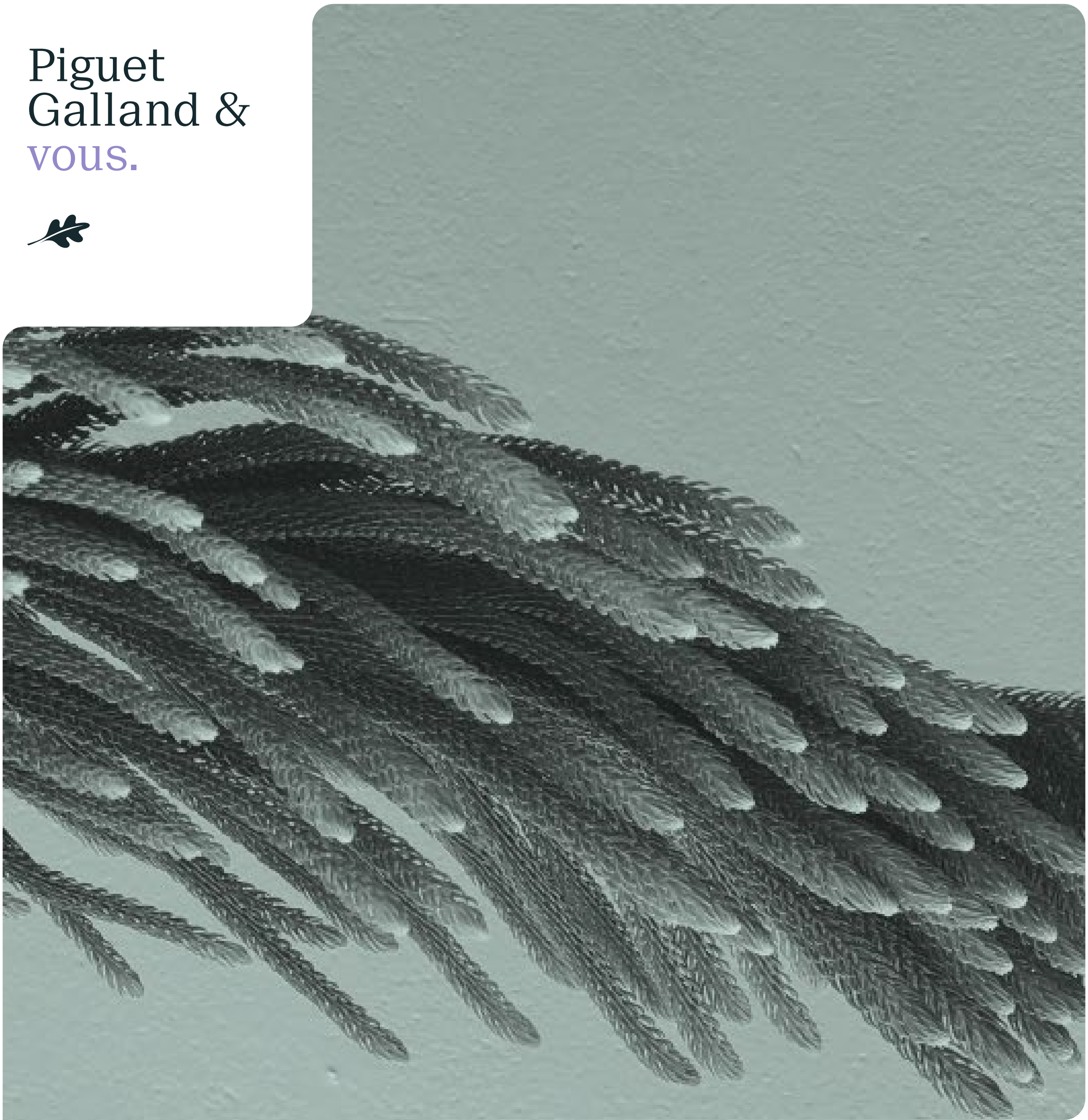
Piguet Galland & vous.



Responsible Investment Policy

November 2024

Votre banque privée, créatrice de sérénité.

Contents

The bank that commits.

