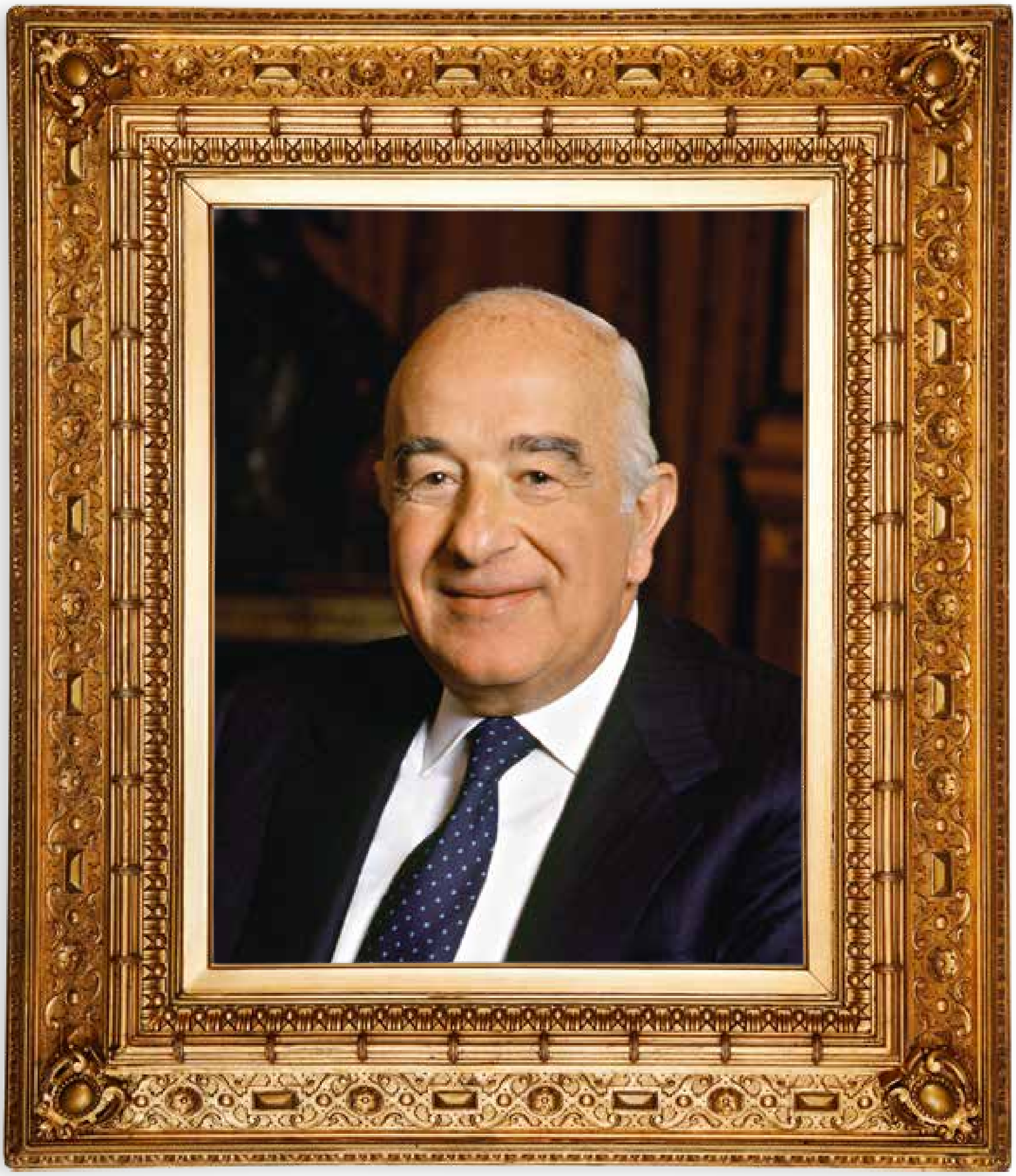
Annual Report 2020

J. SAFRA SARASIN

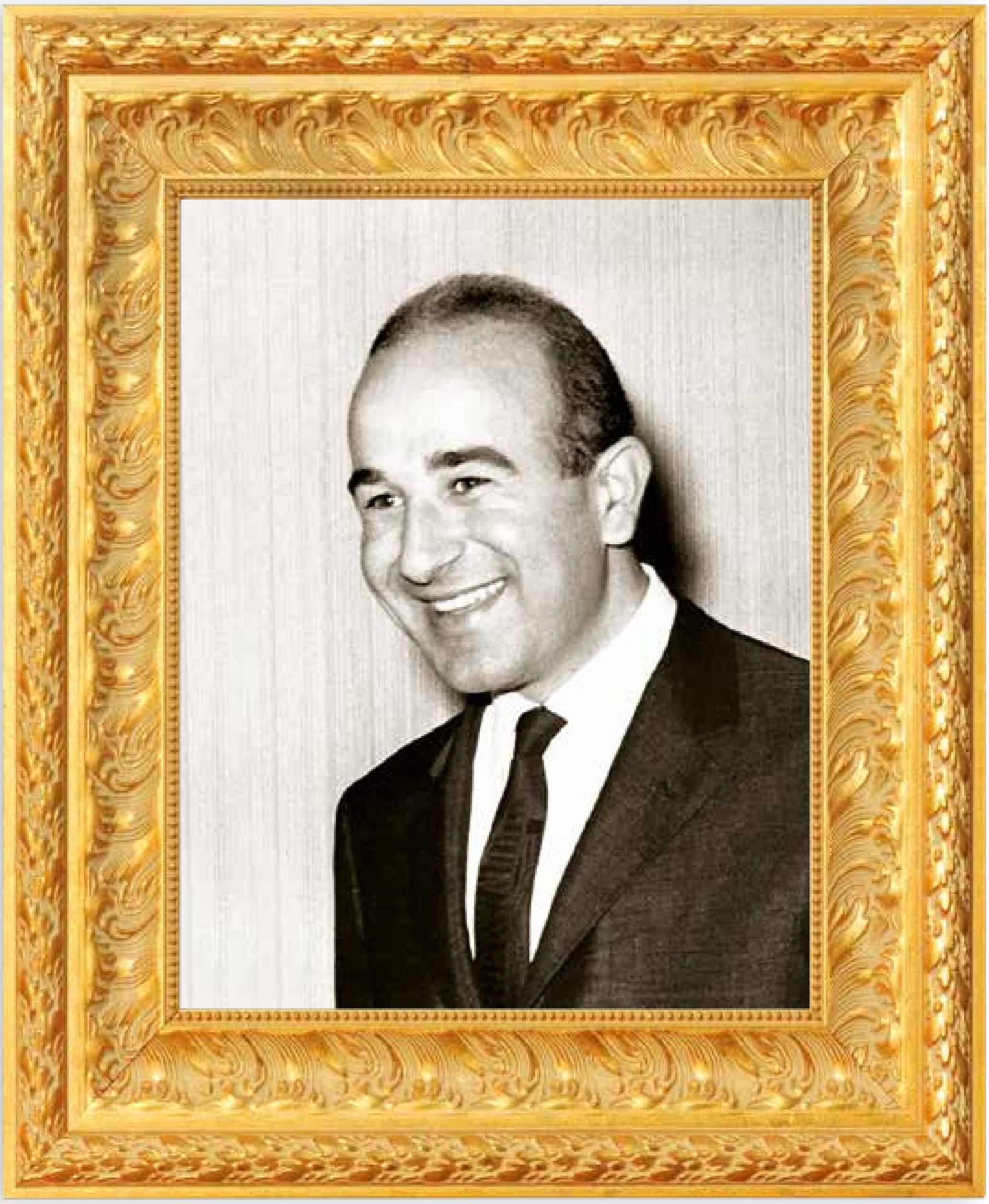
Sustainable Swiss Private Banking since 1841

180 YEARS



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

Joseph Safra (1938–2020)



Joseph Safra

Joseph Safra

Born on September 1, 1938 in Beirut, Lebanon, Joseph Safra built a transcontinental banking empire and was one of the most pre-eminent bankers and financiers of modern times. Far beyond being a successful banker, he was much loved and respected as a husband, a father, and a caring grandfather. His family, his business, his friends and the people who benefitted from his philanthropy around the world, have lost a great leader and one of their main pillars of strength.

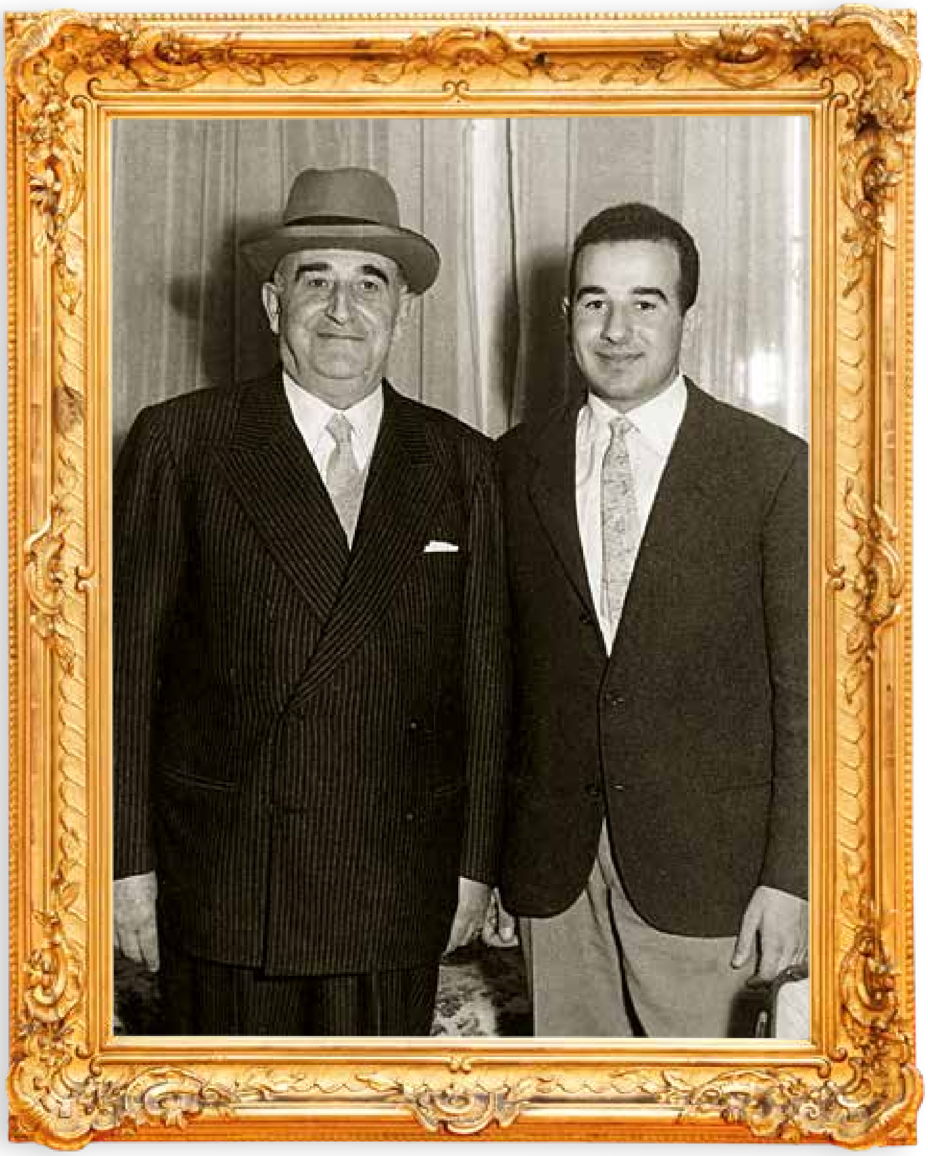
The figure of Joseph Safra has become almost mythical in the world of finance and the media. Since he rarely gave interviews, in reality little is known about his private life and his family. He placed a high value on discretion and privacy. Nonetheless, all the people who had contact with him, for whatever reason, have a story to tell about his perception, privileged mind, generosity, simplicity, humour and his enormous attachment to his traditions. Tens of thousands of people have benefitted from him – directly or indirectly. Joseph was always ready to help friends, many dating back to his childhood and youth, being there for both their celebrations and in difficult moments.

Joseph was an elegant man, with an open smile, who liked to wear impeccable blue suits. He was a cosmopolitan man, a citizen of the world – he respected all religions and all peoples. A polyglot – he spoke seven languages, Arabic, English, French, Hebrew, Italian, Portuguese and Spanish. A born leader, he headed all the projects in

Jacob E. Safra and his wife Esther with six of their eight children – from left to right: Edmond, Joseph, Gabi, Arlette, Moise and Huguette, 1940

which he participated – both in the business world and in the world of benevolence – with firm determination, courage, and wisdom. He was detail oriented, he didn't believe there was such a small detail that didn't deserve his attention, and a perfectionist who always wanted to do what, in his eyes, seemed exceptional.

Although he hired famous architects and decorators, he directed and chose the architecture and decoration for all his houses, his banks, his real estate, and the charitable projects he sponsored. He shared with his wife, Vicky, his passion for architecture. A lover of the arts, he collected rare books and works of art. In his private library,

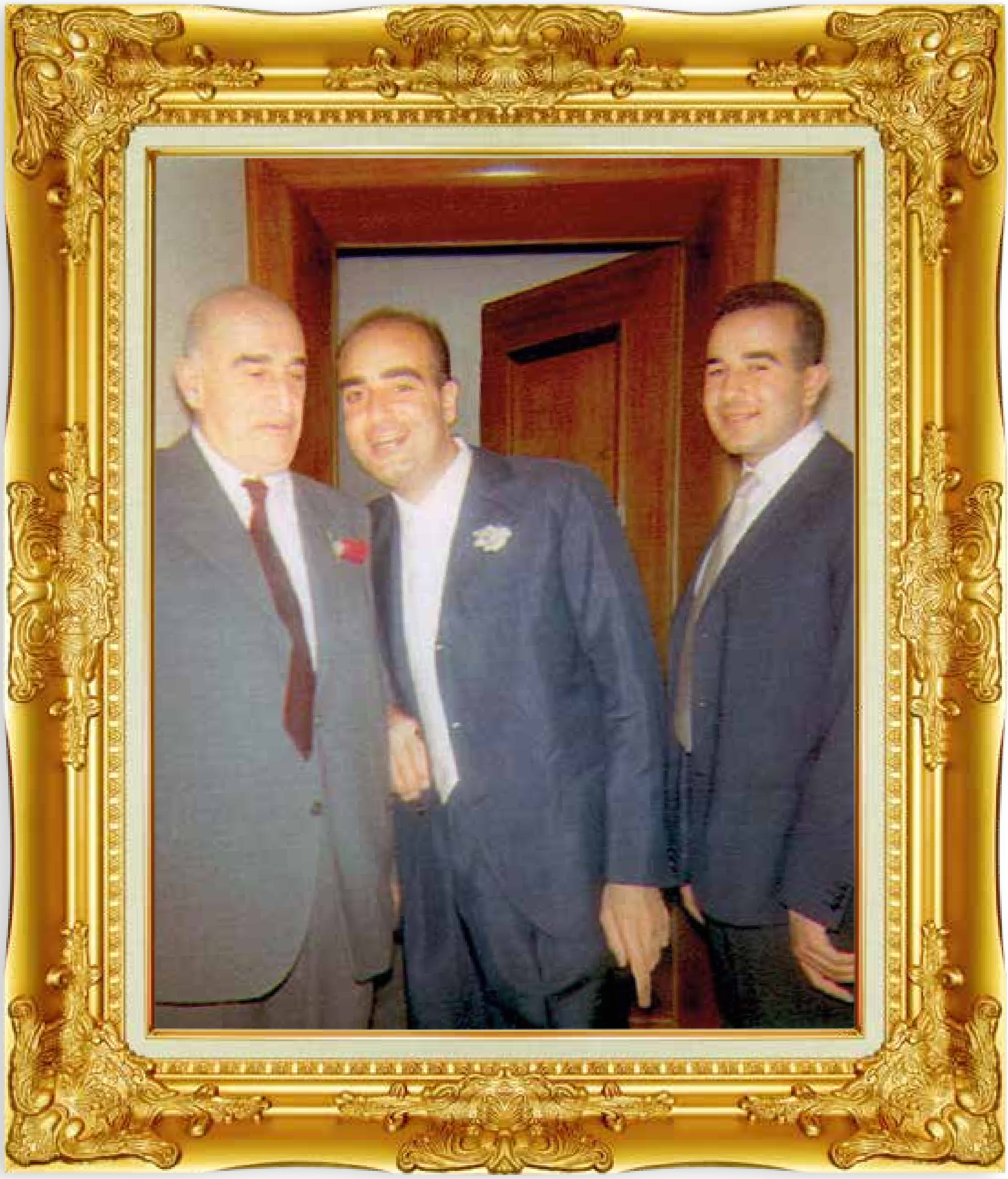


Jacob and Joseph Safra

among thousands of old books, he had the first editions of countless works. He was considered one of the largest collectors of old books in Brazil.

In his spare time, Joseph enjoyed swimming, skiing, water skiing, and navigating the seas. Sometimes he cooked meals for his family and friends. Soccer and sports in general were some of his passions.

However, despite being one of the world's great financiers and a friend to presidents and prime ministers, who was invited to the weddings of princes and countless illustrious figures, he had a characteristic that

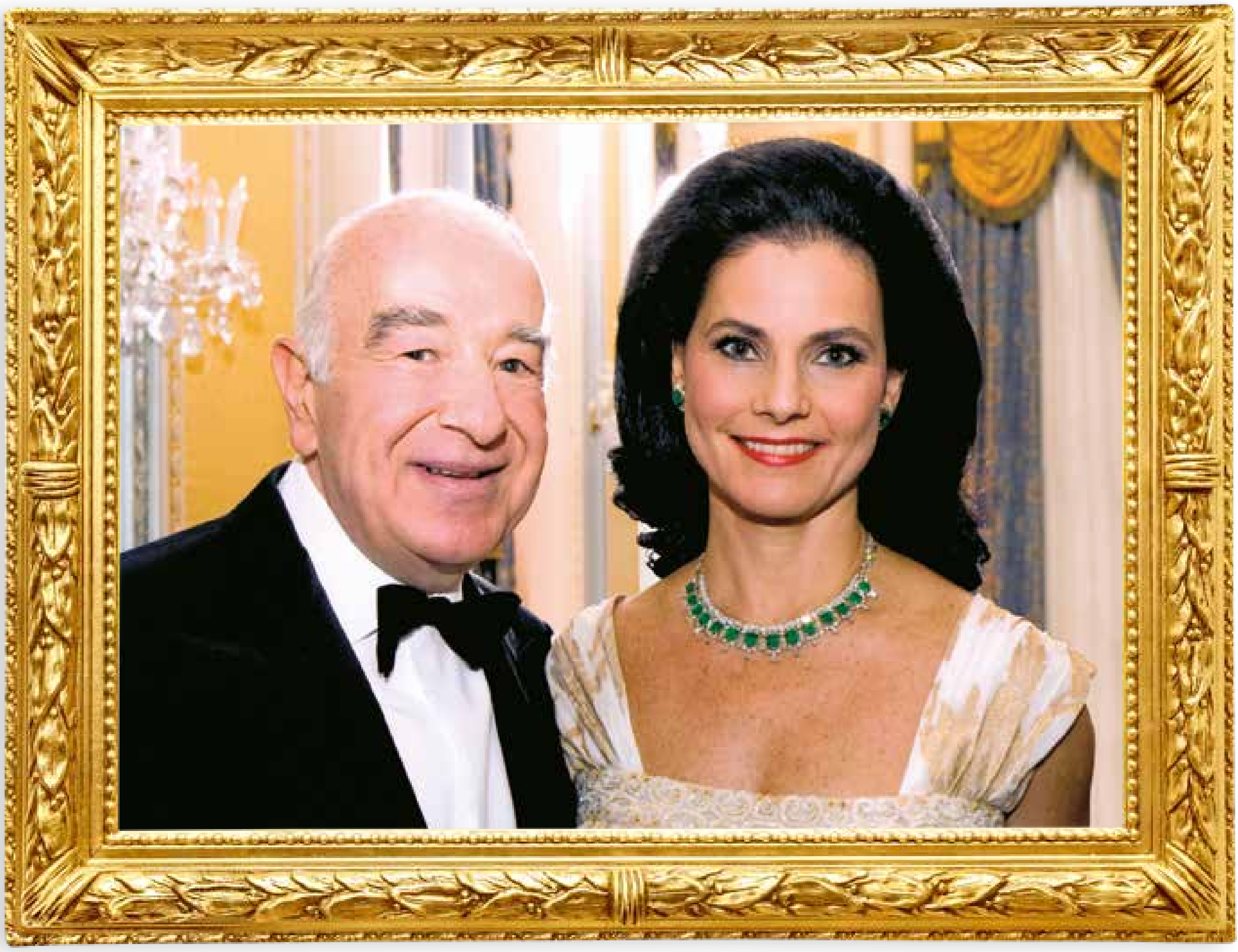


Jacob, Edmond and Joseph Safra, 1960

set him apart from many other successful businessmen: he valued above all his family – his wife Vicky, his children and grandchildren. They were his true wealth. He returned home from the Bank every night to have dinner with his family, to see his children and learn all the details of their daily lives. He did not hesitate to interrupt important meetings to attend to his wife or one of his children. He made a point of having the whole family around him whenever possible – especially on holidays and his vacations. His grandchildren, with whom he loved to play, were his joy and he took great pleasure, at every opportunity, of telling them stories of his ancestors, thus passing on his moral values, tradition and culture.

Wedding of Vicky and Joseph Safra, 1969

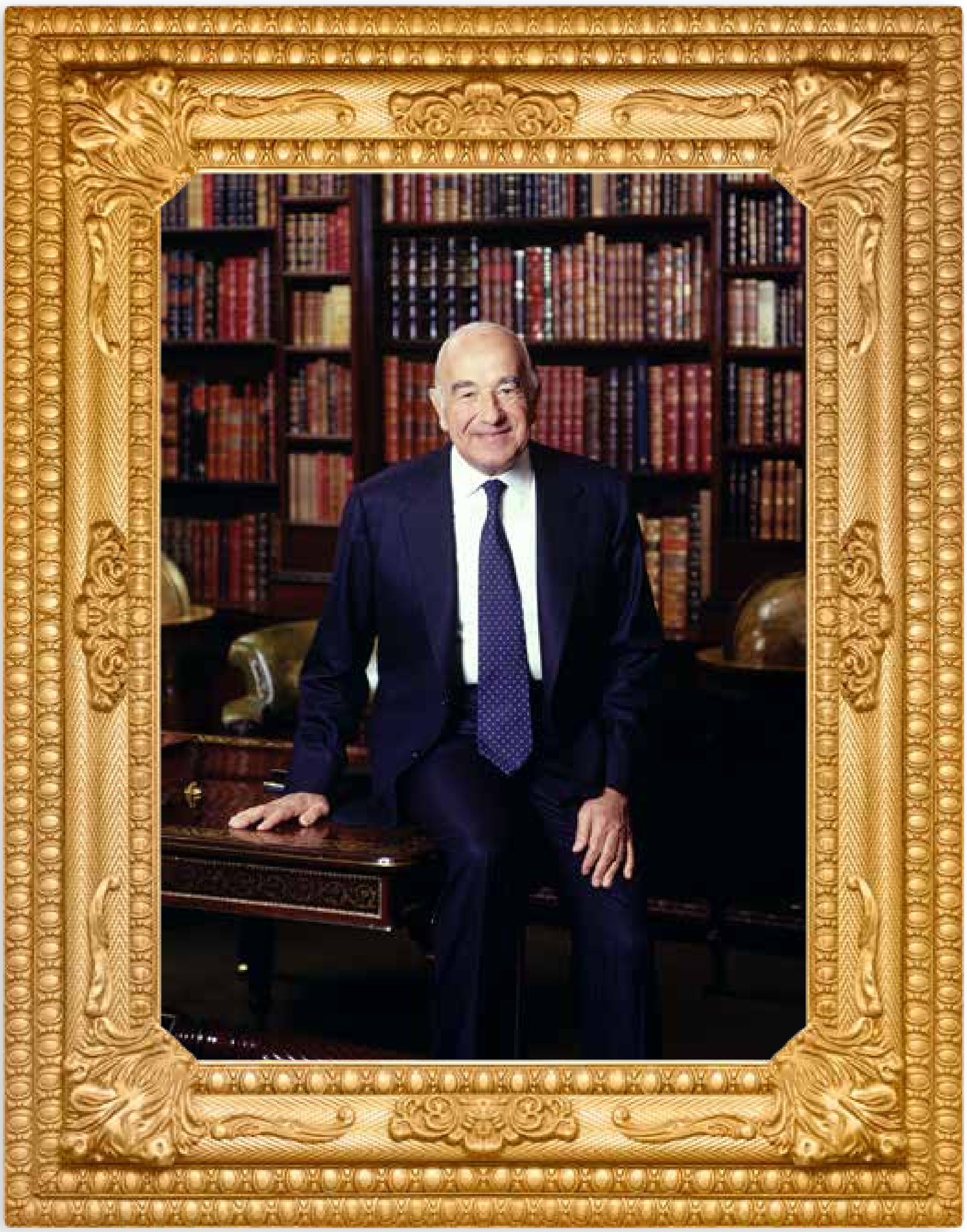
Joseph was a great donor to countless social, religious and cultural causes, such as the construction and renovation of hospitals, day care centres and museums, having also contributed to the construction of Jewish, Christian and Muslim places of worship, among others. He personally helped people who needed financial assistance. Not even his family and his closest staff knew about all the projects in which he participated and all the causes he supported. Today, after his death, they discover even more the scope of his benevolence. His acts of generosity and kindness were always undertaken with absolute discretion, far from the spotlight. For him, what mattered was the cause and not the disclosure and promotion of his image.



Joseph and Vicky Safra

In recent months, aware of the seriousness of the pandemic that plagued the world, he supported many benevolent hospitals and health institutions and participated in funding for research and the manufacture of a vaccine against Coronavirus, as well as for hospitals in Brazil and Israel.

