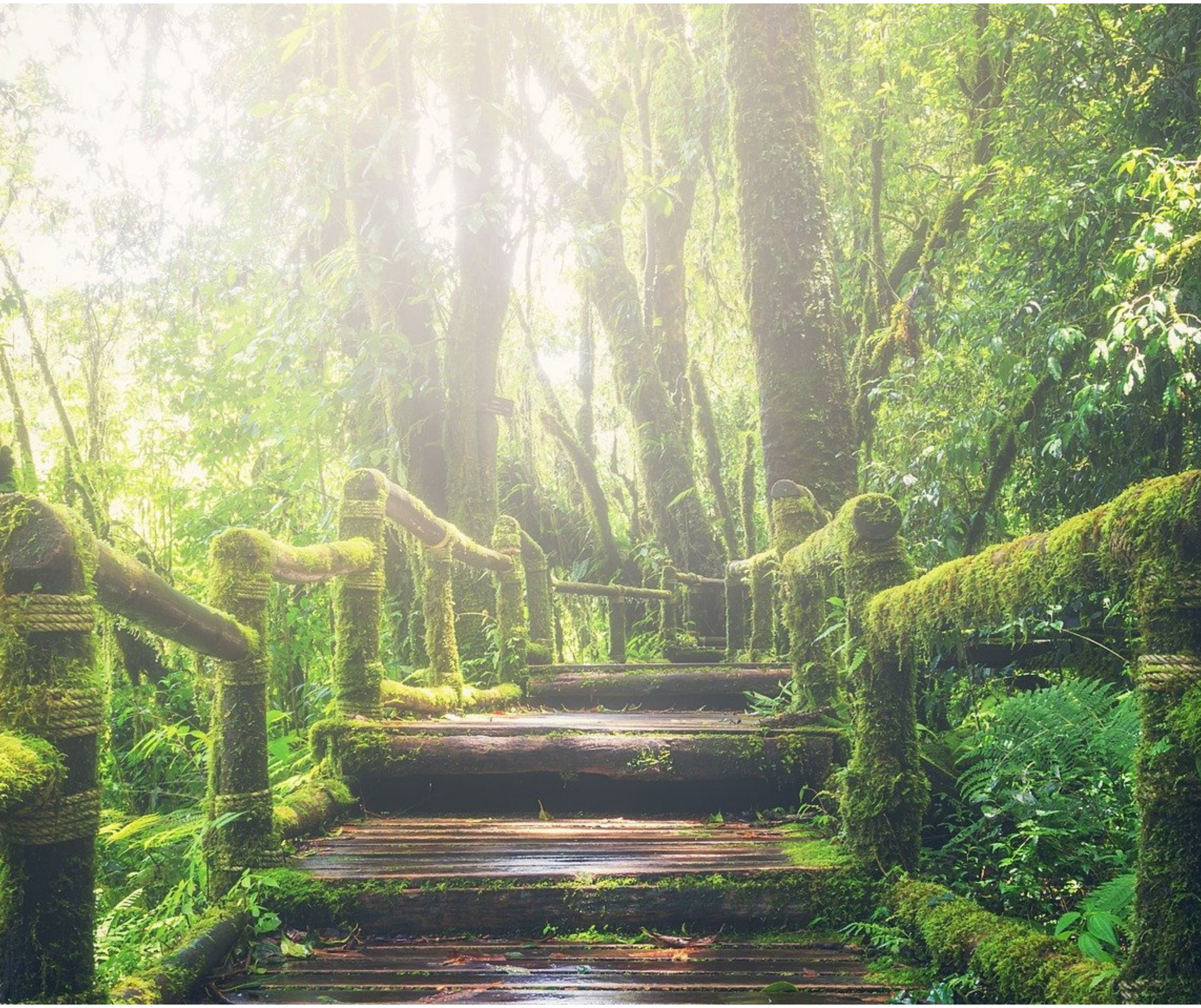
alpina capital

SDG INVESTMENT SOLUTIONS



SUSTAINABILITY REPORT 2021

GROWING OUR ECOSYSTEM

According to the Economist publication 87% of young investors believe corporate success should be measured by more than financial performance. Many young investors want more than just returns; they want a viable planet that can sustain them and generations to come.

01

OVERVIEW

OVERVIEW AND FOREWORD

This report is the inaugural sustainability report for Alpina Capital. It is designed to provide stakeholders and clients a tool to get a quick overview of Alpina's sustainability efforts.

We strive to be a professional and reliable partner to our clients, offering them expert service and advice and responding to their evolving needs. Recognising the growing client interest in sustainable and impact investments.

Integrity and ethical conduct are key to inspiring long-term trust in our Fund Management Platform. Our Code of Conduct and and Ethics Standards promote a shared understanding and expectations of our culture and conduct among employees.

Alpina Capital is committed to upholding international standards and best practices that promote responsible business conduct, such as the UN Global Compact.

We also want to make a meaningful contribution to the realization of the UN Sustainable Development Goals (SDGs). We apply internal policies and guidelines for certain sensitive indursties when assessing potential transactions and client relationships and are working with other partners to develop methodologies for the alignment of credit portfolios with the Paris Climate Agreement. At an operational level, we strive to make more efficient use of natural resources and to reduce the direct impacts of our activities on the environment and the climate.

Reflecting our view that our responsibilities go beyond fund management, we work with selected partners to support initiatives that seek to generate a positive economic or social impact.

Our business works on the basis of trust. One important way for us to build trust is by communicating openly and transparently with our stakeholders. This publication is therefore designed to give you an informative overview of our approach to sustainable investing with an impact.

Sustainability is integral to our culture and holistic philosophy, both in the way we operate as a firm and in the investment strategies and mutual funds we provide for our clients. We hope this report gives an insight into that commitment and responsible obligation.

