

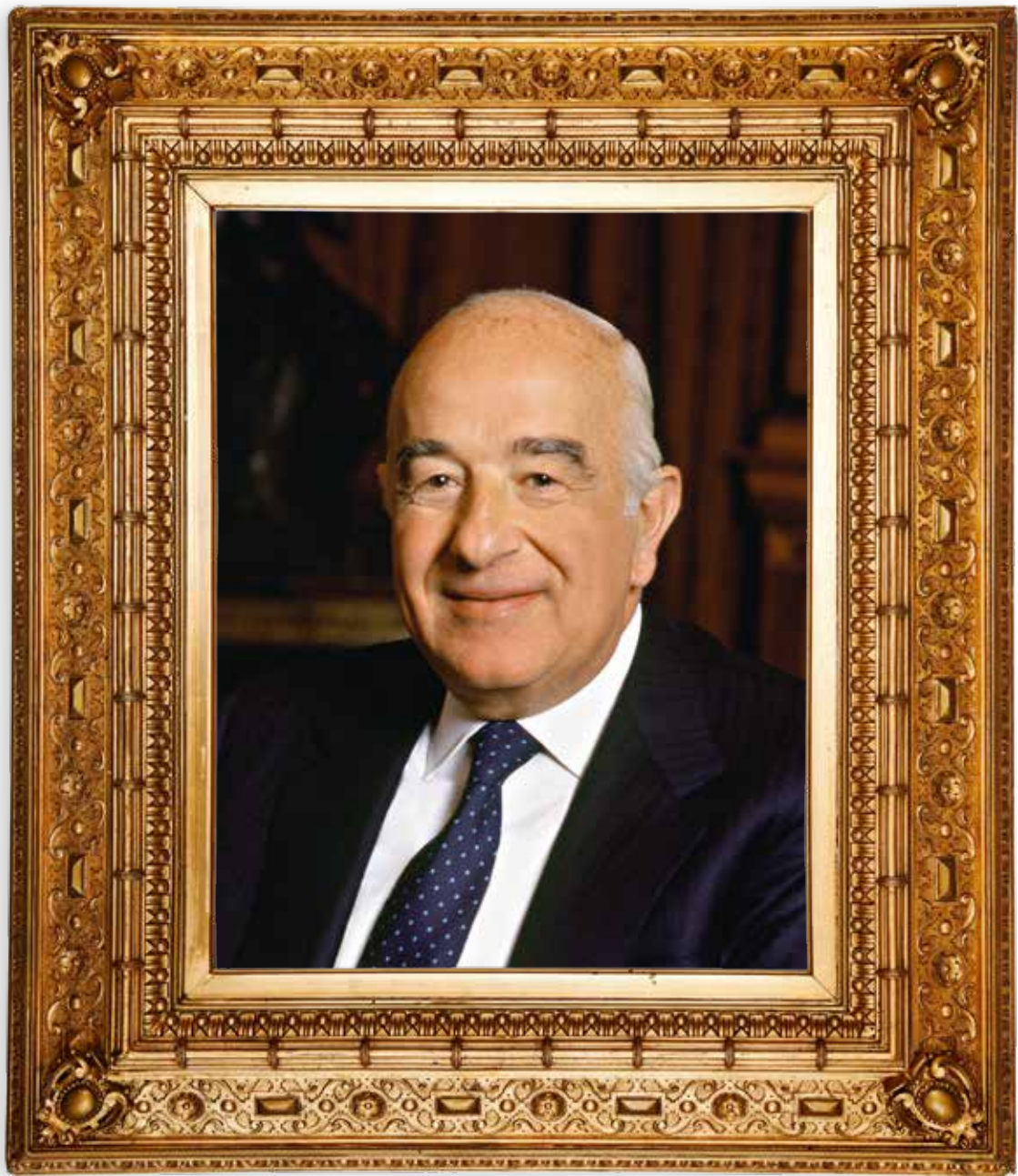


J. Safra Sarasin

Annual Report 2022



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)



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European Alps
Switzerland

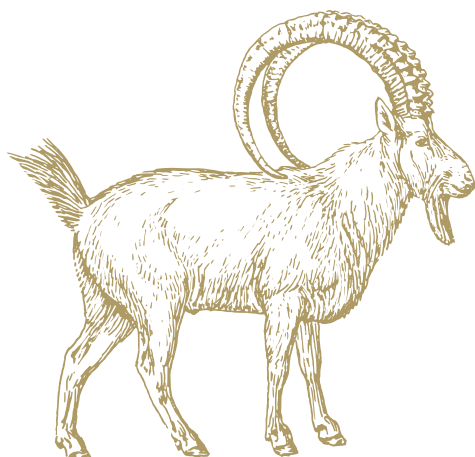
Group Chairman's Foreword and Report of the Board of Directors



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

Welcome to the Annual Report of J. Safra Sarasin Group for 2022. We are pleased to report another year of good results: the Group net profit increased by 4% year-over-year and the balance sheet increased to CHF 45.6 billion supported by a strong capital base.

“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”. The year 2022 gave us ample opportunity to demonstrate the Group's resilience and stability in the face of uncertainty coming from ongoing conflicts such as the Russia/Ukraine conflict and volatile markets. Against this backdrop, our employees exhibited an even deeper dedication to managing and protecting the wealth of our clients.



Our operating profit increased to CHF 688.3 million at the end of 2022, up from CHF 603.6 million at the end of 2021. The gross result from interest operations benefited from the global rise in interest rates, and in turn, contributed to the Group's increase in operating income. Our strong balance sheet and consistent financial performance have led us to once again be featured among Switzerland's leading banking groups, being ranked Switzerland's fifth largest, based on the strength of the Group's Tier 1 Capital¹.

A culture of family entrepreneurship

As a privately-owned bank founded and managed by entrepreneurs, we have a distinctive understanding of the needs of families, business owners, and other investors. Our multi-generational heritage instils a sense of personal responsibility and accountability throughout all of our employees.

We recognise the importance of good risk management and take a long-term view on our approach to managing wealth. As a result, our interests align with those of our clients, ensuring that their financial well-being is always at the forefront of our decision-making.

By combining a deep understanding of the specific needs of our clients with our entrepreneurial spirit, we provide tailored financial solutions designed to meet their individual goals and objectives.

This approach has helped us build a reputation for stability and conservative wealth management and made us a trusted partner for all stakeholders.

Continued growth in 2022

Operating income rose by 10% to CHF 1,441.5 million in 2022 compared to 1,305.9 million in 2021, despite reduced results from commissions and service fees.

Operating expenses reached CHF 753.2 million in 2022 against CHF 702.4 million in 2021. This increase reflects our continuous efforts to strengthen the Group's client offering, which remains a key priority,

¹) The Banker Top 1000 World Banks (2022)

as well as the hiring of new teams to support the expansion of the Group's activities.

As a result, operating profit increased by 14% to CHF 688.3 million and the Group's net profit rose steadily by 4% to CHF 440.2 million for the year 2022, up from CHF 423.2 million in 2021.

The consolidated balance sheet at 31 December 2022 reached CHF 45.6 billion. The Group's liquid assets, held with central banks, remained high at CHF 15.0 billion at the end of 2022.

Group shareholders' equity increased to CHF 6.2 billion at the end of 2022 with a CET1 ratio of 44.1%. Standard and Poor's continues to rate the Group as "A" for long-term and "A-1" for short-term counterparty credit.

Despite net new money inflows of CHF 4.0 billion, client assets under management decreased to CHF 197.9 billion due to negative market conditions.

Total headcount (full-time equivalents) increased to 2,425 at the end of 2022, up by 3.7% from 2,339 a year ago.

The Group operates in 28 locations worldwide. In 2022, acting on the Group's aim of expanding in core European markets, it opened offices in Madrid and Milan to serve private as well as professional clients. Asia and the Middle East remain strategic markets for the Group, and our robust balance sheet will continue to empower us to identify potential attractive opportunities to invest in.

Commitment to our core values and sustainability

The Group's core values of stability, trust, solidity, discretion, efficiency and sustainability are the very foundation for our commitment to creating value for clients. Stability provides a secure and reliable framework for client relationships, building on the Group's multi-generational family ownership structure and conservative risk management practices. Trust is the cornerstone of our services, as it must be earned consistently through transparent and ethical practices. The Group's solidity and high level of liquidity demonstrate our commitment to clients' interests and the ability to serve as a safe harbour for their assets. Discretion is a key component of the Group's services, as the privacy of our clients always comes first. Efficiency is crucial in delivering high-quality services, as the Group strives to find the best possible solutions and deliver them in an effective manner and to the highest standard.

Finally, we have sustainability as a core aspect of our activities and have taken a leadership role in sustainable investing. Our belief is that considering long-term outcomes is crucial for genuine and enduring economic success. As such, we seek to invest in companies that are creating solutions for some of the world's most pressing issues, such as climate change.

Together, these values enable the Group to continue acting as a long-term partner to clients, offering solutions most adapted to their specific needs.

Outlook 2023

Inflation rates seem to have peaked globally, assuming another energy price shock does not take place. The mild winter in Europe led to low energy consumption and prices, which should reduce production costs and normalise food prices, causing headline inflation to drop further during 2023. Core inflation, which does not include energy and food prices, could remain sticky and converge slowly to targets set by central banks due to a strong labour market and geopolitical conflicts and tensions.

Global government and corporate bond market interest rates are significantly higher compared to previous years. This has improved the risk/return profile for bonds, especially high-quality ones, as reflected in the narrowing gap between earnings yield on equities and yield on investment-grade bonds.

In 2023, we will continue to make progress on the Group's strategy, including digitalisation, which allows us to engage even more closely with our clients and provide them with the high level of service they expect from us no matter where they are; our plans to develop the Group's wealth management activities across geographies, in order to offer our services and expertise where they are needed; and the expansion of our product offering, providing our clients with the means to achieve their objectives.

In conclusion, the Board expresses its gratitude to our clients for their unwavering trust and support, and recognises the efforts and continued dedication of all employees, as we continue to grow and help our clients sail safely through any storm.

Jacob J. Safra

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

Consolidated Key Data

	2022	2021
Consolidated income statement	CHF 000	CHF 000
Operating income	1,441,497	1,305,925
Operating expenses	-753,222	-702,357
Consolidated profit	440,159	423,182

	31.12.2022	31.12.2021
Consolidated balance sheet	CHF 000	CHF 000
Total assets	45,620,342	42,325,356
Due from customers	12,463,861	13,405,508
Due to customers	34,081,879	32,370,958
Equity	6,187,870	5,745,835

Ratios	2022	2021
Cost-income ratio	52.3%	53.8%
CET1 ratio	44.1%	38.7%

Assets under management

	31.12.2022	31.12.2021
	CHF million	CHF million

Assets under management	197,937	224,739
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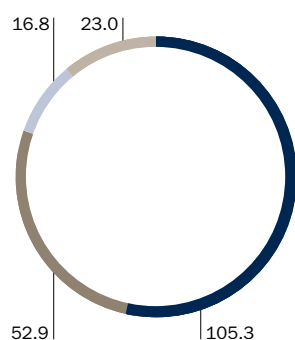
Headcount (full-time equivalents)

	31.12.2022	31.12.2021

Consolidated headcount	2,425	2,339
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Assets under management by booking centre

(CHF billion)

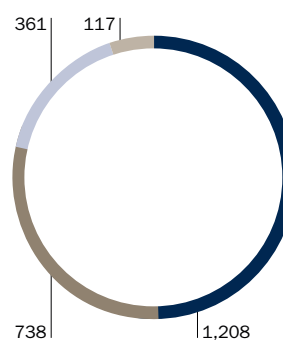
31.12.2022

Total 197.9

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

Headcount by location

(full-time equivalents)

31.12.2022

Total 2,425

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



Mediterranean Basin
Mediterranean Sea, Spain

Year in Review

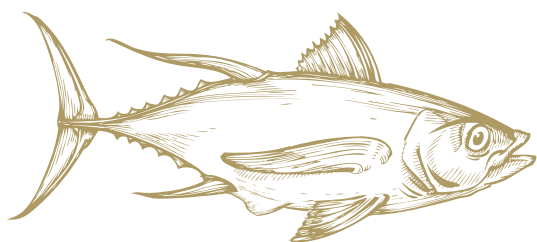


Year in Review

In 2022 more than ever, our clients were able to rely on us for expert advice and the safeguarding of their assets in the context of geopolitical conflicts and volatile markets. Concerns about a potential recession were felt as the year reached its close.

The year 2022 was characterised by high levels of market volatility due to a number of factors including rising interest rates and inflation, the Russia/Ukraine conflict, and fears of recession, resulting in a challenging year for investors as they navigated through these market shifts.

Although the Covid-19 pandemic continued to play a role in the global landscape, it took a back seat in comparison to other aspects affecting the markets, allowing events such as the rapid pace of interest rate hikes by central banks around the world to come to the forefront. The fastest rate-hiking cycle by the Federal Reserve in a generation added another layer of complexity to an already uncertain financial environment.



We believe that such challenges also bring opportunities for the year to come. Current high interest rates mean that bonds once again provide avenues for returns. Stable companies with strong cash flows, sound balance sheets and high dividends should be attractive to equity investors in what we expect to be a low-growth environment. Excellent opportunities also exist in alternative investments. While the global economy for 2023 remains cloudy, we will continue to rely on our ability to identify the right opportunities for our clients.

Dedication to our clients

Throughout 2022, the Group has been steadfast in acting as a highly dependable advisor to its clients. With global markets facing unprecedented volatility, we continued to give clients the guidance and advice they needed to navigate this environment. With a deep understanding of the financial markets and a commitment to exceptional customer service, we have consolidated our position as a trusted advisor for our clients even further.

The events of 2022 have also highlighted the critical role that financial institutions play in creating stability and security for clients during uncertain times. In a world characterised by increased market volatility and economic and geopolitical uncertainty, it has become increasingly important for clients to have a wealth manager they can trust to manage their assets with the utmost care and professionalism.

Today, having a trusted custodian is more important than ever. J. Safra Sarasin assumes the responsibility for safeguarding clients' assets and managing them in a way that exceeds their needs and expectations.

Expansion of our activities

In 2022, the Group made a strategic move to expand its reach in core European markets, opening new offices in Madrid and Milan to serve both private and professional clients. The Group recognises the importance of

having a strong presence in these markets and is committed to reaching clients in these regions so they can benefit from its offering and expertise. Our Amsterdam office has made significant strides in establishing itself as a leading player in the Netherlands.

In addition to the focus on Switzerland and Europe, the Group also views Asia and the Middle East as important strategic markets for future growth. These regions present significant opportunities to serve the growing number of high net worth individuals and family businesses.

Committed teams

Our teams have consistently demonstrated their dedication to advising clients throughout the turbulence of the past year. Despite the challenges posed by the volatile market conditions, they have also remained committed to providing them with top-notch service and expert advice. The Group recognises the importance of having dedicated and knowledgeable employees who can help clients navigate unpredictable waters, and our teams have risen to the task, working tirelessly on behalf of our clients.

Conscious of the increased demand for financial services and advice, as well as the complex regulatory environment, we have also taken steps to further bolster our staff. These experienced professionals bring a wealth of knowledge and expertise and are well-equipped to support the business and guide clients in making informed decisions about their wealth.

Our deepening commitment to sustainability and biodiversity

Sustainability has long been a key focus throughout the Group, and central to all operations. Building on our pledge to achieve carbon neutrality by 2035 by investing in carbon reduction solutions and contributing to climate mitigation efforts, we have transparently reported on carbon emissions since 2020 and have already made significant progress in this area. As ex-

plained in our Sustainability Report, J. Safra Sarasin Sustainable Asset Management participated in the second Net Zero Asset Managers Initiative (NZAM). This initiative is a coalition of investment managers dedicated to reducing the carbon footprint of their portfolios and contributing to the transition to a low-carbon economy. It showcases our leadership among asset managers seeking to build a more sustainable future.

This year, we selected biodiversity as the graphic theme for our Annual Report. It is our conviction that in the face of unprecedented declines in biodiversity as a result of human activities, it has never been more important to protect our biodiversity and put it on the path to recovery. We also believe that one of the main pillars of the fight to reverse nature loss is by investing appropriately. The Group has been a leading member of the Finance for Biodiversity Pledge since September 2020 and we were the first Swiss bank to join the agreement, playing our part in protecting biodiversity.

Finally, we are proud that our dedication to prioritising sustainability in our approach has been acknowledged by important stakeholders. We were honoured with several awards in 2022, including the “Best private bank for impact and sustainable investing” from Professional Wealth Management/The Banker and “Best ESG investment fund: Thematic” from ESG Investing. We were also awarded “Best private bank for social responsibility” by Global Finance for the year 2023. These awards are not a sign that we have completed our mission, but rather a recognition of the Group’s continuous efforts to harness investments to create a positive and measurable impact.

In conclusion, the leadership team extends its heartfelt gratitude to all clients, employees, and all stakeholders for their continued trust and confidence as we continue building a global business.

Juerg Haller

Chairman
Bank J. Safra Sarasin Ltd

Daniel Belfer

Chief Executive Officer
Bank J. Safra Sarasin Ltd



Sundaland
Singapore

Market Environment



Market Environment

2022 was an abnormally weak year for investors as several external shocks hit the global economy. However, the strong repricing of equity and bond markets should provide opportunities for 2023.

