
Mata Atlântica
Brazil – Foz do Iguaçu

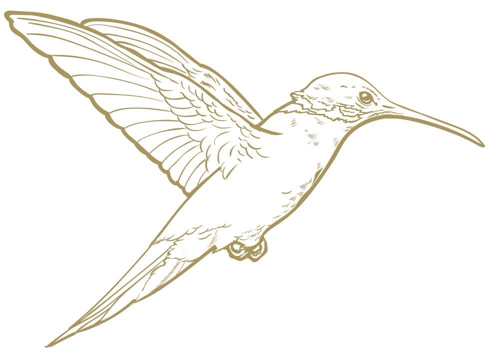
Sustainability Report

Sustainability Report 2022

J. Safra Sarasin Group's Sustainability Report 2022 records the year's accomplishments as well as forward-thinking decisions that are paramount for long-term commercial success and contribute to a sustainable future.

Introduction

The high volatility in global financial markets in 2022 was accompanied by significant developments and challenges in the sustainability space. Most prominently, high inflation and the looming energy supply gap raised questions about the feasibility and timing of the transition to a low-carbon economy. At the same time, unprecedented extreme weather events and heat records were shattered over the course of the year. Global warming and the resulting climate change are already visible and increasingly tangible negative impacts are threatening various geographies across the globe. To address the challenge, an increase in the ambition of intermediary climate targets by 2030 is urgently needed. In order to enter a pathway towards 1.5°C, global greenhouse gas (GHG) emissions need to be reduced by 50% by 2030 and net zero must be achieved by 2050 or sooner. The international community gathered at the UN Climate Conference COP27 in November, reconfirmed the commitment to reduce emissions, addressed mitigation as well as adaptation and took more concrete steps towards covering damage and losses, particularly in developing and emerging economies. However, the combination of commitments is not yet in line with a 1.5°C scenario.



Against this backdrop, it is more important than ever to remain on track with a long-term strategic focus on sustainable solutions. The Bank took the current sustainability challenges as an opportunity to review and reinforce its core convictions and beliefs with the objective to ensure long-term attractive returns based on a sustainable economy.

As a pioneer and thought-leader in sustainability, the Bank is constantly enhancing its corporate strategy to remain at the forefront of the market for sustainable investments and relevant global sustainability reporting initiatives. As a founding signatory of the *UN Principles for Responsible Banking* (UN PRB)[1], the Bank is strengthening its efforts to align itself with the *Paris Agreement*, as well as the *UN Sustainable Development Goals* (SDGs). The Bank was among the first Swiss financial institutions to initiate reporting in line with the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD)[1].

This year, the commitments to sustainable development were continued. In 2021, J. Safra Sarasin Sustainable Asset Management joined the *Net Zero Asset Managers Initiative* (NZAM) in support of its *Climate Pledge*. In 2022, it consequently participated in the second *NZAM Initial Target Disclosure Report* based on the J. Safra Sarasin Sustainable Asset Management Climate Pledge, with the ambitious aim for a net zero

1) Reporting towards TCFD and UN PRB on climate-related risks and SDGs is highlighted throughout the report with shaded boxes.

outcome by 2035. The net zero objective is based on scope 1 and 2 greenhouse gas (GHG) emissions and the intention is to phase in scope 3 emissions over time. The NZAM is part of the sector-wide strategic forum *Glasgow Financial Alliance for Net Zero* (GFANZ) which assembles over 500 financial institutions with USD 130 trillion assets under management, committing to transition investment portfolios to net zero by 2050 or sooner. As part of its NZAM commitment, J. Safra Sarasin Sustainable Asset Management also participated in the *Carbon Disclosure Project* (CDP) questionnaire on climate change.

To further highlight the Bank's commitment to climate action, a number of articles were published during the year. Ahead of COP27, J. Safra Sarasin Sustainable Asset Management again joined the *Investor Agenda*'s initiative to call on governments to increase climate action. The Bank was highlighted in an initiative of *Swiss Sustainable Finance* (SSF) calling for other financial institutions to join net zero initiatives and presented its Climate Pledge at an online event by the *Swiss Asset Management Association* (AMAS). The Board of Directors was updated on the significance and management of climate change and climate-related risks. A Group-wide monthly ESG risk forum continues to bring together stakeholders from the fields of risk management and sustainability. Once more, the Bank participated in the PACTA climate alignment testing.

The information provided in this Sustainability Report is selected and presented according to completeness, balance, accuracy, timeliness, clarity and reliability principles. The figures published cover the entire J. Safra Sarasin Group (the "Group"), including branches and consolidated affiliates, where possible.

The meaning of Corporate Sustainability

For J. Safra Sarasin, Corporate Sustainability means responsible and proactive governance while integrating the interests of all the Group's stakeholders into its decision-making process.

Focusing on its clients, while balancing the needs of its employees as well as the requirements of society for long-term prosperity and the integrity of the environment, is paramount for the long-term strategy of the Group.

From this understanding, J. Safra Sarasin has defined five strategic Corporate Sustainability objectives. This Sustainability Report is structured along these five objectives:

1. We embed sustainability in our corporate strategy and governance
2. We incorporate sustainability considerations in our core investment offering
3. We live a sustainable corporate culture
4. We are part of society
5. We manage resources efficiently

Corporate Sustainability at a glance

Bank J. Safra Sarasin's Sustainability Manager serves as a facilitator and catalyst for embedding sustainability in the Group's corporate strategy and increasing the

Figure: The five Sustainability Objectives for J. Safra Sarasin

Bank's sustainability profile (Objective 1). The Corporate Sustainability Board (CSB) reports directly to the Group Executive Board and brings together major decision-makers of the Group behind this single goal throughout the year. J. Safra Sarasin Sustainable Asset Management offers its expertise to clients through its range of existing and new sustainable product offerings and by implementing its industry-leading Climate Pledge (Objective 2). In order to foster a sustainable corporate culture (Objective 3), the Group has chosen a two-pronged approach: first, by further deepening the knowledge of its employees on sustainable banking services, and second, by strengthening employee relations by organising events and awarding prizes to its loyal and highly motivated workforce. J. Safra Sarasin continues to be an active sponsor in its social environment (Objective 4). The Group sponsors projects mainly in the field of philanthropy, arts and sports. Decarbonising operations is a new climate-related target to complement existing projects to continuously increase energy efficiency and reduce the carbon footprint of the Group (Objective 5). This report demonstrates the progress achieved in 2022.

Figure: The meaning of Corporate Sustainability for J. Safra Sarasin

Objective 1: We embed sustainability in our corporate strategy and governance

Commitment to Sustainability – since 1841

Sustainability has been a firm component of J. Safra Sarasin's identity and stability as a Swiss private banking group for over 180 years. J. Safra Sarasin does not view sustainability as an end in itself but rather as a key factor in its success. Sustainability is the distinct feature of the Group, which is convinced that it will lead to better long-term results and contributes to the long-term sustainability of the economy and society. Therefore, it creates continuity and equitability across time and generations. J. Safra Sarasin is committed to operating its core business in a consistently sustainable manner. This is a commitment for the future. The associated principles and rules of corporate governance provide the framework for every aspect of our business activity. The sustainability strategy is strictly implemented at management and operational levels in order to ensure credibility and reliability. J. Safra Sarasin believes that this business model, which is also reflected in the Bank's product offering, contributes to wider societal objectives as expressed by the *Paris Agreement* and SDGs.

Figure: Pyramid of sustainability strategy

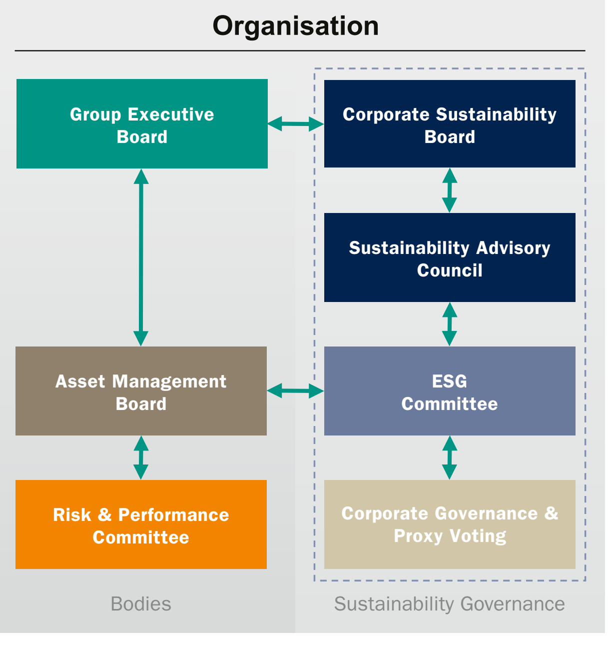
The sustainability strategy of J. Safra Sarasin

The mission statement of the J. Safra Sarasin Group, the mission statement of the Corporate Sustainability Board, the Group's strategic goals as well as its annual objectives and operational actions constitute the pyramid that demonstrates how J. Safra Sarasin organises its sustainability strategy.

The Corporate Sustainability Board (CSB)

To ensure that high sustainability standards, including governance of climate-related risks, are firmly embedded in the core business strategy, the Group Executive Board set up the internal Corporate Sustainability Board, comprising members of the Group Executive Board, the Executive Committee and top managers from different divisions across the Bank. Annually, there are several meetings to define and monitor progress against defined strategic objectives. The Corporate Sustainability Board's responsibilities are to develop the sustainability strategy as part of the Group's overall business strategy, identify strategically relevant environmental, especially climate-related, as well as social themes, and monitor the operational implementation of the strategically developed initiatives and measures based on environmental and social Key Performance Indicators (KPIs). For the Group's business, the climate-related transition and physical risks are important over the medium- to long term. Policymakers around the world are increasingly discussing regulatory changes to tackle climate change and alignment with the *Paris Agreement*. At the same time, J. Safra Sarasin sees these developments as opportunities. As a pioneer and thought-leader in the field of sustainable investments, the Group provides the innovative and forward-looking investment solutions described in this report.

Figure: Interaction between committees



The mission statement of the Corporate Sustainability Board is derived from the Group's Mission Statement. It summarises how the J. Safra Sarasin Group regards itself in the context of sustainability, how it sets out its environmental and social goals and how these are to be achieved.

The ESG Committee

The purpose of the ESG Committee (the "Committee") is to prepare and decide on topics related to Objective 2 of Bank J. Safra Sarasin's Sustainability Strategy, i.e. issues in the scope of J. Safra Sarasin Sustainable Asset Management, and more generally, topics related to sustainable investments. The Committee also decides on operational questions in the context of the implementation of the overarching Sustainability Strategy. The Committee prepares and proposes updates to the sustainability policies and directives in scope for J. Safra Sarasin Sustainable Asset Management, such as the Sustainable Investment Policy and its Climate Pledge.

The Sustainability Advisory Council (SAC)

Both the Corporate Sustainability Board and the ESG Committee are advised by the external Sustainability Advisory Council (SAC). The SAC has been set up for the Bank to receive guidance on its sustainability strategy and to ensure that its Asset Management division receives regular guidance and advice relating to recent developments in sustainable investment provided by experienced international experts. The SAC provides access to the latest academic research in the field of sustainable investing. Joint presentations at internal educational sessions and external client events are also part of the SAC's responsibilities. Furthermore, joint investment research projects are conducted in order to further improve the investment approach and benefit from external specialist know-how and experience.

Legal & Compliance

J. Safra Sarasin conducts its business activities within the scope of the applicable statutory and regulatory provisions and in compliance with rules of business conduct for the banking industry. The Group Executive Board and the management of the business divisions and branches/affiliates are responsible for compliance with all legal and regulatory provisions. Legal & Compliance provide support to the management in meeting this responsibility. Legal & Compliance units functionally report to the General Counsel, thereby ensuring their independence from the operating business.

The Group's Code of Compliance defines the key principles and rules of conduct which lay the foundation for irreproachable business activity that demonstrates integrity and complies with the relevant regulations. Every staff member is required to meet the standards set out in the Code of Compliance. Employees joining J. Safra Sarasin are obliged to submit a written confirmation in this regard. All the key business processes are governed by internal directives and procedures are conducted in a standardised form. In the 2022 reporting year, there were no legal actions on the basis of anticompetitive conduct or the formation of cartels or monopolies.

Besides the regulatory obligations, the Bank has committed to a meaningful range of voluntary initiatives, commitments and memberships. Adherence to such principles and progress towards voluntary objectives are internally monitored in a systematic and objective manner.

Changes in the regulatory environment

The regulatory wave in the financial industry on sustainability-related topics resumed at a high pace and had an impact on internal business processes, control and monitoring systems and on the development and introduction of new products and services.

Many components of the EU regulation on sustainable finance were further developed and took partial effect in 2022. This included the *Sustainable Finance Disclosure Regulation* (SFDR), *Principal Adverse Impacts* (PAI) and *Markets in Financial Instruments Directive II* (MiFID II). SFDR requires disclosure of financial market participants on environmental, social and governance (ESG) characteristics on entity level, of investment products and how they contribute to environmental or social objectives, resulting in a self-classification as follows:

- *SFDR Article 6: Does not integrate sustainability or only uses very basic ESG considerations*
- *SFDR Article 8: Addresses sustainability risks and promotes sustainability characteristics*
- *SFDR Article 9: Integrates sustainability risks and has an explicit sustainability objective (i.e. environmental or social)*

The Bank has established comprehensive calculation and reporting mechanisms under the new regulation in order to provide fullest transparency on sustainability aspects of the applicable range of investment solutions to its clients.

As of 2022, MiFID II took effect and requires capturing clients' sustainability preferences. To meet these requirements and further enhance the quality of advisory services, an ESG client questionnaire was developed and rolled out, accompanied by related training programs for client-facing staff. In 2023, further regulatory components will come into force such as reporting requirements under SFDR and PAI. Furthermore, EU-based companies will be required to disclose and make ESG information transparent, while meeting the criteria set out in the EU taxonomy under the *Corporate Sustainability Reporting Directive* (CSRD).

Regarding disclosure of climate-related risks, several regulators have published requirements for financial institutions, which typically are oriented towards the recommendations of the *Task Force for Climate-Related Financial Disclosures* (TCFD). During its meeting on 23 November 2022, the Swiss Federal Council adopted the implementing ordinance on climate disclosures for large Swiss companies, effective from January 1st 2024. The new ordinance foresees binding implementation of the recommendations of the TCFD by large Swiss companies.

Objective 2: We incorporate sustainability considerations in our investment activities

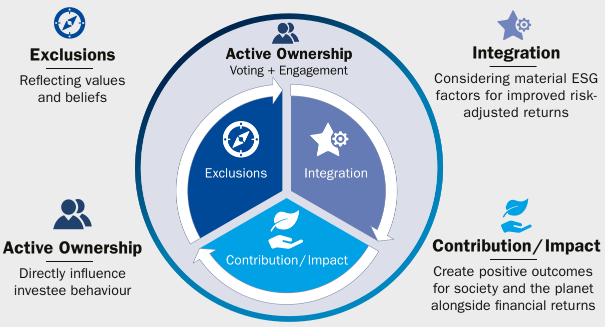
The basis of J. Safra Sarasin's success is also founded on its sustainable investment strategy and its solid, sustainable know-how gleaned from more than 30 years of experience.

Bank J. Safra Sarasin believes that identifying, analysing and managing company- and sector-specific ESG risks and opportunities enhance its investment decisions. This forms an integral part of its fiduciary duty vis-à-vis its advised clients as well as client assets managed on a discretionary basis.

Bank J. Safra Sarasin strives to demonstrate added value to clients in each step of the investment process: from macro research and constructing the investment universe to security selection, portfolio construction, risk monitoring and client portfolio reporting. Embedding sustainability has the clear objective of improving investment decisions and results, reducing the adverse environmental and social footprint of clients' portfolios, generating positive impact and promoting sustainable financial markets aligned with the *UN Principles for Responsible Investment* (UN PRI).

Besides incorporating sustainability into every stage of the investment process, Bank J. Safra Sarasin has implemented investment-supporting activities, including the exercising of voting rights and engaging in a strategic dialogue with decision-makers of invested companies. One key aspect of the Bank's offering is the ability to discuss with clients their specific requirements across a broad spectrum of sustainable investing approaches and criteria, which enables it to provide customised client solutions.

Figure: Various approaches to sustainable investments



Sustainable Investments

J. Safra Sarasin Sustainable Asset Management believes long-term thinking is the main condition for real and lasting economic success. This means investing in businesses that better manage sustainability related-risks and opportunities, while avoiding companies that fail to capture and address important trends. Sustainability is the lens for the viability of the Bank's investments. At J. Safra Sarasin, it is a long-standing conviction that incorporating sustainability insights at all times increases the quality of investment analyses. Furthermore, J. Safra Sarasin believes that integrating sustainability considerations into the investment process leads to better outcomes in the long term by reducing risks and harnessing opportunities.

