J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841

Sustainable Investment Policy

30 YEARS of SUSTAINABLE INVESTMENTS

Contents

Introduction

As a sustainable, long-oriented asset manager, Bank J. Safra Sarasin (the "Bank"), believes that long-term thinking is the main condition for real and lasting economic success. This means investing in businesses that provide the right solutions, 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 belief that incorporating a sustainability mindset at all times increases the quality of investment analyses. We believe that integrating sustainability considerations into the investment process leads to better outcomes in the long-term by reducing risks and harnessing opportunities.

This Sustainable Investment Policy provides how the Bank approaches the integration of material Environmental, Social and Governance (ESG) considerations into the investment process, from the universe construction, to the analysis and portfolio construction, to ESG reporting and our active ownership endeavours. The scope of this policy comprises all "Sustainable" and "Responsible"-branded funds. Although not applicable to all other non-ESG-branded funds, parts of the policy can occasionally apply. This sustainable investment approach is applied across all asset classes, sectors and markets in which the Bank invests.

The Bank's primary objective is to deliver superior risk-adjusted investment performance to our clients by taking into account all relevant issuer-specific aspects, including environmental, social and governance (ESG) considerations into 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.

It is our belief that integrating ESG considerations forms part of our fiduciary duty to clients and beneficiaries. By combining financial performance with ESG insights, the Bank strives to offer clients sustainable solutions and to add value throughout the whole investment process, including in the portfolio construction and risk management, but also through investment research and performance monitoring.

Sustainable Investments/Universe Construction

The foundation of our sustainable investment process is the universe definition. This stage comprises the exclusion of controversial activities, as well as the positive sustainability screening, which consists of both company (best-in-class) and industry (best-of-classes) level assessments.

Norms-based and controversial activity screening

Bank J. Safra Sarasin is a founding signatory of the UN Principles for Responsible Banking (PRB), which commits corporates to align their business with the global frameworks of the Paris Climate Agreement and the UN Sustainable Developments Goals (SDGs). J. Safra Sarasin is also a founding signatory of the UN Principles for Responsible Investments (PRI) and is thus committed to integrating ESG factors into the investment analysis, decision-making processes and active ownership practices.

Certain business activities which are not deemed to be compatible with sustainable development lead to the exclusion of companies from the Bank's sustainable investment universe. Exclusions are determined based on whether they meet two fundamental conditions:

1. Whether general societal consensus exists on the activity, and
2. Whether the business is exposed to financial volatility risks.

We base our Sustainable Investment Policy and strategy on international conventions and norms, including:

- The United Nations Global Compact,
- The OECD Principles of Corporate Governance,
- The OECD Guidelines for Multinational Enterprises,
- The Universal Declaration of Human Rights,
- The UN Guiding Principles on Business and Human Rights,
- The Children's Rights and Business Principles,
- The ILO conventions on labour standards,
- The Rio Declaration on Environment and Development,
- The UN Convention on Corruption,
- The Convention on Cluster Munitions

The screening is used to identify listed companies allegedly involved in breaches of international law, and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, we will initiate an internal assessment process of the company and the incident. The norms based screening also identifies companies that are subject to exclusion based on our exclusion criteria below.

Controversial Weapon Guidelines of J. Safra Sarasin Group

J. Safra Sarasin 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 types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large numbers 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.

List of exclusion criteria

The screening for controversial business activities and practices represent a preliminary step of the Bank's sustainability analysis. J. Safra Sarasin applies several standard criteria in order to exclude business practices which are in breach of global norms and/or highly controversial business activities. The standard set for controversial business activities screening is embedded in all our sustainable investment strategies.

The Bank introduced the exclusion criterion "coal" in 2017. This exclusion is part of J. Safra Sarasin's commitment to address climate change and building on a 2°C scenario as outlined at the Paris Summit on Climate Change (COP21). In particular, the Bank excludes companies that have a significant involvement in coal-mining or coal power-generation activities while lacking an appropriate climate and transition strategy to tackle the resulting physical risks.

A list of exclusion criteria is applied to all sustainable and responsible investment strategies. They reflect the relevant ethical and financial risks. Companies with the following activities are excluded from the investment universe:

Exclusion overview

Criterion	Short description
Nuclear Energy	Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers)
Coal	Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy
GMO – Agriculture	Companies that genetically modify organisms for agricultural use
GMO – Medicine	Human cloning and other manipulations of the human gene line
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.)
Tobacco	Producers of tobacco products
Adult Entertainment	Producers of adult entertainment materials
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)

The Sustainable Investing Advisory Council and the Bank's Corporate Sustainability Board govern the definition and application of this Exclusion Policy and any security-specific exclusion lists created as a result thereof, subject to the annual review and approval of the J. Safra Sarasin Asset Management Board, unless a specific event necessitates an out-of-cycle review.