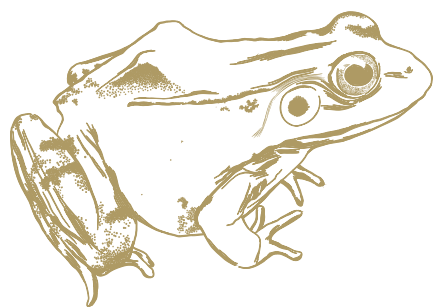
Review 2022

Many years feel historic. The year 2022 actually was. Investors experienced the highest inflation and the fastest and strongest rate hikes in 40 years. For the first time in more than 100 years, both stocks and long-term bonds fell by more than 20% at some point during the same year. Apart from commodities and the US dollar, hardly any asset class ended the year with a positive performance. This was due to an unusual combination of expensive valuations at the beginning of the year and a historic inflation and interest rate shock. Following the pandemic, strong pent-up demand, together with accommodative fiscal and monetary policy, led to demand-driven inflation where some companies were able to increase their margins. Tight labour markets and supply bottlenecks added to the cost

pressures. The outbreak of the war in Ukraine and the resulting rise of commodity and, in particular, energy prices fueled the inflation shock further. By the fourth quarter, inflation in the euro area reached 10.7% year-on-year, the highest level since the establishment of the monetary union. In the US, inflation climbed to 9.1%. Central banks that were largely surprised by the severity of the inflation shock embarked on the most aggressive monetary tightening path in decades to bring back price stability. The US central bank (Fed) and the European Central Bank (ECB) had to start winding down their asset purchases and subsequently hiked policy rates by 4.0% and 2.5%, respectively.

In a very short time, bond yields rose from extremely low and partly negative levels at the beginning of the year to their highest levels since the global financial crisis in 2008. As recently as December 2021, the global volume of negative-yielding investment-grade bonds was USD 14 trillion. At the end of 2022, this volume fell to zero, making the era of negative-yielding bonds a relic of the past. This abrupt revaluation has led to significant price declines across the entire bond spectrum. High-yield and emerging market bonds posted substantial losses in 2022, but also developed market government bonds came under heavy selling pressure such that US government bonds suffered the sharpest price declines in the last 70 years.

The global macroeconomic dynamic slowed significantly as the monetary tightening cycle worked its way through the economy and higher energy and commodity prices increased input costs. As a result, the housing market in the US cooled down significantly along with the construction and manufacturing sectors. China's zero-Covid policy and housing slump not only resulted in subdued growth in China but also in lower export demand for goods and services globally. In Europe, the war in Ukraine weighed on overall household and corporate sentiment while the fear of energy shortages led to skyrocketing gas prices, erasing the competitive edge of some energy-intensive business



models. These macroeconomic headwinds and the strong rise in real yields weighed heavily on the stock markets in 2022. Over the course of the year, there were several temporary rallies, mostly on the back of market expectations of an imminent end of the Fed's interest rate hiking cycle. However, they repeatedly proved themselves to be premature.

US equities and emerging market equities suffered the strongest price declines. Both regions lost around 25% throughout the year before recovering somewhat, ending the year 20% lower. China's abrupt shift to abandon its zero-Covid policy towards the end of the year helped the recovery. Emerging market equities were particularly impacted by the weak economic development in China and the strong US dollar. 2022 was undisputedly the year of the US dollar. Geopolitical risks and the steepest interest rate hikes by the US Federal Reserve since the 1970s boosted the world's main reserve currency against almost every major trading currency – including the euro which additionally suffered from the war in Ukraine and fears of energy shortages. The weak euro and unusually mild temperatures towards the end of the year led to a sharp drop in energy consumption and prices, and helped the heavily export-oriented single currency area. Against this backdrop, European equity markets ended the year 9.5% lower.

Outlook for 2023

In the absence of another energy price shock, peak inflation rates seem to be behind us globally. In Europe, gas inventories are exceptionally high and energy prices are therefore unlikely to rise as much as they did last year. Lower energy prices will reduce production costs of many goods. Food prices should also normalise this year, barring more climate-related shocks. As a result, headline inflation rates are likely to fall significantly in the first half of this year. On the other hand, core inflation rates – that strip out energy and food prices – could remain stickier and only converge slowly towards central banks' targets. Other structural factors are also at play in sustaining price pressures. Labour scarcity as a result of demographic changes and the tendency of older workers to withdraw from the labour force since the start of the pandemic is one important factor. While low unemployment rates at the beginning of the year are more than welcome, strong wage pressures could risk unanchoring inflation expectations. Geopolitical

tensions and the resulting trend of friend-shoring of production could also add to costs and prices.

In this environment, central banks need to be vigilant and defend the credibility of their inflation targets. We expect them to continue tightening monetary policy in the first half of the year to combat sticky core inflation and potential wage-price spirals. Thus, they remain undeterred by the risks of a recession in Europe and the US and the complex mix of geopolitical risks in Europe and Asia. Central banks are also likely to keep policy rates in a restrictive territory longer in order to avoid repeating the mistakes of the 1970s when they loosened monetary conditions prematurely, only to be confronted with new rounds of rising inflation rates again.

The current relatively high level of interest rates compared to the previous years, therefore, provide an opportunity for investment that was not present in the past. The risk and return relationship, especially for high-quality bonds, has improved significantly. This is also reflected in the difference between the earnings yield on equities and the yield on investment-grade bonds, which has fallen considerably in recent quarters. At the same time, companies may lower their earnings forecasts if the global economy slows further and high interest rates weigh on their profitability. However, not everything should be viewed too negatively with regard to global equity markets in 2023. In the past, equity markets began to stabilise as soon as inflation eased and central banks stopped raising rates. Once it is clear that the global economic dynamic has reached its bottom, the improved outlook will translate into rising stock prices. In this respect, one development that could change the overall global picture for the better is China's abrupt departure from its zero-Covid policy. While rising case numbers could impact economic production in China in the first quarter and lead to some supply bottlenecks again, the prospect of stronger economic growth for the whole year is clear. As in other countries' recent experiences, post-pandemic pent-up demand, particularly for travelling and other services, is high while household savings are elevated. This should contribute to rising consumption levels and strengthen not only regional but also global economic growth in the course of the year.



Caribbean Islands
The Bahamas

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 29 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.

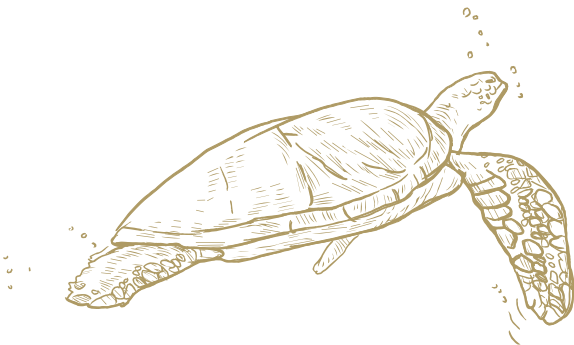
Consolidated supervision

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 measures to combat money laundering and 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 2022, the Board of JSSH met seven 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 specific matters.

Composition of the Board

As of 31 December 2022, the composition of the Board of JSSH was as follows:

• Jacob J. Safra	Chairman
• Philippe Dupont	Member*
• Juerg Haller	Member*
• Jorge A. Kininsberg	Member*
• Flavio Romerio	Member*

* Independent member

During the financial year 2022, Flavio Romerio was elected to the Board of Directors of JSSH on 30 June, replacing Pierre Alain Bracher who stepped down as a member of the Board of Directors.

As of 31 December 2022, the composition of the Board of BJSS was as follows:

• Juerg Haller	Chairman
• Flavio Romerio	Vice-Chairman
• Philippe Dupont	Member
• Jorge A. Kininsberg	Member
• Jacob J. Safra	Member

During the financial year 2022, Pierre Alain Bracher stepped down as a member and Vice-Chairman of the Board of Directors of BJSS on 20 June and Flavio Romerio was elected as new member and Vice-Chairman of the Board of Directors.

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 and, since 2021, Chairman of the Board of Directors. In 2002, he became a 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, he is a member of the Board of Directors of Chiquita Brands International since 2015.

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; 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.

Flavio Romerio

Born in 1964; Swiss national; lives in Switzerland; Ph.D. in Law – University of Basel; Master of Laws (LL.M.) – University of California, Berkeley; Member of the Swiss Bar

Flavio Romerio has extensive experience in banking regulation, compliance, and corporate governance. In 1995, he joined the law firm Homburger AG in Zurich and became Partner in 2002. Since 2012, Flavio Romerio is the Head of Homburger's White-Collar & Investigations Team. In 2019, he was elected as Managing Partner of Homburger AG and is responsible for developing and implementing the firm's strategy and overseeing the firm's management. He is a regular speaker on enforcement and compliance issues and hosts the annual seminar on internal and regulatory investigations at the Europa Institute of the University of Zurich. Flavio Romerio was appointed as member of the Board of Directors of JSSH and as member and Vice-Chairman of the Board of Directors of BJSS in June 2022.

Audit & Risk Committee

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

As of 31 December 2022, the ARC was composed of the following members:

• Jorge A. Kininsberg	Chairman
• Philippe Dupont	Member
• Flavio Romerio	Member

As a consequence of the changes to the composition of the Board of Directors of BJSS in 2022, Jorge A. Kininsberg was elected as new Chairman and Flavio Romerio as new member of the ARC on 20 June, replacing Pierre Alain Bracher who stepped down from the Board of Directors and the ARC.

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 2022, the audit firm and its affiliated companies were appointed by the General Meeting of shareholders 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 3,810,000 for services connected with the financial and regulatory audit for the year 2022.

Additional fees

The JSS Group paid Deloitte Ltd and its affiliated companies fees totalling CHF 369,000 for services not connected with the financial and regulatory audit for the year 2022.

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 2022, representatives of Deloitte Ltd attended six meetings of the ARC and one meeting each of the Board of JSSH and BJSS 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 the operations of BJSS and the JSS Group. 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 systems 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:

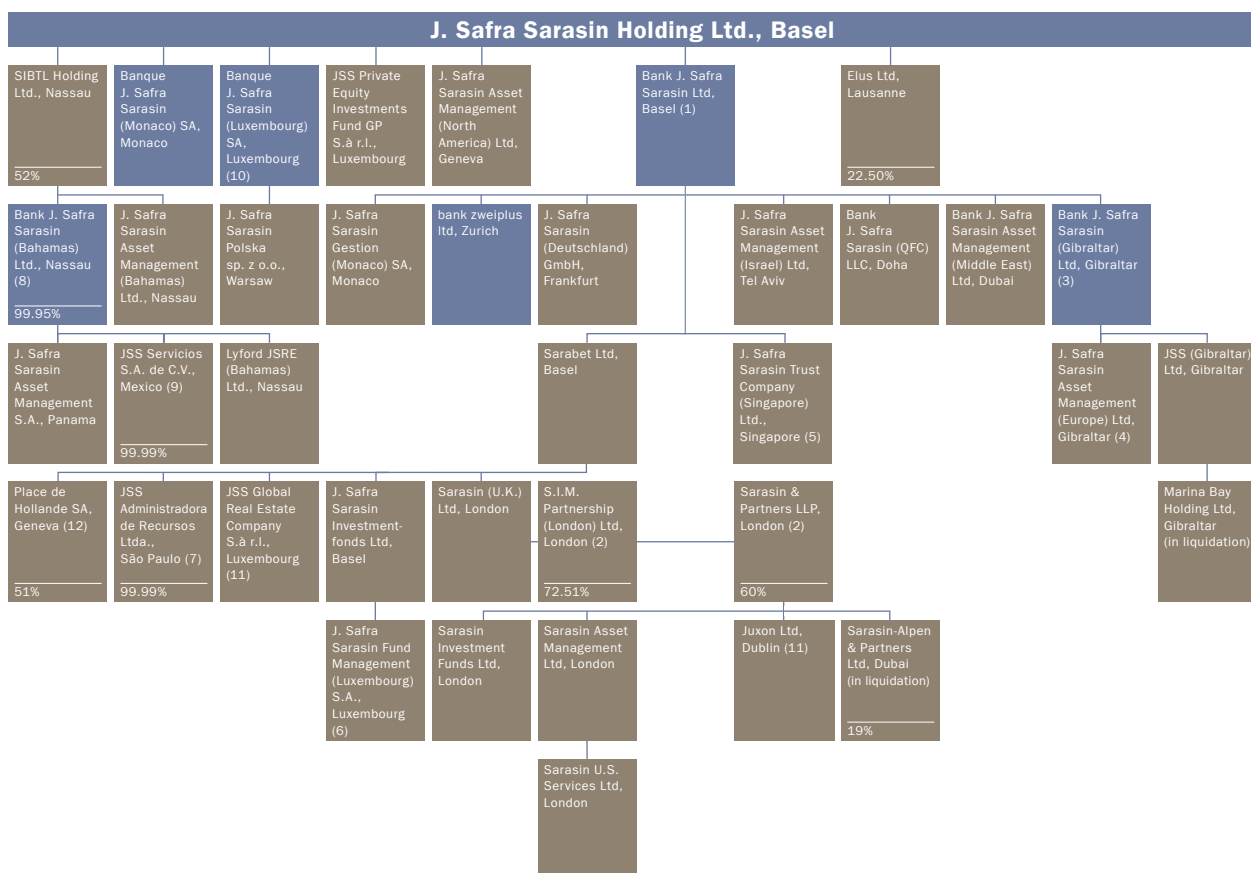
- Market, liquidity and financing risk;
- Credit risk;
- Operational and reputational risk;
- Legal conduct and compliance risk; and/or
- Business and strategic risk.

The section on Risk Management (page 52) 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.

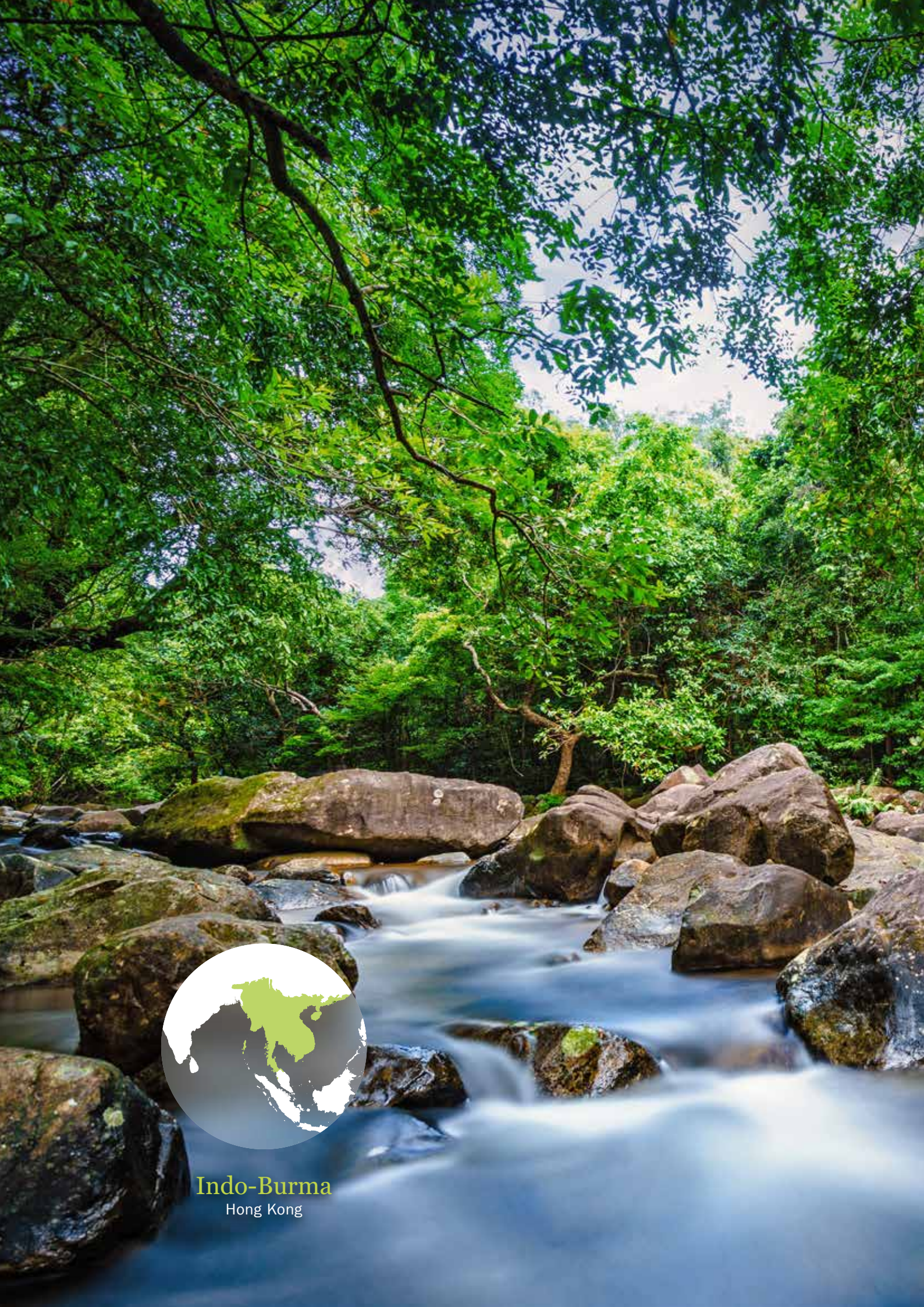
Legal structure as of 31.12.2022



■ 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) Voting rights. Remaining percentage with Management
- (3) Head Office: Gibraltar – Branch: London
- (4) Head Office: Gibraltar – Branch: London
- (5) The company owns the following subsidiaries: Asia Square Holdings Ltd. (BVI), Edinburgh Management Ltd. (BVI), Shenton Management Ltd. (BVI)
- (6) Head Office: Luxembourg – Branch: Vienna
- (7) The remaining 0.01% of the shares are held by Bank J. Safra Sarasin Ltd
- (8) The remaining 0.05% of the shares are held by Fiduciary; Representative Office: Mexico City (joint)
- (9) The remaining 0.01% of the shares are held by SIBTL Holding Ltd.
- (10) Head Office: Luxembourg – Branches: Amsterdam, Madrid, Milan, Paris (not yet operational)
Representative Offices: Mexico City (joint), Tel Aviv
- (11) Not operational
- (12) 49% with Thematic S.à r.l.



