

Vontobel Swiss ESG Research Index

ESG is more important than ever before

Platforms & Services

December 2020

Vontobel Swiss ESG Research Index

**Integration of ESG criteria
in our bottom-up valuations**

**Academic literature
concludes that ESG
improves returns and
lowers volatility**

**We include equities of Swiss
companies that score best
in our proprietary ESG
framework**

**ESG (environmental, social, and governance) is increasingly
gaining importance**

**Roughly 90% of studies find a non-negative long-term
relation between ESG criteria and corporate financial
performance. The least ESG can do is offer downside
protection**

**Vontobel has developed a bottom-up framework, which we
fully integrate into our company valuations and price
targets. Our deep-dive into ESG in discussions with the
companies in our universe help us find what lies beneath
the surface**

How we integrate ESG in our valuation process

December 2020

Our approach

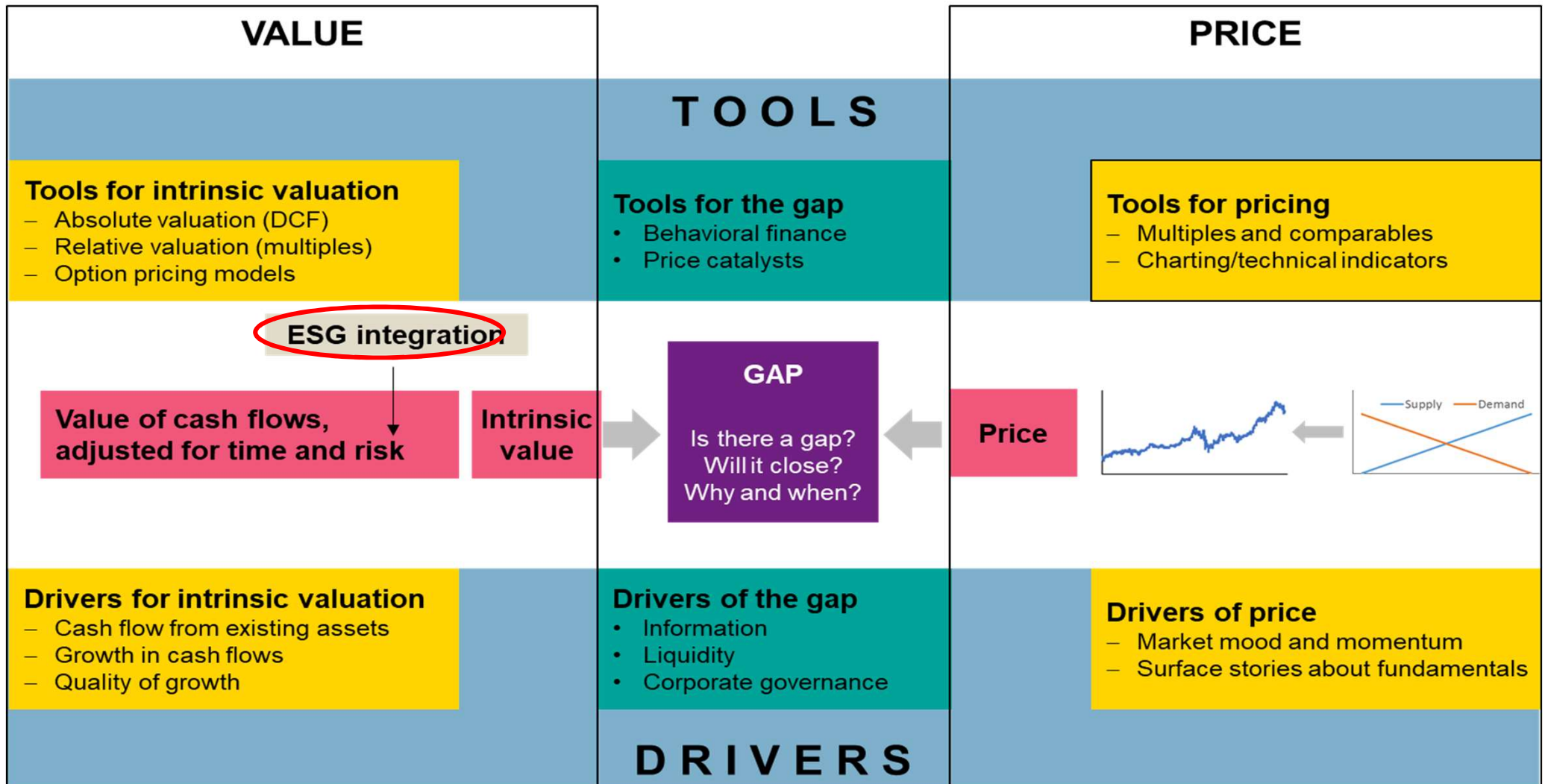
Our approach is simple and intuitive: we use **15 equally weighted factors** to determine how a company scores in terms of ESG. Each factor is relevant and material. Analysts **score each metric on a five-point scale**. We add up the scores and add/subtract the result from a company's **cost of equity**.

