economic and social performance</b>	<b>Shareholders' rights</b>
Disclosure of data regarding emissions and water usage	Code of conduct	Disclosure of the shareholder structure
Policies on use of resources and waste treatment	Ethical policies	No protection mechanisms against takeovers
	Human rights issues	Privileges of founding shareholders
<b>Responsibility for products</b>	<b>Supply chain</b>	<b>Executive pay</b>
Environmental record	Responsible marketing	Transparency and reasonable approach
Environmental impact of products	Labelling of contents and their effects	Compensation models in line with ESG standards
Reduction in and recycling of packaging materials	Supplier monitoring	Independent remuneration committee

Source: Vontobel Asset Management

In summary, future growth should be achieved in a more ecological, responsible, and transparent way. Insisting on these standards creates a breeding ground for innovations in areas such as the “smart grid”, battery storage, energy from renewable sources, water management, building technology, recycling, and microfinance in emerging countries.

According to the Global Sustainable Investment Alliance (GSIA), the market today for sustainable investments has reached nearly USD 31 trillion. Sustainable investments make up more than 50 percent of all professionally managed assets in Canada, Australia, and New Zealand, almost half in Europe, 26 percent in the United States, and 18 percent in Japan.<sup>1</sup>

### **Making change tangible**

Due to their long-term nature, megatrends are difficult to predict. However, an understanding of the kinds of changes that could result creates options for action – not only for companies that are developing their future strategies around specific issues, but also for investors, who can gain access to markets, innovations, and (through themed investments) entire areas of investment – all of which are developing apace.

<sup>1</sup> 2018 Global Sustainable Investment Review

# Four people, four sustainable perspectives

**Theoretical explanations abound on the subject of sustainability. But what does sustainability mean – in concrete terms – for us as individuals? Four people, each from a different age group and with a different perspective, share their views.**

Sustainability is not a new trend. As early as 1713, Hans Carl von Carlowitz described the sustainable exploitation of forests. The principle he stipulated back then is still valid today; namely that we should only use resources to the extent that they still retain their natural ability to regenerate. Today, however, this understanding extends beyond environmental factors, encompassing economic and social components as well. Various branches of science have produced detailed explanations of the underpinnings of this approach. But what does sustainability mean in practice – in the everyday life of the individual?

## **Nikolina Gojkovic, 17 years old, Gymnasium student**

In the second-to-last year of her Gymnasium studies, Nikolina Gojkovic has her hands full. In addition to studying for school and writing her graduation thesis, going to volleyball practice and meeting friends, this 17-year-old still makes time to read up on a number of subjects that interest her, sustainability being one of them: “To me it’s clear that the idea consists of three pillars: environmental, economic, and social. In general, I think sustainability means that you take into consideration the effects of your actions.” She first came across this concept at school. “I found it really interesting, so I started reading more about it on my own.”

Her class has already had heated discussions about sustainability in everyday life, climate change, and Greta Thunberg. “I think it’s good that the media also shed light on the topic. But it shouldn’t just remain something trendy. Trends are short-term. Climate protection, I think, is something long-term. It affects not only you and me, but all of us.” With this awareness, Nikolina tries to make a positive contribution. For example, she goes to school on foot, does without PET bottles, and buys fewer items of clothing than before. She advises her friends, “Everyone should act more sustainably – you can start out on a small scale!”



# 14 Definitions

## **Jan Tiepelmann, 37 years old, cook**

As the head chef of a company cafeteria that provides lunch to more than 300 employees every day, Jan Tiepelmann is concerned with the sustainable use of food in many ways, from ordering local produce and reusable coffee cups to installing environmentally friendly dishwashers. “For me, sustainability goes well beyond the foodservice business. These days, you begin with telling the kids at home that they need to use water sparingly,” he says, describing how his attitude towards sustainability starts with the fundamentals.

In the industrial kitchen where he works, the 37-year-old has to master a balancing act between the demands of his customers and the economical use of ingredients in the meals he prepares. He does this with an increased range of vegetarian or vegan options. Just as important to him is to let people know the nutritional value of the food, too. “I know exactly where the meat comes from, and how the farmers have raised their animals over several years. That’s why I think it’s a shame the way some people just throw away leftovers.” However, he recognizes that winds of change are currently blowing through the foodservice industry, for example a move to avoid food waste. This pleases this father of two – not only in a professional sense, but also personally. “Sustainability is very important to me. I want to leave something behind for my children.”

## **Dev Gadgil, 53 years old, business owner**

Founder and managing director of three technology companies, Dev Gadgil explains that for him, sustainability is a very broad term. “It not only addresses environmental or economic aspects,” he says, “but is rather a way of acting, an awareness that we should use resources in such a way that they can be used again – so they will last.” The 53-year-old entrepreneur also considers that sharing knowledge is another important aspect of sustainability. In his industry in particular, he points to the importance of the open source principle, based on reusable codes, as a good example.

As a rational person, though, Dev Gadgil enters into discussions about sustainability with a healthy dose of skepticism. “The way the word ‘sustainable’ is used is often inflationary,” explains the father of two. “It is very important to think through what is really only half-knowledge or opinions. We need to agree on unvarnished facts if we want to have a common denominator as the basis for discussion.” This is especially essential when it comes to passing on knowledge to the next generation, he believes. “The earth has limits, but our minds and creativity do not. We have to deal with finite resources. Only through innovation, research, and creativity will we be able to find fact-based solutions together.”

## **Ingeburg Wagner, 85 years old, retiree**

For Ingeburg Wagner, sustainability comes as naturally as getting up in the morning. But putting the concept into words is not so easy for her. She thinks of it as a feeling: “For me, sustainability means caring about the environment. I’ve felt connected to nature from an early age.” No wonder, then, that the 85-year-old regularly spends hours gardening. “I grow vegetables on the balcony. Beans, for example, but also basil and parsley. When I see my garden growing, it makes me happy.”

Canned food or ready-to-eat meals don’t make it past the doorstep of this retiree. Whenever possible, she does her shopping without using any plastic. “After weighing a cabbage, for example, I stick the price tag on it directly. Afterwards, you are going to wash it or remove the outermost leaves anyway,” she explains. Passing on her know-how is something this great-grandmother likes to do, too. “I recently explained to my two granddaughters how to mend holes in a shirt or how to recycle food really easily. I believe that the young generation can still learn a lot from the older generation!”



# Will the COVID-19 pandemic bring about more sustainability?



**“Social distancing” is an inappropriate way to describe what happened during the pandemic. While it’s true that physical distance had to be maintained, the need for social closeness and mutual help was greater than ever.**

When people were asked to stay at home, their radius of activity suddenly became very small. Some people got to know their neighbors better, seeing their surroundings with new eyes. Others became increasingly concerned with their eating and shopping habits: buying regional products – and healthy ones – suddenly became top priority.

On the Haabwalser farm near Zurich, Sigi Walser felt this as well. Normally she would sell her vegetables in a variety of different markets. But when this was no longer possible, she and her family became quite nervous. In the fields, what should be done with all the vegetables when they were ready to harvest? They quickly found a solution: using the messaging service

## 16 Neighborhood aid



**“Human closeness  
is a basic need.”**

Telegram, they sold mixed vegetable packages, delivering them to various pick-up locations. They also started selling on-site, at the farm. “Many people drove out to us in the country, and we actually got closer to our customers,” she related.

Solidarity with local small businesses also became the watchword in Bern. There, the sustainable food festival Kulinata started an online directory, listing local offers during the crisis – an initiative dubbed #itzerschrächt (roughly: “now more than ever”). More than 60 projects took advantage of the platform. Food could be ordered from restaurants, shops, and local farmers; stores that had been closed received support by people buying vouchers. “It’s great to see people increasingly turning to local, seasonal and sustainable products in this challenging period,” said Rafaela Schmid, the project’s co-initiator from the Office for Environmental Protection of the City of Bern.

### **The neighborhood comes closer together**

During the lockdown, many neighborhood-based mutual-assistance initiatives emerged spontaneously. These were not only organized the old-fashioned way, like posting an announcement in the stairwell. The website [Hilf-jetzt.ch](http://Hilf-jetzt.ch) is a national platform that brings aid groups together with people who need support. “We activated [Hilf-jetzt.ch](http://Hilf-jetzt.ch) two days before the official lockdown,” said project coordinator Vivien Jobé. “The reactions to it were extremely positive.” Many people seemed to have been waiting for just such a platform to appear; over 100 groups registered within 24 hours, and now there are over 1,000 in German and French-speaking Switzerland.

The Lucerne-based association Vicino also experienced that many people are quick to provide neighborhood help – and happy to do so. Under normal circumstances, Vicino offers opportunities for senior citizens to get acquainted. During the lockdown, several hundred volunteers signed up to support people in high-risk groups. Some individuals in need of support even deepened their relationship with volunteers to the degree that they have formed a permanent “tandem” that will have some staying power, says Christian Vogt, Co-President of Vicino.

## **Less alone in times of physical distance**

The neighborhood helpers from *Hilf-jetzt.ch* and *Vicino* were not only asked to help out with shopping and other errands, but also to take part in more personal interaction. Human closeness is a basic need – one that many people missed during a period when everyone was being asked to keep their distance. People living in retirement and nursing homes were particularly affected by this ban on contact.

Bettina Hamilton-Irvine and her partner gave these people something to smile about by organizing a letter-writing campaign on Facebook, called “Give a Letter”. Looking back at the project, she explained that “the best thing was seeing how many people were willing to invest their time and love to make a person happy that they don’t even know.” Does she want to continue the campaign in the future? “Absolutely.”

This longing for closeness was something coach and journalist Kafi Freitag aimed to satisfy with her *Binenand* (“Together”) project. The *Binenand* platform works on a simple principle: it connects two people immediately – and anonymously – for a spontaneous conversation. With *Binenand*, Freitag was offering a widely used platform to take the place of everyday small talk.

## **Music to go**

Social proximity also arises from shared experiences. Many people like to share cultural enjoyment with others. No wonder so many stories of spontaneously created balcony music were shared on social media. To ensure that enjoyment of music would not get left behind during the lockdown, the music project *GuerillaClassics* launched its *Soulfood Delivery* campaign – a take-away service for music. Traveling by bike or on foot, the musicians involved delivered musical “soul food” right to the doorstep, in the garden, or beneath the balcony.

Many wonderful, touching moments unfolded, says Jakob Blumer from the *GuerillaClassics*’ artistic operations office. “For example, one host had ice cream delivered to the whole neighborhood especially for the concert. Another took a rope and lowered a bottle of wine from the balcony to the musician when the concert was over. Or there was the lady who said that she had finally found a reason to make herself look pretty for the first time in weeks.”

## **More sustainable because of the coronavirus crisis?**

The unavoidable deceleration we experienced during the COVID-19 pandemic forced people to rethink tired old ways of doing things. Some things that seemed essential to us before were suddenly unimportant, while other things that we had always taken for granted were painfully missed. Just one look at the large number of people who participated in these few initiatives described here demonstrates that in times of physical distance, social closeness becomes more important.