Indo-Burma
Hong Kong

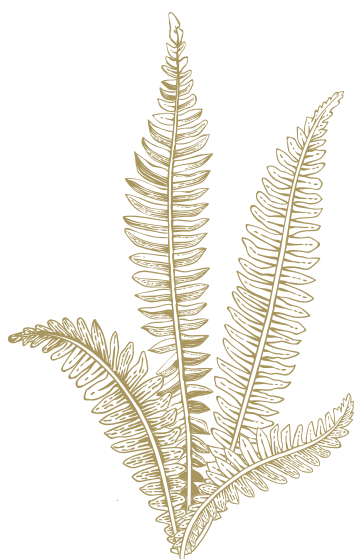
Group Companies



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 65. A chart showing the legal structure of J. Safra Sarasin Holding Ltd. is available as part of the chapter on “Corporate Governance” on page 29. 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, Mexico and Turkey.

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. In addition, the Bank 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.

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’



Basel, Elisabethenstrasse

expectations by developing financial strategies to achieve their targets in accordance with their investment profiles. The Bank has branches in France (not yet operational), Italy, the Netherlands and 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.

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.



Geneva, Quai de l'Île

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.

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, Guernsey Branch

Bank J. Safra Sarasin Ltd established a presence in Guernsey in 1992. The Guernsey Branch accepts deposits from other banking institutions as well as institutional clients and 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 service offering on investment funds, thus being attractive to wealth managers who want to invest across a wide range of asset classes.

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



Zurich, Paradeplatz



Monaco, La Belle Époque

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.

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 a broker. J. Safra Sarasin Asset Management S.A. is licensed as a broker by the Superintendency of the Securities Market (SMV) of Panama.



Gibraltar, Neptune House

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.



London, Berkeley Square

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.

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) and supervisory organisation (SO) 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



Madrid, Paseo de la Castellana



Luxembourg, Boulevard Joseph II

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.

J. Safra Sarasin Polska sp. z o.o.

J. Safra Sarasin Polska sp. z o.o. was 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.

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



Singapore, Asia Square Tower 1

the Trust Companies Act 2004 and commenced business in December 2010. It offers tailored trust and company management services for wealth protection and succession planning needs of its 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.

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.



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



Irano-Anatolian
Turkey

Consolidated Financial Statements



Consolidated balance sheet

	31.12.2022	31.12.2021
	CHF 000	CHF 000
Assets		
Liquid assets	3,562,667	8,830,547
Amounts due from banks	4,366,723	1,759,114
Amounts due from securities financing transactions	8,850,000	0
Amounts due from customers	9,289,808	10,035,007
Mortgage loans	3,174,053	3,370,501
Trading portfolio assets	2,660,715	3,133,839
Positive replacement values of derivative financial instruments	1,212,706	624,716
Other financial instruments at fair value	1,458,001	2,273,891
Financial investments	9,838,799	11,092,276
Accrued income and prepaid expenses	216,979	171,369
Non-consolidated participations	37,904	37,544
Tangible fixed assets	548,696	552,018
Intangible assets	0	35,501
Other assets	403,291	409,033
Total assets	45,620,342	42,325,356
Total subordinated claims	106,874	170,764
of which subject to mandatory conversion and/or debt waiver	–	–
Liabilities		
Amounts due to banks	1,720,192	824,376
Liabilities from securities financing transactions	100,000	0
Amounts due in respect of customer deposits	33,942,729	32,370,958
Trading portfolio liabilities	15,069	14,013
Negative replacement values of derivative financial instruments	1,249,376	873,445
Liabilities from other financial instruments at fair value	1,091,457	1,508,563
Bond issues and central mortgage institution loans	78,018	133,307
Accrued expenses and deferred income	414,629	373,045
Other liabilities	719,320	413,336
Provisions	101,682	68,478
Reserves for general banking risks	270,642	175,622
Share capital	848,245	848,245
Capital reserve	1,745,862	1,745,862
Retained earnings reserve	2,106,318	1,801,441
Currency translation reserve	–108,513	–80,104
Minority interests in equity	885,157	831,587
Consolidated profit	440,159	423,182
of which minority interests in consolidated profit	79,308	88,913
Total liabilities	45,620,342	42,325,356
Total subordinated liabilities	133,606	134,893
of which subject to mandatory conversion and/or debt waiver	–	–

Consolidated off-balance sheet

CHF 000	31.12.2022	31.12.2021
Contingent liabilities	297,434	518,164
Irrevocable commitments	21,727	23,620
Obligations to pay up shares and make further contributions	1,817	1,652
Credit commitments	0	0

Consolidated income statement

CHF 000	2022	2021
Interest and discount income	552,772	214,126
Interest and dividend income from trading portfolios	0	0
Interest and dividend income from financial investments	173,090	175,785
Interest expense	-214,695	-16,231
Gross result from interest operations	511,167	373,680
Changes in value adjustments for default risks and losses from interest operations	-50,899	11,669
Subtotal net result from interest operations	460,268	385,349
Commission income from securities trading and investment activities	679,715	729,200
Commission income from lending activities	3,742	2,990
Commission income from other services	61,079	63,581
Commission expense	-80,403	-80,476
Subtotal result from commission business and services	664,133	715,295
Result from trading activities and the fair value option	288,308	213,258
Result from the disposal of financial investments	17,399	2,174
Income from participations	3,641	4,756
<i>of which, participations recognised using the equity method</i>	0	0
<i>of which, from other non-consolidated participations</i>	3,641	4,756
Result from real estate	9,433	2,132
Other ordinary income	3,779	4,048
Other ordinary expenses	-5,464	-21,087
Subtotal other result from ordinary activities	28,788	-7,977
Operating income	1,441,497	1,305,925
Personnel expenses	-593,568	-558,768
General and administrative expenses	-159,654	-143,589
Operating expenses	-753,222	-702,357
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	-59,281	-24,177
Changes to provisions and other value adjustments, and losses	-41,074	-39,188
Operating result	587,920	540,203
Extraordinary income	618	422
Extraordinary expenses	-1	-3
Changes in reserves for general banking risks	-94,000	-77,500
Taxes	-54,378	-39,940
Consolidated profit	440,159	423,182
<i>of which minority interests in consolidated profit</i>	79,308	88,913

Consolidated cash flow statement

CHF 000	2022		2021	
	Source of funds	Use of funds	Source of funds	Use of funds
Consolidated profit	440,159	0	423,182	0
Change in reserves for general banking risks	95,020	0	77,500	0
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	59,281	0	24,177	0
Provisions and other value adjustments	34,183	0	29,164	0
Change in value adjustments for default risks and losses	50,899	0	0	-11,669
Accrued income and prepaid expenses	0	-50,539	11,735	0
Accrued expenses and deferred income	50,572	0	53,933	0
Other items	0	0	0	0
Previous year's dividend	0	0	0	0
Cash flow from operating activities	679,575		608,022	
Share capital	0	0	0	0
Capital reserves	0	0	0	0
Retained earnings reserve	0	-29,392	0	-5,573
Minority interests in equity	0	-45,549	0	-17,228
Cash flow from equity transactions		-74,941		-22,801
Participating interests	0	-361	0	-382
Bank building	0	0	0	-25
Other fixed assets	0	-18,928	0	-287,502
Intangible assets	0	0	0	-41,019
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets		-19,289		-328,928

Consolidated cash flow statement

CHF 000	2022		2021	
	Source of funds	Use of funds	Source of funds	Use of funds
Medium and long-term business (>1 year)				
Amounts due to banks	17,333	0	24,214	0
Amounts due in respect of customer deposits	58,179	0	475,505	0
Liabilities from other financial instruments at fair value	0	-385,243	401,937	0
Bonds	0	0	0	0
Central mortgage institution loans	0	-51,783	61,242	0
Loans of central issuing institutions	0	-1	0	-3,001
Other liabilities	316,998	0	201,688	0
Amounts due from banks	0	-2,064	44,574	0
Amounts due from customers	0	-62,471	0	-87,329
Mortgage loans	175,577	0	0	-439,138
Other financial instruments at fair value	100,149	0	0	-6,227
Financial investments	3,266,463	0	2,525,509	0
Other accounts receivable	0	-308,385	0	-151,261
Short-term business				
Amounts due to banks	906,756	0	50,055	0
Liabilities from securities financing transactions	100,000	0	0	0
Amounts due in respect of customer deposits	2,047,474	0	2,970,289	0
Trading portfolio liabilities	1,056	0	5,074	0
Negative replacement values of derivative financial instruments	379,274	0	0	-164,792
Liabilities from other financial instruments at fair value	27,954	0	0	-68,308
Amounts due from banks	0	-2,665,396	186,339	0
Amounts due from securities financing transactions	0	-8,850,000	0	0
Amounts due from customers	782,259	0	0	-933,310
Trading portfolio assets	495,693	0	0	-810,724
Positive replacement values of derivative financial instruments	0	-589,949	0	-9,878
Other financial instruments at fair value	681,376	0	0	-536,939
Financial investments	0	-2,225,385	0	-3,745,939
Cash flow from banking operations		-5,784,136		-10,420
Conversion differences		-69,089		-119,435
Change in liquid assets		-5,267,880	126,439	
CHF 000	31.12.2022		31.12.2021	
Liquid assets at beginning of the year (cash)	8,830,547		8,704,108	
Liquid assets at the end of the year (cash)	3,562,667		8,830,547	
Change in liquid assets	-5,267,880		126,439	

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 01.01.2022	848,245	1,745,862	2,135,710	175,622	-80,104	920,500		5,745,835
Currency translation differences					-28,409	10,206		-18,203
Dividends and other distributions						-38,224		-38,224
Reserves for general banking risks				95,020 ¹⁾				95,020
Transactions with minority shareholders			-29,392			-7,325		-36,717
Consolidated profit						79,308	360,851	440,159
Equity on 31.12.2022	848,245	1,745,862	2,106,318	270,642	-108,513	964,465	360,851	6,187,870

¹⁾ The Group acquired the remaining shares in bank zweiplus Ltd (42.5%) with the effect that the reserves for general banking risks of CHF 1.02m, which belonged to the minority shareholder, were taken over.

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

	31.12.2022				31.12.2021			
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

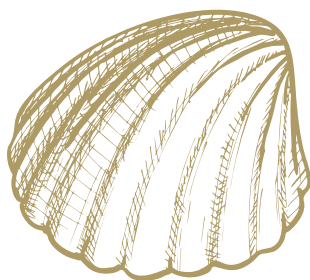
Name, legal form and domicile

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

Accounting and valuation principles remained unchanged. Selectively, changes to the method of presentation were made to improve the level of information provided. Consequences are explained in the notes where meaningful. Comparative information has been reported accordingly.

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 65. 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 prevailing at the balance sheet dates are as follows:

Currency	31.12.2022	31.12.2021
USD/CHF	0.925	0.911
EUR/CHF	0.987	1.036

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 competencies 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 purposes 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:

	2022	2021
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.

The Group adopted the Accounting Ordinance of the Swiss Financial Market Supervisory Authority (FINMA-AccO), which requires an adoption specifically including 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 for non-performing loans which are already provisioned for. 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 for 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. 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 for as at the balance sheet date (no shortfall).

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 are not 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 a 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 govern-

ance 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 (KRIs) 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 counter-

party 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 concentration risk

- 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 Governance (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 liq-

uidity. 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 a 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 the 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 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 84.

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 into 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

No events affecting the balance sheet or income statement are to be reported for the financial year 2022.

Consolidated notes – Information on the balance sheet

Breakdown of securities financing transactions (assets and liabilities)

CHF 000	2022	2021
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions (before netting agreements)	8,850,000 ¹⁾	0
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions (before netting agreements)	100,000	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	826,578	904,977
with unrestricted right to resell or pledge	725,578	904,977
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	9,757,727	1,021,087
of which, repledged securities	3,246	4,377
of which, resold securities	0	0

¹⁾ CHF 8.8bn relates to the tradable money market debt register claims issued by the Swiss National Bank (SNB Bills).

**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 ¹⁾	Total
Loans (before netting with value adjustments)				
Amounts due from customers	423,313	9,174,672	105,664	9,703,649
Mortgage loans				
Residential property	843,764	0	0	843,764
Office and business premises	1,952,378	0	0	1,952,378
Trade and industry	430,896	0	0	430,896
Others	1,220	0	0	1,220
Total loans (before netting with value adjustments)				
Current year	3,651,571	9,174,672	105,664	12,931,907
Previous year	3,822,147	9,914,885	121,561	13,858,593
Total loans (after netting with value adjustments)				
Current year	3,364,980	9,026,596	72,285	12,463,861
Previous year	3,561,428	9,758,391	85,689	13,405,508
Off-balance sheet transactions				
Contingent liabilities	0	195,449	101,985	297,434
Irrevocable commitments	0	21,727	0	21,727
Obligations to pay up shares and make further contributions	0	0	1,817	1,817
Total current year	0	217,176	103,802	320,978
Previous year	0	484,515	58,921	543,436

¹⁾ Under the loans without collateral the commercial loans were taken into account and the previous year amount was amended accordingly.

Impaired loans

CHF 000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Current year	562,591	190,927	371,664	371,664
Previous year	546,175	190,927	355,248	355,248

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	31.12.2022	31.12.2021
Assets		
Trading portfolios		
Debt securities	1,423,857	1,657,095
of which, listed	366,869	799,639
Equity securities	605,445	879,992
Precious metals and commodities	522,536	490,267
Other trading portfolio assets	108,877	106,485
Other financial instruments at fair value		
Debt securities	280,932	425,246
Structured products	2,316	0
Other	1,174,753	1,848,645
Total assets	4,118,716	5,407,730
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	1,807	269
of which, listed	1,807	269
Equity securities	13,259	13,743
Precious metals and commodities	0	0
Other trading portfolio liabilities	3	1
Other financial instruments at fair value		
Debt securities	284,941	437,676
Structured products	0	0
Other	806,516	1,070,887
Total liabilities	1,106,526	1,522,576
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	222	169	38,114
Swaps	420,216	162,971	9,062,900
Total interest rate instruments	420,438	163,140	9,101,014
Foreign exchange			
Forward agreements	35,631	35,640	4,672,589
Combined interest/currency swaps	418,099	815,742	38,638,026
Futures	0	0	1,194,294
Options (OTC)	51,948	48,436	5,744,134
Total foreign exchange	505,678	899,818	50,249,043
Equity securities/indices			
Forward agreements	3,075	3,108	512,097
Futures	4,807	0	1,950
Options (OTC)	118,870	98,219	1,516,070
Options (exchange traded)	58,121	43,462	1,356,148
Total equity securities/indices	184,873	144,789	3,386,265
Precious metals			
Forward agreements	2,051	9,486	200,751
Swaps	21,318	13,889	500,653
Options (OTC)	20,329	12,572	1,571,252
Total precious metals	43,698	35,947	2,272,656
Credit derivatives			
Credit default swaps	2,269	2,269	81,331
Total credit derivatives	2,269	2,269	81,331
Other			
Forward agreements	3,185	2,929	193,912
Total other	3,185	2,929	193,912
Total trading instruments before netting agreements on 31.12.2022	1,160,141	1,248,892	65,284,221
Total trading instruments before netting agreements on 31.12.2021	621,025	871,614	52,876,283
Hedge instruments			
Interest rate instruments			
Swaps	52,565	484	1,011,943
Total hedge instruments on 31.12.2022	52,565	484	1,011,943
Total hedge instruments on 31.12.2021	3,691	1,831	407,274
Total before netting agreements on 31.12.2022	1,212,706	1,249,376	66,296,164
of which, determined using a valuation model	0	0	–
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 after netting agreements on 31.12.2022	669,054	706,580	
Total after netting agreements on 31.12.2021	125,904	516,545	
Breakdown by counterparty			
CHF 000	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements) on 31.12.2022	375,991	75,277	217,786
Positive replacement values (after netting agreements) on 31.12.2021	55,018	24,450	46,435

Financial investments

	Book value	Fair value	Book value	Fair value
CHF 000	31.12.2022	31.12.2022	31.12.2021	31.12.2021
Debt securities	8,625,142	8,602,388	9,794,419	10,067,839
of which, intended to be held until maturity	8,525,180	8,501,214	9,695,791	9,967,686
of which, not intended to be held to maturity (available for sale)	99,962	101,174	98,628	100,153
Equity securities	1,183,047	1,294,526	1,246,679	1,425,510
of which, qualified participations	0	0	0	0
Precious metals	0	0	0	0
Real estate	30,610	30,610	51,178	51,178
Total financial investments	9,838,799	9,927,524	11,092,276	11,544,527
of which, securities eligible for repo transactions in accordance with liquidity regulations	49,288		217,863	

Breakdown of counterparties by rating

	BBB+ to					
CHF 000	AAA to AA–	A+ to A–	BBB–	BB+ to B–	Below B–	Unrated
Debt securities						
Book value on 31.12.2022	5,580,225	1,926,949	362,333	413,222	2	342,410
Book value on 31.12.2021	5,185,385	2,627,953	813,446	1,025,991	0	141,644

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

Participations

	Acquisition costs	Accumulated value adjustments	Book value as at 31.12.2021	Reclassifications	Additions	Disposals	Value adjustments	Book value as at 31.12.2022	Market value
CHF 000									
Participations valued using the equity method									
with market value	0	0	0	0	0	0	0	0	0
without market value	338	0	337	0	0	0	0	337	–
Other participations									
with market value	37,472	–265	37,207	0	361	–1	0	37,567	160,690
without market value	0	0	0	0	0	0	0	0	–
Total participations	37,810	–265	37,544	0	361	–1	0	37,904	160,690

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
J. Safra Sarasin 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	Advisory	USD	3,250	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	100.00%	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	72.51% ¹⁾	indirect
Sarasin & Partners LLP	London	Asset Management	GBP	21,726	60.00% ¹⁾	indirect
Sarasin Asset Management Ltd	London	Asset Management	GBP	250	60.00% ¹⁾	indirect
Sarasin U.S. Services Ltd	London	Advisory	GBP	0,1	60.00% ¹⁾	indirect
Sarasin Investment Funds Ltd	London	Fund Management	GBP	250	60.00% ¹⁾	indirect
Juxon Ltd	Dublin	Fund Management	GBP	500	60.00% ¹⁾	indirect
JSS Administradora de Recursos Ltda.	Sao Paulo	Advisory	BRL	1,711	100.00%	indirect
JSS Global Real Estate Company 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	Geneva	Real Estate	CHF	100	51.00%	indirect

Associated companies

		Multi-issuer				
Elus Ltd	Lausanne	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	1,100,000	0.30%	indirect
Euroclear Holding SA/NV	Brussels	Financial services	EUR	3,147	0.54%	indirect

¹⁾ Voting rights.