Joseph Safra passed away peacefully of natural causes on December 10, 2020. He was a man of many talents and qualities, who dedicated his life to family, friends, business and social causes. His legacy can be measured not only by the scale and strength of the Group today, but especially by his character and the values he passed on to



Joseph Safra

so many people who now carry his spirit and determination forward. He lived an exemplary and reserved life, without ostentation and far from the public eye. He was known for his discretion and conservatism, his attention to detail, an exacting work ethic and careful analysis of risk.

Joseph Safra led the Group with courage, wisdom and determination, and leaves a legacy to be followed by many generations. To family and friends, he leaves his teachings and will be deeply missed.

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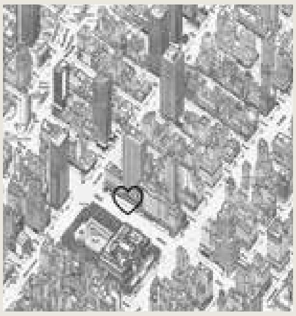


1840
Aleppo

1840's "Die Schiffländе",
a Square in Basel

1841–1846
Sarasin Ledger Vol. 1

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

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

We are pleased to report an impressive performance for the J. Safra Sarasin Group in 2020, a year of exceptional challenges for global society in the face of the Covid-19 pandemic. The resilience and culture of our Group was amply proven by how we navigated these challenges. Our clients benefitted from our advice and product performance as they invested in different opportunities revealed by the pandemic. This is reflected in net new assets of CHF 7.2 billion.

180
YEARS

Stable Family Ownership

Our focus and efficiency are evident in the increase of 17.2% in operating profit, while our strong balance sheet enabled us to complete the amortisation of the outstanding goodwill from previous acquisitions. We are proud to be ranked amongst the leading banks in Switzerland[1], to continue attracting top quality talent, and to have all the necessary attributes to thrive even in such challenging times. The Covid-19 pandemic revealed the outstanding qualities of our employees, as they swiftly adapted to new working conditions and continued delivering exceptional service to clients.

180 Years

2021 marks the 180th anniversary of the Group, tracing its roots back to 1841. The values and behaviours which the shareholders have instilled over generations were shown to be invaluable once again in 2020. Agility, entrepreneurship, a duty of care, natural conservatism, and a long-term perspective are clear benefits of our culture as a family-owned private bank. Thanks to no competing voices or interests, we regularly reinvest into equity capital, adding to the Group's stability. We place great value on knowing our clients intimately, serving many families from generation to generation.

Sustainability and client focus

In this past year, we were particularly pleased to help many clients, both private and institutional, to swiftly identify potential winners and losers across different regions and sectors, aided by our renowned expertise in thematic investing. Although the pandemic captured the most attention of policy makers and civil society this year, we remain convinced of the need to tackle the fundamental issues of the environment and sustainability. During 2020 we built on over 30 years of

[1] The Banker Top 1000 World Banks, July 2020.

leadership in these areas, launching two new funds, and committing to a target of carbon-neutral outcome across our asset management business by 2035. Today's younger society demands that the financial sector plays its part in finding solutions to these critical challenges and we are proud to continue playing a leading global role. Ultimately our duty and privilege are to accompany clients as they build patrimony that requires careful stewardship across generations.

Capital strength and risk management

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

Our commitment to such strong foundations is also reflected in the conservative structure of the Group's balance sheet, which maintained a high level of liquidity.

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

Strong and continued growth in 2020

Client assets under management increased to CHF 192.4 billion, driven by client net new assets of CHF 7.2 billion.

Operating income improved by 7.1% to CHF 1,237.3 million in 2020 compared to 1,154.8 million in 2019, mainly due to a strong performance from commissions and service fees and a slight increase in recurring net interest income.

Operating expenses were stable at CHF 691.1 million in 2020 against CHF 688.8 million in 2019, thanks to our continued focus on efficiency, although we did hire more client facing teams. The Group cost-income ratio improved to 55.9% and remains one of the best in class in the wealth management industry. As a result, our operating profit increased by 17.2% to CHF 546.3 million, a new record.

Continuing our approach from 2019, we were able to completely amortise the remaining goodwill from previous acquisitions, now reduced to zero.

Consequently, the Group net profit rose steadily by 5.3% to CHF 400.3 million for 2020 from CHF 380.2 million for 2019.

The consolidated balance sheet at 31 December 2020 rose to CHF 38.0 billion. The Group maintained high levels of liquid assets at CHF 8.7 billion at the end of 2020 compared with CHF 8.0 billion at the end of 2019.

With the reinvestment of all retained earnings, Group shareholders' equity increased to CHF 5.4 billion at the end of 2020 with a CET1 ratio of 36.7%[2].

Total headcount (full-time equivalents) remained flat at 2,178 at the end of 2020.

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

Outlook 2021

Undoubtedly many countries face a harsh winter, with high Covid-19 infection rates and enforced shut-downs. However, the roll-out of mass inoculation programs should improve social mobility and economic activity as we move towards summer in the northern hemisphere. Clearly, the new Biden administration faces significant challenges domestically, although the US re-engagement with the established rules-based international

2) Capital adequacy disclosures under FINMA Circular 2016/1 are published on our website www.jsafrasarasin.com.

Quai de l'Ile 3, Geneva

order will ease many geopolitical tensions. China has been the stand-out winner economically so far from the pandemic, and much of global growth depends on its continued progress. Europe appears to be finding new confidence in its dealings with China and the US, although the retirement of Chancellor Merkel will leave a significant leadership vacuum to fill.

We remain convinced of the need to address the long-term challenges of the environment and sustainability, and our thematic investment approach continues to drive our stewardship of client wealth. One key lesson from the pandemic has been the importance of technological breakthroughs; we see many reasons for optimism with continued investment in, and adoption of, new technologies across many sectors. The main question for markets will be the extent to which inflation rates are rising and what central banks, in particular the US Federal Reserve, will be doing about it and when.

Based upon our responsiveness and resilience in managing the challenges of the pandemic, we are confident that the Group will deliver another solid performance in 2021. Our 180 years heritage as private bankers, with a culture of discipline and conservatism, helps us navigate swiftly-changing environments. Our business continues to generate steady revenues with sector-leading efficiency. This is supported by exceptional capital strength, built up over years of prudent risk management and the reinvestment of retained earnings. Thanks to its family ownership and financial strength, J. Safra Sarasin continues to play a leading role in the ongoing industry consolidation.

Mr Joseph Y. Safra
The sad passing of my father has been recognised by many messages of condolence and appreciation for which I extend thanks to all of you on behalf of my family. Throughout his life he showed an enormous responsibility to society, to clients, and to employees. In my life and that of those who had the opportunity to meet him, he left deep roots of altruism, excellence, ethics, respect and commitment - sustainable principles that permeate everything we do.

There is one particular teaching of his which I would like to emphasise: if you look after your clients carefully, and nurture your staff, then everything else falls into place. When you lose sight of what is best for your clients or for your staff, then you endanger the very essence of banking: trust and reputation.

On behalf of the Board of Directors, I would like to acknowledge their deepest gratitude and admiration for the wise counsel of my father. He was the leader of the J. Safra Group over many decades, ensuring that the Group and its clients always found a safe harbour, whatever the challenges. His legacy is immeasurable and perpetual.

In conclusion, the Board thanks our loyal clients for their continued trust and support, and expresses our appreciation to all employees for their expertise and dedication, particularly in 2020. I am confident that the Group has the scale and strength to meet the needs of our clients for future generations as we look forward to another 180 years of resilience and performance.

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

Consolidated Key Data

Consolidated income statement	2020 CHF 000	2019 CHF 000
Operating income	1,237,328	1,154,820
Operating expenses	–691,058	–688,798
Consolidated profit	**400,297**	**380,229**

Consolidated balance sheet	31.12.2020 CHF 000	31.12.2019 CHF 000
Total assets	37,995,346	36,627,438
Due from customers	12,061,585	13,770,508
Due to customers	28,974,946	28,479,913
Equity	**5,390,801**	**5,116,716**

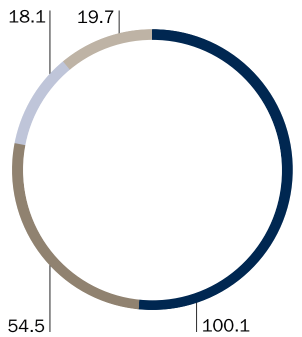
Ratios	2020 %	2019 %
Cost-income ratio	55.9%	59.6%
CET1 ratio	36.7%	31.3%

Assets under management	31.12.2020 CHF million	31.12.2019 CHF million
Assets under management	192,405	185,797

Headcount (full-time equivalents)	31.12.2020	31.12.2019
Consolidated headcount	2,178	2,178

Assets under management by booking centre

(CHF billion) **31.12.2020**

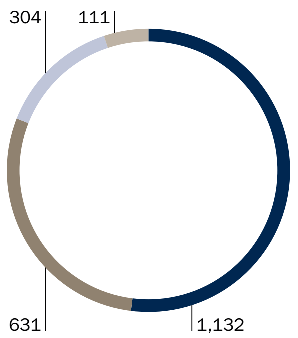


Total 192.4

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

Headcount by location

(full-time equivalents) **31.12.2020**



Total 2,178

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

1891
Jacob Safra born

1901 Sarasin HQ
Oak Tree House, Basel

Oak Tree Iron Work,
Sarasin Headquarters

Year in Review

Year in Review

2020 was dominated by the extensive impact of the Covid-19 pandemic on many aspects of economic activity and social behaviour.

All major countries, except China, recorded significant recessions. However, governments and central banks reacted quickly, providing the largest global fiscal stimulus on record and the base for financial markets to rebound swiftly from crisis lows as infection rates fell in early summer. There were both major winners and losers for investors as the pandemic unfolded, many revealed by increased digitalisation and adoption of new technologies.

Three key developments drove financial markets' performance in the second half of 2020, and will continue to do so in 2021: the US Federal Reserve's management of a delicate equilibrium between expectations for inflation and monetary tightening, the successful development of several vaccines and roll-out of mass inoculation programs, and the Democrats' control of Congress under the presidency of Joe Biden. Even though much of the world is currently gripped by the immediate ramifications of the pandemic, it is pertinent to observe that the long-term fundamental issues of climate change and sustainability remain to be addressed by policy makers, innovators, investors and civil society.

We are proud of how we performed as a Group this year, and especially how we managed the Covid-19 crisis and its challenges. We clearly demonstrated the Group's resilience, founded on the strong culture and values built over 180 years. It is our primary responsibility to ensure that the Group remains as strong as possible to weather different economic cycles, to provide a safe harbour to our clients and to guide them accordingly. 2020 was proof we lived up to this challenge again, and the financial results highlight the benefits of stable family ownership, exceptional capital strength, prudent risk management, and a long-term perspective.

180 YEARS

RESILIENCE & PERFORMANCE

2020 – another year of improved growth and performance

Client assets under management increased to CHF 192.4 billion, benefitting from record net new assets of CHF 7.2 billion. This growth reflects our high-quality staff, the performance of our products and the confidence of both private and institutional clients in the Group. Operating income rose by 7.1%, mainly due to a strong performance in our core business. Operating expenses were kept under control, as we remain disciplined in the cost-benefit analysis of all initiatives we undertake. After adjustments to depreciation and reserves, the consolidated net profit rose 5.3% to CHF 400.3 million. Our cost-income ratio improved to 55.9%, one of the best in class in the global private banking industry.

Our steady financial returns are regularly reinvested into the Group to augment even further its strong capital reserves. With shareholders' equity of CHF 5.4 billion, the Group significantly exceeds its regulatory requirements.

Standard and Poor's continues to rate the Group as "A" for long-term and "A-1" for short-term counterparty credit. The Banker magazine analysis of European banks in October 2020 ranked J. Safra Sarasin as the second-best performing bank in Switzerland, thanks to its leadership in profitability, liquidity and soundness.

Client relationships built over generations

As a family-owned business, we take care of our clients' wealth as we do our own. We are dedicated to ensuring security and stability for their wealth, and to providing an appropriate mix of investments in line with their risk appetite, always reflecting our natural prudence as bankers with a heritage of over 180 years. The pandemic accelerated our processes already underway for broader digital engagement with clients, many of whom actually had more opportunities to focus on their portfolios. Client activity was higher, and we were pleased that our relationship managers enabled many clients to benefit from the different trends during the year as the pandemic's impact shifted across regions and sectors. We continued to provide substantiated investment ideas and opportunities to add value to our clients' investment strategies.

Outstanding talent

Our teams performed superbly well in the face of the challenges posed by the pandemic. Their commitment and adaptability are to be applauded throughout the Group. The benefits of new technologies and ways of working became apparent, and will be built upon. We were pleased that our brand continued to attract new talent in all regions. Key qualities we reward are a positive outlook, a sense of ownership and entrepreneurship. We firmly believe in creating a healthy environment for talent to thrive, as it is only with the right staff that we can ensure our clients are taken care of and continue to entrust us with their wealth both today and in the future.

Continued leadership in sustainability and thematic investing

After rising to the top of the policy agenda in 2019, sustainability and climate change took somewhat of a backseat for many in the face of the pandemic. However, in 2020 we actually accelerated and broadened our commitment to the sustainable investment approach for which the Bank has been a pioneer for over 30 years. We set ourselves a target of a carbon-neutral outcome across our asset management business by 2035, by investing in appropriate companies, fostering collaboration with financial market participants, and ensuring investment strategies reflect the analysis, mitigation and reporting of climate change. We were delighted to be awarded the highest score of A+ by the UN Principles of Responsible Investment (UN PRI) in their assessment of our overall sustainability strategy and governance. We are one of the original signatories to the UN PRI. The claim, "Sustainable Swiss Private Banking since 1841", is a clear expression of J. Safra Sarasin's commitment to ensuring that sustainability is firmly embedded in every aspect of its business activities. Sustainability principles are integrated into our strategies, every stage of the investment process and our offerings to clients. As a Group, we follow a clear corporate sustainability strategy, and our comprehensive approach is described in chapter 8 (Sustainability Report) of this Annual Report.

Sustainability considerations play an essential role in identifying the winning business models of tomorrow. The Bank has a well-established approach to thematic investing, across the four broad themes of Green Transition, Changing Consumers, Technology Disruption and Future of Health. The latter two themes proved particularly attractive to clients looking to benefit from the pandemic in the short term and to be structural winners in

Bleicherweg 1 / Paradeplatz, Zurich

the mid and long term. For the second consecutive year, we were pleased to receive the award of "Best Private Bank for Thematic Investing" by Professional Wealth Management/The Banker.

Sector leadership

As a result of our strong base and brand positioning, the Group continues to be a proactive consolidator in the private banking industry. In January 2021, the Group announced the acquisition of Bank of Montreal's private banking activities in Hong Kong and Singapore. Thanks to our ownership and size, we are focused, agile and can react to opportunities as the sector undergoes further challenges. Our approach is to be highly selective, ensuring that potential targets fit with our values, bring clear benefits to our clients and add to the qualities of our talent pool. The successful integration of several businesses over the past few years is testament to this approach and is reflected in our results. Indeed, we continue evolving year after year, thanks to excellent execution, being attractive to employees and to clients, and improving the range and performance of our investment strategies and advice.

180 Years

As we report on the Group's achievements over the past year, this is an appropriate occasion to mark 180 years of banking heritage which we are celebrating in 2021. The Group today operates with many of the same qualities and strengths which have ensured its longevity and performance across many generations: stable family ownership, financial strength, conservative risk management and deep personal client relationships. This year's Annual Report displays some notable images from the Group's archives. These remind us of the importance of historical precedents and achievements, setting in context the events and dynamics of today's financial sector. Indeed, it is this continuous heritage which shapes our culture and approach to wealth management. The Group has been a constant beacon of guidance and security for its clients over generations, identifying both risks and opportunities as they navigate different economic cycles.

A key founding principle of the Group is expressed in the quote of Jacob Safra: "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." His son Joseph Safra embodied this principle over many decades of wise leadership until his sad passing in December 2020. We feel his absence keenly. Our Group's strongest asset and what really makes us unique is our family ownership. A very large part of our culture revolves around the values and principles passed on to us over the years by Mr Safra. We will always honour his memory in the way we conduct ourselves and the Group.

This commitment to core principles is essential to the continued resilience and performance of the Group. 2020 was a year in which these principles were particularly tested and revealed their true worth once again. We continue to innovate for the benefit of our clients. 2020 also revealed valuable lessons which give us confidence in how society can move forward. The dedication of scientists, the bravery of healthcare workers, the deployment of monetary and fiscal solutions, and the swift adoption of new technologies, reassure all of us that we can overcome this pandemic.

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

Juerg Haller
Chairman
Bank J. Safra Sarasin Ltd

Daniel Belfer
Chief Executive Officer
Bank J. Safra Sarasin Ltd

1920 a Lasting Gift to Investors

1927 Promissory Note signed by Jacob Safra

1929 Jacob E. Safra
Maison de Banque, Beirut

180 Years of
Banking Heritage

180 Years of Banking Heritage

The Safras, a prominent family from Aleppo, Syria, recognised the significant business opportunity in providing banking, financing, and related services to the centuries-old caravan trade that transported goods between China, India and Europe.

The family formed Safra Frères & Cie in the 1840's, to finance the caravans and exchange currencies from several different countries throughout Asia, Europe and Africa. In addition to Aleppo's favourable position along the trade routes, the Safra Frères business benefitted from the family's membership of what was then considered the most "renowned mercantile class of the Middle East". Throughout the latter half of the 19^{th} century, Safra Frères thrived, expanding to Constantinople and Alexandria. In 1891 Jacob Safra was born in Aleppo, Syria. Following his father's sudden death, Jacob was taken in by his uncle Ezra and at 13, started working in the family business. Described as "a brilliant young man", he possessed a privileged mind and the extraordinary ability to very quickly mentally calculate the conversion of different currencies and determine the financing costs of a loan.

180 YEARS

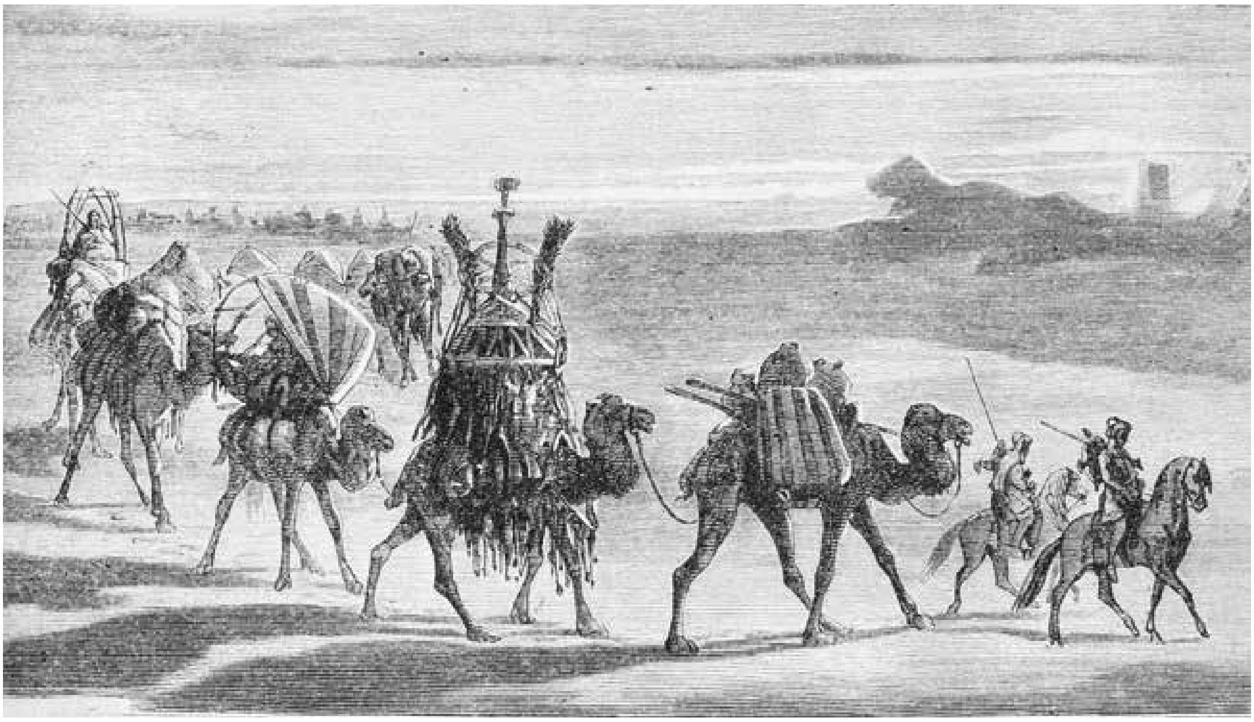
PATRIMONY & TRADITION

In 1841 Johannes Riggenbach set up a trading and banking company. In 1892, Alfred Sarasin-Iselin joined the Riggenbach company as a partner. When the founder's son retired in 1899, Alfred took over the management of the company, renaming it A. Sarasin & Cie on 1 January 1900. Soon after, A. Sarasin & Cie moved to new offices at Freie Strasse 107 in Basel, known as "Oak Tree House" due to the iron grille above the door being decorated with an oak tree. The company linked this symbol with its name and it soon formed the Bank's corporate identity. Sarasin & Cie played an important part in developing industry and trade both in Basel and across Switzerland, financing the navigation of the Rhine, railways and electric power plants.

In the early part of the 20^{th} century, economic conditions weakened the Ottoman Empire. Many Halabim, including Jacob Safra, fled to Lebanon and beyond. In 1914, Jacob settled in Beirut to establish a new branch of Safra Frères, in Allenby Street. As the Ottomans and European powers lurched toward World War I, Aleppo was no longer the commercial and cultural stronghold it had once been.

In 1920 Jacob married his cousin Esther. They had ten children, but only eight survived beyond infancy. In 1921 their first son was born, named after his grandfather – Eliahu. In the following years, the couple had four daughters – Evelyn, Gabi, Arlette and Huguette and three more sons – Edmond, Moise and Joseph, the youngest who was born on September 1, 1938.

Jacob Safra opened his first bank, Jacob E. Safra Maison de Banque, in Beirut. It quickly prospered, benefitting from a massive influx of Syrian businessmen who became Jacob's primary customer base. During the



While a significant portion of the Safra Frères business involved currency exchange, the company also provided loans to local merchants active in the caravan trade and was selective about whom it lent to.

period between World War I and World War II, Jacob's business benefitted from the dynamics of the local financial market, especially the turbulence in foreign exchange operations and gold trading.

While Jacob Safra built his bank in Beirut, Alfred Sarasin-Iselin played a pivotal role in shaping the history and style of his Bank in Switzerland. Under his leadership, Sarasin flourished and became one of the most famous and illustrious private banks in the Swiss financial community.

In 1943, at the height of World War II, when Joseph Safra was only five years old, his mother Esther died during childbirth at the age of 39. Her death left a deep mark on the family. A widower at only 52 years old, Jacob had the responsibility of raising his children. He would remarry, but only seven years later, to Marie. It was up to his daughters, especially the eldest, Evelyn, to take care of the daily duties and their brothers. Joseph, the youngest, suffered a lot due to the death of his mother and for whom he would always maintain a true veneration. Although he barely remembered her face, he remembered her love, her gestures of affection, and her songs. He grew up grateful to his sisters for the love and care they dedicated to him and for having his father and brothers around him as models, his true heroes.

Jacob was always concerned about his children's education. For him, it was also important to pass on to his children his own knowledge and experience in terms of business. As Joseph grew up, Jacob soon realised that Joseph had a great insight for business, an innate financial intelligence and the ability to identify opportunities.

As soon as Joseph turned 11, during school vacations he went to his father's office at the bank to help him in any way that he could. Jacob, who called his youngest affectionately "Ayouni" (my eyes, my love), realised early his son's talent for business, and always patiently answered his questions. Joseph had always shown a very deep level of respect and admiration for his father, and the coexistence made him admire him even more. Father and son shared many personal characteristics, including the ability to quickly grasp people's character and the gift of making mental calculations.

During the time he spent at the bank, Joseph became familiar with bills and coins from different countries, promissory bills, receipts and collections. The young man also learned by observing how the employees performed the transactions following his father's instructions.

During the late 1940's, Jacob knew the family had to leave Beirut. In 1952, his two youngest sons, Joseph and Moise went to school in England. The two spoke French, Arabic and Hebrew well and they would learn English, a language they did not yet know. Joseph went to a Jewish boarding school, Whittingehame College, in Brighton, known as the city of students because of the large number of colleges there.

Jacob's second son, Edmond, travelled extensively to find a country for the family to settle. Brazil offered the most promising future. Jacob relocated his family to São Paulo in 1953.

Jacob Safra was the last member of his family to leave Lebanon. However, he did not abandon his business there, but instead left his bank in Beirut in the hands of trusted employees. Operating under the name Banque de Crédit National, the bank remained part of the Safra Group for many decades ahead.

The family quickly re-established their business in São Paulo. In 1955 they founded Safra S.A. Importação e Comércio to trade in metals, machinery, cattle and agricultural produce, as well as in chemicals and industrial products.

Vale do Anhangabaú, São Paulo, 1950's

Geneva, 1955

Edmond travelled back to Europe in 1956, where he laid the foundations for a future bank, opening a commercial office in Geneva, Switzerland. From this base, in subsequent decades Edmond operated a private banking business under the names of Trade Development Bank and also Republic National Bank of New York. Both of which were highly successful global private banks before being subsequently acquired by American Express and HSBC, respectively.

In 1957 Jacob Safra obtained his formal Brazilian banking license. Safra SA Importação e Comércio changed its name to Safra SA Financiamento e Investimentos and started offering credit to clients. By 1960, the Brazilian bank had expanded its product offerings to include securities and public bonds, leveraging the family's long-standing expertise in banking and finance, as well as their connections with the local Jewish community, establishing itself as one of the most highly respected financial institutions. Yet these were difficult times in Brazil: high inflation was starting to cripple the economy. The Bank was able to protect itself and its clients through careful planning and sensible investment strategies.

