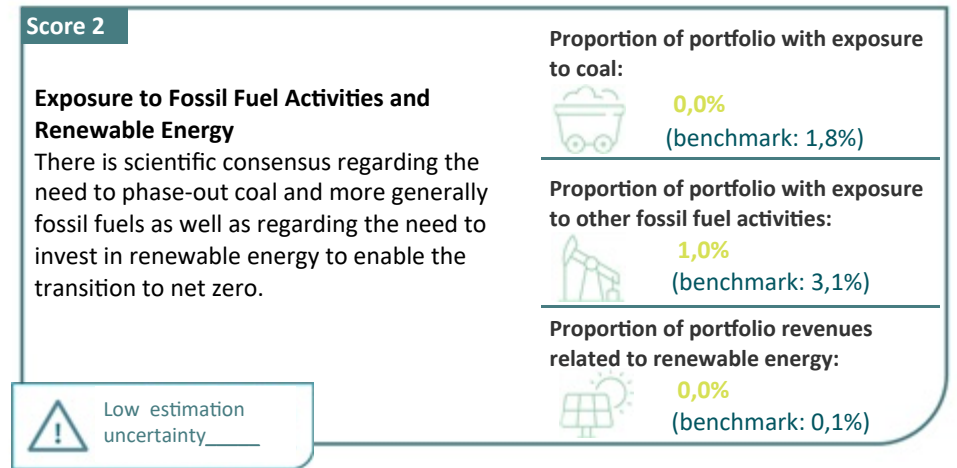
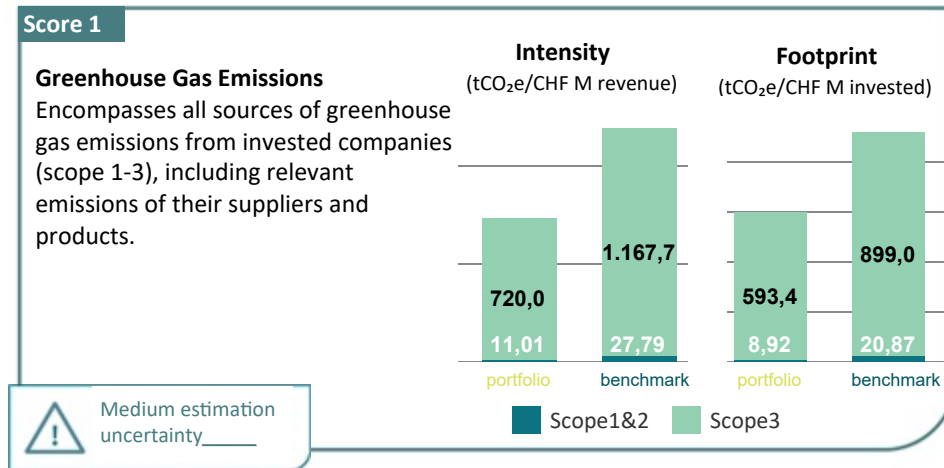