What happens now? The initiators of the various actions have very different answers to this question. “We hope that the positive experience of ‘supporting’ and ‘being supported’ will stick with people,” said *Vicino*’s Co-President Christian Vogt. At the same time, however, he said he realizes that everyday life will return.

Rafaela Schmid, of *Kulinata*, wants people to shop sustainably and locally in future. *GuerillaClassics* plans to continue bringing music to people and wants to continuously adapt the live concert formats to the new situation. And *Binenand* initiator Kafi Freitag says, “In the best of all worlds, we would reflect on what we are able to do, and what we already have. It would be an excellent starting point for dealing with the climate issue. Then, looking back, it might seem that some good came out of the whole thing after all.”

Whether, and what, we learn from the crisis is still completely open. The solidarity that went hand-in-hand with the coronavirus crisis makes it clear that a more caring and considerate interaction with our fellow human beings is possible, and so is using our resources more consciously. And both can get started in a way that’s quick and uncomplicated.



# Sustainable investments with untapped potential

**Sustainable investments still raise questions for many investors. Some are concerned with how these investments can combine returns with sustainability principles. Others are not even aware that such investments exist at all.**

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**Thomas Trsan, CFA**

ESG & Impact Investing Specialist, Vontobel Wealth Management

Sustainable investing has gone from being a niche topic to a trend. As difficult as it was to find proven sustainable investments a few years ago, today the choice is complex thanks to the abundance of sustainable solutions and approaches available – but the principle remains the same for them all. Companies must meet certain environmental, social, and corporate governance criteria (often abbreviated to ESG criteria) to be in line with the philosophy of sustainable investing.

Concretely, this means that companies have to prove that they are using resources such as energy, water, and raw materials sparingly and are protecting the environment in their operations. They also need to offer their employees fair working conditions and ensure a clean separation between their Board of Directors and executive management.

## **Not everybody is in the picture yet**

The fact that there is a large selection of investments now that do meet ESG criteria has not yet registered with the majority of the public. A recent study that Vontobel carried out in collaboration with the Financial Times-owned company Longitude establishes this fact. The study, “Driving Positive Change with ESG”, showed that around 59 percent of the investors surveyed do not know that a sustainability approach to saving and investing is even possible.

Yet at the same time, there is great interest in sustainable investing. The view that the positive environmental and social impact of ESG investments occurs at the expense of lower financial returns – an opinion still widespread just a few years ago – no longer seems to play a significant role. Indeed, around 65 percent of the respondents believe that ethical companies will achieve better returns. What’s more, 49 percent of those questioned said they would like to receive more support and advice from their asset managers on the subject of sustainability. But up to now, only 17 percent of those surveyed had actually been offered an investment opportunity in the area of ESG. Among the participating individuals who did allocate some of their investments into ESG opportunities, these approaches accounted for 31 percent of their total portfolio.

## **The trend: Companies with sustainable solutions**

Investment trends always reflect social and political developments. This being the case, ESG issues should increasingly occupy investors and asset managers. Society no longer turns the cold shoulder to movements like “Fridays for Future”, with demonstrators in front of banks demanding that they no longer finance oil and gas companies, or with children asking probing questions.

Among private investors, there is a clear trend regarding the ESG approach. They are showing increasing interest in companies that, thanks to products and services with a positive environmental and social impact, offer marketable solutions generating financial income. In particular, younger generations such as the Millennials – but certainly older cohorts as well – are making investments that are in line with their personal values, for example in companies with products and services that can reduce or even solve the world's problems. They focus on specific issues that are close to their hearts, such as clean technologies, water management and the circular economy, healthcare, education, or affordable housing.

#### **On the radar of governments and regulators**

Sustainable investments have long been on the radar screens of governments and regulators. The European Union has launched an action plan that aims to make sustainable investment solutions more transparent, providing a kind of consumer protection for investors. It also stipulates that environmental and social risks are more closely integrated into the investment process.

The US Federal Reserve is also showing its willingness to take the risks of climate change into account when assessing financial stability and formulating monetary policy. In addition, many providers of ESG investment products are guided by the United Nations' 17 Sustainable Development Goals (SDGs).

#### **Clear communication needed**

The general interest of investors, the untapped potential of the ESG approach, the way society is developing, and the interest of authorities and governments – all these factors point to ESG investments becoming more and more important in the future. For companies, this means that they will have to orient their activities more clearly to ESG goals, paying even greater attention to visibly highlighting their progress in the areas of environment, social issues, and corporate governance.

For example, some companies are already linking the remuneration of the members of their Board of Directors and executive management to meeting measurable ESG performance targets. Given the knowledge gaps mentioned, but also the great interest of investors in ESG issues, the potential for this market segment still seems huge. However, in order to take advantage of it more effectively, asset managers and their advisors are challenged more than ever to use clearer language when explaining sustainability approaches that are specifically geared to the needs of their clients.

# Sustainability has landed on your dinner plate



**The food on our dinner plate is always a mirror of society. Sustainability criteria have begun to play an important role in our choice of foods. One of the “victims” of these changed habits is cow’s milk.**



Health experts, science, and industry all strongly influence our food preferences. At one point, for example, margarine was recommended instead of butter, but then it went back to butter. And there was a time when it was important to avoid sugar altogether, then natural sugar was deemed better than artificial sweeteners after all. When it comes to meat and carbohydrates, opinions differ as well.

Today, when people choose the foods they buy, they are asking questions about sustainability, not only about the foods' health-related aspects as they did in the past. Their purchase decision is no longer just about the impact of nutrition on our body, but also on the environment, working conditions, and animal welfare. Current culinary trends such as slow food, regionality, nose-to-tail, and veganism all reflect consumers' increased interest in sustainable food. In short, the sustainability discussion has landed on our dinner plate.

### **Environmental impact of food production**

One third of the consumer-generated environmental impact in Europe comes down to our food. Raising livestock is particularly resource-intensive and causes more greenhouse gas emissions than crop farming. For example, to produce one kilo of pork, the same amount of CO<sub>2</sub> is emitted as in the production of 80 kilos of potatoes – but the pork feeds fewer people. Every kilo of pork requires thousands of liters of water, as well as quite a few kilograms of grain and soy in the form of animal feed. If consumed directly, these resources would nourish many more people than the pork does. Today, half of the world's cereal crops are used for meat production, making them unavailable for human consumption. Moreover, raising livestock requires the use of more acreage: first, to produce the grain used as feed, and second, for raising the animals themselves.

Eating habits thus have a significant impact on the environment and on resource consumption. By completely eliminating animal products such as meat, milk, and eggs, we would reduce the CO<sub>2</sub> emissions generated by food production by 40 percent. But in the nutritional

tradition of Western societies, these are high-priority foods. Are there any alternatives? Could we, for example, strike milk from our diet?

### **Raising questions about milk**

In a country like Switzerland, where milk – in the form of raclette and fondue – flows as freely as wine or coffee does in other countries, dairy products are a fundamental part of the diet. We are proud of our domestic dairy industry – advertising often calls attention to dairy products' Swiss provenance as a sign of quality.

But the sustainability trend has revealed an aspect that has not yet been the subject of much discussion: the environmental impact of milk production. Due to digesting an average of five kilos of hay a day, a cow “emits” 191 liters of methane every day. The effect of this gas on global warming is 25 times greater than that of carbon dioxide and accounts for one third of the total greenhouse effect. As a result, milk production and consumption, like the use of disposable plastic tableware or short trips by plane, are increasingly being called into question. In addition, milk is no longer regarded uncritically as “the” health food par excellence, and this is leading to changes in eating habits. Between 2008 and 2018, annual milk consumption in Switzerland dropped from 75 to 50 liters per person.

The food industry is reacting quickly to these changes, with plant-based milk alternatives springing up like mushrooms: rice, oats, hemp, or nuts are the diverse substitute products used. In the EU, however, these products are not allowed to have the word “milk” in their names. So they are often marketed using the word “drink” instead: thus, “almond drink.”

### **The right alternative at the right moment**

“Oatly,” an oat drink from Sweden, is an excellent example of the success of these milk alternatives. For many years, the Swedish company making it was active only on the fringes of the beverage market. In the 1990s, when it was founded, oat drinks were largely unknown, or at most a substitute product bought by vegans or people

### **“Imitations could cover a large part of our meat requirement.”**

with lactose intolerance. But over the last few years, this changed abruptly. With its slogan, “wow no cow,” Oatly scored a success as demand for oat products grew. It even got to the point where it was in short supply – in health food stores in Switzerland as well as in New York.

This is an example of the way new alternatives are driving the discussion about such fundamental nutritional questions as: What should we be eating? What is healthy for both humans and the earth? In the future, questions like these will become increasingly important if we want to sustainably ensure food security for the growing global population.

#### **The menu of the future**

According to forecasts, almost 10 billion people will live on earth by 2050. To feed them all, we would need massively more land – in fact, three earths’ worth. On top of this, consumption habits worldwide are shifting to match western lifestyles, with meat, eggs, and milk increasingly in demand in countries that previously hardly ever had these foods on the menu, but where purchasing power is now increasing. In order to meet the increasing demand for food, the food industry and research specialists are already working on our eating options for tomorrow. The new approaches go beyond merely increasing the efficiency of soils, focusing as well on introducing previously unfamiliar dishes to our menu.

This is how insects found their way onto our dinner plates, as an alternative source of protein. Insects are high in animal protein and can be produced more resource-efficiently than meat. Chefs and food companies are working on new recipes. Today, products such as insect burgers, pasta supplemented with insect meal, or crunchy new mueslis can already be found on the shelves of supermarkets.

The industry also has alternatives for people who are willing to forego meat but not its taste. Imitation products could cover a large portion of total meat demand in the future. The California-based company Beyond Meat has long been on the lookout for a vegetable burger that gives the customer the same feeling as biting into meat. After initial financial difficulties, the company went public in 2019 with one of the most successful IPOs of the past 20 years. For several years now, manufacturers have been working on in-vitro meat, which is meat that is artificially produced in the laboratory. The advantage – the same enjoyment with less animal suffering. Production costs have dropped rapidly in recent years, making it more likely that we will soon see these products introduced into supermarkets.

New production methods are also being tested and implemented for crops. Herbs, for example, are no longer cultivated only in the natural environment, but also in industrial facilities under artificial conditions. Computer-controlled indoor systems regulate the supply of nutrients, water, and light. Soil pollution is minimized because waste water and chemicals no longer get into the natural water cycle. So-called vertical farms enable food to be cultivated right where demand exists, without being influenced by perhaps unfavorable local conditions. This largely eliminates the need for transportation, resulting in lower emissions related to logistics.

