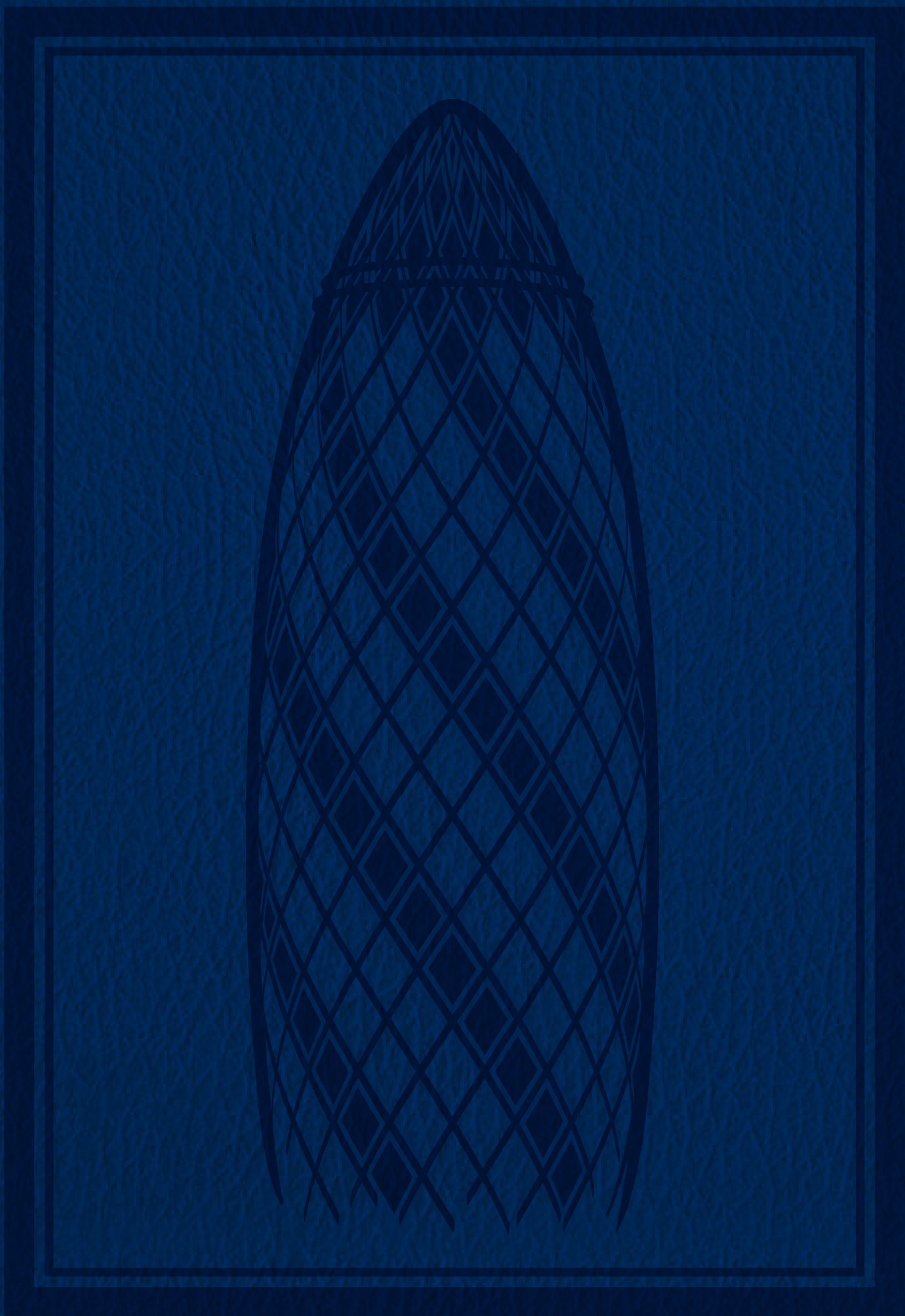
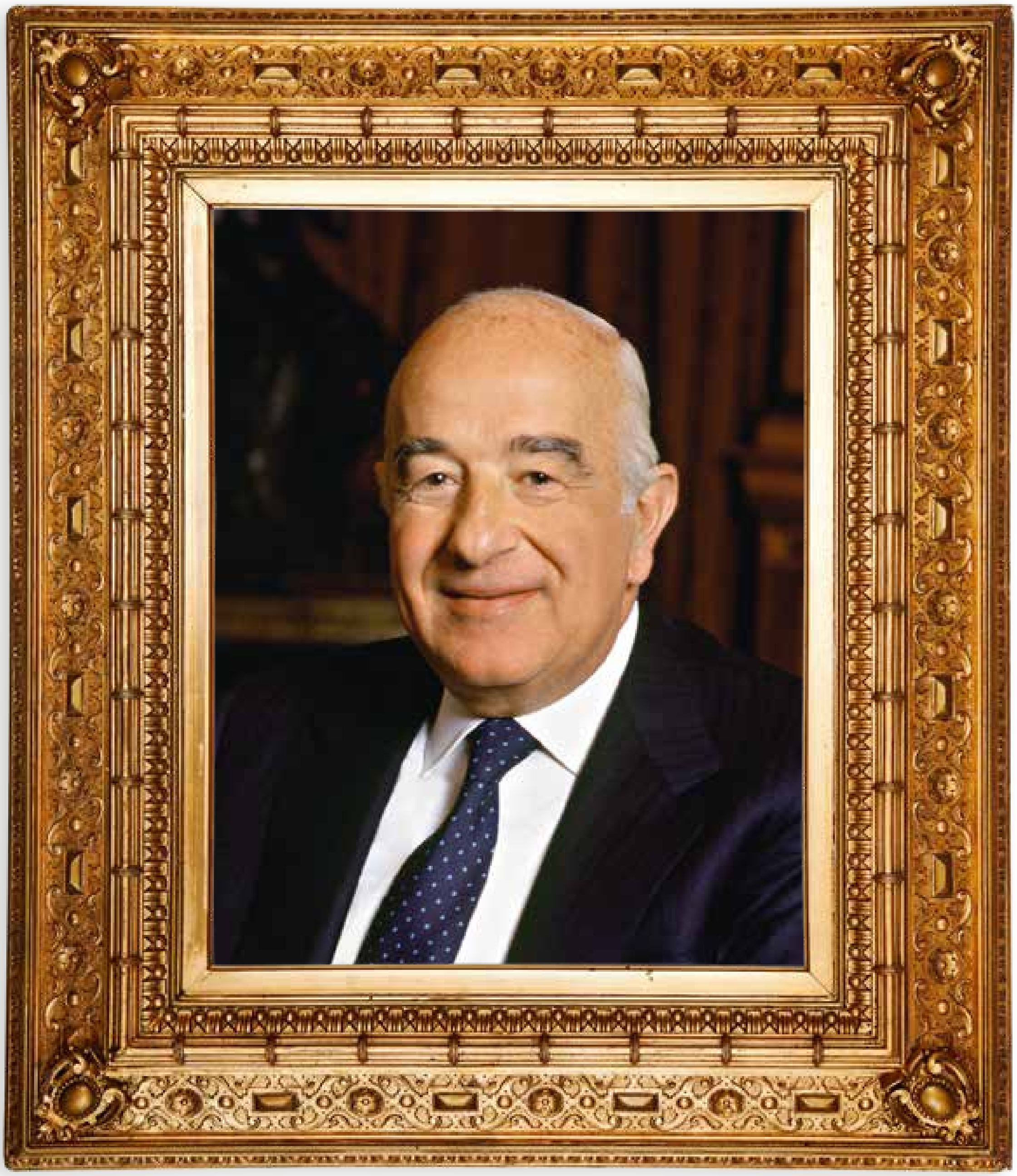
Annual Report 2021

J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841





"Every bank is like a child –
you have to nurture it
so it is able to grow and thrive."

Joseph Safra (1938 – 2020)


Bank J. Safra Sarasin Ltd
4002 Basel, Switzerland

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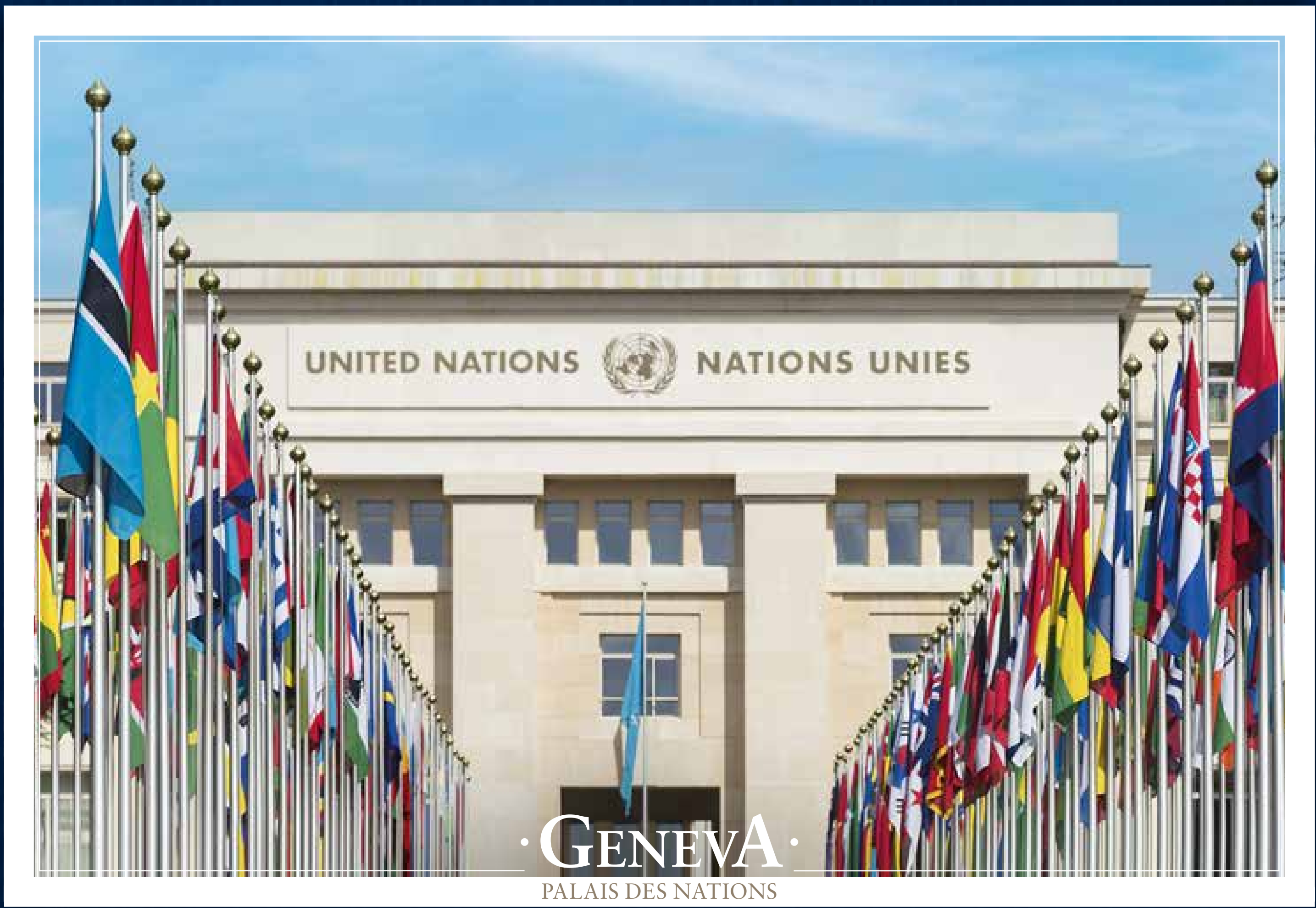
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·GENEVA·
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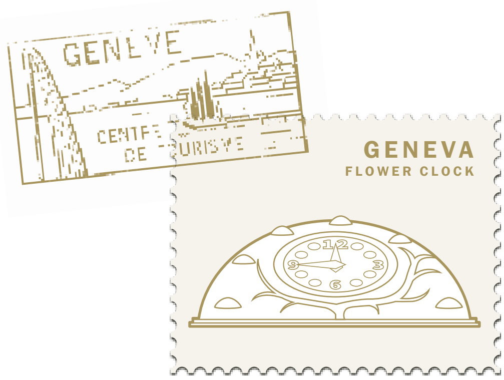
Banque J. Safra Sarasin SA
1211 Genève 11, Suisse

Group Chairman's Foreword & Report of the Board of Directors

Group Chairman's Foreword & Report of the Board of Directors

Welcome to the Annual Report of J. Safra Sarasin Group for 2021. We are pleased to report another impressive performance, with client assets under management up by 17% benefitting from record net new assets of CHF 15 billion and positive market conditions.



Solid revenue growth in our core business and the inherent operating leverage produced an increase of 10% in operating profit. Our strong balance sheet and financial performance ensure we are ranked amongst the leading banks in Switzerland[1]. As a global leader in private banking and asset management, we have a proven track record in integrating businesses and teams. In 2021, we welcomed new colleagues and clients from Bank of Montreal in Hong Kong and Singapore and continued to attract talent who are able to thrive in a culture of entrepreneurship and performance. The outstanding qualities of our employees came to the fore again as they navigated the "new normal" of delivering exceptional service to our clients, by leveraging for example the investments we have made in new digital tools.

Client engagement

For over 180 years, we have had the privilege of serving many families from generation to generation, and taking care of our clients' wealth like we do our own. This approach is fundamental to our culture as a family-owned private bank. Although the tools and ways of communicating may change over the decades, our clients consistently regard the Group as a landmark of stability and conservative wealth management. Faced with the challenges of the pandemic, we are proud to have helped our clients adapt to both the risks and new

1) The Banker Top 1000 World Banks, July 2021.

opportunities, particularly those offered by new technologies and sustainable business practices.

Sustainability guides generational stewardship

The Group has been a pioneer in sustainable investing for over 30 years, and we continue to lead the way for the benefit of both private and institutional clients. Our brand, our products and our employees are well recognised as standard setters in the growing institutional market. Global policy makers gathered at important meetings in 2021, which we were proud to support. It is clear that the pandemic has been a wake-up call for how multiple actors must collaborate across the world to overcome systemic healthcare challenges: the same lessons can be applied to the challenges of climate change and biodiversity. The financial sector is making important steps towards finding solutions, and the Group is proud to further invest and enhance its efforts, such as the Net Zero Asset Managers Initiative. Our responsibility is now also to those in society who are just starting their professional and personal journeys; it is our duty and privilege to give them the strategies and tools to invest responsibly and create lasting sustainable economic, environmental and social impact for generations to come.

Capital strength and risk management

J. Safra Sarasin Group is ranked as the 5th-largest banking group in Switzerland by Tier 1 capital, the ultimate measure of a bank's financial strength, holding more than twice its regulatory requirements.

Our conservatism is also reflected in the structure of the Group's balance sheet, which maintained a high level of liquidity.

The Group deploys ample resources to manage increasing regulatory requirements and a challenging market environment, in combination with a proven risk management approach. Assessment reviews are conducted on a regular basis. The Group's comprehensive approach to risk management is detailed in the notes to the consolidated financial statements.

Strong growth in Assets under Management and operating income in 2021

Client assets under management increased by 17% to CHF 224.7 billion, supported by record net new assets of CHF 15 billion as well as by positive market conditions.

Operating income rose by 6% to CHF 1,305.9 million in 2021 compared to 1,237.3 million in 2020, boosted by an exceptional performance from commissions and service fees (+14%).

Operating expenses reached CHF 702.3 million in 2021 against CHF 691.1 million in 2020. This increase reflects the substantial investments the Group has made in strengthening its client offering as well as the continuous hiring of staff and new teams across all regions. Revenue growth outpaced these investments, and the Group achieved a cost-income ratio of 54%.

As a result, our operating profit increased by 10% to CHF 603.6 million and the Group net profit rose steadily by 6% to CHF 423.2 million for 2021 from CHF 400.3 million for 2020.

The consolidated balance sheet at 31 December 2021 reached CHF 42.3 billion. The Group maintained high levels of liquid assets at CHF 8.8 billion at the end of 2021 compared with CHF 8.7 billion at the end of 2020.

With the reinvestment of all retained earnings, Group shareholders' equity increased to CHF 5.7 billion at the end of 2021 with a CET1 ratio of 38.7%.

Total headcount (full-time equivalents) increased to 2,339 at the end of 2021, up by 7% from 2,178 a year ago.

The Group operates in more than 25 locations worldwide and continues to seek appropriate locations to best serve its clients as it executes its growth strategy across Europe, Asia, the Middle East, Latin America and the Caribbean.

GENEVA
QUAI DE L'ILE 3

Outlook 2022

The first key difference for 2022 compared with 2021 is that the world now has at its disposal a range of proven vaccines, and the experience of implementing a variety of public health care measures. There remain significant differences between countries in both vaccination rates and government policies, but the overall trend is towards managing the virus as an endemic. Consumer and industrial activity has rebounded and is likely to continue, with China still driving many sectors of the global economy. The second major difference as we look towards 2022, is the return of inflation at a speed and level which has caught central banks off guard. The US Fed and the Bank of England have already signalled a series of rate hikes to come, while the European Central Bank and the Swiss National

Bank may follow suit towards the end of the year. These higher rates and bond yields are already having an impact on the elevated valuations of equities, real estate and gold which have profited so much from the many years of seemingly unlimited fiscal and monetary support. Finally, geopolitical tensions have increased, and it is inevitable that economic and financial ramifications will impact certain regions and sectors.

During the acute phase of the pandemic, we have managed exceptionally well to find new ways of working and achieve impressive returns for our clients. Looking further ahead, we see many reasons for optimism with continued investment in, and adoption of, new technologies across many sectors. This is underpinned by our commitment to investments that address the long-term challenges of the environment and sustainability.

In 2022, we will rely as ever on our discipline and conservatism and we remain confident that the Group will deliver another solid performance. Our business continues to generate steady revenues with sector-leading efficiency. This is supported by exceptional capital strength, built up over years of prudent risk management and re-investment of retained earnings. Agility, entrepreneurship, a duty of care, and a long-term perspective are clear benefits of our culture as a family-owned private bank. This culture was embodied by my father, and I am convinced more than ever that his values and wise counsel are being carried forward by the Group's leadership as we rise to the challenge of honouring his legacy.

In conclusion, the Board thanks our loyal clients for their continued trust and support, and expresses our appreciation to all employees for their expertise and dedication. I am confident that the Group has the scale and strength to continue meeting the needs of our clients, providing a safe harbour of sustainable performance for future generations.

Jacob J. Safra
Chairman of the Board of Directors
J. Safra Sarasin Holding Ltd.

Consolidated Key Data

Consolidated income statement	2021 CHF 000	2020 CHF 000
Operating income	1,305,925	1,237,328
Operating expenses	–702,357	–691,058
Consolidated profit	**423,182**	**400,297**

Consolidated balance sheet	31.12.2021 CHF 000	31.12.2020 CHF 000
Total assets	42,325,356	37,995,346
Due from customers	13,405,508	12,061,585
Due to customers	32,370,958	28,974,946
Equity	**5,745,835**	**5,390,801**

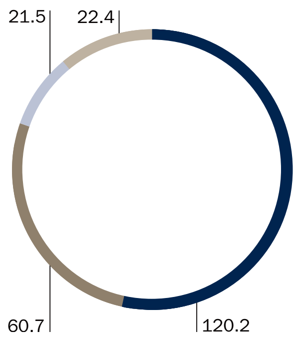
Ratios	2021 %	2020 %
Cost-income ratio	53.8%	55.9%
CET1 ratio	38.7%	36.7%

Assets under management	31.12.2021 CHF million	31.12.2020 CHF million
Assets under management	224,739	192,405

Headcount (full-time equivalents)	31.12.2021	31.12.2020
Consolidated headcount	2,339	2,178

Assets under management by booking centre

(CHF billion) **31.12.2021**

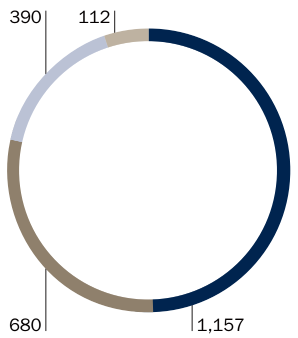


Total 224.7

- Switzerland
- Europe (excluding Switzerland)
- Asia
- Other

Headcount by location

(full-time equivalents) **31.12.2021**



Total 2,339

- Switzerland
- Europe (excluding Switzerland)
- Asia
- Other

Bank J. Safra Sarasin AG
8022 Zürich, Schweiz

·ZURICH·

ZURICH OPERA HOUSE

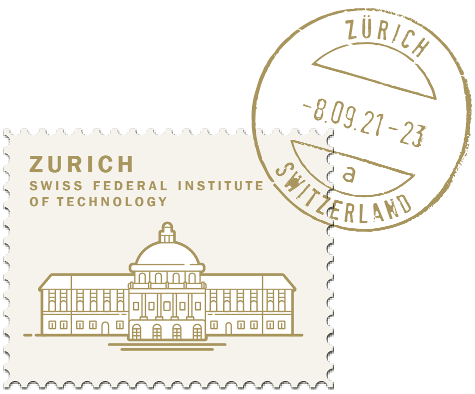
Year in Review

Year in Review

Covid vaccines and continued fiscal and monetary stimulus provided the base for the exceptional market performance in 2021.

The vaccine roll-out, principally in countries with robust healthcare systems, boosted economic and financial market confidence and lifted most risk assets ranging from equities to commodities. This market environment was further accentuated by the USD 1.9 trillion pandemic stimulus programme passed by the US administration and the US central bank (Fed) trying to maximise employment. However, both China and Emerging Markets underperformed, impacted respectively by regulatory measures and structural adjustments to transition away from commodity-based economies.

Perhaps, the longest-lasting impact of the pandemic continues to come from the disruption to global supply chains and changes in consumer behaviour resulting in inflationary pressures. Producer prices have soared in many goods beyond energy and food, with annualised inflation running at 7.0% in the US and 5.0% in the euro area in December 2021. How central banks manage the transition from unprecedented fiscal and monetary support towards a more restrictive environment to curb inflation is now the key driver for how the real economy and markets will behave in 2022.



We are delighted by the Group's excellent performance in 2021. Together with our clients, we have adjusted to the "new normal" of working under Covid conditions, with the organisation demonstrating yet again its strengths and ability to adapt. The financial results of 2021 reflect our conservative management philosophy, the investments we make in high-quality talent and the benefits of our focus on sustainable performance. In short, the Group is as solid as ever and producing reliable recurring returns. All this can be attributed to over 180 years of stable family ownership, exceptional capital strength, prudent risk management, and a long-term perspective.

2021 – significant growth and performance

Client assets under management increased by 17% to CHF 224.7 billion, benefitting from record net new assets of CHF 15.0 billion and market conditions. We were particularly pleased with the high quality growth spread across all regions coming from existing and new clients – both private and institutional. Operating income rose by 6.0%, mainly due to a strong performance in our core recurring business. Operating expenses also rose as we increased headcount by 7% to support the Group's growth strategy. The improved revenues and inherent operating leverage of the business resulted in a cost-income ratio of 54%. The consolidated net profit rose 6.0% to CHF 423.2 million.

With shareholders' equity of CHF 5.7 billion, the Group significantly exceeds its regulatory requirements with a CET1 ratio of 38.7%. Standard and Poor's continues to rate the Group as "A" for long-term and "A-1" for short-term counterparty credit.

Client focus

As a family-owned business, we take care of our clients' wealth like we do our own. Clearly, market conditions in 2021 were favourable, but we succeeded in providing our clients with above-average returns. The pandemic has given rise to new perspectives on where wealth may be best invested, and we are proud to offer our clients due care and attention as they adjust their portfolios according to their risk appetite and the new opportunities. Digitalisation of services is now firmly embedded in how private banks operate, and for our teams, it is another tool to engage with clients. We remain committed to our philosophy and tradition of advising clients across generations, providing security and stability for their wealth as it is handed from family member to family member.

Thriving talent

Our teams continued to perform admirably in the face of the challenges posed by the pandemic, particularly in those cities where long lock-downs and travel bans have been enforced. Their commitment and adaptability are exemplary. Our brand continues to attract new talent in all regions as part of our deliberate growth strategy. We continue to emphasise positive attitude, a sense of ownership and entrepreneurship as key qualities in our employees. We are committed to investing in high-quality teams and staff and ensuring they have the right tools, products and a healthy environment in which to thrive.

Sustainability at our core

Despite the pandemic, sustainability and climate action took centre stage in 2021 through the UN Climate Change Conference COP26 in Glasgow and the UN Biodiversity Conference COP15 in Kunming. During the year, we further strengthened our commitments to the sustainable investment approach which we pioneered over 30 years ago. In support of J. Safra Sarasin Sustainable Asset Management's climate pledge, aiming at a carbon-neutral outcome in assets under management by 2035, we joined the Net Zero Asset Managers Initiative (NZAM) and were pleased to participate in its deliberations during the COP26. As a founding signatory of the UN Principles of Responsible Investment (UN PRI) we are continuously assessed on our sustainability strategy and governance. We actively contribute to the achievement of the UN Sustainable Development Goals (SDGs) and the Paris Agreement as a founding signatory of the UN Principles of Responsible Banking (UN PRB). As a Group, we follow a clear corporate sustainability strategy and our comprehensive approach is described in chapter 8 (Sustainability Report) of this Annual Report.

Sustainability principles are integrated into our investment strategies at every stage of the investment process and in our offerings to clients. Our well-established approach to sustainable investing, across the themes of SDGs, Climate and Green Transition, enable both institutional and private banking clients to identify the winning business models of the future.

Institutional growth

Our institutional business went from strength to strength in 2021, benefitting from the Group's leadership in sustainable investing and the various commitments we made to climate action. The values and qualities of our brand as J. Safra Sarasin Sustainable Asset Management are well recognised by both institutional clients and prospective talent. Over the past few years, we have invested significantly in people, products, and processes to meet the growing needs of institutional clients as they reshape their strategies and portfolios for both risks and opportunities arising from the major shifts in the global economy towards sustainability.

In 2021, we hired new sales colleagues in Austria, Germany, the UK, Spain, the UAE and Israel. We converted our complete sustainable range of Luxembourg

funds to meet the requirements of the EU Regulation on Sustainability-Related Disclosures (SFDR). We launched a number of new funds and repositioned two flagship funds: JSS Sustainable Equity – Global Climate 2035, and JSS Sustainable Equity – Green Planet. The important German label FNG Siegel was renewed and awarded to several of our funds. Our efforts were recognised by many awards, notably by Lipper and Morningstar for the SaraSelect fund focused on Swiss small- and mid-caps, and by Lipper for JSS Sustainable Multi Asset – Thematic Balanced and Growth* funds.