Swiss Climate Scores Report



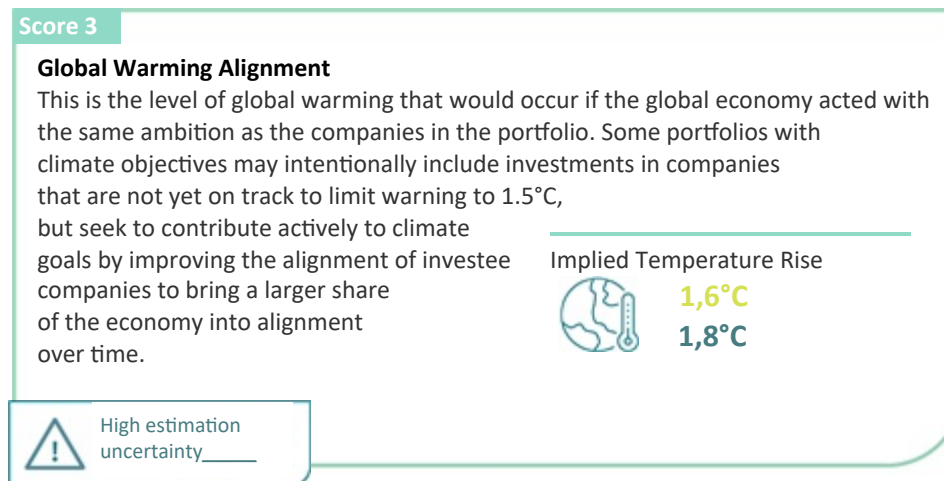
Current State Indicators



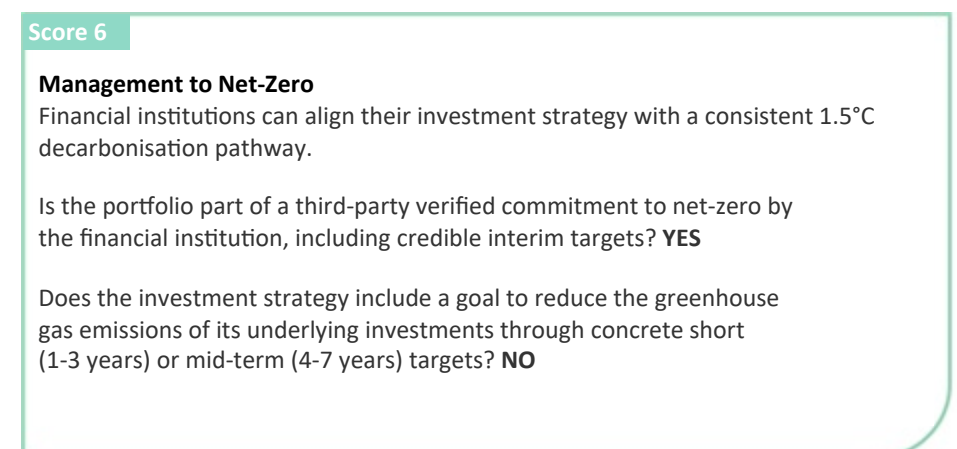
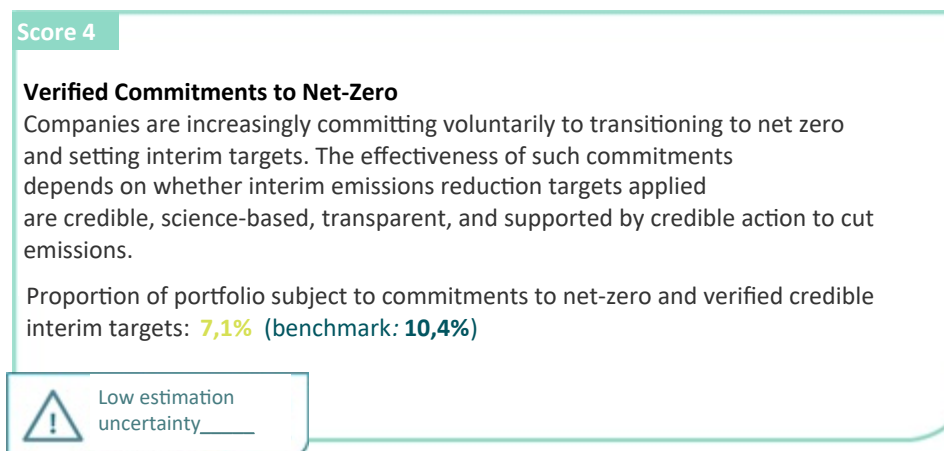
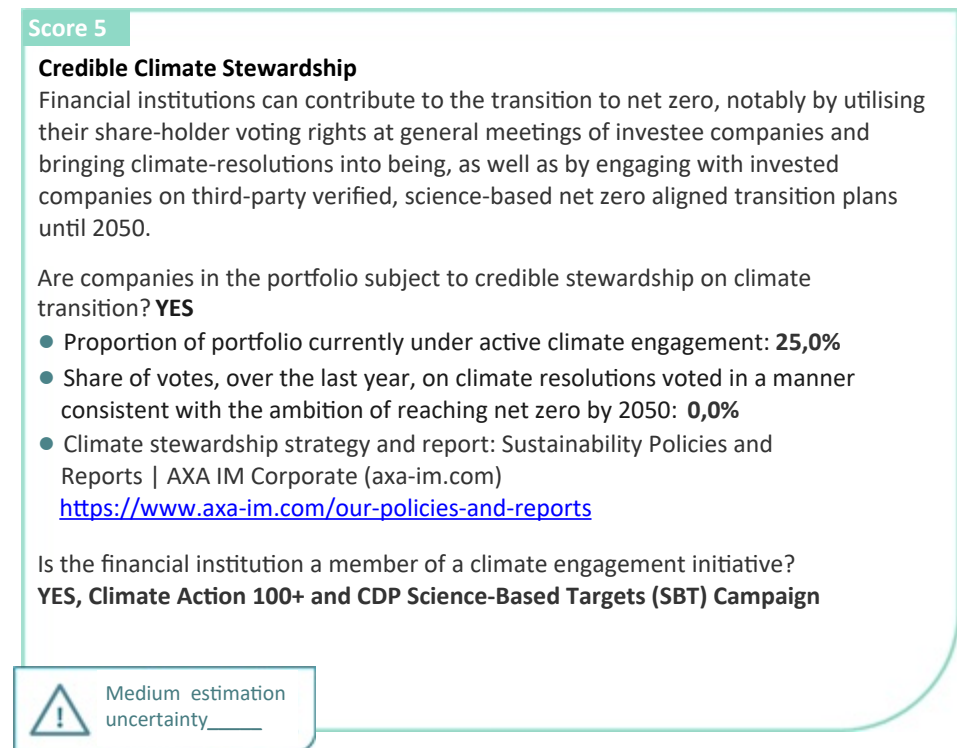
Proportion of eligible portfolio covered by assessment: **87,9%** (benchmark: 87,0%)
Data Provider: Trucost S&P