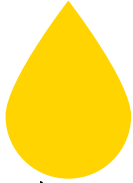
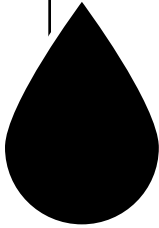
#### **When the climate is nourished alongside us**

It will take some time before all of these alternatives gain mass appeal. Our food culture developed over centuries, and changing habits is hard. In order to guarantee food security in the future, too, people will be forced to call familiar things into question and find alternatives. Nutrition is about much more than one’s own health. Sustainability is also finding a place in our stomachs.

# 75 liters

per person/year

**Milk consumption 2009**



**Milk consumption 2018**

# 50 liters

per person/year

# 191 liters

methane/day



# 5 kilos

hay/day

Hemp

Oats

Rice

Nuts

**Plant-based  
alternatives to milk**

Soy





**“A CO<sub>2</sub> incentive tax would be absolutely fair.  
If you consume more and thus cause more  
environmental costs, you ultimately pay more.”**

Ernst Fehr

# Sustainable behavior needs to become more attractive

**The costs of behaving sustainably are too high – a point that both psychology and economics agree on. However, these two disciplines have different solutions when it comes to motivating people to do less harm to the environment.**

— **Professor Fehr, when it comes to sustainability, there is a gap between what people know and the action they are willing to take. Where does this discrepancy come from?**

From an economic point of view, there is a very simple answer: Environmentally friendly action has a cost. This cost can be economic, or it could be psychological in nature. An example of this second kind of cost is when a consumer foregoes something that he in fact wants, but decides to do without on account of sustainability considerations.

— **In spite of these costs, how can consumers still be motivated to make more environmentally friendly decisions?**

The best solution would be a CO<sub>2</sub> incentive tax. This would require all companies to make a payment to the government in proportion to the CO<sub>2</sub> content of their products and services, reflecting their actual costs to the environment. These costs would be passed on to consumers in the form of increased prices. However, the revenue from this tax wouldn't remain in the treasury, but would flow back to the citizens. Each household would receive the same amount: the average. By linking such an incentive tax with repayment to the country's citizens, you prevent the government from claiming it has a right to keep more of those resources.

— **People often question whether solutions like that are fair, from a social perspective.**

A CO<sub>2</sub> incentive tax would be very fair. Many studies show that households with more income have a larger

environmental footprint – regardless of their attitude to the environment. So if you consume more and thus cause more environmental costs, you ultimately pay more. But everyone gets the same amount back. Since this repayment is a relatively larger amount of money for a poorer household, a side effect of this tax is a desirable social redistribution. At the end of the day, poorer households receive compensation for the relatively costlier things they buy, while richer households pay more than average due to their higher consumption.

— **It's not enough to simply appeal to people's conscience?**

A moral appeal alone is not strong enough to convince people to behave in ways that will end up costing them more. If paying taxes were voluntary, nobody would do it – even though taxes are how we finance infrastructure and facilities that are important to all of us in society.

**“As a society, at the end of the day we have to work together to solve the problem.”**

Stephanie Moser

— **Nudging can influence unconscious behavior; for example, if your electricity provider delivers green electricity as the standard choice unless you request a different option. What do you think of this concept?**

“Nudging” is useful for bringing about small changes in behavior. However, this only works for people who are fundamentally willing to behave in an environmentally friendly way, and who only need a reminder to do so. If someone has no interest in the environment, a nudge in this direction won't work.



**Ernst Fehr**

Ernst Fehr is a professor of micro-economics and experimental economic research at the University of Zurich. According to an NZZ rating, he is considered one of the most influential economists in German-speaking Europe.



**Stephanie Moser**

Stephanie Moser holds a doctorate in psychology from the University of Zurich. She conducts research and teaches at the interdisciplinary Center for Sustainable Development and Environment (CDE) at the University of Bern and is head of the Social-Economic Transitions department.

— **What role do grassroots movements like “climate youth” have in raising awareness of sustainable behavior?**

It’s good that there is a movement that influences people in a positive direction. However, this initiative will only be successful if it results in concrete political measures. Moralizing alone is not a solution.

— **The current youth movement is also generating resistance. Why is that?**

There are many reasons for this. Some opponents know that certain products will become more expensive if the demands of climate youth are implemented. Then there are people who find it fundamentally bad that other people would demonstrate at all and who want to stick with the status quo. Basically, however, the environmental movement has now reached all camps, from the left to the right. The willingness to stop climate change is here.

— **So you think the incentive tax you mentioned is politically feasible?**

I think it is absolutely realistic. The only question is how long the process will take. Of course, Switzerland cannot save the whole world, but as a well-functioning country, it could serve as a role model.

— **What do you say to critics who reject the excessive interference in our individual or economic freedom?**

Every economist knows that behavior that harms others can and should be corrected by some form of compulsory levy. We have a free-rider problem today. When I fly, others have to “pay” for it in the form of a poorer environment. It is definitely better if the polluter has to pay for these costs by paying a higher price for his flight. This creates an incentive for everyone to fly less. Preventing climate change ultimately benefits everyone.

— **Dr. Moser, do we even know enough about climate-friendly behavior?**

When it comes to the relationship between individual behaviors and their environmental effects, there is still a great deal of clarification needed. We often put the spotlight on subjects such as nutrition, for example, but other areas, like housing and mobility, which account for a decisive share of CO<sub>2</sub> emissions, don’t get as much of the attention of individual people.

— **And yet we read about climate change almost every day. Many people are worried, but we’re only making very slow progress when it comes to reducing CO<sub>2</sub>. Why don’t most people always behave in a sustainable way?**

The knowledge gap I mentioned before plays a role here. But the main reason is that climate-friendly behavior is often less attractive than climate-damaging behavior. It costs more, it’s inconvenient, and it’s time-consuming. Our whole system is not geared towards sustainability.

— **What would have to be done to make us behave more sustainably?**

I see three approaches here: The first is knowledge. The aim is to make information available, to advise, and to convince. This includes showing attractive solutions instead of just emphasizing the problem of climate change. Rather, everybody should know what he can do, concretely. Second, climate-friendly behavior must become more attractive – and it must actually be possible. Without a dedicated bike lane, for example, it is unattractive and dangerous to travel by bike through the city. Third, positive examples are needed. We have to show that stopping climate change doesn’t mean we have to give everything up. Rather, we can in fact have a comfortable life while living in a climate-friendly manner.





— **How do you get people to think not only of themselves, but of the population as a whole?**

The climate movement has shown that there are many people who care about the climate. Visibility is crucial. The basic question is with which group do I personally identify. As humans, we have a so-called self-identity, which consists of various aspects. Depending on the situation, one aspect or another takes center stage. In one situation, I see myself as part of humanity and sympathize with people in South America who are suffering from climate change. But in another situation, planning my vacation with the family is more important to me. The climate movement helps me identify with a larger group in more situations. The feeling of belonging to humanity as a whole becomes more important.

— **Why does the movement still generate so much resistance?**

The majority of the reactions to the climate movement are positive. It works as a door opener for many people, because it addresses an unease that people are often already feeling. But of course, the activists are hitting a sore spot with their demands. They're showing that you can't solve the problem simply with green consumption. What's needed are new possibilities, and renouncing consumption. This requires a fundamental change in the system, and such an endeavor is grueling.

— **What do you think of nudging?**

A lot of our everyday decisions are made relatively unconsciously, without reflection. Nudging takes advantage of this by influencing a decision situation so you'll choose the climate-friendly option. This is useful as an accompanying measure. But the decisions that are most important for the climate, such as those having to do with residential issues and how we get around, are made very deliberately and cannot be influenced by nudging. A societal perspective is needed.

— **What do you mean by that?**

As a society, at the end of the day we have to work together to solve the problem. I think it's important to emphasize that there is not simply one person or one instrument that can stop climate change alone.

— **What role does legislation play in finding a societal solution?**

Legislators play a key role in shaping the price of energy, for example. This would have to take into consideration the costs of any negative consequences for people and the climate, so it would reflect the actual costs. Legislators can also set a good example by taking into account not only price criteria but also environmental criteria when it comes to procurement contracts. Of course, legislators can also ban things, especially technologies for which there are good, more environmentally friendly alternatives. What legislators do in practice, though, depends on society. All of us are not only consumers, but also citizens who can in fact help shape the law and the incentive system.

# Sustainable investing: going mainstream

**Questions about climate change are shaking up the world. More and more investors are specifically financing companies and projects that are bringing about positive change by addressing ESG issues.**

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**Thomas Trsan, CFA**

ESG & Impact Investing Specialist, Vontobel Wealth Management

Climate change is making headlines all over the world. The devastating wildfires in Australia and Alaska last summer; climate activists pushing Siemens to stop the Adani coal mining project in Australia; and Time magazine naming Greta Thunberg as “Person of the Year” in 2019 are just a few examples that are drawing investors’ attention to one of the most pressing issues of our time.

Sustainability was also the main topic of this year’s World Economic Forum (WEF) in Davos, held under the motto “Stakeholders for a Cohesive and Sustainable World.” The Davos elite has often been criticized in the past for paying lip service to corporate social responsibility instead of actually acting on it. This is why Thunberg demanded in a WEF panel discussion that the global leaders present refrain completely and immediately from using fossil fuels.

## **Investors and companies are setting sustainability goals**

Several asset managers have recently been criticized for not actively supporting sustainability issues through their investment decisions, and for not contributing to solving the problem by failing to exercise their voting rights. The world’s largest asset manager, Blackrock, has announced plans to withdraw from investments in such environmentally high-risk industries as coal. Its CEO, Larry Fink, described this move as “a fundamental transformation of the financial system” and emphasized that climate change is a “decisive factor for companies’ long-term prospects.”

It is high time to campaign for a greener planet, a better quality of life for society, and a better future for our children. More and more investors are making targeted investments in companies that are committed to meeting climate targets. For example, banking syndicates now exist that link corporate loans with ESG performance targets (that is, Environmental, Social, and Governance criteria). The interest rate of these so-called “sustainability-linked loans” is directly linked to sustainability goals defined in advance that have been checked by sustainability rating agencies. The better the ESG performance, the lower the interest rate that the company has to pay to the investor.

French industrial gas company Air Liquide recently signed a loan agreement that relates financial costs to its sustainability goals. In November 2019, the company adjusted an existing loan of EUR 2 billion, tying future interest rates to its ability to meet three key ESG goals. These targets relate to the company’s direct and indirect CO<sub>2</sub> emissions, the proportion of women among its engineers and managers, and the frequency of work-related accidents with downtime, per million hours worked.

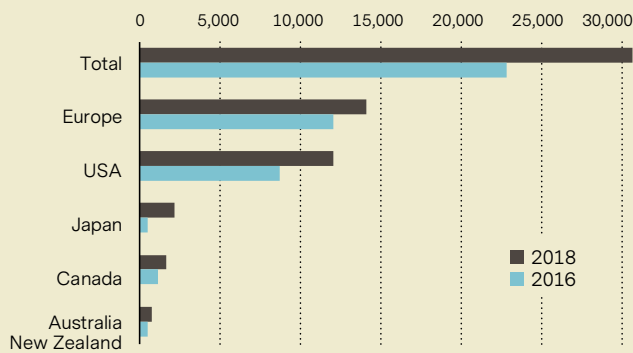
## **Institutional investors as drivers of the ESG trend**

Sustainable investment has seen remarkable growth in recent years, going mainstream for both institutional and private investors. The total market for sustainability loans exceeded USD 43 billion in 2018. Assets that follow an ESG strategy already make up more than a third of total global investment. This trend signals a fundamental

shift in the overall economy. More and more investors are realizing that creating sustainable value doesn't only generate financial returns.