Daniel Nikolovski
Chief Executive Officer

Lawrence A. Sautter
Senior Investment Manager

02

SUSTAINABILITY STRATEGY

Sustainability is not only how Alpina Capital behaves and conducts. It is also what kind of products we promote. It means citizenship, client experience, how we engage with stakeholders and how we assess global risks.

Alpina Capital and the Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 form a core element of the UN Agenda 2030 for Sustainable Development.

As the SDGs are based on a participatory process, responsibility for achieving them will be shared between states, the private sector, the scientific community and civil society. Alpina Capital contributes to the realization of the SDGs in various ways, including in our role as a financial intermediary and employer.

https://www.un.org/sustainabledevelopment/
The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

Guiding principles

The UN PRI and UN PRB, the UN SDGs and the GRI standards are the main principles we draw from. Below and throughout this report, you will see how material issues and strategic priority areas are mapped to specific UN SDGs.

Regulatory developments

The EU is our main driver of sustainable finance regulation, both within its boundaries and via global standard-setting bodies such as the Financial Stability Board. Switzerland, as a member of the International Platform on Sustainable Finance, closely assesses EU regulatory developments, but has opted thus far for industry standards, rather than regulation in the sector of sustainable finance.

Alpina Capital is well underway with aligning with the EU Action Plan on Financing Sustainable Growth, for example integrating ESG factors into advisory and investment management processes and product governance, as well as our risk management framework.

IMPORTANT MATERIAL ISSUES

SDGS	CLUSTERS	TOPICS	SIGNIFICANCE FOR SUCCESS
SUSTAINABLE DEVELOPMENT GOALS	**Responsible investment**	• Sustainable investing • Impact investing	• Growing priority for clients, investors and stakeholders • Delivering long-term financial success
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Fair business practices and integrity**	• Responsible business conduct • Corporate governance • Corruption and bribery • Data privacy • Transparency	• Precondition for a successful and sustainable business • Employer attractiveness
3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	**Employer of choice**	• Employer of choice • Equal opportunities and diversity • Health and well-being	• Attracting, developing and retaining the talent we need to serve our clients and targets • Improving the performance and creativity of the workforce • Creating a work environment that enables professionals to perform at their best
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Understanding clients and their needs**	• Understanding clients and their needs • Digitalisation • Data privacy and security	• Client experience as a key brand differentiator • Transforming the client experience
3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 10 REDUCED INEQUALITIES	**Wealth inequality**	• Education • Livelihoods • Health and well-being	• Addressing wealth inequalities by contributing to solution in the areas of education, health and well-being, and livelihoods is one of the focus areas of Alpina Capital
7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	**Climate change**	• Climate change • Clean energy • Clean air	• The financial industry plays a significant role in tackling climate change
6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND	**Resource use**	• Resource use • Water • Circular economy • Waste treatment and recycling	• Reducing own impact • Considered in our sustainable investing offering • Encouraging recycling is a focus
1 NO POVERTY 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	**Societal impact**	• Art and culture • Volunteering • Philanthrophy • Human rights	• Contributing to solving societal problems and to strengthening the social fabric

We source most ESG (Environment, Social, Governance) information from independent providers and it is evaluated for quality and meaningfulness. Further, we also make our own analysis and take advice from experts on our Fund of Funds Investment Committee in order to separate ESG leaders from laggards. Including such non-financial information improves our ability to identify risks and opportunities, ultimately yielding a superior investment performance for our clients and funds.

03

SUSTAINABLE AND RESPONSIBLE INVESTMENTS

Our approach

Sustainable and responsible investment at Alpina Capital means incorporating ESG factors within the investment process and sustainable and impact investing as product offerings. We believe this holistic approach, which captures the full picture of risks and opportunities, enables us to deliver financial returns whilst having social and environmental impact for our clients.

Alpina Capital's sustainable mandate enables clients to invest across different asset classes and currencies, in line with their individual needs and values. On top of that kind of integration and rigorous financial analysis, a strict filter for good corporate governance is applied as an additional investment risk criterion.

Our ESG investment funds go through a process of screening: negative screening excludes companies or governments that are involved in certain business activities or unethical behaviour based on specific criteria (e.g. defence/weapons, human rights violations, labour issues, poor governance); positive screening selects best-in-class ESG leaders in form of companies that perform best against a defined set of (sector) peers and indices.

Fund offering

Alpina Capital`s fund selection is based on an open architecture and best practice approach. Our fund selection team handpicks funds by asset class, region and investment style. The selection is based on a thorough analysis of the fund provider's dedication to sustainable investing and impact, the degree of integration of ESG standards across the organization, the fund's investment philosophy and approach to sustainable investing, as well as the drivers behind momentum, historical performance and different risk metrics.

Alpina Capital provides the following SDG funds, which follow a sustainable investment approach and correspond to EU taxonomy under article 8 and/or 9:

- Alpina SDG Global Bonds
- Alpina Swiss Opportunities Fund (planned name change Swiss Fund)
- Solidum-Alpina ILS Fund
- Solidum-Alpina ILO Fund
- Sprott-Alpina Gold Equity UCITS Fund
- Sprott-Alpina Gold Equity Fund (CH)
- Alpina Best Select Equity
- Alpina Best Select Portfolio
- Vermögensverwaltungsfonds S
- Vermögensverwaltungsfonds W
- Vermögensverwaltungsfonds F
- Vermögensverwaltungsfonds Klassisch
- Vermögensverwaltungsfonds Dynamisch

Advisory mandates

Alpina Capital offers its clients direct access to dedicated and seasoned investment advisors with a multi-asset skillset in the field of sustainability. Our proactive and tailored advice and research in the area of sustainable investing aims to provide our clients with the best possible solution according to their specific needs and the full flexibility to choose from different sustainable investment strategies ranging from comprehensive sustainability portfolio overlays to theme-specific investments and styles. It allows them to build and to manage a personalised portfolio in partnership with their advisors and to discuss all investment-related questions in order to make informed investment decisions.