Bank J. Safra Sarasin's primary objective is to deliver superior risk-adjusted investment performance to its clients by considering all relevant, issuer-specific aspects, including ESG considerations, in the investment analysis. To this end, the Bank also engages with investee companies, clients and the broader public to foster a change in behaviour towards sustainable practices.

At the forefront of J. Safra Sarasin's sustainable investment philosophy stand three fundamental goals that drive its sustainable investment process:

I. Reducing Risks and Delivering Returns

By looking at risks using both financial and ESG metrics, J. Safra Sarasin mitigates longer-term risks often overlooked in traditional investment approaches. Controversial business activities and practices that come with reputational risks are avoided. In the portfolio construction process, we aim to reduce ESG and climate-related tail risks not only at the single security level but also at the portfolio level. There is clear evidence in historical data that the risk profile of investment portfolios can be improved if the lowest-rated ESG companies are excluded.

J. Safra Sarasin invests in companies that operate with excellent ESG practices and identifies attractive thematic opportunities by understanding long-term transformational trends. Depending on the focus of each investment strategy, a positive performance contribution can materialise either top-down via a thematic selection or a specific regional and sectoral allocation. Furthermore, the integration of material ESG factors in the bottom-up security selection strengthens the investment case and can be a source of alpha generation. The surging demand for sustainable investments and the regulatory changes, which lead to a shift in capital to more sustainable issuers, are likely to bring about valuation premiums for high-quality ESG companies in the coming years.

II. Sustainable Outcomes: Fostering Transition and Contributing to the SDG

With some of our strategies, we aim for sustainable outcomes by positively contributing to one or several of the *Sustainable Development Goals* (SDGs) established by the United Nations. Such contributions are targeted alongside financial returns and result from the invested company's products and services, or the best operational practice in the respective industry. We also seek exposure to firms which are transition leaders in their respective field.

As an overarching target to foster the transition, J. Safra Sarasin Sustainable Asset Management made a Climate Pledge with a net zero target by 2035, is a signatory to the *Net Zero Asset Managers Initiative* (NZAM) and has established a climate policy with further details on the climate approach. Furthermore, the Bank signed the *Finance for Biodiversity Pledge* with the goal of contributing to methodologies and solutions that address the increased risk of detrimental global biodiversity loss.

III. Active Ownership

J. Safra Sarasin targets positive outcomes by fostering robust corporate governance structures, shareholder rights and strong social and environmental performance. Through its Active Ownership activities in the form of engagement and proxy voting, the Bank exercises its ownership responsibilities, encompassing company dialogues to discuss material financial and ESG issues relevant to specific business cases and initiatives to encourage increased transparency and active participation at shareholder meetings.

Sustainable Investment Process

Based on the three fundamental goals and depending on the investment strategy-specific level of ESG integration, the sustainability objectives of the strategies are: (a) avoiding controversial exposures, (b) mitigating ESG risks and harnessing ESG opportunities, (c) achieving an above-average ESG profile, and (d) intentionally targeting measurable positive outcomes by investing in companies that promote sustainable products and services.

The sustainable investment process comprises the following four steps:

1. Eligible Investment Universe

The first step of J. Safra Sarasin's generic sustainable investment process is the strategy-specific definition of the eligible investment universe, in accordance with the ESG criteria as determined on the basis of the internal sustainability analysis. This stage comprises the exclusion of controversial activities and may as well cover positive and negative sustainability screening, i.e. either a best-in-class or a worst-out process. ESG key issues, SDG-related revenues, carbon metrics and other relevant sustainability-related data are sourced from a number of data providers and integrated into the Bank's proprietary database and algorithms, where an Industry and a Company Rating are calculated. A similar process is applied for country ESG ratings.

2. Investment Analysis

In the second step of the investment process, where J. Safra Sarasin uses proprietary bottom-up investment research, ESG factors are embedded in the investment cases. In this process step, the portfolio manager/analyst enhances the financial assessment with ESG, SDG, climate and other sustainability performance data to get a more comprehensive view of the investment case in order to make a better-informed decision. Sustainability data and analysis can be used to generate investment ideas from sustainability trends and also to make the investment case more robust.

3. Portfolio Construction

In the third step, portfolio managers monitor the aggregated ESG ratings and climate-related metrics of their investment strategies and compare them with the benchmark or reference portfolio in their risk management systems on an ex ante basis. For a number of strategies, the Bank assigns ESG and climate objectives which the portfolio managers must adhere to. Climate objectives often relate to the carbon footprint of the strategies against the benchmark. Certain subfunds may use outcome-oriented data on SDG-related corporate revenues and have explicit targets to achieve a higher number of portfolio holdings with SDG-related revenues.

4. Continuous Monitoring

In the fourth step of the investment process, J. Safra Sarasin's ESG key performance indicators are used ex post in order to monitor ESG and climate risks in performance review meetings and in the Bank's Risk and Performance Committee. All sustainable strategies are in scope of the Bank's Active Ownership policy.

The Bank's sustainable investment strategies consider *Principal Adverse Impacts* (PAI) by means of its proprietary ESG scoring approach (ESG Matrix), by mandatory exclusions or through targeted active ownership activities (voting and engagement). Further details on the handling of PAI are defined in the Principal Adverse Impacts statement.

Figure: Integration of specific sustainability objectives

	Sustainable Investment Tools	Possible integration of specific sustainability objectives: Climate	SDGs	Biodiversity
Universe Definition	1 **Exclusion** of controversial activities			Impact on biodiversity as evaluation criteria
	2 **ESG Screening:** investable universe	Green revenues and temperature path	Explicit integration of positive SDG revenue categories	Biodiversity risks are part of industry and issuer rating
Investment Analysis	3 **Long-term ESG trends:** idea generation for allocation and selection	Using proprietary climate engine	Using proprietary SDG engine	Green revenues
	4 **ESG integration:** into financial analysis and investment cases	Financial, ESG and climate operational excellence	SDG contribution to fair value	Definition of biodiversity KPIs
Portfolio Construction	5 **ESG risk assessment:** portfolio positioning and tail risk review	ESG and climate risk profile		Diversification of ecological risks
	6 **Climate risk assessment:** on a portfolio basis	Climate objectives and risk management	SDG revenue objectives	Biodiversity objectives
Continuous Monitoring	7 **ESG risk monitoring and reporting**	Tailored climate metrics	Dedicated SDG reporting elements	Ecological risks and impacts
	8 **Active ownership:** engagement with companies and voting on key topics	Focus on climate	Focus on advancement of SDGs	Focus on biodiversity

Sustainable Investment Tools

1. List of exclusion criteria

In addition, Bank J. Safra Sarasin screens for controversial business activities and practices. The Bank applies several standard criteria in order to exclude business practices which are in breach of global norms and/or highly controversial business activities. These standards are defined in the framework of the Bank's Corporate Sustainability Governance and are encapsulated in its exclusion criteria as defined by the Corporate Sustainability Board and the Sustainable Investments Advisory Council. Companies with the following activities are excluded from the investment universe:

Controversial Weapon Guidelines of J. Safra Sarasin Group

The Group actively meets its responsibility when it comes to controversial weapons and has implemented a policy outlining the Group's principles in this area. Controversial weapons are categorised as controversial because of their long-term humanitarian impact and/or the large number of civilian casualties they cause. They include biological, chemical and nuclear weapons, cluster munitions and anti-personnel mines. J. Safra Sarasin has committed itself not to invest its treasury in companies that are active in the domain of controversial weapons.

Criterion	Short description	Revenue Thresholds
Coal	Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy	5% mining 10% thermal[2]
GMO – Agriculture	Companies that genetically modify organisms for controversial agricultural use	0%
GMO – Medicine	Human cloning and other manipulations of the human gene sequence	0%
Defence and Armament	Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems & services (e.g. weapon control systems, target navigation systems, etc.)	5%
Tobacco	Producers of tobacco products	5%
Palm Oil	Palm Oil producers with less than 75% of sites RSPO certified	5%
Adult Entertainment	Producers of adult entertainment materials	5%
Violation of Human Rights	Companies involved in severe violations of human rights. This criterion takes into account established international standards and principles (e.g. UN Global Compact)	0%

2) The revenue threshold for thermal coal was lowered from 20% to 10% to reflect the advances in energy transition.

Furthermore, J. Safra Sarasin bases the Sustainable Investment Policy on the following international conventions and norms:

- *The Children's Rights and Business Principles*
- *The Convention on Cluster Munitions*
- *The ILO conventions on Labour Standards*
- *The OECD Guidelines for Multinational Enterprises*
- *The OECD Principles of Corporate Governance*
- *The Rio Declaration on Environment and Development*
- *The UN Convention on Corruption*
- *The UN Guiding Principles on Business and Human Rights*
- *The Principles of the UN Global Compact*
- *The Universal Declaration of Human Rights*

2. Positive and Negative Screening

In the ESG screening process, J. Safra Sarasin performs a sustainability analysis for each covered company in order to define the applicable investable universe for each strategy. The main result of this analysis is the definition of different investment universe segments from A (best) to D (worst). The ESG screening analysis of a company is composed of two elements, Company Rating and Industry Rating.

Company Rating:
- The relevant ESG key issues by sector are analysed together with the assessment of related risks. Adequate KPIs and weightings are identified for each industry. Company-specific ESG data from external data providers are combined with our industry weightings to derive the final company rating.
- As an integral part of the company rating process, the Bank also conducts a media and stakeholder analysis that takes into account relevant business controversies and incidents involving the rated company. Controversies and incident-related information are reflected in the company's sustainability rating and are based on non-company-issued information that is in the public domain. The news value (influence of the source, severity of criticism, newness of the issue), the news intensity (frequency and timing of the information), as well as the company's reaction (transparency, pro-activeness, remediation effort) are systematically taken into account in the rating process.

Industry Rating:
- The industry rating is based on a proprietary input-output model that analyses the relative ESG risks and opportunities faced by different industries. The relevant externalities are classified into ESG-themes and underlying issues. The assessment takes into account direct and indirect impacts along the value chain and in relation to the *UN Sustainable Development Goals* (SDGs). Based on this information, the Bank derives a rating for each industry.
- The calculation of industry ratings is reviewed by the Sustainable Investment Analysts on a bi-annual basis.
- The industry ratings are compared with other available data and rating sources, i.e. MSCI ESG industry risk intensity scores, to ensure accountable and credible industry score results.

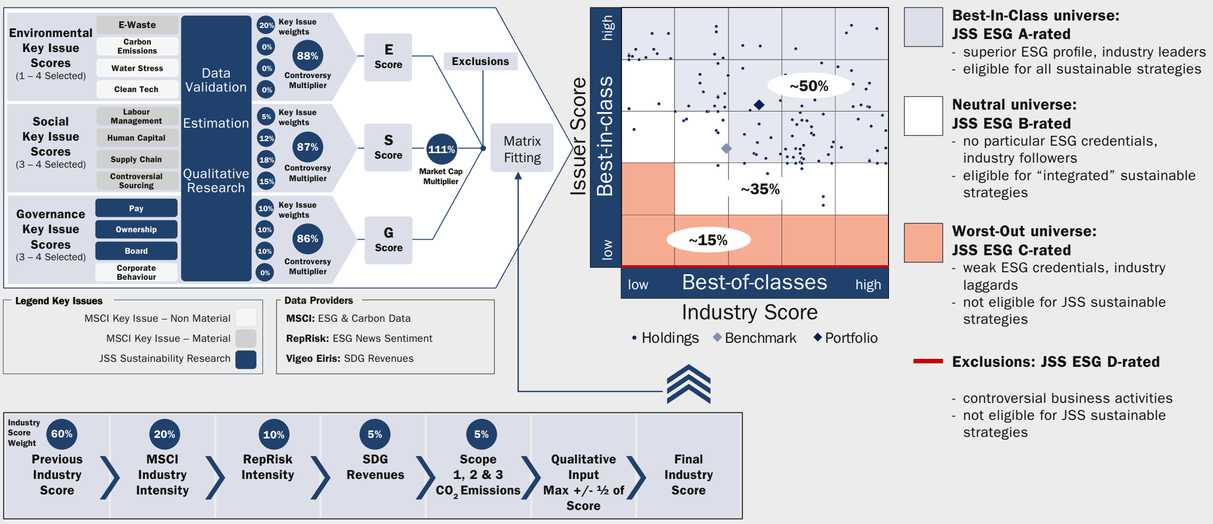
In a subsequent step of the Sustainability Analysis, the two scores (company rating and respective industry rating) are combined and displayed in the proprietary J. Safra Sarasin Sustainability Matrix®, the key output of the Bank's Sustainability Analysis. In exposed sectors with low ratings (e.g. oil & gas, materials), companies must achieve a high Company Rating to be included in the best-in-class investment universe (A), whereas in less exposed sectors (e.g. telecommunication, IT), companies must only achieve an average company score to be included. In the Bank's Sustainability Matrix®, the x-axis displays the Industry Rating score between 0 (low) and 5 (high). The y-axis displays the company score between 0 (low) and 5 (high). The output of the sustainability analysis is the basis for the product-specific investable universe.

ESG A-rated (best-in-class) companies are investable without any restriction in all strategies. ESG B-rated (neutral) companies are only investable in the Bank's ESG-integrated strategies. In these strategies, the relevant ESG risks and opportunities must be addressed along the investment process, i.e. in research, investment case, portfolio construction and ESG performance monitoring. In addition, an engagement strategy is applied in cases where a positive impact can be reached through company interaction. ESG C-rated firms are lagging behind their industry peers, exhibit specific sustainability concerns, raise questions in terms of the "do no significant harm" principle, or show a weak performance against important industry-specific standards. Companies can also be C-rated after an unsuccessful engagement initiative to address identified weaknesses. Finally, companies on the Bank's exclusion list are D-rated. C- and D-rated companies are not eligible for the Bank's sustainable investment strategies. In case of a passive breach after a rating deterioration, an adequate grace period for divestment applies to protect the clients' best interests.

The definition of the A-rated universe ensures that of the entire global investment universe of issuers for which ESG data are available, about half (50%) of the number of issuers are excluded. Integrated strategies that allow investments in the A- as well as the B-universe encompass about 85% of a global investment universe. The C-universe (worst-out), which is not eligible for our sustainable investment strategies, consists of about 10-15% of issuers, with the remaining part forming the exclusion list (D-rated universe).

Bank J. Safra Sarasin aims to have the highest possible coverage of securities in every investment strategy. Nevertheless, there may be some investment strategies where the coverage is not sufficient. In that case, an allocation of a specified percentage in non-rated securities (ESG non-rated) will be allowed and defined in the Product Restrictions and Positioning (PRP) of such a strategy.

Figure: J. Safra Sarasin Sustainability Matrix®



Note: The distribution of firms to the universes A-D is based on a global investment universe. In regional subsets, the respective figures can vary.
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3. Long-term sustainability trends

Humanity faces crucial global challenges and must confront them. This gives rise to transformative trends that are reshaping the world and that create opportunities. This future-oriented approach can be integrated into the idea generation process both from a top-down allocation view as well as from a bottom-up security selection process.

In the top-down allocation process, sustainability trends can determine the definition of structural over- or underweights with regard to regional or industry allocation in a specific strategy. Sustainability trends can also have an impact on the selection of investment themes or clusters in specific strategies.

One specific area where J. Safra Sarasin expects above-average structural growth is in companies creating products and services necessary for the achievement of the *UN Sustainable Development Goals* (SDGs). As J. Safra Sarasin expects investors to increasingly allocate capital towards the achievement of the SDGs, the companies are expected to have higher growth, valuation support from investor demand and to create positive externalities exceeding the initial investment.

4. ESG Integration

In the bottom-up security selection, ESG factors are combined with traditional financial data in order to get a holistic view of an investment case. Strategies in which J. Safra Sarasin builds detailed financial models, financially material ESG factors have an impact on the determination of the fair value of a security. This process also includes defining sustainable key performance indicators for each investment case.

In the bottom-up process, sustainable trends will have an impact on the expectations for revenue growth, margins and profitability in specific markets.

5. ESG profile and risk assessment

For the majority of investment strategies, the portfolio construction process relies on a quantitative multi-factor risk model to construct portfolios and control for external risks. The (ex ante) risk attribution and the (ex post) performance attribution are based on the same multi-factor model.

