SWISS WEALTH MANAGER (SWM)
WBSC SUSTAINABILITY REPORT - 2022

SWM-WBSC Sustainability Report - 2022

Benchmark - MSCI all countries

ESG MATERIALITY RATING - Overview

61.1% of the portfolio is covered by our ESG Materiality Rating while 92.4% of the benchmark is covered. If we consider only the corporate entities, the coverage is 92.4% for the portfolio compared to 92.4% for the benchmark.

Portfolio	Benchmark
B+	B
The underlying numeric score of the portfolio is 76.9	The underlying numeric score of the benchmark is 72.5

Our proprietary materiality rating assesses the quality of the companies' business practices on the environmental, social and governance issues that matter most to their industry.

The portfolio scores B+ with our methodology and outperforms its benchmark scoring B. Companies are rated according to their ESG performance relative to their industry group. Combining this peer-relative metric with the portfolio's holdings, we assign a grade ranging from A+ to D to the portfolio (and its benchmark).

CARBON & TEMPERATURE - Overview

Temperature alignment metric measures the expected evolution in emissions, and does not reflect the overall scale of a company's current emissions, which is measured by carbon footprint. Temperature alignment, in other words, evaluates the trajectory of these emissions, whereas carbon footprints only measure the present volume of those emissions.

64.5% of the portfolio is covered by our Portfolio Temperature Alignment Methodology while 99.1% of the benchmark is covered. If we consider only the corporate entities, the coverage is 97.6% for the portfolio compared to 99.1% for the benchmark.

Portfolio	Benchmark
796 tCO_2e per MUSD invested.	**472 tCO_2e per MUSD invested.**
2.8°C	2.8°C
This carbon footprint is equivalent to 789 round flights New York - Paris.	This carbon footprint is equivalent to 468 round flights New York - Paris.

We estimate this portfolio to be aligned with a 2.8°C temperature outcome. This means that if the rest of the economy were to pursue a similar level of ambition as this portfolio global temperatures would increase by 2.8°C by 2100.

CONTROVERSIAL WEAPONS SCREENING

ON DIRECT LINES

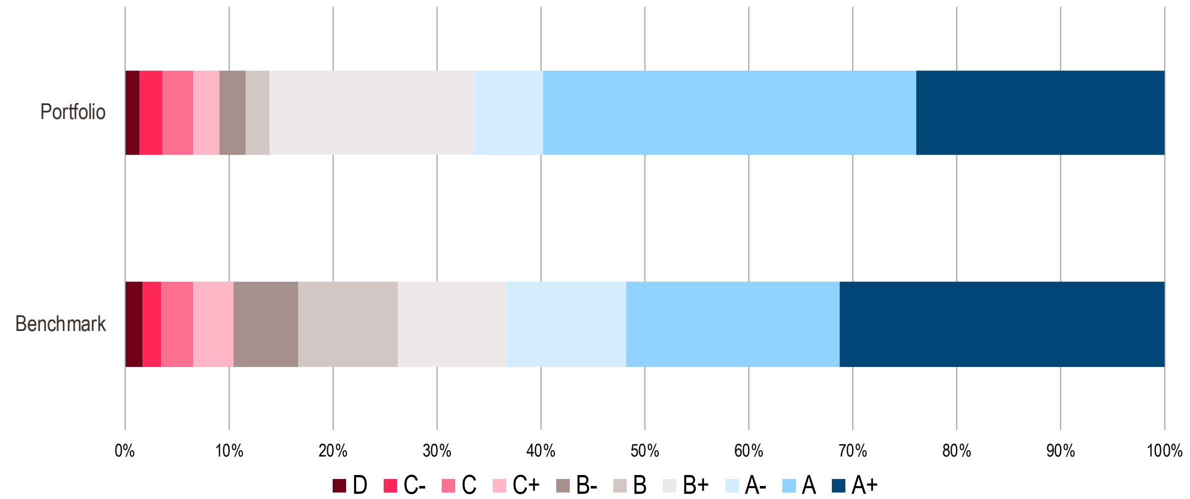
Status	Portfolio	Benchmark	# Cies	Names (involved in the portfolio)
●	0.00%	0.34%	0	-