* The funds mentioned above are only approved for distribution in certain countries.

Sector leadership

During the first half of 2021, we completed the acquisition of Bank of Montreal's private banking activities in Hong Kong and Singapore and are pleased to see the teams and their clients so well integrated into the Group. We continue to be a proactive consolidator in the private banking industry. Our approach remains very selective, ensuring that potential targets fit with our values, bring clear benefits to our clients and add to the qualities of our talent pool. The successful integration of several businesses over the past few years is testament to this approach and is reflected in our results.

Landmark of stability

The graphic theme of this Annual Report is Landmarks – globally appreciated symbols from some of the cities where we serve our clients. We have chosen to represent these landmarks in the form of postcards – a reminder of the enduring appeal of how humans still communicate their travels to loved ones, despite the enforced curtailment of such pleasures during the pandemic.

Landmarks are a recognisable natural or artificial feature used for navigation, a feature that stands out from its near environment and is often visible from long distances. The term can also be applied to smaller structures or features, which have become local or national symbols. We are proud the Group is respected as a Landmark by its clients – a steadfast presence over 180 years, a constant beacon of guidance and security for its clients over generations, identifying both risks and opportunities as they navigate different economic cycles.

This commitment to safety and a long-term perspective are essential to the continued resilience and performance of the Group. The year 2021 proved our strengths again, and showed how we can bring innovative ideas to clients, particularly those exciting new technologies and businesses leading society to a more sustainable pathway.

In conclusion, on behalf of the leadership team, we would like to thank all of our clients, employees and business partners for their valuable trust and confidence as we continue to grow a truly exceptional global private bank of which we can all be proud.

Juerg Haller
Chairman
Bank J. Safra Sarasin Ltd

Daniel Belfer
Chief Executive Officer
Bank J. Safra Sarasin Ltd


·SINGAPORE·
ARTSCIENCE MUSEUM • MARINA BAY SANDS


Bank J. Safra Sarasin Ltd – Singapore Branch
Singapore 018 960

SUPERTREE GROVE • GARDENS BY THE BAY

Market Environment

Market Environment

After the third year in a row with double-digit returns in major equity markets, risk assets face a more challenging environment in 2022, as solid growth and elevated inflation rates will lead to tighter monetary policies.

Review 2021

Equities in developed markets completed their strongest three-year period since 1999. The US market rose by an impressive 27% in 2021 after it had already delivered double-digit returns in the previous two years. The availability of the first Covid vaccines at the beginning of the year provided the base for the exceptional market performance in 2021 as it boosted economic and financial market confidence which lifted most risk assets ranging from equities to commodities. This risk-on move was further accentuated by the USD 1.9 trillion pandemic stimulus programme which the new US administration passed in the first quarter of 2021. With the US central bank (Fed) trying to maximise employment instead of curbing inflationary pressures early on, the environment for equities and other risk assets could have barely been better. Earnings growth was fuelled by the reflation of the economy while headwinds for valuations from rising rates remained muted. Although bond yields moved higher, they remained well below levels reached during previous cycles.

In the second half of the year, company earnings continued to surprise on the upside. However, equity market performance narrowed substantially, with large-cap tech companies driving the US market higher. The US yield curve started to flatten, reflecting the expectation that future policy rate hikes might moderate economic growth and inflation. A smaller increase of equity prices and bond yields in the rest of the world resulted in an appreciation of the US dollar against other currencies. Pandemic-related restrictions disrupted global supply chains and led to a shift from services to goods consumption. This, in turn, boosted demand for commodities and their prices rose from the depressed levels of the previous year to new multi-year highs. Producer prices followed, with increases affecting a broad range of goods well beyond energy and food. Thanks to robust global demand, companies were able to pass higher input costs on to consumers, which lifted inflation rates to 7.0% in the US and to 5.0% in the euro area in December 2021.

The biggest laggards in 2021 were emerging markets (EM) equities which fell by almost 5%. Regulatory measures in China, targeting a variety of sectors, ranging from technology firms to real estate conglomerates, weighed heavily on Chinese equities. The notable absence of large-scale government stimulus measures added to this downbeat sentiment for the Chinese market. The result was observed in the second half of 2021, during which Chinese offshore equities lost almost 25%. Although other regions fared better, headwinds from the strong US dollar could be felt everywhere, leading to a wide-ranging underperformance of EM assets. Even more remarkable, this happened against the backdrop of rising prices of oil and other commodities, which many EM provide to the rest of the world. The underperformance in energy and mining stocks relative to commodity prices has not been exclusive to EM equities. It reflects a more challenging future for these sectors as the unavoidable transition to become more sustainable will come with restructuring costs.

Outlook for 2022

2022 will be a year of moderation in several aspects. GDP growth, inflation rates, and also financial market returns should all be lower than in the past three years. Key for these developments is the path of the pandemic. In the Northern hemisphere, a strong wave of Covid infections will weigh on economic growth in the first quarter. Above normal household saving levels, pent-up demand for services and goods, and a backlog of orders should lead to a strong economic rebound from the second quarter. This should contribute to above potential growth for the full year, even if the momentum moderates in its second half.

As the dominant Covid variant has become more transmissible, yet appears to be less severe, 2022 may well see the pandemic becoming endemic in many regions. While such a development would be positive for people's well-being and the world as a whole, it will also call into question how much economic policy stimulus is still needed. As markets have grown accustomed to seemingly unlimited fiscal and monetary support, managing this transition will be challenging. In particular higher policy rates and bond yields might cast doubt on the elevated valuations of equities, real estate and also gold that have all benefitted from the multi-year trend towards ever lower interest rates in the past. The US central bank is essential in this respect as inflation rates are far beyond its target, and the labour market is booming such that wage costs keep on increasing. The Fed needs to strike the right balance between the two pillars of its mandate: price stability on the one hand and full employment on the other. If the Fed tightens too much or too quickly, it may bring inflation back down to its 2% target but choke off growth and contribute to higher unemployment. Yet, if it tightens too little, the economy may continue to grow above expectations, but inflation rates above target could become permanent. It would then be much harder to control a spiral of rising wages and prices once its inflation target has lost credibility. Less monetary tightening this year would then require more tightening later.

In addition to the reversal of monetary policy support, fiscal support measures will likely be substantially smaller than in the past two years even if a new infrastructure programme passes the US congress before the US mid-term elections in November. In the past, these elections have often been more challenging for the governing party. In case the Democrats lose their already wafer-thin majority in Congress, a split government would result in making major political initiatives or big fiscal programmes even less likely.

In China, the National Congress, which is held every five years, will take place in the fourth quarter. Major party leadership decisions are at the centre of this event and policy priorities for the following five years are signed off. Important for the global economy this year is that credit growth in China has often accelerated ahead of the National Congress. After the dismal year 2021, Chinese assets may finally get a boost and outperform relative to global risk assets. Lastly, in Europe, the reversal of monetary stimulus is set to be much more gradual than in the US. The European Central Bank (ECB) plans to reduce its asset purchases substantially throughout the year. While wages in the euro area have yet not picked up materially, rising energy prices and elevated inflation rates add upside pressure against the backdrop of a tightening labour market. The pace of ECB tightening, however, is set to lag behind the Fed, which should keep a lid on the euro-US dollar exchange rate. Finally, Swiss inflation rates are less elevated than in other countries thanks to the strong franc, moderate wage increases and a smaller increase of energy prices. However, Switzerland's economic recovery is also more advanced and stronger than in the euro area, such that deeply negative policy rates should not be necessary for much longer.

FORT THÜNGEN • MUSÉE D'ART MODERNE GRAND-DUC JEAN

Banque J. Safra Sarasin (Luxembourg) SA
L-1840 Luxembourg, Grand-Duché de Luxembourg

PHILHARMONIE LUXEMBOURG

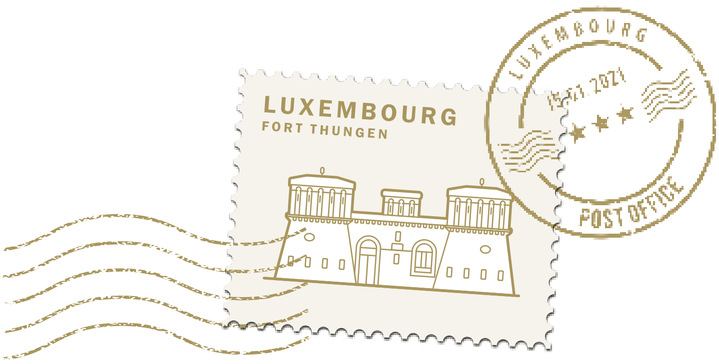
Corporate Governance

Corporate Governance

Corporate Governance at J. Safra Sarasin Holding Ltd. ensures that the management and supervision of the Group are focused on the long-term success of the organisation to the benefit of all stakeholders.

Group structure and shareholder

J. Safra Sarasin Holding Ltd. (“JSSH”) is a holding company incorporated under the laws of Switzerland with its registered office in Basel. JSSH is the shareholder of Bank J. Safra Sarasin Ltd (“BJSS”) and other direct and indirect subsidiaries and, as the case may be, their branches and representative offices (each a “Group Company” and together the “J. Safra Sarasin Group” or the “JSS Group”). Reference is made to the organisation chart on page 33 and the information provided in the section “Group Companies” of this report.



BJSS is a company incorporated under the laws of Switzerland with its registered office in Basel. It holds a banking licence and has the status of a securities firm.

J. Safra Holdings International (Luxembourg) S.A., Luxembourg, holds the entire share capital and voting rights of JSSH.

Both JSSH and BJSS are supervised by the Swiss Financial Market Supervisory Authority FINMA.

Consolidated supervision

The JSS Group qualifies as a financial group within the meaning of Article 3c al. 1 of the Swiss Banking Act, over which FINMA exercises consolidated supervision. The scope of consolidated supervision applies to all direct and indirect subsidiaries, branches and representative offices of the JSS Group.

JSSH has delegated to BJSS governing bodies all duties, responsibilities and competencies related to the management and operation of its current business. These responsibilities include the organisation, the financial consolidation and risk diversification as well as the supervision on a consolidated basis of the JSS Group’s activities.

Accordingly, the implementation of the criteria for the consolidated supervision of the JSS Group is the responsibility of the Board of Directors and the Group Executive Board (“GEB”) of BJSS, under the auspices of the Board of Directors of JSSH. The main functions and departments at the level of BJSS, and in particular, the following functions and departments, exercise group-wide consolidated supervision over the JSS Group:

- Finance
- Credit
- Legal and Compliance
- Risk Office
- Trading and Treasury
- IT
- Group Internal Audit

The duties and responsibilities of the above functions are governed by the regulations, directives, working directives and guidelines issued by JSSH and/or BJSS. The implementation of an adequate and effective framework of consolidated supervision throughout the JSS Group ensures, inter alia:

- Compliance with the relevant accounting standards of the JSS Group;
- Compliance with consolidated capital adequacy provisions for the JSS Group;
- Compliance with risk provisions on a consolidated basis for the JSS Group;
- Compliance with the liquidity requirements of the JSS Group;
- Adequate system of internal controls and supervision of the governing bodies of all the JSS Group entities and separation of functions;
- Operation of a group-wide system of directives, which serves as a management instrument for the implementation of regulations and processes which are necessary in the context of the consolidated supervision;
- Group-wide anti-money laundering and combatting the financing of terrorism;
- Group-wide regulatory compliance, risk management and internal audit; and
- Immediate access to any information required to ensure the integrated management of all entities within the JSS Group.

Board of Directors

Area of responsibility

The Board of Directors (the "Board") of JSSH is the ultimate governing body of the JSS Group. It lays down the JSS Group's objectives and business strategy and supervises the GEB, entrusted with the management of the business.

Furthermore, the Board is responsible for the financial situation and development of the JSS Group and approves the capital and liquidity plans, as well as the financial statements.

The Board is also responsible for all business matters that the Articles of Association and the law do not specifically reserve for the General Meeting of shareholders.

The Board signs off the Group-wide risk management framework and is responsible for monitoring and controlling the main risks of the JSS Group as required by Swiss banking regulation and the implementation of an appropriate business organisation and the consolidated supervision framework.

The Board delegates the running of the JSS Group to the CEO of BJSS and the GEB in accordance with the applicable Organisational Regulations and is regularly briefed by the CEO and the members of the GEB.

The allocation of responsibilities between the Board, the GEB and the CEO is further specified in the Regulations on Allocation of Competencies of JSSH.

Internal organisational structure

Meetings of the Board are convened by its Chairman or, should he be impeded, by the Vice-Chairman or another member of the Board. Meetings take place as often as business requires, generally once a quarter. In addition, any Board member may submit a request that a meeting be convened. Usually, the Boards of BJSS and JSSH meet on the same day and both meetings together last several hours. In 2021, the Board of JSSH met six times and the Board of BJSS met four times.

Board members have access to all information concerning the business and the affairs of the JSS Group as may be necessary or appropriate for them to fulfil their duties. During Board meetings, any Board member is entitled to request information on any matter relating to the JSS Group regardless of the agenda.

The Board of BJSS has set up an Audit & Risk Committee.

Information and control instruments vis-à-vis senior management

The GEB and the CEO ensure the implementation of the Board's decisions and approved plans and projects. The GEB and the CEO are responsible for the operational management of the JSS Group.

In coordination with the Chairman of the Board, the CEO is responsible for promptly informing the Board and/or the Audit & Risk Committee of any aspects of the JSS Group or a Group Company that are material for decision-making and monitoring.

In addition, the CEO or, in certain cases, the competent Division Head (or Function Head) provides the Board with the information it requires to carry out its supervisory and control functions. This includes regular information about the general course of business, the JSS Group's financial performance and the implementation of the JSS Group's risk management framework.

The Board may invite Division Heads or Function Heads to Board meetings to discuss unit-specific matters.

Composition of the Board

As of 31 December 2021, the composition of the Board of JSSH was as follows:

• Jacob J. Safra	Chairman
• Pierre Alain Bracher	Member*
• Philippe Dupont	Member*
• Juerg Haller	Member*
• Jorge A. Kininsberg	Member*

* Independent member

As of 31 December 2021, the composition of the Board of BJSS was as follows:

• Juerg Haller	Chairman
• Pierre Alain Bracher	Vice-Chairman
• Philippe Dupont	Member
• Jorge A. Kininsberg	Member
• Jacob J. Safra	Member

Collectively, the members of the Board have a thorough understanding of the banking and financial services sector in general and in particular of the JSS Group, as well as the global regulatory environment.

Jacob J. Safra

Born in 1975; lives in Switzerland;
Bachelor of Sciences in Economics; Finance Major – Wharton School, University of Pennsylvania, Philadelphia, USA

Since 1998, Jacob J. Safra is responsible for the main business activities of the J. Safra Group outside of Brazil. From 1998 until 2005, he served as COO and subsequently CEO of Safra National Bank of New York, USA, where he was also Vice-Chairman of the Board of Directors and is currently Chairman of the Board. In 2002, he became Director of the Joseph Safra Foundation, a position he holds to this day. Since 2005, Jacob J. Safra is a member of the Board of Directors of BJSS (including Banque J. Safra (Suisse) SA) and since 2008 he was Vice-Chairman of JSSH, becoming Chairman of the Board in December 2020. He is also a member of the Board of Directors of various entities of the J. Safra Group and member of the Board of Banque J. Safra Sarasin (Monaco) SA (from 2006 until 2014 as Vice-Chairman and since 2014 as Chairman). In addition, since 2015 he is a member of the Board of Directors of Chiquita Brands International.

Pierre Alain Bracher

Born in 1947; Swiss national; lives in Switzerland;
Chartered Accountant Diploma – EXPERTsuisse,
Swiss Institute of Accounting & Tax Experts

Pierre Alain Bracher joined the accounting firm Deloitte Ltd, Zurich, in 1972, as junior accountant in the financial industry group. He moved to Geneva in 1974 and became a partner at Deloitte Ltd from 1984 until 2007.

From 2007 until 2013, he was a member of the Board of Directors of Banque J. Safra (Suisse) SA and from 2009 until 2015 member of the Board of Directors of Royal Bank of Canada (Suisse) SA. Since 2012, Pierre Alain Bracher is member of the Board of Directors of BJSS and JSSH. Since 2017, he is also a member of the Board of Directors of Banque J. Safra Sarasin (Monaco) SA.

Philippe Dupont
Born in 1961; Luxembourg national;
lives in Luxembourg;
Master's Degree in Law – University of Paris, France;
Master of Laws (LL.M.) – London School of Economics and Political Science, UK; Member of the Luxembourg Bar

Philippe Dupont began his professional career as a lawyer in 1986. He is a founding partner and co-chairman of Arendt & Medernach. Philippe Dupont is a member of the Board of Directors of Pictet & Cie (Europe) SA, Luxembourg. He further acts as conciliator and arbitrator at the International Centre for Settlement of Investment Disputes of the International Bank for Reconstruction and Development. Since 2012, Philippe Dupont is member of the Board of Directors of BJSS and JSSH.

Juerg Haller
Born in 1957; Swiss national; lives in Switzerland;
Graduate of the Zurich University of Applied Sciences (ZHAW); Graduate of the Advanced Management Program – Harvard Business School

Juerg Haller began his professional career at Raiffeisen Bank Baden-Wettingen in 1973, and worked for J.P. Morgan in New York and Zurich from 1981 to 1984. He was employed with the UBS Group (originally Swiss Bank Corporation) in various senior leadership positions including 17 years as a Group Managing Director and Member of the Group Managing Board in the areas of Wealth Management, Corporate Banking and Investment Banking from 1984 until July 2019. His last function at UBS was Executive Vice-Chairman of Global Wealth Management. In 2019, Juerg Haller was elected as Chairman of the Board of Directors of BJSS and member of the Board of Directors of JSSH.

Jorge A. Kininsberg
Born in 1950; Brazilian national; lives in Panama;
Bachelor in Business Management – Mackenzie University, Faculty of Economics/Accounting and Administrative Science, São Paulo, Brazil

During his professional career, Jorge A. Kininsberg collected extensive experience in the banking sector both at the managerial level and as a member of Boards of Directors. Jorge A. Kininsberg held various leading managing positions amongst others at Banco Safra de Investimento SA and Banco Safra SA, São Paulo, Brazil. In 1982, he became CEO of the Trade Development Bank (Uruguay) S.A., Montevideo, Uruguay. Between 1985 and 1989, he was CEO of Safra National Bank of New York, USA. In 1990, Jorge A. Kininsberg moved to Luxembourg taking the position as CEO and member of the Board of Directors of Banque J. Safra Sarasin (Luxembourg) SA, Luxembourg, positions he held until early 2017. Between 2008 and 2015, he was a member of the Board of Directors of Bank J. Safra Sarasin (Bahamas) Ltd., Bahamas, and since 2018 he was again elected to this Board of Directors. Since 2017, Jorge A. Kininsberg is a member of the Board of Directors of BJSS and since June 2019 he is a member of the Board of Directors of JSSH. Furthermore, in September 2021 he also became a member of the Board of Directors of Bank J. Safra Sarasin (QFC) LLC.

Audit & Risk Committee

The Board of BJSS has set up an Audit & Risk Committee (the "ARC").

As of 31 December 2021, the ARC was composed of the following members:

• Pierre Alain Bracher	Chairman
• Philippe Dupont	Member
• Jorge A. Kininsberg	Member

Collectively, the members of the ARC have a thorough understanding of all entities of the JSS Group and the international banking industry and its regulation. The ARC maintains regular contact with the audit committees of the individual companies of the JSS Group. It receives copies of minutes of such committees and ensures consistent implementation of its own decisions within the JSS Group.

The ARC is responsible for the definition of general guidelines on internal audit and financial reporting, the monitoring and assessment of financial reporting and the integrity of the annual financial statements before they are presented to the Board for approval.

The ARC regularly receives information regarding compliance with legal and regulatory obligations by Group Companies as well as with regard to the existence of adequate and effective internal controls on financial reporting. The ARC is also responsible for monitoring and assessing the adequacy and effectiveness of the internal control systems, specifically risk controls, compliance and internal audit. The ARC sets down the standards and methodologies for risk controls with regard to all types of risk (including legal and regulatory risks) in order to ensure compliance with the principles of the risk policy adopted by the competent supervisory authority, the Board or management bodies within the JSS Group. The ARC reviews and proposes to the Board the Group-wide framework for risk management and its guiding principles. It controls and assesses these periodically (at least annually), making recommendations of any required changes to that framework.

The ARC assesses the regulatory audit plan, audit rhythm and audit results produced by Group Internal Audit and the external auditors. It also ensures contact with the external auditors at the level of the Board and monitors their performance and independence as well as their cooperation with Group Internal Audit. The Chairman of the ARC regularly reports its activities and findings to the Board.

External audit firm

Deloitte Ltd was appointed as external auditor of JSSH and all relevant Group Companies in 2013. For 2021, the audit firm and its affiliated companies were appointed by the General Assembly of JSSH and almost all relevant Group Companies for a one-year term for the financial and regulatory audits. Re-election is possible.

Sandro Schoenenberger is the responsible partner leading the audit activities. He holds this function since 2018 for JSSH and since 2020 for BJSS.

Auditing fees

The JSS Group paid Deloitte Ltd and its affiliated companies fees totalling CHF 3,390,000 for services connected with the financial and regulatory audit for the year 2021.

Additional fees

The JSS Group paid Deloitte Ltd and its affiliated companies fees totalling CHF 376,000 for services not connected with the financial and regulatory audit for the year 2021.

Information instruments pertaining to external audit

The ARC holds regular discussions with representatives of the external audit firm regarding the audit planning, the results of the audit activity in relation to supervisory controls and the preparation of financial statements, as well as the adequacy of internal control systems, in light of the JSS Group's risk profile.

In 2021, representatives of Deloitte Ltd attended six meetings of the ARC and one meeting of the Board for specific agenda items.

The ARC monitors the scope and organisation of the audit activity and evaluates the performance of the external audit firm. The audit firm and its affiliated companies are independent from JSSH and its Group Companies.

Representatives of the external audit firm have direct access to the ARC at all times.

Group Internal Audit

The Group Internal Audit ("GIA") is the internal audit function responsible for the entire JSS Group.

The Board has issued regulations for GIA setting out its tasks, duties and responsibilities. GIA prepares its audit reports without instructions from any other party.

GIA reports directly to the Boards of BJSS and JSSH through the ARC. In addition, GIA representatives report to the respective board of directors and audit committees of the Group Companies for their related matters.

GIA has an independent and objective assurance and consulting role designed to add value and improve BJSS' and JSS Group's operations. It helps each Group Company to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control system and the JSS Group's governance by systematically assessing:

i. the appropriateness and effectiveness of processes implemented to define strategy and risk tolerance, as well as the overall adherence to the strategy approved by the Board;
ii. the appropriateness and effectiveness of governance processes;
iii. the effectiveness of risk management, including whether risks are appropriately identified and controlled;
iv. the appropriateness and effectiveness of internal controls, specifically whether they are commensurate with the risks taken;
v. the effectiveness and sustainability of the implementation of remedial actions;
vi. the reliability and integrity of financial and operational information, i.e. whether activities are properly, accurately and completely recorded, as well as the quality of underlying data and models; and
vii. the compliance with legal, regulatory and statutory requirements, as well as with internal directives and contractual obligations.

GIA has unrestricted auditing rights within the JSS Group. It has access at all times to any relevant documents and information required to fulfil its auditing responsibilities.

GIA reports in a timely manner on all material findings directly to the Board through the ARC and the GEB. GIA publishes an annual report setting forth the key audit findings, including significant risk exposures and control issues as well as important activities. It submits this report to the ARC, the GEB and the external audit firm.

Group Executive Board

Under the leadership of the CEO, the Group Executive Board ("GEB") has executive management responsibility for the steering of the JSS Group and its business in line with the direction given by the Board. The GEB is entitled to delegate certain responsibilities and authorities to other management bodies such as the Executive Committee or other operational committees according to the relevant Organisational Regulations of BJSS and the Regulations on Allocation of Competencies of JSSH. In his capacity as Chairman of the GEB, the CEO provides the Board with all information it requires to carry out its supervisory and control functions and requests the Board's approval for matters which are in the Board's competence according to relevant internal regulations.

The following individuals are members of the GEB:

Stephane Astruc
Born in 1969; Swiss and French national;
lives in Switzerland;
Master's Degree in Private Law – University of Nice Sophia Antipolis; Qualified French Lawyer – Bar of Paris

Stephane Astruc began his professional career in 1993 at HSBC Private Bank (Monaco) SA where his main responsibilities were Head of the Legal and Compliance department, Member of General Management and Corporate Secretary. In 2005, he moved to Geneva (Switzerland) and joined Banque J. Safra (Suisse) SA as Head Legal and Compliance. Since 2013, Stephane Astruc is General Counsel of BJSS and since April 2017, member of the GEB.

Daniel Belfer
Born in 1975; Brazilian national; lives in Switzerland;
Bachelor of Science in Business Administration –
Boston University, Boston, USA; CFA Charterholder

Daniel Belfer began his professional career in 1997 at BancBoston Robertson Stephens Inc. in Boston, USA, in the Emerging Markets Sales, Trading & Research department. In 2000, he joined Safra National Bank of New York where he was responsible for Fixed Income Trading and Structured Products. In 2004, he was promoted to Head of Trading. From 2008 to 2010, he was CEO and member of the Board of Directors of Bank J. Safra Sarasin (Bahamas) Ltd., Bahamas. In 2010, he moved to Geneva (Switzerland) where he joined Banque J. Safra (Suisse) SA. In 2013, he became Head of the Trading & Treasury division, and in 2016, Head of the Trading, Treasury and Asset Management division of BJSS. Since November 2019, Daniel Belfer is CEO of BJSS. He chairs the GEB.

Oliver Cartade
Born in 1976; UK national; lives in Switzerland;
Bachelor of Sciences in Economics – Wharton School,
University of Pennsylvania, Philadelphia, USA;
MBA from INSEAD, Fontainebleau, France;
CFA Charterholder

Oliver Cartade began his professional career in 1998 at Prudential Securities in New York in the Investment Banking division focused on the technology sector. In 2000, Oliver Cartade joined PIPE9 Corporation, an internet start-up focused on B2B e-commerce, as a Vice President of Business Development. He then joined Kaufman Bros. LP, a boutique investment bank in New York, where he focused on M&A and private equity transactions across various industries. In 2003, he joined Safra National Bank of New York, where he was primarily focused on performing research on and investing in hedge funds. In 2007, Oliver Cartade moved to London to open the London Branch of Bank J. Safra Sarasin (Gibraltar) Ltd, Gibraltar, where he then became the General Manager. In 2009, he also helped set up the London Branch of J. Safra Sarasin Asset Management (Europe) Ltd, Gibraltar, where he became the Managing Director. In November 2019, he became Head of the Trading, Treasury and Asset Management division, and since March 2020, he is Head of the Asset Management & Institutional Clients division of BJSS. He is a member of the GEB.