The portfolio construction system considers inputs based on the investment strategy's universe and benchmark (if available), the sustainability rating of issuers and specific sustainability risk factors as well as SDG Revenue percentage. The implementation is an iterative process, taking into consideration the impact on portfolio factor exposures, risk measures and restrictions. They are implemented if they improve the risk/return profile. The change of ESG profile and ESG tail risk assessment are also taken into consideration.

Certain strategies may use outcome-oriented data on SDG-related corporate revenues. The alignment of a strategy with the SDGs is measured in two dimensions. Firstly, the percentage of revenues generated by products and services, which support the SDGs, is shown for each portfolio holding. Each company must have some revenues from SDG products and services. Secondly, the average percentage of SDG products and services is calculated at the portfolio level. They may have explicit targets in relation to the percentage of those SDG-related revenues versus overall revenues.

6. Climate profile and risk assessment

Climate risk analysis focuses on long-term and tail risks arising from climate change and the respective changes in the regulatory environment.

By using climate-related data, such as the CO_2-footprint or stranded asset exposure, transitional and physical business risks are identified and measured within a portfolio context. The focus of the analysis is to highlight and reduce tail risks.

In the portfolio construction step of the investment process, any change in the investment portfolio will be analysed with reference to the change in the climate profile (ex ante). For some strategies, specific climate objectives are defined at the portfolio level. Adherence will be ensured in the portfolio construction process.

7. ESG risk monitoring and reporting

The Bank's Risk and Performance Committee (RPC) reviews performance and risk figures for each investment strategy compared to its predefined benchmark, strategic asset allocation or peer group. This monitoring includes the defined ESG and climate factors and respective targets. Large deviations are discussed and explained in the RPC.

The ESG portfolio-reporting framework aims to provide more insights about the ESG portfolio and holdings profile of the investments. It provides a relative and absolute assessment of aggregate portfolio ESG performance on a range of strategically relevant metrics and key insights about why particular companies are eligible for a sustainable investment portfolio.

8. Active Ownership

The Bank's Active Ownership approach is described in the following section.

Figure: Overview of Active Ownership

Active Ownership Strategy

Bank J. Safra Sarasin sees its role as a sustainable asset manager with a long-term perspective. Active Ownership, comprising company engagement and proxy voting activities, is an important component of this understanding. The Bank's approach is designed to encourage robust corporate governance structures and to ensure that shareholder rights are protected. Similarly, J. Safra Sarasin aims to encourage meaningful initiatives in the social and environmental domain, together with greater transparency, so as to produce a positive impact.

Exercising voting rights at Bank J. Safra Sarasin

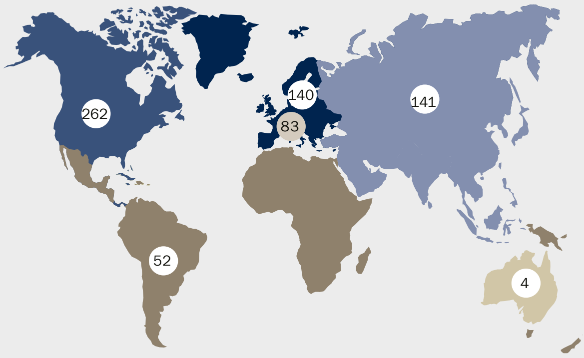
Voting rights are exercised for equity funds taking into account environmental, social and corporate governance criteria. Although the majority of votes concern corporate governance issues, J. Safra Sarasin also considers social and environmental issues when exercising voting rights on behalf of clients.

The Bank casts votes in line with the Bank's own Proxy Voting Guidelines which are aligned with the Bank's sustainable investment strategy. The guidelines contain the Bank's specific understanding of various proposals that are routinely submitted to a shareholder vote, such as the election of the board of directors, executive remuneration structures, as well as certain environmental and social resolutions. In doing so, it receives operational support from an external proxy advisor. In-house expertise is taken into account on specific company transactions and other key voting issues. Based on its guidelines, the Bank's asset management voted or advised on 9,258 agenda items at 682 Annual General Meetings (AGMs) on a global level in 2022. At these AGMs, Bank J. Safra Sarasin voted "Against" one or several of the management's recommendations in 25% of all cases. Common topics in which the Bank voted against management recommendations included executive pay practices or lack of cultural and gender diversity in the composition of the Board.

Table: Overview of voting activity

	2022	2021
Number of meetings	682	580
Number of proposals	9,258	7,530
"Against" management	25%	22%
E and S Shareholder proposals	140	66

Figure: Global voting map of Bank J. Safra Sarasin with number of meetings by country



Engagement

In addition to exercising voting rights, Bank J. Safra Sarasin actively pursues four different forms of engagement:

Form of Engagement	Area of Impact
Direct dialogue with companies on key ESG issues	Putting forward investment arguments and advising companies on integrating ESG factors
Collaborative engagements with other investors	Targeting systemic or thematic ESG aspects, such as climate or biodiversity risks
Management interactions through investment teams	Including ESG topics in operational and strategy updates when speaking to management teams of portfolio companies
Public policy engagement	Influencing local or international frameworks, such as reporting or accounting standards

Each form of engagement is associated with an area of impact. In direct dialogue and management interactions, J. Safra Sarasin strives to put forward its investment arguments, while in the case of collaborative company engagements, the focus targets systemic ESG aspects, such as climate or biodiversity risks. Furthermore, participation in public policy engagements is directed to influence local or international frameworks, such as reporting or accounting standards. The approach is aligned with J. Safra Sarasin's sustainable investment methodology and takes into account numerous international guidelines and standards such as the *UN Global Compact* or the *OECD Guidelines for Multinational Enterprises*.

Direct dialogue with companies on key ESG issues

Every year, Bank J. Safra Sarasin's sustainable investment analysts and portfolio managers meet with the management of hundreds of companies to discuss, among others, material ESG issues relevant to the specific business case. In addition, there are concrete, more extensive dialogues over a longer period to provide a more detailed understanding of strategically relevant ESG issues or to improve investor communication in the area of sustainability. In cases where companies are not aware of relevant ESG risks and/or manage them insufficiently, Bank J. Safra Sarasin would downgrade their sustainability rating and refrain from an investment as the last step.

Collaborative engagements with other investors

Bank J. Safra Sarasin collaborates with other investors in order to maximise the impact of engagement initiatives. The approach is particularly effective around ESG issues that impact an industry as a whole and where approaching companies with a unified investor voice is likely to enhance the impact of the engagement activity. For collaborative investor engagement activities, the Bank is also active through different organisations such as the *UN Principles for Responsible Investments* (UN PRI), the *Carbon Disclosure Project* (CDP) and *ShareAction*.

Overall, the Bank participated in the following collaborative engagement activities in 2022:

- *Access to Medicine Index*
- *Access to Nutrition Initiative*
- *Carbon Disclosure Project* (CDP) – *Disclosure campaign*
- *FAIRR – Animal Pharma*
- *FAIRR – Sustainable Proteins*
- *FAIRR – Sustainable Aquaculture*
- *FAIRR – Working Conditions*
- *FAIRR – Biodiversity Loss from Waste & Pollution*
- *Science-Based Targets Initiative* (SBTi) – *Media campaign*
- *ShareAction – Chemicals Decarbonisation*

Management interactions through investment teams

The Bank's investment teams also communicate regularly with company management and other company representatives to discuss material financial and ESG issues relevant to specific business cases. These generally happen in the context of regular operational and strategy updates between the investment organisation and portfolio companies.

Public policy engagement

Bank J. Safra Sarasin also actively participates in political dialogue in various ways. Through involvement in leading sustainable investment initiatives and organisations such as *Eurosif* and *Swiss Sustainable Finance* (SSF), the Bank fosters contacts with politics and other stakeholders to promote the consideration and integration of relevant ESG themes on a regulatory level as well. The Bank is also committed to promoting a better understanding of sustainable investments. In 2022, the Bank participated in the following working groups:

- *Swiss Sustainable Finance* – Working Group on Swiss Sustainable Investment Market Study 2022
- *Swiss Sustainable Finance* – Working Group on the consultation about the climate-reporting ordinance
- *AMAS* – Working Group on environmental indicators for real estate funds
- *WWF* – Working Group on a biodiversity risk framework
- *International Sustainability Standards Board* (ISSB) public consultation on "General Requirements for Disclosure of Sustainability-Related Financial Information"

Detailed information on the Bank's Active Ownership activities, including annual reports and voting history, is published on its corporate website.

J. Safra Sarasin Sustainable Asset Management Climate Pledge

Bank J. Safra Sarasin is a founding signatory of the *UN Principles for Responsible Banking* (UN PRB) and the *UN Principles of Responsible Investing* (UN PRI) and is committed to contributing to the achievement of society's goals, as expressed in the SDGs and the *Paris Agreement*. Climate change will have substantial financial, social and environmental impacts on current and future generations. Mitigating climate change calls for forceful emission reductions and a global transformation to a low-carbon economy. Investors must be prepared to confront these challenges, but they can also harness the opportunities of new climate-friendly technologies and approaches.

J. Safra Sarasin promotes collaboration within the financial markets in order to mitigate and adapt to the effects of climate change, while also taking part in the public debate on the impact of climate change at events and through collaborative initiatives. It is involved in developing business and investment strategies that have a positive contribution to tackling climate change. It supports actions to mitigate climate change and make adapting to the change possible.

In May 2020, J. Safra Sarasin Sustainable Asset Management published its Climate Pledge, aiming for a carbon-neutral outcome by 2035. With regards to its investment products and services, J. Safra Sarasin Sustainable Asset Management has set ambitious targets. In the future, it will further develop its sustainable investment processes towards carbon neutrality by:

- Investing in companies whose solutions enable emission reductions and which take the progression of climate change into account in their operations and strategy.
- Engaging with all financial market participants and fostering collaboration in order to promote climate change mitigation and adaptation.
- Focusing on analysing, mitigating and reporting the financial risks of climate change in investment strategies.
- Aiming for a carbon-neutral outcome in assets under management by 2035.

Implementation of the Climate Pledge

One of the unique features of J. Safra Sarasin Sustainable Asset Management's claims is the objective to integrate sustainability into each step of the investment process. This is done by using the sustainable investment tools wherever they add value and help further the objectives of reducing risks, increasing returns and changing behaviour.

Sustainable Investment Tools

Where applicable, climate considerations may be embedded into each of the sustainable investment tools employed in the investment process (pages 91ff.). The following describes how this is done for each tool:

1) Exclusions: divestment from coal

The Bank's approach, based on companies' exposure to coal and their mitigation strategies, led it to formalise the exclusion of a number of firms from its investable universe. As a starting point, this entails screening the investment universe and identifying companies with a significant share of revenues and/or activity related to coal. The corresponding revenue threshold was reduced from 20% to 10% in 2022 to reflect coal's current share in the global energy mix and its trajectory in a scenario below 2°C. In sectors such as mining, J. Safra Sarasin Sustainable Asset Management considers companies' sales exposure to coal, while the generation mix provides the best insight for utilities. The second step of our divestment process is a qualitative review of companies crossing the threshold. This involves analysing the importance of coal within a company's overall activity (a company may own a coal plant but it could represent only a small fraction of revenues), their exposure to renewable energies and, most importantly, their strategies to combat climate change.

2) ESG Screening Process

The ESG Screening Process is performed with the help of the Bank's proprietary Sustainability Matrix®. It consists of two dimensions: the Industry Rating (x-axis) and the Company Rating (y-axis). The x-axis measures the sustainability of the industry by taking into account controversies, risk exposures but also positive and negative impacts. The carbon footprint of each industry is an important input in this rating. On the y-axis, companies are compared within their peer group on their ability to reduce their negative climate impact with a best-in-class approach (enhanced strategies). Companies that fare the worst on this metric are excluded from all sustainable investment strategies.

3) SDG-Integration and long-term trends
Climate change is a long-term consideration. J. Safra Sarasin analyses three dimensions to help portfolio managers get a better understanding of their holdings:

- **Exposure to taxonomy-aligned "green" activities:** An environmentally sustainable economic activity as defined by the EU Action plan consists of the following 6 objectives:

  1. Climate change mitigation
  2. Climate change adaptation
  3. Sustainable use and protection of water and marine resources
  4. Transition to a circular economy
  5. Pollution prevention and control
  6. Protection of a healthy ecosystem

The Bank is committed to starting to use EU Taxonomy data as they become available for an increasing number of companies over time. As an alternative for the time being, the Bank uses a number of data providers to assess the green revenues and complements the data after its own proprietary analysis.

- **The temperature path measurement of each issuer:** The aim of the approach is to estimate a climate trajectory for each company in the universe, measured in degrees Celsius, in order to determine whether the company is in line with the *Paris Agreement*. A forward-looking approach is used to account for specific targets and actions undertaken by management. The Bank has set up a system that allows it to assess the positioning of 6,000 companies in relation to the *Paris Agreement*.

- **Stranded assets:** Stranded assets are defined as "assets on corporate balance sheets that rapidly lose their value as a result of forced write-offs". Stranded assets currently mainly refer to utilities and exploration companies, where the traditional activities of finding and generating energy (fossil fuels) have come under pressure as a result of climate protection regulations.

4) ESG Integration
The companies under coverage, which comply with the Bank's sustainability criteria, are then analysed further and material climate issues are integrated into the financial analysis and, where applicable, modelling.

5 & 6) ESG and Climate Objectives
The net zero ambition may also be explicitly reflected in the climate objectives for the respective strategies. This can be done by assigning an upper threshold for the carbon footprint of the portfolio, enabling the portfolio managers to reflect climate considerations in the portfolio construction process as well.

7) ESG & Climate Risk Reporting and Monitoring
J. Safra Sarasin Sustainable Asset Management offers an extensive reporting framework for portfolios. This reporting is also used internally to monitor the ESG and climate performance of portfolios in the regular performance review meetings up to the Asset Management's Risk and Performance Committee.

8) Active Ownership
The Bank engages with companies on a number of ESG considerations. One of them is to foster companies' efforts in aligning with a below 2°C world. The Bank sees this engagement as a dialogue between investors and companies with the dual objective of impacting how companies operate and enhancing shareholder returns.

Setting climate objectives for portfolios
The core of the Climate Pledge is the voluntary commitment to achieve a carbon-neutral outcome in portfolios by 2035. A number of portfolios may therefore be subject to the objectives such as reducing their CO_2-footprint to net zero by 2035. The CO_2-footprint is the Scope 3 emissions of the asset manager. Thus, each individual fund is given a carbon

footprint objective, which is subsequently decarbonised/reduced each year.

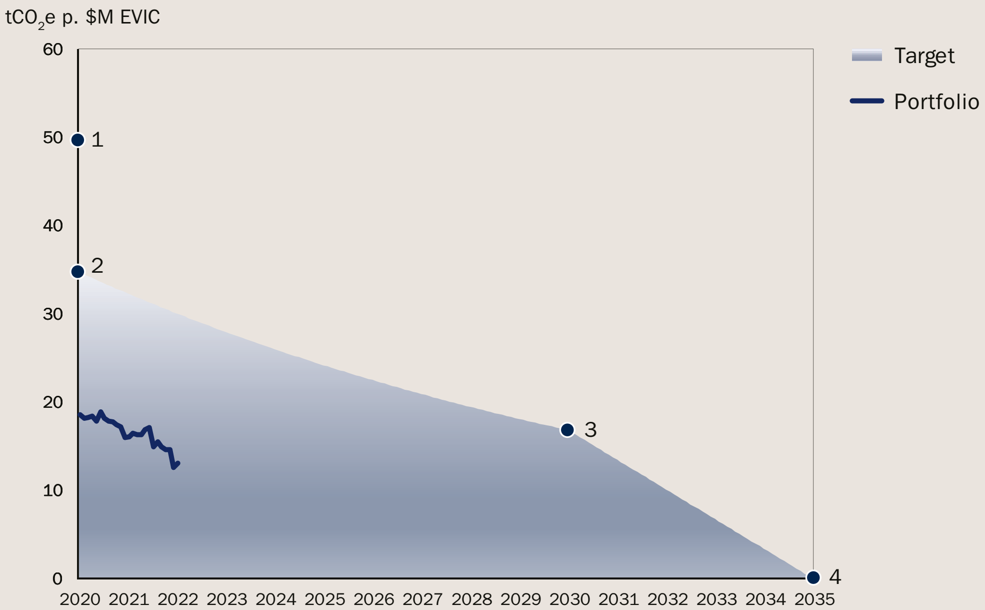
The methodology for the climate objective is derived from the EU Action Plan regulations on the Climate Transition Benchmarks. In the base year (defined as 2020), an upper threshold target for the CO_2-footprint is set. In each subsequent year, this target is reduced by 7%. This means that the objective "decarbonises itself" over time. This process is followed until 2030, after which the objective is reduced linearly until it falls to zero in 2035. For benchmark-oriented strategies, the starting point is set at 30% below the benchmark. For non-benchmarked strategies, the starting point will be set at a fixed level, corresponding to the respective strategy. For instance, it may be set at 30% below a reference value relevant from a risk management perspective.