The WBSC Swiss wealth manager does not invest in companies that produce, trade or store controversial weapons (i.e. biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus) as defined by the United Nations conventions. These controversial weapons indiscriminately kill, seriously injure and maim civilians, and often continue to do so long after conflicts have ended. With the exception of depleted uranium and white phosphorus, the production and use of such weapons have been banned or outlawed by several international treaties, namely the Biological and Toxin Weapons Convention (BWC – 1972), the Chemical Weapons Convention (CWC – 1993), the Ottawa Treaty on Landmines (effective 1999) and the Convention on Cluster Munitions (Oslo Convention – 2008).

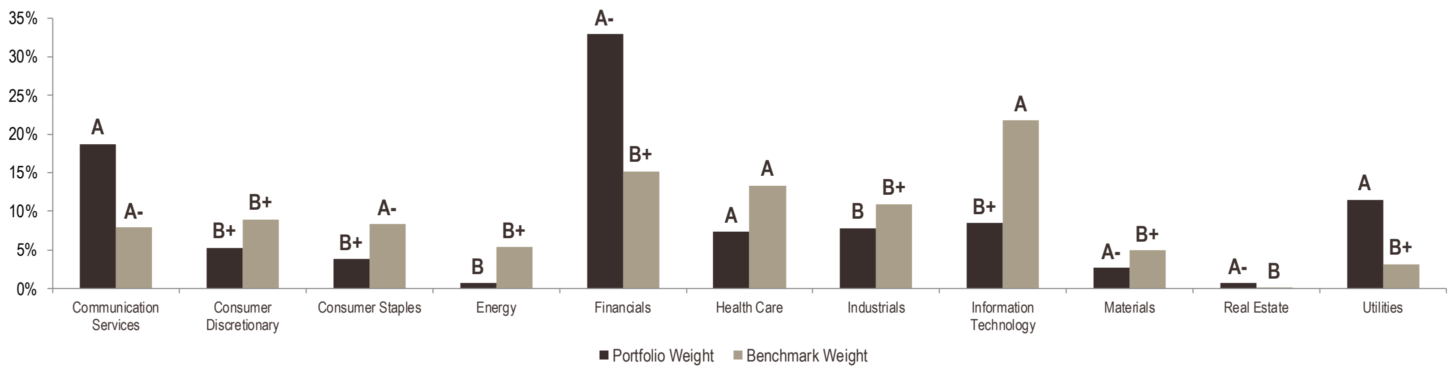
ESG MATERIALITY BREAKDOWN

Environmental, social and governance issues can unevenly affect the long-term performance of companies in different industries and can lead to operational inefficiencies, reputational damage, costly recalls or fines. This section assesses how companies interact with their stakeholders (suppliers, customers, regulators, communities) and the extent to which their product and service offerings meet the challenges of sustainability. Our proprietary materiality rating assesses the ability of companies to appropriately manage the main sustainability risks that are most relevant to their activities. Companies are assigned a grade ranging from A+ to D based on their performance relative to their industry group.