Several years ago, our institution formalized its key commitments to sustainability through a Corporate Social Responsibility (CSR) charter (**CSR - Piguet Galland**). This initiative followed a thorough analysis conducted across various business lines of our Bank, enabling us to identify our stakeholders, clarify their expectations, and ultimately establish a materiality matrix. By giving substance to our approach, we accelerated our CSR policy and have since launched numerous initiatives.

Responsible investment is an essential component of this CSR approach. The purpose of this responsible investment charter (RIC) is to formalize the investment principles to be adhered to, which can be communicated both internally and externally to financial service providers and the public. We believe that understanding the importance of responsible investment in banks is crucial for several reasons:

I. **Risk Management**: By incorporating Environmental, Social and Governance criteria into investment decisions, banks can better identify and assess risks associated with climate change, social controversies, and governance failures, which can significantly impact long-term financial performance.

II. **Regulatory Compliance**: Evolving regulatory frameworks increasingly incorporate ESG considerations into financial regulations. By adapting responsible investment practices, banks not only meet current requirements but also prepare for future developments.

III. **Intergenerational wealth transfer**: As our society evolves, younger generation of investors are increasingly incorporating ESG factors into their investment decisions, leading to a growing demand for integration of sustainability investment products. Therefore, pivoting towards more responsible investments can access a broader pool of capital from investors seeking to align their portfolios with their financial and sustainability objectives.

Our approach will undoubtedly continue to evolve and progress over time in line with regulatory developments, investment perspectives, and sustainability challenges.

Entreprise B Certifiée

Swiss Sustainable Finance

1. Our approach to responsible investment

1.1. Definitions

Our interpretation of sustainability aligns with the widely accepted definition, which states that sustainable development entails meeting present needs without compromising the ability of future generations to meet their own needs.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that, by 2030, all people enjoy peace and prosperity.

The 17 SDGs include specific targets, the majority of which are only attainable through national policies. However, companies can contribute to a number of these targets.

SDG categories

Source: United Nations

ESG

ESG criteria are broadly defined as follows:

- **Environmental (E)**: issues pertaining to the impact of corporate or national activities on the environment and ecosystems.
- **Social (S)**: issues concerning the rights, well-being, and interests of people and communities.
- **Governance (G)**: issues related to corporate management and governance structures.

ESG indicators include, but are not limited to, the following elements:

Environmental (E)

- Pollution and waste
- Resource depletion
- Deforestation
- Biodiversity
- Natural resources
- Energy efficiency

Social (S)

- Working conditions, including child labour
- Freedom of association and expression
- Health and safety
- Employer relation and diversity
- Consumer protection

Governance (G)

- Corporate behaviour
- Board independence
- Political lobbying & donations
- Bribary & corruption
- Executive pay

The term ESG refers to a set of standards used to evaluate a company's overall behaviour. It reflects how a company operates and, as such, contributes to the non-financial performance of an organisation.

Impact

It is equally important to understand the effects of a company's activities on society and/or the planet. Through its products and services, a company can foster positive social change and benefit the broader community, thereby generating positive externalities. However, its activities may also have adverse effects.

Sustainability

This term refers to a company adopting ethical and responsible practices (ESG) in its operations while providing products or services that exert a continuous positive external influence on the environment or society (impact).

Since 2020 under EU Regulation, the term "Sustainable Investment" has been defined in Europe exclusively for companies or investments contributing to certain activities outlined in the EU taxonomy.

More recently in 2024, the AMAS (Asset Management Association Switzerland) and the SBA (Swiss Banking Association) established a set of requirements for an investment to be classified as sustainable.

Sustainable investment solution (SBA)

An ESG investment solution referred to as sustainable should pursue at least one of the following investment objectives in addition to its financial objectives:

- **compatibility** (including transition) with one or more specific sustainability goals
- **contribution** to one or more specific sustainability goals

The sustainability goal or goals pursued is/are defined in accordance with:

- a clearly defined reference framework and
- specific indicators that can be used to measure and monitor the goal or goals

The relevant sustainability goals can be pursued using one or more sustainability approaches and in line with one or more reference frameworks.