Sustainable investments are easily accessible, and they help improve the world. The strong demand for sustainable investments is largely due to institutional investors. For example, some of the world's largest institutional investors, the Government Pension Global Fund in Norway and the Government Pension Investment Fund in Japan, have opted for sustainable investment strategies. This also applies to many asset managers who are increasingly integrating sustainability criteria into their selection process as standard.

**Strong global growth in sustainable assets in USD billions**

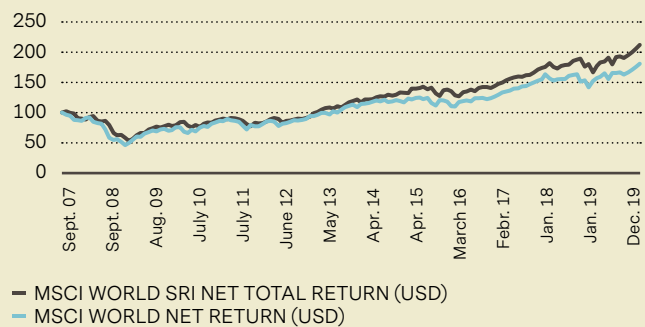


Source: Global Sustainable Investment Review 2019, GSIA

But more and more private clients also want to align their investments with their personal values and ensure that they will have a positive impact. Almost a third of the 4,700 people surveyed by Vontobel in 14 countries in our study "Drive positive change with ESG" stated that they are making their savings and investment decisions in accordance with ESG principles. Nevertheless, there is even greater scope for ESG investments, as 65 percent of respondents believe that ethical companies will generate higher returns.

Sustainable investing is also moving into the mainstream because experience now shows that it is not necessary to accept lower returns as a tradeoff, and that it is even possible to beat the market and reduce volatility, especially when investing in companies that follow good risk management practices as related to ESG risks.

**The global sustainable equity index generated higher returns than the reference index between 2007-2019**



Source: Bloomberg

**Three key strategies for sustainable investing**

There is no "one size fits all" strategy for private and institutional clients, but rather three main strategies that investors can follow. The largest and oldest sustainable investment strategy is to simply avoid investments that do not correspond to the investor's personal values, by excluding certain sectors from consideration, such as tobacco or firearms.

The second strategy is to invest in companies that have an established and active ESG risk management system, such as clear environmental goals (e.g. how, and by when, their CO2 emissions will be reduced), social goals (e.g. how their value chain is controlled and monitored), or corporate governance structures (e.g. how the rights of minority shareholders are protected).

A third strategy is to make a contribution towards a positive environmental and social impact. This strategy means investing in companies that offer sustainable products and services that improve the world and society and are within reach, in areas such as energy, education, and health.

# Make a positive impact and generate a positive financial return

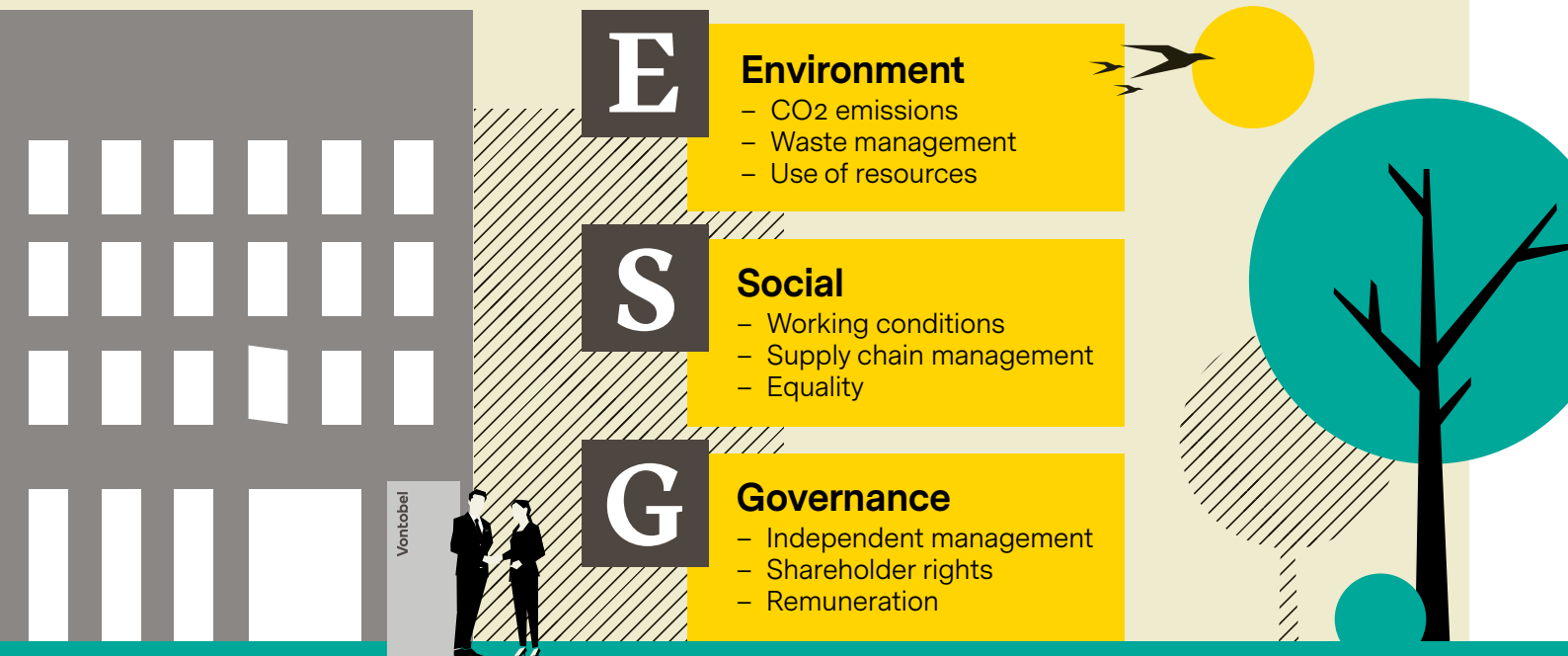
## Avoid non-value aligned investments

Exclusion of industries



## Firms with good risk management

Sustainable business practices



## Contribute to a positive, environmental and social impact

Affordable solutions for a better environment and society





# How culture shapes our understanding of sustainability

**Without culture, there is no humanity. Culture is introduced to us as babes in the cradle, from that moment on shaping the worldview and value system of every one of us. Because culture lies at the very core of being human, it also has great potential to anchor sustainability permanently in our behavior.**

“Sustainability is based on values. Which brings us to culture,” says Gabriele Rippl, “because values always have to do with culture.” As a professor of English literature at the University of Bern, her research centers on issues of cultural sustainability.

In order to understand the holistic influence of culture in the area of sustainability, it is worth taking a closer look at the meaning of the word itself. “Culture” is derived from the Latin verb “colere” meaning “to tend, to cultivate.” The earliest uses of “culture” in the Germanic languages thus referred to forestry: tending the land. Today the meaning of the word is much broader, of course. “In principle, culture is the all-encompassing horizon on which every area of our lives is integrated,” explains Professor Rippl. Culture not only includes the fine arts – dance, literature, film, and music – but also lifestyles, traditions, and beliefs. Culture shapes our coexistence with other people, as well as our understanding and relationship to nature, the world, and the cosmos.

## **How culture influences us**

The discourse concerning sustainability is also influenced by culture. “The way we deal with issues – whether they are economic, environmental, or social – is also expressed, for example, through the filter of how we

are raised. It is based on certain models of perception, knowledge, experiences, and values,” explains the professor. How we conduct monetary policy; how we ensure our energy supply; how we promote social inclusion; or the choice of themes our education agenda should address – these and other aspects, which every society deals with and which lie behind all our decisions, all have an impact on sustainability in the broadest sense.

So far, one thing is clear: The way our culture molds us defines what kind of life we live – or want to live – and the basic values that we agree on as a society. Culture is always part of the process. But can culture be put to use consciously, for example to accelerate a societal change towards greater sustainability?

## **Actively exploiting its potential**

Research has long viewed the issue of sustainability from a scientific and technological perspective. Its focus was primarily on changes in the environment and nature, for example the melting of glaciers, or periods of precipitation or drought. Questions about power disparities, socio-political differences, and cultural values – all of which have an impact on the social, environmental, and economic aspects of sustainability – were hardly even present on the research agenda.



“Today, extending the discourse to include cultural components enables new questions to be put in the foreground,” says Prof. Rippl, pointing out the interplay of different disciplines, allowing us to ask such questions as: “What are the connections between our behaviors and phenomena such as climate change, eco-racism, and environmental injustice? What kind of sustainable global community do we want to create?”

As a result, political actors increasingly advocate for an understanding of culture in its entirety, as the all-embracing horizon for any sustainable development. Indeed, the 2030 Agenda for Sustainable Development, adopted by the United Nations, lists numerous sustainability goals that are directly related to culture, such as the development of sustainable tourism (one that protects local customs and products), or the promotion of a culture of peace. UNESCO, the United Nations’ Organization for Education, Science and Culture, even ascribes to culture the power to address global challenges sustainably, because culture defines the relationship of people to other societies and to nature – and thus it is there where action originates.

This new perspective has already been adopted at the national level. In Switzerland, for example, the Federal Council emphasizes in its cultural message that political strategies for promoting sustainable development must be geared much more closely to cultural and creative aspects. In Germany, the Ministry of Culture, together with representatives of the film and television industry, have signed a joint declaration on environmental protection in film and television series and productions.

### **The art of communicating about emotions**

The film and television industry, as well as the entire arts sector, not only have the potential to become more sustainable themselves – they can also focus attention on the issue of sustainability in their productions. “Creativity allows us to break out of the familiar and see things differently,” says Prof. Rippl on the possibilities afforded by the fine arts. In the form of the visual or performing arts, culture has the potential to visualize what is otherwise not visible, and thus to communicate via emotions. “In a novel, I can put myself in a world without it having any

actual consequences for me. That is a discourse that other disciplines cannot conduct,” she states. One example she cites of such a discourse is the film “Avatar,” which dramatizes our relationship with our planet. On the other hand, in physical installations, artists like George Steinmann are able to address real situations such as the incursion of invasive organisms into the Baltic Sea, brought about by the traffic of cargo ships through the region.

“It is precisely these artistic products of our culture that can play a key role,” says Prof. Rippl, “because literature, film, and religious narratives also develop, frame, and transmit values, which subsequently shape our decisions and behavior.” In the form of art, culture makes us think about the values that underlie our lifestyles – that is, the consequences of our behavior.