Elie Sassoon
Born in 1954; Swiss and Brazilian national;
lives in Switzerland;
Studied Economics at the Pontificia Universidade Católica, São Paulo, Brazil

Elie Sassoon began his professional career in 1977 at Banco Safra SA in São Paulo where he was active in various back and front office functions. In 1985, he joined Banque Safra (Luxembourg) SA in Luxembourg first as director of Private Banking and then as managing director responsible for Operations. In 2000, he moved to Geneva (Switzerland) where he joined Banque J. Safra (Suisse) SA as a General Manager and where he was active in various management functions in the Private Banking division. Since 2013, Elie Sassoon is Head of the Private Banking Region II & EXAM division of BJSS. He is a member of the GEB.

Marcelo Szerman
Born in 1977; Brazilian national; lives in Switzerland; Bachelor in Business Administration – Finance – EAESP – Fundação Getulio Vargas (FGV), São Paulo, Brazil

Marcelo Szerman began his professional career in 1999 at Brascan S.A. CTV (Brascan Holdings/Mellon Bank) in São Paulo, Brazil, as International Equities and Futures Sales trader. In 2000, he joined Safra National Bank of New York, New York, where he acted as Vice President in the Investment Advisory Group. In 2005, he moved to Geneva (Switzerland) where he joined Banque J. Safra (Suisse) SA in the Trading & Treasury department and from 2008 as CEO. From 2012 to 2013, he was CEO of JSSH. Since 2013, Marcelo Szerman is the COO of the JSS Group. He is a member of the GEB.

Remuneration

Basic principles

The JSS Group's compensation principles are issued by the Board of BJSS and govern the fundamentals of the compensation systems for the entire JSS Group.

The compensation philosophy of the JSS Group is based on a transparent and sustainable approach to operating a performance-related compensation system. Compensation is based on quantitative and qualitative performance measurement criteria which are as objective as possible. Such criteria are graded according to specific responsibilities and positions held, with the aim to align reward closely with the performance and conduct of the JSS Group, the Group Company concerned and the individual employee.

Any performance measurement criteria shall in particular foster ongoing compliance with all applicable laws, rules and internal regulations and promote the general risk awareness of employees as well as encourage them to perform their business activities in a sustainable, client-orientated manner.

Elements of remuneration

The JSS Group aims to offer competitive remuneration aligned with the market in order to attract, develop and retain employees for the long term.

Total remuneration generally consists of fixed and variable remuneration and applicable fringe benefits.

The elements of compensation are communicated to employees in a transparent manner and form an integral part of their employment contracts.

Procedure for determining compensation

Certain members of the Board receive Board member fees, graded according to the position held and membership in committees.

The Board periodically reviews the compensation rules and obtains information each year on the operational implementation of and trends in the compensation systems. In accordance with the Regulations on Allocation of Competencies of JSSH, the Board approves the annual total pool for all variable pay and the annual salary increase, including for the GEB.

The payment of variable remuneration is at the discretion of management and is in principle contingent on the fulfilment of certain conditions, including performance and conduct.

Employees and senior executives who hold controlling, auditing, legal, compliance and risk management functions are generally paid a fixed salary in line with the market and the calculation of variable remuneration is not directly dependent on the performance of the business units, specific products or transactions.

Risk strategy and risk profile

Private banking and asset management are business activities which inevitably entail inherent direct and indirect risks.

The main risks are:

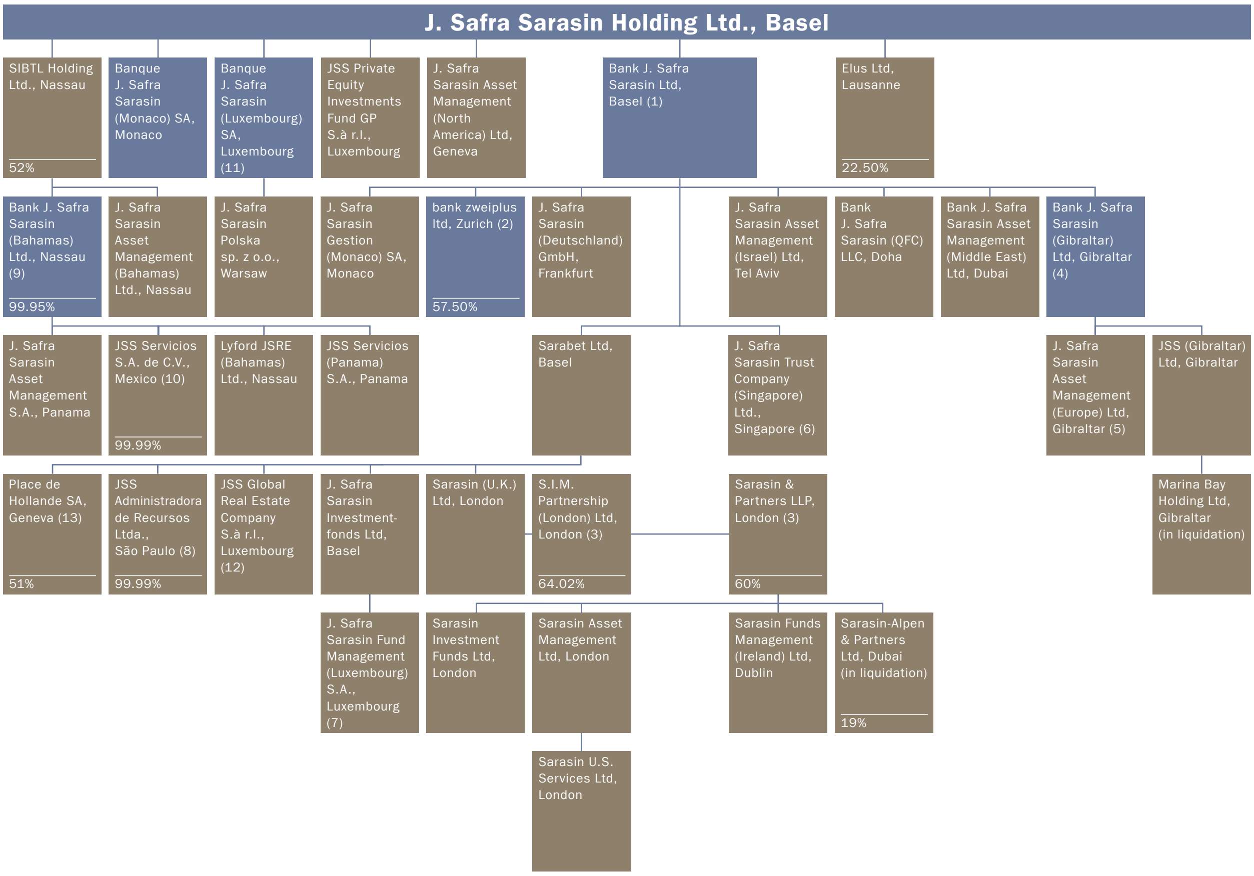
- Market, liquidity and financing risk;
- Credit risk;
- Operational and reputational risk;
- Legal conduct and compliance risk; and/or
- Business and strategic risk.

The section on Risk Management (page 56) describes in detail the main risks to which the JSS Group is exposed. The JSS Group considers that its risk management framework is a central component of its strategy, and maintaining it constantly adequate to the regulatory environment, to the business evolution, and to the client needs is an absolute condition for a sustainable and long-term success.

The Board defines the risk strategy by which certain risks will be avoided, mitigated or transferred, and the residual risks will be assigned a level of appetite and tolerance. The strategy is implemented by the GEB, which ensures that the controls and processes are in place and efficiently performed. Sound monitoring and accurate reporting with a fast escalation process complete the risk management framework.

By complementing the expertise of the front units with a strong risk culture and adequate levels of controls, the JSS Group strives to preserve its client assets, keep a solid capital base and maintain its reputation in the long run.

Legal structure as of 31. 12. 2021



■ Banking status

Except as indicated, 100% ownership.

(1) Branches in Berne, Geneva, Lugano, Lucerne, Zurich
Branches abroad: Guernsey, Hong Kong, Singapore
Representative Offices: Istanbul, Mexico City (joint), Tel Aviv
(2) 42.50% with Aabar Trading Sàrl. Since 11.02.2022 bank zweiplus ltd is 100% owned by Bank J. Safra Sarasin Ltd
(3) Voting rights. Remaining percentage with Management
(4) Head Office: Gibraltar – Branch: London
(5) Head Office: Gibraltar – Branch: London
(6) The company owns the following subsidiaries: Asia Square Holdings Ltd. (BVI), Edinburgh Management Ltd. (BVI), Shenton Management Ltd. (BVI)
(7) Head Office: Luxembourg – Branch: Vienna
(8) The remaining 0.01% of the shares are held by Bank J. Safra Sarasin Ltd
(9) The remaining 0.05% of the shares are held by Fiduciary; Representative Office: Mexico City (joint)
(10) The remaining 0.01% of the shares are held by SIBTL Holding Ltd.
(11) Branches: Amsterdam, Madrid (operational since 01.01.2022); Representative Offices: Mexico City (joint), Tel Aviv
(12) Not operational
(13) 49% with Thematic S.à r.l.

Bank J. Safra Sarasin Asset Management (Midle East) Ltd
Dubai, United Arab Emirates

Group Companies

Group Companies

Private banking is a global growth market, presenting opportunities that the J. Safra Sarasin Group actively seeks to exploit. The Group is represented in more than 25 locations in Europe, Asia, the Middle East, Latin America and the Caribbean.

The companies described in this chapter are the main operating companies of the J. Safra Sarasin Group. For a complete list of all companies consolidated under J. Safra Sarasin Holding Ltd., please see the notes to the consolidated financial statements on page 69. A chart showing the legal structure of J. Safra Sarasin Holding Ltd. is available as part of the chapter on "Corporate Governance" on page 33. All subsidiaries of J. Safra Sarasin Holding Ltd. are subject to consolidated supervision by FINMA.

Bank J. Safra Sarasin Ltd

Bank J. Safra Sarasin Ltd was founded in 1841. As a leading Swiss private bank, its many years of banking experience have made it consciously opt for sustainability as a key component of its corporate philosophy.

Within Switzerland, the Bank has offices in Basel (head office), Bern, Geneva, Lucerne, Lugano and Zurich. It also has branches in Guernsey, Hong Kong and Singapore and representative offices in Israel, Turkey and Mexico.

The Bank is recognised as a leader among full-service banks in the private banking segment, offering all the advantages of the Swiss banking environment together with dynamic and personalised asset management and advisory services focusing on opportunities in international financial markets. Its team of highly experienced professionals develops tailor-made products to meet the needs of clients, as well as offers a comprehensive array of financial services. Financial strength, excellent client service and outstanding quality are the key elements of its philosophy. The Bank provides a high level of service and expertise when acting as investment advisor and asset manager for private and institutional clients.

Banque J. Safra Sarasin (Monaco) SA

Banque J. Safra Sarasin (Monaco) SA is one of the largest banks in the Principality of Monaco. It delivers the services of a global bank with the flexibility and agility of a private bank. With its trading desk, the Bank has direct and immediate access to the major international financial markets.

Basel, Elisabethenstrasse

Banque J. Safra Sarasin (Luxembourg) SA

Established in 1985, Banque J. Safra Sarasin (Luxembourg) SA focuses on private and commercial banking, offering an array of products and personalised services tailored to the needs of clients. Thanks to its expertise in the banking sector, it meets its clients' expectations by developing financial strategies to achieve their targets in accordance with their investment profiles. The Bank has branches in the Netherlands and in Spain, a tied agent in Poland and representative offices in Israel and Mexico.

Bank J. Safra Sarasin Ltd, Hong Kong Branch

Bank J. Safra Sarasin Ltd, Hong Kong Branch, was established in 2010 by conversion from a Hong Kong-based investment services subsidiary and is an authorised institution licensed by the Hong Kong Monetary Authority and the Securities and Futures Commission. The Hong Kong Branch offers private banking services and accepts deposits both from individual and corporate clients.

Gibraltar, Neptune House

Bank J. Safra Sarasin (Gibraltar) Ltd
Incorporated in 2001 with a full banking licence, Bank J. Safra Sarasin (Gibraltar) Ltd offers private banking services and accepts deposits both from individual clients and other banking institutions. From inception, the Bank has maintained its growth strategy and strong capitalisation.

Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch
Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch, started operating in 2007. The London Branch is authorised by the Gibraltar Financial Services Commission and subject to limited regulation in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority. It offers UK residents and international clients access to one of the world's most important financial centres. The Bank develops comprehensive and flexible private banking services to individuals and families, as well as the full array of financial services to corporate clients.

Bank J. Safra Sarasin Ltd, Singapore Branch
Bank J. Safra Sarasin Ltd, Singapore Branch, was established in 2012 by conversion from a Singapore-based banking subsidiary and operates under a wholesale bank licence granted by the Monetary Authority of Singapore. The Singapore Branch offers private banking services and accepts deposits from both individual and corporate clients.

Bank J. Safra Sarasin (Bahamas) Ltd.
Incorporated in 1983 under the laws of the Bahamas, Bank J. Safra Sarasin (Bahamas) Ltd. focuses on asset management services as well as portfolio management for private clients. Its private banking operations have expanded strongly in recent years, alongside successful activities in the wider international markets. The Bank has a representative office in Mexico.

London, Berkeley Square

Monaco, La Belle Epoque

Bank J. Safra Sarasin Ltd, Guernsey Branch

Bank J. Safra Sarasin Ltd established a presence in Guernsey in 1992. The Guernsey Branch accepts deposits from other banking institutions and institutional clients as well as offers a discretionary investment management service, mainly to private clients, in conjunction with Sarasin & Partners LLP, London. It is licensed and regulated by the Guernsey Financial Services Commission.

J. Safra Sarasin Asset Management (Europe) Ltd

J. Safra Sarasin Asset Management (Europe) Ltd is a subsidiary of Bank J. Safra Sarasin (Gibraltar) Ltd. It opened its London Branch in 2010 with the objective of focusing its offerings of services on investment funds, thus being attractive to wealth managers who want to invest across a wide range of asset classes.

Madrid, Paseo de la Castellana

Bank J. Safra Sarasin (QFC) LLC
Bank J. Safra Sarasin (QFC) LLC was incorporated in 2014 and is a wholly-owned subsidiary of Bank J. Safra Sarasin Ltd, located in the Qatar Financial Centre (QFC), Doha, and operating under a licence from the QFC Regulatory Authority. It offers residents of Qatar and other international clients based in the Middle East and Africa comprehensive and bespoke advisory services.

J. Safra Sarasin Asset Management S.A.
Incorporated in 2008 under Panamanian laws, the wholly-owned subsidiary of Bank J. Safra Sarasin (Bahamas) Ltd. provides investment advisory services and operates as an investment advisor and broker. J. Safra Sarasin Asset Management S.A. is licensed by the National Security Commission of Panama.

J. Safra Sarasin Asset Management (Bahamas) Ltd.
Incorporated in 2014 under the laws of the Bahamas, J. Safra Sarasin Asset Management (Bahamas) Ltd. focuses on asset management services as well as administration and advisory services for in-house funds.

Bank J. Safra Sarasin Asset Management (Middle East) Ltd
Bank J. Safra Sarasin Asset Management (Middle East) Ltd was incorporated in 2013 and is a wholly-owned subsidiary of Bank J. Safra Sarasin Ltd, located in the Dubai International Financial Centre (DIFC), Dubai, operating under a licence from the Dubai Financial Services Authority. It offers residents of the United Arab Emirates and other international clients based in the Middle East and Africa comprehensive and bespoke advisory services.

J. Safra Sarasin Asset Management (Israel) Ltd
Established in November 2017 in Tel Aviv, J. Safra Sarasin Asset Management (Israel) Ltd obtained the relevant licences for investment marketing and portfolio management from the Israel Securities Authority (ISA) in 2018. It provides investment services mainly to private clients.

Luxembourg, Boulevard Joseph II

J. Safra Sarasin Asset Management (North America) Ltd

Incorporated in 2018, J. Safra Sarasin Asset Management (North America) Ltd has its registered office and place of business in Geneva. It is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and operates as a portfolio manager in accordance with Swiss law. It is also a member of AOOS – Schweizerische Aktiengesellschaft für Aufsicht, a self-regulatory organisation (SRO) licensed and supervised by the Swiss Financial Market Supervisory Authority FINMA. The business focus consists in providing investment advisory and discretionary asset management services mainly to clients resident in the United States of America.

J. Safra Sarasin (Deutschland) GmbH

J. Safra Sarasin (Deutschland) GmbH is licensed under § 34f of the German Trade Act and supervised by the Chamber of Commerce of Frankfurt am Main, Germany. It provides investment advice and investment broking services in relation to domestic, foreign and EU registered open/closed-ended investment funds, which may be marketed in accordance with the German Capital Investment Code.

Singapore, Asia Square Tower 1

J. Safra Sarasin Trust Company (Singapore) Ltd.
Incorporated under the laws of Singapore, J. Safra Sarasin Trust Company (Singapore) Ltd. obtained its licence from the Monetary Authority of Singapore under the Trust Companies Act 2004 and commenced business in December 2010. It offers tailored trust and company management services to take care of the wealth protection and succession planning needs of its clients.

Sarasin & Partners LLP
Sarasin & Partners LLP is a London-based asset management group that manages investments on behalf of charities, institutions, pension funds and private clients from the United Kingdom and around the world. It is known both as a leader in thematic investment and for long-term income and dividend management across multi-asset and equity mandates. Consistent with a longer-term approach is a commitment to "stewardship" principles, embedding environmental, social and governance considerations into the investment process. Bank J. Safra Sarasin Ltd holds indirectly 60% of the voting rights in Sarasin & Partners LLP.

J. Safra Sarasin Polska sp. z o.o.
J. Safra Sarasin Polska sp. z o.o. has been incorporated in Warsaw and started its operations in 2019. It is a wholly-owned subsidiary of Banque J. Safra Sarasin (Luxembourg) SA and acts as its tied agent.

JSS Administradora de Recursos Ltda.
Incorporated under the laws of Brazil, JSS Administradora de Recursos Ltda. commenced business in 2017 and operates under a portfolio manager licence of the Brazilian Securities and Exchange Commission (CVM). It offers investment advisory and discretionary asset management services mainly to private clients.

bank zweiplus ltd
Incorporated in 2008 in Switzerland, bank zweiplus ltd offers custody services to clients of financial services providers, independent asset managers and insurance companies and in so doing, supports these financial intermediaries in servicing their clients. The Bank also has a sophisticated product offering specifically tailored to clients of financial services providers, independent asset managers and insurance companies.

Mexico, Edificio Forum

Panama, BICSA Financial Center

Amsterdam, Rembrandt Tower

Istanbul, Süzer Plaza

Nassau, Lyford Financial Centre

Tel Aviv, Sarona Azrieli Tower

Doha, Qatar Financial Centre

Dubai, Burj Daman

Hong Kong, Edinburgh Tower


·LONDON·
ELIZABETH TOWER • BIG BEN


Bank J. Safra Sarasin (Gibraltar) Ltd – London Branch
London W1J 5AU, United Kingdom

THE GHERKIN • 30 ST MARY AXE

Consolidated Financial Statements

Consolidated balance sheet

Assets	31.12.2021 CHF 000	31.12.2020 CHF 000
Liquid assets	8,830,547	8,704,108
Amounts due from banks	1,759,114	1,987,717
Amounts due from securities financing transactions	0	0
Amounts due from customers	10,035,007	9,068,576
Mortgage loans	3,370,501	2,993,009
Trading portfolio assets	3,133,839	2,305,828
Positive replacement values of derivative financial instruments	624,716	610,210
Other financial instruments at fair value	2,273,891	1,723,620
Financial investments	11,092,276	9,800,985
Accrued income and prepaid expenses	171,369	181,813
Non-consolidated participations	37,544	37,224
Tangible fixed assets	552,018	282,765
Intangible assets	35,501	0
Other assets	409,033	299,491
Total assets	**42,325,356**	**37,995,346**
Total subordinated claims	170,764	221,807
of which subject to mandatory conversion and/or debt waiver	–	–

Liabilities		
Amounts due to banks	824,376	753,259
Liabilities from securities financing transactions	0	0
Amounts due in respect of customer deposits	32,370,958	28,974,946
Trading portfolio liabilities	14,013	8,939
Negative replacement values of derivative financial instruments	873,445	1,035,731
Liabilities from other financial instruments at fair value	1,508,563	1,182,574
Bond issues and central mortgage institution loans	133,307	78,250
Accrued expenses and deferred income	373,045	321,460
Other liabilities	413,336	210,451
Provisions	68,478	38,935
Reserves for general banking risks	175,622	98,122
Share capital	848,245	848,245
Capital reserve	1,745,862	1,745,862
Retained earnings reserve	1,801,441	1,624,305
Currency translation reserve	–80,104	–71,127
Minority interests in equity	831,587	745,097
Consolidated profit	423,182	400,297
of which minority interests in consolidated profit	88,913	99,874
Total liabilities	**42,325,356**	**37,995,346**
Total subordinated liabilities	134,893	–
of which subject to mandatory conversion and/or debt waiver	–	–

Consolidated off-balance sheet

CHF 000	**31.12.2021**	31.12.2020
Contingent liabilities	518,164	376,054
Irrevocable commitments	23,620	21,898
Obligations to pay up shares and make further contributions	1,652	1,652
Credit commitments	0	0

Consolidated income statement

CHF 000	**2021**	2020
Interest and discount income	214,126	290,169
Interest and dividend income from trading portfolios	0	0
Interest and dividend income from financial investments	175,785	184,631
Interest expense	–16,231	–78,691
Gross result from interest operations	373,680	396,109
Changes in value adjustments for default risks and losses from interest operations	11,669	–10,996
Subtotal net result from interest operations	385,349	385,113
Commission income from securities trading and investment activities	729,200	642,106
Commission income from lending activities	2,990	3,365
Commission income from other services	63,581	55,413
Commission expense	–80,476	–70,873
Subtotal result from commission business and services	715,295	630,011
Result from trading activities and the fair value option	213,258	209,777
Result from the disposal of financial investments	2,174	6,515
Income from participations	4,756	1,930
of which, participations recognised using the equity method	0	0
of which, from other non-consolidated participations	4,756	1,930
Result from real estate	2,132	493
Other ordinary income	4,048	8,527
Other ordinary expenses	–21,087	–5,038
Subtotal other result from ordinary activities	–7,977	12,427
Operating income	**1,305,925**	**1,237,328**
Personnel expenses	–558,768	–549,999
General and administrative expenses	–143,589	–141,059
Operating expenses	**–702,357**	**–691,058**
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	–24,177	–130,084
Changes to provisions and other value adjustments, and losses	–39,188	–18,414
Operating result	**540,203**	**397,772**
Extraordinary income	422	110,066
Extraordinary expenses	–3	0
Changes in reserves for general banking risks	–77,500	–54,400
Taxes	–39,940	–53,141
Consolidated profit	**423,182**	**400,297**
of which minority interests in consolidated profit	88,913	99,874

Consolidated cash flow statement

	2021		2020	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Consolidated profit	423,182	0	400,297	0
Change in reserves for general banking risks	77,500	0	54,400	0
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	24,177	0	130,084	0
Provisions and other value adjustments	29,164	0	7,078	0
Change in value adjustments for default risks and losses	0	–11,669	10,996	0
Accrued income and prepaid expenses	11,735	0	26,505	0
Accrued expenses and deferred income	53,933	0	0	–26,459
Other items	0	0	0	0
Previous year's dividend	0	0	0	0
Cash flow from operating activities	**608,022**		**602,901**	
Share capital	0	0	0	0
Capital reserves	0	0	0	0
Retained earnings reserve	0	–5,573	0	0
Minority interests in equity	0	–17,228	0	–12,476
Cash flow from equity transactions		**–22,801**		**–12,476**
Participating interests	0	–382	0	–12,939
Bank building	0	–25	18,518	0
Other fixed assets	0	–287,502	0	–12,111
Intangible assets	0	–41,019	0	0
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets		**–328,928**		**–6,532**

Consolidated cash flow statement

	2021		2020	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Medium and long-term business (>1 year)				
Amounts due to banks	24,214	0	4,397	0
Amounts due in respect of customer deposits	475,505	0	118,017	0
Liabilities from other financial instruments at fair value	401,937	0	193,913	0
Bonds	0	0	0	0
Central mortgage institution loans	61,242	0	0	–192,360
Loans of central issuing institutions	0	–3,001	0	–20,063
Other liabilities	201,688	0	38,130	0
Amounts due from banks	44,574	0	0	–27,744
Amounts due from customers	0	–87,329	0	–91,893
Mortgage loans	0	–439,138	161,496	0
Other financial instruments at fair value	0	–6,227	0	–100,525
Financial investments	2,525,509	0	0	–1,901,056
Other accounts receivable	0	–151,261	0	–164,515
Short-term business				
Amounts due to banks	50,055	0	50,081	0
Liabilities from securities financing transactions	0	0	0	0
Amounts due in respect of customer deposits	2,970,289	0	1,340,183	0
Trading portfolio liabilities	5,074	0	0	–10,490
Negative replacement values of derivative financial instruments	0	–164,792	442,857	0
Liabilities from other financial instruments at fair value	0	–68,308	99,859	0
Amounts due from banks	186,339	0	0	–287,065
Amounts due from securities financing transactions	0	0	58,101	0
Amounts due from customers	0	–933,310	1,237,418	0
Trading portfolio assets	0	–810,724	0	–115,193
Positive replacement values of derivative financial instruments	0	–9,878	0	–190,855
Other financial instruments at fair value	0	–536,939	0	–304,369
Financial investments	0	–3,745,939	0	–187,296
Cash flow from banking operations		**–10,420**	**151,028**	
Conversion differences		**–119,435**		**–39,690**
Change in liquid assets	**126,439**		**695,231**	

CHF 000	**31.12.2021**	31.12.2020
Liquid assets at beginning of the year (cash)	**8,704,108**	8,008,877
Liquid assets at the end of the year (cash)	**8,830,547**	8,704,108
Change in liquid assets	**126,439**	**695,231**

Presentation of the consolidated statement of changes in equity

CHF 000	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserve	Minority interests	Result of the period	**Total**
Equity on 01.01.2021	**848,245**	**1,745,862**	**1,924,728**	**98,122**	**–71,127**	**844,971**		**5,390,801**
Effect of reclassification[1)]			–117,713			–21,122		–138,835
Currency translation differences					–8,977	24,966		15,989
Dividends and other distributions						–12,593		–12,593
Reserves for general banking risks				77,500				77,500
Transactions with minority shareholders			–5,574			–4,635		–10,209
Consolidated profit						88,913	334,269	423,182
Equity on 31.12.2021	**848,245**	**1,745,862**	**1,801,441**	**175,622**	**–80,104**	**920,500**	**334,269**	**5,745,835**

1) See Consolidated notes “Changes in accounting and valuation principles”.