For client-specific mandates we occasionally receive requests to screen out certain industries or securities from the investment universe of that client-specific mandate. Examples of client-specific exclusions that we have been asked to apply are alcohol and gaming stocks, home country stocks or stocks in which the investor has an economic interest. These requests are considered on a case-by-case-basis and generally accommodated for client-specific mandates. In these instances the exclusions will be incorporated into the mandate investment guidelines.

Positive Screening and Best-in-Class Process

As part of our approach, the Bank uses a best-in-class ESG approach for sustainable and a worst-out ESG approach for responsible strategies. The respective sustainable and responsible investment universes are defined by our proprietary and trademarked J. Safra Sarasin Sustainability Matrix. The Sustainability Matrix visualises our proprietary ESG ratings of issuers which are based on ESG data provided by external data providers.

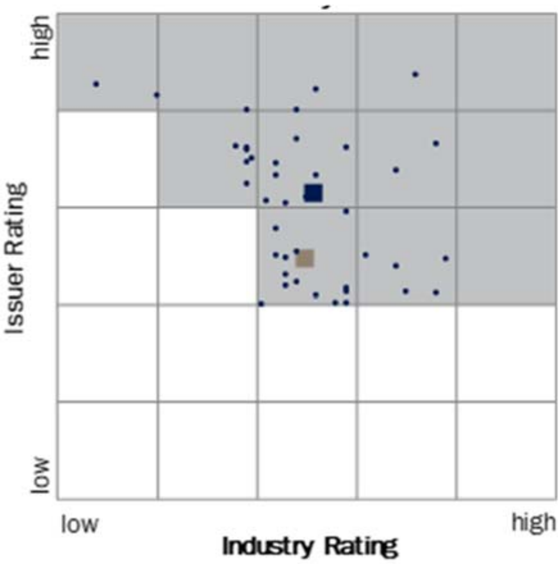
Within the Bank's sustainability analysis, the Industry Assessment identifies long-term investment drivers, which differ between industries. It focuses on understanding how industry structure and demand or supply dynamics drive competitiveness, assessing the industry's drivers of profitability and identifying the key industry metrics. These include sustainability mega trends such as climate change or demographical change.

In addition, the Company Assessment evaluates and compares a company's ability to manage its Environmental, Social and Governance (ESG) risks and opportunities (such as those arising from climate change), relative to its industry peers. Several ESG key issues are common to all industries: in particular the governance issues such as board structure, remuneration, shareholder ownership & control rights. Other key issues are more material in some industries and/or specific to only a few industries (e.g. carbon footprint or water risk). The methodology takes these differences into account by selecting and weighting key issues by sector on the basis of Bank J. Safra Sarasin's Industry Analysis.

The sustainability analysis allows the Bank to produce two scores (company ratings and respective industry ratings) which can be combined and displayed in the Bank's proprietary Sarasin Sustainability Matrix®. In exposed industries with low sustainability ratings, such as oil and gas or materials, companies must achieve a high company rating to be included in the sustainable investment universe, whereas in less-exposed industries (e.g. telecommunication, IT) companies must only achieve an average company score to be included. The x-axis of the Sarasin Sustainability Matrix® displays the industry rating score between 0 (low) and 5 (high). The y-axis displays the company rating score between 0 (low) and 5 (high).

The shaded area contains Bank J. Safra Sarasin's sustainable investment universe. The white area underneath contains the companies which the Bank excludes from the universe due to insufficient sustainability ratings.

Sustainability Matrix®



ESG Integration into Financial Analysis

One of the Bank's external research vendors also provides controversy alerts which include information on companies within our coverage who have been identified as having been involved in a high risk controversy that may have a material impact on the company's business or reputation. The reports and alerts are also used by the Bank's real estate team to monitor properties and tenants to identify any relevant events which may have a negative effect on their holdings.

J. Safra Sarasin's investment approach involves bottom-up research. As well as studying financial results, our portfolio managers and analysts carry out additional qualitative analyses of potential investments. They examine the business, customers and suppliers and may visit the companies in person to develop a view of every company in which the Bank invests. ESG factors are embedded in this research process.

Examples of ESG factors that the Bank's investment teams may consider as part of its company and industry analysis include:

- Corporate governance (e.g. Board structure, executive remuneration, governance codes)
- Changes to regulation (e.g. greenhouse gas emissions restrictions)
- Physical threats (e.g. climate change)
- Brand and reputational issues (e.g. health & safety records, cyber security)
- Supply chain management (e.g. lost time injury rates, fatalities, labour relations)
- Work practices (e.g. health, safety and human rights provisions, Modern Slavery Act).

The fixed income team also considers ESG factors and for the sovereign credit team the long-term sustainability of a country's economic and political situation and an assessment of relevant ESG factors forms part of the country analysis.