Tangible fixed assets

CHF 000	Acquisition costs	Accumulated depreciation	Book value as at 31.12.2021	Change in scope of consolidation	Reclassifications	Additions	Disposals	Depreciation	Book value as at 31.12.2022
Real estate:									
bank buildings	321,281	-95,391	225,890	0	0	0	187	-5,676	220,401
Real estate:									
other real estate	283,557	-3,122	280,435	0	0	0	0	-4,634	275,801
Proprietary or separately acquired									
software	30,629	-21,320	9,309	0	0	13,665	0	-5,478	17,496
Other fixed assets	104,524	-68,140	36,384	0	0	5,258	-190	-6,454	34,998
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	739,991	-187,973	552,018	0	0	18,923	-3	-22,242	548,696

Operating leases

CHF 000	31.12.2022	31.12.2021
Remaining maturity <1 year	15,878	13,561
Remaining maturity 1–5 years	36,756	29,957
Remaining maturity >5 years	1,981	313
Total liabilities from operating lease	54,615	43,831
of which, remaining maturity <1 year that can be terminated within one year	1,713	485

Intangible assets

CHF 000	Acquisition costs	Accumulated amortisation	Book value as at 31.12.2021	Reclassifications	Additions	Disposals	Amortisation	Book value as at 31.12.2022
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	96,771	-61,270	35,501	0	0	1,538	-37,039 ¹⁾	0
Total intangible assets	660,666	-625,165	35,501	0	0	1,538	-37,039	0

¹⁾ Corresponds to the amortisation of the remaining inventory of "Other intangible assets" related to previous acquisitions. Book value, previously recognised on a straight-line basis over five years from the acquisition date, was amortised as such non-transformative intangible assets acquired were fully integrated into the core business and individual cash flows can no longer be reliably measured with probable assumptions and reasonable effort.

Other assets/Other liabilities

CHF 000	31.12.2022	31.12.2021
Other assets		
Compensation account	313	133,075
Deferred income taxes recognised as assets	36,927	37,933
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	366,051	238,025
Total	403,291	409,033
Other liabilities		
Compensation account	229,063	48,596
Others	490,257	364,740
Total	719,320	413,336

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

CHF 000	Effective		Effective	
	Book value	commitment	Book value	commitment
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
Financial instruments	253,577	243,945	922,130	630,273
Other assets	1,429,570	1,201,331	491,049	412,246
Total pledged assets	1,683,147	1,445,276	1,413,179	1,042,519

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	31.12.2022	31.12.2021
Liabilities to own pension plans	29,681	16,447

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 contribu-

tions 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)

	Nominal value	Renunciation of use	Creation	Balance sheet	Balance sheet	Result from ECR in personnel expenses	Result from ECR in personnel expenses
CHF 000	31.12.2022	31.12.2022	2022	31.12.2022	31.12.2021	2022	2021
Patronage funds/pension schemes	0	0	0	0	0	0	0

Economic benefit/economic obligation and pension benefit expenses

	Change in the prior-year period or recognised in the current period	Economical part of the organisation	Economical part of the organisation	Contribu- tions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
CHF 000	31.12.2022 ¹⁾	31.12.2022	31.12.2021	period	2022	2021
Pension schemes						
with surplus	203,089	0	0	0	24,588	23,534
without surplus/(deficit)	0	0	0	0	12,336	11,262
Total	203,089	0	0	0	36,924	34,796

¹⁾ At the publication date the final financial statements of the pension schemes were not available. Therefore the figures are based on the 2021 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

	Valued separately			Valued separately		
	Value of the host instrument	Value of the derivative	Total 31.12.2022	Value of the host instrument	Value of the derivative	Total 31.12.2021
CHF 000						
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)	469,786	-68,157	401,629	587,309	-9,889	577,420
Without oDC	0	0	0	0	0	0
Foreign currencies						
With own debenture component (oDC)	362,220	-1,407	360,813	289,357	-823	288,534
Without oDC	0	0	0	0	0	0
Commodities/precious metals						
With own debenture component (oDC)	38,792	-402	38,390	62,622	-223	62,399
Without oDC	0	0	0	0	0	0
Total	870,798	-69,966	800,832	939,288	-10,935	928,353

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	74,016
Bank J. Safra Sarasin Ltd	Non-subordinated mortgage-backed bonds	2012–2013	no	1.36%	2023–2024	4,002

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	74,016	0	0	74,016
Bank J. Safra Sarasin Ltd	2,000	2,002	0	0	0	0	4,002

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

CHF 000	Balance as at 31.12.2021	Use in conformity with designated purpose	Reclassifi- cations	Change in scope of con- solidation	Currency differences	Past due interest, recoveries	New creations charged to income	Release to income	Balance as at 31.12.2022
Provisions									
Provisions for deferred taxes	14,402	0	0	0	-227	0	4,815	-285	18,705
Provisions for pension benefit obligations	0	0	0	0	0	0	0	0	0
Provisions for default risks (off-balance sheet)	1,340	0	0	0	0	0	615	-219	1,736
Provisions for other business risks	1,280	0	0	0	748	7	382	0	2,417
Provisions for restructuring	0	0	0	0	0	0	0	0	0
Other provisions	51,456	-9,242	0	0	-1,501	0	39,187	-1,076	78,824
Total provisions	68,478	-9,242	0	0	-980	7	44,999	-1,580	101,682
Reserves for general banking risks									
	175,622	0	0	1,020	0	0	94,000	0	270,642
Value adjustments for default and country risks									
Value adjustments for default risks in respect of impaired loans / receivables	355,248	-2,283	0	0	-3,669	22,706	0	-338	371,664
Value adjustments for inherent default risks	140,111	0	0 ¹⁾	0	0	0	9,331	-43,656	105,786
Value adjustments for default risks in respect of banks and financial investments	1,338	-12,584	0	0	-3,401	-1,371	85,562	0	69,544
Total value adjustments for default and country risks	496,697	-14,867	0	0	-7,070	21,335	94,893	-43,994	546,994

Disclosure of amounts due from/to related parties

CHF 000	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	-	-	-	-
Group companies	-	-	-	-
Linked companies	1,450,383	1,243,201	2,964,872	3,309,434
Transactions with members of governing bodies	74,203	74,418	12,984	76,375
Other related parties	132,432	129,965	693,251	1,159,985

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	3,562,667	0	0	0	0	0	0	3,562,667
Amounts due from banks	1,578,240	0	2,758,417	30,066	0	0	0	4,366,723
Amounts due from securities financing transactions	0	0	8,850,000	0	0	0	0	8,850,000
Amounts due from customers	2,183,634	0	5,010,597	757,698	1,241,055	96,824	0	9,289,808
Mortgage loans	1,881	0	525,850	595,413	1,661,338	389,571	0	3,174,053
Trading portfolio assets	2,660,715	0	0	0	0	0	0	2,660,715
Positive replacement values of derivative financial instruments	1,212,706	0	0	0	0	0	0	1,212,706
Other financial instruments at fair value	1,458,001	0	0	0	0	0	0	1,458,001
Financial investments	1,211,857	0	5,951,577	1,494,073	984,124	197,168	0	9,838,799
Total 31.12.2022	13,869,701	0	23,096,441	2,877,250	3,886,517	683,563	0	44,413,472
Total 31.12.2021	19,144,179	0	11,712,631	2,208,665	6,455,533	1,598,883	0	41,119,891
Due to banks	882,254	0	815,858	22,080	0	0	0	1,720,192
Liabilities from securities financing transactions	0	0	100,000	0	0	0	0	100,000
Amounts due in respect of customer deposits	16,218,461	77,261	14,432,999	1,789,625	1,424,383	0	0	33,942,729
Trading portfolio liabilities	15,069	0	0	0	0	0	0	15,069
Negative replacement values of derivative financial instruments	1,249,376	0	0	0	0	0	0	1,249,376
Liabilities from other financial instruments at fair value	1,091,457	0	0	0	0	0	0	1,091,457
Bond issues and central mortgage institution loans	0	0	0	2,000	76,018	0	0	78,018
Total 31.12.2022	19,456,617	77,261	15,348,857	1,813,705	1,500,401	0	0	38,196,841
Total 31.12.2021	30,122,481	725,563	2,806,209	567,245	1,368,271	134,893	0	35,724,662

Assets and liabilities by domestic and foreign origin

CHF 000	31.12.2022		31.12.2021	
	Swiss	Foreign	Swiss	Foreign
Assets				
Liquid assets	3,428,881	133,786	6,210,424	2,620,123
Amounts due from banks	87,963	4,278,760	253,878	1,505,236
Amounts due from securities financing transactions	8,850,000	0	0	0
Amounts due from customers	1,318,046	7,971,762	1,255,834	8,779,173
Mortgage loans	483,349	2,690,704	544,081	2,826,420
Trading portfolio assets	1,069,145	1,591,570	1,283,160	1,850,679
Positive replacement values of derivative financial instruments	182,560	1,030,146	129,511	495,205
Other financial instruments at fair value	690,945	767,056	1,080,188	1,193,703
Financial investments	2,823,202	7,015,597	319,299	10,772,977
Accrued income and prepaid expenses	33,656	183,323	74,957	96,412
Non-consolidated participations	29,570	8,334	29,185	8,359
Tangible fixed assets	530,515	18,181	534,379	17,639
Intangible assets	0	0	0	35,501
Other assets	192,385	210,906	235,362	173,671
Total assets	19,720,217	25,900,125	11,950,258	30,375,098
Liabilities				
Amounts due to banks	571,959	1,148,233	149,348	675,028
Liabilities from securities financing transactions	100,000	0	0	0
Amounts due in respect of customer deposits	9,291,930	24,650,799	5,611,912	26,759,046
Trading portfolio liabilities	6,710	8,359	8,010	6,003
Negative replacement values of derivative financial instruments	384,273	865,103	161,999	711,446
Liabilities from other financial instruments at fair value	778,778	312,679	1,070,887	437,676
Bond issues and central mortgage institution loans	4,002	74,016	60,415	72,892
Accrued expenses and deferred income	173,421	241,208	238,667	134,378
Other liabilities	380,620	338,700	174,023	239,313
Provisions	82,325	19,357	54,185	14,293
Reserves for general banking risks	260,871	9,771	165,851	9,771
Share capital	848,245	0	848,245	0
Capital reserve	1,745,862	0	1,745,862	0
Retained earnings reserve	454,179	1,652,139	42,398	1,759,043
Currency translation reserve	138,873	-247,386	138,873	-218,977
Minority interests in equity	181	884,976	23,716	807,871
Consolidated profit	115,297	324,862	13,489	409,693
Total liabilities	15,337,526	30,282,816	10,507,880	31,817,476

Assets by countries/country groups

CHF 000	31. 12. 2022		31. 12. 2021	
	Total	Part as a %	Total	Part as a %
Europe	10,518,119	23.1%	10,172,590	24.0%
Americas	10,267,964	22.5%	14,651,173	34.6%
Asia	4,839,684	10.6%	5,262,797	12.4%
Others	274,358	0.6%	288,538	0.8%
Total foreign assets	25,900,125	56.8%	30,375,098	71.8%
Switzerland	19,720,217	43.2%	11,950,258	28.2%
Total assets	45,620,342	100.0%	42,325,356	100.0%

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

	31. 12. 2022		31. 12. 2021	
	Net foreign exposure		Net foreign exposure	
	CHF 000	Part as a %	CHF 000	Part as a %
Standard & Poor's				
AAA to AA–	7,902,223	93.6%	10,792,191	90.7%
A+ to A–	–	–	67,994	0.6%
BBB+ to B–	539,887	6.4%	1,032,464	8.7%
Total net foreign assets	8,442,110	100.0%	11,892,649	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	3,428,881	121,084	388	12,314	3,562,667
Amounts due from banks	240,373	2,990,367	487,866	648,117	4,366,723
Amounts due from securities financing transactions	8,850,000	0	0	0	8,850,000
Amounts due from customers	1,625,982	1,758,278	4,795,268	1,110,280	9,289,808
Mortgage loans	402,622	630,875	268,251	1,872,305	3,174,053
Trading portfolio assets	593,090	10,135	365,722	1,691,768	2,660,715
Positive replacement values of derivative financial instruments	350,436	141,700	548,806	171,764	1,212,706
Other financial instruments at fair value	604,978	85,961	598,084	168,978	1,458,001
Financial investments	3,257,447	333,996	4,163,552	2,083,804	9,838,799
Accrued income and prepaid expenses	37,435	47,307	90,028	42,209	216,979
Non-consolidated participations	29,570	8,334	0	0	37,904
Tangible fixed assets	532,608	687	13,775	1,626	548,696
Intangible assets	0	0	0	0	0
Other assets	123,106	67,713	189,182	23,290	403,291
Total balance sheet assets	20,076,528	6,196,437	11,520,922	7,826,455	45,620,342
Delivery entitlements from spot exchange, forward forex and forex options transactions	9,439,447	5,869,154	24,781,212	6,212,984	46,302,797
Total assets 31.12.2022	29,515,975	12,065,591	36,302,134	14,039,439	91,923,139
Liabilities					
Amounts due to banks	121,364	315,168	957,866	325,794	1,720,192
Liabilities from securities financing transactions	100,000	0	0	0	100,000
Amounts due in respect of customer deposits	6,459,568	5,950,504	17,226,894	4,305,763	33,942,729
Trading portfolio liabilities	8,264	603	6,188	14	15,069
Negative replacement values of derivative financial instruments	749,461	106,712	291,764	101,439	1,249,376
Liabilities from other financial instruments at fair value	146,260	143,290	718,438	83,469	1,091,457
Bond issues and central mortgage institution loans	4,002	0	74,016	0	78,018
Accrued expenses and deferred income	160,443	104,330	101,135	48,721	414,629
Other liabilities	50,190	64,491	520,108	84,531	719,320
Provisions	73,829	27,171	648	34	101,682
Reserves for general banking risks	260,871	9,771	0	0	270,642
Share capital	848,245	0	0	0	848,245
Capital reserve	1,745,862	0	0	0	1,745,862
Retained earnings reserve	877,519	444,132	772,233	12,434	2,106,318
Currency translation reserve	138,873	-175,497	-42,055	-29,834	-108,513
Minority interests in equity	181	0	883,610	1,366	885,157
Consolidated profit	156,952	106,797	143,465	32,945	440,159
Total balance sheet liabilities	11,901,884	7,097,472	21,654,310	4,966,676	45,620,342
Delivery obligations from spot exchange, forward forex and forex options transactions	18,791,078	4,608,036	14,326,320	8,880,728	46,606,162
Total liabilities 31.12.2022	30,692,962	11,705,508	35,980,630	13,847,404	92,226,504
Net currency positions 31.12.2022	-1,176,987	360,083	321,504	192,035	-303,365

Consolidated notes – Information on off-balance sheet transactions

Breakdown and explanation of contingent assets and liabilities

CHF 000	31.12.2022	31.12.2021
Guarantees to secure credits and similar	191,486	200,766
Performance guarantees and similar	81,460	108,719
Irrevocable commitments arising from documentary letters of credit	0	0
Other contingent liabilities	24,488	208,679
Total contingent liabilities	297,434	518,164
Contingent assets arising from tax losses carried forward	16,015	17,804
Other contingent assets	0	0
Total contingent assets	16,015	17,804