Share capital structure and disclosure of shareholders holding more than 5% of voting rights

	31.12.2021				31.12.2020			
CHF 000	Total nominal value	Number of units	Dividend bearing capital	%	Total nominal value	Number of units	Dividend bearing capital	%
J. Safra Holdings International (Luxembourg) S.A.								
Share capital	**848,245**	**848,245**	**848,245**	**100%**	**848,245**	**848,245**	**848,245**	**100%**

J. Safra Holdings International (Luxembourg) S.A., Luxembourg, holds the entire share capital and the voting rights of J. Safra Sarasin Holding Ltd. JSSH is ultimately owned by Ms Vicky Safra and her children.

Consolidated notes

Name, legal form and domicile

J. Safra Sarasin Holding Ltd. (the "Group" or the "Holding") is a global banking group in private banking services and asset management. As an international group committed to sustainability and well established in more than 25 locations in Europe, Asia, the Middle East, Latin America and the Caribbean, the Group is a global symbol of private banking tradition, emphasising security and well-managed conservative growth for clients.

J. Safra Sarasin Holding Ltd. is headquartered in Basel.

Accounting and valuation principles

The Group's financial statements are presented in accordance with the Accounting Ordinance of the Swiss Financial Market Supervisory Authority (FINMA-AccO) and the accounting rules for banks, investment firms, financial groups and conglomerates pursuant to FINMA Circular 2020/1. Capital adequacy disclosures under FINMA Circular 2016/1 are published on our website www.jsafrasarasin.com.

Changes in accounting and valuation principles

The Group adopted the Accounting Ordinance of the Swiss Financial Market Supervisory Authority (FINMA-AccO) which introduced a revised approach towards value adjustments for default risks. Changes were fully recognised and implemented in these financial statements with effect from 1 January 2021. Comparative information, as far as affected, was not adjusted. Adoption specifically included the formation of value adjustments for inherent risks of default on non-impaired receivables and provisions for inherent risks of default of off-balance sheet positions. Such value adjustments and provisions are designed to provide for not yet incurred losses that implicitly exist in the credit business.

For positions with a published rating (e.g. due from bank, financial investments and money market investments), the value adjustment for inherent default risk is calculated by multiplying the Exposures at Default * Probability of Default * Loss Given Default.

The three parameters are defined as follows:

- Probability of Default (PD): the default rates by rating and by tenor published in the "Moody's annual default study"
- Exposure at Default (EAD): the balance positions reported on the balance sheet date
- Loss Given Default (LGD): average bond and loan recoveries from 1983 to 2018 published in the "Moody's annual default study".

For positions with no published rating (e.g. due from clients, mortgages, guarantees), the value adjustment for inherent default risk is based on the risk classification of the underlying credit exposure. Each of the 7 Credit Risk Classes ("CRC") – CRC 1 being standard – has an inherent default risk factor based on the probability of default and loss given default of the net exposure. The higher the risk class, the riskier the underlying credit exposure and the respective inherent default risk factor. The highest CRC is not considered in the inherent risk calculation as it is the CRC non-performing loans which already are provisioned. The inherent default risk factors are based on market benchmark comparison and historic default analysis of the lombard and mortgage portfolios. For the lombard loan portfolio, the PD and LGD factors cannot be monitored from market data as for e.g. issuers, so to derive the risk factor a combination of knowledge of our book and market sources (available peer comparison) is used. For the mortgage book published LGD and PD figures since 1990 could also be taken into consideration to derive the final risk figures.

Inherent default risk factors are determined separately for the Lombard and Mortgage categories. Accounts which are already provisioned specifically are excluded from the inherent default risk calculation.

Value adjustments for inherent default risks are calculated on the book value of the positions and are deducted from the corresponding asset in the balance sheet. The adoption led to a one-time recognition of value adjustments and provisioning for inherent default risks of CHF 138.8 million (net of deferred tax) against retained earnings. Value adjustments and provisions for inherent default risks are reassessed quarterly and changes recognised in the income statement as changes in value adjustments for default risks and losses from interest operations.

Value adjustments for inherent default risks can be used for the establishment of individual value adjustments on impaired receivables. Amounts used must be restored within 5 years at the latest.

The determined level of value adjustments and provisioning for inherent default risks is fully provided as at balance sheet date (no shortfall).

All other accounting and valuation principles are unchanged.

Consolidation principles

The consolidated financial statements are prepared in accordance with the True and Fair View principle. The consolidation period for all Group entities is the calendar year ending 31 December. The accounting and valuation principles of the entities have been adjusted, where materially different, to the Group's consolidation principles.

Consolidation perimeter

The consolidated financial statements comprise those of J. Safra Sarasin Holding Ltd., Basel, as well as those of its subsidiaries and branches listed on page 69. Newly acquired subsidiaries are consolidated as from the time control is transferred and deconsolidated once control is relinquished.

Consolidation method

Participating interests of more than 50% are wholly consolidated using the purchase method if the Group has the control, i.e. if the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Assets and liabilities, as well as costs and revenues, are stated in full (100%). Minority shareholders' interests in the net assets and net profit are stated separately in the balance sheet and the consolidated income statement. Participating interests between 20% and 50% are consolidated according to the equity method. The net profit and assets corresponding to such holdings are reflected in the consolidated accounts according to the percentage owned by the Group. Minor participating interests and those of less than 20% are stated as unconsolidated participations at their acquisition cost, after deduction of provisions for any necessary depreciation in value. When acquiring a participation, the difference between the book value of the acquired participation and its net asset value is allocated to goodwill.

Elimination of intra-Group receivables and payables

All items stated in the balance sheet and income statement (including off-balance sheet transactions) resulting from business relationships between Group companies are eliminated from the consolidated accounts.

Recording of transactions

All transactions concluded are recorded according to the settlement date accounting principle. Foreign exchange spot transactions and security transactions concluded but not yet executed are recorded as derivative financial instruments in the balance sheet positions "Positive (or negative) replacement values of derivative financial instruments". The corresponding assets and liabilities are recorded as contract volume in the off-balance sheet. Firm commitments to underwrite securities issues and money market time deposits are recognised at the settlement date.

Translation of foreign currencies

Income and expenses in foreign currencies arising during the year are translated at the exchange rates prevailing at the date of the transaction. Exchange differences are recorded in the statement of income. Assets and liabilities expressed in foreign currencies are converted at the daily rate of the balance sheet date. The income statements of Group entities are translated at the yearly average rate. Main exchange rates ruling at the balance sheet dates are as follows:

Currency	**31.12.2021**	31.12.2020
USD/CHF	0.911	0.884
EUR/CHF	1.036	1.082

Outright forward exchange contracts are translated at the residual exchange rate prevailing at the balance sheet date. Profits and losses on these exchange positions are included in the foreign exchange results at the balance sheet date.

Consolidated supervision

The Group qualifies as a financial group within the meaning of Article 3c al. 1 of the Swiss Banking Act, over which FINMA exercises consolidated supervision. The scope of consolidated supervision applies to all direct and indirect subsidiaries, branches, and representative offices of the Group.

The Holding has delegated to the Bank's governing bodies all duties, responsibilities and competences related to the management and operations of its current business. This management includes the financial consolidation as well as the supervision, on a consolidated basis, of the activities of the Group.

The statutory financial statements of J. Safra Sarasin Holding Ltd. are not deemed representative of the banking activities of the Group and are therefore not published.

Cash, due from and to banks and clients

These items are stated at their nominal value. Known and foreseeable risks are reflected in individual value adjustments, which are stated directly under the corresponding headings of the balance sheet.

Amounts due from and liabilities from securities financing transactions

These items contain receivables and obligations from cash collateral delivered in connection with securities borrowing and lending transactions as well as from reverse repurchase and repurchase transactions. These items are stated at their nominal value. The transfer of securities in connection with a securities financing transaction does not require recognition of the securities in the balance sheet when the ceding party retains the economic power to dispose of the rights to the transferred securities.

Securities and precious metals trading portfolios

Trading balances are valued at market price on the balance sheet date. Realised and unrealised profits and losses are included in the item "Result from trading activities and the fair value option". Securities that are not traded regularly are stated at their acquisition cost, after deduction of the necessary depreciation. Interest and dividend income from trading balances are credited to "Result from trading activities and the fair value option". The Group offsets the interest and dividend income on trading portfolios with the cost of funding from these portfolios. Income from securities issuing operations (primary market trading activities of structured products) is recorded in the item "Result from trading activities and the fair value option".

Positive and negative replacement values of derivative financial instruments

Derivative instruments include options, futures and swaps on equities, stock indices, foreign exchange, commodities and interest rates, forward rate agreements, and forward contracts on currencies, securities and commodities. Derivative instruments are marked-to-market. For trading balances, realised and unrealised profits and losses are stated under the result from trading activities. Hedging transactions are recorded according to the rules applicable to the underlying position. If the underlying position is not marked-to-market, then the market value change of the hedge instrument is recorded in the compensation account in “Other assets or liabilities”. In the case of advance sale of an interest rate hedging instrument valued on the principle of accrued interest, the realised profit or loss is deferred and reported in the income statement over the initial duration of the instrument. If the impact of the hedging transactions is greater than that of the hedged positions, the surplus fraction is treated as a trading transaction.

Other financial instruments at fair value
The items “Other financial instruments at fair value” and “Liabilities from other financial instruments at fair value” contain self-issued structured products without inherent derivatives. Certificates issued are recorded in the balance sheet position “Liabilities from other financial instruments at fair value” at marked-to-market. The assets held for hedging purpose of the certificates (e.g. stocks, bonds, etc.) are recorded in the balance sheet position “Other financial instruments at fair value” at marked-to-market. If the hedging is effected with derivative financial instruments, the replacement values are recorded in the balance sheet positions “Positive (or negative) replacement values of derivative financial instruments”.

Financial investments
Financial investments, intended to be held until maturity date, are stated at acquisition cost, less amortisation of any difference to nominal value over the period until maturity date (accrual method). Financial investments which are not intended to be held until maturity date, shares and similar securities and rights are stated at the lower of cost or market value. An impairment test is performed on a regular basis to determine any potential depreciation in the credit quality of the issuer.

Fixed assets and intangible assets
Fixed assets and intangible assets are stated at their acquisition cost. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets net of impairment considered necessary as follows:

	2021	2020
Fixed assets		
Bank premises and other buildings	50 years	50 years
Leasehold improvements/ Renovations	10–20 years	10–20 years
Furniture and machines	3–10 years	3–10 years
Hardware	3–8 years	3–8 years
Software	3–8 years	3–8 years
Intangible assets		
Goodwill	5–10 years	5–10 years
Other intangible assets	3–10 years	3–10 years

If, when acquiring a business, the costs of acquisition are higher than the net assets acquired, the difference represents the acquired goodwill. The goodwill is capitalised in the balance sheet and amortised linearly over the estimated useful life. Other intangible assets consist of acquired clientele.

Impairment of non-financial assets
On the balance sheet date, the Group determines whether there are any reasons for an impairment of non-financial assets. Goodwill and other intangible assets with indeterminate useful life are checked for impairment at least once a year, and also whenever events suggest their value is too high. Any other non-financial assets are reviewed for impairment if there are signs that their book value exceeds the realisable amount of the fair value. The estimated fair value of non-financial assets is determined on the basis of three valuation methods:

i. Comparable Transactions;
ii. Market Comparable; and
iii. Model of discounting of cash flows.

Value adjustments and provisions
For all potential and identifiable risks existing at the balance sheet date, value adjustments and provisions are established on a prudent basis. Value adjustments due from banks or due from customers, mortgages and bonds intended to be held until maturity date are

deducted from the corresponding asset in the balance sheet.

Reserves for general banking risks
Reserves for general banking risks can be accounted for at consolidated financial statements level or at individual accounts level to cover risks inherent to the banking business. These reserves form part of equity and are subject to deferred tax. Reserves for general banking risks at individual account level have not been subject to tax.

Employee pension plans
The Group operates a number of pension plans for its employees in Switzerland and abroad, most of them comprising defined contribution plans. The adjusted contributions for the period are shown as personnel costs in the income statement. The corresponding adjustments or liabilities and the claims and commitments arising from legal, regulatory or contractual requirements are shown in the balance sheet. In accordance with the Swiss GAAP RPC 16, a study is performed on an annual basis to assess a potential financial benefit/commitment (surplus/deficit) from the Group's point of view. A surplus is recorded only if the Group is legally permitted to use this surplus either to reduce or reimburse the employer contributions. In the case of deficit, a provision is set up if the Group has decided to or is required to participate in the financing. When the surplus and/or deficit is recorded in the income statement, it is recognised under personnel costs. In the balance sheet, the surplus is recognised under other assets, whereas a deficit is recognised under provisions.

Taxes
Current taxes, in general income and capital taxes, are calculated on the basis of the applicable tax laws and recorded as an expense in the relevant period. One-off taxes or taxes on transactions are not included in current taxes. Deferred taxes are recorded in accordance with requirements. Accruals of current taxes due are booked on the liabilities side under accrued expenses and deferred income. The tax effects arising from temporary differences between the carrying value and tax value of assets and liabilities are recorded as deferred taxes under provisions in the liabilities section of the balance sheet or in other assets for deferred tax assets. Deferred taxes are calculated using the expected tax rates.

Risk management

Structure of risk management
General considerations
Achieving a high-risk management standard is not simply a question of compliance with formalised internal and external rules. Moreover, quantitative criteria are only one component of comprehensive risk management. Indeed, risk awareness must be a key governance element to spur the appropriate risk culture and become an integral part of an organisation. Only then will such risk culture demonstrate itself through the discipline and thoroughness with which employees perform their tasks.

Governance
The Board of Directors carries ultimate responsibility in the Group's business strategy and principles for the corporate culture. It is responsible for establishing the business organisation, issuing the necessary rules and regulations, and ensuring that the Group has adequate personnel and infrastructure.

The Board defines the risk strategy, approves the Group-wide Risk Management Framework, and is responsible for establishing an effective risk management function and managing the Group's overall risks. It ensures that the risk and control environment is adequate and that the internal control system is efficient. The Board of Directors formulates the Group's risk policy and monitors its implementation by the Group Executive Board, which is responsible for running the operational business activities and for the day-to-day risk management.

Risk Management Framework
The Risk Management Framework is developed by the Group Executive Board and approved by the Board of Directors. It is based on a comprehensive assessment of the inherent risks resulting from the activities of the Group. For each of these activities, the existing controls, testing and reviews of the first, second and third lines of defence are assessed and revised if

necessary. These, together with other mitigating factors, will serve to derive the residual risks which are reported by risk category as defined in the Risk Management Framework.

Risk tolerance, defined as the level of risk that the Group is prepared to assume to achieve its business objectives, is determined for each risk category defined in the Risk Management Framework. Corresponding limits and Key Risk Indicators ("KRI"s) are set where applicable.

Under the responsibility of the Board of Directors, the Group Executive Board ensures that the necessary instruments and organisational structures allow for the identification, monitoring and reporting of all risk categories.

The elements of risk tolerance are integrated into internal regulations, directives and policies which govern the activities performed within the Group and contribute to enforce the risk culture. Those policies and related documents define the operating limits and describe the procedures to follow in case of breaches. Training and e-learning are also designed to educate and inform personnel on risks and restrictions as well as controls related to the activities.

The Risk Management Framework is reviewed annually.

Committees

To ensure holistic risk management, the Board of Directors and the Group Executive Board have appointed the necessary committees to deal with risks and act as decision-making bodies for key issues and risks. Their roles also include the promotion of risk awareness and compliance with the approved risk standards.

The **Audit and Risk Committee ("ARC")** reports to the Board of Directors. The committee assesses the effectiveness of the internal control system, the risk control, the compliance function and internal audit. It monitors the implementation of risk strategies and ensures that they align with the defined risk tolerance and risk limits. In addition, the ARC is responsible for assessing the effectiveness of the Risk Management Framework and makes relevant recommendations to the Board of Directors.

The **Risk Committee** is the Group's highest management committee concerned with risk. Its primary function is to assist the Group Executive Board and ultimately the Board of Directors in fulfilling their responsibilities by implementing the risk guidelines set by the Board and monitoring the Group's risk profile. When evaluating risks, the Risk Committee considers the findings and measures of other committees.

The **Operational Risk Committee** reviews the causes of operational incidents and when necessary may propose certain changes in the processes. Ad-hoc topics are analysed and reviewed, with the constant objective of reducing risks and improving efficiency.

The **Central Credit Committee ("CCC")** administers the credit portfolio and controls the Group's credit risk. It is responsible for the review and approval of the Group's client credit exposure and non-client counterparty limits and utilisations and for reviewing the Group's credit policy.

The **Treasury Committee** is responsible for the consolidated supervision of the treasury, liquidity, investment activities and cash management of the Group. It controls and manages interest rate risk, short-term liquidity risk and mid- to long-term refinancing risks. The Treasury Committee is mandated in particular to supervise liquidity, refinancing, interest risk exposure, investment income and interest-bearing products and accounts.

The **Product Committees** oversee the idea generation, the development and the sales support activities for new products offered within the Group. These committees bear ultimate functional responsibility for the product approval process and for managing the product development process.

The **IT Risk Committee** addresses IT and Cyber risks. It monitors the cyber threat landscape changes, adapts the control environment when necessary, and follows up on the initiatives and projects aiming to reduce those risks.

All operational committees comprise representatives from different divisions and meet at regular intervals, at least quarterly.

Organisation of risk management

Risk management is structured along three lines of defence. The first line of defence is operated by the revenue-generating and operational units as well as some specific control units. The second line is assured by independent control units, with unlimited access to information. Finally, the third line of defence is provided by the Internal Audit function.

Independent controls are executed by Risk Office and the Legal & Compliance departments which, from an organisational perspective, are all independent from the first line of defence units. This separation of functions ensures that the departments that analyse the risks assumed by the business units and monitor adherence to limits act independently from the business units taking decisions on the level and extent of risk exposure. This structure prevents potential conflicts of interest and incompatible objectives as early and as effectively as possible.

The Chief Risk Officer heads the Risk Office department, which is responsible for the comprehensive and systematic control of risk exposure. Risk Office ensures that the risk profile of the Group is consistent with the risk tolerance and limits approved in the Risk Management Framework. Risk Office performs in-depth analysis of the Group's exposure to market, treasury, non-client credit, operational, cyber & IT and other risks. It anticipates risk, makes recommendations and takes necessary measures to maintain the risk profile within the Group's risk appetite limits. It is responsible for ensuring compliance of all business units with the risk management process and best practices. Risk Office has developed its own risk infrastructure allowing for efficient risk monitoring and robust reporting. The infrastructure undergoes regular updates and enhancements. Risk Office also submits periodic and ad-hoc reports to the Audit and Risk Committee, the Group Executive Board and business units.

The Legal & Compliance function supports the Group Executive Board and the management of Group companies in their efforts to ensure that the Group's business activities in Switzerland and abroad comply with applicable legal and regulatory frameworks, as well as with generally accepted market standards and practices. Compliance assures that an appropriate system of directives and procedures is in place and adequate training on compliance matters is provided to relevant staff. It also performs several controls of the second line of defence. Other controls related to, among others, suitability, cross-border compliance and conduct risks are performed by the Business Development department. The Legal function guarantees that the Group structure and business processes adhere to a legally abiding format, particularly in the areas of service provision to clients, product marketing and outsourcing activities. Regular and comprehensive risk reporting on compliance and legal risk is provided to the Audit and Risk Committee and the Group Executive Board.

The Credit department analyses, grants and records client credits and, if necessary, initiates measures to prevent credit losses. Client credits include cash loans, contingent liabilities and transactions with initial margin requirements such as forwards, futures or option contracts. The Credit department defines credit parameters relevant to credit, such as eligibility of assets for lending, lending-value rules and initial margin requirement according to the type of derivative transaction. An independent team monitors the client credit activity and the adherence to limits.

A clearly structured and transparent risk management process allows for the timely identification of risks, their documentation, escalation, resolution and/or close monitoring. The process is applied to all risk categories, both individually and collectively. When introducing new business transactions and procedures, the risk management process is the basis for the comprehensive assessment and rating of risks associated with a new activity or process. The Group has established a clear process to detect existing or potential risks before entering into any new business. The involvement of all relevant business units at an early stage ensures a comprehensive, cross-discipline assessment of every new business transaction or process and its associated risks.

Risk indicators

In-depth risk profiling will result in defining quantitative and qualitative risk indicators. In the case of quantitative indicators and depending on the required level of granularity, these will be measured at minimum against an internal limit as well as a regulatory limit (if applicable). Qualitative indicators are assessed in the "appetite statement" context defined in the Risk Management Framework. To the extent possible, these indicators are standardised throughout the Group. The Group makes use of stress testing in order to evaluate the impact of adverse scenarios on different elements: capital adequacy, liquidity, interest rate sensitivity and collateral value of the credit portfolios. In order to estimate the financial impacts on capital adequacy, different scenarios are considered. They result from the combination of shocks applied for each significant type of risk to which the Group is exposed. For each scenario, all possible direct and indirect consequences on the profit and loss and on the equity of the Group are considered. A detailed three-year schedule for capital planning and development describes the impact of each scenario on capital adequacy over several years. The ARC assesses the Group's capital and liquidity planning and reports them to the Board of Directors.

Risk categories

The Group is exposed to the following risks through its business activities and services:

- Market risk
- Liquidity risk
- Credit risk, including risk of concentration
- Operational, IT and information security risks, including Business Continuity Management ("BCM")
- Legal and compliance risk, including conduct risk
- Business and strategic risks, including Environmental, Social and Goverance ("ESG") risks
- Reputational risk.

Market risk

Market risk refers to the risk of a loss due to changes in market parameters (share prices, interest rates and foreign exchange rates) in on-balance or off-balance sheet positions. The Group is exposed to market risk on its trading book in a limited way. Specific limits are set on different parameters at granular level. The monitoring of the limits is automated and performed on an ongoing basis ensuring a timely intervention when justified. A clear and efficient escalation process is in place so that in case of breach, the remediation measures are presented to the competent limit owner. Regarding the banking book, market risk limits are in place for the interest rate and foreign exchange exposures as well as regarding derivatives exposures. The interest rate risk in the banking book is measured using the predefined regulatory scenarios as well as additional internal scenarios. Specifically, the exposure to interest rate risk is measured via diverging maturities of interest-sensitive positions per currency (gap). The interest rate risk stress testing assesses the impact on the economic value of the balance sheet and the projected interest income for the following thirty-six months.

Liquidity risk

Liquidity risk refers to the potential inability of the Group to meet its payment obligations or failure to meet requirements imposed by banking regulations. The Treasury Committee is responsible for monitoring liquidity. The prime objective is to guarantee the Group's ability to meet its payment obligations at all times and to ensure compliance with legal requirements on liquidity. A key task of the Committee is to monitor all relevant liquidity risk factors. These include money flows between subsidiaries and the parent company, inflows and outflows of client funds and changes in the availability of liquidity reserves. The liquidity aspects are considered in aggregate but also per currency. As a supporting strategy, target bandwidths are set for surplus coverage of minimum liquidity. These are actively monitored and corresponding measures are taken if liquidity falls below the specified targets. A contingency funding plan may be triggered if certain conditions are met. Stress tests verify the impact of larger outflows combined with the deterioration of Group assets.

Credit risk

Credit or counterparty risk is the risk related to a client or a counterparty being either unable or only partially able, to meet an obligation owed to the Group or an individual Group company. Such potential counterparty failures may result in financial losses for the Group.

Lending business with clients

Lending activities are mainly limited to private client loans, which are secured against securities or mortgages. Lending criteria are very strictly formulated and their appropriateness is continuously reviewed. The lending business with clients respects a strict separation rule between front and support functions where the assessment, approval and monitoring of such business is performed by the latter.

Credit is granted under a system of delegation of authority, based on the size and risk class of the loan, where the Central Credit Committee examines applications and authorises them in line with the delegated authority and the policy defined. Client loans and mortgages are classified by risk classes through an internal rating system, which considers criteria such as the applied lending value, the average daily turnover and dynamic weightings.

When a loan is granted, the loan-to-value ratio is established on the basis of the current value of the collateral. The Group applies loan-to-value criteria which are in line with Swiss banking industry common practice. A system of alerts and internal controls is used to monitor individual situations in which credit risk has increased. The risk profile of the Group's loan portfolio distributed by type of exposure, risk class and collateral type is reviewed on a monthly basis and reported to management. Non-performing loans and collateral obtained are valued at liquidation value, taking into account any correction for the debtor's solvency. Off-balance-sheet transactions are also included in this assessment. The need for provisions is determined individually for each impaired loan based on analysis performed according to a clearly defined procedure. A stress testing on the collateral value of the credit portfolio is performed at least on a quarterly basis.

Lending business with banks, governments and corporates

Transactions entered into with banks, governments and corporates (non-client credit activities) may represent direct exposures or serve the Group's need to manage its foreign exchange, liquidity or interest rate risk and hedge client transactions.

An internal framework regulates the granting of credit limits to non-clients. This framework is based on the Group's general risk appetite, mainly measured in freely disposable capital, and the credit quality of the respective counterparty. The Central Credit Committee approves and reviews the limits granted to non-client counterparties.

The limit requests and the credit analysis of the respective counterparties are performed by credit analysts. The limits are reviewed regularly, but at least once a year or ad-hoc if required by specific credit events. The Group's Risk Office is in charge of monitoring and reporting all exposures on a daily basis.

As a general rule, the emphasis when conducting business on the interbank market is on the quality of the counterparty, but strong focus is also on risk reduction measures wherever possible. Over-the-counter transactions with third-party banks are mainly executed under netting and collateralisation agreements and lending is provided against collateral (repo transaction) whenever appropriate.

The country risk is monitored via a specific framework and a set of limits which are both approved by the Board of Directors.