At the heart of our approach is the principle of thematic investing, focusing on themes such as low carbon footprint, water scarcity, natural resource efficiency, nutrition innovation, health care innovation and economic empowerment. Most companies that have solutions in place in the form of products or services that support the positive transformation of a respective theme are considered for inclusion.

The next generation and wealth transfer

The coming decade is expected to see a wealth transfer of more than USD 25 trillion, with millennials set to inherit a large portion of this amount. This next generation of investors has been found to assign greater importance to the alignment of their investment portfolio with their personal values and Environment, Social and Governance (ESG) considerations.

Our ESG framework

The focus lies on bottom-up, systematic integration of ESG factors, recognising that we also need to introduce increased flexibility into our investment processes to enable the construction of more robust portfolios, with improved compliance around our ESG principles and framework. By actively monitoring the ESG profiles of our portfolios, we focus on risk mitigation, while taking advantage of ESG opportunities.

Alpina Capital's ESG integration methods include a quantitative assessment using multiple sources of third-party ESG data, our own materiality overlay and a qualitative review by investment teams. Our ESG integration is not only limited to equities, and we aim to develop ESG integration strategies across all asset classes. Our ESG risk monitoring services, for example, feed into our fixed income portfolios and funds.

How is Alpina Capital addressing its focus?

At Alpina Capital, we want to be close to our current and future clients and fulfill their needs. According to research, more than 9 in 10 millennials state that social impact is key to their investment decisions. We therefore offer a broad range of funds and products that give our clients the option to align their investments with their values. We strive to consistently expand our offering in this space and find ways to strengthen the infrastructure of the market for sustainable and impact investment products and services.

Sustainable investing: keeping the focus on risk mitigation

Investors embedding ESG factors into their asset selection had long believed that sustainable investments would be more resilient in times of crises, which indeed was confirmed during 2020's COVID-19 crisis. Index strategies clearly outperformed their benchmarks and the majority of sustainable funds held up better than peers according to a case study of Black Rock from October 2020. https://www.unpri.org/asset-owner-resources/delivering-outcomes-by-accessing-esg-through-multiple-drivers-of-return-in-multi-asset-portfolios/6572.article

Some even maintained strong positive performance in the face of crumbling financial markets, not least due to a traditional sector bias towards information technology and health care, away from oil-related investments. But they also managed to outperform on a sector-neutral basis, as leading ESG corporates are likely less exposed to risk and more innovative, providing them with more cushion in difficult times. Howerver, we think ESG investing is more about risk mitigation than anything else and other studies don't support the positive ESG factor.

ESG Investments can be more resilient

The coronavirus has shown once again that sustainable investments are not merely a feel-good investment, but can additionally serve as a hedge in difficult times. During the latest downturn, some investments with a strong backdrop on the ESG scale have proven to be more resilient. Some have fallen noticeably less than their peers, not only due to lower exposure to oil-related investments, but also within their respective sector and when comparing companies of similar size. This higher resilience, in turn, has served as a catalyst for further demand and is probably poised to continue to do so in the future.

Even in the midst of financial turmoil and massive selling in March 2020, sustainable investment funds still saw inflows. Some ESG companies outperformed as they are agile and limit risk through responsible business conduct, taking a stakeholder view that goes well beyond shareholders' interests. This can result not only in more stable balance sheets but also in a more robust structure in general, allowing for preparedness in times of crisis and higher volatility.

„Investments in nature are, at their heart, investments in our own prosperity. Diverse ecosystems are more stable, productive and resilient to change. Just as diversity within a financial portfolio reduces risk to returns, greater biodiversity reduces risks within a portfolio of natural assets.“

INGER ANDERSEN, UNDER-SECRETARY-GENERAL, UNITED NATIONS & EXECUTIVE DIRECTOR, UNITED NATIONS ENVIRONMENT PROGRAMME, CITED IN OUR EARTH MATTERS PUBLICATION

Corporate governance

Alpina Capital`s corporate governance complies with internationally accepted standards. Corporate governance accounts for 2/3 of ESG and is very important for Alpina. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We strive to act with integrity, responsibility, fairness, transparency and discretion at all times in order to secure the trust of our stakeholders.

WE ACT WITH INTEGRITY

We always do the right thing by our clients and by each other.

Earning and keeping trust is a priority. We are honest, transparent and always accountable.

We promote open communication and respect for each other, creating a workplace where everyone can contribute, grow and be successful.

WE ARE DRIVEN BY EXCELLENCE

We take great pride in delivering the best for our clients, holding ourselves and each other to the highest standards.

We empower our employees to challange the status quo, and we encourage them to be bold, determined and original.

We are responsible and diligent investors, managing our impact on the environment and society, on bhelaf of our clients and other stakeholders.

WE DELIVER THROUGH COLLABORATION

We belive that by working closely with our clients and with each other we can achieve great results.

We value the skills, expertise and knowledge of our colleagues, supproting each other to fully leverage our strengths.

We support an inclusive workplace, where different ideas, perspectives and backgrounds enrich our decision-making.