Ratings Distribution



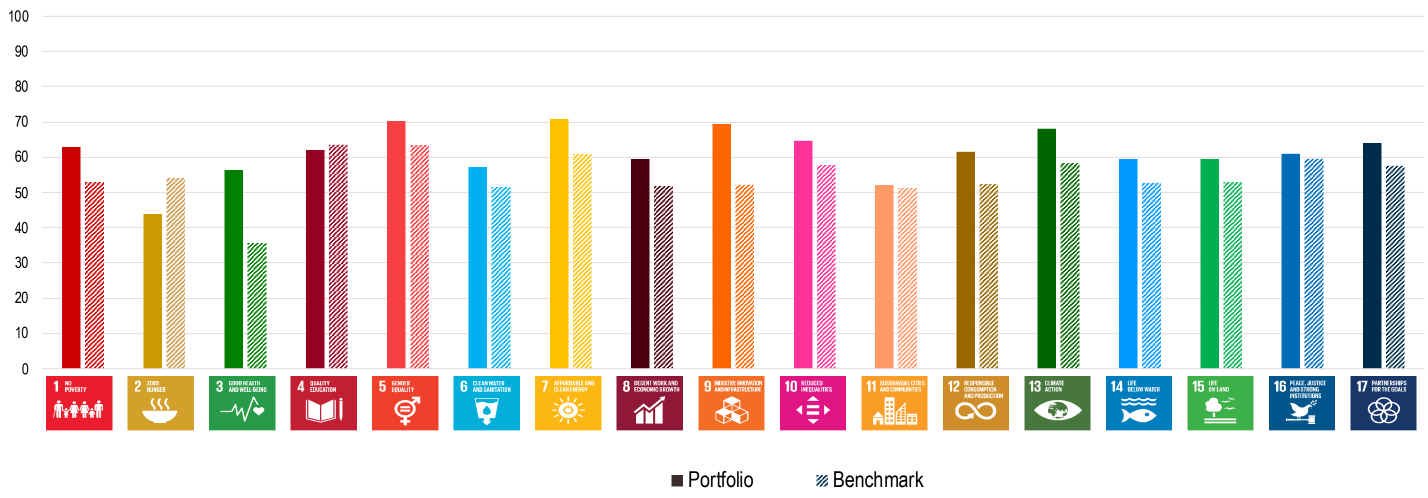
Sectorial Attribution



ESG MATERIALITY BREAKDOWN

Sustainable Development Goals - Business Practices Alignment

The United Nations has defined 17 Sustainable Development Goals (SDGs) to be achieved by 2030. These targets have been adopted in 2015 by all United Nations Member States and ratified by a large majority of countries. In this section, we assess the level of contribution or obstruction of the companies to the achievement of each of the 17 objectives by analyzing their business practices. For each company, this assessment is based on the relevance of each extra-financial criterion with respect to each SDG and also takes into account the specificity of the activity in which it operates through our materiality framework. Each company's scores are then aggregated at portfolio level using their respective weighting.



This tool analyses the alignement of the Portfolio's companies business practices with the 17 Sustainable Development Goals defined by the United Nations to be reached by 2030.

Goal 1: No Poverty
Goal 2: Zero Hunger
Goal 3: Good Health and Well-being
Goal 4: Quality Education
Goal 5: Gender Equality
Goal 6: Clean Water and Sanitation
Goal 7: Affordable and Clean Energy
Goal 8: Decent Work and Economic Growth
Goal 9: Industry, Innovation and Infrastructure
Goal 10: Reduced Inequalities
Goal 11: Sustainable Cities and Communities
Goal 12: Responsible Consumption and Production
Goal 13: Climate Action
Goal 14: Life Below Water
Goal 15: Life on Land
Goal 16: Peace, Justice and Strong Institutions
Goal 17: Partnerships for the Goals

BREACHES TO INTERNATIONAL NORMS AND STANDARDS

Companies breaching commonly accepted international norms or standards, as defined by the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions, can be exposed to increased reputational and financial risks. Breaches are rated from 1 to 5 according to the severity of the events. In this section, we highlight the most severe ones flagged at level 4 (severe breaches) and 5 (very severe breaches). Below is a list of the ten principles of the UN Global Compact.

Very Severe Breaches *	Status	Portfolio	Bench.	#Cies	Names (involved in the portfolio)
E-Controversies		0.00%	0.12%	0	-
S-Controversies		0.00%	0.25%	0	-
G-Controversies		0.00%	0.35%	0	-
Total		0.00%	0.71%	0	-

Severe Breaches *	Status	Portfolio	Bench.	#Cies	Names (involved in the portfolio)
E-Controversies		0.00%	0.79%	0	-
S-Controversies		0.00%	5.97%	0	-
G-Controversies		0.00%	1.00%	0	-
Total		0.00%	7.57%	0	-