Our results

We integrate ESG in the valuation exercise: in **the risk adjustment of cash flows** for non-Financials and the respective **COE adjustment in the Gordon-growth model** for Financials.

How we integrate ESG in our valuation process

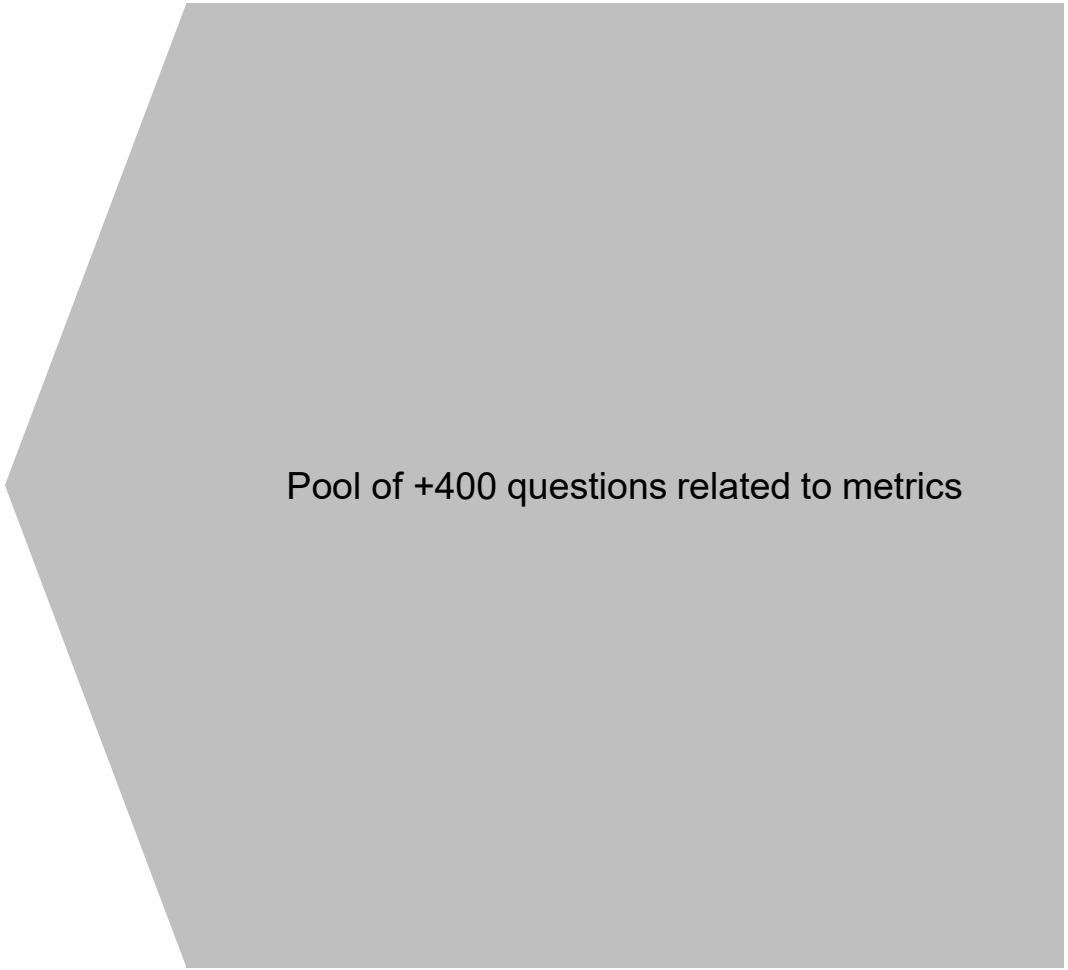
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How we integrate ESG in our valuation process

