Sustainable Investment Policy

Update March 2021
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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 mind-set 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 funds where environmental, social and governance aspects are an important part of the investment process (in the sense of Art. 8 and Art. 9 EU Sustainable Finance Disclosure Regulation). 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.

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 portfolio construction and risk management, but also through investment research and performance monitoring.
Investment Objectives

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.

The following three fundamental goals drive our sustainable investment process: Reducing Risks, Delivering Returns and Changing Behaviour. The weighting of these goals may vary in each strategy depending on the asset class, the investment universe and the respective investment objective.

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. We see increasing academic evidence in historical data that the risk profile of investment portfolios can be improved if the lowest rated ESG companies are excluded. In our portfolio construction process we aim to reduce ESG and climate tail risks not only at the single security level but also at the portfolio level.

Delivering Returns
We invest in companies that operate with excellent ESG practices by harnessing long-term transformational trends to find attractive thematic opportunities. Depending on the focus of each investment strategy a positive performance contribution is likely to materialize either top down via a thematic selection or a specific regional and sectoral allocation. Furthermore, the integration of ESG factors in the bottom-up security selection strengthens the investment case and is also a potential source for 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 lead to a valuation premium for high quality ESG companies in the coming years.

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. Our direct company engagement is targeting a change in the behaviour of issuers in order to reduce the risks of the investment and also to improve the future prospects. In some investment strategies, we directly target positive outcomes by implementing a selection filter.

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

We strive to include ESG considerations throughout the entire investment process, from universe definition via investment analysis to portfolio construction and risk management and monitoring.

The first step of our sustainable investment process is the “Universe Definition” in accordance with the ESG criteria as determined on the basis of our internal sustainability analysis. This stage comprises the exclusion of controversial activities as well as the positive and negative sustainability screening, i.e. either a best-in-class or a worst-out process. ESG key issues, revenues related to the UN Sustainable Development Goals (“SDG”), carbon metrics and other relevant sustainability-related data are sourced from a number of data providers and integrated into our proprietary database, where an industry and a company rating are calculated. A similar process is applied for country ESG ratings.

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

In the third step “Portfolio Construction” portfolio managers monitor the ESG ratings and climate-related metrics of their investment strategies and compare them with the assigned official benchmark or a reference market in their risk management systems on an ex-ante basis. For a number of strategies, we assign ESG and climate objectives which the portfolio managers have to adhere to. Climate objectives often relate to the carbon footprint of the strategies against their benchmark. Certain sub-funds 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.

In the fourth step of the investment process “Continuous Monitoring” our 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 our active ownership policy.

The Sustainable Investment Process features different tools (1-8):

1. **Exclusions:** of controversial activities
2. **ESG Screening:** investable universe
3. **Long-term sustainable trends:** idea generation for allocation and selection
4. **ESG integration:** into financial analysis and investment cases
5. **ESG profile and risk assessment:** portfolio positioning and tail risk review
6. **Climate profile and risk assessment:** on a portfolio basis
7. **ESG risk monitoring and reporting**
8. **Active ownership / Engagement:** with companies and voting on key topics
Universe Definition

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 Development 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.

A list of exclusion criteria is applied to strategies that integrate ESG aspects. They reflect the relevant ethical and financial risks. Companies with the following activities are excluded from the investment universe:
Exclusion overview

<table>
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<tr>
<th>Criterion</th>
<th>Short description</th>
<th>Revenue Threshold</th>
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<tbody>
<tr>
<td>Nuclear Energy</td>
<td>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)</td>
<td>5%</td>
</tr>
<tr>
<td>Coal</td>
<td>Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy</td>
<td>5% mining</td>
</tr>
<tr>
<td>GMO – Agriculture</td>
<td>Companies that genetically modify organisms for agricultural use</td>
<td>0%</td>
</tr>
<tr>
<td>GMO – Medicine</td>
<td>Human cloning and other manipulations of the human gene line</td>
<td>0%</td>
</tr>
<tr>
<td>Defence and Armament</td>
<td>Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems &amp; services (e.g. weapon control systems, target navigation systems, etc.)</td>
<td>5%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>Producers of tobacco products</td>
<td>5%</td>
</tr>
<tr>
<td>Adult Entertainment</td>
<td>Producers of adult entertainment materials</td>
<td>5%</td>
</tr>
<tr>
<td>Violation of Human Rights</td>
<td>Companies involved in severe violations of human rights. This criterion takes into account established international standards and principles (e.g. UN Global Compact)</td>
<td>0%</td>
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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 Negative Screening

In the ESG screening process we perform a sustainability analysis for each covered company in order to define the investable universe for each strategy. The main result of this analysis is the definition of a best-in-class and a worst-out universe. The ESG screening analysis of a company is composed of two elements, Company Rating and Industry Rating. ESG key issues, SDG-related revenues, carbon metrics and other relevant sustainability-related data are sourced from a number of data providers (such as MSCI ESG, VigeoEiris, Carbon Delta, GMI and RepRisk) and integrated into J. Safra Sarasin’s proprietary database, where an industry and a company rating are calculated and displayed in the “Sustainability Matrix”. A similar process is applied for country ESG ratings.