### **A question of culture**

Although the world is moving closer and closer together, cultural characteristics and differences persist. Each cultural community perceives its own environment differently. And every culture has its own values – and thus its own approach to sustainability. Generic demands to change one’s behavior run the risk that they won’t achieve the desired effect. People have to be able to identify with the change that is envisaged.

“Each value system can make its own contribution. In the process, values can also change,” says Prof. Rippl, emphasizing the dynamics of culture, always bridging the gap between past and future. Traditions are preserved, while at the same time present conditions can be called into question. However, changes are not always obvious. Take, for example, the growing number of second-hand clothing shops: They represent a cultural change in fashion. Likewise, urban gardening challenges the current culture as concerns city living. These small examples illustrate how multifaceted culture is – how it is made up of myriad subcultures ranging across the most diverse aspects of our lives. Everyone has an influence on it. “It’s with such small statements and changes in behavior that something completely new can ultimately take shape,” Rippl adds, highlighting the link between culture and sustainability.

# Everyone benefits from equality

**Investing in equality is not an altruistic undertaking. By doing so, companies can promote economic growth, ensure a healthier balance sheet, and support the innovation of new products and services.**

Gender equality has a major impact on the global economy; if gaps in gender equality were to be closed worldwide, by 2025 global GDP could grow by USD 28 trillion, according to the McKinsey Global Institute. This is an amount equal to the combined gross domestic product of the United States and China.

This realization is slowly gaining acceptance among investors. So-called Gender Lens Investing (GLI) is becoming increasingly dynamic, offering investors the possibility to align their portfolios with impact goals while achieving returns at the same time. This is possible because gender equality is associated with faster economic growth.

## **Equality pays off at all levels**

There are numerous studies confirming that promoting gender diversity is financially beneficial. Companies with female CEOs outperformed those without: They achieved a higher return on equity, higher average sales growth, higher share price / book value, and have more solid balance sheets. In addition, studies show that companies with a higher proportion of women in management are more resilient in financial crises. Companies with high gender diversity generally also pay higher dividends.

The representation of women not only pays off in the upper echelons of management. Gender diversity, and diversity in general, pays off for companies at every level. In teams, for example, the more different the backgrounds of the individual members, the better their performance. The prerequisite for this is the ability of team leaders to manage these teams and create a common basis so that different perspectives can be taken into account. When this is achieved, discussions are

livelier, and more aspects of an issue are considered, resulting in a higher probability of finding a good answer to a challenge or developing a successful product.

## **Power of diversity at Vontobel**

Vontobel has compiled the Power of Diversity Index to highlight companies that are committed to diversity. Vontobel has defined a number of different criteria by which a company is evaluated. The two most important are that the company has a woman in the role of CEO or CFO (or both), and at least 25 percent of the members of its board of directors are female. In addition, our analysis looks at whether women are well represented in executive management, and whether men and women are treated equally in terms of compensation and career paths, as well as whether opportunities are offered for flexible work arrangements.

Vontobel also places great emphasis on gender diversity internally. Vontobel believes in equal opportunity and is driving efforts towards integration and diversity. Find out more in our interview with our Head Corporate Human Resources, Caroline Knöri.

## **Interview with Caroline Knöri, Head Corporate Human Resources at Vontobel**

— **Ms. Knöri, as part of corporate diversity, gender diversity is a prominent issue. How should we understand this?**

Diversity in general means equality of opportunity. Gender diversity in the company is about women and men having the same career opportunities, receiving



**Companies with a higher proportion of women in executive management**

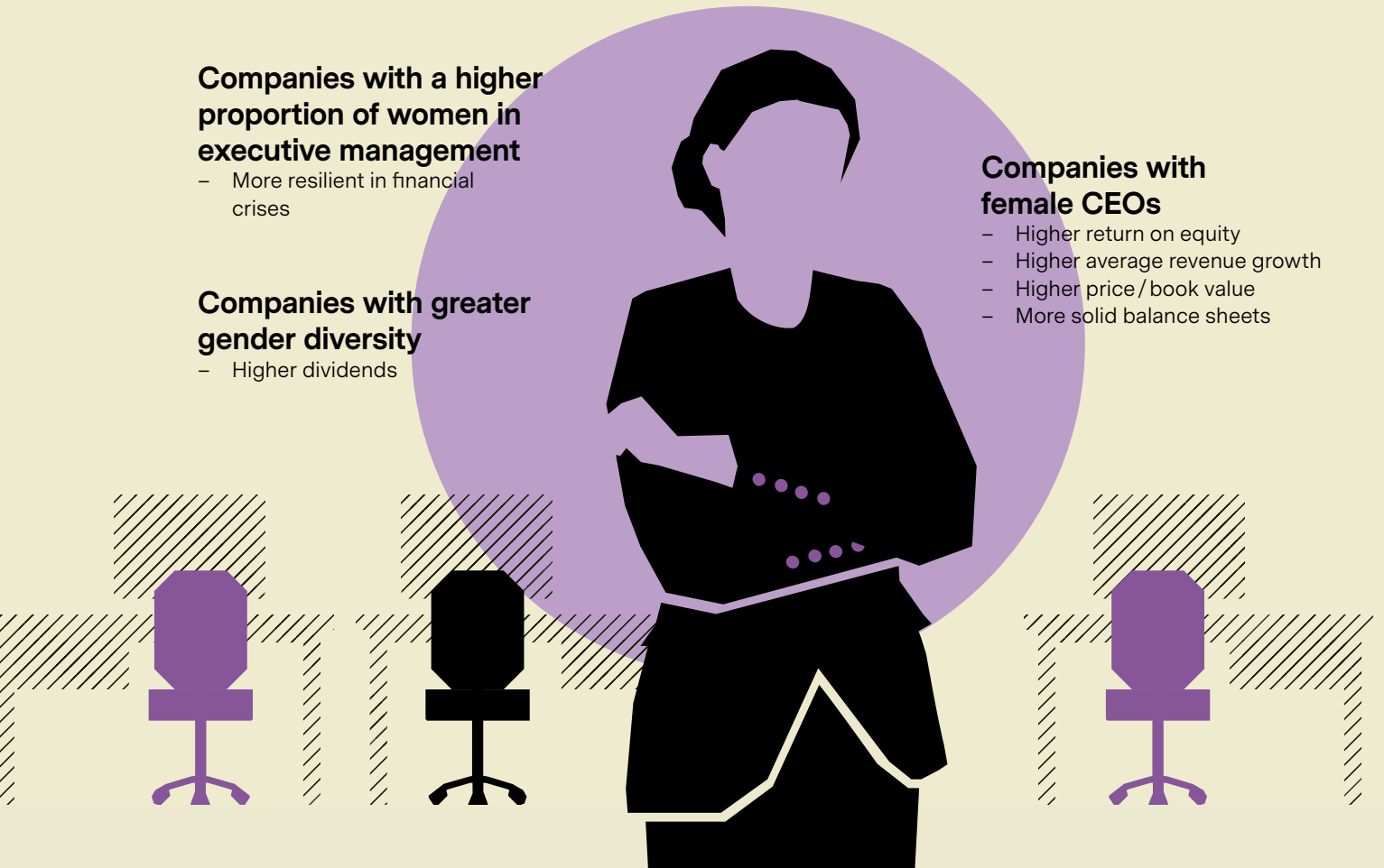
- More resilient in financial crises

**Companies with greater gender diversity**

- Higher dividends

**Companies with female CEOs**

- Higher return on equity
- Higher average revenue growth
- Higher price / book value
- More solid balance sheets



the same pay, and ensuring that no one is discriminated against on the basis of their gender. This in no way means special treatment for women, but rather that all voices are heard equally.

**— Why is that important?**

Gender diversity is important for society as a whole. Women make up 50 percent of the population. It is only fair that they are represented accordingly. It's not about pitting the sexes against each other, but about respect and recognition.

**— What role do men play in this?**

The issue concerns them as much as it does women, so they should be committed to it, too. I consider corporate gender diversity to be an undertaking that a company's leadership should address. Since men are still more represented in leadership positions, they have a leading role to play in establishing gender equality.

**— In your opinion, how is the financial sector doing in terms of gender diversity?**

The financial sector is still very masculine in character, and although it is progressing towards greater balance, it is happening very slowly. That is why, in many companies, there is a need for increased engagement from all sides.

**— In which areas do you see the greatest potential for improvement?**

Different levels need to be addressed differently. For example, at the top, the lack of female role models is a problem, because young women can be motivated by female managers to aim for such positions themselves. I also consider the issue of reconciling work and family life to be crucial. If we aren't able to do this, we can lose many mothers with excellent training and backgrounds. Incidentally, fathers should also be able to benefit from well-framed conditions in this area.

## — How is Vontobel creating the right environment for equal opportunity?

We are making sure that there are no differences in recruitment, career opportunities, pay, or in the procedures followed for employees to become members of certain management groups. We are making use of regular reporting and data collection, and we are continuously analyzing the situation. Vontobel has just revised our concept for parental leave. Fathers or partners in same-sex relationships now receive one month of leave after the birth of a child or after adopting one. At the same time, for new mothers we have made the return to work more flexible. When the parental leave is over, we also offer voluntary coaching now. These coaches support parents and help them get established in their new situation.

## — Can you give us other examples of Vontobel's commitment to diversity?

Vontobel has a volunteer community on the issue of diversity. Many members of this community are very passionate about the issue – both women and men. The community is an informal platform that gives employees from all of our locations the chance to exchange ideas about diversity. We also foster collaborative relationships with various external organizations that provide support on this issue, organize events, and regularly provide information on current diversity topics – not only focused on gender diversity. We are an international company. The needs vary greatly from region to region.

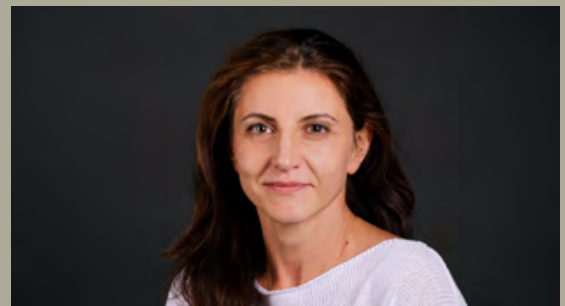
Vontobel also supports the networking events of Advance and Fondsfrauen (“Fund Women,” a networking organization for women in the investment fund industry). Anyone who wants to promote gender diversity can exchange ideas at these events. To counteract potential bias, we also offer employees concrete mentoring to improve their interview techniques, for example. And diversity is also an integral part of all leadership training courses.

## — How do you yourself experience the benefits and challenges of gender diversity at Vontobel?

I would like to see more women in management positions. In our CEO Dr. Zeno Staub, we have a man at the top who takes the issue very seriously. Both our Asset Management and Wealth Management teams show that management commitment to diversity pays off. Axel Schwarzer and Georg Schubiger, the respective members of Executive Management from these two Business Areas, are also big supporters of mixed teams and working groups, and they're actively investing in the recruitment and promotion of women. As a consequence, Wealth Management and Asset Management are areas in which the gender balance is closest to equilibrium, offering a correspondingly attractive environment for new employees.