Large exposure and concentration risks

Large exposure risks are monitored for every counterparty and are based on the provisions of the Swiss Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers. A group of related counterparties is regarded as a single counterparty. Large exposure risks are calculated on a risk-weighted basis taking into consideration available collateral provided. The upper limit per counterparty is 25% of the eligible capital calculated in accordance with the statutory requirements. While client receivables are mostly covered by readily realisable collateral and therefore do not represent large exposure risks from a regulatory point of view, prior to entering into positions involving non-clients the Group's Risk Office checks that the critical size of the concentrations is not exceeded.

Operational risk

Operational risk is defined as the risk of loss that arises through the inadequacy or failure of internal procedures, people or systems, or as a consequence of external events.

The risk of fraud is embedded in operational risk. In order to mitigate that risk, strict procedures are in place and their application is monitored.

All operational risk incidents are notified to and analysed by Risk Office. Various reports are produced and presented to the Group Executive Board. An Operational Risk Committee meets at regular intervals to review the incidents and, when necessary, issues recommendations. The continuous measurement, reporting and assessment of segment-specific key risk indicators allows potential weaknesses to be detected well in advance, monitored and escalated. Ongoing risk and control self-assessment is performed involving representatives from all business units and risk experts in order to identify and catalogue the risks and inadequacies of a specific area. If necessary, targeted action plans are designed to decrease the risk level and align with the Group's risk appetite.

BCM is designed to maintain or restore critical business functions as quickly as possible in the event of internal or external incidents. BCM aims to minimise financial impact, and protect client assets as well as the Group's reputation. The BCM plan is reviewed yearly by the BCM Board. Regular crisis management exercises are conducted to validate the efficiency of the plan.

In addition to the BCM and the operation risk framework, the Group mitigates potential consequences of risk with tailored insurance solutions. These solutions are regularly reassessed to comply with new emerging risks and regulations.

IT and information security risk

IT risk refers to a subset of operational risk due to technology-related factors. It may lead to potential business disruptions as a result of deficient implementation of IT risk governance. It comprises, but is not limited to, user access management, the evolution of the IT infrastructure and the IT operations management.

Information security risk relates to the potential inability of the Group to anticipate, resist, or react to a threat that exploits vulnerabilities, causing harm to the organisation. This includes cyber risk which is more specific to the use of technology.

It is the Group's aim and constant objective to establish and maintain an effective security infrastructure with up-to-date systems and technology. In parallel, the Group has put in place a robust IT and information security risk management governance, implementing adequate controls for mitigating identified risks and providing continuous guidance and training for staff in this area.

The Group has defined and implemented operating principles, guidelines and procedures that are effective and operational. An IT and information security risk reporting and decision-making process is in place, ensuring that the governing bodies as well as operational functions address those risks as required.

Legal and compliance risk

Legal risks relate to potential financial loss as a result of the deficient drafting or implementation of contractual agreements or as a consequence of contractual infringements or illegal and/or culpable actions. It also covers deficient implementations of changes in the legal and regulatory environment. The legal department is involved as soon as a potential risk has been identified. It assesses the situation and, if appropriate, retains an external lawyer with whom it works to resolve the issue. Such risks have been assessed and provisions have been set aside on a case-by-case basis.

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss of reputation that the Group may suffer as a result of its failure to comply with applicable laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk relates to many areas, such as anti-money laundering and combating the financing of terrorism, regulatory tax compliance, breaches of the cross-border rules, conduct risks including suitability and appropriateness of products and investments, or market conduct rules.

Business and strategic risk

Business and strategic risk is inherent to external or internal events or decisions resulting in strategic and business objectives not being achieved. Assessment reviews are conducted on a regular basis to evaluate the impact of potential strategic and business risks and define mitigating measures.

Among business and strategic risks, including ESG risks, are being actively addressed by a strong corporate governance, a broad variety of investment offerings, a sustainable corporate culture, and the efficient management of resources.

For further information, please refer to the Sustainability Report on page 88.

Reputational risk

Reputation is a critical element shaping stakeholders' perception of the Group's public standing, professionalism, integrity and reliability. Reputational risk can be defined as the existing or potential threat of negative commercial impacts on the Group created by stakeholders' negative perception of the Group. It is most often an event which has occurred as a direct consequence of another risk materialising. To identify potential reputational risks at an early stage and take appropriate preventive measures, the Group strives to instil an intrinsic risk culture in its staff, structures and processes.

Treatment of structured products

Self-issued structured products containing option components shall be separated in the fixed-income instrument and the embedded derivative. The fixed-income instrument is recognised in the balance sheet position "Amounts due in respect of customer deposits" and the derivative is recognised in the balance sheet position "Positive (or negative) replacement values of derivative financial instruments". Assets (stocks, bonds derivatives from third parties, etc.) bought to hedge self-issued structured products are recognised in the respective balance sheet position. For self-issued structured products where the fair value option is applied, the product itself and the corresponding hedging positions in stocks, bonds and funds are recognised in the balance sheet position "Liabilities from other financial instruments at fair value" or "Other financial instruments at fair value", respectively. Potential derivative positions also held for hedging purposes are reported under "Positive (or negative) replacement values of derivative financial instruments".

Explanation of the methods used for identifying default risks and determining the need for value adjustments

Based on the inherent risk of a credit facility, the Group establishes the individual Credit Risk Class (CRC) which in return defines the review cycle of the facility. All credits are regularly tracked by means of daily monitoring and the aforementioned credit reviews. Deviations from the agreed contractual terms with regard to interest payments and/or amortisation, representing potential indicators of default risk, are detected by the aforementioned regular credit-monitoring process and trigger a review and re-evaluation of the CRC.

With respect to Lombard facilities, lending values rules are set and periodically reviewed by the Group's Central Credit Committee for each asset type. Any lending value exceptions are approved in conjunction with the credit request in question. On this basis, each approved credit facility is given a CRC. Additionally, country concentration embedded within the portfolios on which the Group lends is also reviewed periodically, as necessary. Lombard loans are monitored on a daily basis for margin purposes, and in relevant periodic intervals for repayment purposes. The CRC of a Lombard facility or group of facilities is reassessed at each credit review interval. In addition, periodic interim controls are performed to flag CRC inconsistencies. Any adverse change in the Group's outlook with respect to the collateral shall, on a case-by-case basis, trigger an assessment for the purpose of establishing a provision.

With respect to mortgage facilities, the value of the collateral is assessed based on a property valuation mandated by the Group and performed by a certified value and/or property valuation tool. In addition to the risk-class-based review process and in order to detect a potential material decrease in market value, market prices are analysed and documented against appropriate regional price statistics. If prices of certain regions and/or object types have significantly decreased in value or a corresponding decrease is deemed to be imminent by the Group, the respective mortgage facilities are assessed individually and provisions are set aside on a case-by-case basis.

Explanations of the valuation of collateral, in particular key criteria for the calculation of current market value and lending value

The lending business is basically limited to Lombard loans and mortgages. In the case of a Lombard loan, the collateral is accepted at a percentage of its market value according to the Group's credit policy. The lending value depends on the nature, solvency, currency and fungibility of the assets. In case of a mortgage, the maximum pledge rate is defined by the Group's credit policy, the property type and the appraised value of the property.

Explanations of the Group's business policy regarding the use of derivative financial instruments, including explanations relating to the use of hedge accounting

The Group enables clients to trade different types of derivatives. Client derivatives trading activities include options, forwards, futures, swaps on equities, foreign exchange, precious metals, commodities and interest rates. The Group can trade derivative products for its own account, either for proprietary trading or for balance sheet management activities, as long as the necessary limits are approved by the Board of Directors, or square client transactions in the market with third parties in order to eliminate market risk incurred through the client transactions.

The use of derivatives in discretionary portfolio management is restricted to the transactions authorised by the Swiss Bankers' Association asset management guidelines and in accordance with the Group's investment policy.

The Group uses derivative financial instruments as part of its balance sheet management activities in order to manage the risk in its banking book. In order to avoid asymmetric profit and loss recognition, the

Group may apply hedge accounting if possible. Interest rate risks of assets and liabilities are typically hedged by interest rate swaps (IRS), but other instruments like forward rate agreements (FRA), futures or interest rate options could also be used. In order to hedge the counterparty risk of financial investments, the Group can buy credit default swap (CDS) protection. The hedge relationships with underlying hedged item(s) and hedge transactions are documented and periodically reviewed.

The effectiveness of hedging transactions is measured prospectively either by the differential of sensitivity to the risk parameter, within a predefined corridor, of the hedged item(s) and the hedging transaction, or by matching the cash flows of the hedge and the risk position. The hedging relationships are periodically checked, whether hedged item(s) and hedging transaction are still in place and hedge effectiveness is guaranteed.

Where the effect of the hedging transactions exceeds the effect of the hedged items, the excess portion of the derivative financial instrument is treated as equivalent to a trading position. The excess portion is recorded in the profit and loss item “Result from trading activities”.

Subsequent events

In February 2022, the Group acquired the remaining shares in bank zweiplus ltd (42.50%). No further events affecting the balance sheet or income statement are to be reported for the financial year 2021.

Consolidated notes – Information on the balance sheet

Breakdown of securities financing transactions (assets and liabilities)

CHF 000	**2021**	2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions (before netting agreements)	0	0
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions (before netting agreements)	0	0
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	904,977	49,068
with unrestricted right to resell or pledge	904,977	49,068
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	1,021,087	143,076
of which, repledged securities	4,377	230
of which, resold securities	0	0

Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables

CHF 000	Mortgage collateral	Secured by other collateral	Without collateral	Total
Loans (before netting with value adjustments)				
Amounts due from customers	402,430	9,999,235	37,211	10,438,876
Mortgage loans				
Residential property	1,060,556	0	0	1,060,556
Office and business premises	2,075,928	0	0	2,075,928
Trade and industry	281,993	0	0	281,993
Others	1,240	0	0	1,240
Total loans (before netting with value adjustments)				
Current year	**3,822,147**	**9,999,235**	**37,211**	**13,858,593**
Previous year	3,345,146	9,016,591	36,505	12,398,242
Total loans (after netting with value adjustments)				
Current year	**3,561,428**	**9,842,741**	**1,339**	**13,405,508**
Previous year	3,153,476	8,907,009	1,100	12,061,585
Off-balance-sheet transactions				
Contingent liabilities	0	460,895	57,269	518,164
Irrevocable commitments	0	23,620	0	23,620
Obligations to pay up shares and make further contributions	0	0	1,652	1,652
Total current year	**0**	**484,515**	**58,921**	**543,436**
Previous year	0	390,636	8,968	399,604

Impaired loans

CHF 000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Current year	**546,175**	**190,927**	**355,248**	**355,248**
Previous year	497,741	161,084	336,657	336,657

See note “Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year” for the full presentation of value adjustments for default and country risks (i.e. including value adjustments for inherent default risks).

Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

CHF 000	31.12.2021	31.12.2020
Assets		
Trading portfolios		
Debt securities, money market securities/ transactions	1,657,095	1,300,691
of which, listed	799,639	391,757
Equity securities	879,992	435,283
Precious metals and commodities	490,267	489,358
Other trading portfolio assets	106,485	80,496
Other financial instruments at fair value		
Debt securities	425,246	366,122
Structured products	0	0
Other	1,848,645	1,357,498
Total assets	**5,407,730**	**4,029,448**
of which, determined using a valuation model	0	0
of which, securities eligible for repo transactions in accordance with liquidity requirements	0	0
Liabilities		
Trading portfolios		
Debt securities, money market securities/transactions	269	0
of which, listed	269	0
Equity securities	13,743	8,938
Precious metals and commodities	0	0
Other trading portfolio liabilities	1	1
Other financial instruments at fair value		
Debt securities	437,676	380,552
Structured products	0	0
Other	1,070,887	802,022
Total liabilities	**1,522,576**	**1,191,513**
of which, determined using a valuation model	0	0

Presentation of derivative financial instruments (assets and liabilities)

CHF 000	Positive replacement values	Negative replacement values	Contract volumes
Trading instruments			
Interest rate instruments			
Forward agreements	66	41	14,262
Swaps	130,834	254,499	8,390,021
Total interest rate instruments	**130,900**	**254,540**	**8,404,283**
Foreign exchange			
Forward agreements	30,632	27,883	3,806,381
Combined interest/currency swaps	198,806	316,468	28,110,286
Futures	0	0	841,219
Options (OTC)	53,485	53,050	5,844,493
Total foreign exchange	**282,923**	**397,401**	**38,602,379**
Equity securities/indices			
Forward agreements	497	508	37,161
Futures	49	54	0
Options (OTC)	130,997	133,965	2,340,185
Options (exchange traded)	48,978	65,891	1,855,995
Total equity securities/indices	**180,521**	**200,418**	**4,233,341**
Precious metals			
Forward agreements	836	1,033	61,846
Swaps	8,257	8,186	340,963
Options (OTC)	17,488	9,815	1,172,312
Total precious metals	**26,581**	**19,034**	**1,575,121**
Credit derivatives			
Credit default swaps	0	0	0
Total credit derivatives	**0**	**0**	**0**
Other			
Forward agreements	100	221	61,159
Total other	**100**	**221**	**61,159**
Total trading instruments before netting agreements on 31.12.2021	**621,025**	**871,614**	**52,876,283**
Total trading instruments before netting agreements on 31.12.2020	610,163	1,032,069	48,136,485
Hedge instruments			
Interest rate instruments			
Swaps	3,691	1,831	407,274
Total hedge instruments on 31.12.2021	**3,691**	**1,831**	**407,274**
Total hedge instruments on 31.12.2020	47	3,662	137,437
Total before netting agreements on 31.12.2021	**624,716**	**873,445**	**53,283,557**
of which, determined using a valuation model	0	0	–
Total before netting agreements on 31.12.2020	610,210	1,035,731	48,273,922
of which, determined using a valuation model	0	0	–
Total after netting agreements on 31.12.2021	**125,904**	**516,545**	
Total after netting agreements on 31.12.2020	143,619	708,202	

Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other customers
CHF 000			
Positive replacement values (after netting agreements) on 31.12.2021	**55,018**	**24,450**	**46,435**
Positive replacement values (after netting agreements) on 31.12.2020	0	70,407	73,213

Financial investments

CHF 000	**Book value 31.12.2021**	**Fair value 31.12.2021**	Book value 31.12.2020	Fair value 31.12.2020
Debt securities	9,794,419	10,067,839	8,573,160	8,889,456
of which, intended to be held until maturity	9,695,791	9,967,686	8,482,856	8,799,152
of which, not intended to be held to maturity (available for sale)	98,628	100,153	90,304	90,304
Equity securities	1,246,679	1,425,510	1,160,643	1,317,635
of which, qualified participations	0	0	0	0
Precious metals	0	0	0	0
Real estate	51,178	51,178	67,182	67,182
Total financial investments	**11,092,276**	**11,544,527**	**9,800,985**	**10,274,273**
of which, securities eligible for repo transactions in accordance with liquidity regulations	**217,863**		**119,472**	

Breakdown of counterparties by rating

CHF 000	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Unrated
Debt securities						
Book value on 31.12.2021	**5,185,385**	**2,627,953**	**813,446**	**1,025,991**	**0**	**141,644**
Book value on 31.12.2020	2,556,829	2,690,137	1,096,083	1,169,846	0	1,060,265

The above rating is based on the credit rating of Standard & Poor's.

Participations

CHF 000	Acquisition costs	Accumulated value adjustments	Book value as at 31.12.2020	Reclassi-fications	Additions	Disposals	Value adjustments	**Book value as at 31.12.2021**	Market value
Participations valued using the equity method									
with market value	0	0	0	0	0	0	0	0	0
without market value	0	0	0	0	338	0	0	338	–
Other participations									
with market value	37,489	–265	37,224	0	0	–17	0	37,207	162,989
without market value	0	0	0	0	0	0	0	0	–
Total participations	**37,489**	**–265**	**37,224**	**0**	**338**	**–17**	**0**	**37,544**	**162,989**

Significant participating interests

	Place of incorporation	Activity	Currency	Share capital '000s	% of equity/ votes	Direct/ indirect ownership
Fully consolidated participating interests						
Bank J. Safra Sarasin Ltd	Basel	Bank	CHF	22,015	100.00%	direct
Bank J. Safra Sarasin (Gibraltar) Ltd	Gibraltar	Bank	CHF	1,000	100.00%	indirect
J. Safra Sarasin Asset Management (Europe) Ltd	Gibraltar	Advisory	CHF	4,000	100.00%	indirect
JSS (Gibraltar) Ltd	Gibraltar	Holding	GBP	235	100.00%	indirect
Marina Bay Holding Ltd	Gibraltar	Holding	GBP	100	100.00%	indirect
Banque J. Safra Sarasin (Monaco) SA	Monaco	Bank	EUR	67,000	100.00%	direct
J. Safra Sarasin Gestion (Monaco) SA	Monaco	Advisory	EUR	160	100.00%	indirect
Banque J. Safra Sarasin (Luxembourg) SA	Luxembourg	Bank	EUR	8,800	100.00%	direct
JSS Polska sp. z o. o.	Warsaw	Advisory	PLN	5	100.00%	indirect
JSS Private Equity Investments Fund GP S.à r.l.	Luxembourg	Fund Management	EUR	12	100.00%	direct
J. Safra Sarasin Asset Management (North America) Ltd	Geneva	Asset Management	CHF	1,350	100.00%	direct
SIBTL Holding Ltd.	Nassau	Holding	USD	460,932	52.00%	direct
J. Safra Sarasin Asset Management (Bahamas) Ltd.	Nassau	Fund Management	USD	50	52.00%	indirect
Bank J. Safra Sarasin (Bahamas) Ltd.	Nassau	Bank	USD	18,000	51.97%	indirect
J. Safra Sarasin Asset Management S.A.	Panama City	Advisory	USD	3,250	51.97%	indirect
JSS Servicios (Panama) S.A.[1]	Panama City	Advisory	USD	10	51.97%	indirect
JSS Servicios S.A. de C.V.	Mexico D.F.	Advisory	USD	3	51.97%	indirect
Lyford JSRE (Bahamas) Ltd.	Nassau	Real Estate	USD	50	51.97%	indirect
Bank J. Safra Sarasin Asset Management (Middle East) Ltd	Dubai	Asset Management	USD	22,000	100.00%	indirect
Bank J. Safra Sarasin (QFC) LLC	Doha	Asset Management	USD	2,000	100.00%	indirect
J. Safra Sarasin Asset Management (Israel) Ltd	Tel Aviv	Advisory	ILS	350	100.00%	indirect
bank zweiplus ltd	Zurich	Bank	CHF	35,000	57.50%	indirect
J. Safra Sarasin (Deutschland) GmbH	Frankfurt	Advisory	EUR	50	100.00%	indirect
J. Safra Sarasin Trust Company (Singapore) Ltd.	Singapore	Trust Company	USD	1,000	100.00%	indirect
Sarabet Ltd	Basel	Holding	CHF	3,250	100.00%	indirect
Sarasin (U.K.) Ltd	London	Holding	GBP	17,900	100.00%	indirect
S.I.M. Partnership (London) Ltd	London	Holding	GBP	727	64.02%[2]	indirect
Sarasin & Partners LLP	London	Asset Management	GBP	18,273	60.00%[2]	indirect
Sarasin Asset Management Ltd	London	Asset Management	GBP	250	60.00%[2]	indirect
Sarasin U.S. Services Ltd	London	Advisory	GBP	0,1	60.00%[2]	indirect
Sarasin Investment Funds Ltd	London	Fund Management	GBP	250	60.00%[2]	indirect
Sarasin Funds Management (Ireland) Ltd	Dublin	Fund Management	GBP	500	60.00%[2]	indirect
JSS Administradora de Recursos Ltda.	Sao Paulo	Advisory	BRL	1,711	100.00%	indirect
JSS Global Real Estate Co S.à r.l.	Luxembourg	Fund Management	EUR	125	100.00%	indirect
J. Safra Sarasin Investmentfonds Ltd	Basel	Fund Management	CHF	4,000	100.00%	indirect
J. Safra Sarasin Fund Management (Luxembourg) S.A.	Luxembourg	Fund Management	EUR	1,500	100.00%	indirect
Place de Hollande SA[1]	Geneva	Real Estate	CHF	100	51.00%	indirect

Associated companies

Elus Ltd[1]	Lausanne	Multi-issuer Platform	CHF	1,500	22.50%	direct

Non-consolidated investments in subsidiary companies

SIX Group AG	Zurich	Stock exchange	CHF	19,522	2.49%	indirect
PFBK Schweizerische Hypothekarinstitute AG	Zurich	Mortgage company	CHF	1,000,000	0.30%	indirect
Euroclear Holding SA/NV	Brussels	Financial services	EUR	3,147	0.54%	indirect

1) Consolidated for the first time.
2) Voting rights.

Tangible fixed assets

CHF 000	Acquisition costs	Accumulated depreciation	Book value as at 31.12.2020	Change in scope of consolidation	Reclassi- fications	Additions	Disposals	Depreciation	**Book value as at 31.12.2021**
Real estate: bank buildings	320,946	–89,784	231,162	0	0	25	367	–5,664	225,890
Real estate: other real estate	4,985	–2,078	2,907	0	0	278,572	0	–1,044	280,435
Proprietary or separately acquired software	29,594	–19,230	10,364	0	0	3,817	4	–4,876	9,309
Other fixed assets	108,319	–69,987	38,332	0	0	5,110	66	–7,124	36,384
Tangible assets acquired under finance leases:	0	0	0	0	0	0	0	0	0
of which, bank buildings	0	0	0	0	0	0	0	0	0
of which, other real estate	0	0	0	0	0	0	0	0	0
of which, other tangible fixed assets	0	0	0	0	0	0	0	0	0
Total fixed assets	**463,844**	**–181,079**	**282,765**	**0**	**0**	**287,524**	**437**	**–18,708**	**552,018**

Operating leases

CHF 000	**31.12.2021**	31.12.2020
Remaining maturity <1 year	13,561	12,617
Remaining maturity 1–5 years	29,957	39,062
Remaining maturity >5 years	313	849
Total liabilities from operating lease	**43,831**	**52,528**
of which, remaining maturity <1 year that can be terminated within one year	485	782

Intangible assets

CHF 000	Acquisition costs	Accumulated amortisation	Book value as at 31.12.2020	Reclassi- fications	Additions	Disposals	Amortisation	**Book value as at 31.12.2021**
Goodwill	563,895	–563,895	0	0	0	0	0	0
Patents	0	0	0	0	0	0	0	0
Licences	0	0	0	0	0	0	0	0
Other intangible assets	57,512	–57,512	0	0	41,117[1)]	–147	–5,469	35,501
Total intangible assets	**621,407**	**–621,407**	**0**	**0**	**41,117**	**–147**	**–5,469**	**35,501**

1) The Group acquired the private banking business of Bank of Montreal in Hong Kong and Singapore by way of an asset purchase agreement. The acquisition included clients and their experienced relationship management teams.

Other assets/Other liabilities

CHF 000	**31.12.2021**	31.12.2020
Other assets		
Compensation account	133,075	151,460
Deferred income taxes recognised as assets	37,933	15,503
Amount recognised as assets in respect of employer contribution reserves	0	0
Amount recognised as assets relating to other assets from pension schemes	0	0
Others	238,025	132,528
Total	**409,033**	**299,491**
Other liabilities		
Compensation account	48,596	3,752
Others	364,740	206,699
Total	**413,336**	**210,451**

Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

CHF 000	**Book value 31.12.2021**	**Effective commitment 31.12.2021**	Book value 31.12.2020	Effective commitment 31.12.2020
Financial instruments	922,130	630,273	354,848	326,674
Other assets	491,049	412,246	415,506	415,506
Total pledged assets	**1,413,179**	**1,042,519**	**770,354**	**742,180**

There are no assets under reservation of ownership. The assets are pledged for commitments from securities borrowing, for lombard limits at central banks and for stock exchange security.

Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the Group held by own pension schemes

CHF 000	**31.12.2021**	31.12.2020
Liabilities to own pension plans	**16,447**	**25,565**

Pension schemes

The Group operates a number of pension schemes for its employees in Switzerland and abroad. Employees in Switzerland are covered either by the pension fund of Bank J. Safra Sarasin or by the collective foundation "Trianon". These pension schemes are defined contribution plans. Also all pension schemes based outside of Switzerland are defined contribution plans. There is neither a surplus nor a deficit coverage. The contributions for the period are shown as personnel costs in the income statement.

The purpose of the pension scheme is to provide pension benefits for employees of the Group upon retirement or disability and for the employees' survivors after their death. It manages the mandatory retirement, survivors' and disability benefits in accordance with the BVG ("Berufliche Vorsorge") in Switzerland.

The Group does not have any patronage funds.

Employer's contribution reserves (ECR)

CHF 000	**Nominal value 31.12.2021**	**Renunciation of use 31.12.2021**	**Creation 2021**	**Balance sheet 31.12.2021**	Balance sheet 31.12.2020	**Result from ECR in personnel expenses 2021**	Result from ECR in personnel expenses 2020
Patronage funds/pension schemes	**0**	**0**	**0**	**0**	0	**0**	0

Economic benefit / economic obligation and pension benefit expenses

CHF 000	**Surplus/ (deficit) 31.12.2021**[1)]	**Economical part of the organisation 31.12.2021**	Economical part of the organisation 31.12.2020	**Change in the prior-year period or recognised in the current result of the period**	**Contributions concerning the business period**	**Pension benefit expenses within personnel expenses 2021**	Pension benefit expenses within personnel expenses 2020
Pension schemes							
with surplus	**112,966**	**0**	0	**0**	**23,534**	**23,534**	24,395
without surplus/(deficit)	**0**	**0**	0	**0**	**11,262**	**11,262**	9,658
Total	**112,966**	**0**	0	**0**	**34,796**	**34,796**	34,053

1) At the publication date the final financial statements of the pension schemes were not available. Therefore the figures are based on the 2020 financial statements of the pension schemes.

The financial statements of the pension funds in Switzerland are prepared in accordance with Swiss GAAP FER 26.