Also in 1957, as soon as Joseph Safra graduated, after a brief visit to his family in Brazil, he embarked for the United States. He worked in New York at Bear Stearns and then in San Francisco at Bank of America.

After a few years, on his father's advice, Joseph left the United States for Buenos Aires. The capital of Argentina was considered the largest metropolis in Latin America. Joseph settled in an apartment in the elegant neighbourhood of Recoleta and opened the new office of Trade Development Bank in the city's financial centre.

Business was booming for Joseph, but unfortunately his father's health deteriorated rapidly and he returned to Brazil. Now already at the head of the Bank, Joseph left his job for a while to remain next to his father at the hospital. For four months he never left his side, he was the one who slept at the hospital. The patriarch of the family passed away on May 28, 1963.

After their father's death, it was up to his two sons, Joseph and Moise, to take over the reins of the Safra family business. Moise took charge of the administration of the industrial activities, while Joseph took over the banking and financial sector and soon became known for his quick reasoning and his decision making power, traits that accompanied him all through his life. He could not tolerate unfinished business or temporary solutions and was able to decide a major operation safely and urgently. Throughout the 1960's, the bank in Brazil flourished, offering new products and services to clients. It also grew through the acquisition of other institutions. From 1963 on, under Joseph's leadership, the institution grew to become one of the largest financial institutions in Brazil. When, in 1965, the Brazilian government defined new rules for the banking sector, making private investments more attractive, Joseph obtained a license that allowed the Bank to operate as an investment bank. With his business vision and great expertise, he predicted that the industrial sector and agribusiness exports would need financing.

The Safra brothers enjoyed enormous credibility with several members of the government and thus were able to help the Brazilian government in the process of economic policy and recovery in the 1970's. In the following decade, this positive influence would be felt once again.

A central aspect would catch Joseph's attention: monetary policy and strong expansion of credit as ways to boost domestic demand and production. Joseph was ready to finance big companies and decided that it was time to expand the activities and the number of branches even further. From 1967 he commanded the acquisition of several banks. He acquired Banco Nacional Transatlântico, changing its name to Banco de Santos. This transaction was another striking step on the journey to building a large and successful financial institution. The expansion continued in 1969, with the acquisition of Banco Renascença and J.C. da Silva Leça. Three years later, in 1972, the Bank would grow

Joseph Safra (front row, first on the right) at Whittingehame College, Brighton, England, 1957 even further by acquiring and integrating Banco das Indústrias S.A. and Auxiliar da Produção. In 1972 the Bank's name was changed to Banco Safra S.A.

From the 1950's to 1970's, A. Sarasin & Cie realised increased business volumes and steady growth. It was also looking to grow beyond its Basel base. In 1973 it acquired the Zurich based Orelli im Thalhof. Five years later, Zurich's Blankart & Cie merged with Bank Sarasin. This gave Sarasin a seat on the Zurich Stock Exchange Association and enabled Sarasin to call itself the oldest member of the Zurich Stock Exchange Association. In 1980 the Bank opened an office in London and then established Sarasin International Securities Ltd. The London business would continue to thrive as a specialist investment centre.

Joseph's life would change in January 1968, when he met Vicky Sarfaty. It was love at first sight, a love that would last until the last moment of his life. On July 31, 1969 Joseph and Vicky were married in São Paulo, Brazil.

Joseph Safra was a unique financial strategist. Facing and overcomig challenges stimulated him. He was one of the first Brazilian bankers to start an internationalisation strategy. In 1981 he opened his first branch outside Brazil, in New York. It was the first Brazilian private bank to offer its clients in the United States a complete portfolio of banking services. This was quickly followed in 1982 with a subsidiary in the Cayman Islands and then in the Bahamas in 1983.

At this time, the Brazilian economy was experiencing difficulties with annual inflation rates reaching more than 100%. For any banker the scenario was a nightmare, but at the head of his bank, Joseph managed to find ways to protect his clients' assets and his own. Joseph would become a heavyweight of finance in Latin America.

One of the options he identified was investments in gold. Thus, the Group created CBM, a company dedicated to trading gold assets, both directly in the mines and through participation in foundry and mining activities.

Edmond (2nd left), Joseph (3rd right) and Moise Safra (1st right), among other executives of the Bank, at the inauguration of the headquarters of Banco Safra on Rua XV de Novembro, São Paulo, 1968

In addition, Safra began to invest in agribusiness, acquiring more than 30 thousand head of cattle in two regions of the State of Mato Grosso do Sul, Brazil.

The Safra Group expanded its activities while "sailing the turbulent seas" of the Brazilian economy. Joseph had decided that the time had come to expand the Safra Group's activities to Europe. Luxembourg, one of the first countries to become a member of the European Union, was his first choice. As a country located in the heart of Europe with a stable political system and a strong financial system it was the ideal place to open a private bank. In 1985, Banque Safra Luxembourg was founded for private banking operations. While other banks arrived and left, Banque Safra Luxembourg remained committed to long-term activities in the country.

During the 1980's, some countries loosened their banking regulatory environments and banking opened up to greater volumes of products and markets. In 1987, Bank Sarasin listed on the stock exchange in Zurich to raise capital and take advantage of this.

In 1987, wanting to strengthen his position in the United States, as the U.S. subsidiary was mainly engaged in transactions related to Brazil, Joseph decided to create the Safra National Bank of New York. The business experienced modest growth until 1993–94, when the Bank tripled its assets. At that time, new offices were purchased on Fifth Avenue. Shortly thereafter, the Safra Group acquired United Mizrahi Bank, a private bank in New York, with offices throughout Latin America, including Argentina, Uruguay, Venezuela and Mexico. This acquisition brought to Safra a significant increase in its client portfolio in Latin America.

In Brazil, Banco Safra was merging and consolidating its portfolio of credit companies as well as diversifying, through investing in manufacturing companies in transport and engine production. This period saw the Safra Group participate in many of Brazil's privatisations.

The year 1988 was one of great accomplishments for the Safra Group, including the completion of the new headquarters of Banco Safra in Avenida Paulista in São Paulo, Brazil.

The imposing building was built on a piece of land that Joseph had bought a decade earlier, in the heart of the financial centre of the city of São Paulo, on the avenue where many other banks, several multinational companies, MASP and other cultural entities are located. Despite having hired outstanding architects and builders, Joseph personally supervised the project and its execution. From his office, surrounded by art objects from all over the world, on the 24th floor, he could see the city of São Paulo.

It was also in 1988 that the Group invested in Aracruz Celulose S.A. The company was then Brazil's largest producer and the world's largest exporter of pulp. Committed to the principles of sustainable development, Aracruz focused on the preservation of native forests. In the following two years, Aracruz's production doubled. In 2009, the company merged with Votorantim Celulose e Papel (VCP) to form Fibria, a Brazilian forest products company with a strong global presence.

The Group also invested in other companies in the country, among them Companhia Eletromecânica Celma S.A. Headquartered in the State of Rio de Janeiro, Celma was the largest aeronautical engine maintenance company in Latin America. The Group would sell this participation in 1996.

In 1989, Banco Safra expanded its portfolio in the consumer loan and credit business by merging Safra S.A. Crédito Imobiliário with Safra S.A. Crédito, Financiamento e Investimentos. The Group would also take another step in its expansion by acquiring 27% of First International Bank of Israel Ltd. (FIBI), one of Israel's largest banks entirely under private control. In April 2003, the Group would sell its stake in FIBI.

For Bank Sarasin, international growth was the focus. In 1990, it established offices in Guernsey, Hamburg and an investment fund company in Luxembourg. In 1993, the Bank moved into new headquarters in Basel at Elisabethenstrasse 62, both architecturally striking and environmentally friendly. Focusing on sustainability, in 1989 Sarasin introduced a systematic method of environmental financial analysis, laying the foundations for sustainable investment and asset management. In 1997 and 1999, respectively, branches in Geneva and Lugano were also established.

In 1999, Safra National Bank of New York opened a branch in Miami, Florida, to serve both Latin American and local clients. The Group also decided to increase its operations in Europe. With an office in Luxembourg, Joseph Safra decided that Switzerland would be the ideal place to open a private bank. In 2000 he acquired Uto Bank in Zurich, which gave him a banking license in Switzerland. Renamed Bank Jacob Safra (Switzerland) Ltd., its headquarters were moved to Geneva. A year later, Bank Jacob Safra (Gibraltar) Ltd was opened.

Joseph's four children joined their father and gradually assumed responsibility for different businesses within the Group – Jacob in 1997, Esther in 2000, Alberto in 2002 and David in 2007.

After graduating from Wharton School, University of Pennsylvania (Bachelor of Sciences in Economics, Finance Major), Jacob. J. Safra moved to New York, where from 1998 until 2005, he served as COO and subsequently CEO of Safra National Bank of New York.

In 2005, Jacob moved from New York to Geneva, Switzerland, and was elected Vice Chairman of J. Safra Sarasin Holding.

In 2006, Joseph Safra bought out his brother Moise's share, unifying the wider J. Safra Group under his family. As of October 2006, the Group became J. Safra Group. In the same year, Banque J. Safra (Suisse) S.A. acquired Banque du Gothard, in Monaco, one of the largest in the Principality, which was renamed Banque J. Safra (Monaco) S.A. Two years later, the Group opened an office in Panama.

In 2006, David J. Safra also graduated from Wharton School, University of Pennsylvania (Bachelor of Sciences in Economics, Finance Major), and after working in other institutions, started his career at the J. Safra Group with a series of job rotations.

In 2007 David increased his responsibilities in Banco Safra, in particular with the creation of the payroll loan business, the investment banking division, and entering into the retail banking segment. Under his leadership, the Investment Bank created a series of new products and expanded its offering for individual clients. In 2008 he launched the Galileo fund, which became one of the most coveted hedge funds on the market and represented a major advance for the Group's asset management arm. In 2020, Safra Asset Management had BRL 100 billion in assets under management, with a complete offer of sophisticated and diversified products.

Safra National Bank of New York Headquarters, 546 Fifth Avenue, NY

In 2007, Rabobank acquired the majority shareholding in Bank Sarasin. The Bank positioned itself firmly as a solutionsbased investment advisor and asset manager for private and institutional clients and set about expanding its network in Europe, the Middle East and Asia, as well as diversifying its products and services. It opened new locations in Bern (Switzerland), Frankfurt and Nuremberg (Germany), La Coruña and Madrid (Spain), Dublin (Ireland), Warsaw (Poland), Vienna (Austria), Doha (Qatar), Muscat (Oman), and Delhi and Mumbai (India). 2010–2011 saw further expansion with new subsidiaries in Hong Kong, Manama (Bahrain) and Cologne (Germany), as well as a new branch in Lucerne (Switzerland).

In 2010, the J. Safra Group concluded the restructuring process of its private banking activities, with the objective of unifying the European banks.

On 25 November 2011, the J. Safra Group announced the acquisition of the majority shareholding in Bank Sarasin from Rabobank, a transaction which was completed in July 2012. It was back to the roots for the Basel institution since it could enjoy once again the benefits of private family ownership and a long-term perspective. One year later, Banque J. Safra (Suisse) SA merged with Bank Sarasin & Co Ltd. to form Bank J. Safra Sarasin Ltd. The successful integration of these two historic names in private banking is evident in how well J. Safra Sarasin has prospered, with record profits and assets under management in 2020, when it was ranked in the top 5 Swiss banks for capital strength. Moreover, the Bank has consolidated its heritage of over 30 years as a global leader in sustainable investing, offering expert advice and products to help clients navigate opportunities and challenges from major shifts in the environment, technology and society.

The Group further grew with the acquisition of high-quality real estate such as the iconic Gherkin building in London and New York's 660 Madison Avenue office complex, as well as a 50% stake in the agribusiness Chiquita Brands International in 2014.

Under Joseph's leadership, the Group has continued to play a significant role in the consolidation of the private banking industry, acquiring several businesses. These included the Credit Suisse subsidiaries in Gibraltar (2016) and Monaco (2017), as well as the private banking activities of Morgan Stanley in Switzerland (2015), Bank Leumi in Luxembourg (2016), Bank Hapoalim in Miami (2017), Luxembourg and Switzerland (2018), and Bank Lombard Odier in Gibraltar (2019).

Banco Safra embarked on a period of rapid growth in its segment of high net worth individuals, private banking and consumer financing. In 2017, it launched Safrapay, which soon gained a major share of the merchant acquiring market. Another important milestone for Banco Safra occurred in 2018, when the Bank surpassed 1 million individual customers (by December 2020 it reached 2.1 million individual customers).

In 2020, Banco Safra created Safra Invest, a platform of high quality independent investment agents to expand the business and attract new customers. Also in 2020, focusing on another segment, launched AgZero, a digital-only bank that combines Safra's financial strength, trust and expertise with the convenience offered by digital platforms.

In 2021, the Group announced the acquisition of Bank of Montreal's private banking activities in Hong Kong and Singapore.

Today, the J. Safra Group consists of privately owned banks under the Safra name and investment holdings in asset based business sectors such as real estate and agribusiness. It has total assets under management of over USD 300 billion and over 160 banking locations. Jacob J. Safra is Chairman of J. Safra Sarasin Group and Safra National Bank of New York and oversees the Group's activities outside of Brazil. David J. Safra is a director of the Board of Banco Safra and oversees the Group's activities in Brazil. There are more than 34,000 employees associated with the J. Safra Group.

The Group's banking interests are J. Safra Sarasin, headquartered in Basel, Switzerland; Banco Safra, headquartered in São Paulo, Brazil; and Safra National Bank of New York, headquartered in New York City, USA, all independent from one another, including from a consolidated supervision standpoint.

The J. Safra real estate holdings consist of more than 200 premier commercial, residential, retail and farmland properties worldwide, such as New York City's 660 Madison Avenue office complex and London's iconic Gherkin Building. The Group controls in excess of 2 million square feet of commercial real estate located in major cities around the world.

As part of its investments in food and agribusiness, the Group owns 50% of Chiquita Brands International, the world-famous fruit and vegetable company. With annual revenues close to USD 3 billion, Chiquita has operations in nearly 70 countries worldwide.

The J. Safra Group continues to have the scale and strengths to meet the needs of its clients for future generations. The family is the custodian of what has been achieved by Joseph Safra and his ancestors. Their principles and values will ensure the Group's continued performance and resilience for another 180 years.

1929 Banknote signed
by Alfred Sarasin

1964 First Advert of Safra S.A.

Market Environment

Market Environment

Risk assets and the global economy were put on life support in 2020. As vaccination rates rise and the world returns to normal, we expect 2021 to deliver on hopes for a rebound.

180 YEARS

LONG-TERM PERSPECTIVE

Review 2020
Financial markets in 2020 were dominated by the fallout from the Coronavirus pandemic. Despite starting the year on the front foot, equity markets soon faltered as it became clear that the virus, which was first diagnosed in China, could not be stopped from spreading around the globe. After touching an all-time high in February, global equities plunged by almost 35% in a matter of weeks. US Treasury yields dropped by more than 100 basis points (bps) and oil price futures even turned negative temporarily as demand dried up, flights were grounded and global lockdown measures kicked in. Personal mobility slowed by as much as 80% in some regions, following widespread closures of borders, schools, shops and various workplaces. While these measures helped to contain the spread of the virus, they also slammed the brakes on the economy and led to a deep and protracted global recession. Governments and central banks reacted swiftly.

Drawing on the experience of the global financial crisis, the Federal Reserve (Fed) provided ample US dollar liquidity and cut the Fed Funds rate by 150bps. It expanded its asset purchase programmes and waded into uncharted waters by purchasing high-yield bond funds. The European Central Bank (ECB) and other central banks mirrored these moves with similar easing measures which were accentuated by sizeable emergency fiscal programmes, in order to counteract consequences of lower consumer demand and a weak labour market. Governments in Europe widely adopted short-time work schemes by subsidising wages and avoiding mass redundancies. In the US, the government chose a different approach and propped up demand by directly distributing cheques to consumers. The result was the largest global fiscal stimulus on record, measuring roughly 10% of advanced economies' GDP. This provided the base for a swift rebound from crisis lows as infection rates started to fall in early summer. The equity market recovery was heavily biased towards US tech stocks, which proved to be major beneficiaries of the pandemic, already returning to their pre-crisis highs by June. As real rates kept moving lower, reaching one all-time low after another, equity valuations reached new multi-year highs, reflected by the price-to-earnings ratio of global equities, which broke above 20x for the first time since the dotcom bubble in the early 2000s. The Fed's decision to adjust its policy framework in August, targeting average inflation rates instead of point targets, certainly helped to contain market expectations for monetary tightening.

This provided another reason for real rates to stay low despite a bounce back in the economic data. The recovery in equities ended abruptly in early September as Covid-19 infection numbers started rising again and the US presidential election moved into sight. The US dollar strengthened, oil prices dropped, high yield spreads picked up and volatility started rising again. Two events in quick succession returned market confidence: Joe Biden won the election and the successful development of Covid-19 vaccines was announced. Equities surged, led by value stocks, as hopes for an end of the pandemic gained momentum. Oil prices reached USD 50.0 per barrel for the first time since March and US inflation expectations moved above 2% for the first time since 2018. At the end of 2020, it was remarkable to see that only UK equities, which eventually received a minor boost from a thin Brexit deal, posted significant negative returns on the year. All other major markets, either gained or were flat in 2020, despite a double-dip recession and global earnings declining by almost 20% compared to 2019.

Outlook for 2021

Entering 2021, financial markets cheered the Democratic win of the US Senate as a unified government under a Biden presidency is expected to provide more fiscal stimulus than a divided Congress would have done otherwise. Our expectation for 6% US GDP growth this year should provide the base for a solid rebound in corporate earnings and allow the equity markets to move higher, despite currently stretched valuations. In general, the outlook for 2021 is dominated by the prospect for a solid global macro recovery, which we expect to unfold from the second quarter onwards, as mass vaccinations should start to bring down infection rates across the globe. Until then, income support for both workers and companies should help to bridge this period such that businesses should be less inclined to delay investments. In addition, the release of pent-up demand from households with accumulated savings should boost consumption once lockdown measures are lifted. The key question for markets will be the extent to which inflation rates rise and what central banks, in particular the US Fed, decide to do about it and when. We do not expect the Fed to reduce its asset purchases before next year and see the first rate hike only in 2023. As a result, we believe financial conditions should remain highly accommodative and expect US 10-year yields to rise only moderately until the end of 2021.

In this environment, we foresee high single-digit returns in equity markets and remain constructive on credit markets. The ongoing recovery should also lead to further US dollar depreciation, in particular against more cyclical currencies, such as the Euro. Given that this downtrend in the US dollar is not only a function of the improving global macro backdrop, but also comes as a result of the US economy's persistent twin deficits, the weakness in the currency is set to continue well beyond the current macro recovery. The new US government should all but reinforce this trend. US dollar weakness is not only positive for the US cycle, but also adds another leg to the global upswing. In particular, emerging markets (EM) benefit as the pressure on EM currencies remains low and commodity prices move higher. In addition, emerging markets should be

supported by the Chinese business cycle, which we think still has room to run. This will also create external demand for countries with large manufacturing bases – such as Germany and Switzerland.

In Europe, monetary policy headwinds are set to be even less pronounced than in the US. We expect the European Central Bank and the Swiss National Bank to maintain their current expansive stance and to only start tightening after the Fed. The Bank of England might even ease further, in order to counter the economic repercussions from Brexit. We expect European and EM equities to benefit particularly from the global rebound. We also believe that the cyclical and value segments should outperform the broader equity market as financials and energy stocks have room to catch up when economic growth accelerates. Technology stocks on the other hand, which have seen a stellar performance over the past twelve months, look expensive and face the risk of a de-rating if interest rates move higher. Still, we expect the technology sector to benefit from its ability to innovate and generate superior earnings growth rates over the long term.

1966 Senator Robert Kennedy opens the new Office of Republic National Bank of New York

1968 XV de Novembro Branch of Banco Safra,
then the Financial Centre of São Paulo

Corporate Governance

Corporate Governance

Corporate Governance at J. Safra Sarasin Holding Ltd. ("JSSH") 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. 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 53 and the information provided in the section "Group Companies" of this report.

180 YEARS

CONSERVATIVE RISK MANAGEMENT

Bank J. Safra Sarasin Ltd 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 the 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 on 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 JSS Group entities and separation of functions;
- Operation of a Group-wide system of directives, which serves as a management instrument for the implementation of regulations and processes which are necessary in the context of the consolidated supervision;
- Group-wide anti-money laundering and combatting the financing of terrorism;
- Group-wide regulatory compliance, risk management and internal audit; and
- Immediate access to any information required to ensure the integrated management of all entities within the JSS Group.

Board of Directors

Area of responsibility

The Board of Directors (the “Board”) of JSSH is the ultimate governing body of the JSS Group. It lays down the 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 2020, the Board of JSSH met six times and the Board of BJSS met four times.

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

The Board has set up an Audit & Risk Committee.

Information and control instruments vis-à-vis senior management

The GEB and the CEO assure the implementation of the Board's decisions and of plans and projects approved by the Board. 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 general information it requires to carry out its supervisory and control functions. This includes regular information about the general course of business, the Group's financial performance and the implementation of the Group's risk management framework.

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

Composition of the Board

As of 31 December 2020, the composition of the Board of JSSH was as follows:

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

* Independent member

Due to the passing of the Chairman Mr Joseph Y. Safra in December 2020, the Board of JSSH elected Mr Jacob J. Safra as new Chairman as of 21 December 2020.

As of 31 December 2020, the composition of the Board of BJSS was as follows:

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

During the financial year 2020, Enid Ying Lai Choi was elected to the Board of Directors of JSSH and BJSS with effect as of 21 February. Ms Choi no longer serves as member of the aforementioned Boards.

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

Jacob J. Safra

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

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

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

Pierre Alain Bracher joined the accounting firm Deloitte Ltd, Zurich, in 1972, as junior accountant in the financial industry group. He moved to Geneva in 1974 and became a partner at Deloitte Ltd from 1984 until 2007. From 2007 until 2013, he was a member of the Board of Directors of Banque J. Safra (Suisse) SA and from 2009 until 2015 member of the Board of Directors of Royal Bank of Canada (Suisse) SA. Since 2012, Pierre Alain Bracher is member of the Board of Directors of BJSS and JSSH. Since 2017, he is also a member of the Board of Directors of Banque J. Safra Sarasin (Monaco) SA.

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

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

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

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

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

During his professional career, Jorge A. Kininsberg collected extensive experience in the banking sector both at the managerial level and as a member of Boards of Directors. Jorge A. Kininsberg held various leading managing positions amongst others at Banco Safra de Investimento SA and Banco Safra SA, São Paulo, Brazil. In 1982, he became CEO of the Trade Development Bank (Uruguay) S.A., Montevideo, Uruguay. Between 1985 and 1989, he was CEO of Safra National Bank of New York, USA. In 1990, Jorge A. Kininsberg moved to Luxembourg taking the positon 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 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.

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

As of 31 December 2020, the ARC was composed of the following members:

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

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

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

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

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

External audit firm
Deloitte Ltd has been appointed as external auditor of JSSH and all relevant Group Companies in 2013. For 2020, the audit firm and its affiliated companies were appointed by the General Assembly of JSSH and almost all relevant Group Companies for a one-year term for the financial and the regulatory audits. Re-election is possible.

Sandro Schoenenberger is the partner responsible for leading the audit activities. He has held this function since 2018.

Auditing fees
The JSS Group paid Deloitte Ltd and its affiliated companies fees totalling CHF 3,170,000 for services connected with the financial and regulatory audit for the year 2020.

Additional fees
The JSS Group paid Deloitte Ltd and its affiliated companies fees totalling CHF 322,000 for services not connected with the financial and regulatory audit for the year 2020.

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 Group's risk profile.

During 2020, representatives of Deloitte Ltd attended six meetings of the ARC and one meeting of the Board for specific agenda items.