## — To conclude, what do you think would be the optimal gender distribution in the company?

Fifty – fifty.



**Caroline Knöri**

Caroline Knöri studied political and social sciences with a focus on employee relations at the Free University of Berlin, completed her master's degree in HR & International Mobility at the Ecole Normale Supérieure de Cachan Paris, and has had further training in executive coaching. She is Head Corporate Human Resources at Vontobel.

# Improving the world with Artificial intelligence



**Artificial intelligence has stimulated people's imaginations since computers first came on the scene. Although AI figures in many future scenarios, its potential for making the economy more sustainable is often overlooked. Time to take a look at its role as a tool for making the world better.**

What consequences will the ever-increasing intelligence of machines have for humanity? This question has been the subject of countless novels and films. Artificial intelligence (AI) is no longer just science fiction, though: it has long been playing a role in our day-to-day lives. Often without even realizing it, we use AI in applications such as search engines, translation tools, and language assistants – and take it all for granted.

It is not all that easy to state precisely what AI actually is. In simple terms, AI can be described as a computer program that learns, constantly improving and developing itself. This process is called machine learning. The photo apps on our smartphones, for example, have learned to recognize different image contents, and that is why they can organize images automatically.



#### **Where AI is used and what it can do**

In addition to useful applications for everyday life, research and business have long been thinking about how they can use AI to improve sustainability. There are countless potential ways for AI to make people's lives better – and the planet healthier – in areas as diverse as agriculture, medicine, research, and logistics.

AI can help identify where there is even a problem or need for action in the first place. Adaptive security and warning systems are two possible areas in which it could be used. AI software can compare weather and traffic data in real time and thus create a detailed map of air quality. It could even provide information for areas for which no actual data is yet available. Thanks to such simulations, AI enables timely action, and can also help detect environmental offenders.

An AI analysis could also be used to check whether measures already implemented are working as intended. For example, a real-time analysis of the use of the word “net” in radio programs and social media was able to reveal that people in Namibia were actually using malaria nets distributed by an NGO as fishing nets instead of for mosquito protection.

#### **Increasing the efficiency of existing structures**

There are countless ways AI can make existing infrastructure more efficient. Energy consumption, for example, is an area with a great deal of potential. In the UK, the operator of the country's electric transmission system, the National Grid, wants to optimize electricity consumption in homes. It has developed software that provides a kind of “weather report” for clean electricity, using meteorological data to predict when the electricity mix will consist of a particularly large proportion of solar-generated power. Provided with this information, consumers could for instance then choose to use their washing machines during this period, when CO2 costs are lower.

There are also many opportunities for optimization in logistics. Projects in the construction industry, for example, are extremely complex, requiring coordination of individual project steps with their supply chains. Delays and price increases often arise due to insufficient communication, lack of transparency, or the inaccessibility of information in the first place. With AI, however, construction projects can run more sustainably, with project planning controlled automatically, and in real time, based on delivery data of components.



### **New sustainable ideas**

Startups and other technology companies are constantly tinkering with new methods to master sustainability-related challenges – for example in medicine. Analysis has shown that hospital deaths occur in many cases because the patient's condition has worsened, but this information is not available until it is too late. An AI application that constantly monitors the patient could learn to recognize when a change in condition could become life-threatening and raise the alarm. This would relieve the clinical staff of some monitoring requirements, while also being useful in the long term for better disease prevention.

In agriculture too, AI has enormous potential. The Swiss start-up Gamaya is developing intelligent systems that recognize pests and nutrient requirements and makes forecasts about harvest volumes. Instead of broadly spraying pesticides and fertilizers, such chemicals can be applied to individually targeted plants. And weeder robots may soon make pesticides completely unnecessary. For this to work, the intelligent machines would have to learn to recognize which plants are unwanted. Nowadays, efficient agriculture mostly requires a monoculture approach in each field, but if AI were able to distinguish between “good” and “bad” plants, it would be possible to plant a more sustainable mix of crops in a single, larger area, thus promoting biodiversity.

### **Crucial: Optimizing computing power and ethics**

AI applications currently require enormous computing power, which consumes large amounts of energy. For this reason, the AI application's power mix is of huge importance. In addition, investments need to be made to improve computing performance. However, one good thing here is that AI itself can improve the efficiency of its own training and operation, for example through the intelligent control of data centers.

Many people have ethical concerns about AI, often related to the age-old question posed in science fiction: How will autonomous machines influence people's right to self-determination? While such ethical discussions were previously the preserve of philosophers, ordinary citizens now ponder these issues over the kitchen table.

Take for example the discussion about self-driving cars. In case of an accident, should they primarily be programmed to protect the driver, or operate on the principle that as few people as possible should be harmed – even if following that rule would be fatal to the driver under certain circumstances? To make sure that AI is ultimately accepted, it is useful that so many people are taking part in ethical discussions like these, and that from the outset, their opinions are taken into account in the design of AI applications.

### **Transparency and the right to your personal data**

Another important point in the development of sustainable AI is data transparency. When it comes to the volume of data produced, private technology companies are out in front, even ahead of governments. Their huge data pools are a crucial resource for the development of AI, offering them an enormous head start.

But it is often unclear who should store which data, and who should regulate its usage. This worries many people. In view of the amount of user information stored, the question also arises as to what rights the individual users have over their own data. This is one reason why rating agencies that evaluate companies worldwide on their sustainability performance have been asking questions for several years now regarding companies' data security and usage.

### **AI: The path ahead to a future that strikes the right balance**

As these numerous projects demonstrate, the application possibilities for AI are huge. It can identify areas where action is needed and solve problems that are too complex for human beings. It can protect human health and the environment, and it can make processes more efficient.

However, when judging whether AI has struck the right balance, the resolution of ethical and transparency issues is crucial. And it is also worth investing in improving computing power. With these points as the basis for further development, business and research are creating optimal conditions for the use of AI as a tool to improve the world.



**Alexandra Helbling**  
Managing Director at CALIDA

**Janine Weiz-Bühler**  
Director Brand & Product at CALIDA



# Sustainable before it was cool

**The Swiss underwear manufacturer Calida has seen quite a few changes and trends in its almost 80-year history. Sustainability isn't a trend that the brand has followed – it's one the brand has set.**

The fact that Calida stands for quality is well known and understood. The brand's current goal is raising awareness of high-quality and sustainable products. This goal of sustainability runs through the entire production chain. Overall, around 90 percent of the fabrics used come from Switzerland, Austria, and other European countries. Only high-quality materials that are certified according to Oeko-Tex Standard 100 are used.

#### **From raw material to finished product**

In 2016, Calida was the first underwear brand to introduce the label "Made in Green by Oeko-Tex." This external product label enables detailed traceability of the supply chain, all the way back to the raw materials used. Certified products are manufactured exclusively with materials that have been tested for substances hazardous to health. They must also be manufactured in environmentally friendly companies that provide safe and socially responsible workplaces. The label guarantees sustainability and transparency not only in the production of finished goods, but also in the production of the fabrics used in its clothing manufacture.

The entire Calida children's collection has been certified since autumn 2016, and more and more series from the women's and men's collections are being certified too. The aim is to continuously increase the proportion of certified products over the next few years, eventually making the majority of the Calida collection certified as "Made in Green by Oeko-Tex." Every one of the Made in Green items can be traced using a product ID.

#### **Sustainability cycles**

Some types of clothing are timeless, while others change and evolve. That is why designing sustainable products is complex, requiring a lot of expertise plus the willingness to continually learn. An entire team of experts at Calida headquarters in Sursee, in the canton of Lucerne, is tasked with creating new products using innovative materials that are ahead of their time.

Another sustainability innovation is the 100% Nature collection made from Tencel's Lyocell. This completely compostable material, made of 100 percent cellulose, is produced in a closed cycle. The process cuts down on the resources required and uses materials from sustainable forests. After use, all of the products' components can be fully returned to the biological cycle and reused.

#### **For the love of nature**

100% Nature is a love story that started in 2018 as a simple white t-shirt. Just two years later, the 100% Nature line, including daywear, nightwear, and loungewear for both women and men, covers the entire Calida product range and is constantly being expanded. It even includes buttons, elastic bands, and prints that are 100 percent cleanly compostable. With a love for details that ultimately make a big difference, Calida demonstrates tradition and innovation in equal measure.

In the spring of 2020, Calida was awarded the Swiss Ethics Award for its Cradle to Cradle Collection 100% Nature. Receiving this award gave Calida greater encouragement to continue pursuing the company's vision of 100 percent cyclical design and recyclable products. The latest chapter in the Calida story is the industry's first 100 percent compostable Designer Capsule Collection, created in collaboration with the avant-garde luxury fashion house Viktor & Rolf.

[calida.com](http://calida.com)





**Sustainability on a small scale**

# Homemade lasts the longest

Some foods are more versatile than you might think. For example, they can be used as plastic-free, environmentally friendly products for a variety of needs around the house. In this do-it-yourself world, the sky's the limit when it comes to experimentation. But remember: this is at your own risk.

## **Rye flour for silky hair**

Instead of choosing from the plethora of shampoos in the supermarket, just look in the kitchen cupboard. All you have to do is add some water to two tablespoons of rye flour, stir it into a paste, massage it into the scalp, let it soak a little, and gently rinse with water.

## **Clean teeth with baking soda**

This miracle product is not for the kitchen alone: In the bathroom, baking soda is just as effective against tooth decay as most commercially available toothpastes. That's because a good physical cleaning is particularly important for oral hygiene.

## **Baking soda for shiny car wheels, too**

Mix half a glass of baking soda and a teaspoon of biodegradable hard or soft soap in a bucket of warm water. Et voilà: With the homemade mixture and a hand brush, even the worst dirt on the car rims can be scrubbed away.

## **A little vinegar for spring cleaning**

A spray bottle with water and vinegar is ideal for removing dust or cleaning the windows. A mixture of 500 ml of water and 8 tablespoons of vinegar will clean practically any surface. Depending on your preference, 12 to 15 drops of an essential oil or a little lemon juice can provide a pleasant fragrance.

Once your enthusiasm for green do-it-yourself tricks is awakened, blogs like [wastelandrebel.com](http://wastelandrebel.com) and [utopia.de](http://utopia.de) will inspire you with further tips. Follow them at your own risk.



Sustainable, child-friendly wood

## Playing sustainably – with wood

It pays off to choose sustainable wooden toys – not only because of your love for nature, but also because wood has been shown to have a positive impact on your state of mind. After all, stress-free children are something all parents want.

### An alternative to Lego

Whether it's to build gigantic towers or imaginative figures, the Japanese brand "Mokulock" represents an alternative to everyday plastic Lego bricks. With its alternative bricks, similar in design but made of wood, kids can realize their dreams of constructing almost anything.