Data Provider: Trucost S&P

Transition to Net Zero Indicators



Proportion of eligible portfolio covered by assessment: **53,9%** (benchmark: 64,5%)
Climate scenarios used: NGFS Remind Net Zero 2050 scenario | Data provider: MSCI



The combined set of indicators above is considered by the Swiss government as current best practice to establish transparency on the alignment of a financial product with global climate goals. The Federal Council recommends that all financial institutions offering investment solutions to clients should provide their clients with transparency based on the Swiss Climate Scores, where applicable, for all investment products and investment management mandates.

Swiss Climate Scores Report



About the Swiss Climate Scores

Switzerland and its financial market are committed to transitioning to net-zero greenhouse gas emissions by 2050. This is needed to honour its obligations under the Paris Agreement of holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C. Current science indicates that global warming beyond 1.5°C has potentially catastrophic impacts on the natural world and human society.

The Swiss Climate Scores are intended to provide institutional and private investors in Switzerland with comparable and meaningful information on the extent to which their financial investments are compatible with the climate goals of the Paris Agreement.

The Swiss Climate Scores contain indicators that not only reflect the current situation of financial products or portfolios (actual situation), but also show where they are currently positioned in relation to the Paris Agreement (in particular, the net zero target by 2050). Net zero means that global emissions of greenhouse gases may not exceed the amount that can be absorbed by natural and technical sinks.

The voluntary use of the Swiss Climate Scores is intended to provide climate related information in a standardised and decision-ready manner to clients. These clients can benefit from economic opportunities in the transition to net zero and at the same time better contribute to achieving climate goals.

Coverage

Proportion of eligible portfolio covered by the Swiss Climate Scores: **87,9%**

- Proportion of eligible vs total portfolio (suggested minimum threshold is 50%): **82,4%**
- Reasons for proportion of portfolio not covered by the Swiss Climate Scores (if any):
 - a) No Swiss Climate Scores coverage of eligible assets in case there is no data available from Trucost S&P or MSCI.
 - b) No Swiss Climate Scores coverage of ineligible assets such as cash holdings, sovereign bonds, real estate, derivatives and underlying permissible units of other collective investment schemes (target funds) as well as hedge funds, private debt and private equity.