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

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

Group Internal Audit

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

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

GIA reports to the Boards of BJSS and JSSH and to 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 monitoring and consulting role designed to add value and improve BJSS' and JSS Group's operations. It helps each Group Company to accomplish its objectives by bringing a focused and systematic approach to evaluating and improving the effectiveness of risk management, control processes and Group 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 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/or the GEB. GIA publishes at least annually a report describing the key audit findings and important activities during the audit period and submits this report with any corresponding conclusions 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 approval of the Board for matters which are within the competence of the Board 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 functions in the back and front office. In 1985, he joined Banque Safra (Luxembourg) SA in Luxembourg first as director of Private Banking and then as managing director responsible for the operation. 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 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

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 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 position held and membership of 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 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:

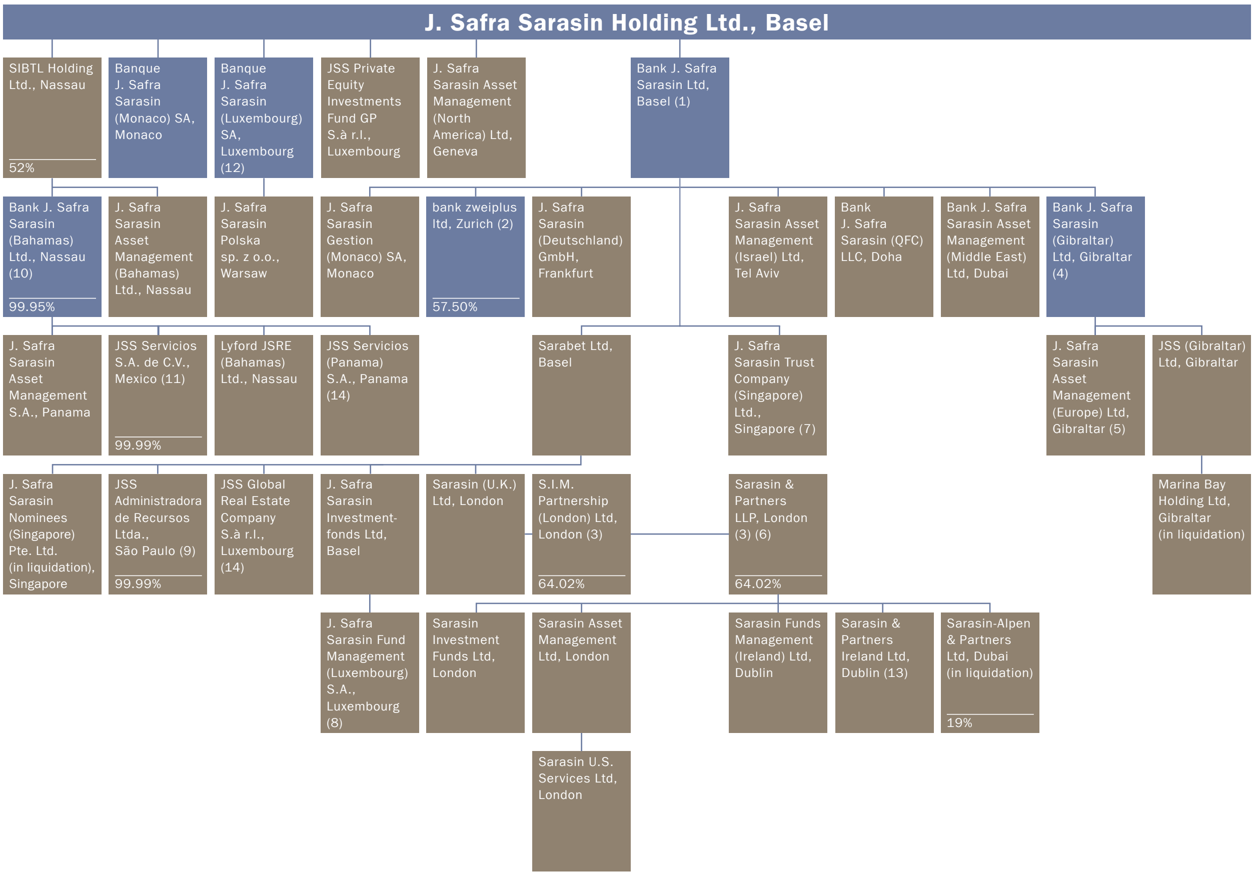
- Market, liquidity and financing risk
- Credit risk
- Operational and reputational risk
- Legal conduct and compliance risk
- Business and strategic risk

The section on Risk Management (page 76) describes in detail the main risks to which 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, who 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. 2020



■ Banking status

Except as indicated, 100% ownership.

(1) Branches in Berne, Geneva, Lugano, Lucerne, Zurich
Branches abroad: Guernsey, Hong Kong, Singapore
Representative Offices: Istanbul, Mexico City (joint), Tel Aviv
(2) 42.50% with Aabar Trading Sàrl
(3) 35.98% with Management
(4) Head Office: Gibraltar – Branch: London
(5) Head Office: Gibraltar – Branch: London
(6) Head Office: London – Branch: Dublin (Branch not operational, in the process of closing)
(7) The company owns the following subsidiaries: Asia Square Holdings Ltd. (BVI), Edinburgh Management Ltd. (BVI), Shenton Management Ltd. (BVI)
(8) Head Office: Luxembourg – Branch: Vienna
(9) The remaining 0.01% of the shares are held by Bank J. Safra Sarasin Ltd
(10) The remaining 0.05% of the shares are held by Fiduciary; Representative Office: Mexico City (joint)
(11) The remaining 0.01% of the shares are held by SIBTL Holding Ltd.
(12) Branch: Amsterdam; Representative Offices: Mexico City (joint), Tel Aviv
(13) Not operational, will be closed
(14) Not operational

1970 Joseph Safra and Governor Negrão de Lima open a New Branch of Banco de Santos in Rio de Janeiro

Moise, Edmond and Joseph Safra standing next to a Bust of their Father Jacob Safra

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 within the J. Safra Sarasin Group. For a complete list of all companies being consolidated under J. Safra Sarasin Holding Ltd., please see the notes to the consolidated financial statements on page 89. A chart showing the legal structure of the Group is available as part of the chapter on "Corporate Governance" on page 53. All subsidiaries of J. Safra Sarasin Holding Ltd. are subject to consolidated supervision by FINMA.

180
YEARS

TRUST
AND LOYALTY
WITH STAFF

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

Bank J. Safra Sarasin Ltd is recognised as a leader among full-service banks in the private banking segment, offering all the advantages of the Swiss banking environment together with dynamic and personalised asset management and advisory services focusing on opportunities in international financial markets. Its team of highly experienced professionals develops tailor-made products to meet the needs of clients, as well as offering 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. Banque J. Safra Sarasin (Monaco) SA delivers the services of a global bank with the flexibility and the agility of a private bank. With its trading desk, the Bank has direct and immediate access to the major international financial markets.

Basel, Elisabethenstrasse

Banque J. Safra Sarasin (Luxembourg) SA

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

Geneva, Quai de l'Ile

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

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

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

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

Zurich, Paradeplatz

Monaco, La Belle Epoque

Bank J. Safra Sarasin Asset Management (Middle East) Ltd

Bank J. Safra Sarasin Asset Management (Middle East) Ltd was incorporated in 2013 and is a wholly owned subsidiary of Bank J. Safra Sarasin Ltd, located in the Dubai International Financial Centre (DIFC), Dubai, and 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.

Gibraltar, Neptune House

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

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

J. Safra Sarasin Asset Management (Israel) Ltd
Established in November 2017 in Tel Aviv, J. Safra Sarasin Asset Management (Israel) Ltd has obtained in 2018 the relevant licences for investment marketing and portfolio management from the Israel Securities Authority (ISA). J. Safra Sarasin Asset Management (Israel) Ltd 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 licensed as a portfolio manager by the Swiss Financial Market Supervisory Authority FINMA. It is also a member of AOOS - Schweizerische Aktiengesellschaft für Aufsicht, a supervisory and self-regulatory organisation (SRO) licensed and supervised by the Swiss Financial Market Supervisory Authority FINMA. The business focus consists of providing investment advisory and discretionary asset management services mainly to clients resident in the United States of America.

London, Berkeley Square

Luxembourg, Boulevard Joseph II

J. Safra Sarasin (Deutschland) GmbH

J. Safra Sarasin (Deutschland) GmbH is licensed under § 34f of the German Trade Act and supervised by the Chamber of Commerce. 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 began its operations in 2019. J. Safra Sarasin Polska sp. z o.o. 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 from the Brazilian Securities and Exchange Commission (CVM). It offers investment advisory and discretionary asset management services mainly to private clients.

Singapore, Asia Square Tower 1

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

Sarasin & Partners LLP
Sarasin & Partners LLP is a London-based asset management group that manages investments on behalf of charities, institutions, pension funds and private clients from the United Kingdom and around the world. Sarasin & Partners LLP 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, firmly embedding environmental, social and governance considerations into the investment process. Sarasin & Partners LLP is 64.02% owned by Bank J. Safra Sarasin Ltd and 35.98% owned by its partners.

bank zweiplus ltd
Incorporated in 2008 in Switzerland, it 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. bank zweiplus ltd also has a sophisticated product offering specifically tailored to clients of financial services providers, independent asset managers and insurance companies.

Mexico, Edificio Forum

Panama, BICSA Financial Center

Amsterdam, Rembrandt Tower

Istanbul, Süzer Plaza

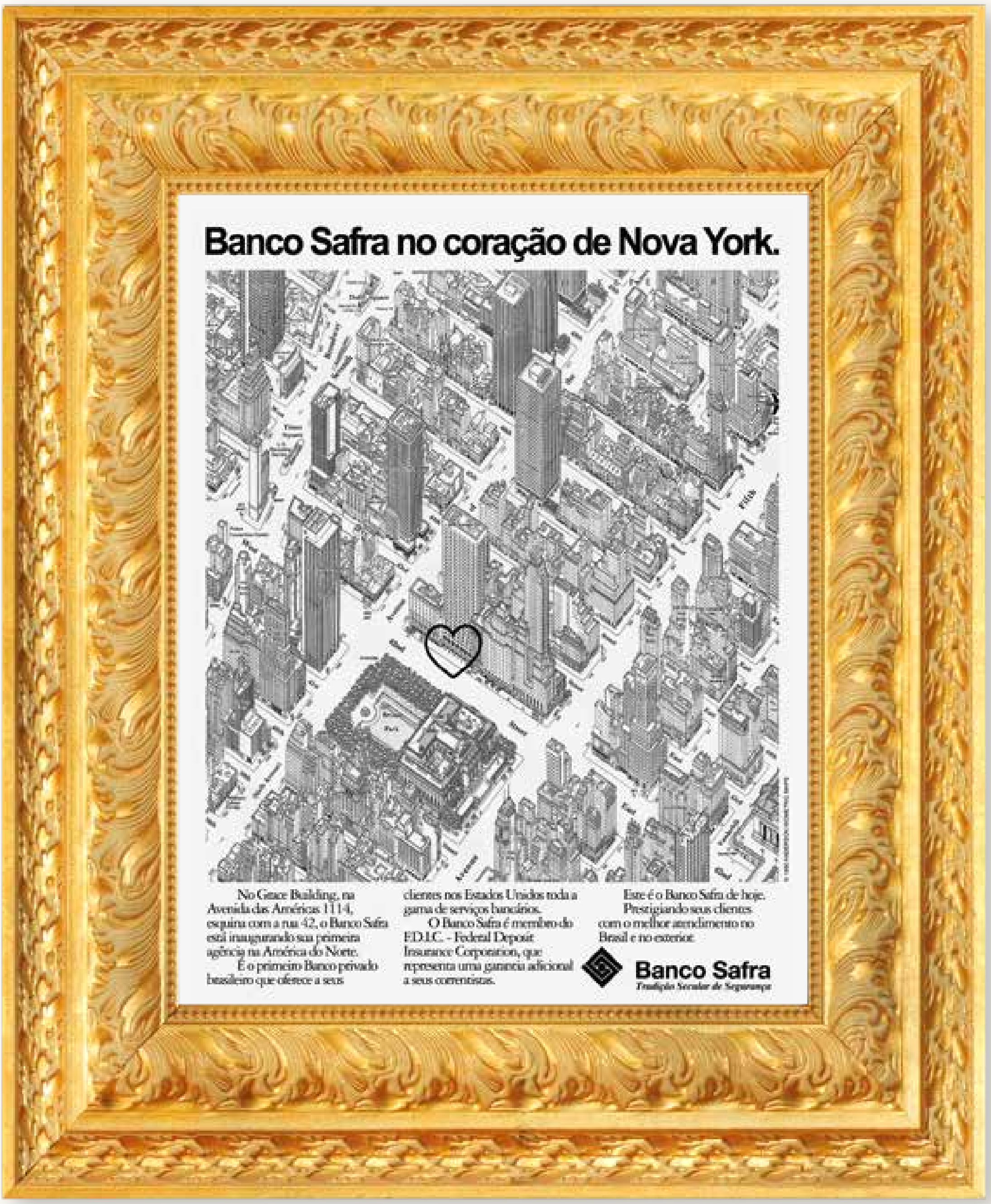
Nassau, Lyford Financial Centre

Tel Aviv, Sarona Azrieli Tower

Doha, Qatar Financial Centre

Dubai, Burj Daman

Hong Kong, Edinburgh Tower



1981 Banco Safra branch opened in the Heart of Manhattan, New York

When a sapling becomes a tree it needs more soil and bigger roots.

The symbol of our bank is a sapling. This is partly because the name of old patrician mansion in which our headquarters are located – 'zum Eichbaum' – could be loosly translated as 'Ye Olde Oak Tree'. What is more, it not far from Basel's Bäumleingasse, or 'sapling alley'.

This sapling was planted in 1841, when our bank started up as a private bank; firstly under the name of J. Riggenbach & Cie. and then, as from 1900, as A. Sarasin & Cie. What actually is a private bank?

Firstly, it is a bank which, from its inception, has handled banking transactions for private clients. And, of course, for companies and institutions too. The bank administers assets, executes stock market orders, provides financing services, advice on investments and fiscal matters, administers estates and conducts all other banking activities.

By definition, a private bank is backed, not by an anonymous share capital, but is borne by individual partners who stand behind the bank with their own personal fortune. They are inextricably linked for better or for worse with the destiny of the bank. Should anything go wrong, their liability is unlimited.

For decades we have run our bank along these lines and seen it grow on the basis of this concordance linking the interests of clients and partners. The sapling has sprouted new branches: a presence in London, for example. Our organization has consistently kept apace with modern technology and sophisticated EDP developments. We have also embarked on international business. In short, the sapling has become a sizeable tree, worthy to take its place amongst Switzerland's leading private banks.

Proud as we are of this development, we have never lost sight of the fact that a growing tree also needs healthy roots and sufficient soil to support its growth. Bearing in mind all our commitments, is it still reasonable – we asked ourselves – for the bank ultimately to be backed by the investments and liability of its partners?

With this question in mind, we sought a solution permitting us to preserve the nature and positive features of a unincorporated firm whilst adding the advantages of a joint-stock company. Article 764 of the Swiss Law of Obligations provided us with our answer – a partnership limited by shares. The capital of such a partnership is divided into shares. Furthermore, one or several members are, jointly and severally, liable to the company's creditors without restriction, in the sense of a general partner. The Board is made up of members bearing unlimited liability and management must be monitored by a supervisory body.

This transformation has now taken place within our bank. It was our aim to create a capital basis free from dependence on individual destinies and from the succession of generations. One that suited the current volume of business whilst leaving adequate leeway for further growth within reasonable bounds.

Such a transformation needs time, consultation, computation, official approval, additional deliberations… and much more besides. By next Spring, when all will have been finalized, we will update you on the latest situation.

Could one say – adopting current jargon – that Sarasin is 'going public'? Yes and no. The partners retain their liability whilst at the same time becoming shareholders. In Spring 1987 we will probably be approaching new investors to seek further reinforcement of the capital base. Our prime concern remains our clientele, which has remained loyal to our institution.

This information is, in our view, so important that we have taken this possibly rather unusual way of informing our clients, our banking colleagues and a wider public of these developments. We are committed to doing everything possible to ensure that our erstwhile sapling – now a tree of considerable proportions – continues its healthy and flourishing growth well into the twentyfirst century.

A. SARASIN & CIE
BANQUIERS

Basel/Zurich

1987 Sarasin Advertisement:
Listing on the Zurich Stock Exchange

Consolidated Financial Statements

Consolidated balance sheet

Assets	31.12.2020 CHF 000	31.12.2019 CHF 000
Liquid assets	8,704,108	8,008,877
Amounts due from banks	1,987,717	1,696,657
Amounts due from securities financing transactions	0	58,101
Amounts due from customers	9,068,576	10,536,404
Mortgage loans	2,993,009	3,234,104
Trading portfolio assets	2,305,828	2,244,966
Positive replacement values of derivative financial instruments	610,210	433,210
Other financial instruments at fair value	1,723,620	1,334,200
Financial investments	9,800,985	8,230,699
Accrued income and prepaid expenses	181,813	216,513
Non-consolidated participations	37,224	24,285
Tangible fixed assets	282,765	308,428
Intangible assets	0	112,211
Other assets	299,491	188,783
Total assets	**37,995,346**	**36,627,438**
Total subordinated claims	221,807	239,000
of which subject to mandatory conversion and/or debt waiver	–	–

Liabilities		
Amounts due to banks	753,259	709,825
Liabilities from securities financing transactions	0	0
Amounts due in respect of customer deposits	28,974,946	28,479,913
Trading portfolio liabilities	8,939	19,429
Negative replacement values of derivative financial instruments	1,035,731	602,634
Liabilities from other financial instruments at fair value	1,182,574	839,899
Bond issues and central mortgage institution loans	78,250	291,119
Accrued expenses and deferred income	321,460	355,280
Other liabilities	210,451	180,757
Provisions	38,935	31,866
Reserves for general banking risks	98,122	44,742
Share capital	848,245	848,245
Capital reserve	1,745,862	1,745,862
Retained earnings reserve	1,624,305	1,320,741
Currency translation reserve	–71,127	22,393
Minority interests in equity	745,097	754,504
Consolidated profit	400,297	380,229
of which minority interests in consolidated profit	99,874	76,666
Total liabilities	**37,995,346**	**36,627,438**
Total subordinated liabilities	–	–
of which subject to mandatory conversion and/or debt waiver	–	–

Consolidated off-balance sheet

CHF 000	**31.12.2020**	31.12.2019
Contingent liabilities	376,054	370,912
Irrevocable commitments	21,898	19,146
Obligations to pay up shares and make further contributions	1,652	1,487
Credit commitments	0	0

Consolidated income statement

CHF 000	**2020**	2019
Interest and discount income	290,169	497,626
Interest and dividend income from trading portfolios	0	0
Interest and dividend income from financial investments	184,631	170,157
Interest expense	–78,691	–265,704
Gross result from interest operations	396,109	402,079
Changes in value adjustments for default risks and losses from interest operations	–10,996	–67,491
Subtotal net result from interest operations	385,113	334,588
Commission income from securities trading and investment activities	642,106	603,651
Commission income from lending activities	3,365	4,129
Commission income from other services	55,413	63,943
Commission expense	–70,873	–74,743
Subtotal result from commission business and services	630,011	596,980
Result from trading activities and the fair value option	209,777	217,381
Result from the disposal of financial investments	6,515	3,532
Income from participations	1,930	10,730
of which, participations recognised using the equity method	0	0
of which, from other non-consolidated participations	1,930	10,730
Result from real estate	493	697
Other ordinary income	8,527	6,263
Other ordinary expenses	–5,038	–15,351
Subtotal other result from ordinary activities	12,427	5,871
Operating income	**1,237,328**	**1,154,820**
Personnel expenses	–549,999	–535,427
General and administrative expenses	–141,059	–153,371
Operating expenses	**–691,058**	**–688,798**
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	–130,084	–298,917
Changes to provisions and other value adjustments, and losses	–18,414	–16,343
Operating result	**397,772**	**150,762**
Extraordinary income	110,066	1,525
Extraordinary expenses	0	–1
Changes in reserves for general banking risks	–54,400	316,000
Taxes	–53,141	–88,057
Consolidated profit	**400,297**	**380,229**
of which minority interests in consolidated profit	99,874	76,666

Consolidated cash flow statement

	2020		2019	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Consolidated profit	400,297	0	380,229	0
Change in reserves for general banking risks	54,400	0	0	–316,000
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	130,084	0	298,917	0
Provisions and other value adjustments	7,078	0	9,664	0
Change in value adjustments for default risks and losses	10,996	0	67,491	0
Accrued income and prepaid expenses	26,505	0	11,150	0
Accrued expenses and deferred income	0	–26,459	0	–79,567
Other items	0	0	0	0
Previous year's dividend	0	0	0	0
Cash flow from operating activities	**602,901**		**371,884**	
Share capital	0	0	0	0
Capital reserves	0	0	0	0
Retained earnings reserve	0	0	0	0
Minority interests in equity	0	–12,476	0	–8,693
Cash flow from equity transactions		**–12,476**		**–8,693**
Participating interests	0	–12,939	0	0
Bank building	18,518	0	0	–43
Other fixed assets	0	–12,111	0	–8,879
Intangible assets	0	0	0	–11,027
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets		**–6,532**		**–19,949**

Consolidated cash flow statement

	2020		2019	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Medium and long-term business (>1 year)				
Amounts due to banks	4,397	0	20,485	0
Amounts due in respect of customer deposits	118,017	0	246,689	0
Liabilities from other financial instruments at fair value	193,913	0	63,205	0
Bonds	0	0	0	0
Central mortgage institution loans	0	–192,360	0	–40,846
Loans of central issuing institutions	0	–20,063	0	–49,513
Other liabilities	38,130	0	0	–24,780
Amounts due from banks	0	–27,744	92,277	0
Amounts due from customers	0	–91,893	454,234	0
Mortgage loans	161,496	0	0	–136,081
Other financial instruments at fair value	0	–100,525	0	–110,190
Financial investments	0	–1,901,056	0	–698,275
Other accounts receivable	0	–164,515	53,529	0
Short-term business				
Amounts due to banks	50,081	0	0	–81,655
Liabilities from securities financing transactions	0	0	0	0
Amounts due in respect of customer deposits	1,340,183	0	1,766,829	0
Trading portfolio liabilities	0	–10,490	11,293	0
Negative replacement values of derivative financial instruments	442,857	0	0	–18,042
Liabilities from other financial instruments at fair value	99,859	0	0	–52,847
Amounts due from banks	0	–287,065	8,810	0
Amounts due from securities financing transactions	58,101	0	1,047	0
Amounts due from customers	1,237,418	0	0	–434,741
Trading portfolio assets	0	–115,193	0	–602,162
Positive replacement values of derivative financial instruments	0	–190,855	254,583	0
Other financial instruments at fair value	0	–304,369	0	–161,623
Financial investments	0	–187,296	64,706	0
Cash flow from banking operations	**151,028**		**626,932**	
Conversion differences		**–39,690**		**–57,016**
Change in liquid assets	**695,231**		**913,157**	

CHF 000	**31.12.2020**	31.12.2019
Liquid assets at beginning of the year (cash)	**8,008,877**	7,095,720
Liquid assets at the end of the year (cash)	**8,704,108**	8,008,877
Change in liquid assets	**695,231**	**913,157**

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 01.01.2020	**848,245**	**1,745,862**	**1,624,304**	**44,742**	**22,393**	**831,170**		**5,116,716**
Currency translation differences			1		–93,520	–74,617		–168,136
Dividends and other distributions						–12,476		–12,476
Reserves for general banking risks				53,380		1,020		54,400
Consolidated profit						99,874	300,423	400,297
Equity on 31.12.2020	**848,245**	**1,745,862**	**1,624,305**	**98,122**	**–71,127**	**844,971**	**300,423**	**5,390,801**

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

	31.12.2020				31.12.2019			
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
The 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 ordinance of accounting 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 89. 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 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 as "Positive (or negative) replacement values of derivative financial instruments". The corresponding assets and liabilities are recorded as contract volume in the off-balance sheet section. 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	31.12.2020	31.12.2019
USD/CHF	0.884	0.968
EUR/CHF	1.082	1.087

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

Consolidated supervision

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

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

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

Cash due from and to banks and clients

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

Amounts due from and liabilities from securities financing transactions

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

Securities and precious metals trading portfolios

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

Positive and negative replacement values of derivative financial instruments

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

Other financial instruments at fair value

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

Financial investments

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

Fixed assets and intangible assets

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

	2020	2019
Fixed assets		
Bank premises and other buildings	50 years	50 years
Leasehold improvements/ Renovations	10–20 years	10–20 years
Furniture and machines	3–10 years	3–10 years
Hardware	3–8 years	3–8 years
Software	3–8 years	3–8 years
Intangible assets		
Goodwill	5–10 years	5–10 years
Other intangible assets	3–10 years	3–10 years

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

Impairment of non-financial assets

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

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

Value adjustments and provisions

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

Reserves for general banking risks

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

Employee pension plans

The Group operates a number of pension plans for its employees in Switzerland and abroad, most of them comprising defined contribution plans. The adjusted contributions for the period are shown as personnel costs in the income statement. The corresponding adjustments or liabilities and the claims and commitments arising from legal, regulatory or contractual requirements are shown in the balance sheet. In accordance with the Swiss GAAP RPC 16, a study is performed on an annual basis to assess any 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 standard of risk management is not simply a question of compliance with formalised internal and external rules. Moreover, quantitative criteria are only one component of comprehensive risk management. Indeed, risk awareness must be a key governance element to spur the appropriate risk culture and become an integral part of an organisation. Only then will such risk culture demonstrate itself through the discipline and thoroughness with which employees perform their tasks.

Governance

The Board of Directors carries ultimate responsibility for the Group's business strategy and principles of the corporate culture. It is responsible for establishing the business organisation, for issuing the necessary rules and regulations, and ensuring that the Group has the adequate level of 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 for 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 of first, second and third lines of defence are assessed and revised if necessary. These controls, together with other mitigating factors, will serve to derive the residual risks which in turn are classified in the corresponding principal risk categories.

Risk tolerance, defined as the level of risk that the Group is prepared to assume to achieve its business objectives, is determined by risk category. Corresponding limits 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 enforcing the risk culture. Those policies and related documents define the operating limits and describe the procedures to follow in case of breaches. A programme of training and e-learning is also designed to educate and inform personnel on risks and restrictions 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 which 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 are in line with the defined risk tolerance and risk limits. In addition, the ARC assesses 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 reassessing the Group's risk profile. When evaluating risks, the Risk Committee takes into consideration the findings and measures of other committees.

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

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

All operational committees are made up of 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. The second line is assured by independent control units, with unlimited access to information. The third line of defence is provided by the Internal Audit function.

Independent controls are executed by the Risk Office, the Credit department 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 business units taking decisions on the level and extent of risk exposure act independently of the departments that analyse the risks assumed and monitor adherence to limits and other competencies. 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. It 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 and other risks. It anticipates risk, makes recommendations and takes necessary measures to adjust to the Group's risk profile. It is responsible for ensuring compliance with the risk management process. 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, to the Group Executive Board and to business units.

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 requirement 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 requirements according to the type of derivative transaction. An independent team monitors the client credit activity and the adherence to limits.

The Legal & Compliance function supports the Group Executive Board and the management of JSSH 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 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.

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 comprehensive, cross-discipline assessment of every new business transaction or process and its associated risks.

Risk indicators

In-depth risk profiling results 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 as a minimum against an internal limit as well as a regulatory limit (if applicable). Qualitative indicators are assessed in the context of the "appetite statement" 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 impact on capital adequacy, different scenarios are considered that can be systemic or idiosyncratic. Several scenarios occur yearly while others are defined on an ad-hoc basis. For each scenario, all possible direct and indirect consequences for 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 these to the Board of Directors.