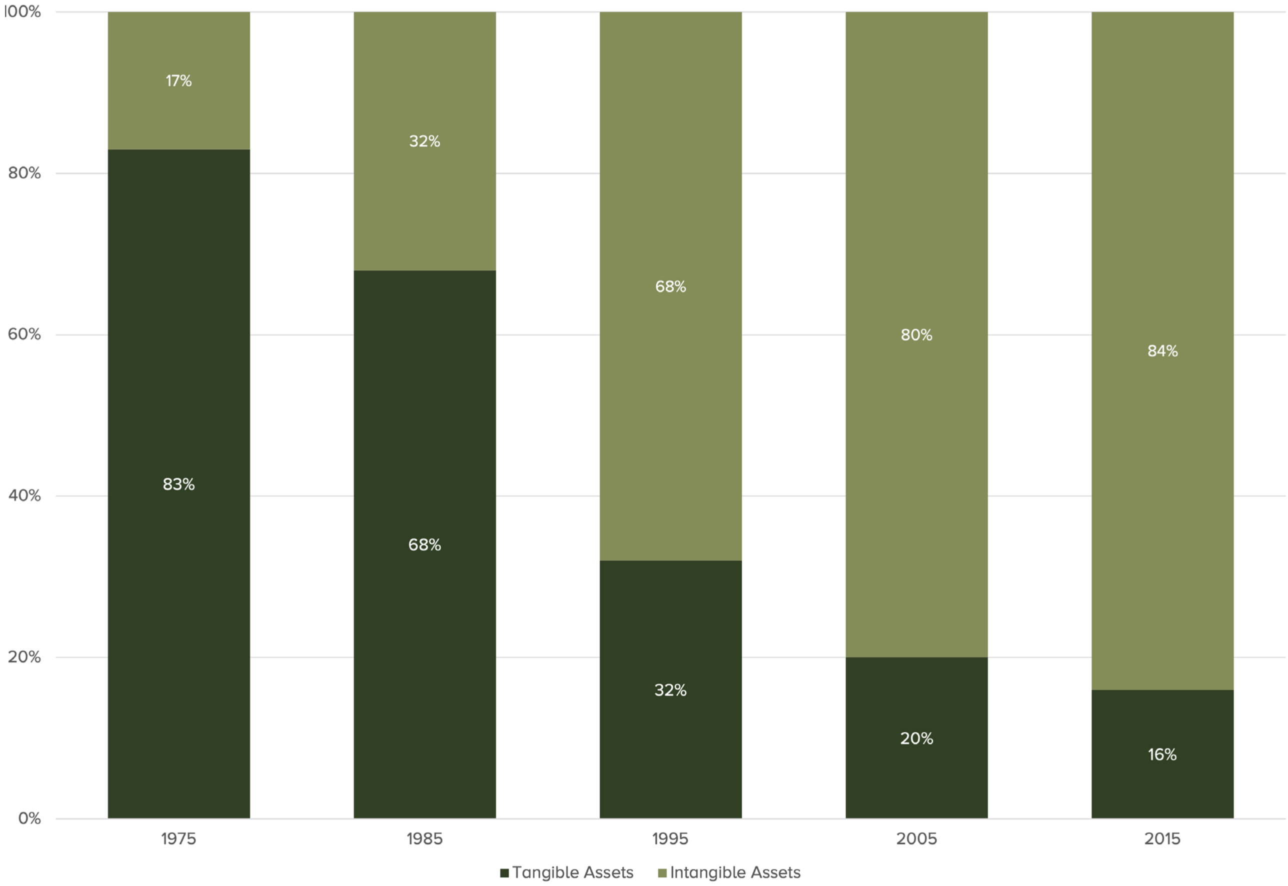
Intangible factors like reputation and ESG matter!

The question as to whether ESG pays off for shareholders (i.e., whether doing good is good for investors – remains the subject of considerable debate.

Fact is intangible factors like reputation, goodwill, strategy, flexibility and innovation matter more than decades ago.

Components of S&P 500 Market Value

The role intangible factors – reputation, ESG, and others – play in the perceived value of companies has dramatically increased.



Source: Ocean Tomo LLC, January 2015

As globalization and a focus on services continue to take hold, a greater proportion of a corporation's assets have become intangible in nature. The data confirms this. In 1975, less than 20% of the S&P 500's market value was derived from intangible assets such as patents or proprietary technology. Today approximately 90% of the S&P500's market value is considered intangible, according to a study on the intangible assets market by Ocean Tomo.

The emphasis on ESG is not a trend; rather, it is demand-based and has become an expectation of each company's senior leadership to acknowledge and adopt these factors accordingly. Why? Because the world is watching. Consumer preferences, institutional investors and now regulatory frameworks are requiring greater transparency on intangible factors. ESG considerations add a new lens to evaluate how well an entity is managing its intangible assets now and into the future.

The incorporation of relevant and material environmental, social and governance (ESG) factors will be far more important to the evaluation of a company in the future.

However, there remains debate as to whether accounting methods take into consideration the full range of intangible assets companies may possess. Lack of a standard definition means intangible value creation remains somewhat poorly understood – even when it represents the most material aspect of a company's value.

Management teams (agents) and stakeholders (principles) require a more complete picture of how a company generates long-term value. Within this construct, intangible assets such as human capital, intellectual property and the efforts to ensure their sustainability are identified as material ESG issues for many industries, but you won't necessarily find them on a line item in a financial statement.

Over time, improved financial and nonfinancial disclosure, including material ESG risk and opportunities that uniquely affect each sector and industry will leed to the evolution of sustainable corporate value.

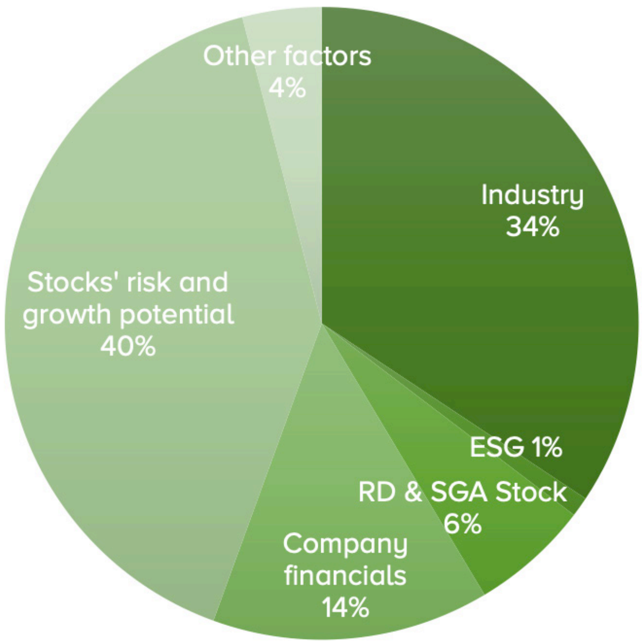
In this context, the immediate hurdle is that no one standardization for ESG disclosure currently exists, with common guidelines set by various entities. But frameworks are converging. Guiding principles would offer a much needed harmonization of all reporting standards.