Minimum criteria for Implementation

Coverage

The eligible portfolio coverage rate reflects the proportion of portfolio/ benchmark assets where the Swiss Climate Scores are applied and where relevant (reported and estimated) data is available vs. the total portfolio/ benchmark assets that are eligible.

Greenhouse Gas Emissions

- Inclusion of scope 1, 2 and relevant scope 3 emissions.
- Inclusion of scope 3 emissions must at a minimum be aligned to the schedule described in the EU benchmark regulation 2019/2089.

Exposure to Fossil Fuel Activities and Renewable Energy

For "Coal" and "Other fossil fuels" indicators:

- The threshold of 0% of revenues (PAI4 under EU SFDR regulation 2019/2088) applies both to activities directly linked with the exploration and production of fossil fuels and, if data is readily available, activities financing such production (for coal, according to the global coal exit list or similar).
- The scope of activities includes the whole value chain, ranging from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade (in line with EU SFDR regulation 2019/2088).

For "Renewable energy":

- Renewable energy is a type of energy that comes from natural sources or processes that are constantly replenished. The most popular types are wind energy, solar energy, geothermal power, hydropower energy, and biomass.

Global Warming Alignment

The portfolio is considered "global warming aligned" if:

- It is guided by the goal to achieve net zero emissions by 2050, consistent with the 1.5°C warming limit of the Paris Agreement and in line with the latest IPCC findings.
- It complies with the technical considerations of the TCFD 2021 PAT report "Measuring Portfolio Alignment – technical considerations". In particular, comply with:
 - Select a 1.5°C scenario that complies, at a minimum, with the scenario selection criteria set out by the Science Based Targets initiative (SBTi) in their document Foundations of Science-Based Target Setting (consideration 7).
 - Prioritize granular benchmarks when they meaningfully capture material differences in decarbonization feasibility across industries or regions (Consideration 8).
 - Include Scope 3 emissions for the sectors for which they are most material and for which benchmarks can be easily extracted from existing scenarios (fossil fuels, mining, automotive) (Consideration 11).

Verified Commitments to Net Zero

- Companies must have publicly communicated a pledge to reach net zero until 2050, or be legally mandated to do so, and have near-term targets be certified by an external provider, such as: Science Based Targets initiative (SBTi).

Credible Climate Stewardship

- Credible Climate stewardship should be consistent with and be directed towards the ambition of reaching net zero until 2050.
- Any linked climate stewardship strategy should be consistent with the ambition of reaching net-zero by 2050 and include a clearly defined escalation procedure.

Management to Net Zero

- To include portfolios as being part of a third-party verified commitment to net zero, they must have publicly communicated net zero targets under one of the sector-specific alliances of the Glasgow Financial Alliance for Net Zero (GFANZ).
- If the claim is made that the investment strategy includes a goal to reduce the portfolio's greenhouse gas emissions, or those of its underlying investments, included scope 3 emissions must at a minimum be aligned to the schedule described in the EU benchmark regulation 2019/2089.

Swiss Climate Scores Report



Information & Glossary

1.5°C target (Paris-aligned target)

The 1.5 degree Celsius target has been set by the global Paris Agreement on climate change in 2015 to limit the damage wreaked by acute events such as extreme weather and chronic events such as extreme heat waves, sea level rise or heavy rainfalls.

The alignment of public and private financial flows with this target is part of the objectives of the Paris Agreement, i.e. making finance flows consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development (see Article 2.1c).

Benchmark/Index

100% SBI Foreign AAA-BBB Total Return

For consistency reasons, the portfolio will be compared to its official performance benchmark, or, when not meaningful, to an RI Universe of Investment. In some cases, the fund may be committed to outperform another index on some key performance indicators (KPIs).