The following in particular may serve as reference frameworks for sustainability goals:

- criteria published by a Swiss or foreign government authority
- criteria developed by a non-government organisation
- criteria that reflect generally recognised industry practices
- criteria developed by the financial service provider itself

1.2. Governance and key principles

Our responsible investment (RI) governance working group leads the development and integration of ESG and sustainability criteria into all key processes and monitors progress within our investment team.

The fundamental principles of our responsible investment approach combine three key elements: transparency, measurability, and materiality. These principles are embedded in the various investment solutions we offer to our clients, ensuring they align with their sustainability needs and requirements.

Key principles

Transparency	Measurability	Materiality
• Align our message with our actions • Provide non-financial reporting	• Rely on quantitative ESG data • Focus on traceability	• Reflect the values of the Bank • Offer a range of solutions to meet diverse sensitivities

1.3. Sources of data

We obtain our ESG and impact data from external providers, which are then integrated into our internal assessment process.
We currently use the following external sources:

- Clarity AI
- Impaakt
- Association suisse pour des investissements responsables (ASIR-SVVK)
- World Bank
- Global Footprint Network
- United Nations
- Emissions Database for Global Atmospheric Research (EDGAR)
- Transparency International
- Bloomberg
- Morningstar

1.4. ESG rating methodology

ESG risk scores are available for nearly the entirety of our investment universe. Our ESG rating methodology is fundamentally rooted in the concept of materiality assessment.

Definition of materiality

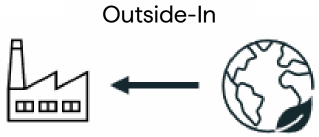
A materiality assessment identifies sustainability issues that could affect a company's financial performance and should therefore be included in the company's sustainability disclosures. This is known as "single materiality".

However, with advancements in the sustainability landscape, single materiality is increasingly regarded as insufficient by many jurisdictions. There is a growing consensus that the impact of a company on the environment and society is equally critical and must also be considered. This broader perspective is encapsulated in the concept of "double materiality".

Unlike single materiality, double materiality expands the concept further, emphasizing the importance of a company's impact on the broader world, such as climate, biodiversity, or ecosystems. The term "double" reflects the twofold perspective companies must address in their sustainability reporting: financial materiality and impact materiality.

Single Materiality = Financial Materiality

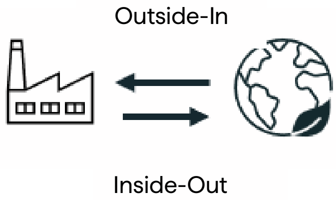
focuses primarily on **ESG risks** that have a negative financial impact on the company.



Double Materiality = Financial Materiality + Impact Materiality

Focuses on both:

- **ESG risks** that have a negative financial impact on the company, and
- **ESG impact** of the company on environment and society



The concept of single or financial materiality has been adopted by numerous international initiatives, such as the "Task Force on Climate-related Financial Disclosures (TCFD)" and the "Sustainability Accounting Standards Board (SASB)". It is expected to form the foundation of the first regulatory sustainability reporting standards developed by the "International

Sustainability Standards Board (ISSB)", an extension of the "International Financial Reporting Standards (IFRS)".

The concept of impact materiality currently underpins the "Global Reporting Initiative (GRI)", which primarily aims to enhance transparency regarding companies' contributions to sustainable development.

Double materiality is embedded in EU Regulations, specifically in the framework of the "European Financial Reporting Advisory Group (EFRAG)" and the "Corporate Sustainability Reporting Directive (CSRD)".

At corporate level

Our ESG rating methodology for companies incorporates financial materiality (ESG risk scores) and impact materiality (impact scores) using two distinct third-party data sources; clarity AI and Impaakt, respectively.

The ESG risk score evaluates a company's exposure to environmental, social, and governance risks, offering an analysis of potential vulnerabilities related to ESG criteria. The score ranges from 0 to 100, where lower scores indicate lower ESG quality and higher exposure to ESG risks, and higher scores reflect higher ESG quality and reduced ESG risks.

The impact score is a quantitative assessment of a company's positive or negative contributions to society and the environment, integrating both qualitative and quantitative data. This score aggregates crowd-sourced insights and analyses from a community of experts, which are then evaluated for their relevance. The score ranges from -5 to 5, where 5 represents a highly positive impact on society and the environment, -5 indicates a significantly negative impact, and 0 reflects a neutral or negligible impact.