Presentation of issued structured products

Underlying risk of the embedded derivative

CHF 000	Valued separately: Value of the host instrument	Valued separately: Value of the derivative	Total 31.12.2021	Valued separately: Value of the host instrument	Valued separately: Value of the derivative	Total 31.12.2020
Interest rate instruments						
With own debenture component (oDC)	**0**	**0**	**0**	0	0	0
Without oDC	**0**	**0**	**0**	0	0	0
Equity securities						
With own debenture component (oDC)	**587,309**	**–9,889**	**577,420**	590,794	–22,881	567,913
Without oDC	**0**	**0**	**0**	0	0	0
Foreign currencies						
With own debenture component (oDC)	**289,357**	**–823**	**288,534**	223,469	–464	223,005
Without oDC	**0**	**0**	**0**	0	0	0
Commodities/precious metals						
With own debenture component (oDC)	**62,622**	**–223**	**62,399**	47,796	–163	47,633
Without oDC	**0**	**0**	**0**	0	0	0
Total	**939,288**	**–10,935**	**928,353**	862,059	–23,508	838,551

Presentation of bonds outstanding and mandatory convertible bonds

		Year of issuance	Early termination possibilities	Weighted average interest rate	Maturity date	Amount outstanding CHF 000
Issuer						
Banque J. Safra Sarasin (Luxembourg) SA	Subordinated	2015	no	8.38%	06.04.26	72,892
Bank J. Safra Sarasin Ltd	Non-subordinated	2021	no	0%	2022	56,412
Bank J. Safra Sarasin Ltd	Non-subordinated mortgage-backed bonds	2012–2013	no	1.36%	2023–2024	4,003

Overview of maturities of bonds outstanding

CHF 000	<1 year	>1–<2 ys	>2–<3 ys	>3–<4 ys	>4–<5 ys	>5 years	**Total**
Issuer							
Banque J. Safra Sarasin (Luxembourg) SA	0	0	0	0	72,892	0	**72,892**
Bank J. Safra Sarasin Ltd	56,412	2,000	2,003	0	0	0	**60,415**

Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

CHF 000	Balance as at 31.12.2020	Use in conformity with designated purpose	Reclassifi-cations	Change in scope of conso-lidation	Currency differences	Past due interest, recoveries	New creations charged to income	Release to income	**Balance as at 31.12.2021**
Provisions									
Provisions for deferred taxes	17,316	0	0	0	–140	0	0	–2,774	14,402
Provisions for pension benefit obligations	0	0	0	0	0	0	0	0	0
Provisions for default risks (off-balance sheet)	0	0	1,122[1)]	0	0	0	325	–107	1,340
Provisions for other business risks	5,399	0	–3,433[2)]	0	–610	0	43	–119	1,280
Provisions for restructuring	0	0	0	0	0	0	0	0	0
Other provisions	16,220	–5,016	3,433[2)]	0	8	0	38,541	–1,730	51,456
Total provisions	**38,935**	**–5,016**	**1,122**	**0**	**–742**	**0**	**38,909**	**–4,730**	**68,478**
Reserves for general banking risks	**98,122**	**0**	**0**	**0**	**0**	**0**	**77,500**	**0**	**175,622**
Value adjustments for default and country risks									
Value adjustments for default risks in respect of impaired loans / receivables	336,657	–25	0	0	–3,421	22,583	1,994	–2,540	355,248
Value adjustments for inherent default risks	0	0	151,232	0	0	0	20,417	–31,538	140,111
Value adjustments for default risks in respect of banks and financial investments	1,300	0	0	0	–18	58	–2	0	1,338
Total value adjustments for default and country risks	**337,957**	**–25**	**151,232**	**0**	**–3,439**	**22,641**	**22,409**	**–34,078**	**496,697**

1) First time adoption of inherent default risks (see Consolidated notes: “Changes in accounting and valuation principles”).

2) Reclassification from “Provisions for other business risks” to “Other provisions”.

Disclosure of amounts due from/to related parties

	Amounts due from		Amounts due to	
CHF 000	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Holders of qualified participations	–	–	–	–
Group companies	–	–	–	–
Linked companies	1,243,201	1,436,670	3,309,434	3,667,363
Transactions with members of governing bodies	74,418	11,857	76,375	11,106
Other related parties	129,965	10,028	1,159,985	1,097,153

Above-mentioned transactions are concluded at arm’s length.

Off-balance-sheet transactions with any of the above-mentioned parties are mainly foreign exchange operations.

Presentation of the maturity structure of financial instruments

CHF 000	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Due more than 5 years	No maturity	Total
Liquid assets	8,830,547	0	0	0	0	0	0	8,830,547
Amounts due from banks	1,467,003	0	238,932	49,991	3,188	0	0	1,759,114
Amounts due from securities financing transactions	0	0	0	0	0	0	0	0
Amounts due from customers	1,520,238	0	6,217,274	976,346	1,233,837	87,312	0	10,035,007
Mortgage loans	1,396	0	885,063	195,949	1,872,209	415,884	0	3,370,501
Trading portfolio assets	3,133,839	0	0	0	0	0	0	3,133,839
Positive replacement values of derivative financial instruments	624,716	0	0	0	0	0	0	624,716
Other financial instruments at fair value	2,273,891	0	0	0	0	0	0	2,273,891
Financial investments	1,292,549	0	4,371,362	986,379	3,346,299	1,095,687	0	11,092,276
Total 31.12.2021	**19,144,179**	**0**	**11,712,631**	**2,208,665**	**6,455,533**	**1,598,883**	**0**	**41,119,891**
Total 31.12.2020	17,623,925	70,716	8,130,806	1,769,692	7,367,657	2,231,257	0	37,194,053
Due to banks	490,623	0	330,705	3,048	0	0	0	824,376
Liabilities from securities financing transactions	0	0	0	0	0	0	0	0
Amounts due in respect of customer deposits	27,235,837	725,563	2,419,092	564,197	1,291,376	134,893	0	32,370,958
Trading portfolio liabilities	14,013	0	0	0	0	0	0	14,013
Negative replacement values of derivative financial instruments	873,445	0	0	0	0	0	0	873,445
Liabilities from other financial instruments at fair value	1,508,563	0	0	0	0	0	0	1,508,563
Bond issues and central mortgage institution loans	0	0	56,412	0	76,895	0	0	133,307
Total 31.12.2021	**30,122,481**	**725,563**	**2,806,209**	**567,245**	**1,368,271**	**134,893**	**0**	**35,724,662**
Total 31.12.2020	26,795,277	1,100,421	2,542,981	589,967	1,005,053	0	0	32,033,699

Assets and liabilities by domestic and foreign origin

	31.12.2021		31.12.2020	
CHF 000	**Swiss**	**Foreign**	Swiss	Foreign
Assets				
Liquid assets	6,210,424	2,620,123	7,005,549	1,698,559
Amounts due from banks	253,878	1,505,236	224,302	1,763,415
Amounts due from securities financing transactions	0	0	0	0
Amounts due from customers	1,255,834	8,779,173	1,089,897	7,978,679
Mortgage loans	544,081	2,826,420	679,990	2,313,019
Trading portfolio assets	1,283,160	1,850,679	824,405	1,481,423
Positive replacement values of derivative financial instruments	129,511	495,205	162,579	447,631
Other financial instruments at fair value	1,080,188	1,193,703	835,137	888,483
Financial investments	319,299	10,772,977	448,962	9,352,023
Accrued income and prepaid expenses	74,957	96,412	67,339	114,474
Non-consolidated participations	29,185	8,359	28,864	8,360
Tangible fixed assets	534,379	17,639	266,089	16,676
Intangible assets	0	35,501	0	0
Other assets	235,362	173,671	183,698	115,793
Total assets	**11,950,258**	**30,375,098**	**11,816,811**	**26,178,535**
Liabilities				
Amounts due to banks	149,348	675,028	208,758	544,501
Liabilities from securities financing transactions	0	0	0	0
Amounts due in respect of customer deposits	5,611,912	26,759,046	4,598,154	24,376,792
Trading portfolio liabilities	8,010	6,003	2,511	6,428
Negative replacement values of derivative financial instruments	161,999	711,446	93,531	942,200
Liabilities from other financial instruments at fair value	1,070,887	437,676	802,023	380,551
Bond issues and central mortgage institution loans	60,415	72,892	78,250	0
Accrued expenses and deferred income	238,667	134,378	200,124	121,336
Other liabilities	174,023	239,313	12,648	197,803
Provisions	54,185	14,293	30,581	8,354
Reserves for general banking risks	165,851	9,771	88,351	9,771
Share capital	848,245	0	848,245	0
Capital reserve	1,745,862	0	1,745,862	0
Retained earnings reserve	42,398	1,759,043	5,552	1,618,753
Currency translation reserve	138,873	–218,977	138,873	–210,000
Minority interests in equity	23,716	807,871	23,445	721,652
Consolidated profit	13,489	409,693	–555	400,852
Total liabilities	**10,507,880**	**31,817,476**	**8,876,353**	**29,118,993**

Assets by countries/country groups

	31.12.2021		31.12.2020	
CHF 000	**Total**	**Part as a %**	Total	Part as a %
Europe	10,172,590	24.0%	9,199,363	24.2%
Americas	14,651,173	34.6%	12,325,976	32.4%
Asia	5,262,797	12.4%	4,366,049	11.5%
Others	288,538	0.8%	287,147	0.8%
Total foreign assets	**30,375,098**	**71.8%**	**26,178,535**	**68.9%**
Switzerland	11,950,258	28.2%	11,816,811	31.1%
Total assets	**42,325,356**	**100.0%**	**37,995,346**	**100.0%**

Breakdown of total net foreign assets by credit rating of country groups (risk domicile view)

	31.12.2021		31.12.2020	
	Net foreign exposure CHF 000	Part as a %	Net foreign exposure CHF 000	Part as a %
Standard & Poor's				
AAA to AA–	10,792,191	89.7%	8,629,328	89.0%
A+ to A–	67,994	0.6%	340,895	3.5%
BBB+ to B–	1,032,464	8.7%	732,106	7.5%
Total net foreign assets	**11,892,649**	**100.0%**	**9,702,329**	**100.0%**

Basis for country ratings: Standard & Poor's Issuer Credit Ratings Foreign Currency LT (long term).

Balance sheet by currencies

CHF 000	CHF	EUR	USD	Others	Total
Assets					
Liquid assets	6,210,415	2,613,926	447	5,759	8,830,547
Amounts due from banks	213,072	177,366	659,219	709,457	1,759,114
Amounts due from securities financing transactions	0	0	0	0	0
Amounts due from customers	1,193,443	1,954,907	5,409,758	1,476,899	10,035,007
Mortgage loans	461,934	699,263	296,768	1,912,536	3,370,501
Trading portfolio assets	870,789	10,282	583,560	1,669,208	3,133,839
Positive replacement values of derivative financial instruments	232,709	72,531	246,957	72,519	624,716
Other financial instruments at fair value	1,008,187	128,841	880,136	256,727	2,273,891
Financial investments	758,479	1,136,532	7,954,734	1,242,531	11,092,276
Accrued income and prepaid expenses	23,371	35,209	75,427	37,362	171,369
Non-consolidated participations	29,185	8,359	0	0	37,544
Tangible fixed assets	534,467	796	14,232	2,523	552,018
Intangible assets	0	0	35,501	0	35,501
Other assets	108,096	109,287	175,207	16,443	409,033
Total balance sheet assets	**11,644,147**	**6,947,299**	**16,331,946**	**7,401,964**	**42,325,356**
Delivery entitlements from spot exchange, forward forex and forex options transactions	5,991,982	6,755,234	16,538,898	5,044,409	34,330,523
Total assets 31.12.2021	**17,636,129**	**13,702,533**	**32,870,844**	**12,446,373**	**76,655,879**
Liabilities					
Amounts due to banks	43,860	111,940	441,191	227,385	824,376
Liabilities from securities financing transactions	0	0	0	0	0
Amounts due in respect of customer deposits	4,220,396	5,296,590	18,183,720	4,670,252	32,370,958
Trading portfolio liabilities	10,206	–720	4,509	18	14,013
Negative replacement values of derivative financial instruments	341,651	91,149	398,687	41,958	873,445
Liabilities from other financial instruments at fair value	187,417	207,677	1,043,821	69,648	1,508,563
Bond issues and central mortgage institution loans	60,415	0	72,892	0	133,307
Accrued expenses and deferred income	166,991	93,531	59,343	53,180	373,045
Other liabilities	47,016	38,859	268,439	59,022	413,336
Provisions	50,542	17,485	451	0	68,478
Reserves for general banking risks	165,851	9,771	0	0	175,622
Share capital	848,245	0	0	0	848,245
Capital reserve	1,745,862	0	0	0	1,745,862
Retained earnings reserve	566,925	463,385	764,920	6,211	1,801,441
Currency translation reserve	138,873	–136,953	–60,012	–22,012	–80,104
Minority interests in equity	23,716	0	799,598	8,273	831,587
Consolidated profit	62,301	104,056	167,939	88,886	423,182
Total balance sheet liabilities	**8,680,267**	**6,296,770**	**22,145,498**	**5,202,821**	**42,325,356**
Delivery obligations from spot exchange, forward forex and forex options transactions	9,740,137	7,085,084	10,534,614	7,077,683	34,437,518
Total liabilities 31.12.2021	**18,420,404**	**13,381,854**	**32,680,112**	**12,280,504**	**76,762,874**
Net currency positions 31.12.2021	**–784,275**	**320,679**	**190,732**	**165,869**	**–106,995**

Consolidated notes – Information on off-balance-sheet transactions

Breakdown and explanation of contingent assets and liabilities

CHF 000	**31.12.2021**	31.12.2020
Guarantees to secure credits and similar	200,766	240,052
Performance guarantees and similar	108,719	86,478
Irrevocable commitments arising from documentary letters of credit	0	0
Others	208,679	49,524
Total contingent liabilities	**518,164**	**376,054**
Contingent assets arising from tax losses carried forward	17,804	19,927
Other contingent assets	0	0
Total contingent assets	**17,804**	**19,927**

Breakdown of credit commitments

CHF 000	**31.12.2021**	31.12.2020
Commitments arising from deferred payments	0	0
Commitments arising from acceptances (for liabilities arising from acceptances in circulation)	0	0
Other credit commitments	0	0

Breakdown of fiduciary transactions

CHF 000	**31.12.2021**	31.12.2020
Fiduciary investments with third-party banks	1,251,352	1,432,211
Fiduciary investments with linked companies	0	0
Fiduciary loans	364,843	211,102
Fiduciary transactions arising from securities lending and borrowing, which the Group conducts in its own name for the account of customers	0	0
Other fiduciary transactions	0	0
Total fiduciary transactions	**1,616,195**	**1,643,313**

Breakdown of managed assets and presentation of their development

CHF million	**2021**	2020
Type of managed assets		
Assets in collective investment schemes by the Group	27,364	21,391
Assets under discretionary asset management agreements	35,725	29,240
Other managed assets	161,650	141,774
Total managed assets (including double-counting)	**224,739**	**192,405**
Of which double-counted items	20,531	16,834

Development of managed assets		
Total managed assets (including double-counting) at beginning	192,405	185,797
+/– net new money inflow or net new money outflow	15,031	7,167
+/– price gains/losses, interest, dividends and currency gains/losses	16,007	255
+/– other effects	1,296	–814
Total managed assets (including double-counting) at end	**224,739**	**192,405**

Assets under management mainly comprise amounts due to customers in the form of savings and investments, along with term accounts, fiduciary investments, all duly valued assets in custody accounts and linked sight accounts. Assets under management also include assets held for investment purposes by institutional investors, companies and individual clients, along with investment funds.

Discretionary managed accounts include clients' assets with signed discretionary management mandates in favour of an entity of the Group.

Other managed assets include client assets for whom one of the entities of the Group provides all services arising from stock exchange and foreign exchange transactions on the basis of instructions received, as well as safekeeping, loans and payments.

Net new inflows/outflows comprise all external inflows and outflows of cash and securities recorded on client accounts.

Consolidated notes – Information of the income statement

Breakdown of the result from trading activities and the fair value option

CHF 000	**2021**	2020
Breakdown by business area		
Trading profit with market risk	65,485	67,497
Trading profit without market risk	129,471	104,215
Trading profit from treasury activities	18,302	38,065
Total result from trading activities	**213,258**	**209,777**
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
Interest rate instruments	55,644	–25,455
Equity securities (including funds)	77,576	132,039
Foreign currencies	68,408	81,352
Commodities/precious metals	11,630	21,841
Total result from trading activities	**213,258**	**209,777**
of which, from fair value option	84,939	–109,817

Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest

CHF 000	**2021**	2020
Material refinancing income in the item "Interest and discount income"	0	0
Material negative interest	45,123	38,601

Breakdown of personnel expenses

CHF 000	**2021**	2020
Salaries	468,859	461,099
of which, expenses relating to share-based compensation and alternative forms of variable compensation	125,172	129,329
Social charges	73,140	72,252
Changes in book value for economic benefits and obligations arising from pension schemes	0	0
Other personnel expenses	16,769	16,648
Total personnel expenses	**558,768**	**549,999**

Breakdown of general and administrative expenses

CHF 000	**2021**	2020
Office space expenses	27,578	30,925
Expenses for information and communications technology	19,362	17,161
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	483	647
Fees of audit firm	3,766	3,492
of which, for financial and regulatory audits	3,390	3,170
of which, for other services	376	322
Other operating expenses	92,400	88,834
of which, compensation for any cantonal guarantee	0	0
Total general and administrative expenses	**143,589**	**141,059**

Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

2021: Changes in reserves for general banking risks reflect the creation of additional reserves for general banking risks recognised at consolidated level.

2020: The extraordinary income includes mainly a gross profit of CHF 103.2m generated by the sale of a building owned by the Group.

Changes in reserves for general banking risks reflect the creation of additional reserves for general banking risks recognised at consolidated level.

Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

No revaluations of participations and tangible fixed assets up to acquistion cost have taken place.

Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

	2021			2020		
CHF 000	**Swiss**	**Foreign**	**Total**	**Swiss**	**Foreign**	**Total**
Net result from interest operations	52,749	332,600	385,349	64,371	320,742	385,113
Subtotal result from commission business and services	306,531	408,764	715,295	288,232	341,779	630,011
Result from trading activities and the fair value option	159,445	53,813	213,258	141,781	67,996	209,777
Subtotal other result from ordinary activities	–7,392	–585	–7,977	760	11,667	12,427
Operating income	**511,333**	**794,592**	**1,305,925**	**495,144**	**742,184**	**1,237,328**
Personnel expenses	–299,666	–259,102	–558,768	–311,095	–238,904	–549,999
General and administrative expenses	–74,813	–68,776	–143,589	–71,229	–69,830	–141,059
Subtotal operating expenses	**–374,479**	**–327,878**	**–702,357**	**–382,324**	**–308,734**	**–691,058**
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	–16,302	–7,875	–24,177	–126,986	–3,098	–130,084
Changes to provisions and other value adjustments, and losses	–32,117	–7,071	–39,188	–18,246	–168	–18,414
Operating result	**88,435**	**451,768**	**540,203**	**–32,412**	**430,184**	**397,772**

Presentation of capital taxes, current taxes, deferred taxes, and disclosure of tax rate

CHF 000	**2021**	2020
Current income and capital tax expenses	51,613	50,504
Allocation to provisions for deferred taxes	–2,773	11,351
Recognition of deferred income taxes	–8,900	–8,714
Total	**39,940**	**53,141**

The weighted average tax rate amounts to 7.1% (2020: 10.4%).

In 2021, the ordinary net tax expense effect of the use of losses carried forward was nil (2020: nil).

Deloitte.

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To the General Meeting of
J. Safra Sarasin Holding Ltd., Basel

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements (pages 46 to 83) of J. Safra Sarasin Holding Ltd., which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statement of income, consolidated cash flow statement, consolidated statement of changes in equity, and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss accounting principles applicable for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

J. Safra Sarasin Holding Ltd.
Report of the statutory auditor
on the consolidated financial statements
for the year ended
December 31, 2021

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting principles applicable for Banks and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Sandro Schönenberger
Licensed Audit Expert
Auditor in Charge

Dr. Philippe Wüst
Licensed Audit Expert

Zurich, February 24, 2022

CASINO DE MONTE-CARLO

Banque J. Safra Sarasin (Monaco) SA
MC-98006 Monaco Cedex, Principauté de Monaco

SUSTAINABILITY REPORT

Sustainability Report 2021

J. Safra Sarasin Group's Sustainability Report 2021 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

In 2021, the Covid-19 pandemic persisted into its second year, sparking hopes and fears alike. The positive news of vaccine availability in early 2021 was clouded by new variants, uneven acceptance and distribution of vaccines and pandemic-related measures. Despite these challenges and uncertainty, the resilience of Bank J. Safra Sarasin Ltd and its employees, the sustainable corporate strategy and investment philosophy were further confirmed. Battling new waves, business continuity management progressed effectively and employees continued to have access to digital equipment. The financial performance of client portfolios has kept well and exceeded pre-pandemic levels.

However, the pandemic is not yet under control and central banks have unleashed a flood of measures aiming to mitigate the impacts of a faltering economy. On top of the human health crisis, an unprecedented number of extreme weather events served as a painful reminder that climate change is already a reality and its threatening impacts are increasingly tangible. To meet 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% until 2030 and net zero should be achieved by 2050 or sooner.

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-supported 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 on the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD)[1].

This year, the commitments to sustainable development were further deepened. In April 2021, the Corporate Sustainability Board decided for *J. Safra Sarasin Sustainable Asset Management* to join the *Net Zero Asset Managers Initiative* (NZAM) in support of its *Climate Pledge*, aiming for a carbon-neutral outcome for all assets under management by 2035. On the occasion of the *UN Climate Change Conference of Parties* (COP26) in Glasgow, J. Safra Sarasin Sustainable Asset Management participated in the inaugural NZAM Progress Report. Based on its Climate Pledge, J. Safra Sarasin Sustainable Asset Management was able to report an initial net zero commitment for 100% of assets under management. The net zero objective is based on scope 1 and 2 greenhouse gas (GHG) emissions and the ambition is to

1) Reporting towards TCFD and PRB on climate-related risks and SDGs is highlighted throughout the report with shaded boxes. Reporting recommendations are to be gradually and fully implemented over time.

phase in scope 3 emissions over time. At COP26, the *Glasgow Financial Alliance for Net Zero* (GFANZ) brought together asset managers, asset owners, banks and insurers in a sector-wide and strategic forum, convened by Marc Carney, the former governor of the Bank of England and the UN's envoy on Climate Action and Finance. GFANZ assembled 450 financial institutions with USD 130 trillion assets under management committing to transition investment portfolios to net zero by 2050 or sooner. J. Safra Sarasin participates in this important initiative through its NZAM membership.

To further highlight the Bank's commitment to climate action, a number of articles and a video were published during COP26. In addition, J. Safra Sarasin joined the *Investor Agenda*'s initiative to call on governments to increase climate action, and participated in an initiative of *Swiss Sustainable Finance* calling for other financial institutions to join net zero initiatives. The Board of Directors was briefed on effects of climate change and climate-related risks. A Group-wide monthly ESG risk forum brings together stakeholders from the fields of risk management and sustainability. The Bank communicated results from the first participation 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, considering and 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 developed five strategic Corporate Sustainability objectives. This Sustainability Report is structured alongside 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 the society
5. We manage resources efficiently

Corporate Sustainability at a glance

Bank J. Safra Sarasin's Corporate Sustainability Manager serves as a facilitator and catalyst for embedding sustainability in the Group's corporate strategy and increasing the Bank's sustainability profile (Objective 1). The *Corporate Sustainability Board* (CSB) reports directly to the Group Executive Board and rallies major decision makers of the

Figure: The five Sustainability Objectives for J. Safra Sarasin

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 2021.

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 180 years. J. Safra Sarasin does not view sustainability as an end in itself, but rather 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

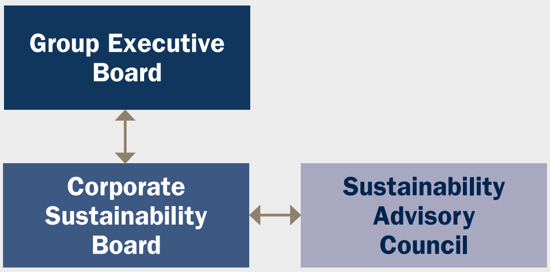
The mission statement of the J. Safra Sarasin Group, the mission statement of the Corporate Sustainability Board, the Group's strategic goals as well as its annual objectives and operational actions constitute the pyramid that demonstrates how J. Safra Sarasin organises its sustainability strategy.

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. Policy makers globally increasingly discuss 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 pioneer and thought-leader in the field of sustainable investments, the Group provides innovative and forward-looking investment solutions described in this report.

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.

Figure: The interaction between the Group Executive Board, the Corporate Sustainability Board and the Sustainability Advisory Council



The Sustainability Advisory Council (SAC)

The Corporate Sustainability Board is advised by the external Sustainability Advisory Council, which has been set up to ensure that the Asset Management division of the Bank receives regular guidance and advice relating to recent developments in sustainable investment provided by experienced international experts. There are two to three formal meetings every year. 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 2021 reporting year, there were no legal actions on the basis of anti-competitive conduct or the formation of cartels or monopolies.

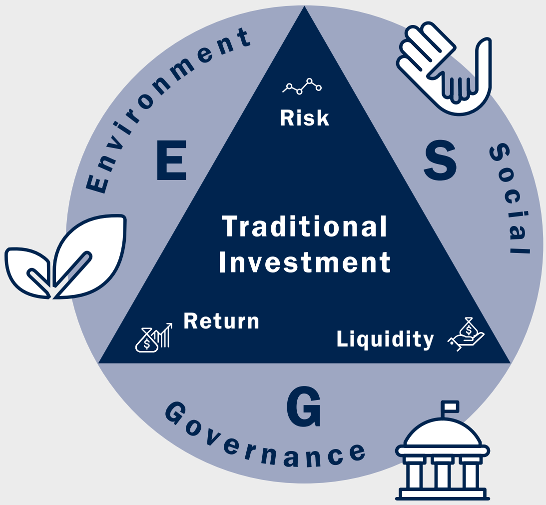
Changes in the regulatory environment

The regulation of the financial industry on sustainability related topics continues at a high pace and has an impact on internal business processes, control and monitoring systems and on the development and introduction of new products and services.

The EU is pressing ahead with the new *EU Strategy for Financing the Transition to a Sustainable Economy.* Following the Introduction of the EU Action Plan for Sustainable Finance 2018, several legislative amendments have been adopted amounting to a veritable regulatory wave which is spilling over to other economic areas including China, Japan, Singapore and the United

States of America. In 2021, the first part of the *Sustainable Finance Disclosure Regulation* (SFDR) took effect, a standard for Green Bonds was introduced and the Climate Taxonomy was adopted. SFDR requires disclosure of financial market participants on environmental, social and governance (ESG) characteristics of investment products and how they contribute to environmental or social objectives. As of 2022, MiFID II applies and requires capturing clients' sustainability preferences. Also in 2022, further regulatory developments regarding sustainability aspects can be expected in the EU. Regarding disclosure of climate-related risks, several regulators have published requirements for financial institutions, which typically are oriented on the recommendations of the *Task Force for Climate-Related Financial Disclosures* (TCFD). In Luxembourg and Singapore for instance, these requirements will take effect in 2022. In Switzerland, the government and regulator have issued plans to consider climate-related risks for Swiss companies and financial institutions.