Carbon Footprint

Environmental KPI provided by Trucost S&P that refers to the entire greenhouse gas (GHG) emissions of a portfolio. It expresses the amount of annual GHG emissions which can be allocated to the investor per amount invested in a portfolio and is therefore probably the most intuitive carbon metric available at the portfolio level. For the purpose of the Swiss Climate Scores: total GHG emissions for a portfolio normalized by the market value of the portfolio, expressed in tons of CO₂ equivalents per million CHF invested (tCO₂e/M CHF invested).

Carbon Intensity

Environmental KPI provided by Trucost S&P. The volume of greenhouse gas (GHG) emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons of CO₂ equivalents per million CHF revenue (tCO₂e/M CHF revenue). A common measure of this is the Weighted Average Carbon Intensity (WACI).

CDP Science-Based Targets (SBT) Campaign

The CDP Science-Based Targets (SBT) Campaign offers CDP Capital Markets signatories and Supply Chain members the opportunity to play a key role in accelerating the adoption of science-based climate targets in the private sector, by collaboratively engaging companies on this matter. Research has shown that companies pursuing science-based targets are reducing emissions at a faster and more ambitious pace than the economy as a whole. Companies from across the globe must urgently set robust, credible targets via the SBTi as a first crucial step to keep warming below 1.5°C and ensure a safe future for people and planet.

Climate Action 100+

An initiative taken by the investment industry to ensure that the world's largest corporate greenhouse gas emitters take the necessary action on climate change. Signatories engage with companies to curb GHG emissions, improve governance and strengthen climate-related financial disclosures.

Climate engagement

Climate engagement is an activity performed by shareholders with the goal of convincing management to take account of climate issues. This dialogue includes communicating with senior management and/ or boards of companies and filing or co-filing shareholder proposals. Successful engagement can lead to changes in a company's strategy and processes so as to reduce risks. Climate Action 100+ is an example of a Climate Engagement Initiative launched with the ambition of reaching net zero by 2050.

Climate transition

A climate transition plan sets out how an organisation will transition its business to the low carbon economy, aligning its operations, assets, portfolio, and business model to meet Net Zero. The plans should include actions and targets to meet Net Zero commitments. The requirement to publish transition plans has been included in the TCFD guidance and adoption encouraged by 2023.

Climate votes

Votes/proxy votes that are consistent with the ambition of reaching net-zero by 2050.

CO₂ equivalents (CO₂e)

The amount of carbon dioxide (CO₂) emission that would cause the same integrated radiative forcing or temperature change, over a given time horizon, as an emitted amount of a greenhouse gas (GHG) or a mixture of GHGs.

Coal-based revenues

For the purposes of the Swiss Climate Score, coal based revenues are revenues generated by companies through activities in thermal coal, extraction and generation but exclude metallurgical coal. From the moment the related activities (coal and/or fossil fuel activities) represent more than 0% of overall revenues of a company, the full amount of current company investment is included for the calculation.

Collaborative stewardship

Collaborative shareholder engagement occurs when a group of institutional investors come together to engage in dialogue with companies on environmental, social and governance (ESG) issues. By speaking to companies with a unified voice, investors can more effectively communicate their concerns to corporate management. The result is typically a more informed and constructive dialogue. Investors can benefit substantially from engaging collaboratively, but this approach can also present a series of challenges.

Eligible Portfolio assets

Equities and corporate bond.

EU SFDR RTS

These Joint Committee draft Regulatory Technical Standards (RTS) on ESG disclosures have been developed by the three European Supervisory Authorities (EBA, EIOPA and ESMA) under the EU Regulation on sustainability-related disclosures in the financial services sector Regulation (SFDR), which aims to strengthen protection for end-investors and improve the disclosures that they receive from a broad range of financial market participants and financial advisers, as well as regarding financial products.

EVIC (Enterprise Value Including Cash)

The sum of the market capitalization of ordinary shares at fiscal year end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.

Swiss Climate Scores Report



Fossil fuels

Carbon-based fuels from fossil hydrocarbon deposits, including coal, oil, and natural gas. For the purposes of the Swiss Climate Scores, exposure to coal is looked at separately from exposure to other fossil fuels (i.e. oil and natural gas).