Breakdown of credit commitments

CHF 000	31.12.2022	31.12.2021
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	31.12.2022	31.12.2021
Fiduciary investments with third-party banks	1,420,475	1,251,352
Fiduciary investments with linked companies	0	0
Fiduciary loans	253,485	364,843
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	1,673,960	1,616,195

Breakdown of managed assets and presentation of their development

CHF million	2022	2021
Type of managed assets		
Assets in collective investment schemes by the Group	21,035	27,364
Assets under discretionary asset management agreements	30,273	35,725
Other managed assets	146,629	161,650
Total managed assets (including double-counting)	197,937	224,739
Of which double-counted items	14,455	20,531
Development of managed assets		
Total managed assets (including double-counting) at beginning	224,739	192,405
+/- net new money inflow or net new money outflow	4,011	15,031
+/- price gains/losses, interest, dividends and currency gains/losses	-29,934	16,007
+/- other effects	-879	1,296
Total managed assets (including double-counting) at end	197,937	224,739

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 on the income statement

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

CHF 000	2022	2021
Breakdown by business area		
Trading profit with market risk	84,114	65,485
Trading profit without market risk	142,252	129,471
Trading profit from treasury activities	61,942	18,302
Total result from trading activities	288,308	213,258

Breakdown by underlying risk and based on the use of the fair value option

Result from trading activities from:		
Interest rate instruments	185,230	55,644
Equity securities (including funds)	–130	77,576
Foreign currencies	89,369	68,408
Commodities/precious metals	13,839	11,630
Total result from trading activities	288,308	213,258
of which, from fair value option	–229,587	84,939

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

CHF 000	2022	2021
Material refinancing income in the item “Interest and discount income”	0	0
Material negative interest	38,411	45,123

Breakdown of personnel expenses

CHF 000	2022	2021
Salaries	497,942	468,859
of which, expenses relating to share-based compensation and alternative forms of variable compensation	128,359	125,172
Social charges	78,476	73,140
Changes in book value for economic benefits and obligations arising from pension schemes	0	0
Other personnel expenses	17,150	16,769
Total personnel expenses	593,568	558,768

Breakdown of general and administrative expenses

CHF 000	2022	2021
Office space expenses	28,520	27,578
Expenses for information and communications technology	23,291	19,362
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	513	483
Fees of audit firm	4,179	3,766
of which, for financial and regulatory audits	3,810	3,390
of which, for other services	369	376
Other operating expenses	103,151	92,400
of which, compensation for any cantonal guarantee	0	0
Total general and administrative expenses	159,654	143,589

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

2022: Changes in reserves for general banking risks reflect the creation of additional reserves for general banking risks recognised at Bank J. Safra Sarasin Ltd and at consolidated level.

2021: 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 acquisition cost have taken place.

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

CHF 000	2022			2021		
	Swiss	Foreign	Total	Swiss	Foreign	Total
Net result from interest operations	216,780	243,488	460,268	52,749	332,600	385,349
Subtotal result from commission business and services	288,519	375,614	664,133	306,531	408,764	715,295
Result from trading activities and the fair value option	135,732	152,576	288,308	159,445	53,813	213,258
Subtotal other result from ordinary activities	18,582	10,206	28,788	-7,392	-585	-7,977
Operating income	659,613	781,884	1,441,497	511,333	794,592	1,305,925
Personnel expenses	-321,986	-271,582	-593,568	-299,666	-259,102	-558,768
General and administrative expenses	-81,686	-77,968	-159,654	-74,813	-68,776	-143,589
Subtotal operating expenses	-403,672	-349,550	-753,222	-374,479	-327,878	-702,357
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	-9,041	-50,240	-59,281	-16,302	-7,875	-24,177
Changes to provisions and other value adjustments, and losses	-33,141	-7,933	-41,074	-32,117	-7,071	-39,188
Operating result	213,759	374,161	587,920	88,435	451,768	540,203

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

CHF 000	2022	2021
Current income and capital tax expenses	48,832	51,613
Allocation to provisions for deferred taxes	4,530	-2,773
Recognition of deferred income taxes	1,016	-8,900
Total	54,378	39,940

The weighted average tax rate amounts to 9.8% (2021: 7.1%).

In 2022, the ordinary net tax expense effect of the use of losses carried forward was nil (2021: nil).



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements (pages 41 to 79) of J. Safra Sarasin Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2022, 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.

In our opinion, the consolidated financial statements for the year ended December 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law, and for such internal controls as the Board of Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Christian Siebold
Licensed Audit Expert

Zurich, February 21, 2023



Mata Atlântica
Brazil – Foz do Iguaçu

Sustainability Report



Sustainability Report 2022

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

Introduction

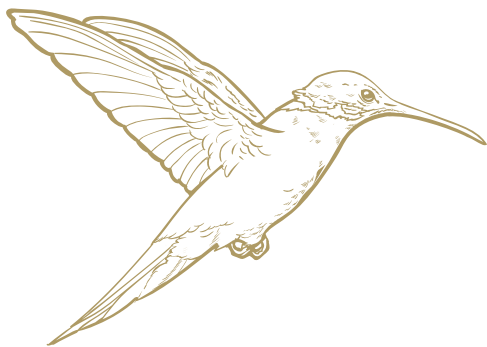
The high volatility in global financial markets in 2022 was accompanied by significant developments and challenges in the sustainability space. Most prominently, high inflation and the looming energy supply gap raised questions about the feasibility and timing of the transition to a low-carbon economy. At the same time, unprecedented extreme weather events and heat records were shattered over the course of the year. Global warming and the resulting climate change are already visible and increasingly tangible negative impacts are threatening various geographies across the globe. To address the challenge, an increase in the ambition of intermediary climate targets by 2030 is urgently needed. In order to enter a pathway towards 1.5°C, global greenhouse gas

(GHG) emissions need to be reduced by 50% by 2030 and net zero must be achieved by 2050 or sooner. The international community gathered at the UN Climate Conference COP27 in November, reconfirmed the commitment to reduce emissions, addressed mitigation as well as adaptation and took more concrete steps towards covering damage and losses, particularly in developing and emerging economies. However, the combination of commitments is not yet in line with a 1.5°C scenario.

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

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

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



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

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

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

The information provided in this Sustainability Report is selected and presented according to completeness, balance, accuracy, timeliness, clarity and

reliability principles. The figures published cover the entire J. Safra Sarasin Group (the "Group"), including branches and consolidated affiliates, where possible.

The meaning of Corporate Sustainability

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

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

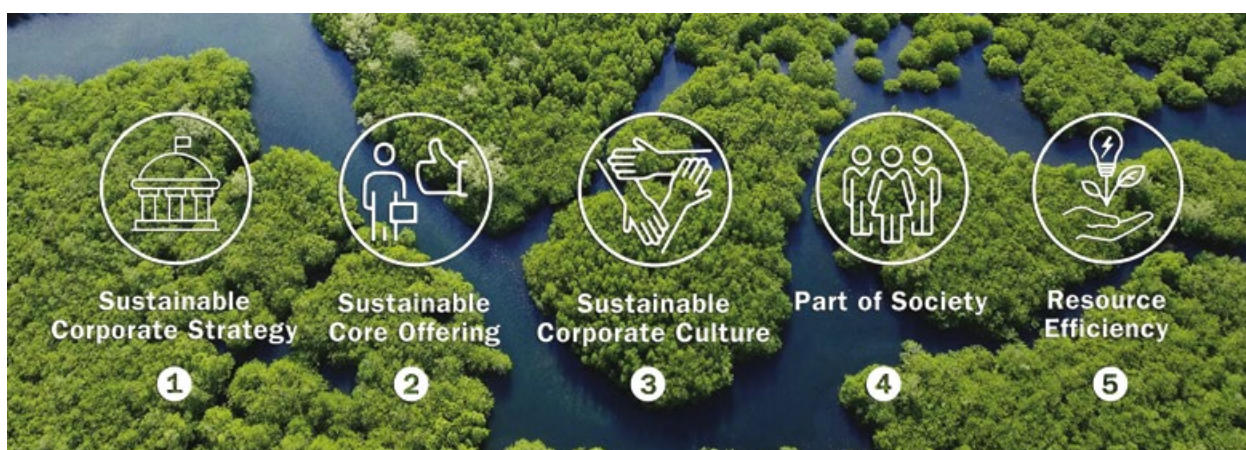
From this understanding, J. Safra Sarasin has defined five strategic Corporate Sustainability objectives. This Sustainability Report is structured along these five objectives:

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

Corporate Sustainability at a glance

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

Figure: The five Sustainability Objectives for J. Safra Sarasin



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

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

Commitment to Sustainability – since 1841

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

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



Figure: Pyramid of sustainability strategy



The sustainability strategy of J. Safra Sarasin

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

The Corporate Sustainability Board (CSB)

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

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

The ESG Committee

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

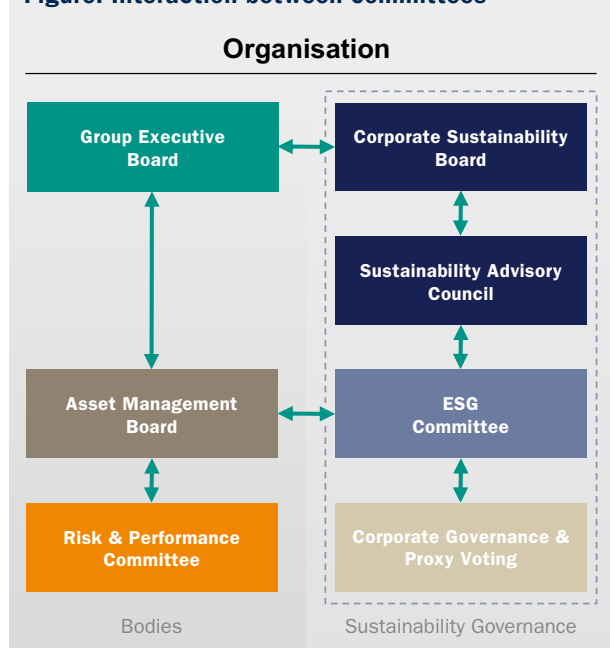
The Sustainability Advisory Council (SAC)

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

Legal & Compliance

J. Safra Sarasin conducts its business activities within the scope of the applicable statutory and regulatory provisions and in compliance with rules of business conduct for the banking industry. The Group Executive Board and the management of the business divisions and branches/affiliates are responsible for compliance with all legal and regulatory provisions. Legal & Compliance provide support to the management in meeting

Figure: Interaction between committees



this responsibility. Legal & Compliance units functionally report to the General Counsel, thereby ensuring their independence from the operating business.

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

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

Changes in the regulatory environment

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

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

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

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

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

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

Objective 2: We incorporate sustainability considerations in our investment activities

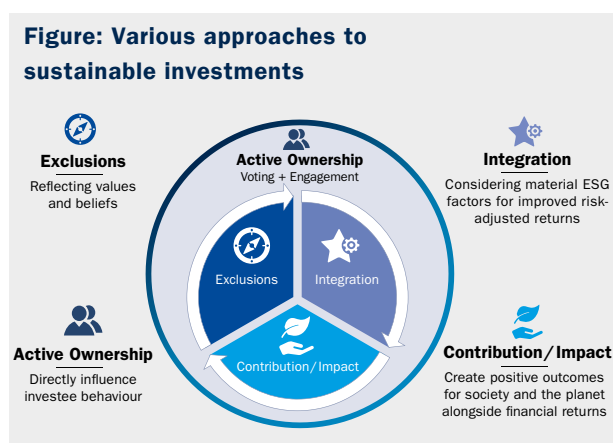
The basis of J. Safra Sarasin's success is also founded on its sustainable investment strategy and its solid, sustainable know-how gleaned from more than 30 years of experience.

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

Bank J. Safra Sarasin strives to demonstrate added value to clients in each step of the investment process: from macro research and constructing the investment universe to security selection, portfolio construction, risk monitoring and client portfolio reporting. Embedding sustainability has the clear objective of improving investment decisions and results, reducing

the adverse environmental and social footprint of clients' portfolios, generating positive impact and promoting sustainable financial markets aligned with the *UN Principles for Responsible Investment* (UN PRI).

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



Sustainable Investments

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

Bank J. Safra Sarasin's primary objective is to deliver superior risk-adjusted investment performance to its clients by considering all relevant, issuer-specific

aspects, including ESG considerations, in the investment analysis. To this end, the Bank also engages with investee companies, clients and the broader public to foster a change in behaviour towards sustainable practices.

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

I. Reducing Risks and Delivering Returns

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

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

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

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

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

III. Active Ownership

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

Sustainable Investment Process

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

The sustainable investment process comprises the following four steps:

1. Eligible Investment Universe

The first step of J. Safra Sarasin's generic sustainable investment process is the strategy-specific definition of the eligible investment universe, in accordance with the ESG criteria as determined on the basis of the internal sustainability analysis. This stage comprises the exclusion of controversial activities and may as well cover positive and negative sustainability screening, i.e. either a best-in-class or a worst-out process. ESG key issues, SDG-related revenues, carbon metrics and other relevant sustainability-related data are sourced from a number of data providers and inte-

grated into the Bank's proprietary database and algorithms, where an Industry and a Company Rating are calculated. A similar process is applied for country ESG ratings.

2. Investment Analysis

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

3. Portfolio Construction

In the third step, portfolio managers monitor the aggregated ESG ratings and climate-related metrics of their investment strategies and compare them with the benchmark or reference portfolio in their risk management systems on an ex ante basis. For a number of strategies, the Bank assigns ESG and climate objectives which the portfolio managers must adhere to. Climate objectives often relate to the carbon footprint of the strategies against the benchmark. Certain 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.

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

Figure: Integration of specific sustainability objectives

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

Sustainable Investment Tools

1. List of exclusion criteria

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

Controversial Weapon Guidelines of J. Safra Sarasin Group

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

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

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

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

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

2. Positive and Negative Screening

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

Company Rating:

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

Industry Rating:

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

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

ESG A-rated (best-in-class) companies are investable without any restriction in all strategies. ESG B-rated (neutral) companies are only investable in the Bank's ESG-integrated strategies. In these strategies, the relevant ESG risks and opportunities must be addressed along the investment process, i.e. in research, investment case, portfolio construction and ESG performance monitoring. In addition, an engagement strategy is applied in cases where a positive impact can be reached through company interaction. ESG C-rated firms are lagging behind their industry peers, exhibit specific sustainability concerns, raise questions in terms of the "do no significant harm" principle, or show a weak performance against important industry-specific standards. Companies can also be C-rated

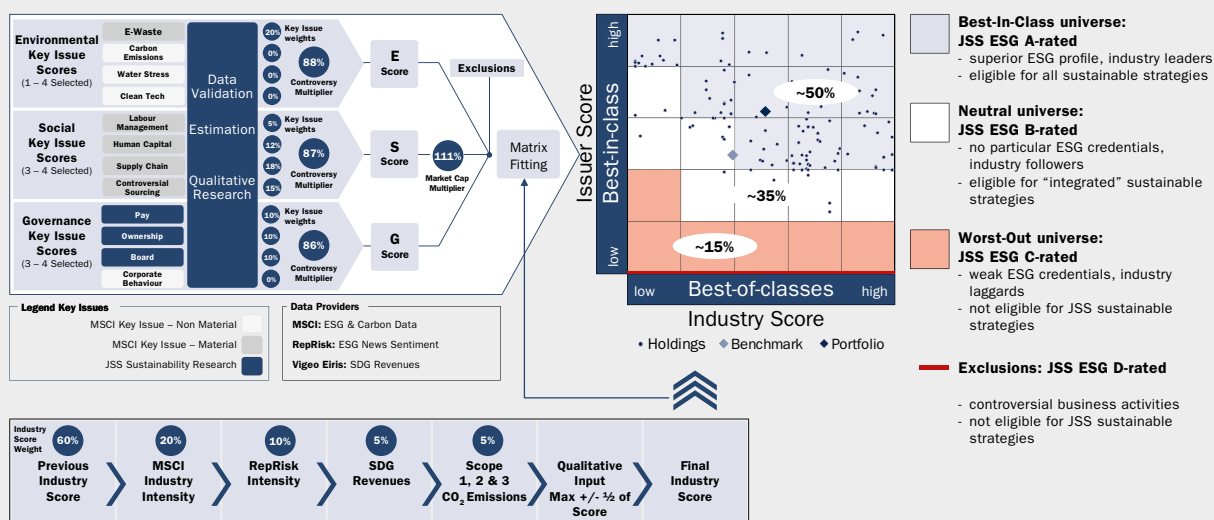
after an unsuccessful engagement initiative to address identified weaknesses. Finally, companies on the Bank's exclusion list are D-rated. C- and D-rated companies are not eligible for the Bank's sustainable investment strategies. In case of a passive breach after a rating deterioration, an adequate grace period for divestment applies to protect the clients' best interests.

The definition of the A-rated universe ensures that of the entire global investment universe of issuers for which ESG data are available, about half (50%) of the number of issuers are excluded. Integrated strategies that allow investments in the A- as well as the B-universe

encompass about 85% of a global investment universe. The C-universe (worst-out), which is not eligible for our sustainable investment strategies, consists of about 10-15% of issuers, with the remaining part forming the exclusion list (D-rated universe).