[mokulock.biz](http://mokulock.biz)

### The bike for fun and balance

For courageous young speedsters bouncing over a bumpy lawn, or for children who have yet to master the art of balancing on a bicycle, the wooden walking bikes from "Like a Bike" are highly-appreciated: They make beautiful companions for children who want to get from A to B a little faster.

[kokua.de/#LIKEaBIKE](http://kokua.de/#LIKEaBIKE)

### The cow as a symbol for Switzerland

The Trauffer cow is perhaps the mascot of Switzerland. It's also good to know that the manufacturer has always relied on 100 percent FSC-certified, Swiss wood. And if you're looking for more than just a cow, you can choose from an entire menagerie.

[trauffer-holzspielwaren.ch](http://trauffer-holzspielwaren.ch)

### The railroad for sustainable travel

This classic has a place in every toy chest. "EverEarth" manufactures a variety of toy trains and sturdy tracks, all made from high-quality, FSC-certified, solid wood. Laying new railway lines stimulates creative dexterity – and no doubt enthusiasm for real trains, too.

[everearth-shop.eu/produkt-kategorie/kinder/eisenbahn](http://everearth-shop.eu/produkt-kategorie/kinder/eisenbahn)

Sustainability in pop culture

## Art, film, and blogs stimulate thinking

Art and culture give us food for thought in many ways. In addition to real-world museums and theaters, the digital space increasingly encourages us to pose probing questions. Whether social media posts and the various series we watch on streaming services are art – that is up for debate. Whatever view you take, they are part of our culture, and thus part of our social discourse.

### Inspirational art exhibitions

A museum dedicated solely to sustainability, the Museu do Amanhã (Museum of Tomorrow) is situated in the port area of Brazil's vibrant city of Rio de Janeiro. "Starchitect" Santiago Calatrava designed the main building from recycled materials. Inside, several exhibitions combine science and art to show us challenges as well as solutions.

[museudoamanha.org.br/en](http://museudoamanha.org.br/en)

### A few clicks to sustainable discourse

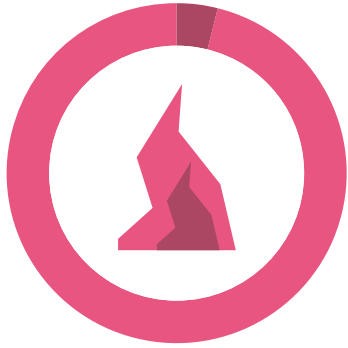
Al Gore's "An Inconvenient Truth" has long been considered the granddaddy of all movies about climate change. Today, though, the language of film has become more sophisticated. The film "Minimalism" has been streamed millions of times over Netflix worldwide. It shines a light on our consumption and shows how a minimalist lifestyle is good for both the environment and the human psyche. The two protagonists also discuss this matter in the podcast "The Minimalists."

[theminimalists.com/podcast](http://theminimalists.com/podcast)

### Novel types of influencers

The use of hashtags like #sustainablefashion has increased rapidly over the past few years. Influencers who are committed to sustainability are gaining more and more followers. In the German-speaking world, these people are sometimes dubbed "Sinnfluencer" (i.e. "Sense-influencers") because they are trying to encourage sustainable consumption through their stories. Minimalism expert Courtney Carver, for example, explains how easy it is to live with just 33 items of clothing in the closet. Or if you want to learn how to produce less waste, let Lauren Singer be your guide. She manages to put three years' worth of garbage in a jam jar.

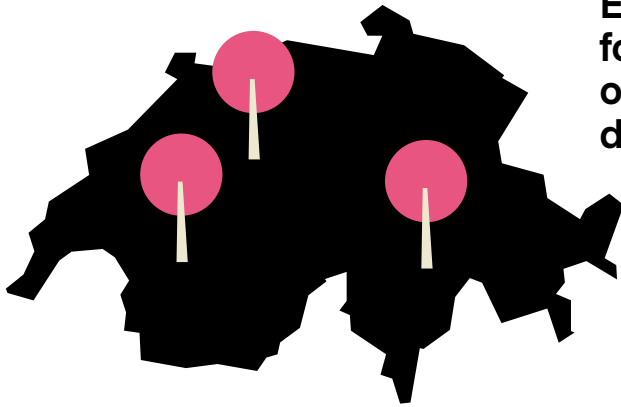
[instagram.com/bemorewithless](http://instagram.com/bemorewithless)  
[trashisfortossers.com](http://trashisfortossers.com)



Worldwide only about

**4 percent**

of all forest fires are due to natural causes.



Each year tropical forests the size of Switzerland disappear.



Shampoo can be made from rye flour.

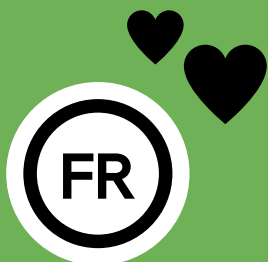
Ethical companies = higher returns?



Yes, say

**65 percent**

of the investors surveyed in a Vontobel study.



One investor out of two wishes his money would “do good”.



ESG stands for:

# Environment Social Governance

Sustainability is not a new trend.  
Hans Carl von Carlowitz already spoke  
of exploiting forests sustainably

## in 1713

**Creativity allows us to  
break out of the familiar  
and see things differently.**

**Gabriele Rippl**  
Professor at the University of Bern

From the hospital  
to the farm –

# AI

is making the world better.



# Vontobel – Actively practicing corporate responsibility

**Since Vontobel was founded, sustainability has been a central element of our value system. Economy, environment, and society – sustainable action is a permanent mission.**

“It’s about thinking entrepreneurially, long term, and not just about yourself.” With this brief sentence, Dr. Maja Baumann – a member of the Board of Directors and representative of the fourth generation of the Vontobel family – explains what corporate responsibility, and thus sustainable action, mean at Vontobel.

Her statement also touches upon the fundamental mindset to which Vontobel has remained true since it was founded: Entrepreneurial success, stability, and sustainability go hand in hand. In other words, sustainability is closely linked to a consistent focus on client needs and a long-term successful and stable business policy.

This orientation and business policy form the basis for Vontobel as we actively engage our responsibility in the areas of economy, environment, and society. One focus of our sustainable growth strategy as a globally acting investment company is our competencies in sustainable investing, and the range of offers we have developed in this area. As part of our environmental sustainability, we aim to continuously reduce our carbon footprint and support the goals of the Paris Climate Agreement. At the company’s many offices around the world, Vontobel contributes to regional added value and is committed to issues and projects that are relevant to the stability and further development of the local community.

## **Investing for a positive impact**

As a globally operating investment manager, we are aware of the responsibility we have to play an active role in the sustainable transformation of our economy and society for future generations. This means that we take the initiative to speak with our clients about the challenges ahead – but also to show them what opportunities this comprehensive transformation process is creating for them as investors. One focus of our sustainable growth strategy as a company is on the further expansion of our competencies in sustainable investing, and the range of investment products we can offer in this domain. Over and over again, Vontobel has been recognized for our sustainable investment strategies. A good example is the excellent ratings we received in conjunction with the “Principles for Responsible Investment (UN PRI)”, an initiative of the United Nations.

## **Reducing our own emissions**

Vontobel has been carbon-neutral since January 1, 2009 – a clear demonstration of the importance we attach to environmental and climate protection in all of our business activities, always making our products and processes as climate-friendly as possible. This includes, for example, donating functioning electronic devices that are no longer needed to non-profit organizations for further use. At the same time, we continuously reduce the emissions of our company that are harmful to the climate and raise awareness of the issue among our employees as well as the broader public. We also expect our business partners to comply with high environmental and social standards, which is why we have laid down our purchasing conditions in the “Guidelines for Sustainable Procurement at Vontobel.”



## **Socially engaged**

As an employer, we are convinced that the skills and know-how of our employees are crucial for the long-term success of the company. For this reason, training and further education, healthcare, and the compatibility of our employees' professional and private lives are vitally important to Vontobel. Diversity and inclusion are important to us as well; we aim to continuously increase the number of women in the company's senior management and promote a balanced age mix as well.

Vontobel is involved in various areas of the community. As a member of the Corporate Support Group of the International Committee of the Red Cross (ICRC), we help ensure that their humanitarian aid can be provided continuously around the world. As part of this partnership, Vontobel launches an internal donation initiative every year in which employees participate actively. Vontobel is also one of the supporters of the internationally influential Munich Security Conference (MSC), committed to the peaceful settlement of conflicts under the motto "Peace through dialogue."

For a functioning society, Vontobel also considers art and culture important. The Vontobel Art Commission is responsible for promoting art and integrating it into our everyday life. Art enthusiasts from among our employees are members of this commission and are involved in its decision-making process. Our collection focuses mainly on works of art from the field of contemporary photography, which we exhibit on our premises. "A New Gaze" is the name of a prize and grant awarded to a young practitioner of contemporary photography, underpinning Vontobel's commitment to art and giving it a clear, contemporary, and future-oriented direction.

## **Sustainability is a constant task**

Taking sustainability into account is a constant task for every area of the company. That is why they are all represented on the "Vontobel Sustainability Committee." This body defines the sustainability strategy and sets concrete goals, and is led directly by our CEO Dr. Zeno Staub.



**Christian Schilz**

Christian Schilz studied economics and social sciences at the University of Trier and in the USA. Before graduating, he completed his military service and undertook commercial training in the metals industry. He has been with Vontobel since 2004 and now heads the bank's Corporate Responsibility team. Schilz also serves as a member of the board of the Swiss Climate Foundation.

# “We want to live with art”

Art is an indispensable element of society. By demanding that we question things normally considered givens and look at things with a fresh new gaze, art contributes to the sustainable development of society.



Employee restaurant with work «First Contact» (2007) by Anne Morgenstern  
© the artist/Photo: Anne Morgenstern

— **Ms. Baselgia, art and sustainability:**

**Where do you see the connections between the two?**

Culture and art are essential parts of every society. Artists look for ways to reflect and sort out our existence. From this perspective, producing art is, in itself, something sustainable. As viewers of art, we benefit from the way artists deal with their subject, which is very often connected with the idea of sustainability. Thanks to the critical and surprising ways they approach their subjects, they help us look at problems in a completely new light. Art thus serves social discourse and so, in our view, it should be promoted in the interests of the long term. All artists need collectors to support them during the various stages of their work. If people are motivated strictly by economic interests, though, we'll encounter a short-term, speculative mindset on the art market – or, in the extreme case, the idea that the works of certain artists should be considered assets per se. What we want to do is look beyond the trend and focus on offering support, on helping make the artistic message stronger, and on initiating discourse.

— **Is this why promoting art is part of Vontobel's social commitment?**

You could put it this way. Art can be regarded as a laboratory. Artists sketch out ideas, explore issues, come to terms with what it means to be human – and they do all this without any barriers. The fact that art can do this and then, on top of that, result in an actual work of art, is a real chance for us to think outside the box. Art also, through the senses, influences individual perception. Without colors, materiality, surfaces, shape, or tone, what we could sense would be very one-dimensional. In addition, art is part of our everyday life; something very social. We go to exhibitions together, meet each other at a vernissage, and go to concerts in a group. At these encounters, we talk about what we have perceived and what the art is trying to tell us.