Company Rating:
- We analyse the relevant ESG key issues by sector
- As an integral part of our company rating, we conduct a media analysis through which we analyse relevant controversial cases with the respective company’s involvement. We base our analysis, which is incorporated in the sustainability company rating, on public non-company related sources. The news value (influence of the source, severity of criticism, newness of the issue) as well as the news intensity (frequency and timing of the information) is systematically taken into account.

Industry Rating:
- The industry rating is based on a proprietary input-output model that analyses the relative ESG risks faced by different industries. The relevant externalities are classified into ESG-themes and underlying issues. The assessment takes into account direct and indirect impact.
- The calculation of our 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 ratings and respective industry ratings) are combined and displayed in our proprietary J. Safra Sarasin Sustainability Matrix, the key output of our 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, whereas in less exposed sectors (e.g. telecommunication, IT) companies must only achieve an average company score to be included. In our 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 investable universe.

The sustainability analysis and rating is conducted in-house by our Sustainable Investment Research team. The analysis is performed in an annual, automated and systematic process. Manual ratings and ad-hoc reviews of the sustainability rating of individual companies are done as needed. They are performed by the respective ESG sector analyst, taking into account the input from the portfolio manager/financial analyst. These reviews can be triggered by an IPO of a security, information/data on sustainability key issues from providers or engagements or a spike in new controversies.

ESG A-rated companies are investable without any restriction in all strategies. ESG B-rated companies are only investable in integrated strategies. The relevant ESG risks must be addressed in the investment case, the ESG performance and development must be closely monitored and an engagement strategy is recommended if applicable. C- and D-rated companies are not investable. If an ESG Rating is lowered for a portfolio position, the ESG analyst team defines a reasonable time period (grandfathering period) to get out of the position.

The best-in-class ESG approach ensures that of the entire global investment universe of issuers for which ESG data are available, at least half (50%) of the number of issuers are excluded, constituting a material reduction of the investment universe. The worst-out ESG approach excludes around 15% of issuers for which data are available and makes sure that ESG laggards are avoided.

We aim 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 a certain maximum amount of allocation in non-rated securities (ESG N-rated) will be allowed and defined in the PRP of such a strategy.
Investment Analysis

Integration of long-term sustainable trends: idea generation for allocation and selection

Humanity faces crucial global challenges and is required to confront them. This gives rise to transformative trends that are reshaping our 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 sustainable trends can determine the definition of structural over- or underweights with regard to regional or industry allocation in a specific strategy. Sustainable trends can also have an impact of selection investment themes or clusters in specific strategies.

In the bottom-up process, sustainable trends will have an impact on the expectations for revenue growth, margins and profitability in specific markets. One specific area were we expect above average structural growth are companies creating product and services necessary for the achievement of the United Nations Sustainable Development Goals. As we expect investors to increasingly allocate capital towards the achievement of the SDGs, the companies will have higher growth, valuation support from investor demand, and will create positive externalities exceeding the initial investment. There may be also other aspects such as green revenues which could be intentionally targeted from a bottom-up perspective.

ESG Integration into financial analysis and investment cases

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. In strategies in which we build detailed financial models, financially material ESG factors have an impact on the determination of the fair value of a security. This process also includes the definition of sustainable key performance indicators for each investment case.

In the investment analysis, portfolio managers/analysts have access to the proprietary ESG and Carbon Risk Tool. The tool allows for comparison of any company with its peer group in a specific industry or region on various ESG factors. Investment cases are discussed in the respective investment teams and also regularly reviewed by sustainability analysts.

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).
Portfolio Construction

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

The following inputs are imported into our portfolio construction system:

- The universe of the investment strategy and the benchmark index (if available)
- The sustainability rating of the company/security as well as specific sustainability risk factors
- SDG revenue percentage

The implementation of a change in holdings into the portfolio usually follows an iterative process: the portfolio manager simulates the implications of implementing a new position. He takes into consideration the impact on portfolio factor exposures, risk measures, and restrictions and implements the changes in the portfolio only if they improve the risk/return profile and if they do not breach any constraints. The change in ESG profile and the ESG tail risk assessment is also taken into consideration.