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| ESG Metrics | | |
|-------------|---------------|-------------------------------|
| No. | Category | Metric |
| 1 | General | ESG policy |
| 2 | | ESG tracking |
| 3 | | ESG litigation |
| 4 | Environmental | Climate change |
| 5 | | Natural Resources |
| 6 | | Pollution and waste |
| 7 | | Environmental opportunities |
| 8 | Social | Human capital |
| 9 | | Diversity |
| 10 | | Products |
| 11 | | Social opportunities |
| 12 | Governance | Corporate governance internal |
| 13 | | Corporate governance external |
| 14 | | Corporate behavior internal |
| 15 | | Corporate behavior external |



Pool of +400 questions related to metrics

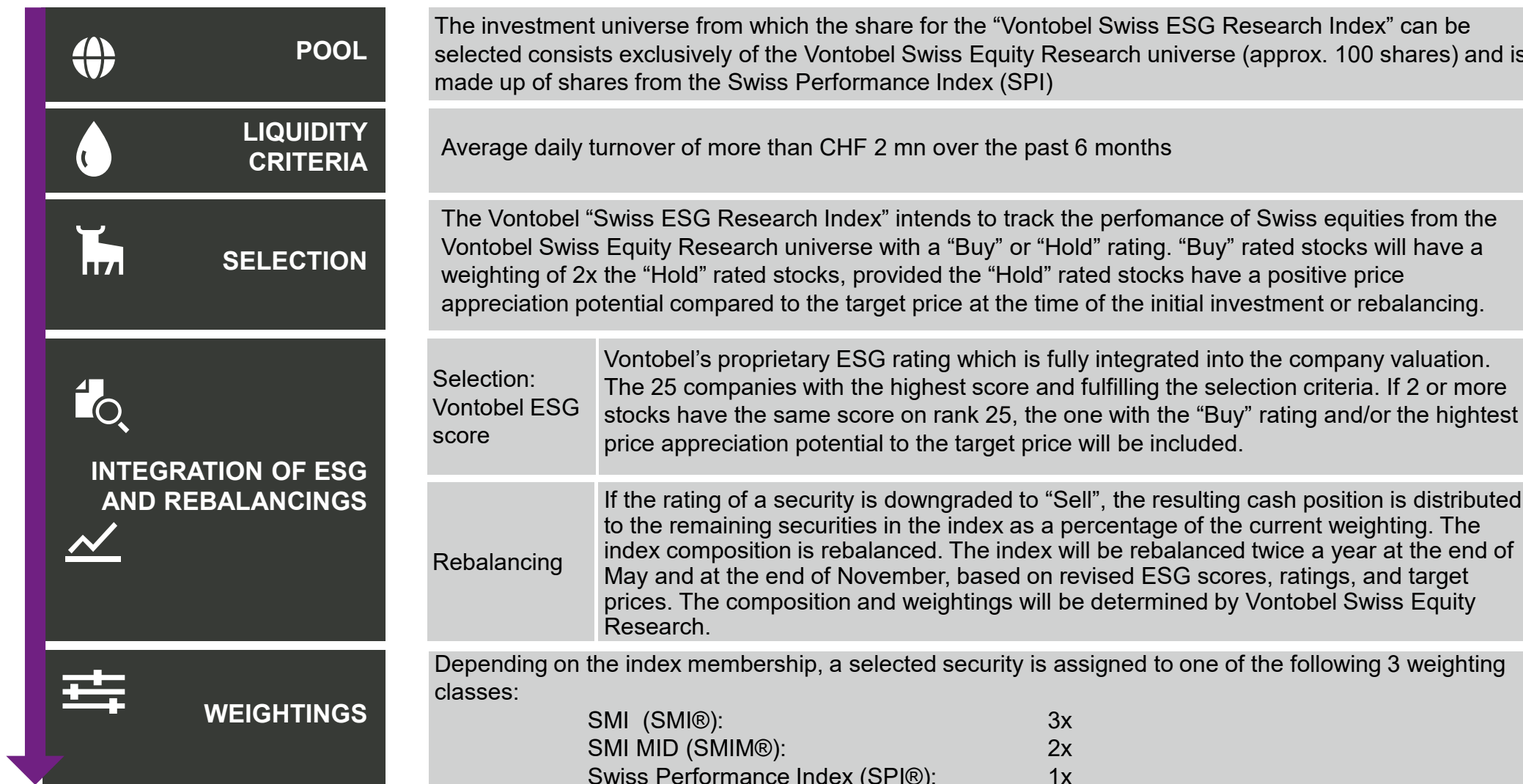
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Fully integrating ESG into Swiss equities