As of now, ESG factors still seem to play a small part of the total performance contribution and ESG did not immunize stocks during the COVID-19 crisis in 2020, but investments in intangible assets did according to a JBFA study (Journal of Business Finance & Accounting) from 2021 which is shown in F I G U R E 1 Owen–Shapley R2 decomposition analysis for COVID Q1 2020 crisis period and F I G U R E 2 Owen–Shapley R2 decomposition analysis for the full year 2020.

Relative contribution of identified factors to explaining covid stock performance

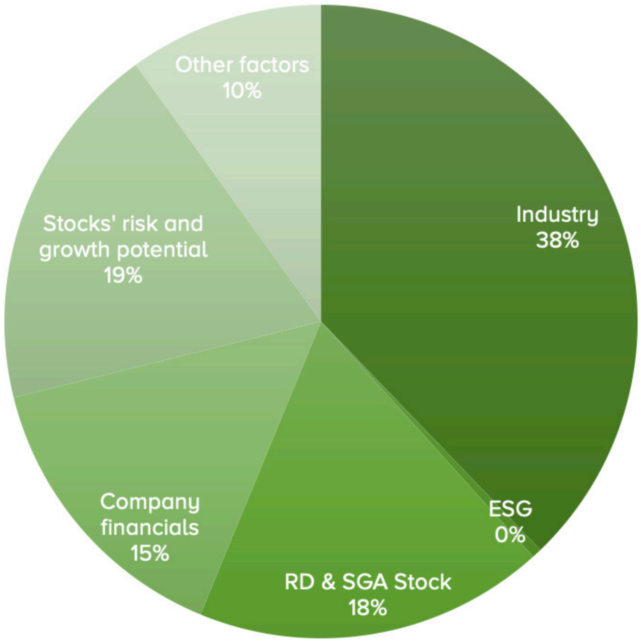
Figure 1 Owen–Shapley R2 decomposition analysis COVID Q1 2020 crisis period [Colour figure can be viewed at wiley-onlinelibrary.com]

Notes: The pie chart in this figure represents the contribution of ESG, RD&SGAstock, company financials, stocks' risk and growth potential, industry, and other factors to our COVID Q1 2020 Crisis period model R2



Relative contribution of identified factors to explaining full year 2020 stock performance

F I G U R E 2 Owen–Shapley R2 decomposition analysis full year 2020.



Summery and conclusion of the JBFA study

Despite the dramatic increase in responsible investing in recent years, and especially during the COVID-19 crisis in 2020, the question as to whether ESG pays off for shareholders (i.e., whether doing good is good for investors) – remains the subject of considerable debate (see, e.g., Matos, 2020, versus Whelan et al., 2021).

Proponents of corporate social responsibility claim that it is particularly valuable as a risk mitigation strategy, offering the prospect of significant downside protection in the periods of crisis. Consistent with this, ESG-tilted fund managers, ESG data purveyors, as well as financial journalists, have all been trumpeting the value of ESG as a share price "vaccine" during the current COVID pandemic.

Contrary to these widespread claims, however, the extensive analyses presented in this study present robust evidence that neither ESG nor ES was a share price resilience factor during the COVID-19 pandemic. Our study therefore calls into question the generalizability of GFC period findings that CSR is a resilience factor in times of crisis.

While our results do not explain the longer-term shareholder value creation of responsible corporate citizenship, an approach to doing business that we support and advocate for, they do establish that firms with higher ESG scores did not experience superior returns either during the pandemic-induced selloff in the first quarter of 2020 or for the full COVID 2020 year, once industry affiliation and accounting- and market-based determinants of returns have been properly controlled for.