The J. Safra Sarasin Sustainable Asset Management Climate Pledge aiming for a net zero outcome by 2035 is currently under implementation. By the end of 2022, the Climate Pledge has been applied to 19% of the addressable assets under management at J. Safra Sarasin Sustainable Asset Management. The Climate Pledge methodology is outlined in the Climate Policy and follows the Paris Aligned Benchmark regulation with four elements (as marked in the figure below):

1. The reduction target is based on the carbon footprint of the benchmark per 31 December 2020.
2. The initial target is a 30% reduction of the benchmark carbon footprint. In each following year this is reduced by 7%. This amounts to a reduction of approximately 50% by 2030.
3. From 2030 onwards, the target reduces linearly.
4. Until the carbon footprint reaches 0 in 2035.

Currently, the considered carbon footprint includes Scope 1 and 2 greenhouse gas (GHG) emissions. The ambition is to phase in Scope 3 emissions over time. The sustainable equity strategy "Global Climate 2035" has implemented the Climate Pledge, as displayed in the Net Zero Monitor that tracks its decarbonisation pathway.

Figure: Net Zero Monitor Global Climate 2035 Strategy – Climate Pledge Net Zero 2035 and Decarbonisation Pathway



Sources: Bank J. Safra Sarasin Ltd; Certain information ©2022 MSCI ESG Research LLC. Reproduced by Bank J. Safra Sarasin Ltd with permission. Data as of 30.06.2022. Allocations and underlying holdings may change without notice. Investment Strategy: Global Climate 2035. Benchmark: 100% MSCI World NR, Source: MSCI. Note: Carbon Footprint data is only based on Scope 1&2 GHG emissions.

Sustainability analysis of sovereign bonds

Giving consideration to sustainability criteria is a key component of Bank J. Safra Sarasin's investment strategy. The Bank's ESG analysis is not only limited to companies but also includes countries and their sovereign bonds. The mid-term performance and competitiveness of countries and their long-term solvency depend, among other things, on how they use natural resources and the structure of their political and social framework. As a pioneer in sustainable investments, Bank J. Safra Sarasin already produced one of the very first sustainability ratings for countries in 2002 and integrated these into its investment strategy. Since then, the rating has been continuously updated and developed further. The sustainability analysis of countries was updated with the latest figures in 2022. The assessment is based on reported, backwards-looking data and also considers forward-looking key risks. Climate-related risks – both transition risks and physical risks – are increasingly emphasised and integrated in a more comprehensive way. In the country analysis methodology, environmental and climate protection are seen as part of good governance, complemented with rigorous social and governance criteria.

The country analysis leads to a rating which is based on the J. Safra Sarasin Sustainability Matrix® and the two dimensions of resource availability and resource efficiency. Over 105 underlying data points from internationally recognised sources are incorporated into the assessment. In the Bank's latest update of the country ratings, J. Safra Sarasin studied 198 countries and was able to produce ratings for 180 of them. For the remaining 18 countries, no rating of sufficient quality could be produced. 180 rated countries were plotted – against the two-dimension resource availability and resource efficiency/management on the Bank's Sustainability Matrix®.

The countries in the shaded area have a relatively better position and are deemed investable, while the countries in the unshaded area are not considered investable in a sustainable investment strategy.

Figure: J. Safra Sarasin ESG country rating

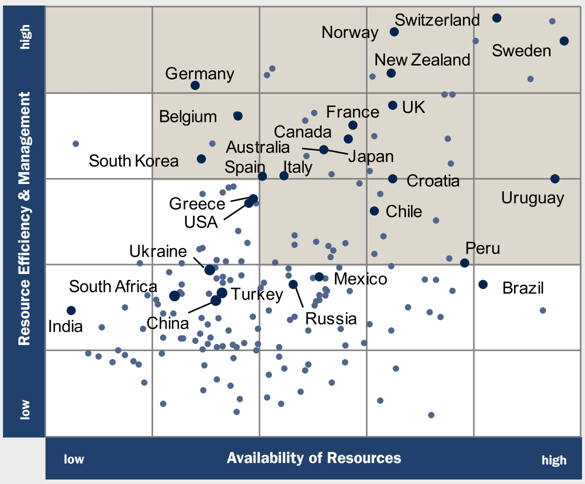


Figure: Overview of key themes and key risks

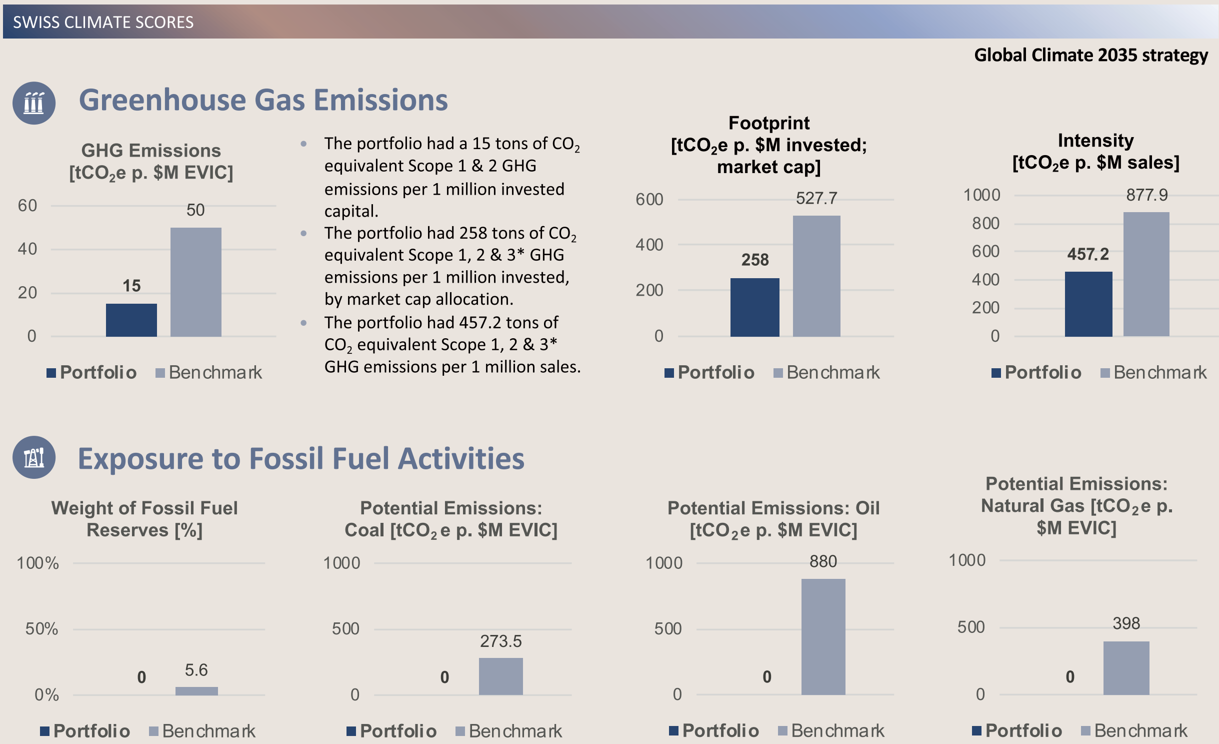
	Availability of resources (horizontal axis)	**Resource efficiency & management** (vertical axis)
Historical data **ca. 60%**	**Key Issues:** • Water • Land & Biocapacity • Energy • External Environmental Costs	**Key Issues:** • Basic Human Capital • Knowledge Capital • Overall Economic Conditions • Basic Rights & Equality • Financial Governance • Political Governance • Environmental Governance
Forward looking data **ca. 40%**	**Forward looking key risks:** • Climate Transition & Nature Protection **Trend**	**Forward looking key risks:** • Social Stability & Unrest Potential • System Stability & Effectiveness **Trend**

Case study: Swiss Climate Scores applied to the Global Climate 2035 strategy

The Swiss Federal Council initiated the Swiss Climate Scores in order to increase transparency towards clients and investors of financial investments. The Swiss Climate Scores were launched at a Federal Council meeting on 29 June 2022. The aim of the Swiss Climate Scores is to provide institutional and private investors in Switzerland with transparent information on how financial investments are compatible with international climate goals and how they consider climate-related risks. The Federal Council recommends the Swiss Climate Scores to be applied by all market players. The Swiss Climate Scores include a number of indicators for investment portfolios to reflect the current state and positioning towards future climate goals, i.e. net zero by 2050. The indicators present a best-practice approach to climate transparency. The elaboration of the Swiss Climate Scores relates to the *Paris Agreement*, the global framework for climate goals, which was established in 2015 with the ambition to limit global warming to well below 2°C. It was reconfirmed in 2018 to limit global warming to 1.5°C by the end of the century compared to pre-industrial levels. In order to maintain a probability of reaching the climate goal, entering a pathway to achieve net zero by 2050 and reducing 50% of global greenhouse gas (GHG) emissions by 2030 is key. The voluntary Swiss Climate Scores intend to enable clients and investors to make investment decisions more efficiently along these lines.

The proposed Swiss Climate Scores are, in large part, already firmly established indicators in the periodic ESG reporting at J. Safra Sarasin Sustainable Asset Management. For illustration, the Swiss Climate Scores of the sustainable equity strategy "Global Climate 2035" are highlighted below:

Figure: Swiss Climate Scores for the Global Climate 2035 strategy – Indicators on Greenhouse Gas Emissions and Exposure to Fossil Fuel Activities



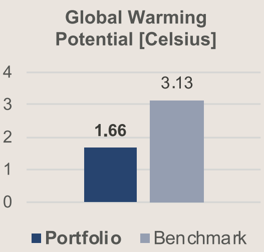
Source: Bank J. Safra Sarasin Ltd; Certain information ©2022 MSCI ESG Research LLC. Reproduced by Bank J. Safra Sarasin Ltd with permission. Data as of 30.06.2022. Strategy: Global Climate 2035. Benchmark: 100% MSCI World NR, Source: MSCI. *Note: Scope 3 GHG emissions data are estimated and include upstream and downstream.

Figure: Swiss Climate Scores for the Global Climate 2035 strategy – Indicators on Global Warming Potential, Management to Net zero and Credible Climate Stewardship

SWISS CLIMATE SCORES

Global Climate 2035 strategy

Global Warming Potential



- Share of companies in portfolio with verified commitments to net zero: **41.2% with verified SBTi net zero commitments** (64.7% of portfolio holdings announced net zero targets and many of them are currently in a target verification phase)
- Coverage: **100%**
- Climate Scenario: **1.5 degree Celsius**
- **Data provider:** Bank J. Safra Sarasin Ltd.; Certain information ©2022 MSCI ESG Research LLC. Reproduced by Bank J. Safra Sarasin Ltd with permission.

Management to Net-Zero

- Does the investment strategy include a goal to reduce the greenhouse gas emissions of its underlying investments through concrete short (1-3 years) or midterm (5 years) targets? **Yes** (See Net Zero Monitor and J. Safra Sarasin Sustainable Asset Management Climate Pledge)
- Average annual reduction path: **7%** (Note: excl. relevant Scope 3, this will be phased in over time as per J. Safra Sarasin Sustainable Asset Management Climate Pledge).
- Is the portfolio part of a third-party verified commitment to net zero by the financial institution, including credible interim targets? **Yes** (J. Safra Sarasin Sustainable Asset Management is member of the Net Zero Asset Managers Initiative)

Credible Climate Stewardship

- Are companies in the portfolio subject to credible stewardship on climate transition? **Yes**
- Share of companies currently under active climate engagement: **4%**
- Share of climate votes supported: **N/A** (Our firm-wide Climate voting policy is consistent with the ambition of reaching net zero by 2050.)
- Is the financial institution a member of a climate engagement initiative? **Yes** (Bank J. Safra Sarasin is member of Climate Action 100+, CA100+; Carbon Disclosure Project, CDP; Share Action; UN-supported Principles of Responsible Investing, UN PRI; The Bank has not participated recently in UN PRI or CA100+ climate engagements. J. Safra Sarasin Sustainable Asset Management is member of Institutional Investors Group on Climate Change, IIGCC).

Source: Bank J. Safra Sarasin Ltd; Certain information ©2022 MSCI ESG Research LLC. Reproduced by Bank J. Safra Sarasin Ltd with permission. Data as of 30.06.2022. Strategy: Global Climate 2035. Benchmark: 100% MSCI World NR, Source: MSCI.

Case study: Sustainable Outcomes at J. Safra Sarasin

The *Sustainable Finance Disclosure Regulation* (SFDR) requirements guide investors to better understand how their investments can contribute positively to environmental and/or social outcomes alongside financial returns. SFDR aims to help investors understand, monitor and compare the sustainability profiles of investment solutions. The SFDR classification Article 9 includes more stringent requirements for funds compared to Article 6 or Article 8, as they have measurable sustainability objectives in addition to their financial objectives. Other requirements include complying with the "do no significant harm" principle and investing in companies with good governance.

Bank J. Safra Sarasin targets sustainable outcomes for selected sustainable investment strategies by aiming to contribute to the achievement of one or several of the *Sustainable Development Goals* (SDGs) established by the United Nations. Such intentional contributions are targeted alongside financial returns and stem from a company's products and/or services that support the achievement of the SDGs. The revenue share linked to such activities is identified as "SDG revenues". The Bank's sustainable outcome framework is particularly utilised for Article 9 strategies and includes SDG and green revenues, temperature path and labelled bonds.

SDG and Green Revenues

The Bank developed a robust framework to translate the 17 SDGs and its 169 sub-targets into quantifiable and actionable investment cases by regrouping them into four areas - two for the People: Fulfilling Basic Needs and Empowering People; and two for the Planet: Preserving Natural Capital and Achieving the Energy Transition. The latter will be used to quantify the share of "green revenues". Presently, three sustainable equity investment strategies make use of this framework either solely or as part of their sustainability objective. The SDG Opportunities strategy aims to reach at least 30% of SDG revenues at the portfolio level, while the Green Planet strategy targets to have at least 30% of green revenues. Additionally, the award-winning Global Climate 2035 strategy aims to have at least 20% of exposure to green revenues while also investing in climate pledgers.

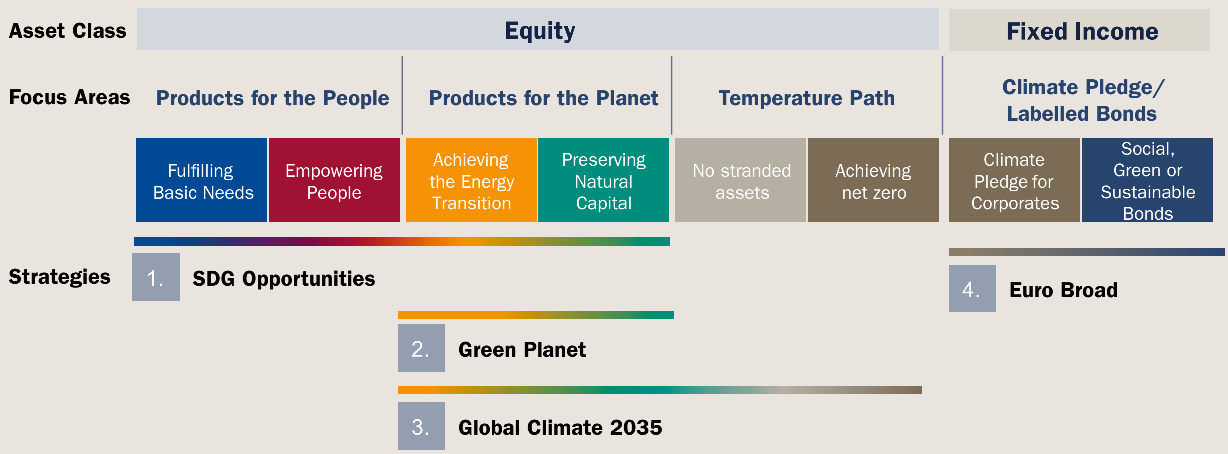
Climate Ambition

In addition to green revenues, Global Climate 2035 uses an overarching objective to keep its portfolio temperature path below 2°C. Furthermore, the strategy aims for a net zero outcome by 2035, as outlined by the J. Safra Sarasin Sustainable Asset Management Climate Pledge. The Climate Pledge is also applicable on the fixed income side for corporates in the Euro Broad strategy.