Our ESG rating for corporates classifies enterprises into the following categories:

- **Not Covered**: investments for which ESG criteria are not available.
- **Agnostic**: investments with an ESG score below 50 and not excluded by our negative screening process (described in next section).
- **Responsible**: investments with an ESG score between 50 and 100.
- **Conviction**: investments with an ESG score between 50 and 100, and a positive global impact score (between 1 and 5).

The 3 universes of investment

Traditional investment universe*	« Agnostic » universe	« Responsible » universe	« Conviction » Universe
	excluding high-risk companies or those that do not meet ethical standards.	Single materiality (ESG consideration along-side financial risk analysis)	Double materiality (Analysing external environmental or social contribution in addition to ESG risks)

* All listed instruments eligible for investment

At fund level

We apply a stringent responsible investment approach, selecting only external funds and ETFs where the aggregate market capitalization weighting of sectors or companies adhering to our exclusion policy represents more than 90% of the total portfolio.

Our ESG rating framework, applicable to both internal and external funds, categorizes investments into three distinct levels consistent with corporate ESG rating: Agnostic, Responsible and Conviction.

For internal funds, where we have the full transparency over all holdings, we calculate the aggregated ESG score of each portfolio and classify it into the corresponding category.

For external funds, while in majority of cases we do not have the full transparency, our external data providers cover a significant majority of these funds. Additionally, we utilise Morningstar resources. The classification of external funds into our internal categories follows a structured methodology:

- **SFDR disclosure:** for funds including Sustainable Finance Disclosure Regulation (SFDR) classification in their prospectus, we favour this information by classifying Article 8 funds as "Responsible" and Article 9 funds as "Conviction."

- **ESG rating:** In the absence of SFDR classification, funds with an aggregated ESG score above 50 are categorized as "Responsible," while those below are considered "Agnostic."

For certain other asset classes, such as commodities and real estate, in the absence of other information, we rely on specific certifications or labels.

For gold funds we consider certifications attesting to traceability of the supply chain such as LBMA (London Bullion Market Association) or PX Impact (PX Group's label, guarantee its own recycling, refining and finishing flows and traceability of the precious metals). In presence of such certifications, we consider a fund as "Conviction", otherwise "Responsible". In the absence of such information, the fund is considered "Not covered".

For real estate funds ratings such as GRESB (Global Real Estate Sustainability Benchmark) or SSREI (Swiss Sustainable Real Estate Index) are considered. GRESB rating is from 1 to 5 while SSREI rating is from 1 to 3. In presence of such ratings, we consider a fund with GRESB rating above 3 or SSREI rating above 1.5 as "Conviction", otherwise "Responsible". In the absence of such information, the fund is considered "Not covered".

At sovereign debt level

For sovereign bonds (including supranational), we follow the approach proposed in UNPRI publication, « A practical guide to ESG integration in Sovereign Debt »*, to build our proprietary ESG score.

The Environmental, Social, and Governance dimensions are all equally significant in our assessment. Our approach builds an initial ESG score based on these dimensions. Additionally, national progress toward the Sustainable Development Goals (SDGs) is considered a national responsibility, and its importance is reflected through a bonus/malus mechanism ranging from -5% to +5%. The overall ESG score ranges from 0 to 100, with 100 representing the highest performance.

* https://www.unpri.org/fixed-income/a-practical-guide-to-esg-integration-in-sovereign-debt/4781.article

The score is comprised of below E/S/G as well as SDG indicators:

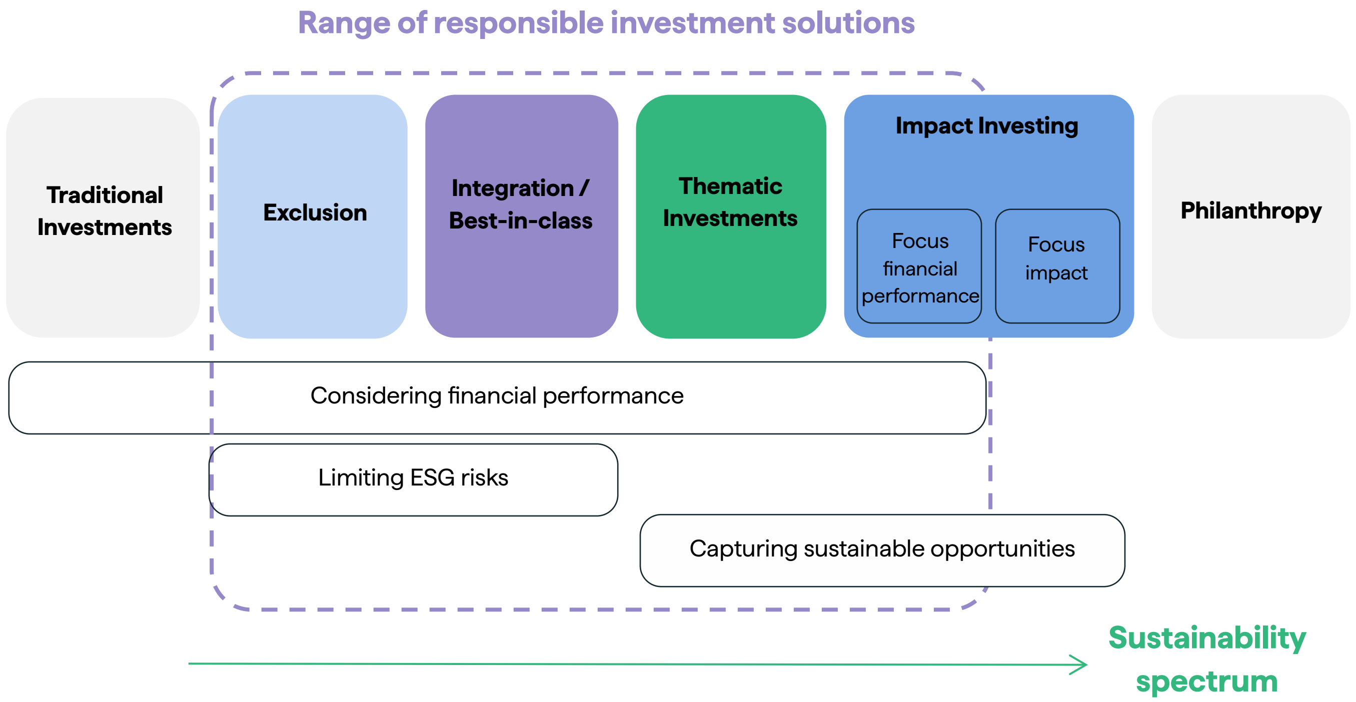
	Indicator	Source
Environmental (E) Weight: 1/3	E1: GHG Emissions (per GDP PPP)	IMF Climate Change Dashboard
	E2: Ecological Footprint (gha per person)	Global Footprint Network
	E3: IEA Energy Transition	IMF Climate Change Dashboard
	E4: Land Surface Temperature	World Bank
Social (S) Weight: 1/3	S1: Human Development Score	United Nations
	S2: Human Capital Index	World Bank
	S3: Govt Expenditure on Education (%total expenditure)	World Bank
	S4 : Human Right Index	Our World in Data
Governance (G) Weight: 1/3	G1-6 : Worldwide Governance Indicators	World Bank
	G7: Corruption Perception Index	Transparency International
SDG Bonus/Malus (-/+5%)	SDG Index Score (SDG)	United Nations

Given the limited number of countries in a global context compared to companies, we classify all countries with an ESG score above 40 uniformly as "Agnostic," without further differentiation. Countries with an ESG score below 40 are excluded from our investment universe.

2. General ESG consideration process within investments

We have a harmonized ESG approach across the Bank, which applies to all our investments over which we have control (Bank products and discretionary mandates).

The scope of our approach



Our general ESG consideration process within investment includes:

I. Exclusion

II. Integration

2.1. Exclusion (Investment restrictions by activity)

We exclude from our portfolios activities that have a negative impact on society and the environment. These activities are as follows:

1. Controversial weapons

A set of weapons the use, production, trade, or storage of which is controversial or prohibited by international treaties and humanitarian laws. These weapons are controversial due to their capacity to inflict disproportionate suffering, cause significant collateral damage, or because of their indiscriminate nature on civilians and combatants alike. Anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons, incendiary weapons, and depleted Uranium Weapons are some examples.