The Concept

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Indicative initial composition

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| | | | | | |
|-----------------------------------|-------|------|--------------------|-------|-----|
| ABB Ltd | 25.5 | Hold | Industrials | 3.33% | SMI |
| ALSO Holding AG | 274 | Buy | Technology | 2.22% | SPI |
| Barry Callebaut AG | 2,200 | Hold | Consumer Goods | 1.11% | SPI |
| Compagnie Financière Richemont SA | 78 | Buy | Consumer Goods | 6.67% | SMI |
| Cembra Money Bank AG | 130 | Buy | Banks | 2.22% | SPI |
| dormakaba Holding AG | 510 | Hold | Industrials | 1.11% | SPI |
| Emmi AG | 960 | Hold | Consumer Goods | 1.11% | SPI |
| Georg Fischer AG | 1,005 | Buy | Industrials | 2.22% | SPI |
| Galenica AG | 64 | Hold | Consumer Services | 1.11% | SPI |
| Geberit AG | 590 | Hold | Industrials | 3.33% | SMI |
| Givaudan SA | 4,800 | Buy | Basic Materials | 6.67% | SMI |
| Logitech International SA | 98 | Buy | Technology | 4.44% | SLI |
| Nestlé SA | 125 | Buy | Consumer Goods | 6.67% | SMI |
| Novartis AG | 89 | Hold | Pharma & Biotech | 3.33% | SMI |
| Partners Group Holding AG | 1,020 | Buy | Financial Services | 6.67% | SMI |
| Roche Holding AG | 445 | Buy | Pharma & Biotech | 6.67% | SMI |
| Swisscom AG | 540 | Hold | Telecommunication | 3.33% | SMI |
| SGS SA | 2,950 | Buy | Industrials | 6.67% | SMI |
| Sika AG | 270 | Buy | Industrials | 6.67% | SMI |
| Swiss Life Holding AG | 456 | Buy | Insurance | 6.67% | SMI |
| Straumann Holding AG | 1,079 | Hold | Healthcare | 4.44% | SLI |
| Tecan Group AG | 435 | Hold | Healthcare | 1.11% | SPI |
| Temenos AG | 189 | Buy | Technology | 4.44% | SLI |
| UBS Group AG | 14.5 | Buy | Banks | 6.67% | SMI |
| Vifor Pharma AG | 129 | Hold | Pharma & Biotech | 1.11% | SPI |