Child Labour Focus	Status	Portfolio	Bench.	# Cies	Names (involved in the portfolio)
Child Labour		0.00%	0.00%	0	-
Child Labour Suppliers		0.00%	0.00%	0	-

*** Breaches refers to the identification of companies involved in specific events violating international norms and standards, based on the 10 principles of the UN Global Compact. The scale, from 1 to 5, shows the severity of the events and this report highlights the most severe ones flagged at level 4 (severe breaches) and 5 (very severe breaches).**

The color of the status icon of each type of controversy (E, S or G) and special exclusion (Child labor focus) depends on the total weight of companies involved in it, both in the portfolio and the benchmark. If the concentration (in cap %) of the companies identified in the portfolio exceeds that of the benchmark by more than 0.5%, the status is red; if this concentration is lower by 0.5%, the status is green. If the concentration is close to that of the benchmark, i.e. between -0.5% and +0.5%, the status is orange.

The UN Global Compact states that "Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption."

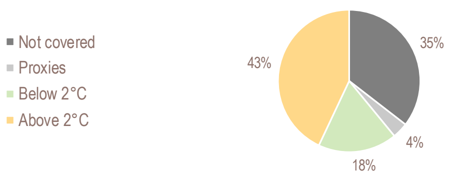
The Ten Principles of the UN Global Compact are:
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour;
Principle 6: the elimination of discrimination in respect of employment and occupation.
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility;
Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

CARBON & TEMPERATURE

Portfolio Coverage

We cover 65% of the portfolio in our portfolio temperature alignment analysis among which 61% are calculated and 4% are proxied. 18% of the holdings are aligned with a trajectory of 2°C or below : they are aligned with the Paris Agreement first objective. 43% of the holdings of the portfolio have a temperature higher than 2°C.

Please note that the not covered percentage includes instruments that are out of the scope of this analysis. In this portfolio, 34% of the holdings are out of the scope of the analysis (sovereign entities, cash etc.)



Temperature Alignment Overview

Temperature alignment metric measures the expected evolution in emissions, and do not reflect the overall scale of a company's current emissions, which is measured by carbon footprint. Temperature alignment, in other words, evaluates the trajectory of these emissions, whereas carbon footprints only measure the present volume of those emissions.

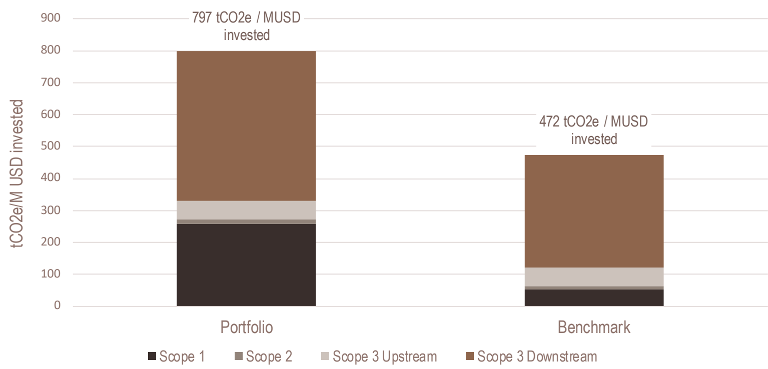
We estimate this portfolio to be aligned with a 2.8°C temperature outcome. This means that if the rest of the economy were to pursue a similar level of ambition as this portfolio global temperatures would increase by 2.8°C by 2100.