Figure: Integration of Environmental, Social and Governance (ESG) aspects in traditional investment analysis



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 stock selection 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-supported *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.

Sustainable Investments

J. Safra Sarasin Sustainable Asset Management 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. 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 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.

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

I. Reducing Risks

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.

II. Delivering Returns

J. Safra Sarasin invests 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 materialise 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 can be a 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 valuation premiums for high quality ESG companies in the coming years.

III. Changing Behaviour

J. Safra Sarasin aims to target positive outcomes by fostering robust corporate governance structures, shareholder rights and strong social and environmental performance. Active Ownership through engagement and voting gives the Bank an opportunity to influence positively and to encourage transparency. The direct company engagement is targeting a change in the companies' behaviour in order to reduce the risks of the investment and to improve the future prospects. In some investment strategies, positive outcomes are directly targeted by implementing a selection filter.

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 above-average ESG profile, and (d) intentionally targeting measurable positive outcomes by investing in companies that promote sustainable products and services.

Sustainable Investment Process

The sustainable investment process comprises the following four steps:

1. Universe Definition

The first step of J. Safra Sarasin's generic sustainable investment process is the "Universe Definition" in accordance with the ESG criteria as determined on the basis of the 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, 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, 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 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.

3. Portfolio Construction

In the third step, portfolio managers monitor the 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 have to adhere to. Climate objectives often relate to the carbon footprint of the strategies against the 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.

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.

Figure: Integration of specific sustainability objectives

	Sustainable Investment Tools	Possible integration of specific sustainability objectives: Climate	SDGs	Biodiversity
Universe Definition	1 **Exclusions** 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

Bank J. Safra Sarasin screens for controversial business activities and practices. Furthermore, 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:

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 sequence
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)

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*

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 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.

2. ESG Screening: Investable Universe

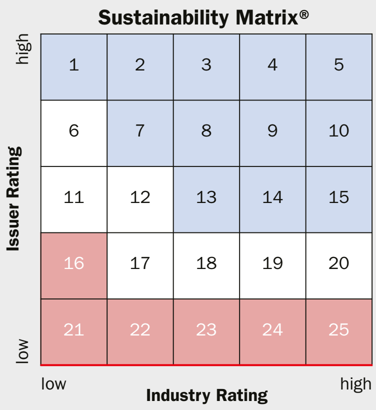
In the ESG screening process, J. Safra Sarasin performs a sustainability analysis for each covered company in order to define the investable universe for each strategy. The main result of this analysis is the definition of a best-in-class and a worst-out universe. The ESG screening analysis of a company is composed of two elements, Company Rating and Industry Rating.

In a subsequent step of the Sustainability Analysis, the two scores (company ratings and respective industry ratings) 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, 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 investable universe.

Figure: J. Safra Sarasin Sustainability Matrix®

Issuer Rating

1. Relevant ESG key issues by industry are analysed, together with assessment of risks and
2. Based on this, ESG KPIs and weightings are identified for each industry.
3. Company-specific ESG data from external providers (e.g. MSCI ESG) are combined with our industry weightings to derive Company Ratings.



Industry Rating

We assess risks, opportunities and impact of each industry in relation to the UN Sustainable Development Goals, including direct and indirect externalities along the value chain. Based on this, we derive a rating for each industry.

JSS ESG Ratings

We differentiate between 4 types of ratings:

Light Blue: The **Best-In-Class** universe contains **JSS ESG A-rated** companies. These companies have a superior ESG profile.

White: Companies that fall below the threshold for inclusion into the Best-In-Class universe are **JSS ESG B-rated**.

Red: The **Worst-Out** universe contains **JSS ESG C-rated** companies. These companies are excluded from all strategies of JSS Sustainable Asset Management.

Companies with controversial business activities are JSS ESG D-rated and at the bottom of the Sustainability Matrix®.

Companies that are ESG A-rated are investable without any restriction in all strategies. Companies that are ESG B-rated are only investable in integrated strategies. C- and D-rated companies are not investable. If an ESG rating is lowered for a portfolio position, Sustainable Investment Research defines a reasonable time period (grandfathering period, depending on the distance from the eligibility threshold) to divest from the position. If the rating drops to zero due to a red flag (exclusion criterion), the security has to be sold within two weeks.

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 no more than 10% in non-rated securities (ESG non-rated) will be allowed and defined in the Product Restrictions and Positioning (PRP) of such a strategy.

3. Long-term sustainable trends

Humanity faces crucial global challenges and is required to 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, 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 on the selection of investment themes or clusters in specific strategies.

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. One specific area where J. Safra Sarasin expects above-average structural growth are 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 have higher growth, valuation support from investor demand, and will create positive externalities exceeding the initial investment.

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 specific data, such as CO_2-footprint or stranded asset exposure, climate-related business risks such as transition risks are identified and measured within a portfolio context. 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. Adherence will be ensured in the portfolio construction process.

7. ESG risk monitoring and reporting

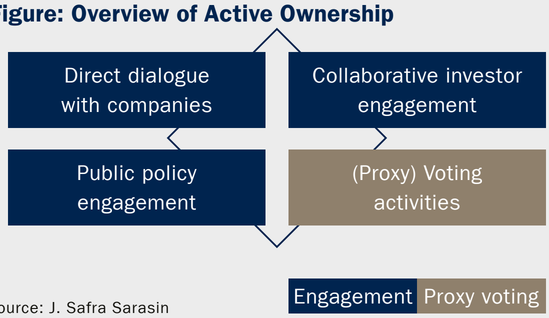
The Bank's Risk and Performance Committee (RPC) reviews performance and risk figures for each investment strategy compared to its predefined benchmark, strategic asset allocation or peer group. This monitoring includes the defined ESG and climate factors and respective targets. Large deviations are discussed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

The J. Safra Sarasin Sustainable Asset Management 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



Source: J. Safra Sarasin

Active Ownership Strategy

Bank J. Safra Sarasin sees its role as a sustainable asset manager with a long-term perspective. Active Ownership, comprising engagement and proxy voting, is an important component of this process. The Bank's approach is not only designed to encourage robust corporate governance structures but also 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.

Bank J. Safra Sarasin exercises voting rights for its investment funds on behalf of clients. The Bank has its own voting policy and operating guidelines for exercising voting rights, and these are fully aligned with the Bank's sustainable investment strategy. These guidelines contain the Bank's specific understanding of various themes, such as the structure and experience of the board of directors or compensation packages for executives, as well as certain environmental and social aspects.

Bank J. Safra Sarasin actively pursues three different forms of engagement:

- Direct dialogue with companies
- Collaborative engagement
- Public policy engagement

The Active Ownership approach by Bank J. Safra Sarasin is outlined on the corporate website, including the Active Ownership Reports and Active Ownership policy.

Different areas of impact are associated with each form of engagement. In the direct dialogue with companies, J. Safra Sarasin strives to put forward its investment arguments, while in the case of collaborative engagement, the focus is more on systemic ESG aspects. The approach is aligned with J. Safra Sarasin's sustainable investment methodology and takes into account numerous international guidelines and standards such as the *United Nations Global Compact* or the *OECD Guidelines for Multinational Enterprises*. The Bank's Active Ownership activities can be split into four relevant areas.

Direct dialogue with companies

Every year, Bank J. Safra Sarasin's sustainable investment analysts and portfolio managers meet with the management of around 770 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 investor engagement

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*. In 2021, the Bank also continued its participation in the *UN Principles for Responsible Banking* (UN PRB) sub-groups on Biodiversity and Circular Economy and Resource Efficiency. Both subgroups concluded in two publications on Guidance for Biodiversity and Guidance for Circular Economy and Resource Efficiency, providing guidance on indicators, metrics and methodologies to help banks set targets across activities. Overall, the Bank participated in the following collaborative engagement activities in 2021:

- *Access to Medicine Index*
- *Access to Nutrition Initiative*
- *Carbon Disclosure Project* (CDP) – *Disclosure campaign*
- *Finance for Biodiversity Foundation*
- *Institutional Investor Group on Climate Change* (IIGCC) – Climate risks in financial statements
- *Farm Animal Investment Risk & Return* (FAIRR) – *Sustainable Aquaculture*
- *FAIRR – Sustainable Proteins*
- *FAIRR – Working Conditions in Meat Industry*
- *Science-Based Targets Initiatve* (SBTi) – Media campaign
- *ShareAction* – Chemicals Decarbonisation

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. In 2021, the Bank participated in the following working groups:

- *Swiss Sustainable Finance* Working Group on Swiss Sustainable Investment Market Study 2021
- *Swiss Sustainable Finance* – Sustainable Investing in Wealth and Asset Management – Working Group on EU Sustainable Finance Regulation
- *Swiss Bankers Association* (SBA) Expert Commission on Sustainable Finance
- FINMA Expert Panel on Climate-Related Financial Reporting

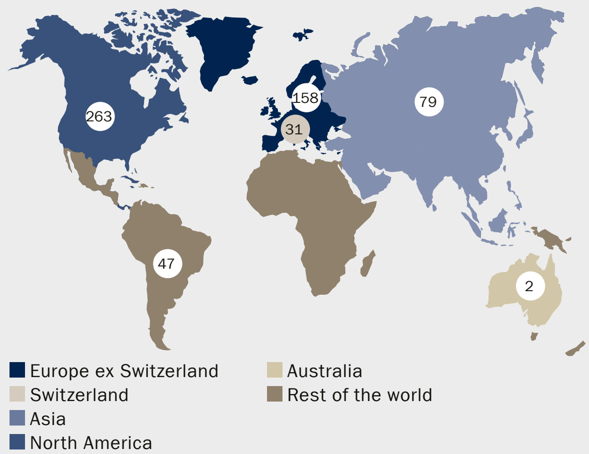
Exercising voting rights at Bank J. Safra Sarasin

For all sustainable equity funds as well as for numerous institutional mandates, voting rights are exercised by J. Safra Sarasin taking into account environmental, social and corporate governance criteria. Although the majority

Table: Overview of voting activity

	2021	2020
Number of meetings	580	541
Number of proposals	7,530	8,459
“Against” management	22%	23%
E and S proposals	66	65

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



of votes concern corporate governance issues, J. Safra Sarasin also considers social and environmental issues. Looking specifically at the results of the Bank’s asset management, 78% of the proposals were voted “For” by Bank J. Safra Sarasin.

In so doing, the Bank receives operational support from *Institutional Shareholder Services* (ISS). The votes, however, are cast in line with the Bank’s own customised Proxy Voting Guidelines and take into account in-house expertise on financial transactions and other key voting issues. Based on these guidelines, which have been developed by the Bank to reflect its sustainable investment approach, the Bank’s asset management voted on 7,985 agenda items at 580 Annual General Meetings

(AGMs) on a global level in 2021. At these AGMs, Bank J. Safra Sarasin voted "Against" one or several of the management's recommendations in 22% of all cases. Common topics which the Bank voted against management recommendations included executive pay practices or lack of cultural and gender diversity in the composition of the Board. The voting history of J. Safra Sarasin Sustainable Asset Management is publicly available.

J. Safra Sarasin Sustainable Asset Management Climate Pledge

Bank J. Safra Sarasin is a founding signatory of the *Principles for Responsible Banking* (UN PRB) and the *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 emissions 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 has 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 itself ambitious targets. In the course of 2020–2035, 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 94ff.). The following describes how this is done for each tool:

1) Exclusions: smart 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 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, 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 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 action 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.

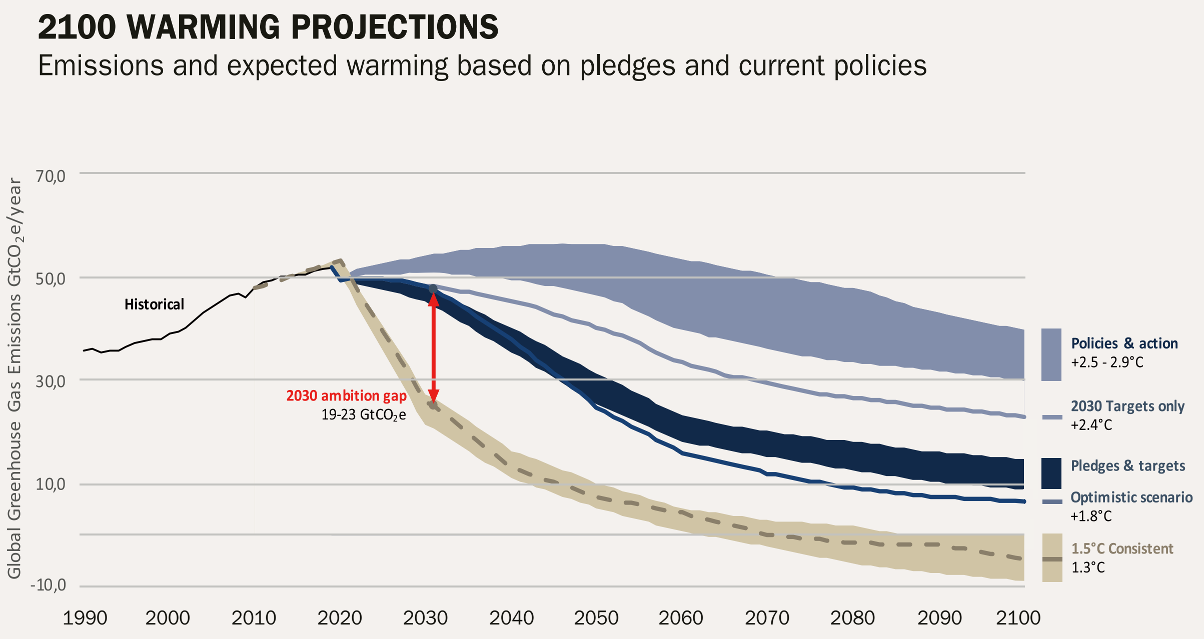
8) Active Ownership

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

Figure: Global Greenhouse Gas (GHG) emissions $GtCO_2e$/year



the objectives such as to reduce their CO_2-footprint until 2035 to net zero. 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 should be set at a fixed level, corresponding to the respective strategy. It may be set at 30% below a reference value relevant from a risk management perspective.

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 methodology was thoroughly updated in 2020. One of the innovations of the methodology has been to supplement the sustainability analysis with forward-looking key risks. Climate-related risks – both transition risks and physical risks – are given more weight and are explored more fully. Environmental and climate protection are seen as part of good governance. Social and governance criteria have been made more rigorous. The balance between the three dimensions E, S and G has been strengthened further and the perspective widened.

The rating is based on the J. Safra Sarasin Sustainability Matrix® and the two dimensions of resource availability and resource efficiency. Over 100 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 181 of them. For the remaining 17 countries, no rating of sufficient quality could be produced. 181 rated countries were plotted – 50 of which are relevant to capital markets – 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 deemed investable, while the countries in the unshaded area are not considered as investable.

Figure: J. Safra Sarasin ESG country rating

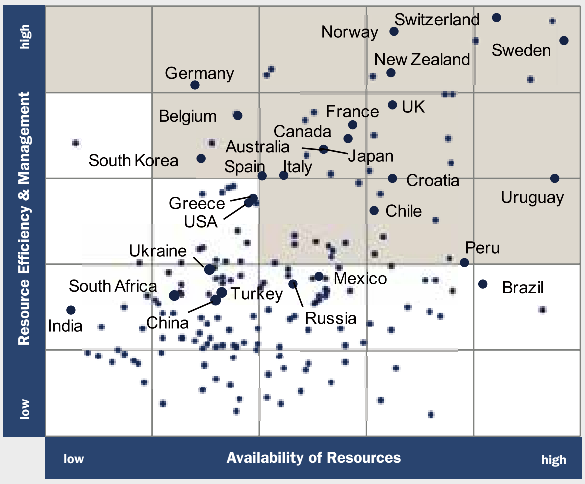


Figure: Overview of key themes and key risks

	Availability of resources (x-axis)	**Resource efficiency & management** (y-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: Global Climate 2035

Bank J. Safra Sarasin believes that decarbonisation of investment portfolios is part of the global efforts needed to achieve a carbon-neutral economy. The transition to a net zero economy is likely to be amongst the biggest in economic history and creates significant opportunities to allocate capital. As part of the Net Zero Asset Managers Initiative commitment, J. Safra Sarasin creates investment products to facilitate investment in climate solutions.

To this end, J. Safra Sarasin Sustainable Asset Management launched a dedicated global strategy with a significantly lower carbon footprint than the benchmark, an aligned *temperature pathway* with the Paris Agreement and provides high exposure to green economic activities as defined by the EU Climate Taxonomy or *green revenues*.

In order to select companies in line with the investment objectives, J. Safra Sarasin developed a proprietary *Climate Engine*. It goes beyond the existing sustainability approach and considers traditional carbon footprint measurements. To establish whether a company is on the path to net zero, J. Safra Sarasin built a forward-looking measure known as the temperature pathway. It shows the potential temperature rise in degrees Celsius associated with the company's greenhouse gas emissions and therefore, its alignment with the Paris Agreement. Furthermore, a company's exposure to green revenues that presents innovative solutions in line with the EU's Climate Taxonomy is analysed and if it adheres to *Do No Significant Harm* criteria and meets *minimum safeguard* standards to combat greenwashing. The Climate Engine allows to classify companies into two categories to build a better-positioned portfolio for a low-carbon economy:

- **Green Champions:** Companies with innovative solutions enabling the reduction of carbon emissions. Exemplary projects include solar panels, wind turbines and building insulation. An average green revenue exposure is >60%.
- **Climate Pledgers:** Companies reducing their own emissions and on a trajectory aligned with the Paris Agreement 2 degrees Celsius goal. Exemplary sectors include healthcare, software and home improvement. The average temperature pathway is 1.2°C.

For J. Safra Sarasin Sustainable Asset Management, the strategy Global Climate 2035 is the answer to a changing landscape transitioning to a low-carbon economy. By taking into account the EU's Climate Taxonomy, the Paris Goal and new regulations, as well as climate-conscious labels, it offers a global investment solution that supports every sector of the economy while having no stranded assets, a temperature pathway below 2 degrees Celsius and at least 20% of green revenues.

Figure: Mitigating risks and harnessing opportunities stemming from the climate transition

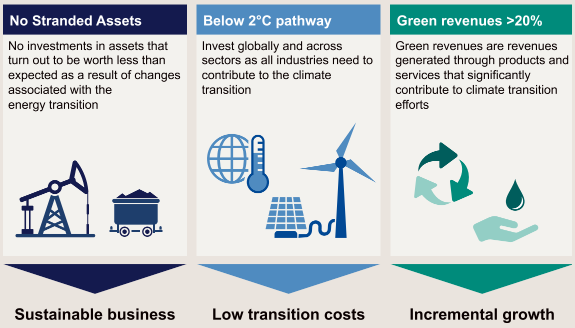
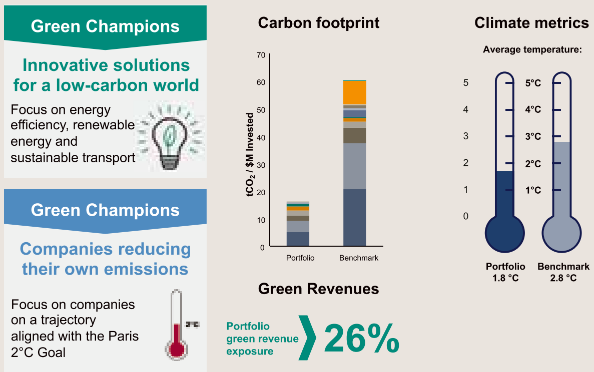


Figure: The Climate Engine identifies Companies better positioned for a low carbon economy



Case study: Sustainable Outcomes at J. Safra Sarasin

The year 2015 has gone down in history as the "Bretton Woods" of sustainability. In that year, the two frameworks of the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs) were raised in the global political agenda. Since then, the Paris Agreement has served as a guiding framework for sustainable investors. Accelerated by the global pandemic, 2021 sustainable and climate investing has become increasingly mainstream and a mainstay of a future proof portfolio. The Global Impact Investing Network defines impact investing as investing with the intention to achieve positive and measurable social or environmental impact in addition to a financial return. Some investors require "additionality", which means that the impact would not have happened without the impact investor. The positive impact is obvious for private investments that co-finance public infrastructure to improve local living conditions within public-private partnerships. Or by buying green bonds on the primary market that helps raise capital for the carbon transition. However, determining whether investments in liquid shares and bonds create a positive impact is more difficult. Investors in liquid assets contribute to behavioural change, which is needed to achieve society's goals like SDGs and the Paris Agreement. Norm-based exclusions have a signalling effect on the willingness to finance certain activities. Positive screening based on ESG criteria or sustainable thematic investments directs more capital into sustainable economic activities. The regulation also helps spur a wave of sustainable investments.

The most significant instrument used to change behaviour is probably an active dialogue with the investee company. Collaborating with other shareholders to lead a direct engagement with a company offers an opportunity to change corporate thinking and how business is conducted. Sustainable investments in liquid assets are not impact investments. To potentially claim an impact, investments should be intentionally targeting the SDGs and the results should be measurable. An investor can align the investment objective of a portfolio with the SDGs, deliberately targeting companies that contribute positively to them and to create a reporting framework for this positive contribution. However, the impact is created not by investors, but by the companies that produce the solutions and actions that are needed to reach the Sustainable Development Goals.

For the Bank, investing sustainably and supporting the SDGs do not conflict with generating returns. In fact, the SDGs are a straightforward business opportunity and framework for identifying the trends that will drive human development in the near future. Therefore, the Bank built a proprietary *SDG engine*, to capture companies' revenues aligned with the *SDG outcomes* or the *SDG Revenues,* which are grouped into the two categories *Products for the People and Products for the Planet. Products for the People* encompasses two sub-themes *Fulfilling Basic Needs and Empowering People*. Together, they are also called *Social Revenues* and contribute to *Social Objectives.*

Products for the Planet encompasses two sub-themes *Achieving the Energy Transition* and *Preserving Natural Capital*. Together, they are also called *Green Revenues* and contribute to *Environmental Objectives*.

J. Safra Sarasin Sustainable Asset Management's ambition on climate action and sustainability is backed by a series of sustainable equity strategies. The Bank's proprietary sustainable investment tools support these innovative investment strategies including the *Climate Engine* that analyses and anticipates the trajectory of a company's climate path. The SDG Revenues help to define sustainable investment objectives according to the EU's *Sustainable Finance Disclosure Regulation* (SFDR) classification of investment strategies that contribute to social or environmental objectives. J. Safra Sarasin offers three sustainable equity strategies which are SFDR Art. 9 classified funds, where SDG Revenues are used to determine the strategy's sustainability objective: *social revenues* contribute to *social objectives* and *green revenues* to *environmental objectives*. Additionally, J. Safra Sarasin offers 35 SFDR Art. 8 classified strategies, where SDG Revenues are also measured. The SDG Revenues allow to respond to the EU's classification of impact-oriented funds and have a clear framework to aim for and report on sustainable outcomes more broadly.

Figure: Using SDG Revenues to Determine Sustainable Outcomes and Environmental or Social Objectives

S: Revenues contributing to Social Objectives
Based on SDG Revenues contributing to "Fulfilling Basic Needs" and "Empowering People"

E: Revenues contributing to Environmental Objectives
Based on SDG Revenues contributing to "Achieving the Energy Transition" and "Preserving Natural Capital"

Recent Launches of Sustainable Investments

Bank J. Safra Sarasin continously expands its product range of sustainability-themed investment strategies. The most recent launches include sustainable strategies for equity, regional equity and fixed income. For 2021, a focus was on implementing the new product range of sustainable strategies of enhanced and integrated products.

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.

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 towards a carbon-neutral outcome of its activities by 2035. It integrates sustainability and climate together with quality of fundamentals seeking a global equity solution contributing to a climate-resilient future.

3) Global Dividend

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

Sustainable Regional Equities

4) India

The strategy invests in the growing Indian equity market and aims to benefit from the continuing rise of India to one of the largest global economies. Advised by UTI, a locally-based asset manager, it harnesses the expertise and relationships on the ground, while also making use of Bank J. Safra Sarasin's research on sustainability. The strategy's disciplined and bottom-up investment approach focuses on companies that demonstrate strong quality and growth while adhering to responsible investment practices.

5) Emerging Markets Systematic

The strategy's philosophy builds on three core pillars: sustainability, control of three key sources of risk (country, sector, concentration) and harnessing robust alpha sources by focusing on mispricing in financial markets. The strong data management ensures the alpha extraction builds on high data quality.

Sustainable Fixed Income

6) Global Convertibles

The strategy invests at least two-thirds of the assets directly or indirectly in a portfolio of globally diversified convertible securities. The strategy integrates environmental, social and governance aspects during the investment process, focusing on issuers that are among the ESG leaders in their respective peer-group.

Private banking discretionary mandates

Bank 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 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.

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.

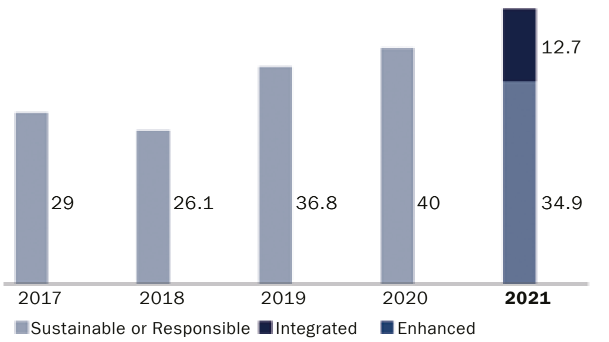
J. Safra Sarasin Sustainable Asset Management – Pioneer in sustainable investing

J. Safra Sarasin Sustainable Asset Management embodies sustainability in its name, further conveying the Bank's identity, expertise offering and values. As a family-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 integrates ESG factors across its investment solutions and works on creating real impact with its investments. With a large and experienced team, ESG factors and traditional data are combined in every step of the investment process with the objective to make better-informed investment decisions. For the Bank investing sustainably, it is both a great opportunity and the right thing to do. A lasting, sustainable return can only be realised if the livelihood of future generations is preserved. A sustainable future requires significant environmental, social and regulatory changes. As sustainable investors, J. Safra Sarasin contributes to this through its actions. Ultimately, it is about creating better returns – and looking after the world we live in.