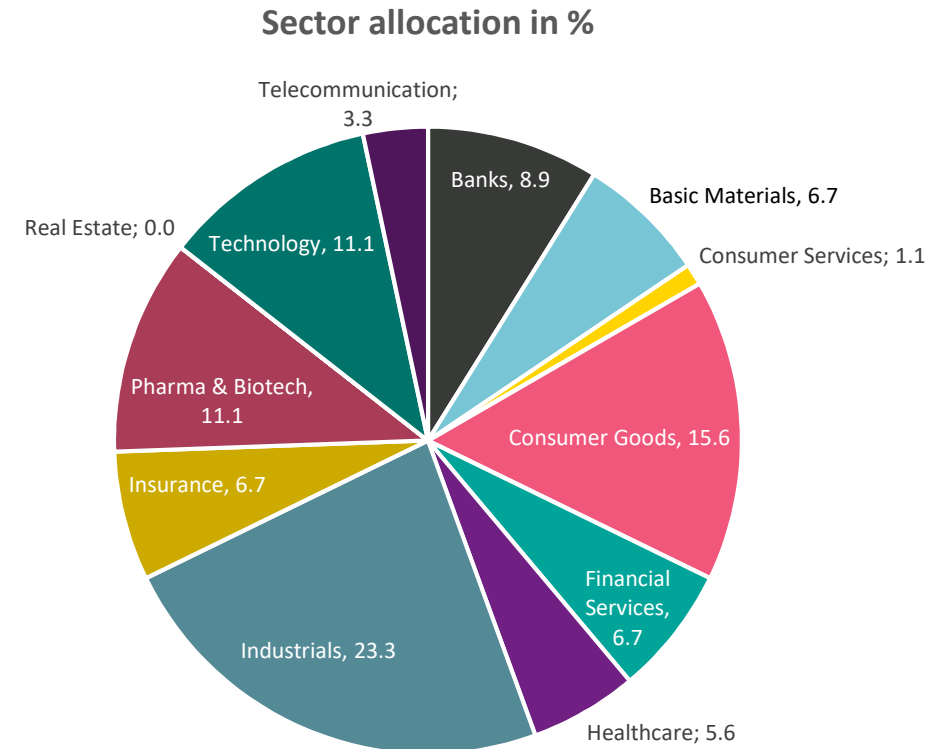
* The final Index composition will be displayed on the information page www.derinet.com

Indikative initial composition – sector allocation

Vontobel Swiss ESG Research Index

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| | Index | Swiss ESG Index | Active Weighting |
|--------------------|-------|-----------------|------------------|
| Banks | 6.8 | 8.9 | 2.1 |
| Basic Materials | 2.7 | 6.7 | 4.0 |
| Consumer Services | 0.7 | 1.1 | 0.4 |
| Consumer Goods | 25.6 | 15.6 | -10.0 |
| Financial Services | 1.9 | 6.7 | 4.8 |
| Healthcare | 4.0 | 5.6 | 1.5 |
| Industrials | 15.7 | 23.3 | 7.7 |
| Insurance | 6.8 | 6.7 | -0.2 |
| Pharma & Biotech | 31.5 | 11.1 | -20.4 |
| Real Estate | 1.4 | 0.0 | -1.4 |
| Technology | 2.1 | 11.1 | 9.0 |
| Telecommunication | 0.8 | 3.3 | 2.5 |



Product details


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December 2020

PRODUCT DETAILS*

Subscription period ends at
4:00 p.m. CET on December 16, 2020

| | |
|--------------------------|---|
| SSPA product type | Tracker certificate (1300) |
| Underlying | Vontobel Swiss ESG Research Index (index currency CHF) |
| Initial fixing / payment | December 17, 2020 / December 24, 2020 |
| Duration | Open-ended |
| Index fee | 1.2% p.a. |
| Issuer | Bank Vontobel AG, Zurich (Moody's long-term rating Aa3) |

| | |
|---------------------------------------|---|
| |  |
| Currency | CHF |
| ISIN | CH0553376176 |
| Issue price | CHF 101.50 (including CHF 1.50 issuing commission) |
| Initial reference price of underlying | CHF 100.00 |

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