Active Ownership

The Bank's active ownership approach is to support long-term, sustainable development and to promote sustained profitability and risk management in portfolio companies in order to protect shareholder value and enhance long-term results. The Bank seeks to reduce the negative impact on society and the environment and to promote sustainable growth. Active ownership tools include proxy voting, attending annual general meetings (AGMs) when appropriate and engagement with companies.

The following represent the guiding principles of J. Safra Sarasin's sustainable investment activities and Active Ownership approach:

- Promoting good corporate governance and strong social and environmental performance enhances long-term shareholder value.
- Strengthening the investment process and supporting investment decisions positively influence long-term value creation for shareholders.
- Acknowledging that voting rights carry economic value and exercising them accordingly.

The Bank believes a sound corporate governance structure is essential for creating long-term shareholder value. The board of directors and senior management are accountable to investors for protecting and generating value over the long term. The expectation is that the board of directors of investee companies oversees and monitors the effectiveness of the company's governance of environmental, social and business ethics-related issues and risk, and protect shareholder rights. J. Safra Sarasin engages with investee companies and uses its vote on numerous issues, including shareholder rights, board composition, remuneration and risk management.
Bank J. Safra Sarasin sees its role as a sustainable asset manager with a long-term perspective. The Bank's approach is not only designed to encourage robust corporate governance structures but also to ensure that the rights of shareholders are protected. In the same vein, it aims to encourage forceful initiatives in the social and environmental domain, together with greater transparency, so as to produce a positive impact.

The Bank pursues four types of Active Ownership activities:

- Direct Company Engagement
- Collaborative Engagement
- Public Policy Engagement
- Proxy Voting

Engagement is an important tool, which is applied proactively with companies and other stakeholders on behalf of all JSS funds. Engagement provides an opportunity to improve our understanding of companies that we are invested in and by working individually or collaboratively with other investors we try to influence companies and promote better sustainable growth.

Direct dialogue with companies
By entering into a direct dialogue with investee companies, the Bank aims to increase the long-term value on behalf of clients. The Bank's investment professionals discuss company-specific matters, including strategy, capital structure, financial and non-financial risk and strategic ESG considerations directly with top management and thereby aim to strengthen the investment cases. 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, J. Safra Sarasin would downgrade their sustainability rating and refrain from an investment as the last step.

Collaborative investor engagement
Bank J. Safra Sarasin collaborates with other investors in order to engage with companies about ESG practices and maximise the impact of engagement. This approach is particularly effective around ESG issues that affect an industry as a whole, e.g., access to medicine, deforestation, climate change, etc., where approaching companies with a unified 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 PRI and Carbon Disclosure Project (CDP).

Public policy engagement

Bank J. Safra Sarasin 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. It is the Bank's belief that public policy strongly affects the sustainability and stability of financial markets and plays an important role in regulation, as well as in the relationship between companies, investors and society in general.

Proxy Voting

The Bank considers proxy voting the second component of its Active Ownership approach and exercises voting rights for all sustainable investment funds on behalf of clients. The Bank has its own, customised Proxy Voting Guidelines that reflect the overall sustainable investment approach and research methodology and systematically incorporates ESG considerations identified through internal and external research. Based on this approach, a set of key aspects determine the Bank's in-house Proxy Voting activities. The majority of Proxy Votes comprise corporate governance issues that have been identified through in-house and external research. There is evidence to suggest that the appropriate consideration of such issues reduces the overall risk profile of a portfolio holding significantly. Proxy votes are exercised with the intention to incorporate and emphasise these identified aspects.

Climate

As the debate on sustainability continues to evolve and climate becomes an increasingly prominent element of government action, business activity and society as a whole, J. Safra Sarasin continues to adapt to and mitigate the risks and opportunities represented by this trend. At J. Safra Sarasin climate-related risks and opportunities are most extensively harnessed through its business activities in terms of sustainable product offerings, our thorough ESG-integrated investment processes and climate impact tools described in this Sustainability Report and other publicly available information. Climate Change presents a challenge to the Bank's investments – in terms of its physical impact, as well as against the prospect of the implementation of radical policy measures in order to reduce GHG emissions globally. Climate change is one of the single largest threats to our economy and J. Safra Sarasin is working on an ongoing basis to assess climate change risk and the impact of the low-carbon transition on sectors and companies. The Bank supports and implements the TCFD recommendations and wants to continue to promote increased transparency, development of tools and methods to manage climate-related risks and opportunities and contribute to best practice in the industry. We aim to align our portfolio with the Paris Climate Agreement in the long-term, as well as further reduce the financial risk related to climate change in the Bank's portfolios.

There are a number of sectors that are particularly exposed to climate change.