J. Safra Sarasin Sustainable Asset Management believes that sustainability is a long-term force for change. Therefore, and to underpin the Bank's commitment for Climate Action, J. Safra Sarasin Sustainable Asset Management launched in May 2020 its Climate Pledge, aiming for a carbon-neutral outcome by 2035.

Furthermore, J. Safra Sarasin Sustainable Asset Management has created a concept to classify its solutions as sustainable which are offered in two product ranges: integrated and enhanced. While integrated strategies aim at changing company behaviour, improving the ESG and Climate profiles; enhanced strategies use a best-in-class ESG approach, aiming at high quality ESG portfolios and ESG leaders. All products share the ambition

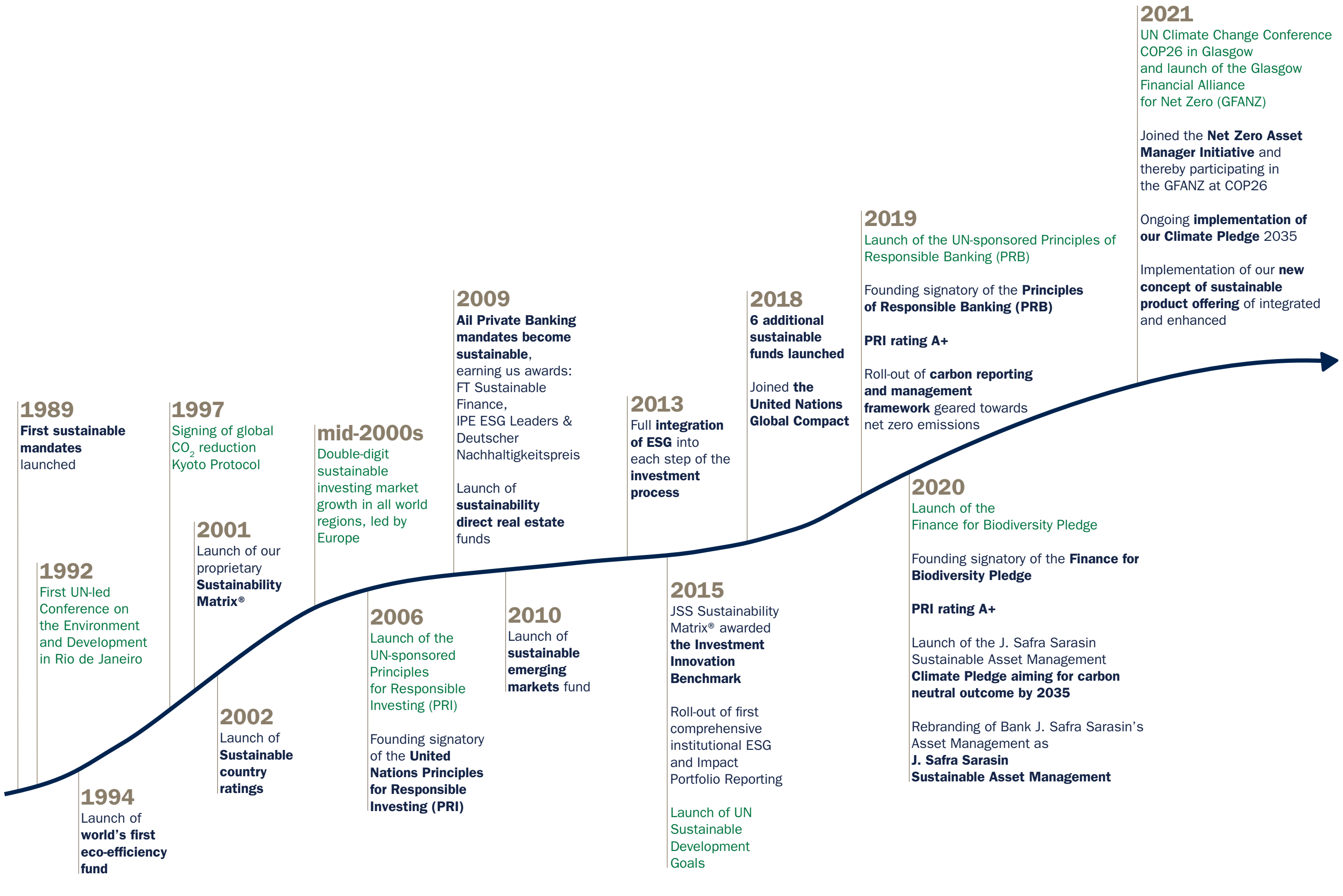
Figure: Development of assets managed sustainably by J. Safra Sarasin (billion CHF)[3]



[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 have to be rated sustainable.

to embed ESG themes, ESG integration, ESG and Climate objectives and engagement. They share a common basis with norms-based exclusions, negative ESG screening, mitigation of ESG and climate-related risks, ESG portfolio reporting and Active Ownership. The foundation of this concept is the J. Safra Sarasin Sustainable Investment Policy and the J. Safra Sarasin Sustainable Asset Management Climate Pledge. In 2021, a focus was the implementation of this new concept and consequently reclassification of the sustainable investment products in two categories, enhanced and integrated products. What was previously reported as sustainable and responsible assets under management are now displayed as sustainable assets under management. While integrated products aim to change a company behaviour and improve the ESG and climate profile, enhanced products focus on best-in-class companies and a high-quality ESG portfolio. Sustainably managed assets at Bank J. Safra Sarasin reached CHF 47.6 billion as of 31 December 2021, of which CHF 12.7 billion are *enhanced* and CHF 34.9 billion are *integrated*. CHF 8.1 billion are white-label products, non-sustainable and in-transition strategies. The total assets under management of J. Safra Sarasin Sustainable Asset Management amount to CHF 55.7 billion.

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 2021.

Overview of sustainable product offering of J. Safra Sarasin Sustainable Asset Management

		Enhanced	Integrated
Investment funds and securities products	Equity funds	– Global Climate 2035** – SDG Opportunities** – Europe* (also Small & Mid Caps) – Global Multifactor* – Global Thematic* – Global Real Estate (REITS)* – Switzerland (also Small & Mid Caps) – Emerging markets* – USA* – Systematic Emerging Markets*	– Green Planet** – Future Health* – Consumer Brands* – Tech Disruptors* – Global Dividend* – India*
	Multi-asset funds	– Multi Asset - Global Opportunities*	– Multi Asset - Thematic Balanced CHF* – Multi Asset - Global Income*
	Bond funds	– EUR Corporate* – Euro Broad* – Global Convertibles* – Global High Yield* – Bonds CHF*	– CHF domestic – CHF foreign – Bonds EUR* & CHF – Global Financials – Emerging Market Corporates – Asia Opportunities – Short-term Bonds USD – Bonds Global – Total Return Global* – Insurance Bonds*
	Actively managed certificates	– North America	– Emerging Market Corporates – 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	– Defensive asset allocation – Balanced asset allocation – Dynamic asset allocation
	Bond investment strategies	– Global excl. CHF – CHF – Global High Yield	– CHF foreign – CHF domestic
	Property strategies	– Swiss Direct Real Estate – Real Estate Europe*	
Mandates	For private clients	– Bonds* – Multi-asset* – Equities*	– Bonds – Multi-asset – Equities
	For institutional clients	– Bonds – Balanced – Equities	– Bonds – Balanced – Equities
Advisory services	White-lable or joint venture funds	– Real Estate Europe* – Global Convertibles	– Balanced Fund of Funds – Insurance Bonds*

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 fully integrated 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 resulting from climate change 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 pages 101ff.
- **Metropolitan Rating** based on the Bank's sustainable and economic criteria. European city centres that are sustainable, economically prospering and allowing 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 market liquidity, new construction activity, vacancy, employment level, market availability and new rental activity, for its assessment. A risk premium is calculated for each investment location, to reflect market volatility, currency and liquidity risk as well as market transparency.

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 sustainable criteria. The initial universe is reduced by up to 60% being eligible for the next step of the assessment.

2. Sustainability analysis

The filtered properties should satisfy 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 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, public transport, leading to a further concentration of the investable universe.

4. Viewing

Viewings allow careful evaluation of individual buildings, its 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, properties are acquired.

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

Case Study: Aligning real estate with a 1.5 degree scenario – Developing science-based targets

The real estate sector with its buildings and constructions is responsible for nearly 40% of global greenhouse gas emissions and therefore a chief contributor to climate change. Sweeping regulatory changes are likely to reshape the real estate sector in the years to come.

Bank J. Safra Sarasin has developed a holistic sustainability approach for real estate, which fully integrates ESG criteria in every step of the investment process. An important component is the Environmental Management System (EMS), which monitors the energy and water consumption of the properties and calculates the resulting greenhouse gas (GHG) emissions of Scope 1 and 2 (according to GHG Protocol). The EMS serves as the foundation for implementing the J. Safra Sarasin Sustainable Asset Management Climate Pledge, seeking carbon neutral outcome by 2035.

Sectoral Decarbonisation Approach

Bank J. Safra Sarasin has chosen to apply the Sectoral Decarbonisation Approach (SDA) for Real Estate as defined in the Science Based Target Initiative's (SBTi) Finance Sector Framework on the Swiss Real Estate strategy. The advantage of this approach is that the decarbonisation objectives under the Climate Pledge can be compared with the requirements of the overall sector and can therefore be externally validated.

The real estate portfolio consists of 30 properties in Switzerland with approximately 75% multi-family houses, 20% commercial and the remaining 5% mixed use properties. The methodology combines the current floor area of the portfolio, the floor area growth forecasted until 2035 and the resulting GHG emissions of the real estate properties. Scope 1 emissions include all emissions resulting from on-site energy production, such as photovoltaic systems, heat pumps etc. Scope 2 emissions include all purchased electricity and energy carriers for heating, and where available measured or otherwise statistically estimated tenant electricity consumptions. The energy consumption was normalised with the average active floor area for the reporting period. Bank J. Safra Sarasin calculated the total annual GHG emissions using emission factors published by the Swiss government (energy consumption type [kWh] x emission factor = GHG emissions [kg CO_2e]]. The emission intensity results in using the floor area normalised by active area, where unoccupied floor area is excluded. To develop a decarbonisation pathway, 2018 was defined as base year and assuming annual growth of approximately 3%. The analysis shows that the climate target is aligned with a 1.5°C warming scenario and thus mitigates climate-related transition risks embedded in the portfolio.

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 2021, 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 for asset management. The *Active Ownership Report,* publicly available on the Bank's website, represents the third publication format.

In 2021, the following publications were released by Bank J. Safra Sarasin's Sustainable Investment Research team:

- The Climate Transition: High noon for investors!
- Biodiversity and its materiality for investors
- Active Ownership Report 2020
- Pesticides - efficiency booster or biodiversity killer?
- EU Action Plan triggers sustainable consequences
- Four lessons from 30 years of sustainable investment

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

- Three Avenues of Reflecting Climate Change in Portfolios
- Assessing Corporate Alignment with the Paris Agreement
- How to Tap Green Revenues as Opportunities
- The World's Carbon Budget
- Sustainable Funds Comply with SFDR Disclosures
- Biodiversity as a Vital Component in ESG Analysis
- Engaging for Biodiversity: Cocoa and Cobalt
- Equity Investing and Natural Capital
- Aligning Real Estate with the Paris Agreement
- Corporate Behaviour in a Pandemic
- The Holy Trinity Supporting ESG Investing
- Climate Action at Bank J. Safra Sarasin
- Strong Performance on Climate Alignment Test

At the same time, different authors continued to make their expertise widely available in various specialist articles. Also throughout 2021, several events to share knowledge were organised by the Bank. Due to Covid-19 many events were again postponed or held digitally via the internet. These events were arranged for private and institutional clients and professional audiences. Experts and analysts from the Sustainable Investment and Sustainability Research 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

ISS-oekom Prime Rating

Corporate Responsibility Prime rated by ISS-oekom

In 2021, the Bank was again awarded the ISS-oekom Prime Status. The sustainability rating agency ISS-oekom research AG assesses the companies' responsibility towards persons affected by corporate activities and the natural environment. Out of a pool of 700 indicators, an average of 100 indicators is selected for each company from this pool on an industry-specific basis so that a targeted evaluation of the problems specific to that company can be carried out. ISS-oekom research awards Prime Status to those companies that are among the leaders in their industry and which meet industry-specific minimum requirements.

Investment Innovation Benchmark (IIB)

Investment Innovation Benchmark

Bank J. Safra Sarasin was awarded by the IIB for its innovative ESG integration process "as an innovative process to construct ESG-focused equity universes using a data-driven calculation engine and the largest sustainable investment analyst team in Europe" (IIB 2016). The Investment Innovation Benchmark project aims to enhance the incentives for innovation among investment professionals and thereby induce the regenerative functions of financial markets to create a more sustainable financial system for the beneficiaries of pension funds.

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 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 regarding 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 Highest Rating for J. Safra Sarasin Sustainable Asset Management funds

In 2021, the FNG Seal, the quality standard for sustainable investment funds awarded to seven of Bank J. Safra Sarasin's funds two out of three possible stars, for their ambitious and comprehensive sustainability strategy. According to FNG, high-quality sustaina-

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.

bility 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.

Febelfin Label – Towards Sustainability

In November 2020, based on Bank J. Safra Sarasin’s research, one of its partner firms was awarded the Towards Sustainability label by Febelfin a quality standard for sustainable and socially responsible financial products offered in Belgium. The quality standard requires exclusion of the financing of certain practices considered as unsustainable and is focused on transparency.

Objective 3: We live a sustainable corporate culture

J. Safra Sarasin’s most valuable capital is its employees. 2021 continued to present challenges due to the ongoing pandemic, which were addressed head-on to continue business activities and deliver an 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 from every one 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 2021, the headcount increased to 2,339 full-time equivalent positions (FTEs), of which 155 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) increased to 21.2%. The percentage of women working in the Group totalled 37.5% in 2021. The employees at J. Safra Sarasin originate from 73 different countries, displaying a high degree of cultural diversity.

Table: Number of employees as per 31.12.2021 (full-time equivalents)

	31.12.2021	31.12.2020
Total	2,339	2,178
Abroad	1,183	1,046
Switzerland	1,155	1,132

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

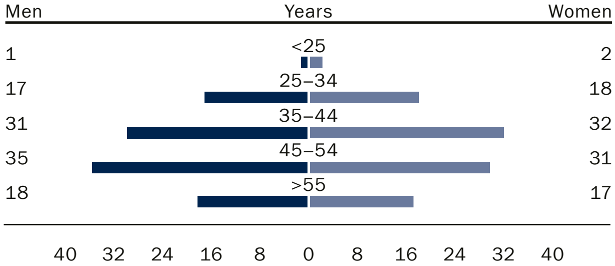
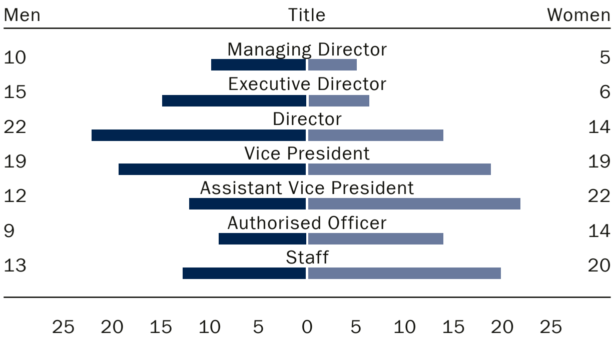


Table: Headcount by job title (full-time equivalent in%)



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.

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

By signing the internationally recognised and UN-supported *Principles for Responsible Investment* (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. The PRI has grown constantly since it began in 2006. Currently, it has more than 4,000 signatories globally, representing over USD 121 trillion assets under management. Bank J. Safra Sarasin acted as a founding signatory of the initiative in April 2006. 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.

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 person responsible for sustainability regularly conducts sustainability training courses at the three major locations in Switzerland. 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. Due to the pandemic, the first priority in 2021 was to continue ensuring the health and safety of the Group's employees, meeting local regulations and their needs. Due to the pandemic, many employee events were held digitally or postponed to the next year. A notable exception was the participation in the Bike to Work Challenge 2021, where employees were able to participate from both the office and home office.

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 of knowledge and experiences, and sharing of different perspectives. In 2021, the network resumed activities and successfully conducted a digital event focusing on career development and leadership.

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

Despite the impact of Covid-19 and the related limitations for sponsoring and partnership activities, philanthropy, art and sports remained the main strategic focus for the Group's sponsoring engagements in 2021.

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 2021 organised by the Limmat Foundation in Zurich, a philanthropic initiative supporting schools for children in Colombia, being an outside activity, was maintained.

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.

In Panama, the Beth-El Charity as part of the community outreach, and Magen David Academy that provides social work and education for children, were both supported.

Other sponsorship engagements in philanthropy, arts, culture and social domains and activities across the

Group and its different entities could not be executed and will continue when allowed again.

Other events where employees participated in the past to raise funds in support of good causes were again canceled or postponed. The Bank hopes that these events can be resumed in the near future.

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* (PRI)
- UN-supported *Principles for Responsible Banking* (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)
- UNEP FI *Responsible Property Investment*

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 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

United Nations 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 fulfil 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 awarded the Rating A+ in 2021

Bank J. Safra Sarasin is founding signatory

A+ Rating 2020

In the most recent rating, Bank J. Safra Sarasin was awarded the highest score A+, by the UN-supported *Principles of Responsible Investment* (UN PRI), for its overall Sustainability Strategy and Governance. 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 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 also received at least an A score for all six modules for which it was assessed, well above the industry average. Bank J. Safra Sarasin is proud to be a founding signatory of the UN PRI, which has more than 4,000 signatories today.

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

In 2019, J. Safra Sarasin joined the UN-supported *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's Sustainable Development Goals and the Paris Climate Agreement. In 2021, the Bank published its inaugural UN PRB progress report.

Bank J. Safra Sarasin commits to protecting biodiversity, joining the Finance for Biodiversity Pledge

Bank J. Safra Sarasin is founding signatory

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)

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 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-supported *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 92ff.). The Bank further developed its approach to create opportunities based on SDG investing to target and measure sustainable outcomes and serving as a platform to engage in issues towards the achievement of SDGs (see pages 103ff.). The Bank can also report on the impact of a specific portfolio to reach the SDGs (see page 94). It takes its responsibility as an employer (see pages 114ff.) and acts as a responsible citizen (see pages 115ff.). Additionally, the Bank takes its environmental footprint seriously (see pages 119ff.). 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 joins 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 2021, NZAM had 220 signatories managing USD 57 trillion assets under management (AUM).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 COP26 in October 2021, J. Safra Sarasin Sustainable Asset Management participated in the inaugural NZAM Progress Report and was among the few asset managers that reported an initial net zero commitment for 100% of assets under management. The J. Safra Sarasin Sustainable Asset Management Climate Pledge is currently under implementation and 19% of assets under management are already managed in line with net zero.

Bank J. Safra Sarasin is a founding member 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 2021, the Bank renewed its long-standing partnership with the Swiss Climate Foundation to reflect its sustainability commitments related to climate action.

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 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 reduce dependency on fossil fuels.

Climate action

Over the course of 2021, total CO_2 emissions slightly decreased to 870 kg CO_2-equivalent per employee. Due to the pandemic, the average business travel activity per employee decreased to 903 kilometres. 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 2021 was 3,301 kWh, a decrease from the previous year.

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 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. Following year long efforts, the Bank in Switzerland has increased its energy efficiency by approximately 18% and reduced the CO_2-intensity by approximately 17%. Within the EnAW programme, Bank J. Safra Sarasin participates in the group of the banking sector, which as a whole is on track to meet the energy reduction and decarbonisation targets in 2022.

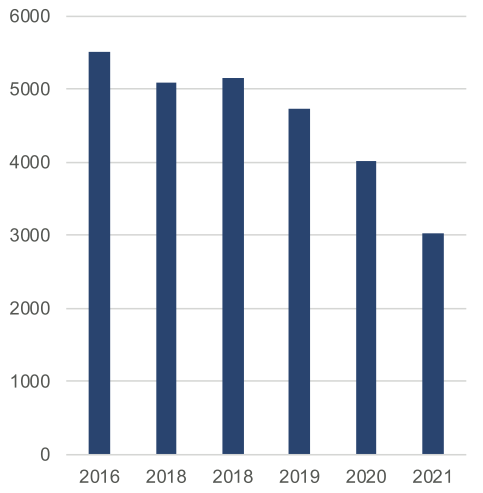
Renewable energy

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 2021, the production amounted to 22,908 kWh. In 2019, J. Safra Sarasin negotiated multi-year all 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 61% 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.

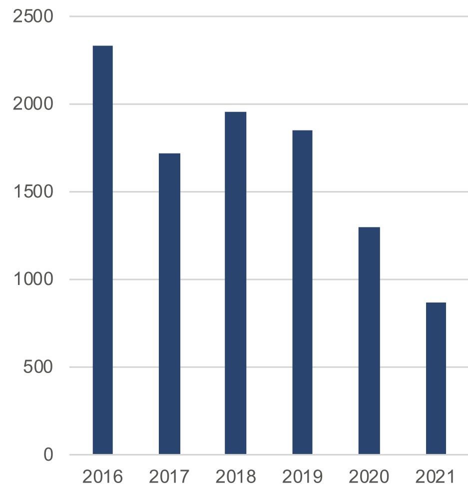
Recycled paper

In 2021, the paper use per employee decreased to 40 kilogrammes, whereby 79% came from recycled 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.

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



Electricity intensity (kWh/FTE)



GHG Emission intensity (kg CO_2e/FTE)

Table: J. Safra Sarasin Group's sustainability indicators 2021 at a glance

	2021	2020	2019
Financial			
CET1 ratio (%)	38.7	36.7	31.3
Total assets under management (billion CHF)	224.7	192.4	185.8
Sustainable assets under management (billion CHF)	47.6	40.0*	36.8*
Enhanced	12.7		
Integrated	34.9		
Volume of J. Safra Sarasin enhanced investment funds (billion CHF)	9.3	7.2*	6.0*
Enhanced	4.4		
Integrated	4.9		
Social			
Total number of employees (FTEs)	2,339	2,178	2,178
Part-time jobs	155	146	154
Proportion of women (%)	37.5	36.5	35.6
Proportion of women in management positions (%)	21.2	16.5	15.8
Turnover rate (%)	12.6	12.3	13.9
Environmental			
Electricity consumption (kWh per FTE)	3,301	4,015	4,742
Share of energy from renewable sources (%)	61	60	60
Paper consumption (kg per FTE)	40	50	53
Proportion of recycled paper (%)	79	83	76
Business travel (km/FTE)	903	1,934	7,713
Greenhouse gas emissions (kg CO_2e per FTE)	870	1,300	1,853
GHG emissions Scope 1 absolute (t CO_2e)	275	249	209
GHG emissions Scope 1 intensity (kg CO_2e per m2)	4.5	3.9	4.2
GHG emissions Scope 2 absolute (t CO_2e)	1,474	1,946	1,795
GHG emissions Scope 2 intensity (kg CO_2e per m2)	24.1	30.3	36.1

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

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 9,500 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	114
	• Staff Regulation	114
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 2: make sure that they are not complicit in human-rights abuses.	**Bank specific:**	
	• Code of Business Conduct	114
	• Staff Regulation	114
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
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	114
	• Swiss Collective Labour Agreement (Agreement on Conditions of Employment for Bank Employees, VAB)	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 4: the elimination of all forms of forced and compulsory labour;	**Bank specific:**	
	• Code of Business Conduct	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 5: the effective abolition of child labour;	**Bank specific:**	
	• Code of Business Conduct	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 6: the elimination of discrimination in respect of employment and occupation.	**Bank specific:**	
	• Code of Business Conduct	114
	• Employee Rules and Regulations – Bank J. Safra Sarasin Ltd	114
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	114
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97

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	115
	• Objective 5 of the Corporate Sustainability Strategy	119-121
	– 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	92-97
	• Active Ownership Strategy	97-99
	• Implementation of the Climate Pledge	99-101
	• Case study: Global Climate 2035	102
	• J. Safra Sarasin and the Sustainable Development Goals	118
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 8: undertake initiatives to promote greater environmental responsibility;	**Bank specific:**	
	• Handbook of Sustainability	115
	• Objective 5 of the Corporate Sustainability Strategy	119-121
	• Sustainability training	114-115
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	92-97
	• Active Ownership Strategy	97-99
	• Implementation of the Climate Pledge	99-101
	• Case study: Global Climate 2035	102
	• J. Safra Sarasin and the Sustainable Development Goals	118
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	**Bank specific:**	
	• Objective 5 of the Corporate Sustainability Strategy	119-121
	– 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	92-97
	• Active Ownership Strategy	97-99
	• Implementation of the Climate Pledge	99-101
	• Case study: Global Climate 2035	102
	• J. Safra Sarasin and the Sustainable Development Goals	118
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	**Bank specific:**	
	• Code of Business Conduct	114
	• Code of Compliance	91
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	92-97
	• Assets subject to environmental or social screening	92-97

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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 2021 of J. Safra Sarasin Group (comprising J. Safra Sarasin Holding Ltd. and subsidiaries) for the year ended 31 December 2021.

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 2021 provided in “Table: J. Safra Sarasin Group’s sustainability indicators 2021 at a glance”, disclosed in the Sustainability Report 2021 on page 121, the sustainable assets under management KPIs on pages 106 and 107, the social KPIs in the chapter “Corporate culture” on page 113 and the environmental KPIs on page 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 121 of the Sustainability Report 2021.

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

Sandro Schönenberger
Licensed Audit Expert
Auditor in Charge

Dr. Philippe Wüst
Licensed Audit Expert

Zürich, 24 February 2022

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"If you choose to sail upon the seas of banking, build your bank as you would your boat, with the strength to sail safely through any storm."

Jacob Safra (1891–1963)

Impressum
Concept, design, layout and text: Bank J. Safra Sarasin Ltd, Cabinet Privé de Conseils s.a.
Photos: J. Safra Sarasin Holding Ltd., Getty Images,

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This report contains forward-looking statements. These statements may include specific assumptions about J. Safra Sarasin Group's future business performance and development of income as well as general assumptions underlying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific. There is therefore a risk that predictions, forecasts and other expectations described or implied in the forward-looking statements will not be achieved.

A number of factors can lead to actual outcomes and developments that are materially different from those described in the forward-looking statements. These factors include the economic situation, the state of the financial markets worldwide and possible loan losses or potential defaults of trading counterparties.

J. Safra Sarasin Holding Ltd. does not assume any responsibility for updating such forward-looking statements and adapt them to new information or future events.

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