Labelled Bonds

Other than the Climate Pledge, the Euro Broad strategy also aims to invest at least 30% of its assets into labelled (i.e. green, social, sustainable) or sustainability-linked bonds. At least 10% of these should comprise green-labelled bonds and another 10% in either social or sustainable labelled-bonds.

Figure: Sustainable Outcomes based on sustainability objectives for investment strategies at Bank J. Safra Sarasin



Selection of Sustainable Investment Strategies in Focus

Bank J. Safra Sarasin continuously expands its product range of sustainability-themed investment strategies. Depending on client preferences and the market cycle, different strategies may be in focus, which also reflect different sustainability characteristics. In 2022, the focus was put on, but not limited to, the following strategies:

Sustainable Equities

1) SDG Opportunities

The strategy aims to generate long-term returns while participating in the achievement of the *Sustainable Development Goals* (SDGs) by selecting companies whose products and services make a positive contribution to outcomes for society and the environment. The strategy targets businesses that can turn sustainability challenges, such as preserving natural capital, achieving the energy transition, fulfilling basic needs, and empowering people, into market solutions. The integration of ESG factors, the analysis of the revenue exposure to the SDGs and targeted engagement activities enable the Bank to identify companies that are well-positioned to gain from long-term, transformational trends. The strategy pursues an explicit sustainability objective of aiming to reach at least 30% of SDG revenues at the portfolio level.

2) Global Climate 2035

The *Paris Agreement* aims to strengthen the global response to climate change and to limit global warming to well below 2°C, increasing the need for finance flows consistent with a low carbon pathway and a more sustainable economy. To participate in a low carbon future, the strategy aims to generate attractive long-term returns while harnessing opportunities and mitigating risks stemming from the climate transition. As a result, the strategy aims to be on a temperature pathway below 2°C, to have increasing exposure to green revenues and avoid investments in stranded assets. It demonstrates J. Safra Sarasin Sustainable Asset Management's commitment to a carbon-neutral outcome of its activities by 2035. It integrates sustainability and climate together with the quality of fundamentals seeking a global equity solution contributing to a climate-resilient future. The strategy pursues an explicit sustainability objective, which includes at least 20% of exposure to green revenues on a portfolio level and uses an overarching objective to keep its portfolio temperature path below 2°C.

3) Global Dividend

The strategy focuses on quality dividend yields and companies with positive operating cash flow, low leverage and strong balance sheets in developed markets worldwide. Sustainability is integrated into the investment process to improve the quality and depth of the analysis. An attractive risk/return profile, limited draw-downs, stable income, inflation mitigation and performance contribution from dividends are key benefits of the strategy.

4) Green Planet

The strategy tackles a wide range of environmental themes and thereby aims to capture the full power of the green transition theme. To this end, the strategy invests in companies that provide solutions to major environmental issues facing our planet today. It targets pure-players and early-stage businesses focused on improving water, soil and air quality, preserving biodiversity and fighting against climate change.

Sustainable Fixed Income

5) Global High Yield

Launched in March 2018, the strategy invests globally in high yield bonds that are issued by sustainable issuers, according to the J. Safra Sarasin's ESG investing approach. The investment process combines the Bank's traditional bottom-up fundamental analysis with sustainability research. We believe that ESG factors help mitigate risks typically underestimated by investors (e.g. environmental, reputational, legal). The objective is to deliver alpha via security selection and by detecting temporary valuation discrepancies between the fundamental and market valuation.

6) Euro Broad

The strategy was merged in 2022 with the Green Bond strategy. It invests only in bonds denominated in euros and has the flexibility to dynamically allocate between sovereign and corporate bonds. Therefore, it benefits from the stability and defensiveness of sovereign bonds, while capturing attractive opportunities in the corporate credit market, which helps to enhance investment returns. The strategy pursues an explicit sustainability objective, which includes the Climate Pledge for corporates, and invests at least 30% of its assets into labelled (i.e. green, social, sustainable) or sustainability-linked bonds.

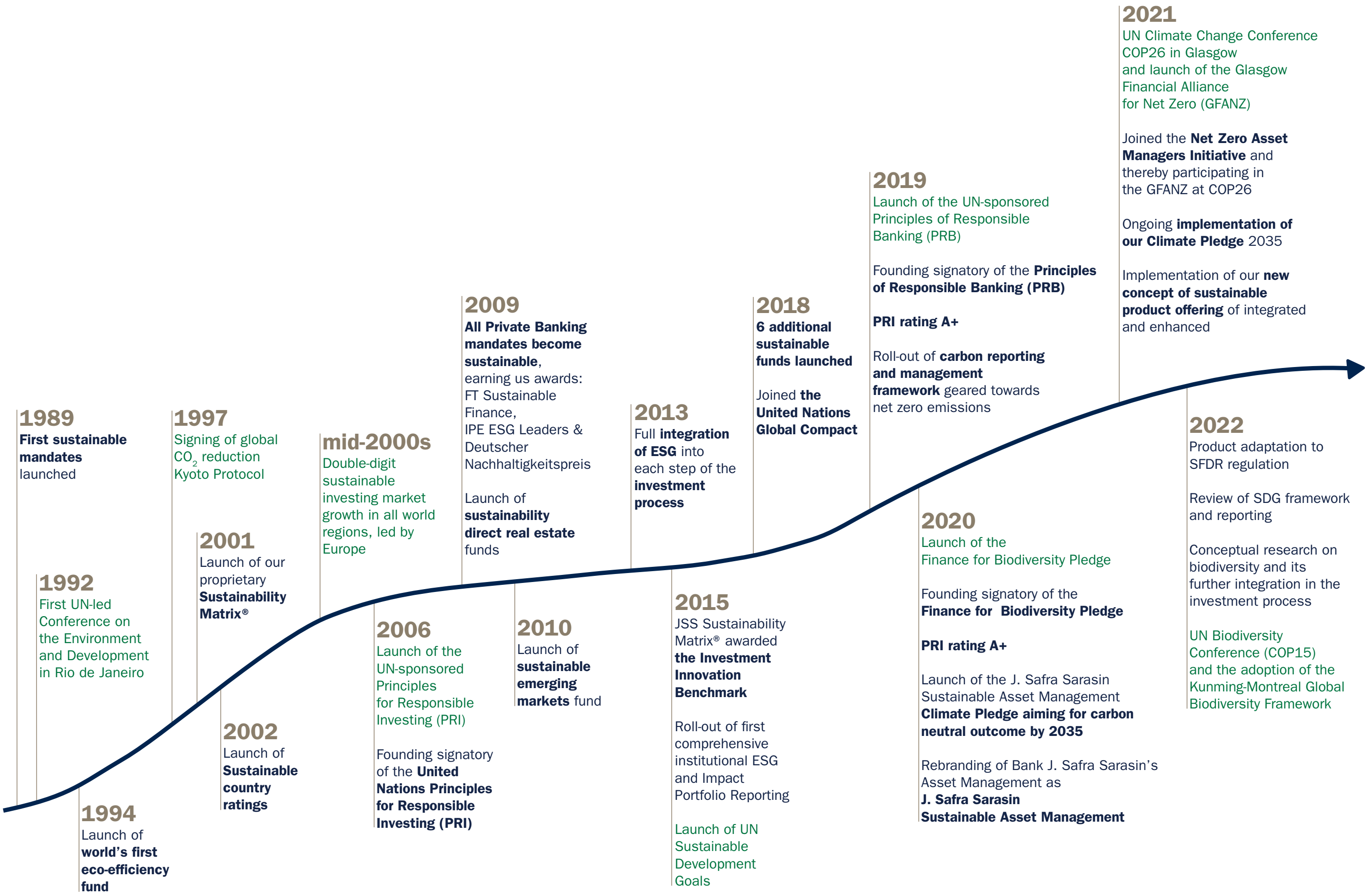
Private banking discretionary mandates

J. Safra Sarasin offers not only institutional investors but also private clients an innovative and sustainable product range catered to their individual investment needs while enabling them to benefit from the customised management of their assets. In the field of mandates, the offer ranges from pure sustainable mandates to classic sustainable mandates that differentiate between the ratios of fully sustainable investment selection. Clients can also sign up for customised mandates where they freely select asset classes and the respective share of sustainable assets individually according to their motivation and needs. Clients' sustainability preferences are covered in the Bank's advisory process to identify solutions in line with individual objectives.

Bank J. Safra Sarasin – Thought-leadership in sustainability for more than 30 years

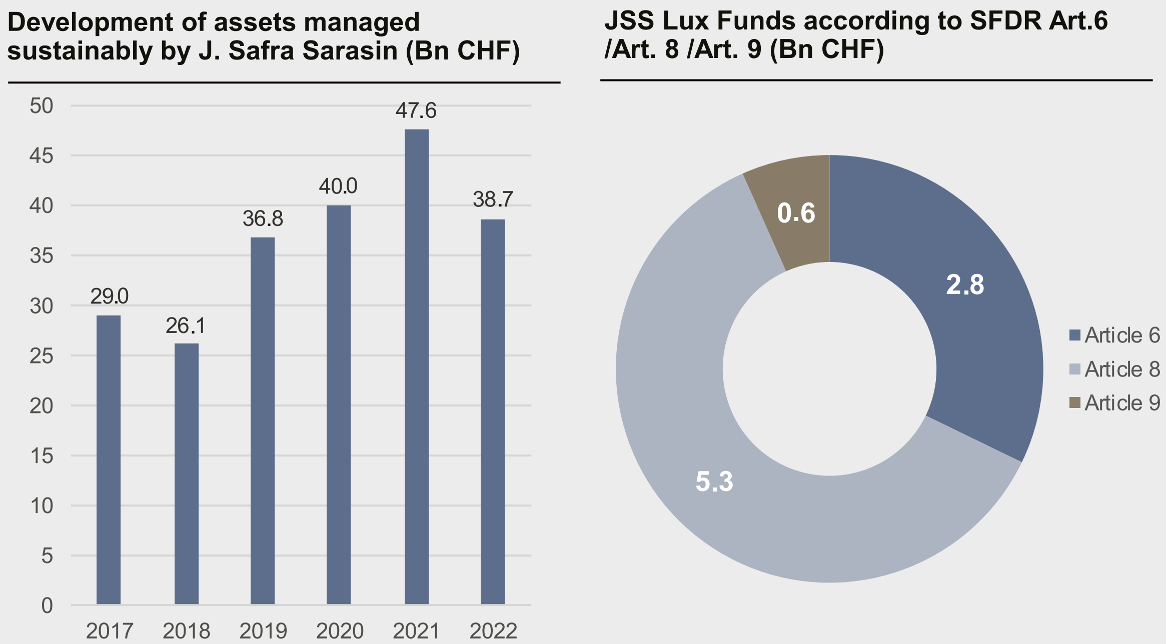
A series of events in quick succession from 1986 onwards – starting with the Chernobyl nuclear disaster and the spill from the Swiss chemical plant that polluted the Rhine River around Basel for years – made the analysts of the Bank acutely aware that the value of company shares is not determined purely by financial numbers. Other determinant factors need to be taken into account, namely environmental and social aspects that could impact an investment. The first sustainability analysis in 1989 heralded a new era in company analysis. For over 30 years, sustainability has been ingrained in the Bank's investment philosophy, process and corporate values.

Figure: Sustainability Milestones



In blue: Milestones for Sustainable Investing at Bank J. Safra Sarasin
In green: World events and international milestones in Sustainable Investing
Source: Bank J. Safra Sarasin Ltd, December 2022.

Figure: J. Safra Sarasin sustainably managed assets (billion CHF)[3]



3) The assets under management in the private banking sustainable mandates are based on Bank J. Safra Sarasin's sustainable investment approach. All direct holdings of equities and bonds are rated sustainable.

J. Safra Sarasin Sustainable Asset Management – Pioneer in sustainable investing

J. Safra Sarasin Sustainable Asset Management embodies sustainability in its name, further conveying the Bank's identity, expertise offering and values. As a privately-owned bank, sustainability is in the Bank's DNA and its mission is to enable clients to achieve their financial and sustainability goals by providing superior investment solutions. J. Safra Sarasin Sustainable Asset Management has created a concept to classify its solutions as sustainable which are offered in various product ranges. The foundation is the J. Safra Sarasin Sustainable Investment Policy and the J. Safra Sarasin Sustainable Asset Management Climate Pledge. In 2022, a focus was the further implementation of the concept and consequently reclassification of the sustainable investment products, as well as meeting regulatory requirements, e.g. SFDR. Previously reported sustainable and responsible assets under management are now displayed as sustainable assets under management. Sustainably managed assets at J. Safra Sarasin reached CHF 38.7 billion as of 31 December 2022, including assets under the management of Sarasin & Partners. CHF 6.3 billion are white-label products, non-sustainable and in-transition strategies and total assets under management of J. Safra Sarasin Sustainable Asset Management amount to CHF 45.5 billion. Investment strategies where the Climate Pledge was implemented totalled CHF 5.3 billion, which equals to 19% of the addressable assets under management of J. Safra Sarasin Sustainable Asset Management.

J. Safra Sarasin Sustainable Asset Management – Sustainable Products

		Sustainability Consideration	Sustainability Contribution
Investment funds and securities products	Equity funds	– Next-Gen Consumer* – Future Health* – Global Dividend* – Global Multifactor* – Global Real Estate (REITS)* – Global Thematic* – Tech Disruptors* – Switzerland (also Small & Mid Caps) – Europe* (also Small & Mid Caps) – USA* – Systematic Emerging Markets* – India*	– Global Climate 2035** – Green Planet** – SDG Opportunities**
	Multi-asset funds	– Multi Asset – Global Opportunities* – Multi Asset – Global Income* – Multi Asset – Thematic Balanced CHF & EUR*	
	Bond funds	– Asia Opportunities* – Bonds CHF* – Bonds EUR* – Bonds Global – CHF domestic – CHF foreign – Emerging markets* – Emerging Market Corporates* – EUR Corporate* – Global Convertibles* – Global Financials* – Global High Yield* – Insurance Bonds* – Short-term Bonds USD – Total Return Global*	– Euro Broad**
	Actively managed certificates	– Emerging Market Corporates – Financials – Technology Disruptors – Financials	
J. Safra Sarasin Investment Foundation	Equity strategies	– Global excl. Switzerland – Switzerland (also Small & Mid Caps)	
	Multi-asset strategies	– Defensive Asset Allocation – Balanced Asset Allocation – Dynamic Asset Allocation	
	Bond investment strategies	– CHF – CHF domestic – CHF foreign – Global excl. CHF – Global High Yield	
	Property strategies	– Swiss Direct Real Estate – Real Estate Europe*	
Mandates	For private clients	– Bonds* – Multi-asset* – Equities*	
	For institutional clients	– Bonds – Balanced – Equities	
Advisory services	Advisory for third-party funds	– Balanced Fund of Funds – Global Convertibles – Insurance Bonds* – Real Estate Europe*	

Note: Products that fall into scope of SFDR disclosures are highlighted; * Article 8, promoting environmental or social characteristics; ** Article 9, has a sustainable investment objective.

Sustainable Real Estate research

The sustainable investment approach of Bank J. Safra Sarasin includes real estate, where sustainability is an integral part of every stage in the investment process. All properties are subject to an initial and ongoing sustainability assessment in accordance with ecological, social and economic aspects that meet Bank J. Safra Sarasin's sustainability standards. The Bank is convinced that climate-related transition and physical risks are material for real estate investments. Accordingly, risk management is key for future success.

At the beginning of the sustainability assessment, the investment universe is determined. The metropolitan cities are predefined based on the following ratings:

- **Country Rating** based on the Bank's ESG criteria. For more information, please see page 100.
- **Metropolitan Rating** based on the Bank's sustainable and economic criteria. European city centres that are sustainable, economically prospering and allow a high quality of life and environmental safety are evaluated.
- **Real Estate Market Analysis** based on financial criteria. This rating looks at major central European investment locations and uses financial indicators, such as rental growth, total financial return and vacancy for its assessment.

Real estate within the resulting universe of predefined metropoles is further assessed. The sourcing of prospect acquisitions is primarily done by the Bank's external partners. The assessment phase comprises the following six steps:

1. Initial examination

The examination starts with the initial universe and serves as a general screen to filter out properties which do not fit the investment strategy and sustainability criteria. The initial universe will be reduced by up to 60%, i.e. 40% would be available for consideration in the next step.

2. Sustainability analysis

The filtered properties should comply with the financial criteria and the expected yield under consideration of risk. All real estate properties are subjected to Bank J. Safra Sarasin's sustainability analysis, which leads to a better understanding of real estate investments as it allows a clear view of the interdependence between economic, social and environmental dimensions. Furthermore, the analysis is aligned with the *Sustainable Development Goals* (SDGs).