	Overall (°C)	Scope 1 (°C)	Scope 2 (°C)	Scope 3 Upstream (°C)	Scope 3 Downstream (°C)
Portfolio	**2.8**	5.1	2.4	2.7	2.5
Benchmark	**2.8**	2.7	2.7	2.9	2.9

Carbon Footprint Analysis

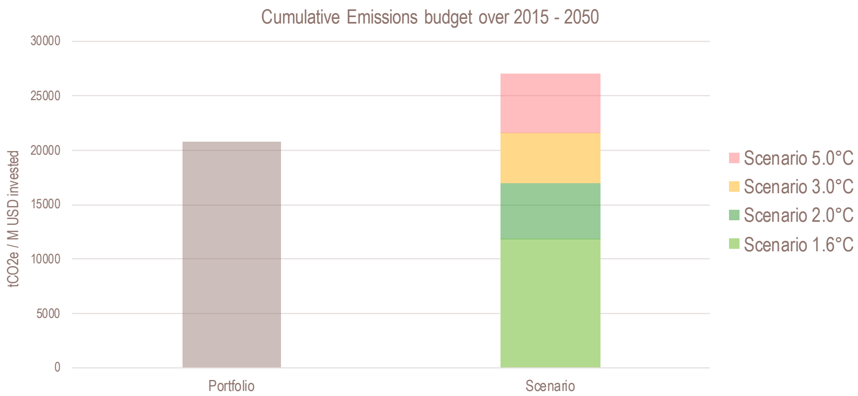
The carbon footprint measures the exposure of the portfolio to climate change.

The carbon footprint can be broken down into three scopes. Scope 1 accounts for all direct emissions from the activities of an organization or under their control. Scope 2 accounts for the indirect emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from a company's direct operations. Scope 3 accounts for all other indirect emissions from activities of the organization, occurring from sources that they do not own or control. Therefore, Scope 3 emissions include several sources of indirect emissions in both the company's supply chain (upstream emissions) and downstream from the company's owned or controlled operations (e.g., the emissions from the in-use phase of a company's products or services, such as the driving of a truck manufactured by an automobile manufacturer).



Temperature Scenario Cumulative Emissions Budget

Our model outputs a carbon budget over 2015 to 2050 for the portfolio to be aligned with a 1.6°C outcome, 2.0°C outcome, 3.0°C outcome and 5.0°C outcome. The temperature of the portfolio is the measure of the expected overshoot of the cumulative carbon emissions of the portfolio compared to each of temperature scenario budget. The graphic below compares the expected cumulative emissions of the portfolio compared to the carbon budgets to be aligned with each scenario.