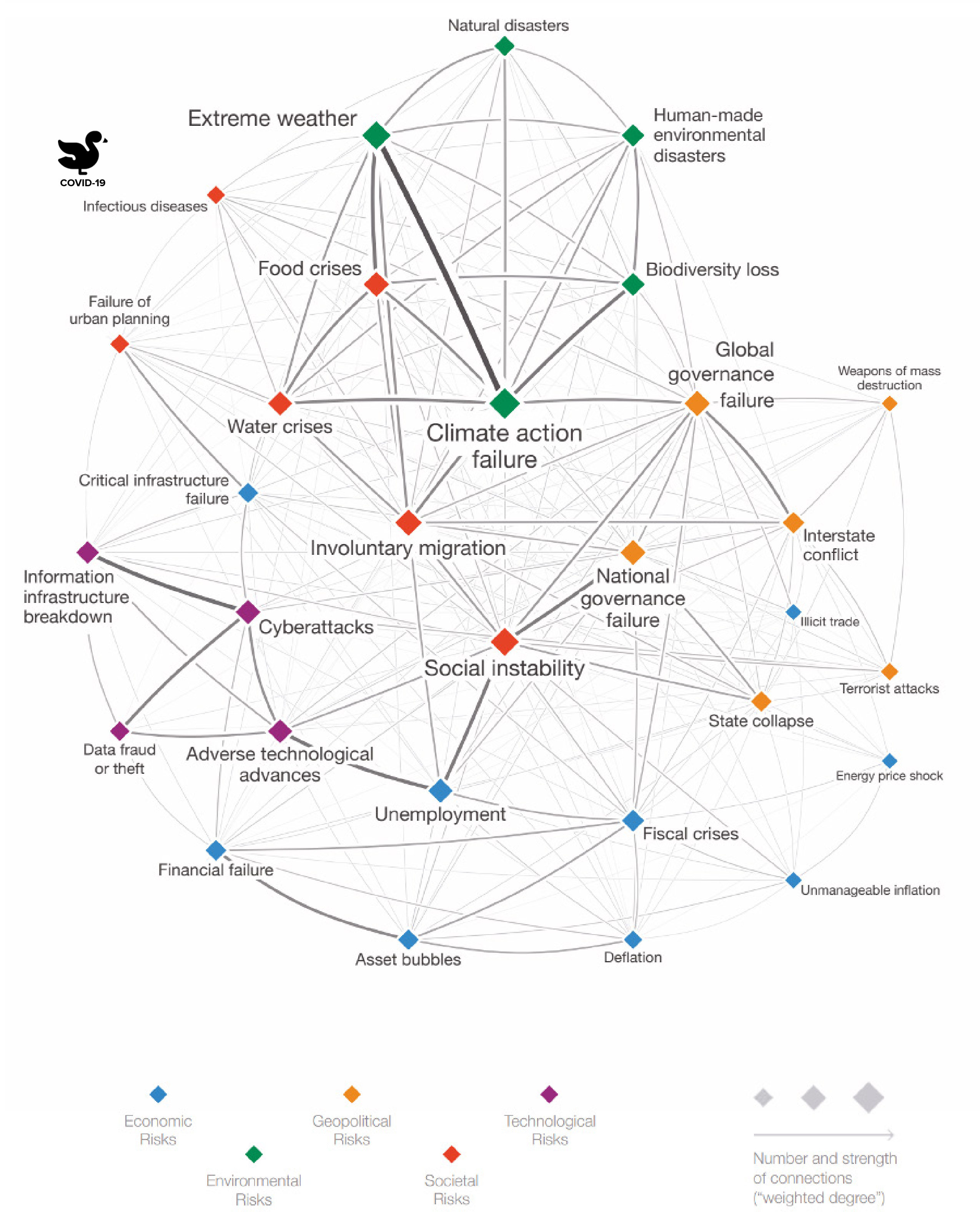
By contrast, the firm's stock of investments in internally generated intangible assets is highly economically significant in explaining returns during each of the Q1 2020 market crisis and full year 2020 periods, suggesting that the flexibility that derives from a large stock of innovative assets is more important than the firm's social capital to share price resilience during this global pandemic. Overall, we conclude that ESG did not immunize stocks during the COVID-19 crisis, but that investments in intangible assets did.

Source and Acknoledgment

We appreciate the research assistance of Daniyal Ahmed, as well as comments from Eli Amir, John Hand, Kevin McMeeking, and workshop and conference participants at the Tilburg University, NYU, IESEG, the Sorbonne Alliance, Brunel Business School, Vlerick Business School, Tel Aviv University, the 44th ANPAD Conference in Brazil, the Cana- dian Sustainable Finance Network and the Egypt Online Seminars in Business, Accounting and Economics. Funding for this work was provided by the University of Waterloo's School of Accounting & Finance Research Grant program (Demers), and a CentER scholarship from Tilburg School of Economics and Management (Hendrikse). These funding sources have had no role in the preparation of this manuscript.

The Global Risk Interconnections Map 2020

The chart tries to make the weighted connections visible and easier to possibly anticipate or grasp the scope of possible and probable “Black Swan” events and impact for the next decades.



Source: World Economic Forum Global Risk Perception Survey 2019-2020

There is increasing awareness that sustainability issues and global ESG risks can have sizeable financial impact on companies and governments all over the world. Insightful ESG research is key and asset owners have a responsibility to understand ESG risks more than opportunities within their portfolios and make sure their fund managers integrate ESG analysis, to enhance returns and minimise downside impact.

Anticipating that evermore momentum, towards responsible investment in financial markets and more sustainability in the wider economy, will make “ESG integration” standard practice, Alpina Capital is convinced it will contribute and help investors to understand and improve their awareness in preparing for mahor global risks like the “Global Risks Interconnections Map 2020 shows above.

04

APPENDIX

CODE OF CONDUCT AND ETHICS

In this Code, the Board of Directors and the Group Executive Board set out the principles and practices that define our ethical standards and the way we do business.

By following it, we will foster a culture where responsible behavior is ingrained in a way that protects our people, our reputation, and our ability to create lasting value for our stakeholders. The Code sets the standards that help us to make that happen.

It is based on three Principles:

Client focus, which is about building relationships that create long-term value, focusing on investment returns and anticipating and managing conflicts of interest; excellence in everything from our products and services to how we collaborate across the firm to deliver the best of what Alpina Capital has to offer; and sustainable performance, which is about working continuously to strengthen our reputation as a rocksolid firm that is committed to sustainable business practices for all our stakeholders.

It is essential that we all follow these Principles. In short, if we do business in the right way, we will be a better organization, an even more successful one, and one that we can all be proud about.

Every year, the Board of Directors and Group Executive Board conduct a review of our Code. In this way, we ensure that key developments of pertinence to our clients, employees and other key stakeholders are reflected in the Code. Following our 2020 review, we have revised the Code, with key updates reinforcing the critical importance we attach to our firm‘s culture, our focus on clients and employees, our commitment to sustainability, and the need to be scrupulous in the way we use confidential data and information.

Further interesting reading and charts:

Making the Sustainable Development Goals consistent with sustainability

The authors of "Making the Sustainable Development Goals Consistent with Sustainability""—Footprint Network CEO and Co-founder Mathis Wackernagel, Program Director Laurel Hanscom, and Director of Research David Lin—found that countries scoring high on a recently developed SDG index also had, without exception, high Ecological Footprints per person. Using the Bertelsmann and Sustainable Development Solutions Network (SDSN)'s SDG index to quantify SDGs, the article reveals that the sustainable development goals are largely (short-term) development goals, vastly underperforming on sustainability.