The sustainability analysis focuses on the following elements from a top-down perspective:

- Macro location, international connectivity and connection
- Micro location, regional connectivity, social aspects
- Quality and comfort
- Future orientation, flexibility for future changes
- Operational costs and future tradability
- Energy consumption and GHG emissions
- Green elements, including nature and biodiversity

3. Detailed due diligence

Only 50% of the screened properties achieve a sufficient rating to continue in the assessment process. With this shortened list, individual property analysis focuses on the factors such as occupancy rate, yield, energy requirements and supply, as well as public transport, leading to a further concentration of the investable universe.

4. Viewing

Viewings allow a careful evaluation of individual buildings, their surroundings, demographics and regional economy during an intensive due diligence process.

5. Negotiation

The sustainability assessment is the basis for a valuation and used for negotiations.

6. Purchasing
After the conclusion of the negotiation and a detailed due diligence process, properties are acquired.

Figure: Bank J. Safra Sarasin Real Estate Raster – Sustainability analysis aligned with the Agenda 2030

Knowledge-sharing and communication

J. Safra Sarasin compiles and shares leading sustainable investment analyses with clients either in the form of publications or in the form of knowledge-sharing events. In 2022, Bank J. Safra Sarasin's Sustainable Investment Research team released three publication formats, including the *Sustainable Investment Spotlight* and the *Sustainable Investments Quarterly*. These publications provide clients, employees and the public with interesting information and deeper knowledge about sustainable issues relevant to asset management. The *Active Ownership Report,* publicly available on the Bank's website, represents the third publication format.

In 2022, the following publications were released by Bank J. Safra Sarasin's Sustainable Investment Research team:

- *A little less conversation, a little more (climate) action*
- *Jointly building a sustainable future*
- *Active Ownership Report 2021*
- *Is sustainability worthwhile for investors?*
- *Standardisation of sustainable investments*
- *Biodiversity risks in practice (chapter in Sustainable Investments Switzerland, October 2022)*

In addition to the above publications, sustainability content was featured on J. Safra Sarasin Sustainable Asset Management's website with the new format *"Sustainability in Focus":*

- *Swiss Climate Scores for Transparency in Financial Investments*
- *Focus on Commodities*

At the same time, different authors continued to make their expertise widely available in various specialist articles. Also, throughout 2022, several events to share knowledge were organised by the Bank. These events were arranged for private and institutional clients and professional audiences. Experts and analysts from the Sustainable Investment and Sustainability teams participated in a range of high-level video-conferences to advance the global sustainability agenda and provide insights on the Bank's sustainable investment approach.

Awards and Labels

PWM/The Banker - Global Private Banking Awards 2022 - Best Private Bank for Impact and Sustainable Investing

Bank J. Safra Sarasin was awarded the "Best Private Bank for Impact and Sustainable Investing" award by PWM/The Banker as part of the prestigious "Global Private Banking Awards 2022".

ESG Investing Award – Best ESG Investment Fund: Thematic (Climate alignment).

Bank J. Safra Sarasin was awarded by ESG Investing for its investment strategy Global Climate 2035 in the category Best ESG Investment Fund: Thematic (Climate alignment). The strategy aims to generate attractive long-term returns while harnessing opportunities and mitigating risks stemming from the climate transition. It is the signature strategy for the Bank's Sustainable Asset Management Climate Pledge, aiming for a net zero outcome by 2035. Bank J. Safra Sarasin was also amongst the finalists in the categories "Best Corporate Sustainability Strategy", "Best Bank for Sustainable Finance" and "Best ESG Investment Fund: Global Thematic".

Scope Alternative Investment Award 2023 – Best Asset Manager ESG Commercial Real Estate

Bank J. Safra Sarasin received the award "Best Asset Manager – ESG Commercial Real Estate" from Scope for the European real estate strategy. The Scope fund analysts identify outstanding asset management achievements and the most convincing fund concepts to honour them with the Scope award. The Scope Alternative Investment Awards take into consideration both quantitative and qualitative criteria and look back on a history of more than 15 years.

Global Finance Best Private Bank Award 2023 – Best Private Bank for Social Responsibility

In 2022, Bank J. Safra Sarasin received the "Best Private Bank for Social Responsibility" award from Global Finance which honours the leaders and innovators in the private banking industry that are "best positioned to serve their increasingly sophisticated wealth management needs as they build, grow and preserve their fortunes." This is the third time that Bank J. Safra Sarasin receives this award.

MSCI Fund ESG Quality Score

The MSCI ESG Fund Quality Score measures the overall ESG quality (for example, of the holdings of mutual funds) as measured by the ability of constituent companies to manage medium- to long-term risks and opportunities arising from ESG exposures. It assesses funds on a scale from 0 to 10. A score of 10 reflects underlying holdings that rank best in class globally based on their exposure to and management of ESG risks and opportunities. A score of 0 reflects holdings that generally rank worst in class globally based on their exposure to similar factors. Since its inception in 2016, numerous flagship strategies of Bank J. Safra Sarasin were ranked in the top 10% of funds globally on the basis of their ESG credentials, and even more strategies were ranked in the top 10% of their fund peer group.

Transparency Logo for Sustainability Funds

Bank J. Safra Sarasin's sustainability funds bear the European Transparency Logo for Sustainability Funds. This label is awarded to the signatories of the European Transparency Code for Sustainability Funds and is intended to enable investors to determine quickly and reliably whether detailed information on the sustainable investment strategy of an investment product is available, and where to find it. The transparency code and transparency logo make the investment strategy of a fund easier to understand for both the general public and also other interested groups such as asset managers and rating agencies.

Austrian Ecolabel

Bank J. Safra Sarasin is also a holder of the Austrian Ecolabel (Österreichisches Umweltzeichen), granted by the Austrian government, which certifies ethically oriented projects and companies that generate profits through sustainable investments.

Assets under Licence

STOXX® made by Bank J. Safra Sarasin

Since March 2011, Bank J. Safra Sarasin has been responsible for the composition of the STOXX® Sustainability Indices. The constituents of the STOXX® Europe 600 Index are assessed based on their ESG (environmental, social and governance) opportunities and risks using Bank J. Safra Sarasin's research methodology. If the issuers show a good enough sustainability rating, they are admitted to the STOXX® Sustainability Indices[4].

Assets under Research

Bank J. Safra Sarasin offers external partners sustainability research for their in-house investment strategies.

Forum Nachhaltige Geldanlagen (FNG) Seal – Awarded for J. Safra Sarasin Sustainable Asset Management funds

In 2022, the FNG Seal, the quality standard for sustainable investment funds awarded three stars (the highest possible rating) to three funds and two stars to four funds of Bank J. Safra Sarasin, for their ambitious and comprehensive sustainability strategy. According to FNG, high-quality sustainability funds that excel in the areas of "institutional credibility", "product standards" and "impact" (title selection, engagement and KPIs) are awarded up to three stars. The FNG-Label is the quality standard for sustainable investments in the German-speaking financial market and provides guidance in the search for solid, professionally managed sustainability funds. The credibility of the FNG-Label is underpinned by an independent audit.

Objective 3: We live a sustainable corporate culture

J. Safra Sarasin's most valuable capital consists of its employees. 2022 continued to present challenges linked to the aftermath of the pandemic, the war in Ukraine, rising inflation and market corrections, which were addressed head-on to continue business activities and deliver excellent service. More than ever, it showed that the employees are essential to the success and resilience of the organisation, now and in the future. Their technical expertise, professional qualifications and social skills are highly valued by the Group's clients and business partners. The success of J. Safra Sarasin depends on the enthusiasm and commitment of each of its employees worldwide and J. Safra Sarasin is particularly keen to ensure that they are treated in a fair and safe manner. At J. Safra Sarasin, employees are very much aware of their entrepreneurial responsibilities.

The Group is an attractive employer thanks to its clear positioning. It attracts first-rate applicants both in Switzerland and abroad. As of 31 December 2022, the headcount increased to 2,425 full-time equivalent positions (FTEs), of which 163 employees worked part-time. The proportion of women in management positions (female employees in the two uppermost management levels with the title Managing Director or Executive Director) decreased slightly to 19.9%. The percentage of women working in the Group totalled 35.9% in 2022. The employees at J. Safra Sarasin originate from 68 different countries, displaying a high degree of cultural diversity.

[4] The STOXX® Sustainability Indices are the intellectual property of STOXX Ltd. STOXX makes no investment recommendations and shall not be held liable for any errors or delays in the index calculation or data distribution.

Table: Number of employees as per 31.12.2022 (full-time equivalents)

	31.12.2022	31.12.2021
Total	2,425	2,339
Abroad	1,217	1,183
Switzerland	1,208	1,155

Table: Age structure of employees (full-time equivalents in%)

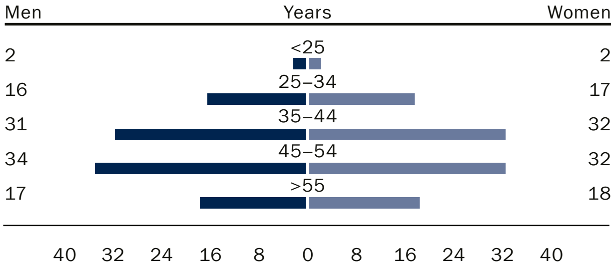
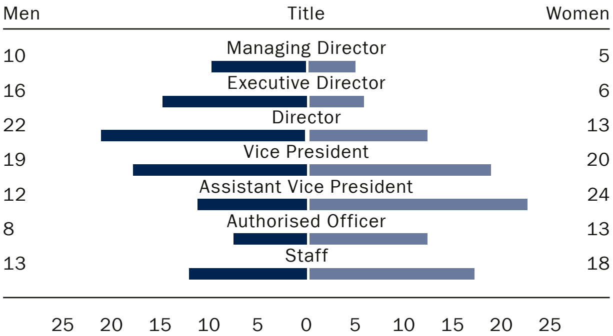


Table: Headcount by job title (full-time equivalent in%)



Code of Business Conduct

The foundation for the Group's success is the trust it instils in existing and potential clients. This trust depends on how the Group is perceived on a daily basis. A Group-wide Code of Business Conduct covers the underlying principles, which have to be observed by all the Group's employees as well as by the members of the Board of Directors as part of their business-related activities. These principles provide the basis for daily behaviour in dealing with clients, colleagues, and all other stakeholders.

Employment and social benefits

The staff regulations for each J. Safra Sarasin Group company specify employees' rights and obligations, working hours and holiday entitlements as well as social and other fringe benefits. The rules form an integral part of employment contracts and apply to all employment relationships. The employee benefits offered by J. Safra Sarasin Group are at least equivalent to the legal requirements at individual locations, or exceed them.

Remuneration within the J. Safra Sarasin Group is determined by the demands of the position, the qualifications, performance and conduct of the employee, and the performance of the Group and its subsidiaries. Compensation and reward structures follow the principles of performance, conduct and risk awareness, client orientation, conflicts of interest and malus or clawback.

The Bank's remuneration structure and performance management incentivise employees to apply sustainability considerations wherever possible and to conduct their duties in a sustainable, client-orientated manner. Risk awareness, including consideration of sustainability risks, is part of the qualitative performance assessment as indicated in the remuneration policy.

The Pension Fund of Bank J. Safra Sarasin is a signatory to the Principles for Responsible Investment

By signing the internationally recognised and *UN Principles for Responsible Investment* (UN PRI), the Pension Fund of Bank J. Safra Sarasin emphasised its long-standing commitment to be an active owner and to integrate environmental, social and governance considerations into its investment decisions. In 2021, the Pension Fund of Bank J. Safra Sarasin took an important step towards more sustainable assets under management and increasingly considers sustainable investments by updating its investment regulations that took effect in 2022.

Respectful working environment

The Group pursues a strict policy of equal opportunities and encourages a working environment characterised by a dignified and respectful atmosphere. The Group relies on the diversity of its employees with their variety of skills and talents. Discrimination or harassment of any kind, for example due to gender, ethnic background, religion, age, nationality or sexual orientation, is not tolerated. This policy is anchored in the Code of Business Conduct as well as the directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace" applicable to the entire Group.

Employee representation at Bank J. Safra Sarasin in Switzerland

For the protection of the common interests of employees, Bank J. Safra Sarasin has a Staff Representative Council (Arbeitnehmervertretung, ANV) to represent employees in the Bank's domestic market. The Regulations on Employee Participation through the Staff Representative Council form the foundation of the ANV. These regulations are based on the Swiss Federal Act on Information and Consultation of Employees in the Workplace. The members of the ANV are elected for three years. Depending on the respective matter, the ANV has information or consultation rights. This cooperation aims to promote a dialogue between the top management and Bank J. Safra Sarasin's employees, thus contributing to a good working relationship. Well-informed employees tend to identify more closely with the Bank, which in turn can have positive effects on motivation and productivity.

Learning and development

J. Safra Sarasin emphasises the importance of continuous training and education to realise the full potential of its global staff and to ensure its employees act in a fully compliant way at all times. The commitment of the Executive Committee, the ongoing enhancements of the Bank's learning curriculum along business-relevant training categories and a Learning Management System ensure the Group's ability to deliver online learning programmes, classroom and blended training opportunities. The sustainability team regularly conducts sustainability trainings. A training push for client-facing staff on sustainability topics was conducted in 2022 to introduce new developments and requirements surrounding the EU's sustainable finance regulation, e.g. SFDR and MiFID II. Furthermore, the Bank is active in cooperating with universities in order to offer interesting working opportunities to new talent.

Healthy employees

The J. Safra Sarasin Group views the promotion of health as an important element of its corporate culture. A "Health at Work" Intranet site focuses on physical and psychological health. During 2022, the first priority was to continue ensuring the health and safety of the Group's employees, meeting local regulations and their needs. Employees were able to return to the offices and most events could take place in person again, internally as well as externally. This included the participation in the Bike to Work Challenge 2022, where employees were able to participate from both the office and home office.

In December 2022, 32 employees and 19 of their children represented Bank J. Safra Sarasin's colours in the "Course de l'Escalade" in Geneva. In participating in this traditional running course, they sent a positive message on sustainable mobility, showed a strong team spirit and also increased their fitness.

In Switzerland, employees have the opportunity to benefit from a group rebate on supplementary insurance coverage that exceeds the basic coverage required by law. In some locations, fitness studios offer membership discounts to employees.

Women network

In 2015, Bank J. Safra Sarasin created the women@jss network in Zurich. The aim of the initiative is to create and develop awareness for the challenges facing employed women in Switzerland. The focus lies in networking, exchanging knowledge and experiences, and sharing different perspectives. In 2022, the network continued activities and successfully conducted digital events focusing on career development and leadership by showcasing female leaders within the Bank.

Objective 4: We are part of the society

The J. Safra Sarasin Group and its employees have a natural desire to make an active contribution to sustained social development. This can be done by entering into various commitments. It is important for the Group to uphold an ongoing dialogue with all its stakeholders. For business policy decisions made at corporate management level, management strives to take into account the interests of all stakeholders connected with the Group.

Sustainable events and procurement

Bank J. Safra Sarasin has developed and introduced a "Handbook of Sustainability" that includes standards for events and hospitality, donations and sponsorships, procurement and guidelines for suppliers. The handbook ensures that corporate activities do not support projects or partners whose values diverge from those of the J. Safra Sarasin Group. The principles set forth therein include, for example, minimum standards for the procurement of paper and wood products, as well as office equipment within the scope of building management and in the automotive segment.

The Bank invests in its social environment by engaging in sponsoring partnerships. To ensure that these activities do not support projects or partners whose values diverge from those of the J. Safra Sarasin Group, the "Handbook of Sustainability" applies to the entire Group.

Sponsoring

Philanthropy, art and sports remained the main strategic focus for the Group's sponsoring engagements in 2022.

As part of its cultural sponsorship of institutions promoting art, Bank J. Safra Sarasin continues to support organisations, institutions and communities in general.

In Switzerland, the partnership with Fondation Beyeler was complemented by joint events around sustainability with small groups of guests.

The Esmeralda Charity Golf Cup 2022 organised by the Limmat Foundation in Zurich, a philanthropic initiative supporting schools for children in Colombia, being an outside activity, was maintained.

Swiss Indoors resumed after two years of pandemic and celebrated its 51st edition. Bank J. Safra Sarasin is one of the longest-standing partners to the largest annual Swiss sporting event.

In the UK, Place2Be has been selected and supported by the employees as "charity of the year", Place2Be provides mental health support to children in schools. For Place2Be, the Bank sponsored a garden at the Chelsea Flower Shower to draw attention to the work of the charity. The next selected charity will be "Grief Encounter" which supports bereaved children and young adults.