Risk categories

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

- Market risk
- Liquidity risk
- Credit risk, including risk of concentration
- Operational and reputation risk, including IT and information security risk
- Legal and compliance risk
- Business and strategic risk

Market risk

Market risk refers to the risk of a loss due to changes in risk 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 a granular level. The monitoring of the limits is automated and performed on an ongoing basis ensuring timely intervention when justified. A clear and efficient escalation process is in place so that in any case of breach the remediation measures are presented to the competent limit owner. As regards the banking book, market risk limits are in place for interest rate and foreign exchange exposures as well as derivatives exposures. The interest rate risk in the banking book is measured using the regulatory predefined 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 mechanism assesses the impact on the economic value of the balance sheet and on 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. These liquidity aspects are considered in aggregate but also per currency. As a supporting strategy, target bandwidths are set for surplus coverage of minimum liquidity. These are actively monitored and corresponding measures are taken if liquidity falls below the specified targets. A contingency funding plan may be triggered if certain conditions are met. Stress testing allows for the impact of larger outflows combined with the deterioration of Group assets on the liquidity indicators to be assessed.

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 to 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. 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 on an ad-hoc basis 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 set framework and 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.

Business Continuity Management (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 potential 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 the 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 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. The Group aims to ensure that data is protected against intentional and unintentional abuse, in line with the applicable regulations and the best industry practices. The emergence of potential new threats is continuously monitored by the Group.

In relation to both IT and information security, a dedicated IT Risk Management Committee meets on a quarterly basis to review and address those risks.

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.

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, instructs 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 to reputation 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, and 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.

Treatment of structured products

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

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

Based on the inherent risk of a credit facility, the Group establishes the individual Credit Risk Class (CRC) which in return defines the review cycle of the facility. All credits are regularly followed by means of a 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, the 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 the 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 on 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 risk of assets and liabilities are typically hedged by interest rate swaps (IRS), but other instruments such as 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 2020.

Consolidated notes – Information on the balance sheet

Breakdown of securities financing transactions (assets and liabilities)

CHF 000	**2020**	2019
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions (before netting agreements)	0	58,101
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions (before netting agreements)	0	0
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	49,068	77,902
with unrestricted right to resell or pledge	49,068	77,902
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	143,076	368,144
of which, repledged securities	230	2,658
of which, resold securities	0	0

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

CHF 000	Mortgage collateral	Secured by other collateral	Without collateral	Total
Loans (before netting with value adjustments)				
Amounts due from customers	352,136	9,016,591	36,505	9,405,232
Mortgages loans				
Residential property	1,082,516	0	0	1,082,516
Office and business premises	1,577,713	0	0	1,577,713
Trade and industry	326,654	0	0	326,654
Others	6,127	0	0	6,127
Total loans (before netting with value adjustments)				
Current year	**3,345,146**	**9,016,591**	**36,505**	**12,398,242**
Previous year	3,561,208	10,485,778	33,573	14,080,559
Total loans (after netting with value adjustments)				
Current year	**3,153,476**	**8,907,009**	**1,100**	**12,061,585**
Previous year	3,395,053	10,373,814	1,641	13,770,508
Off-balance-sheet transactions				
Contingent liabilities	0	368,738	7,316	376,054
Irrevocable commitments	0	21,898	0	21,898
Obligations to pay up shares and make further contributions	0	0	1,652	1,652
Total current year	**0**	**390,636**	**8,968**	**399,604**
Previous year	0	385,757	5,788	391,545

Impaired loans

CHF 000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Current year	**497,741**	**161,084**	**336,657**	**336,657**
Previous year	472,587	162,536	310,051	310,051

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

CHF 000	**31.12.2020**	31.12.2019
Assets		
Trading portfolios		
Debt securities, money market securities/ transactions	1,300,691	1,295,448
of which, listed	391,757	399,369
Equity securities	435,283	318,854
Precious metals and commodities	489,358	564,022
Other trading portfolio assets	80,496	66,642
Other financial instruments at fair value		
Debt securities	366,122	259,944
Structured products	0	651
Other	1,357,498	1,073,604
Total assets	**4,029,448**	**3,579,166**
of which, determined using a valuation model	0	0
of which, securities eligible for repo transactions in accordance with liquidity requirements	0	0
Liabilities		
Trading portfolios		
Debt securities, money market securities/transactions	0	204
of which, listed	0	204
Equity securities	8,938	19,224
Precious metals and commodities	0	0
Other trading portfolio liabilities	1	1
Other financial instruments at fair value		
Debt securities	380,552	267,941
Structured products	0	0
Other	802,022	571,958
Total liabilities	**1,191,513**	**859,328**
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	311	311	885
Swaps	99,375	321,916	7,634,073
Total interest rate instruments	**99,686**	**322,227**	**7,634,958**
Foreign exchange			
Forward agreements	32,887	51,764	5,216,714
Combined interest/currency swaps	198,534	436,958	23,452,245
Futures	0	0	800,417
Options (OTC)	31,636	34,850	4,908,427
Total foreign exchange	**263,057**	**523,572**	**34,377,803**
Equity securities/indices			
Forward agreements	1,150	2,536	73,410
Options (OTC)	130,695	126,098	3,082,271
Options (exchange traded)	70,168	18,284	1,164,462
Total equity securities/indices	**202,013**	**146,918**	**4,320,143**
Precious metals			
Forward agreements	2,035	1,691	73,670
Swaps	10,567	11,229	288,986
Options (OTC)	31,190	26,085	1,227,221
Total precious metals	**43,792**	**39,005**	**1,589,877**
Credit derivatives			
Credit default swaps	0	3	884
Total credit derivatives	**0**	**3**	**884**
Other			
Forward agreements	1,615	344	212,820
Total other	**1,615**	**344**	**212,820**
Total trading instruments before netting agreements on 31.12.2020	**610,163**	**1,032,069**	**48,136,485**
Total trading instruments before netting agreements on 31.12.2019	432,178	596,897	48,664,047
Hedge instruments			
Interest rate instruments			
Swaps	47	3,662	137,437
Total hedge instruments on 31.12.2020	**47**	**3,662**	**137,437**
Total hedge instruments on 31.12.2019	1,032	5,737	342,415
Total before netting agreements on 31.12.2020	**610,210**	**1,035,731**	**48,273,922**
of which, determined using a valuation model	0	0	–
Total before netting agreements on 31.12.2019	433,210	602,634	49,006,462
of which, determined using a valuation model	0	0	–
Total after netting agreements on 31.12.2020	**143,619**	**708,202**	
Total after netting agreements on 31.12.2019	104,284	334,844	

Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other customers
CHF 000			
Positive replacement values (after netting agreements) on 31.12.2020	**0**	**70,407**	**73,213**
Positive replacement values (after netting agreements) on 31.12.2019	518	42,727	61,039

Financial investments

CHF 000	**Book value 31.12.2020**	**Fair value 31.12.2020**	Book value 31.12.2019	Fair value 31.12.2019
Debt securities	8,573,160	8,889,456	7,206,977	7,344,840
of which, intended to be held until maturity	8,482,856	8,799,152	7,155,450	7,290,451
of which, not intended to be held to maturity (available for sale)	90,304	90,304	51,527	54,389
Equity securities	1,160,643	1,317,635	952,544	1,138,496
of which, qualified participations	0	0	0	0
Precious metals	0	0	0	0
Real estate	67,182	67,182	71,178	71,178
Total financial investments	**9,800,985**	**10,274,273**	**8,230,699**	**8,554,514**
of which, securities eligible for repo transactions in accordance with liquidity regulations	**119,472**		**59,369**	

Breakdown of counterparties by rating

CHF 000	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Unrated
Debt securities						
Book value on 31.12.2020	**2,556,829**	**2,690,137**	**1,096,083**	**1,169,846**	**0**	**1,060,265**
Book value on 31.12.2019	2,542,265	1,983,734	1,180,240	1,048,550	107	452,080

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

Participations

CHF 000	Acquisition costs	Accumulated value adjustments	Book value as at 31.12.2019	Reclassi-fications	Additions	Disposals	Value adjustments	**Book value as at 31.12.2020**	Market value
Participations valued using the equity method									
with market value	0	0	0	0	0	0	0	0	0
without market value	0	0	0	0	0	0	0	0	–
Other participations									
with market value	24,550	–265	24,285	0	12,939	0	0	37,224	153,329
without market value	0	0	0	0	0	0	0	0	–
Total participations	**24,550**	**–265**	**24,285**	**0**	**12,939**	**0**	**0**	**37,224**	**153,329**

Significant participating interests

	Place of incorporation	Activity	Currency	Share capital '000s	% of equity/ votes	Direct/ indirect ownership
Bank J. Safra Sarasin Ltd	Basel	Bank	CHF	22,015	100.00%	direct
Bank J. Safra Sarasin (Gibraltar) Ltd	Gibraltar	Bank	CHF	1,000	100.00%	indirect
J. Safra Sarasin Asset Management (Europe) Ltd	Gibraltar	Advisory	CHF	4,000	100.00%	indirect
JSS (Gibraltar) Ltd	Gibraltar	Holding	GBP	235	100.00%	indirect
Marina Bay Holding Ltd	Gibraltar	Holding	GBP	100	100.00%	indirect
Banque J. Safra Sarasin (Monaco) SA	Monaco	Bank	EUR	67,000	100.00%	direct
J. Safra Sarasin Gestion (Monaco) SA	Monaco	Advisory	EUR	160	100.00%	indirect
Banque J. Safra Sarasin (Luxembourg) SA	Luxembourg	Bank	EUR	8,800	100.00%	direct
JSS Polska Sp. z o o.	Poland	Advisory	PLN	5	100.00%	indirect
JSS Private Equity Investments Fund GP S.a.r.l.	Luxembourg	Fund Management	EUR	12	100.00%	direct
J. Safra Sarasin Asset Management (North America) SA	Geneva	Asset Management	CHF	1,350	100.00%	direct
SIBTL Holding Ltd.	Bahamas	Holding	USD	460,932	52.00%	direct
J. Safra Sarasin Asset Management (Bahamas) Ltd.	Bahamas	Fund Management	USD	50	52.00%	indirect
Bank J. Safra Sarasin (Bahamas) Ltd.	Bahamas	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	Bahamas	Real Estate	USD	50	51.97%	indirect
Bank J. Safra Sarasin Asset Management (Middle East) Ltd	Dubai	Asset Management	USD	22,000	100.00%	indirect
Bank J. Safra Sarasin (QFC) LLC	Doha	Asset Management	USD	2,000	100.00%	indirect
J. Safra Sarasin Asset Management (Israel) Ltd	Tel Aviv	Advisory	ILS	350	100.00%	indirect
bank zweiplus ltd	Zurich	Bank	CHF	35,000	57.50%	indirect
J. Safra Sarasin (Deutschland) GmbH	Frankfurt	Advisory	EUR	50	100.00%	indirect
J. Safra Sarasin Trust Company (Singapore) Ltd.	Singapore	Trust Company	USD	1,000	100.00%	indirect
Sarabet Ltd	Basel	Holding	CHF	3,250	100.00%	indirect
Sarasin (U.K.) Ltd	London	Holding	GBP	17,900	100.00%	indirect
S.I.M. Partnership (London) Ltd	London	Holding	GBP	727	64.02%	indirect
Sarasin & Partners LLP	London	Asset Management	GBP	18,273	64.02%	indirect
Sarasin Asset Management Ltd	London	Asset Management	GBP	250	64.02%	indirect
Sarasin US Services Ltd	London	Advisory	GBP	0.1	64.02%	indirect
Sarasin Investment Funds Ltd	London	Fund Management	GBP	250	64.02%	indirect
Sarasin Funds Management (Ireland) Ltd	Dublin	Fund Management	GBP	500	64.02%	indirect
Sarasin & Partners Ireland Ltd	Dublin	Asset Management	EUR	100	64.02%	indirect
JSS Administradora de Recursos Ltda.	São Paulo	Advisory	BRL	1,711	100.00%	indirect
JSS Global Real Estate Management Co Sarl	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

Participations removed from the scope of consolidation

Eichenpark Verwaltungs GmbH	Glashuetten	Holding	EUR	25	100.00%	indirect

Non-consolidated investments in subsidiary companies

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

Tangible fixed assets

CHF 000	Acquisition costs	Accumulated depreciation	Book value as at 31.12.2019	Change in scope of consolidation	Reclassifications	Additions	Disposals	Depreciation	**Book value as at 31.12.2020**
Real estate: bank buildings	350,042	–93,581	256,461	0	0	2,203	–21,838	–5,664	231,162
Real estate: other real estate	4,985	–1,995	2,990	0	0	0	0	–83	2,907
Proprietary or separately acquired software	24,790	–17,709	7,081	0	0	7,306	–6	–4,017	10,364
Other fixed assets	121,121	–79,225	41,896	0	0	5,886	–1,340	–8,110	38,332
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	**500,938**	**–192,510**	**308,428**	**0**	**0**	**15,395**	**–23,184**	**–17,874**	**282,765**

Operating leases

CHF 000	**31.12.2020**	31.12.2019
Remaining maturity <1 year	12,617	14,677
Remaining maturity 1–5 years	39,062	30,706
Remaining maturity >5 years	849	2,434
Total liabilities from operating lease	**52,528**	**47,817**
of which, remaining maturity <1 year that can be terminated within one year	782	2,448

Intangible assets

CHF 000	Acquisition costs	Accumulated amortisation	Book value as at 31.12.2019	Reclassifications	Additions	Disposals	Amortisation	**Book value as at 31.12.2020**
Goodwill	563,895	–451,684	112,211	0	0	0	–112,211[1)]	0
Patents	0	0	0	0	0	0	0	0
Licences	0	0	0	0	0	0	0	0
Other intangible assets	57,935	–57,935	0	0	0	0	0	0
Total intangible assets	**621,830**	**–509,619**	**112,211**	**0**	**0**	**0**	**–112,211**	**0**

1) Corresponds to the accelerated amortisation of the remaining inventory of goodwill related to the acquisition of Bank Sarasin & Cie. Book value, recognised on a straight-line basis over ten years (previously: over twenty years) from the acquisition date, was completely amortised. The goodwill acquired was fully integrated into the core business and related cash flows can no longer be reliably measured with reasonable effort. The effect on the current year is an accelerated amortisation of CHF 56.1 million.

Other assets/Other liabilities

CHF 000	**31.12.2020**	31.12.2019
Other assets		
Compensation account	151,460	79,042
Deferred income taxes recognised as assets	15,503	6,980
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	132,528	102,761
Total	**299,491**	**188,783**
Other liabilities		
Compensation account	3,752	3,952
Others	206,699	176,805
Total	**210,451**	**180,757**

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

CHF 000	**Book value 31.12.2020**	**Effective commitment 31.12.2020**	Book value 31.12.2019	Effective commitment 31.12.2019
Financial instruments	354,848	326,674	273,071	234,295
Other assets	415,506	415,506	331,741	331,741
Total pledged assets	**770,354**	**742,180**	**604,812**	**566,036**

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	**31.12.2020**	31.12.2019
Liabilities to own pension plans	**25,565**	**47,063**

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. Similarly, all pension schemes based outside Switzerland are defined contribution plans. There is neither a surplus nor a deficit coverage. The contributions for the period are shown as personnel costs in the income statement.

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

The Group does not have any patronage funds.

Employer’s contribution reserves (ECR)

CHF 000	**Nominal value 31.12.2020**	**Renunciation of use 31.12.2020**	**Creation 2020**	**Balance sheet 31.12.2020**	Balance sheet 31.12.2019	**Result from ECR in personnel expenses 2020**	Result from ECR in personnel expenses 2019
Patronage funds/pension schemes	**0**	**0**	**0**	**0**	0	**0**	0

Economic benefit / economic obligation and pension benefit expenses

CHF 000	**Surplus/ (deficit) 31.12.2020**[1]	**Economical part of the organisation 31.12.2020**	Economical part of the organisation 31.12.2019	**Change in the prior-year period or recognised in the current result of the period**	**Contributions concerning the business period**	**Pension benefit expenses within personnel expenses 2020**	Pension benefit expenses within personnel expenses 2019
Pension schemes							
with surplus	**73,244**	**0**	0	**0**	**24,395**	**24,395**	23,450
without surplus / (deficit)	**0**	**0**	0	**0**	**9,658**	**9,658**	9,926
Total	**73,244**	**0**	0	**0**	**34,053**	**34,053**	33,376

[1] At the publication date the final financial statements of the pension schemes were not available. Therefore the figures are based on the financial statements of the pension schemes 2019.

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

Presentation of issued structured products

Underlying risk of the embedded derivative

CHF 000	Valued separately: Value of the host instrument	Value of the derivative	Total 31.12.2020	Valued separately: Value of the host instrument	Value of the derivative	Total 31.12.2019
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)	**590,794**	**–22,881**	**567,913**	596,162	–5,836	590,326
Without oDC	**0**	**0**	**0**	0	0	0
Foreign currencies						
With own debenture component (oDC)	**223,469**	**–464**	**223,005**	231,284	–1,159	230,125
Without oDC	**0**	**0**	**0**	0	0	0
Commodities/precious metals						
With own debenture component (oDC)	**47,796**	**–163**	**47,633**	204	–60	144
Without oDC	**0**	**0**	**0**	0	0	0
Total	**862,059**	**–23,508**	**838,551**	827,650	–7,055	820,595

Presentation of bonds outstanding and mandatory convertible bonds

Issuer		Year of issuance	Early termination possibilities	Weighted average interest rate	Maturity date	Amount outstanding CHF 000
Bank J. Safra Sarasin Ltd	Non-subordinated	2020	no	0%	2021	71,246
Bank J. Safra Sarasin Ltd	Non-subordinated mortgage-backed bonds	2012–2013	no	1.34%	2021–2024	7,004

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							
Bank J. Safra Sarasin Ltd	74,246	0	2,000	2,004	0	0	**78,250**

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

CHF 000	Balance as at 31.12.2019	Use in conformity with designated purpose	Change in scope of conso-lidation	Reclassi-fications	Currency differences	Past due interest, recoveries	New creations charged to income	Release to income	**Balance as at 31.12.2020**
Provisions for deferred taxes	5,959	0	0	0	5	0	11,823	–472	17,316
Provisions for pension benefit obligations	0	0	0	0	0	0	0	0	0
Provisions for default risks (off-balance sheet)	0	0	0	0	0	0	0	0	0
Provisions for other business risks	2,550	0	0	0	20	0	2,880	–50	5,399
Provisions for restructuring	0	0	0	0	0	0	0	0	0
Other provisions	23,357	–9,319	0	0	–34	3	8,163	–5,950	16,220
Total provisions	**31,866**	**–9,319**	**0**	**0**	**–9**	**3**	**22,866**	**–6,472**	**38,935**
Reserves for general banking risks	**44,742**	**0**	**0**	**0**	**0**	**0**	**110,380** [1]	**–57,000**	**98,122**
Value adjustments for default and country risks	**333,034**	**–22,532**	**0**	**0**	**–419**	**16,879**	**11,122**	**–126**	**337,957**
of which, value adjust-ments for default risks in respect of impaired loans/receivables	310,051	–973	0	0	–417	17,000	11,122	–126	336,657
of which, value adjust-ments for latent risks	0	0	0	0	0	0	0	0	0

[1] excluding CHF –1 million reserves for general banking risks for minorities.

Disclosure of amounts due from/to related parties

	Amounts due from		Amounts due to	
CHF 000	**31.12.2020**	31.12.2019	**31.12.2020**	31.12.2019
Holders of qualified participations	–	–	–	–
Group companies	–	–	–	–
Linked companies	1,436,670	1,706,709	3,667,363	3,096,162
Transactions with members of governing bodies	11,857	16,526	11,106	10,475
Other related parties	10,028	14,146	1,097,153	1,463,879

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

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

Presentation of the maturity structure of financial instruments

CHF 000	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Due more than 5 years	No maturity	Total
Liquid assets	8,704,108	0	0	0	0	0	0	8,704,108
Amounts due from banks	1,637,502	70,716	226,405	0	53,094	0	0	1,987,717
Amounts due from securities financing transactions	0	0	0	0	0	0	0	0
Amounts due from customers	1,412,751	0	5,778,646	620,619	1,064,672	191,888	0	9,068,576
Mortgage loans	2,081	0	1,022,231	538,641	965,337	464,719	0	2,993,009
Trading portfolio assets	2,305,828	0	0	0	0	0	0	2,305,828
Positive replacement values of derivative financial instruments	610,210	0	0	0	0	0	0	610,210
Other financial instruments at fair value	1,723,620	0	0	0	0	0	0	1,723,620
Financial investments	1,227,825	0	1,103,524	610,432	5,284,554	1,574,650	0	9,800,985
Total 31.12.2020	**17,623,925**	**70,716**	**8,130,806**	**1,769,692**	**7,367,657**	**2,231,257**	**0**	**37,194,053**
Total 31.12.2019	15,292,346	0	9,070,220	3,009,015	6,606,564	1,799,073	0	35,777,218
Due to banks	520,264	0	226,603	6,392	0	0	0	753,259
Liabilities from securities financing transactions	0	0	0	0	0	0	0	0
Amounts due in respect of customer deposits	24,047,769	1,100,421	2,316,378	509,329	1,001,049	0	0	28,974,946
Trading portfolio liabilities	8,939	0	0	0	0	0	0	8,939
Negative replacement values of derivative financial instruments	1,035,731	0	0	0	0	0	0	1,035,731
Liabilities from other financial instruments at fair value	1,182,574	0	0	0	0	0	0	1,182,574
Bond issues and central mortgage institution loans	0	0	0	74,246	4,004	0	0	78,250
Total 31.12.2020	**26,795,277**	**1,100,421**	**2,542,981**	**589,967**	**1,005,053**	**0**	**0**	**32,033,699**
Total 31.12.2019	18,440,513	1,702,780	8,724,254	1,176,498	898,774	0	0	30,942,819

Assets and liabilities by domestic and foreign origin

	31.12.2020		31.12.2019	
CHF 000	**Swiss**	**Foreign**	Swiss	Foreign
Assets				
Liquid assets	7,005,549	1,698,559	6,978,545	1,030,332
Amounts due from banks	224,302	1,763,415	398,680	1,297,977
Amounts due from securities financing transactions	0	0	0	58,101
Amounts due from customers	1,089,897	7,978,679	1,051,838	9,484,566
Mortgage loans	679,990	2,313,019	752,465	2,481,639
Trading portfolio assets	824,405	1,481,423	737,650	1,507,316
Positive replacement values of derivative financial instruments	162,579	447,631	114,590	318,620
Other financial instruments at fair value	835,137	888,483	776,599	557,601
Financial investments	448,962	9,352,023	403,839	7,826,860
Accrued income and prepaid expenses	67,339	114,474	66,411	150,102
Non-consolidated participations	28,864	8,360	24,043	242
Tangible fixed assets	266,089	16,676	291,802	16,626
Intangible assets	0	0	112,211	0
Other assets	183,698	115,793	103,002	85,781
Total assets	**11,816,811**	**26,178,535**	**11,811,675**	**24,815,763**
Liabilities				
Amounts due to banks	208,758	544,501	281,639	428,186
Liabilities from securities financing transactions	0	0	0	0
Amounts due in respect of customer deposits	4,598,154	24,376,792	7,533,869	20,946,044
Trading portfolio liabilities	2,511	6,428	12,037	7,392
Negative replacement values of derivative financial instruments	93,531	942,200	92,271	510,363
Liabilities from other financial instruments at fair value	802,023	380,551	571,958	267,941
Bond issues and central mortgage institution loans	78,250	0	291,119	0
Accrued expenses and deferred income	200,124	121,336	185,432	169,848
Other liabilities	12,648	197,803	16,741	164,016
Provisions	30,581	8,354	25,599	6,267
Reserves for general banking risks	88,351	9,771	34,971	9,771
Share capital	848,245	0	848,245	0
Capital reserve	1,745,862	0	1,745,862	0
Retained earnings reserve	5,552	1,618,753	–212,995	1,533,735
Currency translation reserve	138,873	–210,000	138,873	–116,480
Minority interests in equity	23,445	721,652	22,425	732,079
Consolidated profit	–555	400,852	50,205	330,024
Total liabilities	**8,876,353**	**29,118,993**	**11,638,253**	**24,989,185**

Assets by countries/country groups

	31.12.2020		31.12.2019	
CHF 000	**Total**	**Part as a %**	Total	Part as a %
Europe	9,199,363	24.2%	8,033,649	21.9%
Americas	12,325,976	32.4%	12,455,484	34.0%
Asia	4,366,049	11.5%	3,915,551	10.7%
Others	287,147	0.8%	411,080	1.1%
Total foreign assets	**26,178,535**	**68.9%**	**24,815,763**	**67.8%**
Switzerland	11,816,811	31.1%	11,811,675	32.2%
Total assets	**37,995,346**	**100.0%**	**36,627,438**	**100.0%**

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

	31.12.2020		31.12.2019	
	Net foreign exposure CHF 000	Part as a %	Net foreign exposure CHF 000	Part as a %
Standard & Poor’s				
AAA to AA–	8,629,328	89.0%	9,459,614	95.3%
A+ to A–	340,895	3.5%	462,665	4.7%
BBB+ to B–	732,106	7.5%	0	0.0%
Total net foreign assets	**9,702,329**	**100.0%**	**9,922,279**	**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	7,005,539	1,684,802	434	13,333	8,704,108
Amounts due from banks	312,487	289,305	734,132	651,793	1,987,717
Amounts due from securities financing transactions	0	0	0	0	0
Amounts due from customers	1,162,701	2,007,808	4,697,767	1,200,300	9,068,576
Mortgage loans	588,952	689,055	313,309	1,401,693	2,993,009
Trading portfolio assets	463,089	10,732	534,682	1,297,325	2,305,828
Positive replacement values of derivative financial instruments	294,540	73,235	156,423	86,012	610,210
Other financial instruments at fair value	779,267	106,703	683,926	153,724	1,723,620
Financial investments	1,030,284	1,554,448	6,188,253	1,028,000	9,800,985
Accrued income and prepaid expenses	20,816	32,212	88,471	40,314	181,813
Non-consolidated participations	28,864	8,360	0	0	37,224
Tangible fixed assets	265,971	1,076	13,190	2,528	282,765
Intangible assets	0	0	0	0	0
Other assets	43,349	62,628	181,400	12,114	299,491
Total balance sheet assets	**11,995,859**	**6,520,364**	**13,591,987**	**5,887,136**	**37,995,346**
Delivery entitlements from spot exchange, forward forex and forex options transactions	4,030,862	6,992,611	15,304,732	4,622,200	30,950,405
Total assets 31.12.2020	**16,026,721**	**13,512,975**	**28,896,719**	**10,509,336**	**68,945,751**