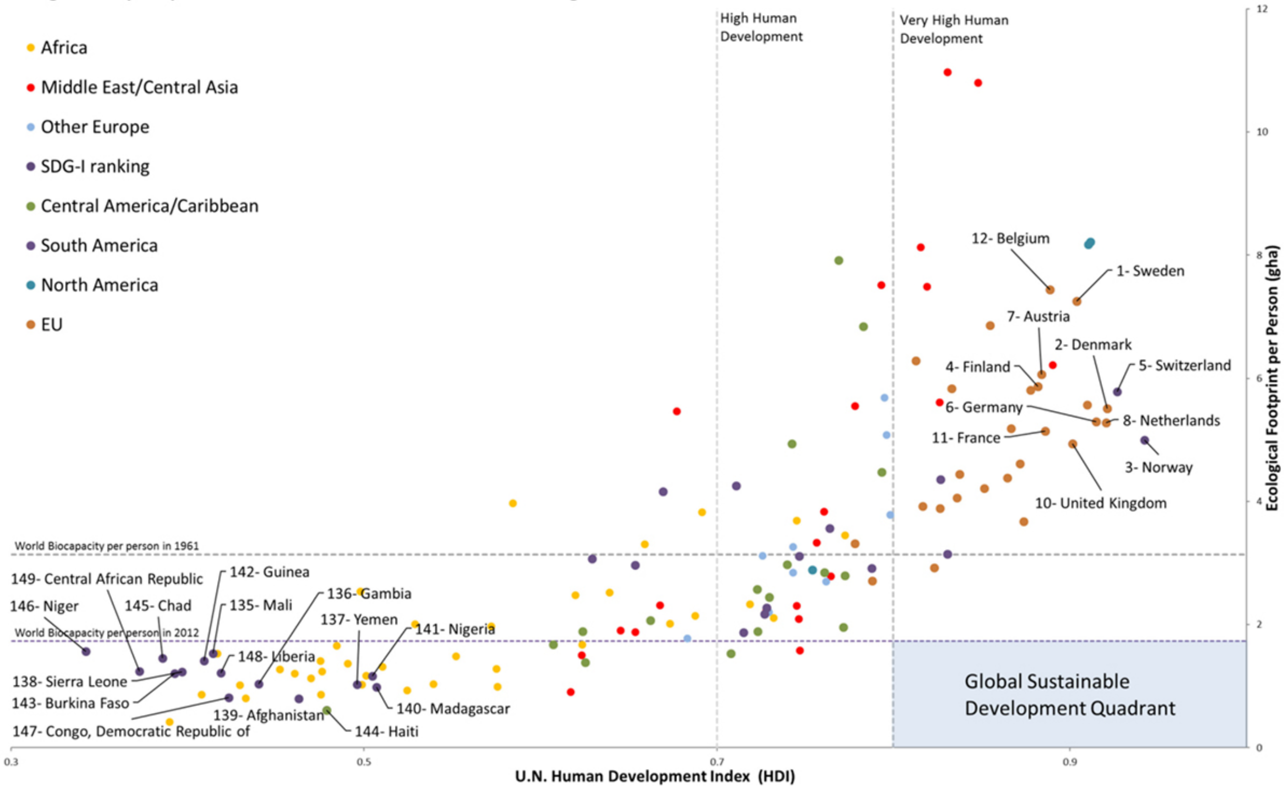
Global Footprint Network and the authors of the paper are strongly in favor of the SDGs. The trio explains this contradiction by highlighting the SDG index rankings within a sustainable development framework that uses the Ecological Footprint and UN Human Development Index (HDI). The Footprint-HDI framework describes necessary outcomes for sustainability and well-being: to have high human development (as measured by HDI) within a resource demand that fits on this planet (as measured by an Ecological Footprint per person that is smaller than the world average biocapacity of 1.7 global hectares per person).

What becomes evident is that higher performance on the SDG index correlates across the board with high Ecological Footprints.

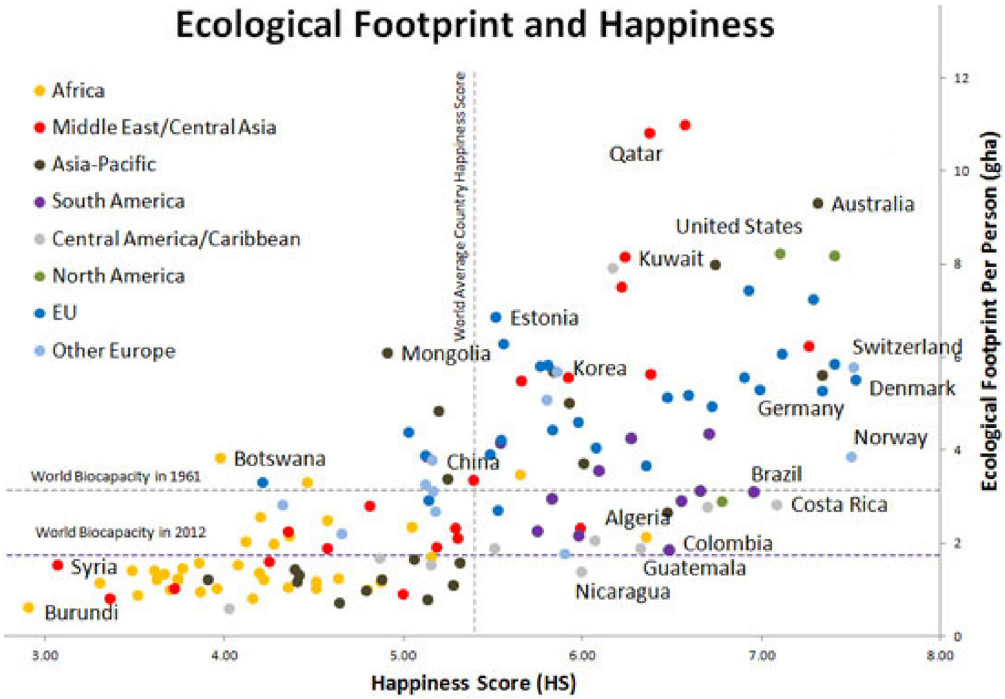
"The Ecological Footprint of the index's top 20 ranking countries is so large that if all other countries consumed at the same rate, it would take the ecological capacity of over three planet Earths to materially support all of humanity," they write.