In the Netherlands, the Bank was the main sponsor of PAN Amsterdam, the leading art fair and sponsored PYM, a conscious investors' community.

In Panama, the Beth-El Charity as part of the community outreach, and Mitzva Tots, which provides social work and education for children, were both supported. Furthermore, the office aimed at improving the quality of life of children in Panama by supporting the foundation "Pro Niños De Darién" which works to fight hunger and poverty.

Sustainability Memberships and Initiatives

J. Safra Sarasin also supports social and environmental concerns through participation in company boards. The members of the Board of Directors and the Group Executive Board hold a number of different mandates and official functions in these organisations. J. Safra Sarasin supports employees who work voluntarily on behalf of the Bank.

For many years, J. Safra Sarasin has been actively involved in numerous initiatives and organisations which work for sustainable development. This is another way in which the Bank is fulfilling its responsibility to make a contribution to sustainable development. The Bank participates in political opinion-forming via these initiatives and its membership in various organisations.

Founding Member or Signatory:

- *UN-supported Principles for Responsible Investment* (UN PRI)
- *UN-supported Principles for Responsible Banking* (UN PRB)
- *Finance for Biodiversity Pledge*

- *Swiss Climate Foundation*
- *Swiss Finance Institute*
- *Swiss Sustainable Finance* (SSF)
- *We are Paris – The Paris Pledge for Action*

Member or Signatory:
- *Business Energy Agency* (EnAW)
- *Carbon Disclosure Project* (CDP)
- *CDP Water Disclosure Project*
- *Climate Action 100+* (CA100+)
- *European Sustainable Investment Forum* (Eurosif)
- *Forum Nachhaltige Geldanlagen* (FNG)
- *Global Footprint Network*
- *The Institutional Investors Group on Climate Change* (IIGCC)
- *Net Zero Asset Manager Initiative* (NZAM)
- *öbu – Network for sustainable business*
- *Science Based Targets initiative* (SBTi)
- *ShareAction*
- *Sustainable Finance Geneva* (SFG)
- *Task Force for Climate-Related Financial Disclosures* (TCFD)
- *UN Global Compact*
- *UN Environment Programme Finance Initiative* (UNEP FI)

Together with other Swiss banks, Bank J. Safra Sarasin sponsors the *Swiss Finance Institute* (SFI). By establishing this foundation, the Swiss banks, the Swiss Federal Government and leading universities have expressed a strong commitment to strengthening research and teaching in the field of banking and financing in Switzerland. The Swiss Finance Institute is active in both research and executive education. Both areas aim to strengthen the attraction of Switzerland to outstanding researchers, teachers, students, and participants in executive education programmes.

Bank J. Safra Sarasin is a member of the UN Global Compact

In 2018, Bank J. Safra Sarasin became a member of the UN Global Compact, the principles-based framework for businesses, with a commitment to fulfilling the Ten Principles in the areas of human rights, labour, the environment and anti-corruption. The Bank also participated in a documentary video launched by the *UN Global Compact Switzerland* in their "Tour de Suisse" roadshow. Bank J. Safra Sarasin participated in this film to showcase the central message of the *UN Global Compact*, i.e. that "Sustainable Business is Smart Business". In the short movie, which was also shown at the UN General Assembly in New York, the Bank describes how sustainable investments foster innovation and viable business models while mitigating risks and overcoming global challenges. The Bank includes the Communication on Progress towards the Ten Principles at the end of this Sustainability Report.

Bank J. Safra Sarasin is a founding signatory of the Principles of Responsible Investment and was awarded a high Rating in 2022

Bank J. Safra Sarasin is founding signatory

A+ Rating 2020

The *UN-supported Principles of Responsible Investment* (UN PRI) established a framework for incorporating ESG into investment practices. The UN PRI were founded in 2006 and Bank J. Safra Sarasin is proud to be a founding signatory. Currently, it has more than 4,900 signatories globally, representing over USD 121.3 trillion assets under management. The UN PRI has grown constantly since it began in 2006. The signatories commit to the following principles:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2**:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3**:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5**:** We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

In the most recent UN PRI rating, Bank J. Safra Sarasin was awarded five out of five stars for the modules of Direct Listed Equity (scoring 94%), Direct Fixed Income SSA (90%), Direct Fixed income Corporate (92%), and Direct Real Estate (91%). Four out of five stars were awarded for Investment & Stewardship Policy (87%), and Direct Listed equity – Active fundamental voting (74%). These scores are equivalent to the previously highest score of A+ that the Bank was awarded by UN PRI for its overall Sustainability Strategy and Governance in 2020 before the UN PRI assessment methodology was revised. The score reflects the Bank's pioneering position in the field of sustainable investments and its firm commitment to integrating ESG principles into each step of its investment process. The UN PRI Report assesses its signatories' implementation of responsible investment practices across asset classes, providing a comparison year-on-year as well as with peers. In the UN PRI Report, the Bank received high scores for all modules for which it was assessed, well above the industry average.

Bank J. Safra Sarasin is a founding signatory of the Principles of Responsible Banking

UN environment programme | finance initiative
Principles for Responsible Banking

In 2019, J. Safra Sarasin joined the *UN Principles for Responsible Banking* (UN PRB) as a founding signatory, making another significant commitment towards a more sustainable future. The PRB's principles were developed by banks for banks and gathered strong support from 270 signatory banks, representing over 45% of all banking assets globally. Targeting six key areas, the UN PRB provide a framework for a sustainable banking system and guides signatories to achieving society's goals as expressed in the *UN Sustainable Development Goals* (SDGs) and the *Paris Agreement*. In 2022, the Bank published its second UN PRB progress report.

Bank J. Safra Sarasin commits to protecting biodiversity and is a founding signatory of the Finance for Biodiversity Pledge

Bank J. Safra Sarasin is founding signatory

Finance for Biodiversity Pledge

In 2020, Bank J. Safra Sarasin joined the *Finance for Biodiversity Pledge* as a founding signatory and the first Swiss institution. With global wildlife populations declining and facing mass extinction, the planet is facing far-reaching consequences. Financial institutions can play an important role in helping to reverse nature's losses. As a signatory, the Bank recognises the need to protect biodiversity. Besides collaborating and sharing knowledge, the Bank commits to engaging with companies by including biodiversity in its ESG policies. The Bank also pledges to assess its own biodiversity impact and set science-based targets in order to increase our positive impact significantly while minimising any negative effects. As a pioneer in sustainable investments with over 30 years of experience, Bank J. Safra Sarasin has long embedded environmental issues across the investment process. It is also a focus topic in its engagement with corporate leaders. The Bank pledges to do its share as the business case for scaling up action on biodiversity is becoming ever clearer.

Bank J. Safra Sarasin is a founding member of Swiss Sustainable Finance (SSF)

Swiss Sustainable Finance

Bank J. Safra Sarasin is a founding member of *Swiss Sustainable Finance* (SSF), a platform to promote sustainable finance set up in 2014. Its mission is to promote Switzerland in the global marketplace as a leading centre for sustainable finance by informing, educating and catalysing growth. The Bank actively participates in SSF working groups and publications such as the annual Swiss Sustainable Investment Market Study.

J. Safra Sarasin and the Sustainable Development Goals

The 17 *Sustainable Development Goals* (SDGs) adopted by all member states of the United Nations (UN) in 2015 form a core element of the UN Agenda 2030 for Sustainable Development. These goals are the plan of action for peace and prosperity for the people and the planet, now and into the future. All countries and stakeholders, acting in collaborative partnership, recognise that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Not only states are asked to stimulate action, but companies, the finance industry, NGOs, and the wider society.

J. Safra Sarasin contributes to the realisation of the SDGs in various ways. As a founding signatory of the *UN Principles for Responsible Banking* (UN PRB) and *UN Global Compact*, the Bank aims to contribute to the achievement of both the Paris Agreement and SDGs. As one of the market leaders in the Swiss sustainable finance market, the Bank integrates the concept of sustainable development into the investment process (see pages 88ff.). The Bank further developed its approach to creating opportunities based on SDG investing in targeting and measuring sustainable outcomes and serving as a platform to engage in issues towards the achievement of SDGs (see pages 102ff.). The Bank can also report on the impact of a specific portfolio on reaching the SDGs (see page 91). It takes responsibility as an employer (see pages 111ff.) and acts as a responsible citizen (see pages 114ff.). Additionally, the Bank takes its environmental footprint seriously (see pages 118ff.). To conclude, the Bank reports based on the *UN Global Compact Communication of Progress*, which is aligned with the SDGs. This Sustainability Report therefore highlights the contribution to various SDGs pictured below.

J. Safra Sarasin Sustainable Asset Management is a member of the Net Zero Asset Managers Initiative

In April 2021, J. Safra Sarasin Sustainable Asset Management joined the *Net Zero Asset Managers Initiative* (NZAM). The initiative aims to mobilise the asset managers' industry to transition to net zero emissions and deliver ambitious climate action and investment strategies to achieve the goals set out by the *Paris Agreement*. By December 2022, NZAM had 301 signatories managing USD 59 trillion assets under management. The signatories commit to support the goal of net zero greenhouse gas emissions by 2050 or sooner. These are in line with global efforts to limit global warming to 1.5°C and support net zero emissions investing by 2050 or sooner. At UN Climate Change Conference COP26 in October 2021, J. Safra Sarasin Sustainable Asset Management participated in the inaugural NZAM Progress Report. The J. Safra Sarasin Sustainable Asset Management Climate Pledge is currently under implementation and as of 2022, 19% of addressable assets under management are already managed in line with net zero.

Bank J. Safra Sarasin is a founding member and donor of the Swiss Climate Foundation

Bank J. Safra Sarasin has been a founding member of the *Swiss Climate Foundation* for over 10 years. Catering to its claim "Protecting the climate. Strengthening small and medium enterprises (SMEs)", the Climate Foundation supports projects of SMEs that help to reduce carbon dioxide emissions. The Foundation is a voluntary initiative by the Swiss financial sector which has benefitted from the reimbursement of the proceeds of the CO_2-levy introduced by the Swiss Federal Government in 2008. As service providers are lower CO_2 emitters, Bank J. Safra Sarasin and 26 other financial service companies decided to use the proceeds to make an active contribution to mitigating climate change through financing climate solutions and projects. In 2022, the Bank renewed its long-standing partnership with the Swiss Climate Foundation to reflect its sustainability commitments related to climate action. The Bank also supports the organisation by holding a seat on the Board of Trustees of the Swiss Climate Foundation.

Objective 5: We manage resources efficiently

Climate Targets and Metrics

The Group's fifth objective is to achieve commercial success while reducing its ecological footprint. It therefore seeks to increase energy and resource efficiency, reduce energy consumption and carbon emissions. J. Safra Sarasin extends opportunities related to resource efficiency and the adoption of low-emission energy sources across the Bank's operations. The Bank captures Scope 1 and 2 GHG emissions for 95% of the Bank's operations (locations, determined by office size) and reduces dependency on fossil fuels. The Bank also captures selected Scope 3 emissions (e.g. business travel).

Climate action

Over the course of 2022, total CO_2 emissions increased to 1,215 kg CO_2-equivalent per employee. The average business travel activity per employee increased to 3,973 kilometres per employee, which is largely due to the now lifted travel restrictions. As in the past, the Group seeks to use ecologically appropriate means of transport for business travel wherever possible (staff commuting to and from work is not included).

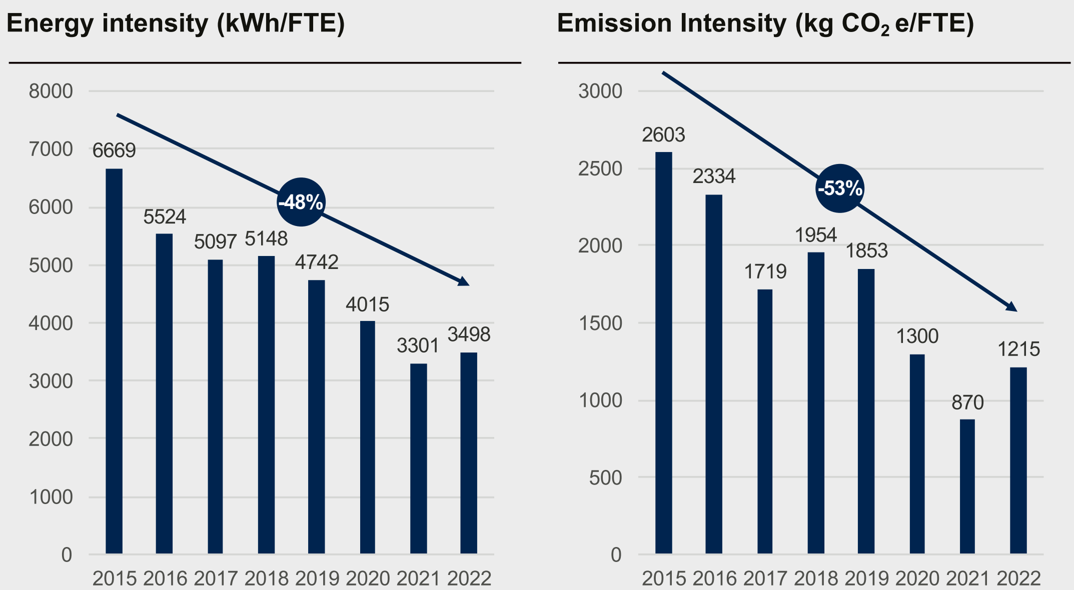
Besides the absolute level of energy consumption, the amount of greenhouse gas (GHG) depends crucially on how electricity is generated. In most countries, power generation involves far higher CO_2 emissions than in Switzerland. The overall electricity consumption per employee in 2022 was 3,498 kWh, an increase from the previous year. The overall increase in 2022 in business travel, energy consumption and therefore in CO_2 emissions compared to 2021 is largely due to the lifted Covid-restrictions. The long-term trend in emission and consumption reduction still continues (see figure p. 119).

Energy efficiency
J. Safra Sarasin oversees and regularly implements appropriate measures in its efforts to become more energy efficient. Within the last three years, the Group has undertaken an IT infrastructure upgrade that involved the installation of new multifunctional and energy-saving printers in all Swiss locations. Furthermore, the Bank replaced circulating air cooling units in its printing centre with more energy-efficient units and began with the replacement of computer screens with more energy-efficient and lower heat-generating equipment. Further, existing lighting is gradually being replaced by LED light sources in the Bank's own offices. The aim is to reduce energy consumption in the long term.

Reducing carbon emissions
Since 2013, Bank J. Safra Sarasin has participated in an energy efficiency and decarbonisation programme by the *Swiss Private Sector Business Energy Agency* (EnAW). EnAW is a private sector programme mandated by the Swiss government to set energy efficiency and decarbonisation targets for different economic sectors. This is achieved through the implementation of annual energy efficiency measures and by giving preference to renewable energy. The Bank regularly liaises with EnAW to monitor and review measures and their effectiveness. Within the EnAW programme, Bank J. Safra Sarasin participates in the banking sector group. Following a yearlong effort, the Bank in Switzerland increased its energy efficiency from 2013 until 2022 by approximately 21% and reduced the CO_2-intensity by approximately 20%. Therefore, the Bank and the EnAW banking group exceeded the set target pathways.

Renewable energy
As a pioneer in environmental protection, the Bank showed its colours as early as 1993 when it installed its own photovoltaic system on the roof of its Basel head office. Each year, the system produces power for several four-person households. In 2022, the production amounted to 23,668 kWh. In 2019, J. Safra Sarasin negotiated multi-year hydroelectric power contracts for its largest locations in Switzerland. Further opportunities lie in extending renewable energy use to other locations, while exploring opportunities for cost savings where possible. Renewable sources account for 69% of the electricity consumed in the Group. The Basel office uses only district heating as a source of heating energy. This comes from process heat generated by the nearby refuse incineration plant in Basel and is 100% renewable.

Figure: Development of energy consumption and greenhouse gas (GHG) emission intensity at J. Safra Sarasin



Recycled paper

In 2022, the paper use per employee decreased to 36 kilogrammes, whereby 80% came from recycled or FSC-certified sources. The overall decrease in the Group's paper consumption stays the same and can be linked to the introduction of new and more efficient printers across the Group's largest locations. The Group also continues to carefully manage print runs for internal and external publications. As such numerous publications continue to be published primarily in electronic format and paper versions are provided to interested parties only upon request.