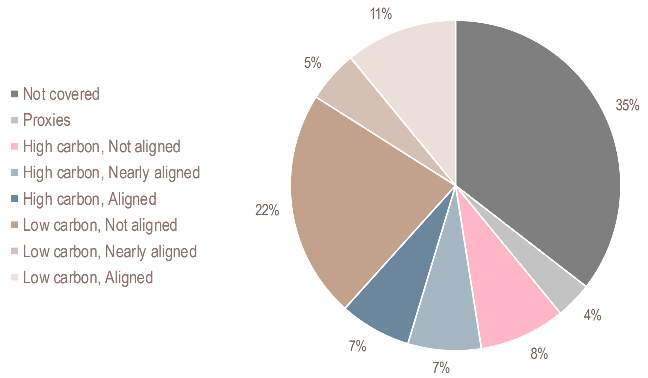


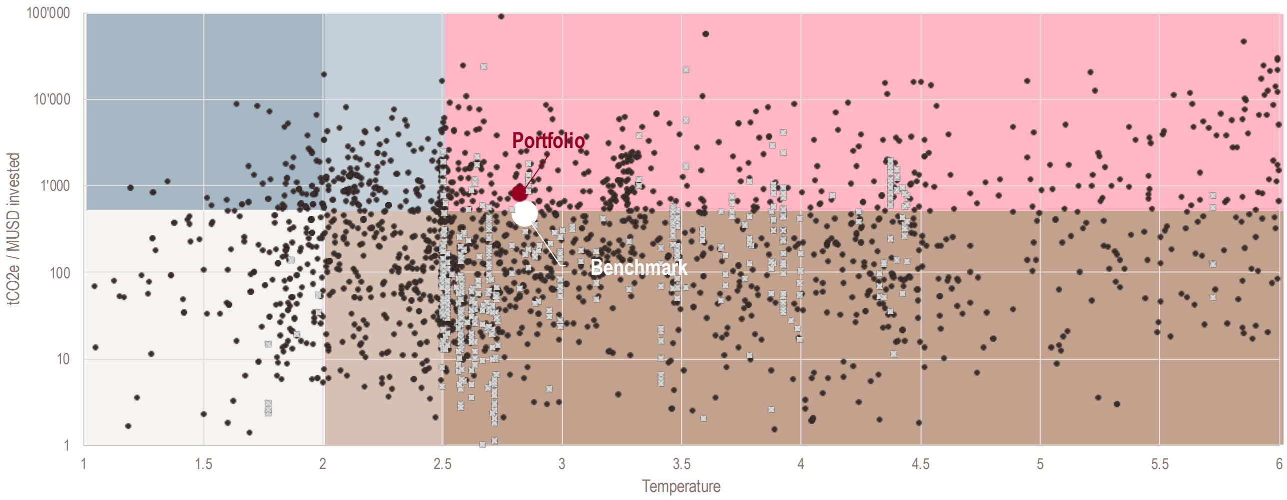
Portfolio-level temperature alignment has been calculated by adding up the total projected, owned emissions related to each company in the portfolio as well as the respective benchmark budgets for each company associated with different climate outcomes. Owned emissions have been calculated as the value of the holding as a percentage of entreprise value multiplied by the company's emissions (EOTS). This calculation creates an aggregate outlook for the total owned emissions in the portfolio, as shown in the first figure on this page. This approach ensures that the portfolio-level temperature alignment is reflective of the total emissions owned by the portfolio, and gives greater weight to those companies that account for the largest share of emissions in the portfolio. Alternative measures of portfolio alignment may weight the temperature alignment of individual companies in the portfolio based only on the respective size of the portfolio allocation (Weighted Average Temperature Score or WATS). We believe this is an inappropriate measure, as it does not adjust for the greater impact of carbon-intensive companies and does not reflect the actual level of global warming that the portfolio is aligned with. The Science-Based Targets Initiative has recommended an entreprise ownership approach using EOTS as one of its recommended approaches.

CARBON & TEMPERATURE

Carbon Footprint vs. Temperature Alignment

- Companies with major emissions, transitioning to lower-carbon business models, aligned with the climate transition
- Companies with major emissions, transitioning to lower-carbon business models, nearly aligned with the climate transition
- The priority candidates for the climate transition : These companies have a large, adverse influence on impact-based portfolio alignment metrics and will need to transition to a more sustainable model
- Companies aligned with the climate transition, but with limited relevance to it (unless the company is a climate transition solution provider)
- Companies nearly-aligned with the climate transition, but with limited relevance to it (unless the company is a climate transition solution provider)
- Low-carbon laggards : These companies have low emissions but need to decarbonise further. Doing so would typically cost them little.





- Companies covered with our portfolio temperature alignment analysis
- Companies covered with proxies based on our portfolio temperature alignment analysis

Our analysis combines both carbon footprints and temperature alignment assessment. Considering only the carbon footprint would lead to concentrate in low carbon industries and investments, but this approach risks neglecting the need to identify solutions within higher carbon industries, where a transition is most urgently needed and where the decarbonisation impact is highest. Our approach highlights the importance of not simply ignoring carbon-intensive industries, which are often the most climate-relevant, as these are vital mainstays of our economy but most urgently need to decarbonize. These companies are in "hard-to-abate" industries such as agriculture, cement, steel, chemicals, energy, materials, construction and transport. We call companies in these carbon-intensive industries, which have understood the urgency of the transition and are decarbonizing towards net-zero alignment, 'ice cubes' – as they have the effect of disproportionately cooling down the economy or a portfolio's aligned temperature. We also seek to identify carbon-intensive businesses which are not making progress towards net-zero alignment. We call these 'burning logs' as these companies that are 'carbonizing'; generating huge emissions and failing to transition. These companies, thus far, are not committed to the climate transition and may be exposed to significant stranded assets or no longer being able to operate in a carbon regulated world. Investing in such companies today will disproportionately raise the temperature of a portfolio, unless effective active engagement can encourage a change in trajectory.