Liabilities					
Amounts due to banks	40,834	169,333	317,131	225,961	753,259
Liabilities from securities financing transactions	0	0	0	0	0
Amounts due in respect of customer deposits	3,511,950	5,466,144	15,875,313	4,121,539	28,974,946
Trading portfolio liabilities	2,483	190	6,268	–2	8,939
Negative replacement values of derivative financial instruments	379,814	147,732	415,946	92,239	1,035,731
Liabilities from other financial instruments at fair value	167,046	143,966	781,333	90,229	1,182,574
Bond issues and central mortgage institution loans	78,250	0	0	0	78,250
Accrued expenses and deferred income	146,256	66,310	61,498	47,395	321,459
Other liabilities	45,540	22,437	116,935	25,539	210,451
Provisions	24,276	14,659	0	0	38,935
Reserves for general banking risks	88,351	9,771	0	0	98,122
Share capital	848,245	0	0	0	848,245
Capital reserve	1,745,862	0	0	0	1,745,862
Retained earnings reserve	522,395	396,187	682,342	23,381	1,624,305
Currency translation reserve	138,873	–98,714	–89,374	–21,912	–71,127
Minority interests in equity	23,445	0	709,383	12,269	745,097
Consolidated profit	34,482	97,726	205,463	62,626	400,297
Total balance sheet liabilities	**7,798,102**	**6,435,741**	**19,082,238**	**4,679,264**	**37,995,345**
Delivery obligations from spot exchange, forward forex and forex options transactions	8,987,284	6,740,839	9,716,112	5,761,661	31,205,896
Total liabilities 31.12.2020	**16,785,386**	**13,176,580**	**28,798,350**	**10,440,925**	**69,201,241**
Net currency positions 31.12.2020	**–758,665**	**336,395**	**98,369**	**68,411**	**–255,490**

Consolidated notes –
Information on off-balance-sheet transactions

Breakdown and explanation of contingent assets and liabilities

CHF 000	**31.12.2020**	31.12.2019
Guarantees to secure credits and similar	240,052	239,108
Performance guarantees and similar	86,478	112,487
Irrevocable commitments arising from documentary letters of credit	0	0
Others	49,524	19,317
Total contingent liabilities	**376,054**	**370,912**
Contingent assets arising from tax losses carried forward	19,927	22,765
Other contingent assets	0	0
Total contingent assets	**19,927**	**22,765**

Breakdown of credit commitments

CHF 000	**31.12.2020**	31.12.2019
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	**31.12.2020**	31.12.2019
Fiduciary investments with third-party banks	1,432,211	1,595,167
Fiduciary investments with linked companies	0	0
Fiduciary loans	211,102	248,625
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	**1,643,313**	**1,843,792**

Breakdown of managed assets and presentation of their development

CHF million	**2020**	2019
Type of managed assets		
Assets in collective investment schemes by the Group	21,391	19,619
Assets under discretionary asset management agreements	29,240	27,513
Other managed assets	141,774	138,665
Total managed assets (including double-counting)	**192,405**	**185,797**
Of which double-counted items	16,834	16,477

Development of managed assets		
Total managed assets (including double-counting) at beginning	185,797	164,609
+/– net new money inflow or net new money outflow	7,167	5,613
+/– price gains/losses, interest, dividends and currency gains/losses	255	15,323
+/– other effects	–814	252
Total managed assets (including double-counting)	**192,405**	**185,797**

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 within 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	**2020**	2019
Breakdown by business area		
Trading profit with market risk	67,497	64,131
Trading profit without market risk	104,215	104,768
Trading profit from treasury activities	38,065	48,482
Total result from trading activities	**209,777**	**217,381**
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
Interest rate instruments	–25,455	28,693
Equity securities (including funds)	132,039	92,062
Foreign currencies	81,352	76,110
Commodities/precious metals	21,841	20,516
Total result from trading activities	**209,777**	**217,381**
of which, from fair value option	–109,817	–6,292

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

CHF 000	**2020**	2019
Material refinancing income in the item “Interest and discount income”	0	0
Material negative interest	38,601	43,922

Breakdown of personnel expenses

CHF 000	**2020**	2019
Salaries	461,099	449,239
of which, expenses relating to share-based compensation and alternative forms of variable compensation	129,329	119,480
Social charges	72,252	70,030
Changes in book value for economic benefits and obligations arising from pension schemes	0	0
Other personnel expenses	16,648	16,158
Total personnel expenses	**549,999**	**535,427**

Breakdown of general and administrative expenses

CHF 000	**2020**	2019
Office space expenses	30,925	30,913
Expenses for information and communications technology	17,161	16,595
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	647	840
Fees of audit firm	3,492	3,633
of which, for financial and regulatory audits	3,170	3,287
of which, for other services	322	346
Other operating expenses	88,834	101,390
of which, compensation for any cantonal guarantee	0	0
Total general and administrative expenses	**141,059**	**153,371**

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

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

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

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

No revaluations of participations and tangible fixed assets up to 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

	2020			2019		
CHF 000	**Swiss**	**Foreign**	**Total**	**Swiss**	**Foreign**	**Total**
Net result from interest operations	64,371	320,742	385,113	111,100	223,488	334,588
Subtotal result from commission business and services	288,232	341,779	630,011	276,760	320,220	596,980
Result from trading activities and the fair value option	141,781	67,996	209,777	72,426	144,955	217,381
Subtotal other result from ordinary activities	760	11,667	12,427	–130	6,001	5,871
Operating income	**495,144**	**742,184**	**1,237,328**	**460,156**	**694,664**	**1,154,820**
Personnel expenses	–311,095	–238,904	–549,999	–300,647	–234,780	–535,427
General and administrative expenses	–71,229	–69,830	–141,059	–76,212	–77,159	–153,371
Subtotal operating expenses	**–382,324**	**–308,734**	**–691,058**	**–376,859**	**–311,939**	**–688,798**
Depreciation and amortisation of tangible fixed assets and intangible assets and value adjustments on participations	–126,986	–3,098	–130,084	–287,459	–11,458	–298,917
Changes to provisions and other value adjustments, and losses	–18,246	–168	–18,414	–11,035	–5,308	–16,343
Operating result	**–32,412**	**430,184**	**397,772**	**–215,197**	**365,959**	**150,762**

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

CHF 000	**2020**	2019
Current income and capital tax expenses	50,504	39,305
Allocation to provisions for deferred taxes	11,351	2,559
Recognition of deferred income taxes	–8,714	46,193
Total	**53,141**	**88,057**

The weighted average tax rate amounts to 10.4% (2019: 18.1%).

In 2020, the ordinary net tax expense effect of the use of losses carried forward was nil (2019: nil).

Deloitte.

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

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements (pages 66 to 103) of J. Safra Sarasin Holding Ltd., which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated statement of income, consolidated cash flow statement, consolidated statement of changes in equity, and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Deloitte.

J. Safra Sarasin Holding Ltd.
Report of the statutory auditor
on the consolidated financial statements
for the year ended
December 31, 2020

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting principles applicable for Banks and comply with Swiss law.

Report on Other Legal Requirements

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

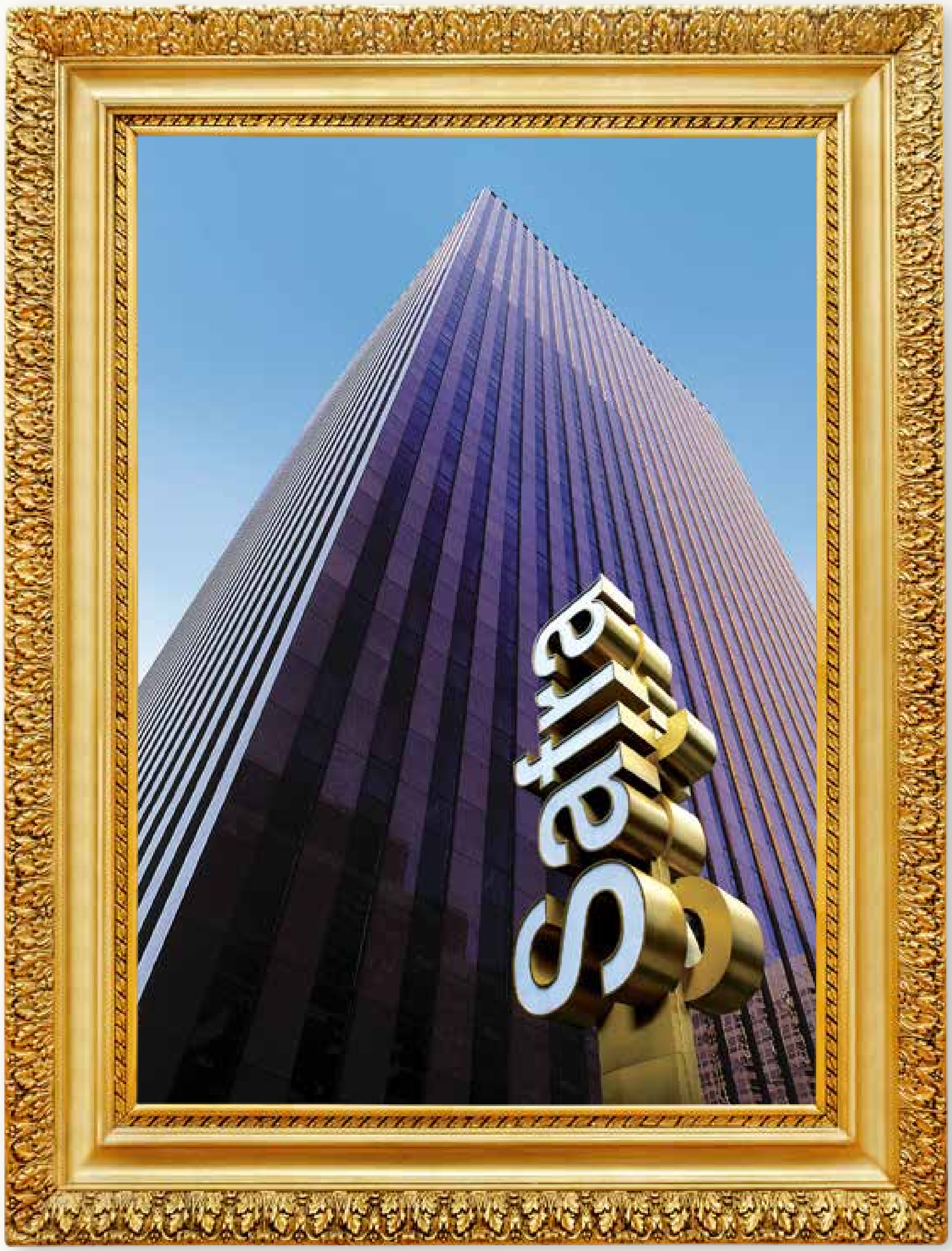
In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Deloitte AG

Sandro Schönenberger Licensed Audit Expert Auditor in Charge	Dr. Philippe Wüst Licensed Audit Expert

Zurich, February 25, 2021



1988 Opening of Banco Safra
new Headquarters in São Paulo

1988 The Art of Brazilian Roberto Burle Marx in the Garden of Banco Safra, São Paulo

Sustainability Report

Sustainability Report 2020

The Sustainability Report 2020 of the J. Safra Sarasin Group documents the year's achievements and forward-looking decisions deemed paramount for driving commercial success in a sustainable future.

Introduction

In 2020, the Covid-19 pandemic presented Bank J. Safra Sarasin Ltd with an unprecedented challenge. Despite the global uncertainty caused by the emergence and spread of the virus, the Bank's response underlined its resilience and that of its employees, and the value of its sustainable corporate strategy and its investment philosophy. Business continuity management proved to be effective, with employees having sufficient access to digital equipment, while the financial performance of client portfolios held up well.

180 YEARS

Pioneering Sustainable Investments

However, while the pandemic represented the omnipresent risk to human health and the global economy in 2020, other global risks such as biodiversity loss and climate change loom extremely large for the years to come. The widespread lockdowns made necessary by the pandemic have therefore also presented an opportunity for developing strategic responses to these future challenges.

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 initiatives. As a founding signatory of the *Principles for Responsible Banking* (PRB)[1], the Bank is strengthening its efforts to align itself with the *Paris Agreement*, as well as the *UN Sustainable Development Goals* (SDGs). The Bank was among the first Swiss financial institutions to initiate reporting on the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD)[1].

This year, the commitments to sustainable development were further strengthened. In May 2020, the Corporate Sustainability Board published a *Climate Pledge* for J. Safra Sarasin Asset Management, seeking a carbon neutral outcome by 2035. In September 2020, the Bank was the first Swiss institution to sign the *Finance for Biodiversity Pledge*. In November 2020, the Bank's Asset Management was rebranded as *J. Safra Sarasin Sustainable Asset Management*, creating a concept to integrate sustainability aspects into all strategies managed in-house.

The information provided in this Sustainability Report is selected and presented according to principles of completeness, balance, accuracy, timeliness, clarity and reliability. The figures published in this Sustainability

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

Report cover the entire J. Safra Sarasin Group (the "Group"), including branches and consolidated affiliates, where possible.

The meaning of Corporate Sustainability

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

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

From this understanding, J. Safra Sarasin has developed five strategic Corporate Sustainability objectives. This Sustainability Report is structured using 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

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

Corporate Sustainability at a glance

Bank J. Safra Sarasin's Corporate Sustainability Manager serves as a facilitator and catalyst for embedding sustainability in the Group's corporate strategy (objective 1). The Corporate Sustainability Board (CSB) reports directly to the Group Executive Board and rallies 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 establishing an 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 regarding compliant and competitive 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, sport and the arts. 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 2020.

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

Commitment to Sustainability – since 1841

Sustainability has been a firm component of J. Safra Sarasin's identity and stability as a Swiss private banking group for 180 years. J. Safra Sarasin does not view sustainability as an end in itself, but rather as a key factor in its success. Sustainability enables the Group to project a distinctive image in the market and creates continuity 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. We believe that this business model, which is also reflected in the Bank's product offering, contributes to wider societal objectives as expressed by the SDGs.

Figure: Pyramid of sustainability strategy

The sustainability strategy at 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)

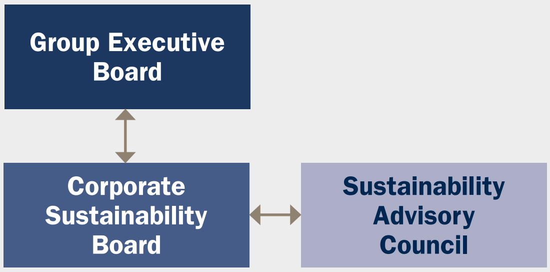
To ensure that high sustainability standards, including governance of climate-related risks, are firmly embedded in the core business strategy, the Group Executive Board set up the internal Corporate Sustainability Board, comprising members of the Group Executive Board, the Executive Committee and senior managers from different divisions across the Bank. Annually, several meetings are held to detail and monitor progress against defined strategic objectives. The Corporate Sustainability Board's responsibilities are to develop the sustainability strategy as part of the Group's overall business strategy, identify strategically relevant environmental, especially climate-related, as well as social themes, and monitor the operational implementation of the strategically developed initiatives and measures based on environmental and social Key Performance Indicators (KPIs). For the Group's business, the climate-related transition and physical risks are important over the medium to long term. Policy makers are globally 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 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 Sustainability Advisory Council (SAC)

The Corporate Sustainability Board is advised by the external Sustainability Advisory Council, which has been set up to ensure that the Asset Management division of the Bank receives regular guidance and advice relating to recent developments in sustainable investment from experienced international experts. There are two to three formal meetings every year. The SAC provides access to the latest academic research in the field of sustainable investing. Joint presentations at internal training 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 to benefit from external specialist know-how and experience.

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



Legal & Compliance

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

The Group's Code of Compliance defines the key principles and rules of conduct which lay the foundation for irreproachable business activity that demonstrates integrity and complies with the relevant regulations. Every member of staff is required to meet the standards set out in the Code of Compliance. Employees joining J. Safra Sarasin are obliged to submit written confirmation in this regard. All the key business processes are governed by internal directives and procedures and are conducted in a standardised form. In the 2020 reporting year, no legal action was commended on the basis of any alleged anticompetitive conduct or the formation of cartels or monopolies.

Changes in the regulatory environment

The rapid pace of change in the regulation of the financial services industry has an impact on internal business processes, control and monitoring systems and on the development and introduction of new products and services. The Group has put in place a training concept to ensure the required education and ongoing training of staff, for example in the area of money-laundering prevention.

The regulatory efforts in the area of sustainable investments, particularly in the European region, continue to deserve special mention. The EU Action Plan for Financing Sustainable Growth that groups together regulatory reforms in the field of sustainable finance was announced in 2018. During the course of 2020, the EU released information on the Sustainable Finance Disclosure Regulation (SFDR) and MiFID II, addressing disclosure requirements for financial institutions on the environmental, social, and governance (ESG) profiling of investment products and how to capture client ESG preferences. Further changes are expected in 2021. 2020 also saw the publication of various guidelines and new recommendations related to sustainability, including the combined recommendations of the Swiss Funds & Asset Management Association (SFAMA) and Swiss Sustainable Finance (SSF) on how to implement sustainable practices.

J. Safra Sarasin Sustainable Asset Management Climate Pledge

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

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

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

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

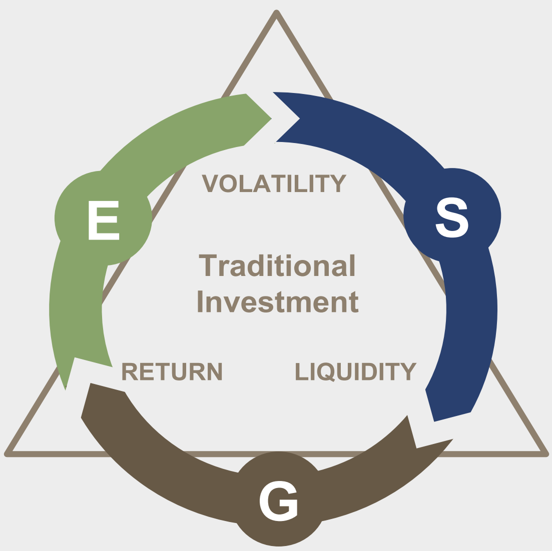
Objective 2: We incorporate sustainability considerations in our investment activities

The basis of J. Safra Sarasin's success relies on its sustainable investment strategy and the solid sustainability know-how it has gleaned through more than 30 years of experience.

Bank J. Safra Sarasin believes that the identification, analysis and management of company- and sector-specific ESG risks and opportunities enhance its investment decisions. This forms an integral part of its fiduciary duty vis-à-vis the clients it advises 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 construction of the investment universe to stock selection and client portfolio reporting. Embedding sustainability has the clear objective of improving investment decisions and results, reducing the adverse environmental and social footprint of clients' portfolios, generating a positive impact and promoting sustainable financial markets. The Bank takes the United Nations supported Principles for Responsible Investment (UN PRI) literally.

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



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

Sustainable Investments

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

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

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

I. Reducing Risks

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

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

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

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

Sustainable Investment Process

The sustainable investment process comprises the following four steps:

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

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

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

4. Continuous Monitoring
In the fourth step in 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 the scope of the Bank's Active Ownership policy.

Figure: J. Safra Sarasin Sustainable Investment Tools

Sustainable Investment Tools

1. List of exclusion criteria

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

Criterion	Short description
Nuclear Energy	Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers)
Coal	Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy
GMO – Agriculture	Companies that genetically modify organisms for agricultural use
GMO – Medicine	Human cloning and other manipulations of the human gene sequence
Defence and Armament	Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems & services (e.g. weapon control systems, target navigation systems, etc.)
Tobacco	Producers of tobacco products
Adult Entertainment	Producers of adult entertainment materials
Violation of Human Rights	Companies involved in severe violations of human rights. This criterion takes into account established international standards and principles (e.g. UN Global Compact)

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

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

Controversial Weapon Guidelines of J. Safra Sarasin Group

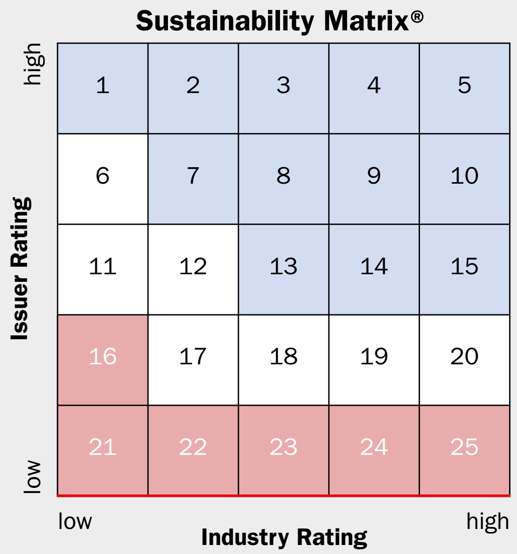
The Group actively meets its responsibilities when it comes to controversial weapons and has implemented a policy outlining the Group's principles in this area. Controversial weapons are types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large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

2. ESG Screening: Investable Universe

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

In a subsequent step of the Sustainability Analysis, the two scores (company ratings and respective industry ratings) are combined and displayed in the proprietary J. Safra Sarasin Sustainability Matrix®, the key output of the Bank's Sustainability Analysis. In exposed sectors with low ratings (e.g. oil & gas, materials) companies must achieve a high Company Rating to be included in the best-in-class investment universe, whereas in less exposed sectors (e.g. telecommunication, IT) companies must only achieve an average company score to be included. In the Bank's Sustainability Matrix®, the x-axis displays the Industry Rating score from 0 (low) to 5 (high). The y-axis displays the company score from 0 (low) to 5 (high). The output of the sustainability analysis is the investable universe. Companies that are ESG A-rated are investable without any restriction in all strategies. Companies that are ESG B-rated are only investable in integrated strategies.

Figure: J. Safra Sarasin Sustainability Matrix®



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

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

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

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

C- and D-rated companies are not investable. If an ESG-Rating is lowered for a portfolio position, Sustainable Investment Research defines a reasonable time period (grandfathering period, depending on the distance from the eligibility threshold) to divest from the position. If the rating drops to zero due to a red flag (exclusion criterion), the security has to be sold within two weeks.

Bank J. Safra Sarasin aims to have the highest possible coverage of securities in every investment strategy. Nevertheless, there may be some investment strategies where the coverage is not sufficient. In that case, an allocation of no more than 10% in non-rated securities (ESG non-rated) will be allowed and defined in the Product Restrictions and Positioning (PRP) of such a strategy.

3. Long-term sustainable trends

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

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

4. ESG Integration

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

In the bottom-up process, sustainable trends will have an impact on the expectations for revenue growth, margins and profitability in specific markets. One specific area where J. Safra Sarasin expects above average structural growth are companies creating products and services necessary for the achievement of the United Nations Sustainable Development Goals (SDGs). As J. Safra Sarasin expects investors to increasingly allocate capital towards the achievement of the SDGs, the companies will have higher growth, valuation support from investor demand, and will create positive externalities exceeding the initial investment.

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.

For specific strategies, there are detailed SDG targets. The alignment of a fund 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 revenue from SDG products and services. Secondly, at the portfolio level, the average percentage of SDG products and services is calculated and needs to exceed a minimum threshold.

6. Climate profile and risk assessment

Climate risk analysis focuses on long term and tail risks arising from climate change and the respective changes in the regulatory environment. By using specific data, such as CO_2-footprint or stranded asset exposure, these risks are identified and measured within a portfolio context. The focus of the analysis is to highlight and to reduce tail risks.

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

7. ESG risk monitoring and reporting

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

The J. Safra Sarasin Sustainable Asset Management ESG portfolio-reporting framework aims to provide greater insight concerning 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 next chapter.

Active Ownership Strategy

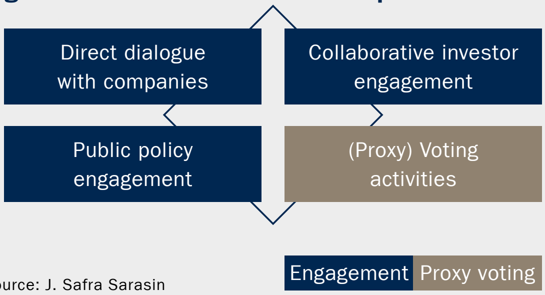
Bank J. Safra Sarasin sees its role as a sustainable asset manager with a long-term perspective. Active Ownership, comprising engagement and proxy voting, is an important component of this process. The Bank's approach is not only designed to encourage robust corporate governance structures but also to ensure that shareholder rights are protected. Similarly, J. Safra Sarasin aims to encourage meaningful initiatives in the social and environmental domain, together with greater transparency, so as to produce a positive impact.

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

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

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

Figure: Overview of Active Ownership



Source: J. Safra Sarasin

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

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

Direct dialogue with companies

Every year, Bank J. Safra Sarasin's sustainable investment analysts and portfolio managers meet with the management of around 500 companies to discuss, among other matters, material ESG issues relevant to the specific business case. In addition, there is concrete, more extensive dialogue 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 inadequately, Bank J. Safra Sarasin would downgrade their sustainability rating and refrain from investment as a final step.