GHG protocol Scope 1 GHGe

Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company. Scope 2 GHGe: Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company. Scope 3 GHGe (upstream): Other upstream indirect greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity -related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc (in line with GHG Protocol standards).

Glasgow Financial Alliance for Net-Zero (GFANZ)

GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy.

Global Warming

The estimated increase in global mean surface temperature (GMST) averaged over a 30-year period, or the 30-year period centered on a particular year or decade, expressed relative to pre-industrial levels unless otherwise specified. For 30-year periods that span past and future years, the current multi-decadal warming trend is assumed to continue.

Greenhouse Gas Emissions (GHGe)

Gases like carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), ozone (O₃) in the atmosphere that is contributing to the green house effects are called Greenhouse Gases (GHGs). These gases prevent solar radiation from escaping, trapping the heat near the earth's surface where it warms the earth's atmosphere. IPCC: Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the Earth's surface, the atmosphere itself and by clouds.

This property causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary GHGs in the Earth's atmosphere. Moreover, there are a number of entirely human-made GHGs in the atmosphere, such as the halocarbons and other chlorine- and bromine-containing substances, dealt with under the Montreal Protocol. Beside CO₂, N₂O and CH₄, the Kyoto Protocol deals with the GHGs sulphur hexafluoride (SF₆), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

Implied Temperature Rise

Environmental KPI provided by MSCI. The Implied Temperature Rise (ITR) metric provides an indication of how well public companies align with global temperature goals. Expressed in degrees Celsius, it is an intuitive, forward-looking metric that shows how a company aligns with the ambitions of the Paris Agreement -which is to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The portfolio-level Implied Temperature Rise compares the sum of "owned" projected GHG emissions against the sum of "owned" carbon budgets for the underlying fund holdings. The portfolio's total estimated carbon budget over-/undershoot is then converted to a degree of temperature rise (°C) using the TCRC. The Transient Response to Cumulative CO₂ Emissions (TCRE) Factor defines the relationship between the absolute additional emissions and temperature increase. The allocation base used to define ownership is Enterprise Value including Cash (EVIC) in order to enable the analysis of equity and corporate bond portfolios.

Long only strategies

A long-only strategy is when you only invest in long positions. For the purposes of the Swiss Climate Score, as of 2022, only long positions should be considered.

Near-term net-zero target

Near-term targets correspond to the 2030 target as communicated to the Science Based Targets initiative (SBTi).

Net-Zero (NZ) commitments

Investments that are aligned with Net-Zero emissions by 2050 or sooner.

Other fossil fuel-based revenues

Environmental KPI provided by Trucost S&P. For the purposes of the Swiss Climate Score, other fossil fuel-based revenues are revenues generated by oil and gas activities. Some sectors are not included in the PAIs of the EU SFDR RTS and should be incorporated in the Swiss Climate Score to the extent possible. This includes transportation, trading, marketing. A way to calculate this indicator may be to use the PAI fossil fuel field and deduct coal activities.

Portfolio

Fund or investment product.

Principal Adverse Impacts (PAI)

Principal Adverse Impact (PAI) is a key concept in the EU's Sustainable Finance Disclosure Regulation (SFDR), one of the EU Action Plan on Sustainable Finance's landmark regulations. PAI is defined as "Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity." Principles Adverse Impact indicators are the predefined list of ESG indicators and metrics (such as GHG emissions, wastewater emissions, social violations, etc.) that are considered to always have a negative impact.

Science-based targets

The term "Science-based targets" is currently mostly applied in the context of climate targets. Such targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions. According to the Science-based targets initiative, targets are considered "science-based" if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement —limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. the concept can also be applied to other sustainability targets.

TCFD

Taskforce on Climate-related Financial Disclosures.

Verified Commitments to Net-Zero

Environmental KPI provided by Science Based Targets. Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. The KPI disclosed in the report will provide the percentage of the portfolio that is qualified as 1.5°C or well below 2°C.

Swiss Climate Scores Report



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