— **Vontobel also regards its art collection as something for everyday life. What does this mean in practical terms?**

We want to live with the works of art and not keep them under lock and key down in the perfectly air-conditioned basement. The images in our collection are hanging everywhere – in reception areas, client meeting rooms, and office hallways. They serve as an inspiration, something to talk about, a place to rendezvous before heading off to lunch. Or maybe they're only noticed when they've been taken down. I like this way of dealing with art. It means that art is something "normal" that you don't only find in museums. But there is also some anxiety about coming into contact with it, which is why we talk a lot with employees and visitors about the works on display. As a curator, this is a lot of fun for me.

— **Vontobel has been collecting art since 1970. For the past few years, though, you've focused specifically on contemporary photography. Why?**

Thanks to concentrating our efforts this way, we have been able to build up a much more interesting collection. For a long time, what was collected here was mainly Swiss art, of all kinds. In the course of realigning the collection, the Art Commission decided that Vontobel would concentrate in the future on contemporary photography. We were very fortunate that we were able to convince Urs Stahel, the co-founder and former director of the Fotomuseum Winterthur, to support us, and he has been an excellent advisor to us as we've realigned the collection.

Artists in this new field are making use of the entire spectrum of the 200-year history of photography as well as the latest visualization technologies. The medium hovers between the old and the new, the tried-and-true and the latest technology, classic presentations and the totally media-savvy use of the Internet and smartphones. In other words, it fits very well with the thinking in the company.



Lobby with work «X» (2017) by Viviane Sassen  
© the artist / Photo: Dirk Weiss

— **With “A New Gaze,” Vontobel has also created an award for young contemporary photography. What is the goal here?**

In short, it is meant to promote this social discourse I mentioned earlier and to facilitate a change of perspective. Before each year’s call for entries is announced, we define a continent, a region, and a theme that Vontobel is currently contending with. From the proposals submitted, the jury selects a winning project that will be realized with our support. During the selection process, we get a chance to look into many new worlds and come to know new perspectives on several issues.

The same applies to the artistic realization of the theme and the exhibition that is installed in Vontobel’s main building. As a financial institution, we specify a theme that interests us and that the award winner can work on freely. The works of art presented at the end of this process should surprise us, open new visual worlds and new perspectives. We are trying not only to promote art, but to actively stimulate discourse. That is also the reason why the exhibition takes place in our offices and not in a space dedicated to art alone.

— **As members, the Art Commission also includes some Vontobel employees who are interested in art but don’t have any specialist knowledge. Why is that?**

Art thrives on debate. The Art Commission decides on the purchases for the collection and on its major strategic orientation. It is also part of the jury choosing the winner

of “A New Gaze” each year. The members without an explicit background in the arts confront us specialists with their own perspectives. This includes, for example, questions about how far the Vontobel art collection can go. For example, how political can we be? Should we allow nudity in the images? Can we be provocative? Art in everyday life is already something that occupies us in the Art Commission. What’s more, these members of the Commission transmit Vontobel’s commitment to art back to their respective business areas, and in this way they support the mission.

— **In conclusion, is art an investment or something to be promoted?**

I hear that question a lot. For us, art is something to be promoted and collected, and not an object of speculation. We do hope that the collection will have sustainable value, economically speaking, but above all culturally. Further to the “promotion” concept, we would like to build up a collection that has character. Looking at it in its entirety, it should reflect an exciting examination of photography and new media, as well as offer a fresh new look at us human beings and our activities. If the collection makes a contribution to self-reflection, if it spurs us to ponder our existence, and shows us new ways of thinking and seeing, then we will have achieved our goal.





**Luisa Baselgia**

Luisa Baselgia studied art history and the theory and history of photography at the Universities of Zurich and Basel. She is the curator of the Vontobel Art Collection and responsible for the award “A New Gaze.” She also works as an art educator in the Photozentrum in Winterthur.

## A New Gaze 3

After North America and Africa, “A New Gaze 3” is dedicated to contemporary photography in East and Southeast Asia. Together with 30 experts, who helped us choose the initial candidates, we invited a number of up-and-coming artists from this region to submit a project idea on the subject of “Responsibility in the Age of the Anthropocene,” i.e. the age in which humans have had a significant influence on the earth. Chosen as the winner was the 28-year-old South Korean artist Dongkyun Vak from Seoul, who is currently working on his project, examining the influence of technology on our visual environment.

The exhibition will take place in spring 2021 in the bank’s main building in Zurich. It is being curated by Luisa Baselgia and Urs Stahel, co-founder and former director of the Fotomuseum Winterthur.

[anewgaze.vontobel.com](http://anewgaze.vontobel.com)



Photo: Dongkyun Vak

# Investing and acting sustainably

**As an investment company, Vontobel is committed to sustainable investments; as a corporation, it is committed to its employees and society.**

**— Ms. Ernst, sustainability is the order of the day. Is that true at Vontobel, too?**

Responsible entrepreneurship has always been part of Vontobel's corporate culture. This is reflected in various aspects of our business policy. For example, Vontobel has had a solid equity base since its founding years, and Vontobel family shareholders already committed back in 2001 to the concept of "One Share, One Vote". From then on, instead of having registered and bearer shares, there was a single share with uniform voting rights. In addition, sustainability – and specifically sustainable investing – has long been a client need, one that we have been addressing with our investment solutions since the 1990s.

**— What is Vontobel's focus when it comes to sustainable investing?**

There are three sustainable investment approaches we pursue. The most common is based on "exclusions." Here, we simply avoid industries or sectors that do not correspond to the personal values of our clients, for example by excluding tobacco or arms manufacturers.

In the second approach, we invest in companies that have an established and active management of their ESG ("Environmental, Social, Governance") risks. Here, companies are considered for investments if they set clear environmental goals such as reducing CO<sub>2</sub> emissions or waste, or regularly review their supply chains for sustainability factors. The key ideas here are "human rights" and "occupational safety". Reliable corporate governance structures are also important. These include issues such as dealing fairly with minority shareholders or having a transparent remuneration policy.

The third approach aims to have a measurable and positive impact on the environment or society. Here, we invest in companies that offer sustainable products and services that can improve society or the world itself. It is important that these products and services are both accessible and affordable for consumers. Typically, these companies are found in sectors like clean energy and water supply, education, access to financial services and healthcare.

**— How does Vontobel ensure that you recognize opportunities early enough?**

The first priority is to know the clients' needs or to query them precisely. What personal values need to be considered? What sustainability issues are particularly important to them when investing? Our relationship managers provide good feedback in this regard. To ensure that this happens, training and further education on the various aspects of sustainability play an important role; just knowing the financial risks is no longer enough. A relationship manager has to recognize how a company performs in terms of environmental, social, and governance risks. They also need to know which companies are developing marketable sustainable products and services and thus qualify for investment under this approach.

**— The ESG approach also gives social engagement a lot of weight. Why is this important?**

You have to make a distinction here first. When it comes to the issue of "society," also known as "social sustainability," many people first think of social engagement as: help for people in need, volunteering and the like. The most important criterion in "social sustainability," however, is how a company deals with its employees. Because in the social sense, as a company and employer your primary responsibility is to your employees. After all, the company's financial performance is only possible thanks to them. This responsibility encompasses issues such as freedom of assembly, safety, promoting good health, and flexible working hours.



**Natalie Ernst**

Natalie Ernst has been responsible for sustainability at Vontobel since 2015. Prior to that, she spent over ten years in various positions and as a corporate communications team leader for Credit Suisse and the sustainability rating agency Inrate. As a Certified Trainer for Leadership & Communication, she has also advised professionals and executives on a freelance basis. She holds a degree in Applied Linguistics and Cultural Studies from Johannes Gutenberg University in Mainz.

When they are evaluating a company, sustainability rating agencies look very closely at these things. Basically, if you want to know whether a company is sustainable or not, it is worth looking at the ratings made by these agencies. They examine a company holistically, from the perspective of economy, environment, and society – plus on the issue of corporate governance. These agencies usually check measurable criteria, such as: What is the occupational safety record? How much CO<sub>2</sub> does the company emit? How does the company ensure the protection of customer data?

#### — Is Vontobel rated as well?

Yes, of course. Vontobel scores above average in each of these ratings and is one of the most sustainable companies in its peer group. In order to be considered a sustainable company among employees and clients, we believe that “soft” criteria and measures are also important. These are not necessarily measurable things that are reflected in the environmental balance sheet, or even written down anywhere. For example, we have had some shoe bags made out of our old advertising posters and give them away as gifts. Or during the last major renovation of one of our buildings, the existing facade was dismantled, then newly sectioned and reassembled. Although not necessarily more ecological, we use reusable tableware wherever possible. It feels more sustainable and reminds you of home, where, after all, nobody drinks from a paper cup all day.

#### — How is Vontobel also committed to society outside of the company?

For example, we have been supporting the International Committee of the Red Cross for many years. Although in reality it is an aid organization, it has now become an indispensable political player as well. In war-torn regions where no one else has access, the ICRC ensures a certain degree of stability thanks to its special international status, and a lot of diplomatic skill. This is the only way to send aid into the affected regions. Small organizations, on the other hand, are not able to accomplish as much in such trouble spots.

Our employees get involved individually, too. During the Christmas season each year, we launch an internal fundraising campaign for an ICRC project, with excellent giving rates. In 2019, our employees also donated to a digital health project called “ALMANACH,” which is an innovative app based on a clinical algorithm that makes diagnoses more accurate and improves preventive care for small children. The app is currently in use in the crisis-ridden state of Adamawa in Nigeria. In 2018, our internal campaign raised money to rebuild a school for 500 children that had been destroyed in Iraq. Education is increasingly becoming a humanitarian need, especially in countries with long, drawn-out conflicts.

#### — How do you select the projects at the ICRC that Vontobel will be involved in?

Every year we select a new project together with the ICRC. If possible, the project should benefit children and young people. The idea is to strengthen the next generation in structurally weak or conflict-ridden countries. In addition, the selected projects ideally contribute added value and are scalable. To a certain degree we also set our sights on projects that are currently topical.

# Vontobel would like you to have an “upcycled” shoe bag



We all know this problem: How do you pack worn shoes in your suitcase without getting your clean clothes dirty? This is where the Vontobel shoe bag comes in: It was manufactured in a process called “upcycling” from old fabric used in our mobile illuminated displays. The shoe bags were stitched together by the Zurich association “Drahtzug” (drahtzug.ch). Drahtzug works with people with mental health problems, giving them a chance to participate in the world of work. Every shoe bag is unique. Order your personal sample, free of charge, by e-mail to:

[sustainability@vontobel.com](mailto:sustainability@vontobel.com)





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### Further information

[vontobel.com/sustainability](https://vontobel.com/sustainability)

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