Collaborative investor engagement

Bank J. Safra Sarasin collaborates with other investors in order to maximise the impact of engagement initiatives. The approach is particularly effective around ESG issues that impact an industry as a whole and where approaching companies with an 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 *Principles for Responsible Investment* (PRI) and the *Carbon Disclosure Project* (CDP). In 2020 the Bank also initiated its participation in the *Principles for Responsible Banking* (PRB) Biodiversity sub-group, developing guidance on indicators, metrics and methodologies to help banks set biodiversity targets across activities. Overall, the Bank participated in the following collaborative engagement activities in 2020:

- Access to Medicine Index
- Access to Nutrition Initiative
- Carbon Disclosure Project – Disclosure campaign
- Science-Based Targets – Media campaign
- Institutional Investor Group on Climate Change – Climate risks in financial statements
- FAIRR – Antibiotics Stewardship in the Animal Health Sector
- FAIRR – Sustainable Proteins
- PRI – Engagement Initiative on Water Risks in Agricultural Supply Chains
- ShareAction – Investor Decarbonisation Initiative

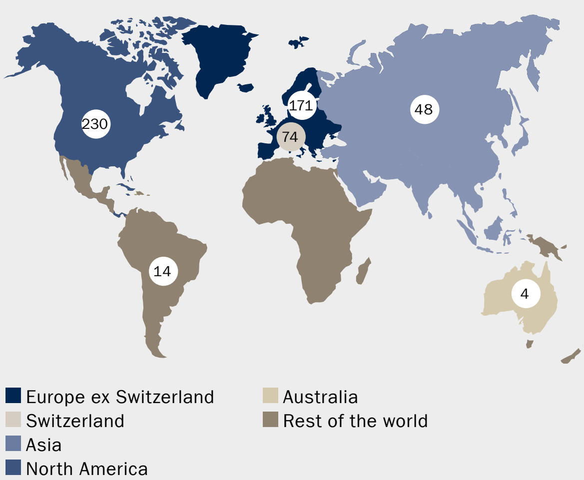
Public policy engagement

Bank J. Safra Sarasin actively participates in political dialogue in various ways. Through involvement in leading sustainable investment initiatives and organisations such as Eurosif and Swiss Sustainable Finance (SSF), the Bank fosters contacts across politics and with other stake-

Table: Overview of voting activity

	2020	2019
Number of meetings	541	468
Number of proposals	8,459	6,800
"Against" management	23%	27%
E and S proposals	65	47

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



holders to promote consideration and integration of relevant ESG themes at the regulatory level as well. The Bank is also committed to promoting a better understanding of sustainable investments. In 2020, the Bank participated in the following working groups and consultations:

- Swiss Sustainable Finance Working Group on Swiss Sustainable Investment Market Study 2020
- Swiss Sustainable Finance & SFAMA Working Group on EU Sustainable Finance Regulation
- Swiss Bankers' Association Expert Commission on Sustainable Finance
- FINMA Expert Panel on Climate-Related Financial Reporting
- IFRS Foundation – Consultation Paper on Sustainability Reporting

Exercising voting rights at Bank J. Safra Sarasin

For all sustainable equity funds as well as for numerous institutional mandates, voting rights are exercised by J. Safra Sarasin taking into account environmental, social and corporate governance criteria. Although the majority of votes concern corporate governance issues, J. Safra Sarasin also considers social and environmental issues. In the year under review, J. Safra Sarasin voted for shares equivalent to CHF 21.5 billion. Looking at the results of the Bank's asset management, 77% of proposals were voted "For" by Bank J. Safra Sarasin.

In so doing, the Bank receives operational support from Institutional Shareholder Services (ISS). The votes, however, are cast in line with the Bank's own customised Proxy Voting Guidelines and take into account in-house expertise on financial transactions and other key voting issues. Based on these guidelines, which have been developed by the Bank to reflect its sustainable investment approach, the Bank's asset management voted on 8,459 agenda items at 541 Annual General Meetings (AGMs) on a global level in 2020. At these AGMs, Bank J. Safra Sarasin voted "Against" one or several of the management's recommendations in 23% of all cases. Common topics where the Bank voted against management recommendations included executive pay practices or lack of cultural and gender diversity in the composition of the Board. The voting history of J. Safra Sarasin Sustainable Asset Management is publicly available.

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 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 (page 114ff.). The following describes how this is done for each tool:

1) Exclusions: smart divestment from coal

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

2) ESG Screening Process

The ESG Screening Process is performed with the help of the Bank's proprietary Sustainability Matrix®. It consists of two dimensions: the Industry Rating (x-axis) and the Company Rating (y-axis). The x-axis measures the sustainability of the industry by taking into account controversies and 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 gain a better understanding of their holdings:

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

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

  The Bank uses a number of data providers to assess the green revenues and complements the data after its own proprietary analysis.

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

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

4) ESG-Integration

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

5 & 6) ESG and Climate Objectives

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

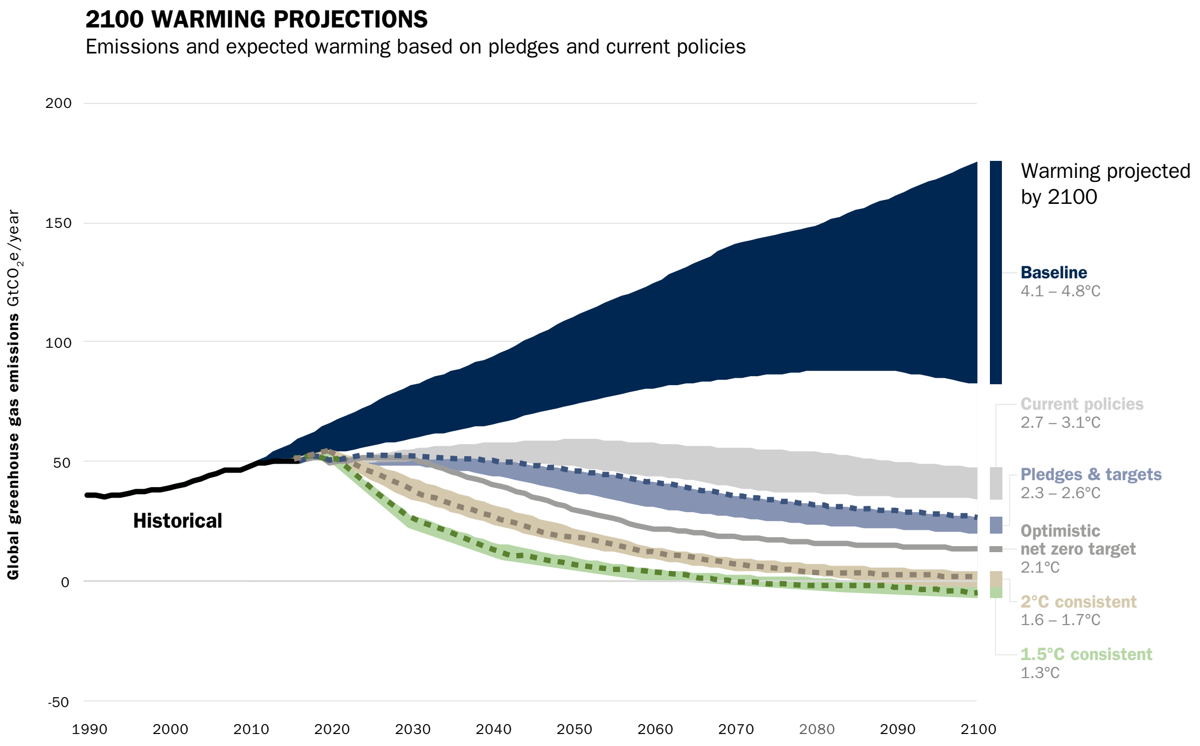
7) ESG & Climate Risk Reporting and Monitoring

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

8) Active Ownership

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

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



Source: Climate Action Tracker, 2020.

Setting climate objectives for portfolios

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

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

Sustainability analysis of sovereign bonds – Update 2020

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 actually produced one of the very first sustainability ratings for countries in 2002 and subsequently integrated these into its investment strategy. Since then, the rating has been continuously updated and developed further. The review for 2020 presents an in-depth update to the methodology. One of the innovations has been to supplement the methodology with key forward-looking risks. Climate-related risks – both transition risks and vulnerability – are given more weight and are explored more fully. Environmental and climate protection are seen as part of good governance. Social and governance criteria have been made more rigorous. The balance between the three dimensions E, S and G has been strengthened further and the perspective widened.

The rating is based on the J. Safra Sarasin Sustainability Matrix® and the two dimensions of resource availability and resource efficiency. Over 100 data points from internationally recognised sources are incorporated into the assessment. In the Bank's latest update of the country ratings, J. Safra Sarasin studied 198 countries and was able to produce ratings for 181 of them. For the remaining 17 countries, no rating of sufficient quality could be produced. 181 rated countries were plotted – 50 of which are relevant to capital markets – against the two-dimensions 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 as investable (status March 2020).

Figure: J. Safra Sarasin ESG country rating 2020

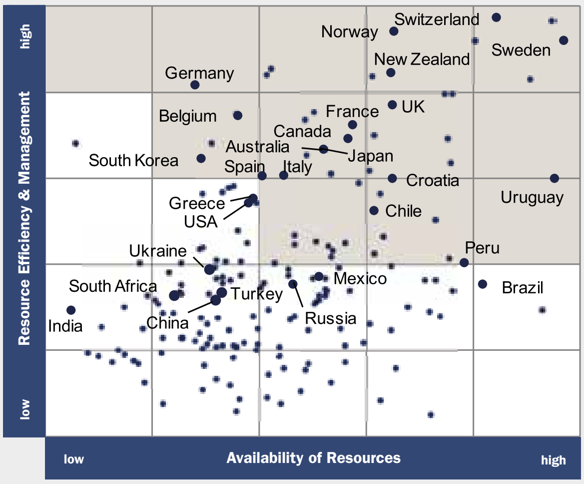


Figure: Overview of key themes and key risks

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

Case study: SDG Opportunities

Adopted by world leaders in a global call for action, the Sustainable Development Goals (SDGs) represent strategic priorities that need to be reached by 2030, aiming to end poverty, protect the planet, and ensure peace and prosperity for all. To achieve these goals, it is estimated that an incremental USD 2.5 trillion of annual investment is needed compared to current levels.

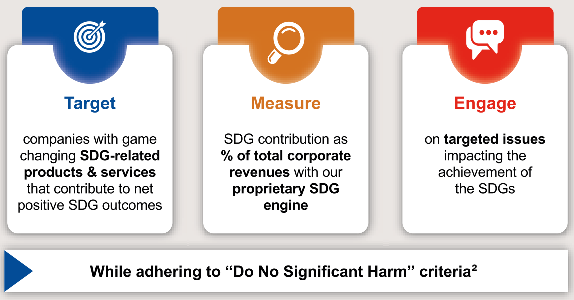
To this end, J. Safra Sarasin seeks investment opportunities globally and across market capitalisations, by targeting businesses that turn sustainability challenges such as preserving natural capital, achieving the energy transition, fulfilling basic needs, and empowering people, into market solutions.

Being informed and being active owners are key conditions to target SDG-aligned outcomes. Comprehensive and dedicated SDG-related reporting is needed to understand and actively target SDG opportunities. J. Safra Sarasin has built a detailed SDG reporting framework with portfolio and company level information. On top of offering standard ESG reporting elements such as overall portfolio ESG performance, carbon footprint, stranded asset exposure and controversies monitoring, J. Safra Sarasin can share a clear picture of how its investments are directly related to the SDGs. This is achieved by actively tracking the portfolio companies' revenue streams that are directly related to products and services, which contribute towards achieving the SDGs. In addition, J. Safra Sarasin is able to disclose the proportion of portfolio holdings that offer solutions in one of the Bank's four SDG sub-themes, the concrete revenue share numbers, as well as the number of products and services types.

The Bank's sustainable investing expertise and proprietary SDG engine are further elements of its differentiated approach. Integrating Environment, Social, and Governance factors as well as analysing the revenue exposure to SDG-related solutions strengthens its analysis. It enables the Bank to identify companies that are well positioned to gain from long-term transformational trends and helps us gain confidence in our investment cases.

Figure: SDGs that represent an investment opportunity were selected and regrouped into four categories

Figure: J. Safra Sarasin proprietary SDG Engine



[2] Bank J. Safra Sarasin ensures that all company activities do not impede any environmental or social activity defined by the EU taxonomy. Source: Bank J. Safra Sarasin Ltd, Sustainable Finance - European Commission

Latest Launches of Sustainable Investments

In 2020, Bank J. Safra Sarasin expanded its product range of sustainability-themed investment 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.

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[3] aims to generate attractive long-term returns while harnessing opportunities and mitigating risks stemming from the climate transition. As a result, the strategy aims to be on a temperature pathway below 2°C, to have increasing exposure to green revenues and avoid investments in stranded assets. It demonstrates J. Safra Sarasin Sustainable Asset Management's commitment towards carbon neutral outcomes for 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.

3) Global Dividend

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

Sustainable Regional Equities

4) India

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

5) Emerging Markets Systematic

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

Sustainable Fixed Income

6) Global Convertibles

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

Private banking discretionary mandates

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

[3] Strategy changed in December 2020 and communicated to clients 21 January 2021.

Bank J. Safra Sarasin – Thought-leadership in sustainability over 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 some years – made the analysts of the Bank acutely aware that the value of company shares is not determined purely by financial metrics. Other determinant factors need to be taken into account, namely the environmental and social aspects that might impact an investment. The first sustainability analysis in 1989 heralded a new era in company analysis. For over 30 years, sustainability has been engrained in the Bank's investment philosophy, processes and corporate values.

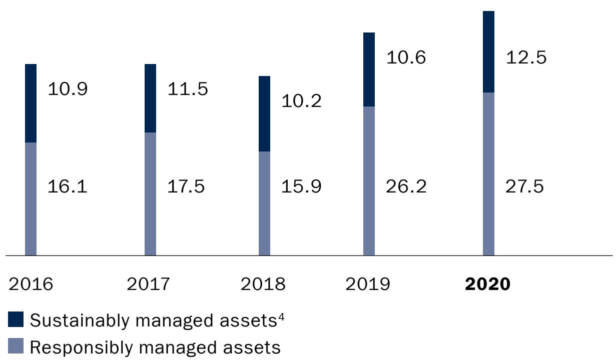
A further embodiment of sustainability was the decision in 2020 to rebrand Bank J. Safra Sarasin's Asset Management as J. Safra Sarasin Sustainable Asset Management. The name further conveys the Bank's identity, expertise offering and values. As a family-owned bank, sustainability is in the Bank's DNA and its mission is to enable clients to achieve their financial and sustainability goals by providing superior investment solutions. J. Safra Sarasin integrates ESG factors across its investment solutions and works on creating real impact with its investments. With a large and experienced team, ESG factors and traditional data are combined in every step of the investment process with the objective of making better-informed investment decisions. For the Bank, investing sustainably is both a great opportunity and the right thing to do. A lasting, sustainable return can only be realised if the livelihood of future generations is preserved. A sustainable future requires significant environmental, social and regulatory changes. As sustainable investors, J. Safra Sarasin contributes to this through its actions. Ultimately, it is about creating better returns – and looking after the world we live in.

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

Furthermore, J. Safra Sarasin Sustainable Asset Management has created a new concept to classify its solutions. All products are sustainable and they are offered in two product ranges: integrated and enhanced. While integrated strategies aim at changing company behaviour, improving the ESG and Climate profiles; enhanced strategies use a best-in-class ESG approach, aiming at high quality ESG portfolios and ESG leaders. All products share the ambition to embed ESG themes, ESG integration, ESG and Climate objectives and engagement. They share a common basis with norms-based exclusions, negative ESG screening, ESG and Climate risk mitigation, ESG portfolio reporting and Active Ownership. The foundation of this concept is the J. Safra Sarasin Sustainable Investment Policy and Climate Pledge. In the following year, this concept will be gradually implemented.

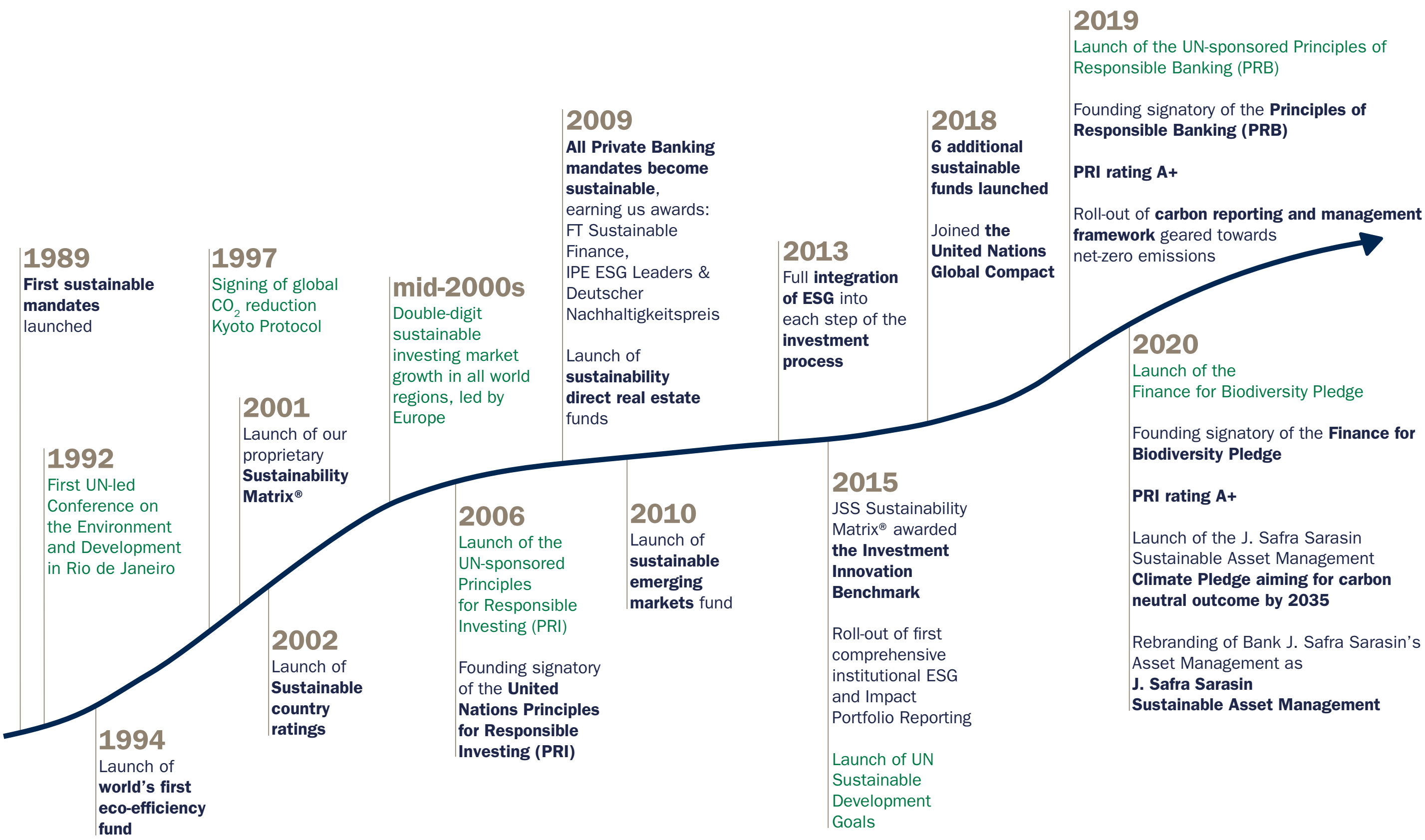
Sustainably managed assets at Bank J. Safra Sarasin reached CHF 12.5 billion as of 31 December 2020 and responsibly managed assets reached CHF 27.5 billion on the same date.

Figure: Development of assets managed sustainably and responsibly by J. Safra Sarasin (billion CHF)



[4] The assets under management in the private banking sustainable mandates are based on Bank J. Safra Sarasin's sustainable investment approach. All direct holdings of equities and bonds have to be rated "sustainable".

Figure: Sustainability Milestones



In blue: Milestones for Sustainable Investing at Bank J. Safra Sarasin
In green: World events and international milestones in Sustainable Investing
Source: Bank J. Safra Sarasin Ltd, December 2020.

Sustainable Asset Management products

		Sustainable	Responsible
Investment funds and securities products	Equity funds	– Green Planet** – Future Health* – Consumer Brands* – Tech Disruptors* – Global Real Estate (REITS)* – Switzerland (also Small & Mid Caps) – Europe* (also Small & Mid Caps) – USA* – Emerging markets* – Global Climate 2035** – Global Thematic* – Global Dividends* – Global Multifactor* – SDG Opportunities**	– Brazil* – India*
	Multi-asset funds	– Balanced asset allocation EUR* – Defensive asset allocation EUR* – Defensive asset allocation CHF	– Global Allocation USD*
	Bond funds	– Bonds EUR* – Bonds CHF* – EUR Corporate* – Global High Yield* – Total Return* – Global Convertibles* – Insurance Bonds* – Green Bond Global**	– CHF domestic – CHF foreign – Bonds EUR & CHF – Coco Bonds – Emerging Market Corporates – Asia Opportunities – Short-term Bonds USD – Bonds Global
	Actively managed certificates	– Emerging Market Corporates – Technology Disruptors – Financials – Demography Health – Equity Income – North America	
J. Safra Sarasin Investment Foundation	Equity strategies	– Global excl. Switzerland – Switzerland	
	Multi-asset strategies	– Defensive asset allocation – Balanced asset allocation	– Defensive asset allocation – Balanced asset allocation – Dynamic asset allocation
	Bond investment strategies	– Global excl. CHF – CHF – Global High Yield	– Global excl. CHF – CHF foreign – CHF domestic
	Property strategies	– Swiss Direct Real Estate	
Mandates	For private clients	– Defensive asset allocation*[5] – Balanced asset allocation*[5] – Dynamic asset allocation*[5]	– Thematic Mandates* – Income Mandates* – Emerging Market Bond Mandates
	For institutional clients	– Bonds – Balanced – Equities	– Bonds – Balanced – Equities
Advisory services	Advisory for third-party funds	– Real Estate Europe* – Convertibles – Balanced Fund of Funds	

Note: Products that are in scope of EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and promote environmental or social characteristics (*), have a sustainable investment objective (**).

5) Some of the mandates are managed mainly sustainably due to non-existent or insufficient sustainable alternatives in different asset classes.

Sustainable Real Estate research

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

At the beginning of the sustainability assessment, the investment universe is determined.

The metropolitan cities are predefined based on the following ratings:

- **Country Rating** based on ESG criteria from Bank J. Safra Sarasin. For more information, please see page 121.
- **Metropolitan Rating** based on sustainable and economic criteria from Bank J. Safra Sarasin. European city centres that are sustainable, economically prospering and offer a good social surrounding allowing a high quality of life and environmental safety are evaluated.
- **Real Estate Market Analysis** based on financial criteria. This rating looks at major central European investment locations, and uses financial indicators, such as market liquidity, new construction activity, vacancy, employment level, market availability and new rental activity, for its assessment. A risk premium is calculated for each investment location, which includes an implicit risk premium on a loan that reflects the volatility of the markets, as well as currency risks, liquidity risk and market transparency.

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

1. Initial examination

The examination starts with the initial universe and serves as a general screen to filter out properties which do not fit the investment strategy and sustainable criteria. The initial universe is reduced by up to 60% with only the remainder being eligible for the next step of the assessment.

2. Sustainability analysis

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

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

- Macro location, international connectivity and perspective
- Micro location, regional connectivity, social aspects
- Property level quality and comfort
- Building future orientation and flexibility perspective
- Operational costs and future tradability
- Energy consumption and GHG emissions
- Green elements including surrounding nature and biodiversity

3. Detailed due diligence

Only 50% of the screened properties achieve a sufficient rating to continue in the assessment process. From this short-list, individual property analyses can start, focusing on the main factors such as occupancy rate, yield, energy requirements and supply, and public transport network to name just a few. This leads to a further concentration of the property universe.

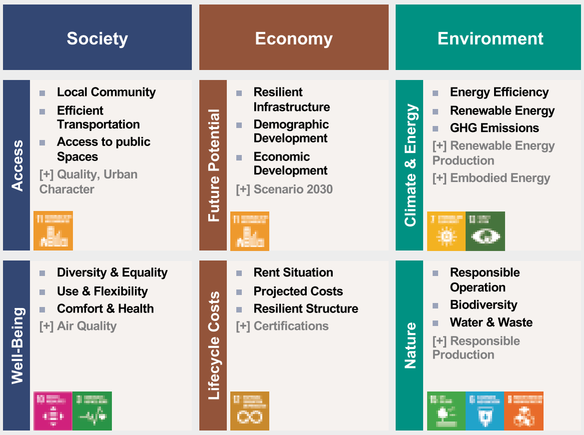
4. Viewing

Viewings are then organised, during which a careful individual evaluation of the building itself, its surroundings, the location's demographics as well as regional economy are analysed during an intensive due diligence process.

5. Negotiation
The sustainability-integrated assessment is the basis for a valuation which is used for negotiations with the relevant party.

6. Purchasing
Finally, after this final step, qualifying properties are acquired.

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



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

The real estate sector's buildings and constructions are responsible for nearly 40% of global green-house gas emissions and are therefore a chief contributor to climate change. Sweeping regulatory changes are likely to reshape the real estate sector in the years to come.

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

Sectoral Decarbonisation Approach

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

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

Knowledge-sharing and communication

J. Safra Sarasin compiles and shares leading sustainable investment analysis with clients either in the form of publications or in the form of knowledge-sharing events. In 2020, Bank J. Safra Sarasin's Sustainable Investment Research team released three publications, including the *Sustainable Investment Spotlight* and the *Sustainable Investments Quarterly*. These publications provide clients, employees and the public with interesting information and deeper knowledge about sustainable issues relevant for asset management. The *Active Ownership Report,* publicly available on the Bank's website, represents the third form of publication.