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

Figure: J. Safra Sarasin Sustainability Matrix®



Note: The distribution of firms to the universes A-D is based on a global investment universe. In regional subsets, the respective figures can vary.
Source: Certain information ©2022 MSCI ESG Research LLC. Reproduced by Bank J. Safra Sarasin Ltd with permission.

3. Long-term sustainability trends

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

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

One specific area where J. Safra Sarasin expects above-average structural growth is in companies

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

4. ESG Integration

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

process also includes defining sustainable key performance indicators for each investment case.

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

5. ESG profile and risk assessment

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

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

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

6. Climate profile and risk assessment

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

By using climate-related data, such as the CO₂-footprint or stranded asset exposure, transitional and physical business risks are identified and measured within a portfolio context. The focus of the analysis is to highlight and reduce tail risks.

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

7. ESG risk monitoring and reporting

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

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

8. Active Ownership

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



Active Ownership Strategy

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

Exercising voting rights at Bank J. Safra Sarasin

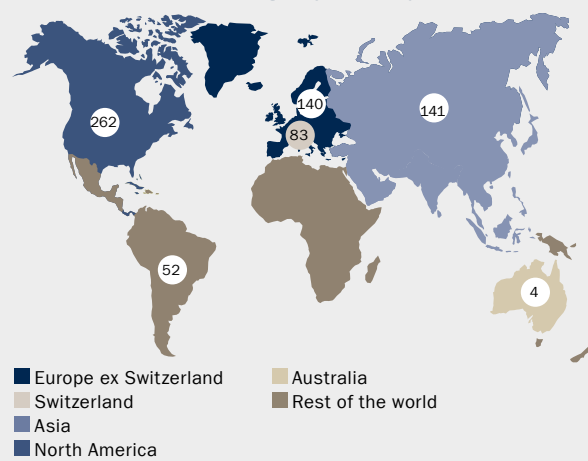
Voting rights are exercised for equity funds taking into account environmental, social and corporate governance criteria. Although the majority of votes concern corporate governance issues, J. Safra Sarasin also considers social and environmental issues when exercising voting rights on behalf of clients.

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

Table: Overview of voting activity

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

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



Engagement

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

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

Each form of engagement is associated with an area of impact. In direct dialogue and management interactions, J. Safra Sarasin strives to put forward its investment arguments, while in the case of collaborative company engagements, the focus targets systemic ESG aspects, such as climate or biodiversity risks. Furthermore, participation in public policy engagements is directed to influence local or international frameworks, such as reporting or accounting standards. The

approach is aligned with J. Safra Sarasin's sustainable investment methodology and takes into account numerous international guidelines and standards such as the *UN Global Compact* or the *OECD Guidelines for Multinational Enterprises*.

Direct dialogue with companies on key ESG issues

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

Collaborative engagements with other investors

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

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

- *Access to Medicine Index*
- *Access to Nutrition Initiative*
- *Carbon Disclosure Project (CDP) – Disclosure campaign*
- *FAIRR – Animal Pharma*
- *FAIRR – Sustainable Proteins*
- *FAIRR – Sustainable Aquaculture*
- *FAIRR – Working Conditions*

- *FAIRR – Biodiversity Loss from Waste & Pollution*
- *Science-Based Targets Initiative (SBTi) – Media campaign*
- *ShareAction – Chemicals Decarbonisation*

Management interactions through investment teams

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

Public policy engagement

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

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

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

J. Safra Sarasin Sustainable Asset Management Climate Pledge

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

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

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

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

Implementation of the Climate Pledge

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

Sustainable Investment Tools

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

1) Exclusions: divestment from coal

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

2) ESG Screening Process

The ESG Screening Process is performed with the help of the Bank's proprietary Sustainability Matrix®. It consists of two dimensions: the Industry Rating (x-axis) and the Company Rating (y-axis). The x-axis measures the sustainability of the industry by taking into account controversies, risk exposures but also positive and negative impacts. The carbon footprint

of each industry is an important input in this rating. On the y-axis, companies are compared within their peer group on their ability to reduce their negative climate impact with a best-in-class approach (enhanced strategies). Companies that fare the worst on this metric are excluded from all sustainable investment strategies.

3) SDG-Integration and long-term trends

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

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

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

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

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

- **Stranded assets:** Stranded assets are defined as “assets on corporate balance sheets that rapidly

lose their value as a result of forced write-offs”. Stranded assets currently mainly refer to utilities and exploration companies, where the traditional activities of finding and generating energy (fossil fuels) have come under pressure as a result of climate protection regulations.

4) ESG Integration

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

5 & 6) ESG and Climate Objectives

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

7) ESG & Climate Risk Reporting and Monitoring

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

8) Active Ownership

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

Setting climate objectives for portfolios

The core of the Climate Pledge is the voluntary commitment to achieve a carbon-neutral outcome in portfolios by 2035. A number of portfolios may therefore be subject to the objectives such as reducing their CO₂-footprint to net zero by 2035. The CO₂-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 CO₂-footprint is set. In each subsequent year, this target is reduced by 7%. This means that the objective “decarbonises itself” over time. This process is followed until 2030, after which the objective is reduced linearly until it falls to zero in 2035. For benchmark-oriented strategies, the starting point is set at 30% below the benchmark. For non-benchmarked strategies, the starting point will be set at a fixed level, corresponding to the respective strategy. For instance, it may be set at 30% below a reference value relevant from a risk management perspective.

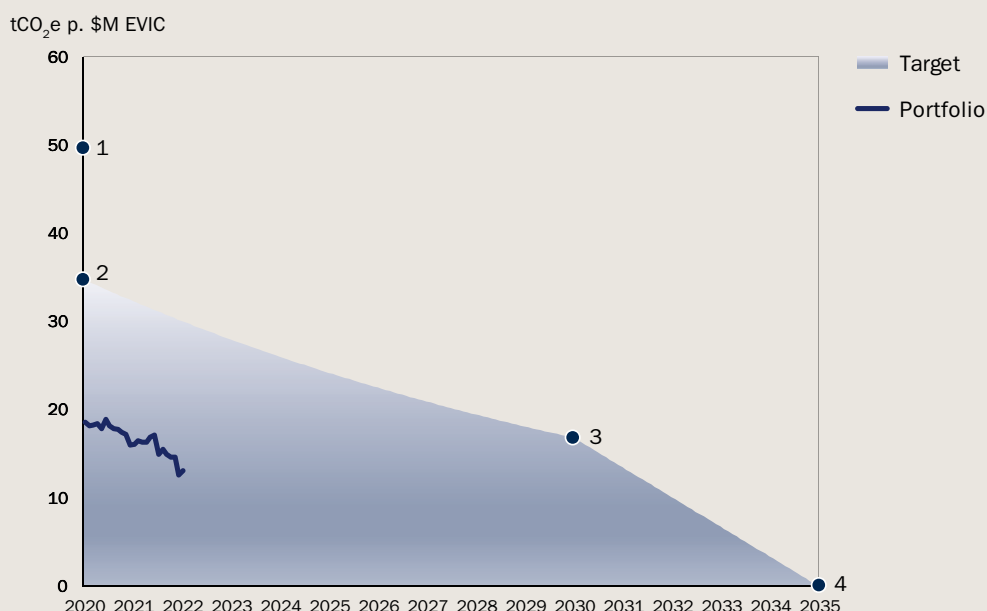
The J. Safra Sarasin Sustainable Asset Management Climate Pledge aiming for a net zero outcome by 2035 is currently under implementation. By the end of 2022, the Climate Pledge has been applied to 19% of the

addressable assets under management at J. Safra Sarasin Sustainable Asset Management. The Climate Pledge methodology is outlined in the Climate Policy and follows the Paris Aligned Benchmark regulation with four elements (as marked in the figure below):

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

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

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



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

Sustainability analysis of sovereign bonds

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

methodology, environmental and climate protection are seen as part of good governance, complemented with rigorous social and governance criteria.

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

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

Figure: J. Safra Sarasin ESG country rating

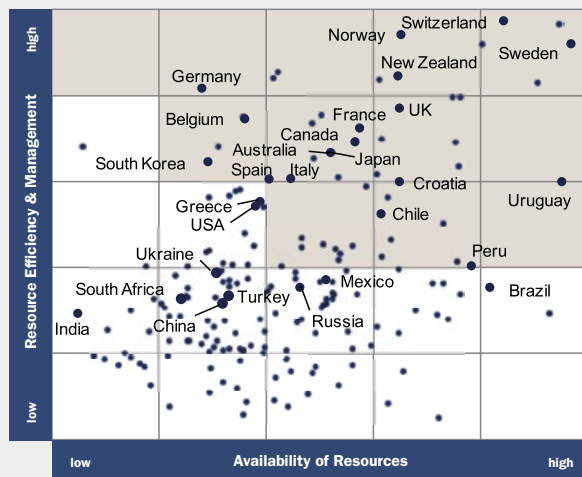


Figure: Overview of key themes and key risks

	Availability of resources (horizontal axis)	Resource efficiency & management (vertical axis)
Historical data ca. 60%	Key Issues: <ul style="list-style-type: none"> • Water • Land & Biocapacity • Energy • External Environmental Costs 	Key Issues: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Climate Transition & Nature Protection 	Forward looking key risks: <ul style="list-style-type: none"> • Social Stability & Unrest Potential • System Stability & Effectiveness
Trend	Trend	Trend

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

The Swiss Federal Council initiated the Swiss Climate Scores in order to increase transparency towards clients and investors of financial investments. The Swiss Climate Scores were launched at a Federal Council meeting on 29 June 2022. The aim of the Swiss Climate Scores is to provide institutional and private investors in Switzerland with transparent information on how financial investments are compatible with international climate goals and how they consider climate-related risks. The Federal Council recommends the Swiss Climate Scores to be applied by all market players. The Swiss Climate Scores include a number of indicators for investment portfolios to reflect the current state and positioning towards future climate goals, i.e. net zero by 2050. The indicators present a best-practice approach to climate transparency. The elaboration of the Swiss Climate Scores

relates to the *Paris Agreement*, the global framework for climate goals, which was established in 2015 with the ambition to limit global warming to well below 2°C. It was reconfirmed in 2018 to limit global warming to 1.5°C by the end of the century compared to pre-industrial levels. In order to maintain a probability of reaching the climate goal, entering a pathway to achieve net zero by 2050 and reducing 50% of global greenhouse gas (GHG) emissions by 2030 is key. The voluntary Swiss Climate Scores intend to enable clients and investors to make investment decisions more efficiently along these lines.

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

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

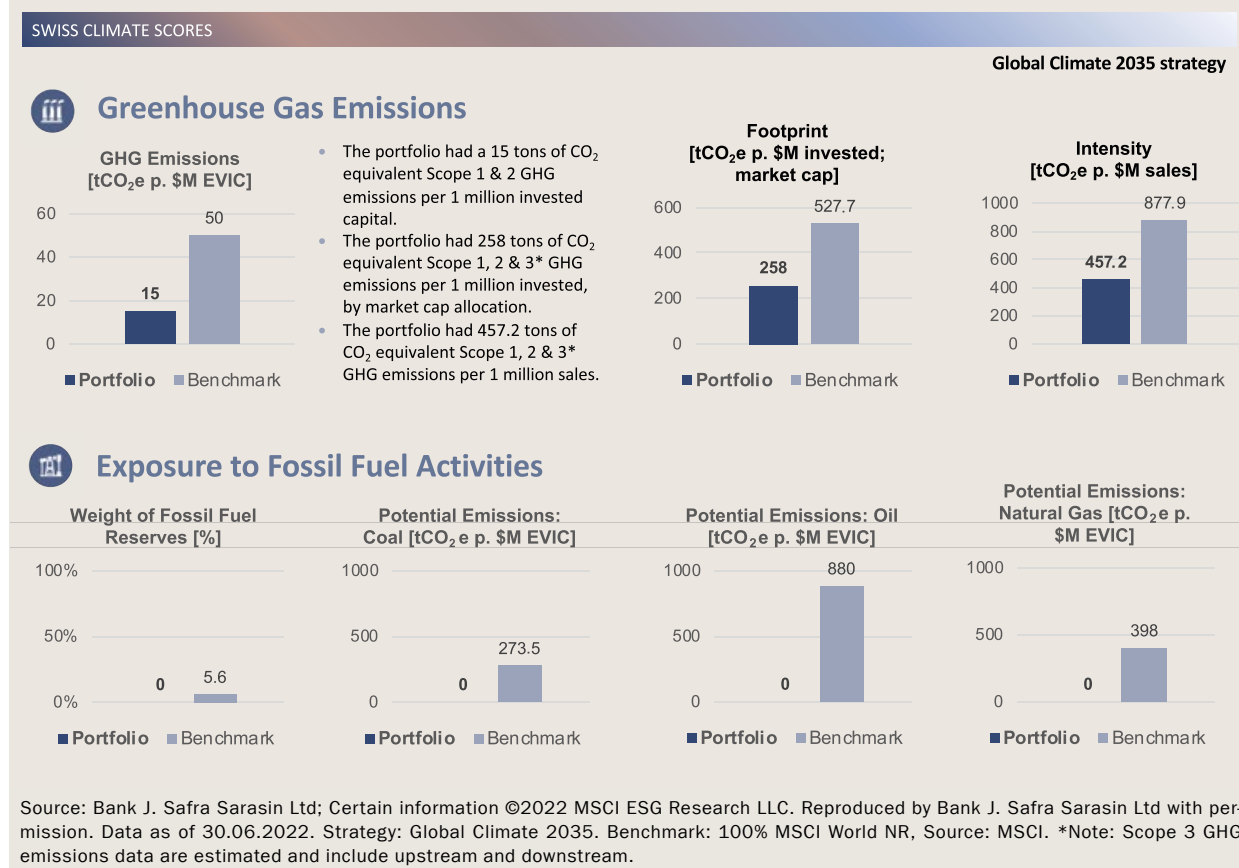
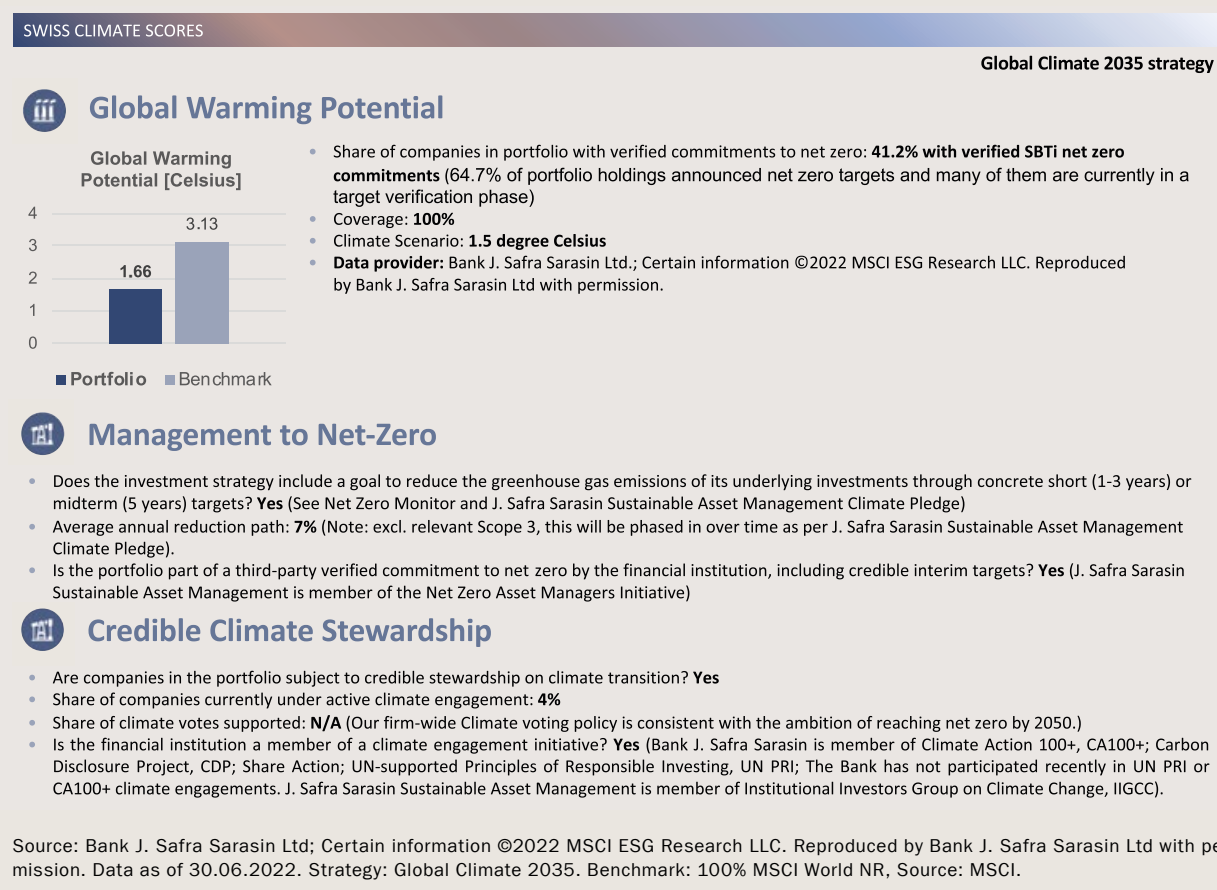


Figure: Swiss Climate Scores for the Global Climate 2035 strategy – Indicators on Global Warming Potential, Management to Net zero and Credible Climate Stewardship



Case study: Sustainable Outcomes at J. Safra Sarasin

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

Bank J. Safra Sarasin targets sustainable outcomes for selected sustainable investment strategies by

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

SDG and Green Revenues

The Bank developed a robust framework to translate the 17 SDGs and its 169 sub-targets into quantifiable and actionable investment cases by regrouping them into four areas - two for the People: Fulfilling Basic Needs

and Empowering People; and two for the Planet: Preserving Natural Capital and Achieving the Energy Transition. The latter will be used to quantify the share of “green revenues”. Presently, three sustainable equity investment strategies make use of this framework either solely or as part of their sustainability objective. The SDG Opportunities strategy aims to reach at least 30% of SDG revenues at the portfolio level, while the Green Planet strategy targets to have at least 30% of green revenues. Additionally, the award-winning Global Climate 2035 strategy aims to have at least 20% of exposure to green revenues while also investing in climate pledgers.