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 specific data, such as CO2-footprint or stranded asset exposure, these risks are identified and measured within a portfolio context. Again the focus of the analysis is to highlight and to 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. The adherence will be ensured in the portfolio construction process.

Climate Pledge
For a number of strategies, we assign climate objectives which the portfolio managers have to adhere to and which are monitored and reported independently. Climate objectives often relate to the carbon footprint of the strategies against the benchmark. The objective-setting process is described in the Climate Policy document of JSS Sustainable Asset Management.
Continuous Monitoring

ESG Risk Monitoring and Reporting
The “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.

In the Bank’s ESG portfolio reporting framework, we aim to provide more concrete 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.

The ESG reporting includes among others the following elements:
- Portfolio and positioning in the Sarasin Sustainability Matrix® compared to the benchmark
- Aggregate Environmental, Social and Governance sustainability scores compared to the benchmark
- Top 10 holdings and selected ESG key issues
- Carbon
  - Portfolio Carbon Footprint (per sector)
  - Portfolio Carbon Footprint (top contributor holdings and their mitigation efforts)
  - Carbon Intensity (per sector)
  - Stranded Assets Risk (fossil fuel reserves exposure and claim on coal, oil and natural gas emissions)
- Controversy monitor: negative news and reputational risk compared to the benchmark
- SDG monitor: value of solutions delivered in SDG-related areas per million invested, proportion of holdings offering impact solutions, number of products and services offered by holdings to address SDGs and their according shares of revenue, company examples with relevant SDG product/services involvement

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
Sustainable Investment Policy

- 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 policy makers 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 (besides Engagement) 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.

A more detailed description of the Active Ownership approach can be found in the Active Ownership Policy on our website: https://www.jsafrasarasin.ch/internet/ch/activeownershioppolicy_20201203_en_clean.pdf
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Data sources: The Sustainable Investment Research Department uses a variety of data sources which are publicly available (e.g. company reports, press, internet search) and data/information provided by service providers which are collecting financial, environmental, social, governance and reputational risk data on behalf of the Sustainable Investment Research Department. While the Bank makes every effort to use reliable and comprehensive information, it cannot make any representation that it is actually accurate or complete. Possible errors or incompleteness of the information do not trigger liability, neither with regard to direct, indirect nor consequential damages. Past developments, performance, behavior etc. of countries, in political circumstances, certain (group of) companies, products or underlying assets is no indication of current or future developments, trends, performance, behavior etc. Neither the Bank nor its shareholders and employees shall be liable for the views contained in this document. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data provided and shall have no liability for any damages of any kind relating to such data.

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The Bank shall not be held liable in respect of the exercise or partial exercise of voting rights due to delays, negligence or errors in relation to the publication or dispatch of the information of documents required for voting.

Sustainability Rating Methodology
The environmental, social and governance (ESG) analysis of companies is based on a proprietary assessment methodology developed by the Sustainable Investment Research Department of the Bank. All ratings are conducted by in-house sustainability analysts. The sustainability rating incorporates two dimensions which are combined in the Sarasin Sustainability-Matrix®:

Sector Rating: Comparative assessment of industries based upon their impacts on environment and society.
Company Rating: Comparative assessment of companies within their industry based upon their performance to manage their environmental, social and governance risks and opportunities.
Investment Universe: Only companies with a sufficiently high Company Rating (shaded area) qualify for Bank J. Safra Sarasin sustainability funds.
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Key Issues
When doing a sustainability rating, the analysts in the Sustainable Investment Research Department assess how well companies manage their main stakeholders’ expectations (e.g. employees, suppliers, customers) and how well they manage related general and industry-specific ESG risks and opportunities. The company's management quality with respect to ESG risks and opportunities is compared to those of industry peers.

Sustainability Rating Methodology
The environmental, social and governance (ESG) analysis of companies is based on a proprietary assessment methodology developed by the Sustainable Investment Research Department of BJSS AM. All ratings are conducted by in-house sustainability analysts. The sustainability rating incorporates two dimensions, which are combined in the Sarasin Sustainability Matrix®:
- Sector Rating: Comparative assessment of industries based upon their impacts on environment and society.
- Company Rating: Comparative assessment of companies within their industry based upon their performance to manage their environmental, social and governance risks and opportunities.
Investment Universe: Only companies with a sufficiently high Company Rating qualify for the BJSS AM’s sustainability funds.

Controversial Activities (Exclusions)
Certain business activities which are not deemed to be compatible with sustainable development (e.g. armaments, nuclear power, tobacco, pornography) can lead to the exclusion of companies from BJSS AM’s sustainable investment universe.

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