In 2020, the following publications were released by Bank J. Safra Sarasin's Sustainable Investment Research team:

- *Sustainability analysis of sovereign bonds*
- *Targeting the SDGs with Real Estate*
- *Lessons from the Corona Crisis*
- *Active Ownership Report 2019*
- *Targeting the UN SDG: Impact or Opportunity*
- *A Sustainable Path Out of the Corona Crisis and Lessons from Corona Crisis*
- *Heading to Paris: net zero emissions by 2050!*

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

At the same time, a number of authors have continued to make their expertise widely available in a variety of specialist articles. During the course of 2020, several knowledge-sharing events were also organised by the Bank. Due to Covid-19 a significant number of events were postponed and eventually reconfigured for digital delivery via the internet. These events were organised for private and institutional clients, and professional audiences. Experts and analysts from the Sustainable Investment and Sustainability Research teams participated in a range of high-level video-conferences to advance the global sustainability agenda and provide insights into the Bank's sustainable investment approach.

Awards and Labels

"Best Private Bank for Thematic Investing" by *PWM/The Banker*

In 2020, Bank J. Safra Sarasin again received the "Best Private Bank for Thematic Investing" award from Professional Wealth Management/The Banker. The award recognises the impact-based view that has become central to the Bank's Sustainable Investment strategy. In addition to the 2018 and 2019 thematic equity launches, the Bank has recently launched the Sustainable Future Health strategy aimed at health care investment and the acceleration of digital health services and future diagnostic infrastructure, where sustainability considerations play a key role in identifying winning and resilient business models. This is the second consecutive year that Bank J. Safra Sarasin has received this award.

ISS-oekom Prime Rating

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

Investment Innovation Benchmark (IIB)

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

MSCI Fund ESG Quality Score

The MSCI ESG Fund Quality Score measures 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 from Bank J. Safra Sarasin have been ranked in the top 10% of funds globally on the basis of their ESG credentials, and even more strategies 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 ratings agencies.

Austrian Ecolabel

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

Assets under Licence

STOXX® made by Bank J. Safra Sarasin

Since March 2011, Bank J. Safra Sarasin has been responsible for the composition of the STOXX® Sustainability Indices. The constituents of the STOXX® Europe 600 Index are assessed regarding their ESG (environmental, social and governance) opportunities and risks using Bank J. Safra Sarasin's research methodology. If the issuers show a good enough sustainability rating, they are admitted to the STOXX® Sustainability Indices[6].

6) 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.

Assets under Research

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

Forum Nachhaltige Geldanlagen (FNG) Seal - Awarded Highest Rating for J. Safra Sarasin Asset Management funds

In 2020, the FNG Seal, the quality standard for sustainable investment funds awarded to four of Bank J. Safra Sarasin's funds three out of three possible stars, for their ambitious and comprehensive sustainability strategy. According to FNG, only 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. Additionally, the Bank provides its sustainable investment methodology and investment universe to one of its partner firms.

Febelfin Label

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

Objective 3: We live a sustainable corporate culture

J. Safra Sarasin's most valuable capital is its employees. 2020 presented many challenges due to the pandemic, which were addressed head-on to continue business activities and deliver excellent service. More than ever, it showed that employees are essential to the success and resilience of the organisation, both now and in the future. Their technical expertise, professional qualifications and social skills are highly valued by the Group's clients and business partners alike. The success of J. Safra Sarasin depends on the enthusiasm and commitment from every one of its employees worldwide and J. Safra Sarasin is particularly keen to ensure that they are treated in a fair and safe manner. At J. Safra Sarasin, employees are very much aware of their entrepreneurial responsibilities.

The Group is an attractive employer thanks to its clear positioning. It attracts first-rate applicants both in Switzerland and abroad. As of 31 December 2020, the headcount remained stable with 2,178 full-time equivalent positions (FTEs), of which

Table: Number of employees as per 31.12.2020 (full-time equivalents)

	31.12.2020	31.12.2019
Total	2,178	2,178
Abroad	1,046	1,028
Switzerland	1,132	1,150

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

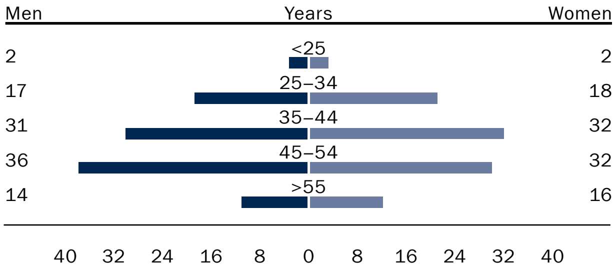


Table: Headcount by job title (full-time equivalent in %)

Men	Title	Women
10	Managing Director	5
15	Executive Director	3
22	Director	14
19	Vice President	18
12	Assistant Vice President	23
8	Authorised Officer	16
14	Staff	21

146 employees worked part-time. The proportion of women in management positions (female employees in the two uppermost management levels with the title Managing Director or Executive Director) increased to 16.5%. The percentage of women working in the Group totalled 36.5% in 2020. The employees at J. Safra Sarasin originate from 68 different countries, displaying a high degree of cultural diversity.

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 employee 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 equal or exceed the legal requirements at all individual locations.

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, conflict of interest, and malus or clawback.

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

By signing the internationally recognised and UN-supported Principles for Responsible Investment (PRI), the Pension Fund of Bank J. Safra Sarasin emphasised its long-standing commitment to be an active owner and to integrate environmental, social and governance considerations into its investment decisions. The PRI has grown constantly since it began in 2006. Currently, it has more than 3,000 signatories globally, representing over USD 100 trillion assets under management. Bank J. Safra Sarasin acted as a founding signatory of the initiative in April 2006.

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 relevant matter, the ANV has information or consultation rights. The aim of this form of cooperation is to promote dialogue between the senior management and Bank J. Safra Sarasin's employees, thus contributing to a good working relationship. Well-informed employees tend to identify more closely with the Bank, which in turn can have positive effects on motivation and productivity.

Learning and development

J. Safra Sarasin emphasises the importance of continuous training and education to realise the full potential of its global staff and to ensure its employees act in a fully compliant way at all times. The commitment of the Executive Committee, the ongoing enhancements of the Bank's learning curriculum along business-relevant training categories and a Learning Management System ensure the Group's ability to deliver online learning programmes, classroom and blended training opportunities. The employee responsible for sustainability regularly conducts sustainability training courses at the three major locations in Switzerland. Furthermore, the Bank is active in cooperating with universities in order to offer interesting working opportunities to new talent.

Healthy employees

The J. Safra Sarasin Group views the promotion of health as an important element of its corporate culture. A "Health at Work" Intranet site focuses on physical and psychological health. Due to the pandemic, the first priority in 2020 was to ensure the health and safety of the Group's employees, meeting local regulations and their needs. Unfortunately, due to the pandemic, employee events were either cancelled or postponed to the next year.

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 on networking, exchange of knowledge and experiences, and sharing of different perspectives.

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 sponsorship, procurement and guidelines for suppliers. The handbook ensures that corporate activities do not support projects or partners whose values diverge from those of the J. Safra Sarasin Group. The principles set forth therein include, for example, minimum standards for the procurement of paper and wood products, as well as office equipment within the scope of building management and in the automotive segment.

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

Sponsoring

Despite the impact of Covid-19 and the related limitations for sponsorhip and partnership activities, philanthropy, sport and the arts remained the main strategic focus for the Group's sponsorship engagements in 2020.

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 Bank has a long-standing partnership with the Beyeler Foundation in Riehen near Basel, in support of Classical Modernism.

In the area of sports, the Bank sponsored the Davis Cup by Rakuten Qualifiers in 12 different cities in March, as well as the Longines CSI Basel in January, forming part of the renowned horse-jumping competition. The Bank was also sponsor of the Esmeralda Charity Golf Cup 2020, organised by the Limmat Foundation in Zurich, a philanthropic initiative supporting schools for children in Colombia.

In the UK, Place2Be has been selected and supported by the employees as "charity of the year", Place2Be provides mental health support to children in schools. In Panama, the Beth-El Charity as part of the community outreach, and Magen David Academy that provides social work and education for children, were both supported.

Other sponsorship engagements could not be executed and will be repeated or picked up as and when allowed again. The Bank hopes to have employees participating in the traditional employee sports activities once more, in particular the B2B run, Unicef Cycling for Children and others around the globe, raising funds to support good causes for children and individuals in need.

Membership 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.

- Business Energy Agency (EnAW)
- Carbon Disclosure Project (CDP)
- CDP Water Disclosure Project
- Climate Action 100+
- European Sustainable Investment Forum (Eurosif)
- Finance for Biodiversity Pledge – *founding signatory*
- Forum Nachhaltige Geldanlagen (FNG)
- Global Footprint Network
- öbu – Network for sustainable business
- Science Based Targets initiative
- ShareAction
- Sustainable Finance Geneva (SFG)
- Swiss Climate Foundation – *founding member*
- Swiss Finance Institute
- Swiss Sustainable Finance (SSF) – *founding member*
- United Nations Environment Programme Finance Initiative (UNEP FI)
- UNEP FI Principles for Responsible Banking (PRB) – *founding signatory*
- UNEP FI Responsible Property Investment (PWG)
- UN Global Compact
- UN-supported Principles for Responsible Investment (PRI) – *founding signatory*
- We are Paris – The Paris Pledge for Action

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 their strong commitment to strengthening research and teaching in the field of banking and financing in Switzerland. The Swiss Finance Institute is active in both research and executive education. Both areas aim to strengthen the attraction of Switzerland to outstanding researchers, teachers, students, and participants in executive education programmes.

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

United Nations Global Compact

In 2018, Bank J. Safra Sarasin became a member of the UN Global Compact, the principles-based framework for businesses, with a commitment to fulfil the Ten Principles in the areas of human rights, labour, the environment and anti-corruption. The Bank also participated in a documentary video launched by the UN Global Compact Switzerland in their "Tour de Suisse" roadshow. Bank J. Safra Sarasin participated in this film to showcase the central message of the UN

Global Compact, i.e. that "Sustainable Business is Smart Business". In the short movie, which was also shown at the UN General Assembly in New York, the Bank describes how sustainable investments foster innovation and viable business models while mitigating risks and overcoming global challenges. The Bank includes the Communication on Progress towards the Ten Principles at the end of this Sustainability Report.

Bank J. Safra Sarasin is a founding signatory of the Principles of Responsible Investment and awarded the Rating A+ in 2020

Bank J. Safra Sarasin is founding signatory

PRI Principles for Responsible Investment

A+ Rating in 2020

In 2020, Bank J. Safra Sarasin was awarded the highest score, A+, by the United Nations-supported Principles of Responsible Investment (PRI), for its overall Sustainability Strategy and Governance. The score reflects the Bank's pioneering position in the field of sustainable investments and its firm commitment to integrating ESG principles into every step of its investment process. The PRI Report assesses its signatories' implementation of responsible investment practices across asset classes, providing a comparison year-on-year as well as with peers. In the 2020 PRI Report, the Bank also received at least an A score for all six modules for which it was assessed, well above the industry average. Bank J. Safra Sarasin is proud to be a founding signatory of the UN PRI, which has more than 3,000 signatories today.

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

Founding Signatory of:

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

In 2019, J. Safra Sarasin joined the Principles for Responsible Banking (PRB) as a founding signatory, making another significant commitment towards a more sustainable future. The Principles developed by and for banks, meanwhile gathered meaningful support from 200 signatory banks, representing about one-third of all banks globally. Targeting six key areas, the PRB provide a framework for a sustainable banking system and guides signatories to achieving society's goals as expressed in the UN's Sustainable Development Goals and the Paris Climate Agreement.

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

Bank J. Safra Sarasin is founding signatory

Finance for Biodiversity Pledge

In 2020, Bank J. Safra Sarasin joined the Finance for Biodiversity Pledge as both 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 related to biodiversity across the investment process. It is also a focus topic in its engagement with corporate leaders. The Bank pledges to do its share as the business case for scaling up action on biodiversity is becoming ever clearer.

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

Swiss Sustainable Finance

Bank J. Safra Sarasin is a founding member of this platform set up in Switzerland 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.

J. Safra Sarasin and the Sustainable Development Goals

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

J. Safra Sarasin contributes to the realisation of the SDGs in various ways. As a founding signatory of the Principles for Responsible Banking (PRB), the Bank aims to contribute to the implementation of both the Paris Agreement and Sustainable Development Goals. 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 114ff.). The Bank has further developed its approach to create opportunities based on SDG investing to target and measure positive outcomes and serve as a platform to engage in issues aimed at the achievement of SDGs (see page 116). The Bank can also report on the impact of a specific portfolio to reach the SDGs (see page 116). It takes its responsibility as an employer (see pages 131ff.) and acts as a responsible citizen (see pages 133ff.). Additionally, the Bank takes its environmental footprint seriously (see pages 135ff.). To conclude, the Bank reports based on the UN Global Compact Communication of Progress, which is also aligned with the SDGs. The Sustainability report therefore highlights its contribution to various SDGs.

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

Swiss Climate Foundation

Bank J. Safra Sarasin has been a member of the Swiss Climate Foundation since its inception over 10 years ago. Catering to its claim “Protecting the climate. Strengthening SME”, the Climate Foundation supports the projects of small and medium-sized enterprises that help to reduce carbon dioxide emissions. The Foundation is a voluntary initiative by the Swiss financial sector which has bene-fitted from the reimbursement of the proceeds of the CO_2 levy introduced by the Swiss Federal Government in 2008. As service providers are lower CO_2 emitters, Bank J. Safra Sarasin and 26 other financial service companies decided to use the proceeds to make an active contribution to mitigating climate change.

Objective 5: We manage resources efficiently

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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 reduce dependency on fossil fuels.

Climate action

Over the course of 2020, total CO_2 emissions slightly decreased to a 1,300 kg CO_2-equivalent per employee. Due to the pandemic, the average business travel activity per employee decreased to 1,934 kilometres. As in the past, the Group seeks to use ecologically appropriate means of transport for business travel wherever possible (staff commuting to and from work is not included).

Besides the absolute level of energy consumption, the amount of greenhouse gas (GHG) depends crucially on how electricity is generated. In most countries, power generation involves far higher CO_2 emissions than in Switzerland. The overall electricity consumption per employee in 2020 was 4,015 kWh, a decrease on the previous year.

Energy efficiency

J. Safra Sarasin oversees and regularly implements appropriate measures in its efforts to become more energy efficient. Within the last two 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 programme and agreed on setting energy efficiency and carbon reduction targets with the Business Energy Agency (EnAW) in Switzerland to reduce its carbon emissions by 2022. It is achieving this through the implementation of annual energy efficiency measures and by giving preference to renewables. We liaise with EnAW to regularly monitor annual activities and their effectiveness.

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. Every year, the system produces sufficient power for several four-person households. In 2020, output amounted to 25,129 kWh. In 2019, J. Safra Sarasin negotiated multi-year all hydroelectric power contracts for its largest locations in Switzerland. Further opportunities lie in extending renewable energy use to other locations, while exploring opportunities for cost savings where possible. Renewable sources account for 60% of the electricity consumed in the Group. The Basel office uses only district heating as a source of heating energy. This comes from process heat generated by the nearby refuse incineration plant in Basel and is 100% renewable.

Recycled paper

In 2020, the paper use per employee decreased to 50 kilogrammes, with 83% coming from recycled sources. The overall decrease in the Group's paper consumption has remained 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 2020 at a glance

	2020	2019	2018
Financial			
CET1 ratio (%)	36.7	31.3	31.8
Total assets under management (billion CHF)	192.4	185.8	164.6
Sustainably managed assets (billion CHF)	12.5	10.6	10.2
Responsibly managed assets (billion CHF)	27.5	26.2	15.9
Volume of J. Safra Sarasin sustainable investment funds (billion CHF)	5.1	3.8	2.8
Volume of J. Safra Sarasin responsible investment funds (billion CHF)	2.1	2.2	1.5
Social			
Total number of employees (FTEs)	2,178	2,178	2,151
Part-time jobs	146	154	160
Proportion of women (%)	36.5	35.6	35.4
Proportion of women in management positions (%)	16.5	15.8	15.8
Turnover rate (%)	12.3	13.9	13.9
Environmental			
Electricity consumption (kWh per FTE)	4,015	4,742	4,599
Share of energy from renewable sources (%)	60	60	58
Paper consumption (kg per FTE)	50	53	61
Proportion of recycled paper (%)	83	76	84
Business travel (km/FTE)	1,934	7,713	7,623
Greenhouse gas emissions (kg CO_2e per FTE)	1,300	1,853	1,954
GHG emissions Scope 1 absolute (t CO_2e)	249	209	264
GHG emissions Scope 1 intensity (kg CO_2e per m2)	3.9	4.2	5.4
GHG emissions Scope 2 absolute (t CO_2e)	1,946	1,795	1,651
GHG emissions Scope 2 intensity (kg CO_2e per m2)	30.3	36.1	33.6

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

UN Global Compact: Communication on Progress (COP)

Launched in 2000, the United Nations Global Compact is a call to companies around the world to align their strategies and operations with ten universal principles in the areas of human rights, labour, environment, and anti-corruption, and to take action in support of broader UN goals. It is the world's largest voluntary corporate responsibility initiative with more than 9,500 signatories in more than 160 countries.

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	**Bank specific:**	
	• Code of Business Conduct	132
	• Staff Regulation	132
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 2: Make sure that they are not complicit in human-rights abuses.	**Bank specific:**	
	• Code of Business Conduct	132
	• Staff Regulation	132
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Labour		
Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;	**Bank specific:**	
	• Regulations on Employee Participation	132
	• Swiss Collective Labour Agreement (Agreement on Conditions of Employment for Bank Employees, VAB)	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 4: the elimination of all forms of forced and compulsory labour;	**Bank specific:**	
	• Code of Business Conduct	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 5: the effective abolition of child labour;	**Bank specific:**	
	• Code of Business Conduct	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 6: the elimination of discrimination in respect of employment and occupation.	**Bank specific:**	
	• Code of Business Conduct	132
	• Employee Rules and Regulations – Bank J. Safra Sarasin Ltd	132
	• Directive "Protection against Sexual Harassment, Bullying and Discrimination in the Workplace"	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123

The Ten Principles of the UN Global Compact	Implementation at J. Safra Sarasin	Report reference
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	**Bank specific:**	
	• Handbook of Sustainability	133
	• Objective 5 of the Corporate Sustainability Strategy	137-139
	– Energy consumption within the organisation	
	– Reduction of energy consumption	
	– Reduction of greenhouse gas emission	
	– Reduction of the use of materials	
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	112-123
	• Active Ownership Strategy	116-118
	• Implementation of the Climate Pledge	118-120
	• Case study: SDG Opportunities	
	• J. Safra Sarasin and the Sustainable Development Goals	136
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 8: Undertake initiatives to promote greater environmental responsibility;	**Bank specific:**	
	• Handbook of Sustainability	133
	• Objective 5 of the Corporate Sustainability Strategy	137-139
	• Sustainability training	132
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	112-123
	• Active Ownership Strategy	116-118
	• Implementation of the Climate Pledge	118-120
	• Case study: SDG Opportunities	122
	• J. Safra Sarasin and the Sustainable Development Goals	136
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	**Bank specific:**	
	• Objective 5 of the Corporate Sustainability Strategy	133
	– Reduction of energy consumption	
	– Reduction of greenhouse gas emission	
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Objective 2: We incorporate sustainability considerations in our investment activities	112-123
	• Active Ownership Strategy	116-118
	• Implementation of the Climate Pledge	118-120
	• Case study: SDG Opportunities	112
	• J. Safra Sarasin and the Sustainable Development Goals	136
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	**Bank specific:**	
	• Code of Business Conduct	133
	• Code of Compliance	110-111
	Financial sector-specific indicators: product portfolio and active ownership:	
	• Portfolio-based commitment to social and environmental issues	112-123
	• Assets subject to environmental or social screening	112-123

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To the Management of
J. Safra Sarasin Holding Ltd.

Our engagement

You engaged us to perform a limited review of the following quantitative key performance indicators (KPIs) disclosed in the sustainability report of J. Safra Sarasin Group (comprising J. Safra Sarasin Holding Ltd. and subsidiaries):

- KPIs on sustainable and responsible investments for the reporting period 1 January to 31 December 2020 on page 124 and 139 of the sustainability report
- The social KPIs in the chapter "Corporate culture" for the reporting period 1 January to 31 December 2020 (page 131, 132 and 139 of the sustainability report)

Our procedures were planned to obtain limited assurance as a basis for our conclusion. The scope of work to obtain evidence is reduced, compared to the scope required to obtain reasonable assurance (e.g., in an audit of financial statements) such that a lower degree of audit assurance is obtained.

Limitations of the engagement

Our engagement was limited to a review of the KPIs listed above. We have not assessed the following KPIs or information disclosed in the sustainability report:

- KPIs for the reporting period 1 January to 31 December 2020 not explicitly listed
- KPIs for the previous reporting periods were not reviewed for this engagement
- All qualitative statements in the sustainability report
- Our engagement did not include a review of forward-looking statements.

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 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. In addition, the responsibility includes selecting and applying suitable reporting standards 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 information disclosed in the sustainability report based on our review to obtain limited assurance. We planned and performed our engagement in accordance with the International Federation of Accountants (IFAC) International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE3000) and the Code of Ethics for Professional Accountants, which includes requirements in relation to our independence. In accordance with the engagement agreement, our duty of care for this engagement only extends to the Management of J. Safra Sarasin Group.

Deloitte.

Our approach

We performed all of the procedures needed to ensure a sufficient and suitable basis for our conclusion. Within the scope of our engagement, we obtained evidence on a sample basis considering materiality and assurance engagement risk to obtain limited assurance on the compliance of the KPIs with the reporting principles and criteria. The nature and scope of our work, including appropriate samples, were based on our professional judgment used in forming our conclusion.

The performance of our engagement included the following procedures:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with employees responsible for preparing the sustainability report to assess the process of preparing the sustainability report, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the sustainability report
- Review of the documentation of the systems and processes for compiling, analysing and aggregating sustainability data and testing such documentation on a sample basis
- Analytical considerations, interviews and review of documents on a sample basis with respect to the compilation and reporting of quantitative data
- Interviews and review of documents on a sample basis relating to the collection and reporting of KPIs during walkthroughs at the site in Basel.

Our conclusion

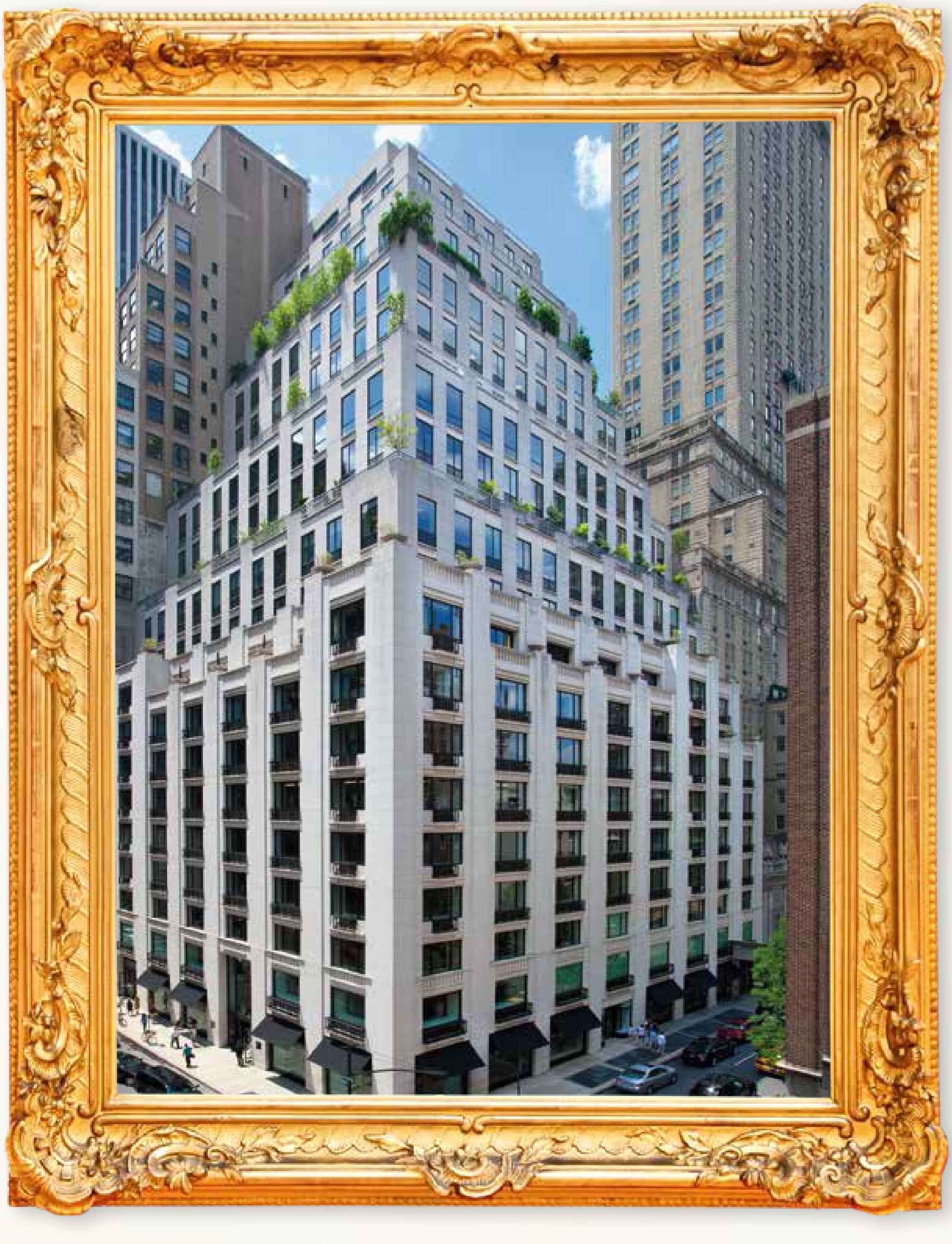
Based on our review, nothing has come to our attention that causes us to believe that the KPIs do not comply in all material respects with the aforementioned criteria.

Deloitte AG

Sandro Schönenberger
Licensed Audit Expert
Auditor in Charge

Dr. Philippe Wüst
Licensed Audit Expert

Zürich, 25. February 2021



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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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