Climate Ambition

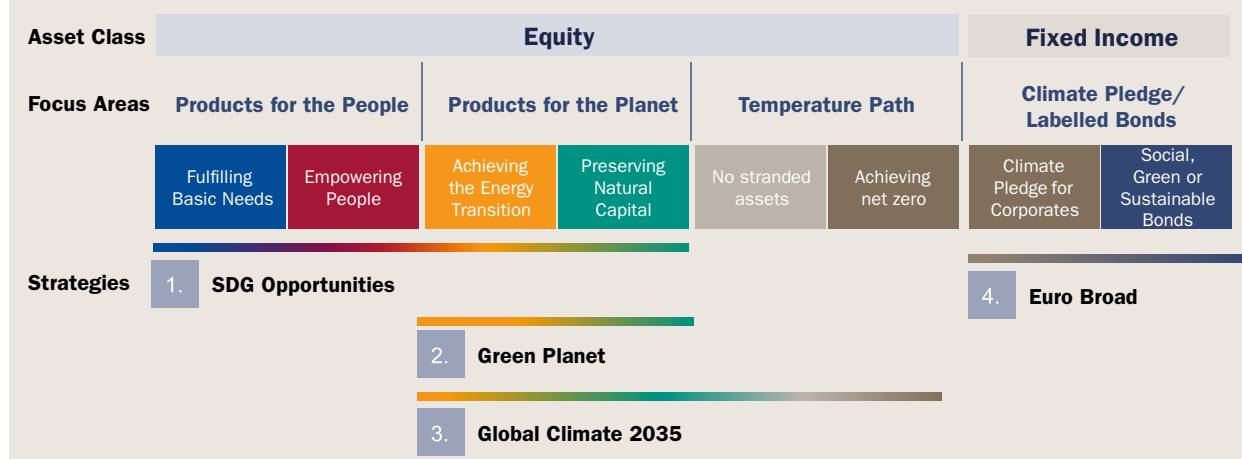
In addition to green revenues, Global Climate 2035 uses an overarching objective to keep its portfolio tem-

perature path below 2°C. Furthermore, the strategy aims for a net zero outcome by 2035, as outlined by the J. Safra Sarasin Sustainable Asset Management Climate Pledge. The Climate Pledge is also applicable on the fixed income side for corporates in the Euro Broad strategy.

Labelled Bonds

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

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



Selection of Sustainable Investment Strategies in Focus

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

Sustainable Equities

1) SDG Opportunities

The strategy aims to generate long-term returns while participating in the achievement of the *Sustainable*

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

2) Global Climate 2035

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

3) Global Dividend

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

4) Green Planet

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

Sustainable Fixed Income

5) Global High Yield

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

6) Euro Broad

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

Private banking discretionary mandates

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

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



A series of events in quick succession from 1986 onwards – starting with the Chernobyl nuclear disaster and the spill from the Swiss chemical plant that

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

Figure: Sustainability Milestones

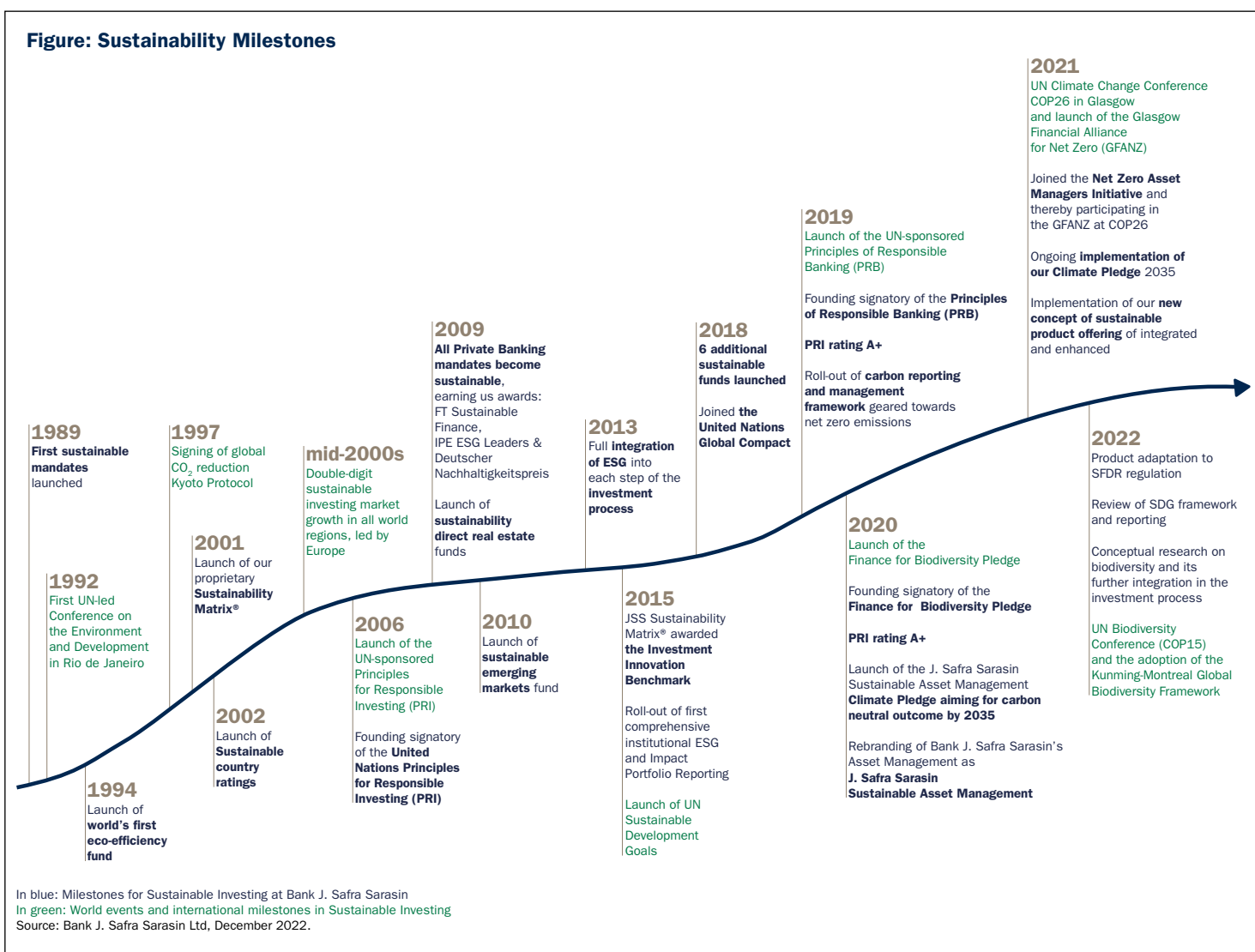
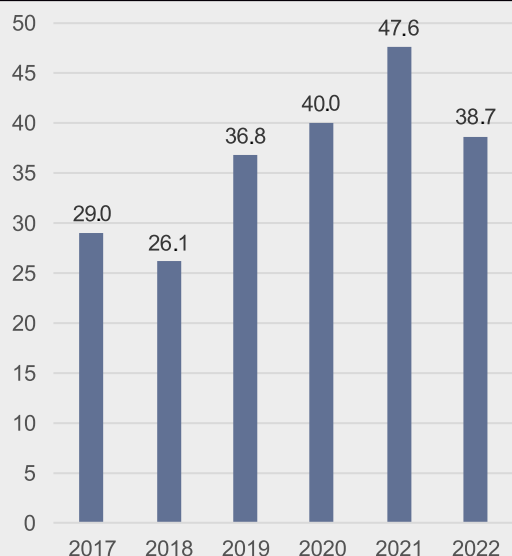
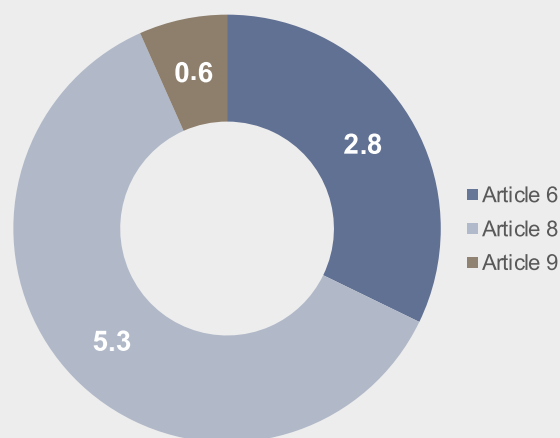


Figure: J. Safra Sarasin sustainably managed assets (billion CHF)³

Development of assets managed sustainably by J. Safra Sarasin (Bn CHF)



JSS Lux Funds according to SFDR Art.6 /Art. 8 /Art. 9 (Bn CHF)



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

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



J. Safra Sarasin Sustainable Asset Management embodies sustainability in its name, further conveying the Bank's identity, expertise offering and values. As a privately-owned bank, sustainability is in the Bank's DNA and its mission is to enable clients to achieve their financial and sustainability goals by providing superior investment solutions. J. Safra Sarasin Sustainable Asset Management has created a concept to classify its solutions as sustainable which are offered in various product ranges. The foundation is the J. Safra Sarasin Sustainable Investment Policy and the J. Safra

Sarasin Sustainable Asset Management Climate Pledge. In 2022, a focus was the further implementation of the concept and consequently reclassification of the sustainable investment products, as well as meeting regulatory requirements, e.g. SFDR. Previously reported sustainable and responsible assets under management are now displayed as sustainable assets under management. Sustainably managed assets at J. Safra Sarasin reached CHF 38.7 billion as of 31 December 2022, including assets under the management of Sarasin & Partners. CHF 6.3 billion are white-label products, non-sustainable and in-transition strategies and total assets under management of J. Safra Sarasin Sustainable Asset Management amount to CHF 45.5 billion. Investment strategies where the Climate Pledge was implemented totalled CHF 5.3 billion, which equals to 19% of the addressable assets under management of J. Safra Sarasin Sustainable Asset Management.

J. Safra Sarasin Sustainable Asset Management – Sustainable Products

		Sustainability Consideration	Sustainability Contribution
Investment funds and securities products	Equity funds	<ul style="list-style-type: none"> – Next-Gen Consumer* – Future Health* – Global Dividend* – Global Multifactor* – Global Real Estate (REITS)* – Global Thematic* – Tech Disruptors* – Switzerland (also Small & Mid Caps) – Europe* (also Small & Mid Caps) – USA* – Systematic Emerging Markets* – India* 	<ul style="list-style-type: none"> – Global Climate 2035** – Green Planet** – SDG Opportunities**
	Multi-asset funds	<ul style="list-style-type: none"> – Multi Asset – Global Opportunities* – Multi Asset – Global Income* – Multi Asset – Thematic Balanced CHF & EUR* 	
	Bond funds	<ul style="list-style-type: none"> – Asia Opportunities* – Bonds CHF* – Bonds EUR* – Bonds Global – CHF domestic – CHF foreign – Emerging markets* – Emerging Market Corporates* – EUR Corporate* – Global Convertibles* – Global Financials* – Global High Yield* – Insurance Bonds* – Short-term Bonds USD – Total Return Global* 	– Euro Broad**
	Actively managed certificates	<ul style="list-style-type: none"> – Emerging Market Corporates – Financials – Technology Disruptors – Financials 	
J. Safra Sarasin Investment Foundation	Equity strategies	<ul style="list-style-type: none"> – Global excl. Switzerland – Switzerland (also Small & Mid Caps) 	
	Multi-asset strategies	<ul style="list-style-type: none"> – Defensive Asset Allocation – Balanced Asset Allocation – Dynamic Asset Allocation 	
	Bond investment strategies	<ul style="list-style-type: none"> – CHF – CHF domestic – CHF foreign – Global excl. CHF – Global High Yield 	
	Property strategies	<ul style="list-style-type: none"> – Swiss Direct Real Estate – Real Estate Europe* 	
Mandates	For private clients	<ul style="list-style-type: none"> – Bonds* – Multi-asset* – Equities* 	
	For institutional clients	<ul style="list-style-type: none"> – Bonds – Balanced – Equities 	
Advisory services	Advisory for third-party funds	<ul style="list-style-type: none"> – Balanced Fund of Funds – Global Convertibles – Insurance Bonds* – Real Estate Europe* 	

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

Sustainable Real Estate research



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

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

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

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

1. Initial examination

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

2. Sustainability analysis

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

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

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

3. Detailed due diligence

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

4. Viewing

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

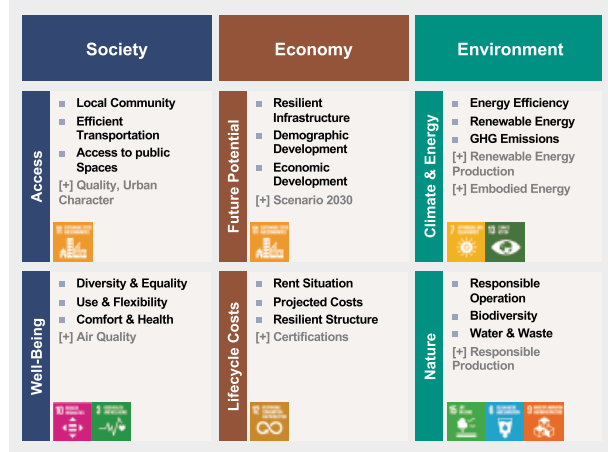
5. Negotiation

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

6. Purchasing

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

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



Knowledge-sharing and communication

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

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

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

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

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

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

Awards and Labels

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



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

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



Bank J. Safra Sarasin was awarded by ESG Investing for its investment strategy Global Climate 2035 in the category Best ESG Investment Fund: Thematic (Climate alignment). The strategy aims to generate attractive long-term returns while harnessing opportunities and mitigating risks stemming from the climate

transition. It is the signature strategy for the Bank's Sustainable Asset Management Climate Pledge, aiming for a net zero outcome by 2035. Bank J. Safra Sarasin was also amongst the finalists in the categories "Best Corporate Sustainability Strategy", "Best Bank for Sustainable Finance" and "Best ESG Investment Fund: Global Thematic".

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



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

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



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

MSCI Fund ESG Quality Score



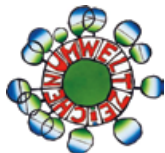
The MSCI ESG Fund Quality Score measures the overall ESG quality (for example, of the holdings of mutual funds) as measured by the ability of constituent companies to manage medium- to long-term risks and opportunities arising from ESG exposures. It assesses funds on a scale from 0 to 10. A score of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

Transparency Logo for Sustainability Funds



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

Austrian Ecolabel



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

Assets under Licence

STOXX® made by Bank J. Safra Sarasin

Since March 2011, Bank J. Safra Sarasin has been responsible for the composition of the STOXX® Sustainability Indices. The constituents of the STOXX® Europe 600 Index are assessed based on their ESG (environmental, social and governance) opportunities and risks using Bank J. Safra Sarasin's research methodology. If the issuers show a good enough sustainability rating, they are admitted to the STOXX® Sustainability Indices⁴.

Assets under Research

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

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



In 2022, the FNG Seal, the quality standard for sustainable investment funds awarded three stars (the highest possible rating) to three funds and two stars to four funds of Bank J. Safra Sarasin, for their ambitious and comprehensive sustainability strategy. According

to FNG, high-quality sustainability funds that excel in the areas of “institutional credibility”, “product standards” and “impact” (title selection, engagement and KPIs) are awarded up to three stars. The FNG-Label is the quality standard for sustainable investments in the German-speaking financial market and provides guidance in the search for solid, professionally managed sustainability funds. The credibility of the FNG-Label is underpinned by an independent audit.