Table: J. Safra Sarasin Group's sustainability indicators 2022 at a glance

	2022	2021	2020
Financial			
CET1 ratio (%)	44.1	38.7	36.7
Total assets under management (billion CHF)	197.9	224.7	192.4
Sustainable assets under management (billion CHF)	38.7	47.6	40.0*
Volume of J. Safra Sarasin sustainable investment funds (billion CHF)	6.4	9.3	7.2*
Volume of J. Safra Sarasin sustainable investment Lux. funds (billion CHF)	5.9	8.6	
SFDR Article 8	5.3	7.9	
SFDR Article 9	0.6	0.7	
Social			
Total number of employees (FTEs)	2,425	2,339	2,178
Part-time jobs	163	155	146
Proportion of women (%)	35.9	37.5	36.5
Proportion of women in management positions (%)	19.9	21.2	16.5
Turnover rate (%)	13.9	12.6	12.3
Environmental			
Electricity consumption (kWh per FTE)	3,498	3,301	4,015
Share of energy from renewable sources (%)	69	61	60
Paper consumption (kg per F TE)	36	40	50
Proportion of recycled or FSC certified paper (%)	80	79	83
Business travel (km/FTE)	3,973	903	1,934
Greenhouse gas emissions Scope 1 & 2 (kg CO_2e per FTE)	1,215	870	1,300
GHG emissions Scope 1 absolute (t CO_2e)	485	275	249
GHG emissions Scope 1 intensity (kg CO_2e per m2)	9.2	4.5	3,9
GHG emissions Scope 2 absolute (t CO_2e)	800	1,474	1,946
GHG emissions Scope 2 intensity (kg CO_2e per m2)	15.2	24.1	30.3

Note: As a rule, all offices with more than 15 employees are integrated into the environmental indicator reporting system. At a local level, estimates are used if no exact figures are available. FTE = full-time equivalent. Greenhouse gas (GHG) emission scopes according to GHG Protocol.
* Sustainable or responsible assets under management.

Statement on Climate-Related Risks (TCFD)

What is TCFD?

In 2015, the *Financial Stability Board* (FSB) was asked by Central Bank Governors and G20 Finance Ministers how the "financial sector can take account of climate-related issues"[5]. The FSB identified better information for better informed "investment, lending and insurance underwriting decisions". As a result the *Task Force for Climate-Related Financial Disclosures* (TCFD) was created. The TCFD issues guidelines on climate-related risk disclosures for financial institutions. The disclosure guidelines include topics ranging from governance, strategy, and risk management to metrics and targets.

Bank J. Safra Sarasin joined TCFD as a supporter in 2019 and was one of the first Swiss financial institutions to start reporting in accordance with TCFD. Reporting recommendations are implemented gradually over time.

The effects of climate change are becoming more tangibly evidenced by the increasing occurrence and intensity of natural disasters. The ambition to meet the climate target of limiting global warming to 1.5°C by the end of this century is increasing as corroborated by the updated climate pledges by various countries ahead of the UN Climate Change Conference COP27. However, this is likely to be insufficient. Meeting climate targets depends on the implementation of pledges and the increasing ambition to take climate action to decarbonise the economy.

Climate change is here and climate action is not yet sufficient to meet a 1.5°C climate target. While CO_2 levels due to the burning of fossil fuels and the resulting average increase of global temperatures are at unprecedented levels. The effects of climate change are present and unevenly distributed across the globe. In order to meet the climate target of 1.5°C, it is important to reach net zero greenhouse gas emissions by 2050. However, in order to enter a pathway to net zero, a fair share reduction of greenhouse emissions of approximately 50% is necessary by 2030 and there is still a significant ambition gap.

Climate-related risks have financial impacts and drive existing financial risks. Therefore, they require management and disclosure. Climate-related risks are generally split into two categories, physical risks and transition risks. Physical risks are caused by potential damage to properties and facilities due to extreme weather events and natural disasters. Transition risks occur during a shift to a low carbon economy and include policy and legal risks such as increased regulation. Many geographies have adopted TCFD as a framework to disclose on climate-related risks. In Switzerland, starting from 2024, climate-related disclosures in line with TCFD will be mandatory. Thus, TCFD has become a uniform framework on how to approach and manage climate-related risks.

Building on the Bank's sustainability strategy, commitments and reporting many aspects of climate-related risks are already considered and well established. Currently, the Bank is in the process of further evaluating climate-related risks and potentially expanding indicators.

Governance

Description: Disclose the organisation's governance around climate-related risks and opportunities.

The responsibility of governing climate-related risks lies with the existing sustainability governance at Bank J. Safra Sarasin (Objective 1) and ultimately with the Corporate Sustainability Board (CSB), chaired by the COO and including members of the Executive Committee and senior managers from risk management, investment management and sustain-

5) TCFD, 2015.

ability. The Group's Board of Directors receives briefings on climate-related risks. Other decision-making bodies that weigh in on defining the sustainable investment strategies are the ESG Committee and the Risk and Performance Committee (RPC), which set and control ESG risk restrictions. The respective bodies have representatives from senior management, sustainability and investment management teams among others from J. Safra Sarasin Sustainable Asset Management. Thus, climate-related risks are taken into consideration throughout the investment process of sustainable investment strategies.

Strategy

Description: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

When assessing the greenhouse gas emissions footprint, the most significant component is the financed emissions of the investment offering. Bank J. Safra Sarasin therefore not only measures and decarbonises its own operational emissions but also measures the emissions of clients and the sustainable investment strategies. For investment strategies in scope of the Climate Pledge, J. Safra Sarasin Sustainable Asset Managment aims for net zero emissions by 2035. The Sustainable Investment Policy (Objective 2) outlines how ESG risks, including climate-related risks, are considered, reported and managed during the investment process. Furthermore, it outlines the exclusion of thermal coal mining and energy generation from sustainable investment strategies. The investment activities are complemented by the Bank's Active Ownership approach with engagement and proxy voting that is outlined in respective policies and reported upon, including climate topics.

Risk Management

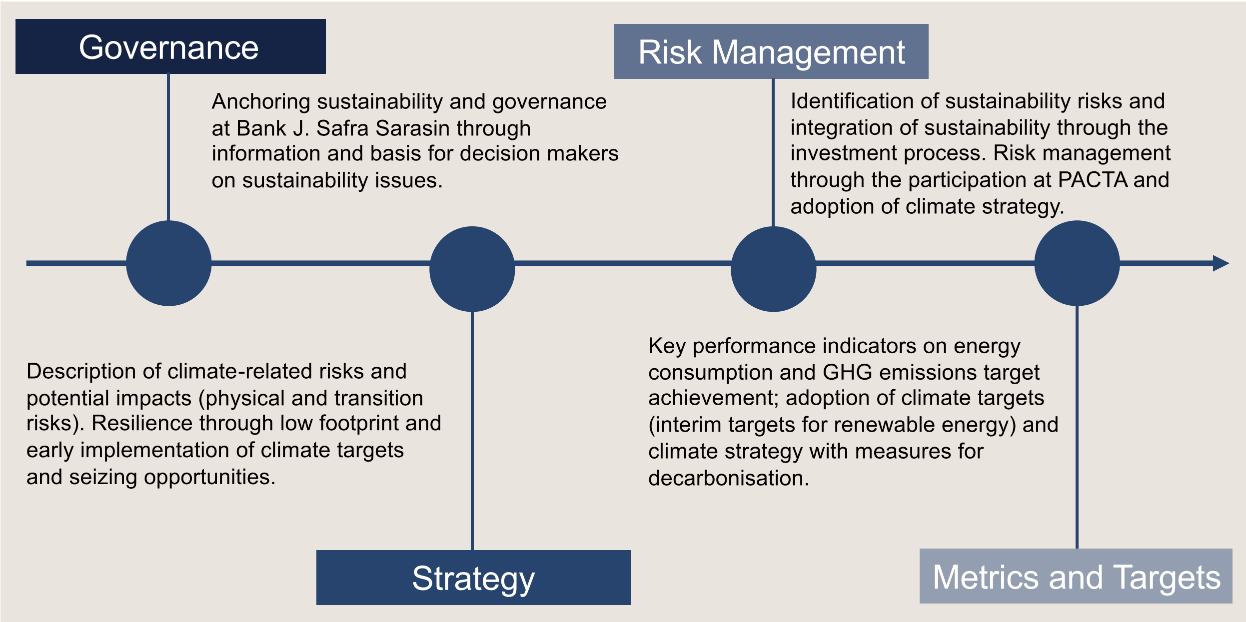
Description: Disclose how the organisation identifies, assesses, and manages climate-related risks.

Bank J. Safra Sarasin started a Group-wide project on articulating ESG risks, including climate-related risks, and integrating them into the existing risk management framework. Based on the revised framework, risk appetites and limits could be developed. The sustainable investment policy (Objective 2) outlines how sustainable investment strategies and sustainable mandates integrate sustainability risks and consider their adverse impacts in the sustainable investment process and tools. The climate-related risks are considered during the investment process and reported upon. Where sustainable investment strategies implement the Climate Pledge, they are monitored against their net zero target of 2035. The monitoring and control of the ESG restrictions and Climate Pledge is conducted via the Risk and Performance Committee. In 2022, Bank J. Safra Sarasin again participated in the *PACTA Climate Alignment Test* with a selection of its sustainable investment strategies. PACTA conducts a scenario analysis of climate-relevant sectors by measuring financial portfolios' alignment with various climate scenarios consistent with the Paris Agreement. Furthermore, it conducts climate-stress testing by analysing potential impact of a low-carbon transition on portfolio levels.

Metrics and Targets

Description: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Bank J. Safra Sarasin discloses the footprint of its operations from energy consumption and resulting greenhouse gas emissions (Objective 5). The environmental indicators are included in the *Table: J. Safra Sarasin Group's sustainability indicators 2022 at a glance* (see page 120). Furthermore, the Bank participates in the Swiss private-sector energy efficiency and decarbonisation program of EnAW and is on track to meet 2023 targets. Climate-related risk indicators are available to portfolio managers and integrated in the sustainable investment process and ESG reporting of the J. Safra Sarasin sustainable investment strategies. The indicators are displayed in the *Case study: Swiss Climate Scores applied on the Global Climate 2035* (see pages 101ff.). A subset of strategies implemented the J. Safra Sarasin Sustainable Asset Management Climate Pledge and track decarbonisation via a net zero monitor, see the chapter *J. Safra Sarasin Sustainable Asset Management Climate Pledge* (see pages 97ff.).


Governance
Anchoring sustainability and governance at Bank J. Safra Sarasin through information and basis for decision makers on sustainability issues.
Risk Management
Identification of sustainability risks and integration of sustainability through the investment process. Risk management through the participation at PACTA and adoption of climate strategy.
Description of climate-related risks and potential impacts (physical and transition risks). Resilience through low footprint and early implementation of climate targets and seizing opportunities.
Key performance indicators on energy consumption and GHG emissions target achievement; adoption of climate targets (interim targets for renewable energy) and climate strategy with measures for decarbonisation.
Strategy
Metrics and Targets

UN Global Compact: Communication on Progress (COP)

Launched in 2000, the United Nations Global Compact is a call to companies around the world to align their strategies and operations with ten universal principles in the areas of human rights, labour, environment, and anti-corruption, and to take action in support of broader UN goals. It is the world's largest voluntary corporate responsibility initiative with more than 15,000 signatories in more than 160 countries.

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	**Bank specific:**	
	• Code of Business Conduct	112
	• Staff Regulation	112
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	113
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 2: make sure that they are not complicit in human-rights abuses.	**Bank specific:**	
	• Code of Business Conduct	112
	• Staff Regulation	112
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	113
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Labour		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	**Bank specific:**	
	• Regulations on Employee Participation	113
	• Swiss Collective Labour Agreement (Agreement on Conditions of Employment for Bank Employees, VAB)	113
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 4: the elimination of all forms of forced and compulsory labour;	**Bank specific:**	
	• Code of Business Conduct	112
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 5: the effective abolition of child labour;	**Bank specific:**	
	• Code of Business Conduct	112
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 6: the elimination of discrimination in respect of employment and occupation.	**Bank specific:**	
	• Code of Business Conduct	112
	• Employee Rules and Regulations – Bank J. Safra Sarasin Ltd	112
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	113
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	**Bank specific:**	
	• Handbook of Sustainability	114
	• Objective 5 of the Corporate Sustainability Strategy	118-120
	– Energy consumption within the organisation	
	– Reduction of energy consumption	
	– Reduction of greenhouse gas emission	
	– Reduction of the use of materials	
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	88-94
	• Active Ownership Strategy	95-96
	• Implementation of the Climate Pledge	97-99
	• Case study: Global Climate 2035	101-102
	• J. Safra Sarasin and the Sustainable Development Goals	117
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 8: undertake initiatives to promote greater environmental responsibility;	**Bank specific:**	
	• Handbook of Sustainability	114
	• Objective 5 of the Corporate Sustainability Strategy	118-120
	• Sustainability training	113
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	88-94
	• Active Ownership Strategy	95-96
	• Implementation of the Climate Pledge	97-99
	• Case study: Global Climate 2035	101-102
	• J. Safra Sarasin and the Sustainable Development Goals	117
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	**Bank specific:**	
	• Objective 5 of the Corporate Sustainability Strategy	118-120
	– Reduction of energy consumption	
	– Reduction of greenhouse gas emission	
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	88-94
	• Active Ownership Strategy	95-96
	• Implementation of the Climate Pledge	97-99
	• Case study: Global Climate 2035	101-102
	• J. Safra Sarasin and the Sustainable Development Goals	117
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	**Bank specific:**	
	• Code of Business Conduct	112
	• Code of Compliance	87-88
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	88-94
	• Assets subject to environmental or social screening	88-94

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To the Management of
J. Safra Sarasin Holding Ltd.

Our engagement

We have been engaged to conduct a limited assurance engagement on selected sustainability indicators presented in the Sustainability Report 2022 of J. Safra Sarasin Group (comprising J. Safra Sarasin Holding Ltd. and subsidiaries) for the year ended 31 December 2022.

Basis of our assurance work

Our work was carried out by a multi-disciplinary team of sustainability and assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). To achieve limited assurance, ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

Scope and subject matter

Our limited assurance procedures focused on the sustainability indicators for the year ended 31 December 2022 provided in “Table: J. Safra Sarasin Group’s sustainability indicators 2022 at a glance”, disclosed in the Sustainability Report 2022 on page 120, the sustainable assets under management KPIs on page 106, the social KPIs in the chapter “Corporate culture” on pages 111 and 112 as well as the environmental KPIs on pages 118, 119 and 120. Our assurance procedures do not cover the indicators on recycled paper consumption, proportion of recycled paper and business travel presented in the related table on page 120 of the Sustainability Report 2022.

Criteria

The reporting criteria (“suitable Criteria”) used by J. Safra Sarasin Group are described in the internal reporting guidelines and define those procedures, by which the non-financial performance data are internally gathered, collated and aggregated. The internal reporting guidelines are based on the Standards of the Global Reporting Initiative (GRI) and Greenhouse Gas Protocol (GHG Protocol).

Inherent limitations

The accuracy and completeness of non-financial information is subject to inherent limitations given its nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with J. Safra Sarasin Group’s reporting guidelines used to present such non-financial information.

Responsibility of J. Safra Sarasin Group Management

The Management of J. Safra Sarasin Group is responsible for the preparation of the Sustainability Report and the information contained therein in accordance with the aforementioned suitable Criteria. This responsibility includes developing, implementing and safeguarding internal controls of material importance for the preparation of a report that is free of material misstatements, whether due to fraud or error. This responsibility includes selecting and applying suitable Criteria as well as measurement methods and estimates deemed suitable in view of the circumstances.

Our responsibility

Our responsibility is to express a conclusion on the selected sustainability indicators based on our limited assurance procedures. ISAE 3000 (Revised) requires that we plan and perform our procedures to obtain limited assurance, whether the selected sustainability indicators have been prepared, in all material respects, in accordance with the suitable Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limited assurance procedures performed

Our procedures consisted primarily of:

- Inquiring the Group Sustainability Team to understand the governance and review process for data management and collection, the expectations around reporting, the progress made on prior year assurance findings, the review and challenge made internally over the data and expectations of year end performance given the understanding of the operations during the year;
- Inquiring key personnel involved in the data collection, management and reporting processes, including how the information is captured and how this feeds up to business level and to Group;
- Inspecting documentation to corroborate the results of these inquiries, including seeking supporting evidence for the statements made, and documentation of reporting processes and minutes of relevant meetings; and
- Conducting analytical procures and inspecting and testing on a non-statistical sample basis the key structures, systems, processes, procedures and controls related to the collation, validation and reporting of sustainability performance data.

Our independence and quality controls

We have complied with the independence and other ethical requirements established by the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte AG applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on procedures performed, nothing has come to our attention that causes us to believe that the non-financial information is not prepared, in all material respects, in accordance with the suitable Criteria.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

K. Meier

Konstantin Meier
Director

Zürich, 21 February 2023