Companies in these sectors:

- Demonstrate how they integrate climate change challenges into their business strategies, investment decisions and risk management as well as set clear CO2 emissions target objectives
- Disclose how their long-term business strategy and profitability will be impacted by a different regulatory and physical environment.
- Show how they identify and capitalize on opportunities related to climate change
- Transparent in regards to their position on climate change regulation and interaction with regulators and policy makers

Portfolio ESG & Impact Reporting

The ESG team provides the equity and fixed income teams with a comprehensive portfolio ESG report ummarizing the overall ESG quality of a portfolio, material ESG KPIs for top holdings, comprehensive carbon assessment (incl. carbon footprint, carbon intensity, most exposed companies and their mitigation capabilities as well as stranded assets exposure), controversy screening and positive impact revenue categories

Appendix

Investment Process

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

Reducing Risks

By looking at risks using both financial and ESG metrics, we mitigate longer-term risks often overlooked in traditional investment approaches. Controversial business activities and practices that come with reputational risks are avoided.

Delivering Returns

We invest in companies that operate with excellent ESG practices by harnessing long-term transformational trends to find attractive thematic opportunities.

Changing Behaviour

We aim to target positive outcomes by fostering robust corporate governance structures and shareholder rights and strong social and environmental performance. Active ownership through engagement and voting gives us an opportunity to influence positively and to encourage transparency.

The investment process comprises the following four steps:
1. Universe Definition
2. Investment Analysis
3. Portfolio Construction
4. Continuous Monitoring

4-pillar climate investment strategy for managing climate-related risks & opportunities

As sustainable investor, Bank J. Safra Sarasin is convinced of the financial materiality of transition and physical risks arising from climate change while embracing the opportunities from its mitigation efforts. As such a comprehensive strategy based on 4 pillars has been in place since January 2017 for managing risks and opportunities:

1) Smart Divestment: selectively excluding companies

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 universe and identifying companies with a significant share of revenues and/or activity related to coal. A threshold of 20% has been set considering coal's current share in the global energy mix and its trajectory in a scenario below 2°C. In sectors such as mining, the Bank 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) Best-in-Class & Integration: beyond divestment

Companies are compared within their peer group on their ability to reduce their negative climate impact on a best-in-class approach. The industry leaders are then analysed further and material climate issues are being integrated into the financial analysis, while underperformers are discarded.

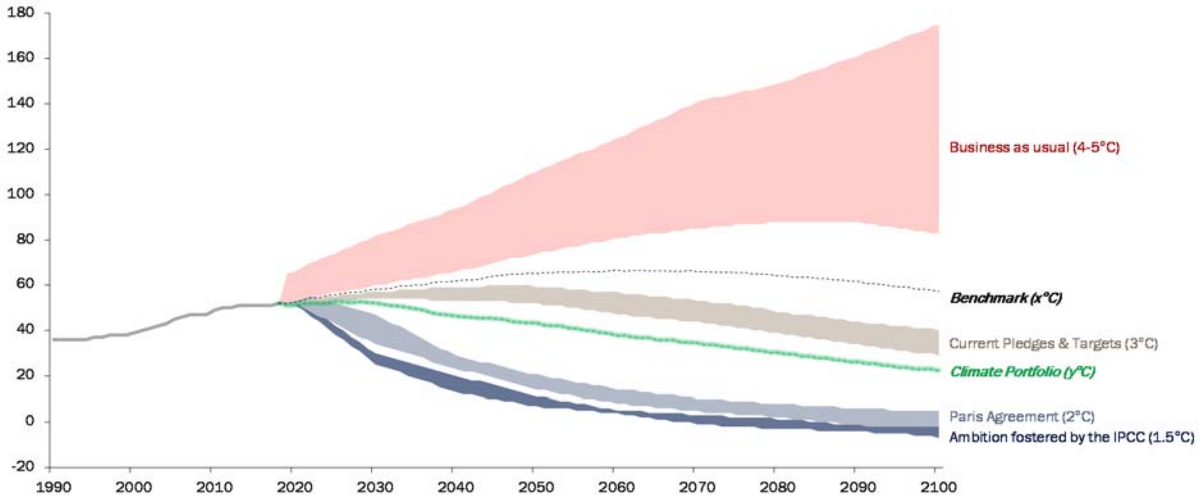
3) Active Ownership

As described in this Sustainable Investment Policy 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.

4) Opportunities: related to climate solutions

Beyond the risk perspective, Bank J. Safra Sarasin perceives and actively looks for investment opportunities in companies that provide solutions to climate challenges. Specifically, such companies should have answers to issues caused by climate change and/or help this trend to happen more smoothly in general. J. Safra Sarasin's climate investment strategy is complemented by an in-depth climate portfolio analysis. By conducting this analysis, carbon risks are made tangible to clients in order to tackle them differently. If, for example, the risk of potentially stranded assets is deemed too high, this might lead to a divestment action.

Global Greenhous gas emissions GtCO2e/year



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