Objective 3: We live a sustainable corporate culture



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

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

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

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

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

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

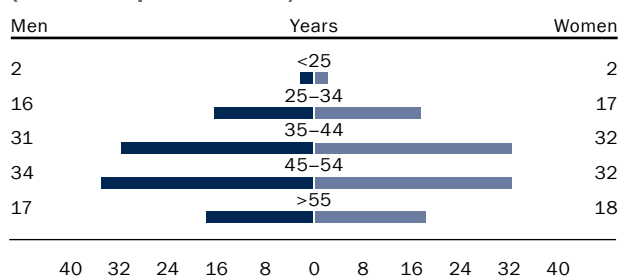
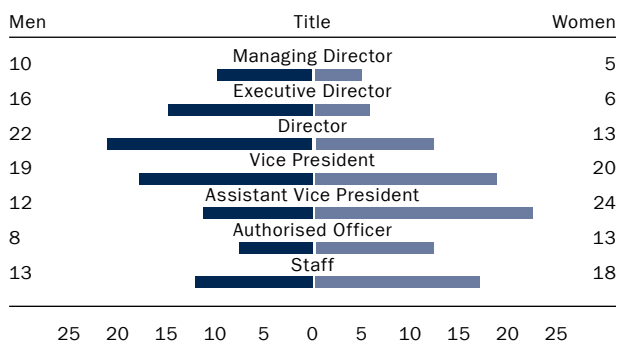


Table: Headcount by job title (full-time equivalent in%)



Code of Business Conduct

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

Employment and social benefits

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

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

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

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

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

Respectful working environment



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

Employee representation at Bank J. Safra Sarasin in Switzerland

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

Learning and development

J. Safra Sarasin emphasises the importance of continuous training and education to realise the full potential of its global staff and to ensure its employees act in a fully compliant way at all times. The commitment of the Executive Committee, the ongoing enhancements of the Bank’s learning curriculum along business-relevant training categories and a Learning Manage-

ment System ensure the Group’s ability to deliver online learning programmes, classroom and blended training opportunities. The sustainability team regularly conducts sustainability trainings. A training push for client-facing staff on sustainability topics was conducted in 2022 to introduce new developments and requirements surrounding the EU’s sustainable finance regulation, e.g. SFDR and MiFID II. Furthermore, the Bank is active in cooperating with universities in order to offer interesting working opportunities to new talent.

Healthy employees

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

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

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

Women network

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

Objective 4: We are part of the society



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

Sustainable events and procurement

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

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

Sponsoring

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

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

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

The Esmeralda Charity Golf Cup 2022 organised by the Limmat Foundation in Zurich, a philanthropic

initiative supporting schools for children in Colombia, being an outside activity, was maintained.

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

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

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

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

Sustainability Memberships and Initiatives

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

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

Founding Member or Signatory:

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

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

Member or Signatory:

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

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

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



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 fulfilling the Ten Principles in the areas of human rights, labour, the

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

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

Bank J. Safra Sarasin is founding signatory



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

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

In the most recent UN PRI rating, Bank J. Safra Sarasin was awarded five out of five stars for the

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

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



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

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

Bank J. Safra Sarasin is founding signatory



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 the people and the planet, now and into the future. All countries and stakeholders, acting in collaborative partnership, recognise that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Not only states are asked to stimulate action, but companies, the finance industry, NGOs, and the wider society.

J. Safra Sarasin contributes to the realisation of the SDGs in various ways. As a founding signatory of the *UN Principles for Responsible Banking* (UN PRB)

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



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



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

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



Bank J. Safra Sarasin has been a founding member of the *Swiss Climate Foundation* for over 10 years. Catering to its claim "Protecting the climate. Strengthening small and medium enterprises (SMEs)", the Climate Foundation supports projects of SMEs that help to reduce carbon dioxide emissions. The Foundation is a voluntary initiative by the Swiss financial sector which has benefitted from the reimbursement of the proceeds of the CO₂-levy introduced by the Swiss Federal Government in 2008. As service providers are lower CO₂ emitters, Bank J. Safra Sarasin and 26 other financial service companies decided to use the proceeds to make an active contribution to mitigating climate change through financing climate solutions and projects. In 2022, the Bank renewed its long-standing partnership with the Swiss Climate Foundation to reflect its

sustainability commitments related to climate action. The Bank also supports the organisation by holding a seat on the Board of Trustees of the Swiss Climate Foundation.

Objective 5: We manage resources efficiently



Climate Targets and Metrics

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

Climate action

Over the course of 2022, total CO₂ emissions increased to 1,215 kg CO₂-equivalent per employee. The average business travel activity per employee increased to 3,973 kilometres per employee, which is largely due to the now lifted travel restrictions. As in the past, the Group seeks to use ecologically appropriate means of transport for business travel wherever possible (staff commuting to and from work is not included).

Besides the absolute level of energy consumption, the amount of greenhouse gas (GHG) depends crucially on how electricity is generated. In most countries, power generation involves far higher CO₂ emissions than in Switzerland. The overall electricity consumption per employee in 2022 was 3,498 kWh, an increase from the previous year. The overall increase in 2022 in business travel, energy consumption and therefore in CO₂ emissions compared to 2021 is largely due to the lifted Covid-restrictions. The long-term trend in emission and consumption reduction still continues (see figure p. 119).

Energy efficiency

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

Reducing carbon emissions

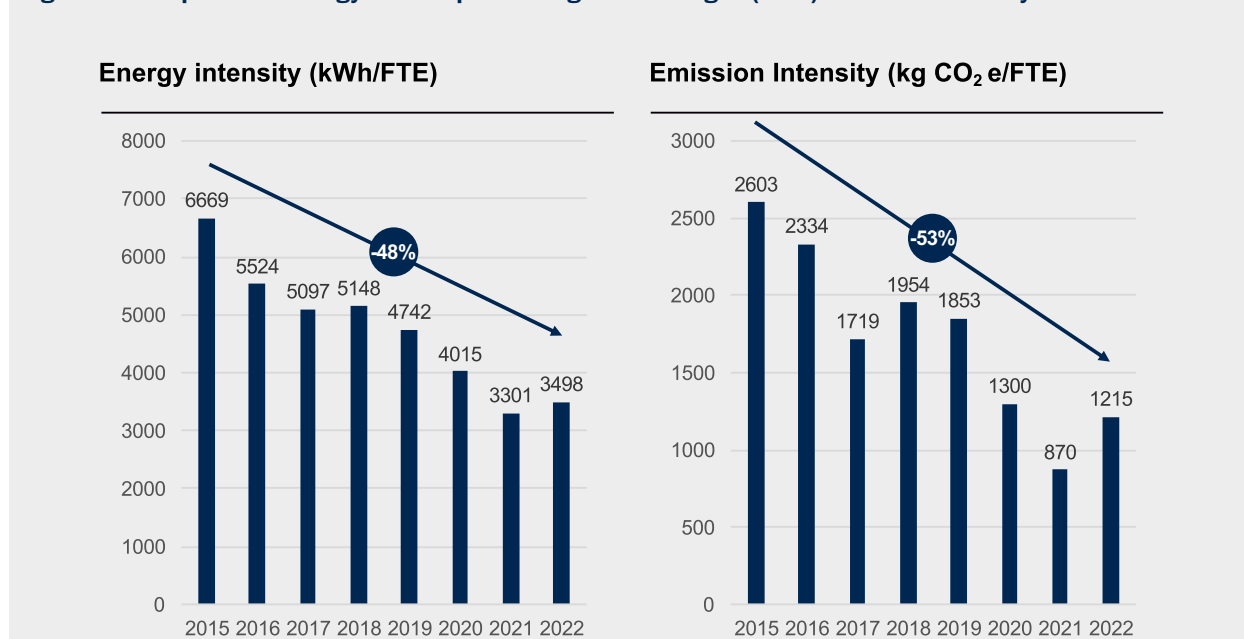
Since 2013, Bank J. Safra Sarasin has participated in an energy efficiency and decarbonisation programme by the *Swiss Private Sector Business Energy Agency* (EnAW). EnAW is a private sector programme mandated by the Swiss government to set energy efficiency and decarbonisation targets for different economic sectors. This is achieved through the implementation of annual energy efficiency measures and by giving preference to renewable energy. The Bank regularly liaises with EnAW to monitor and review measures

and their effectiveness. Within the EnAW programme, Bank J. Safra Sarasin participates in the banking sector group. Following a yearlong effort, the Bank in Switzerland increased its energy efficiency from 2013 until 2022 by approximately 21% and reduced the CO₂-intensity by approximately 20%. Therefore, the Bank and the EnAW banking group exceeded the set target pathways.

Renewable energy

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

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



Recycled paper

In 2022, the paper use per employee decreased to 36 kilogrammes, whereby 80% came from recycled or FSC-certified sources. The overall decrease in the Group's paper consumption stays the same and can be linked to the introduction of new and more efficient

printers across the Group's largest locations. The Group also continues to carefully manage print runs for internal and external publications. As such numerous publications continue to be published primarily in electronic format and paper versions are provided to interested parties only upon request.

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

	2022	2021	2020
Financial			
CET1 ratio (%)	44.1	38.7	36.7
Total assets under management (billion CHF)	197.9	224.7	192.4
Sustainable assets under management (billion CHF)	38.7	47.6	40.0*
Volume of J. Safra Sarasin enhanced investment funds (billion CHF)	3.1	4.4	7.2*
Volume of J. Safra Sarasin sustainable investment Lux. funds (billion CHF)	5.9	8.6	
SFDR Article 8	5.3	7.9	
SFDR Article 9	0.6	0.7	
Social			
Total number of employees (FTEs)	2,425	2,339	2,178
Part-time jobs	163	155	146
Proportion of women (%)	35.9	37.5	36.5
Proportion of women in management positions (%)	19.9	21.2	16.5
Turnover rate (%)	13.9	12.6	12.3
Environmental			
Electricity consumption (kWh per FTE)	3,498	3,301	4,015
Share of energy from renewable sources (%)	69	61	60
Paper consumption (kg per FTE)	36	40	50
Proportion of recycled or FSC certified paper (%)	80	79	83
Business travel (km/FTE)	3,973	903	1,934
Greenhouse gas emissions Scope 1 & 2 (kg CO ₂ e per FTE)	1,215	870	1,300
GHG emissions Scope 1 absolute (t CO ₂ e)	485	275	249
GHG emissions Scope 1 intensity (kg CO ₂ e per m2)	9.2	4.5	3.9
GHG emissions Scope 2 absolute (t CO ₂ e)	800	1,474	1,946
GHG emissions Scope 2 intensity (kg CO ₂ e per m2)	15.2	24.1	30.3

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

Statement on Climate-Related Risks (TCFD)

What is TCFD?



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

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

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

Meeting climate targets depends on the implementation of pledges and the increasing ambition to take climate action to decarbonise the economy.

Climate change is here and climate action is not yet sufficient to meet a 1.5°C climate target. While CO₂ levels due to the burning of fossil fuels and the resulting average increase of global temperatures are at unprecedented levels. The effects of climate change are present and unevenly distributed across the globe. In order to meet the climate target of 1.5°C, it is important to reach net zero greenhouse gas emissions by 2050. However, in order to enter a pathway to net zero, a fair share reduction of greenhouse emissions of approximately 50% is necessary by 2030 and there is still a significant ambition gap.

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

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

Governance

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

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

⁵) TCFD, 2015.

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

Strategy

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

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

Risk Management

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

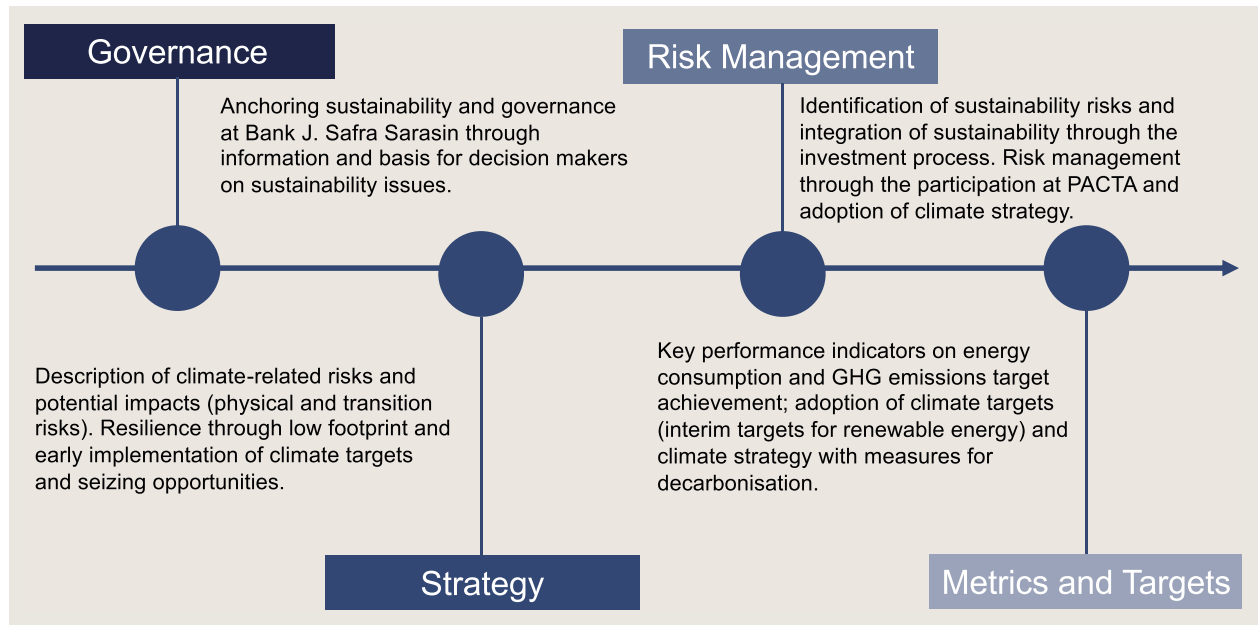
Bank J. Safra Sarasin started a Group-wide project on articulating ESG risks, including climate-related risks, and integrating them into the existing risk management framework. Based on the revised framework, risk appetites and limits could be developed.

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

Metrics and Targets

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

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



UN Global Compact: Communication on Progress (COP)

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

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Staff Regulation Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace" Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 112 113 88-94 88-94
Principle 2: make sure that they are not complicit in human-rights abuses.	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Staff Regulation Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace" Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 112 113 88-94 88-94
Labour		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Bank specific: <ul style="list-style-type: none"> Regulations on Employee Participation Swiss Collective Labour Agreement (Agreement on Conditions of Employment for Bank Employees, VAB) Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	113 113 88-94 88-94
Principle 4: the elimination of all forms of forced and compulsory labour;	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 88-94 88-94
Principle 5: the effective abolition of child labour;	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 88-94 88-94
Principle 6: the elimination of discrimination in respect of employment and occupation.	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Employee Rules and Regulations – Bank J. Safra Sarasin Ltd Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace" Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 112 113 88-94 88-94

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Bank specific: <ul style="list-style-type: none"> Handbook of Sustainability Objective 5 of the Corporate Sustainability Strategy <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Objective 2: We incorporate sustainability considerations in our investment activities Active Ownership Strategy Implementation of the Climate Pledge Case study: Global Climate 2035 J. Safra Sarasin and the Sustainable Development Goals Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	114 118-120 88-94 95-96 97-99 101-102 117 88-94 88-94
Principle 8: undertake initiatives to promote greater environmental responsibility;	Bank specific: <ul style="list-style-type: none"> Handbook of Sustainability Objective 5 of the Corporate Sustainability Strategy Sustainability training Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Objective 2: We incorporate sustainability considerations in our investment activities Active Ownership Strategy Implementation of the Climate Pledge Case study: Global Climate 2035 J. Safra Sarasin and the Sustainable Development Goals Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	114 118-120 113 88-94 95-96 97-99 101-102 117 88-94 88-94
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Bank specific: <ul style="list-style-type: none"> Objective 5 of the Corporate Sustainability Strategy <ul style="list-style-type: none"> Reduction of energy consumption Reduction of greenhouse gas emission Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Objective 2: We incorporate sustainability considerations in our investment activities Active Ownership Strategy Implementation of the Climate Pledge Case study: Global Climate 2035 J. Safra Sarasin and the Sustainable Development Goals Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	118-120 88-94 95-96 97-99 101-102 117 88-94 88-94
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Bank specific: <ul style="list-style-type: none"> Code of Business Conduct Code of Compliance Financial sector-specific indicators: product portfolio and active ownership: <ul style="list-style-type: none"> Portfolio-based commitment to social and environmental issues Assets subject to environmental or social screening 	112 87-88 88-94 88-94

To the Management of
J. Safra Sarasin Holding Ltd.

Our engagement

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

Basis of our assurance work

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

Scope and subject matter

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

Criteria

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

Inherent limitations

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

Responsibility of J. Safra Sarasin Group Management

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

Our responsibility

Our responsibility is to express a conclusion on the selected sustainability indicators based on our limited assurance procedures. ISAE 3000 (Revised) requires that we plan and perform our procedures to obtain limited assurance,

whether the selected sustainability indicators have been prepared, in all material respects, in accordance with the suitable Criteria.

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

Limited assurance procedures performed

Our procedures consisted primarily of:

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

Our independence and quality controls

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

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

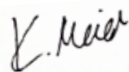
Conclusion

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

Deloitte AG

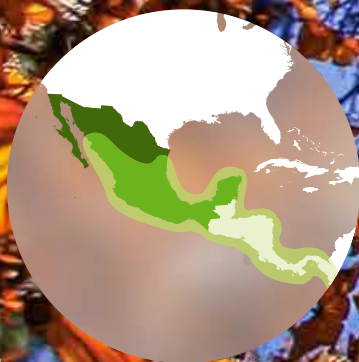


Marcel Meyer
Licensed Audit Expert
Auditor in Charge



Konstantin Meier
Director

Zürich, 21 February 2023



Mesoamerica
Mexico

A vibrant, low-angle photograph looking up at a massive swarm of monarch butterflies. The butterflies, with their characteristic orange and black wings, are in various stages of flight, filling the frame against a clear, bright blue sky. Some butterflies are in sharp focus in the foreground, while others are blurred in the distance, creating a sense of depth and movement. The bottom of the image shows the tops of green plants, suggesting the butterflies are emerging from or returning to their habitat.

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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)

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