2. Conventional weapons

It refers to weapons that are generally accepted in military use and are not subject to widespread prohibition under international law. These weapons, while still capable of causing harm and destruction, are regulated under various national and international frameworks but are not banned outright in the way that controversial weapons are. Small arms, tanks and armoured vehicles, artillery and rockets, missiles and bombs, naval and airborne weapons are some examples. Companies that produce weapons are often scrutinized for their role in conflicts and the ethical implications of their products. Moreover, the weapons industry is subject to strict regulations and international sanctions that can affect profitability and operational stability. Regulatory changes can lead to significant financial risks for investors.

3. Coal

The Paris Agreement, adopted in 2015, calls for a reduction in greenhouse gas emissions, which has an impact on the use of coal, one of the largest emitters of CO_2. In addition, the United Nations Framework Convention on Climate Change has launched an initiative called the Powering Past Coal Alliance (PPCA), which aims to phase out the use of coal in member countries.

4. Tobacco

According to the World Health Organization, the tobacco epidemic is one of the most serious threats ever to global public health, killing millions of people every year. The World Health Organization and other institutions are exerting increasing pressure to develop legislation to reduce the number of smokers. The United Nations Global Compact excluded tobacco companies in 2017.

5. Gambling

United Nations Convention against Corruption calls for measures to prevent and combat corruption in the gambling and lottery sectors. In addition, the World Trade Organization has rules and agreements governing cross-border online gambling services.

6. Palm oil

There is also growing concern about the environmental and social impact of the palm oil industry, in particular the intensive cultivation of oil palm trees, which is associated with deforestation, loss of biodiversity and violations of the rights of workers and local communities.

7. Oil sands

Tar sand deposits mixed with bitumen, forms a heavy and viscous form of oil. The extraction of bituminous sand has significant environmental impacts, including deforestation, disruption of natural habitats, and waste generation. The process of extraction and processing bitumen is quite energy consuming and generates higher greenhouse gas emissions than conventional oil production methods. Moreover, this process consumes large quantities of water, and sewage treatment represents a major environmental challenge.

In addition to activities detailed above, we also adhere to the recommendations of the Swiss Association for Responsible Investments (SVVK-ASIR), which is an alliance of major Swiss pension and social security funds with an AUM of 300 bln CHF which was founded on 2015. We exclude companies listed in its public exclusion lists. *

* Terms of use – SVVK ASIR – Swiss Association for Responsible Investments (svvk-asir.ch)

Activity	Threshold* (% revenue exposure)	Description
Controversial weapons	> 0%	Production or distribution of anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium ammunitions, nuclear weapons as defined by UN conventions.
Conventional weapons	> 5%	Manufacturing of small arms, defence, military aircraft manufacturing, manufacturing of armoured vehicles and military tanks, manufacturing of ammunition and accessories.
Coal	> 5%	Surface extraction of thermal coal, metallurgical coal, bituminous coal, and lignite as well as the excessive energy production from thermal coal
Tobacco	> 5%	Production-focus
Gambling	> 5%	Casinos, gaming, mobile & online gaming, betting and betting softwares
Palm oil	> 5%	Cultivation & processing
Oil sands	> 5%	Production-focus

* Any company with relevant activity exposure above this level will be excluded.

2.2. Integration

Consistent with our corporate commitments, we integrate Environmental, Social, and Governance (ESG) risks alongside traditional financial risks into our investment solutions to determine the risk profile of an issuer.

ESG risk scores are available for nearly the entirety of our investment universe, providing transparent, quantitative, and objective coverage of instruments (equities and bonds) recommended and held within the Bank, as well as internally and externally managed investment funds.

For our internally managed investment funds and certificates, ESG scores are incorporated into investment analyses as indicators of extra-financial opportunities and risks, alongside traditional financial metrics. This integration influences portfolio allocation, leading to the overweighting or underweighting of positions in the final portfolio. Portfolio managers regularly monitor the ESG positioning of companies within the investment universe, and investment analyses are adjusted accordingly.