"This level of demand on the planet is clearly not sustainable."

Ecological Footprint per Person and HDI of Nations with SDG-I Ranking



Source: Global Footprint Network
Ecological Footprint per person and HDI by country indicate how closely each country is to basic global sustainable development criteria (high human development, within resource requirements that are globally replicable). Each number indicates the country's ranking on the Sustainable Development Goal (SDG) index (only top and bottom 10 are marked here). It shows that SDG performance closely follows a conventional rather than a sustainable development path..



Source: [Sustainable Development Solutions Network](), an international panel of economists, psychologists and public health experts convened by United Nations Secretary General Ban Ki-moon, the happiness ranking of 156 countries was based on individual responses to a global poll conducted by Gallup.

Imagine happiness treading lightly on the Earth

Source: Sustainable Development Solutions Network, an international panel of economists, psychologists and public health experts convened by United Nations Secretary General Ban Ki-moon, the happiness ranking of 156 countries was based on individual responses to a global poll conducted by Gallup.

The scholars found that three-quarters of the variation across countries could be explained by six variables: gross domestic product per capita (the rawest measure of a nation's wealth); healthy years of life expectancy; social support; trust (as measured by perceived absence of corruption in government and business); perceived freedom to make life choices; and generosity (as measured by donations).

The glaring omission on this list is the significance of resource consumption.

Yet combining the Happiness Index and Ecological Footprint data on one graph reveals interesting patterns.

Unsurprisingly, the disturbing picture that emerges from the graph is that a high Ecological Footprint is the typical cost of happiness. In this year's ranking, Denmark was No. 1, followed by Switzerland, Iceland, Norway, Finland, Canada, the Netherlands, New Zealand, Australia and Sweden. Most have strong social safety nets and high Ecological Footprints.

At the bottom of the list lies Burundi, where a violent political crisis broke out last year. Burundi was preceded by Syria, Togo, Afghanistan, Benin, Rwanda, Guinea, Liberia, Tanzania and Madagascar. All of those are low-income countries—displaying a low Ecological Footprint—and many have been destabilized by war, disease or both.

On the good news front, many countries in Central America (Costa Rica especially), South America and the Caribbean stand out overall for managing both a relatively high Happiness Index and a relatively low Ecological Footprint.

A more refined analysis reveals that only one country within the top 50 percentile of happiness (Nicaragua) has an Ecological Footprint of less than 1.7 global hectares – the amount of biocapacity currently available per person on the planet.

The silver-lining, however, is that for any level of happiness score, there is a large spread in Ecological Footprint among countries. This is particularly true at the high happiness end of the spectrum. The good news here is that some countries are already demonstrating that it is possible to sustain a high level of happiness on a relatively small Ecological Footprint per capita.

Why does happiness matter?

Because it helps us live longer, healthier and more productive lives. And being happy is a great goal in itself. Since the king of Bhutan pioneered the Gross Happiness Product in 1972, happiness has emerged as an important development goal on the world stage. In July 2011, the United Nations even passed Resolution 65/309, placing "happiness" on the global development agenda.

Going forward, the single most important question for local and national communities to explore is this:

How can we thrive and be happy while living off a sustainable Ecological Footprint?

To clarify, this would require for the world average Footprint to drop below 1.7 global hectares if we want to provision for wild species and for a growing human population, translating into a drastic reduction for most countries ranked high on the Happiness Index.

Some initiatives are already pointing the way, such as Cloughjordan Ecovillage in Ireland. But the transformation will need to occur at a systemic level and on a massive scale for the change to be meaningful—infrastructures, industries, lifestyles.

The challenge is simply massive. And so are the opportunities.

In this respect, the Sustainable Development Goals, the Paris climate agreement, as well as policy agendas and business strategies such as the Green Economy and the Circular Economy, are significant steps in the right direction.

On a final note, Gallup's global poll that drove the happiness ranking was essentially based on one question known as the Cantril Ladder:

"Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you.

On which step of the ladder would you say you personally feel you stand at this time?"

We look forward to the day when residents in many more countries feel they can climb to the top of the ladder without leaving the planet lower down.

Life Evaluation

The Life Evaluation Index includes a self-evaluation of tow items (present life situation and anticipated life situation five years from now) using the Cantril Self-Anchoring Striving Scale with steps from 0 to 10, wehre „0“ represents the worst possible life and „10“ represents the best possible life. Taken together, respondents are then classified as „thriving,“ „struggling,“ or „suffering,“ with „thriving“ respondents evaluating their current state as a „7“ or higher and their future state as a „8“ or higher, while „suffering“ respondents provide a „4“ or lower to both evalations.

Based on The Cantril Ladder Scaler

10
9
8
7

Thriving
- Rate present life 7 or higher
- Outlook over 5 years 8 or higher
- tend to have higher incomes, more education, good health, social supperot

6
5

Struggling
- Neither thriving nor suffering
- Rate present life moderately
- tend to worry about making day-to-day-ends meet

4
3
2
1
0

Suffering
- Rate present life and outlook 0 to 4
- tend to have lower income, less education, less access to basic needs such as food, shelter, and healthcare

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