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Sustainability-related disclosures in the Mandate THEMA [Sustainability]

1. Consideration of ESG preferences in the mandate

The objective of the mandate is to achieve a sustainable investment solution. It is therefore primarily suitable for clients with an ESG preference of «interested». Clients with this ESG preference consider ESG issues to be important and want these aspects to be included in their portfolio.

In this mandate, Rahn+Bodmer Co. supports the transition to a lower-carbon and more ethical economic system and takes ESG risks into account in the mandate, where (E) stands for environmental, (S) for social and (G) for governance. These risks can have a significant negative impact on the value of an investment (see section 3). The bank therefore takes sustainability risks into account in the investment process for this mandate, providing clients with dedicated sustainability reporting at the mandate level.

2. Consideration of sustainability objectives and targets in the mandate

In addition to traditional fundamental analysis, all investments in the portfolio are assessed against various sustainability criteria. These include ESG risks and the ecological footprint. In addition, we report on the impact orientation of each investment and any violations of the principles of the United Nations Global Compact.

At least 70% of the mandate assets are invested in investments that Rahn+Bodmer Co. considers to be sustainable. Account balances, fixed-term deposits, fiduciary investments and physical precious metals are excluded from this assessment, as Rahn+Bodmer Co.'s data provider does not cover these asset classes. Investments without an ESG risk rating and/or without data to emissions of greenhouse gases are not considered, as no sustainability assessment is possible.

The following sustainability indicators are used to measure the mandate's compliance with environmental and social criteria as well as good corporate governance characteristics:

- ESG risk rating
- Emissions of greenhouse gases
- Value-based exclusion criteria

When implemented by Rahn+Bodmer Co., an investment is considered sustainable if the following three criteria are cumulatively met:

a) ESG risk rating is 6 or higher (scale 1 to 10).
b) The investment has lower greenhouse gas emissions than the «MSCI All Countries World Index», which serves as a benchmark (in the capital market, the MSCI All Countries World Index represents approximately the totality of all non-government issuers of the most important industrial and emerging countries).
c) The company's turnover from any of the following business areas may not exceed 10% (value-based exclusion criteria):
   - ○ Coal mining and electricity generation from coal
   - ○ Fossil energy
   - ○ Nuclear energy
   - ○ Weapons and defense
   - ○ Addictive Substances: Tobacco, alcohol, gambling

The mandate has a higher ESG risk rating and lower greenhouse gas emissions than the benchmark.

In addition, the following information on impact orientation and norm-based violations are included in the analysis of an investment:

- The assessment of whether an issuer makes a positive contribution to the sustainability of our society with its products and services is based on the 17 UN Sustainable Development Goals (SDGs).
- Any violations of the principles of the United Nations Global Compact will be investigated and may constitute grounds for divestment.

Rahn+Bodmer Co.'s sustainability assessment of the mandate takes into account the aspects listed above.

Compliance with the minimum requirements is determined at the time the investment decision is made. The use of different asset classes or investment instruments leads to changes in the respective proportions in the portfolio due to different performance developments. This is also associated with a change in the proportion of sustainable investments and, thus, where applicable, a potential passive shortfall in the minimum proportion accepted by the client.

3. Risk information on ESG investment solutions

ESG investment solutions involve risks that may be both financial and non-financial in nature. ESG risks may arise in the areas of the environment, social issues and corporate governance and may affect the performance of investments. Such risks can have different effects on individual asset classes, regions, sectors and/or companies, exposing investors to new risk factors. As a result, investors should always take ESG risks into account when diversifying their risk exposure.

Specifically, the following non-exhaustive list of risks should be considered in ESG investment solutions:

Valuation basis and risks: The assessment of ESG criteria and their influence on companies and their share prices is complex and can lead to incorrect assessments in risk evaluation and management. To assess ESG risks, Rahn+Bodmer Co. must rely on external data providers. Rahn+Bodmer Co. uses ESG scores as well as other sustainability data from Clarity AI. It should be noted that there is currently no generally accepted (legal, regulatory or other) definition or market consensus on ESG, nor is there a uniform market standard for the assessment of ESG risks, measurement methods or measurement criteria, which can lead to different assessments of companies and investment products by different providers. The ESG risk ratings and other sustainability-related data from different data providers can therefore lead to different results, which is why the assessment of ESG risks must be considered subjective. Rahn+Bodmer Co. cannot therefore guarantee that the methodology or ESG data (including ratings) provided by external data providers are accurate, complete, up to date or continuously available. Such data quality issues may result in an investment or product being considered unsustainable.

Time lag: ESG scores from Clarity AI are published with a time delay, which means that analyses and portfolio adjustments based on these scores may not take into account current events that are already known in the market. Accordingly, it is possible that the ESG risk rating of an affected company will only be adjusted at a later date and that Rahn+Bodmer Co. will only be able to take this into account at a later date.

Greenwashing risk: Companies may exaggerate or misrepresent ESG criteria to appear attractive to investors, which can lead to disappointed expectations and losses.

Liquidity risks/reduction of the investment universe: ESG strategies that are too strict can impair the liquidity of investments, especially in the case of niche or exclusion strategies. Moreover, higher requirements for an ESG risk rating (compared to the market average) can cause a reduction in the investable universe, which can impact the risk/return ratio. High diversification generally generates more stable returns, whereas excessive reduction of the universe can affect return potential and/or entail higher portfolio risks.

The consideration of ESG criteria may result in a restriction of the investment universe and cause investment performance to deviate positively or negatively compared to investments or investment strategies that do not take ESG criteria into account.

Companies and financial instruments without Clarity AI scores: Rahn+Bodmer Co. calculates the ESG risk rating of the respective investment solutions as the weighted average rating of all financial instruments of the companies and funds in the client's portfolio assessed by Clarity AI. Investments are not included in the calculation if no Clarity AI scores are available.

Risks from regulatory changes: New sustainability laws and regulations may lead to changes in the ESG assessment of companies, causing Rahn+Bodmer Co. to adjust its assessment.

Given the risks outlined above, there can be no assurance to the client that an investment, the mandate or ESG investment solution will meet all expectations in terms of ESG or sustainability or other equivalent objectives, or that no adverse environmental, social and/or other impacts will occur. Furthermore, it should be noted that an investment, the mandate or ESG investment solution does not automatically guarantee a higher financial return than conventional investments, nor does it protect the client from suffering a financial loss. Depending on the specific ESG related characteristics of the investment, the mandate or ESG investment solution, the client may, in fact, have to accept a lower financial return than expected or a significantly reduced selection of eligible investments.

Further information on ESG risks is provided in the brochure «Risks Involved in Trading Financial Instruments», which can be downloaded from the website at *www.rahnbodmer.ch/en/documents* or obtained from the bank.