3. Methodology and offering

In-house products, such as funds and certificates crafted by the bank's dedicated investment team, embody proprietary strategies, research, and insights designed to deliver tailored value to clients.

Some of the funds and certificates developed and managed by our investment team are classified as either "Responsible" or "Conviction".

3.1. The different fields of application

	Equity funds	Corporate bond funds	Thematic certificates	External funds/ETF
Exclusion (country/ company)	✓	✓	✓	✓
Integration of ratings	✓	✓	✓	
Impact			✓	
External labels				✓

3.2. Thematic/Best-in-class investments

Our investment approach integrates ESG risks into our overall process while offering thematic investment solutions with dedicated objectives targeting the performance of one of the three ESG dimensions; E/S/G.

- A best-in-class strategy focused on governance pioneers.

Helv-Ethic
focus on leading governance in collaboration with Ethos*

Swiss universe

- Two thematic investments with objectives focusing on the potential positive impacts.

Climate Action
Focus on climate champions

Global universe

Women Empowerment
Focus on promoting women in the economy

Global universe

* The Ethos Foundation was created by two pension funds, one public, the Caisse de prévoyance du personnel enseignant de l'instruction publique et des fonctionnaires de l'administration du canton de Genève (CPEG), and the other private, the Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC). It is a foundation under Swiss law, whose members must be Swiss pension funds or public benefit foundations. (About | Ethos - Swiss Foundation for Sustainable Development (ethosfund.ch))

4. Clients' ESG preferences

In accordance with the new guidelines from the Swiss Bankers Association, effective January 1, 2023, financial service providers are responsible for collecting clients' ESG-preferences.

As such we classify clients based on their sustainability sensitivities and preferences into the following categories:

« Neutral » profile

→ Remaining indifferent to ESG risks and impact in investment decisions (**Agnostic portfolio**).

« Interested » profile

→ Incorporating environmental, social, and governance considerations into investment decisions to minimize long-term financial risks (**Responsible portfolio**).

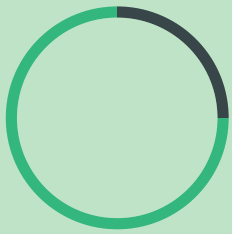
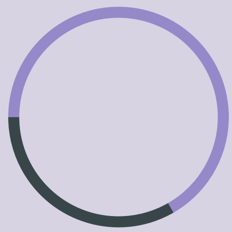
« Very interested » profile

→ Accounting for ESG risk considerations is insufficient. It is equally important to evaluate the impact of investments on the environment and society (double materiality concept) (**Conviction portfolio**).

5. Range of investment solutions

As a private bank providing services to a diverse clientele, we offer a range of investment solutions with varying degrees of sensitivity to ESG criteria, designed to meet the needs and interests of our clients.

Our solutions for discretionary investment mandates are categorized as follows:

	Agnostic portfolio*	**Responsible portfolio***	**Conviction portfolio***
Degree of integration	Investment universe excluding companies that are high-risk or do not comply with ethical standards.	Minimum 75% of investments have "Responsible" rating.  **>75%** « Responsible »	Minimum 33% of investments have "Conviction" rating while the rest would have at least "Responsible" rating.  **>33%** « Conviction »

* Universe excluding cash and alternatives

Piguet
Galland &
vous.

At your service.

Genève
Avenue Peschier 41
1206 Genève
T +41 (0)58 310 40 00

—

La Chaux-de-Fonds
Rue Jaquet-Droz 43
2300 La Chaux-de-Fonds
T +41 (0)58 310 45 80

—

Lausanne
Avenue du Théâtre 8
1005 Lausanne
T +41 (0)58 310 49 29

Neuchâtel
Faubourg du Lac 11
2000 Neuchâtel
T +41 (0)58 310 48 88

—

Nyon
Place Bel-Air 8
1260 Nyon
T +41 (0)58 310 47 70

—

Yverdon-les-Bains
Rue de la Plaine 18
1400 Yverdon-les-Bains
T +41 (0)58 310 45 11

piquetgalland.ch

This document is published by PIGUET GALLAND & Cie SA.