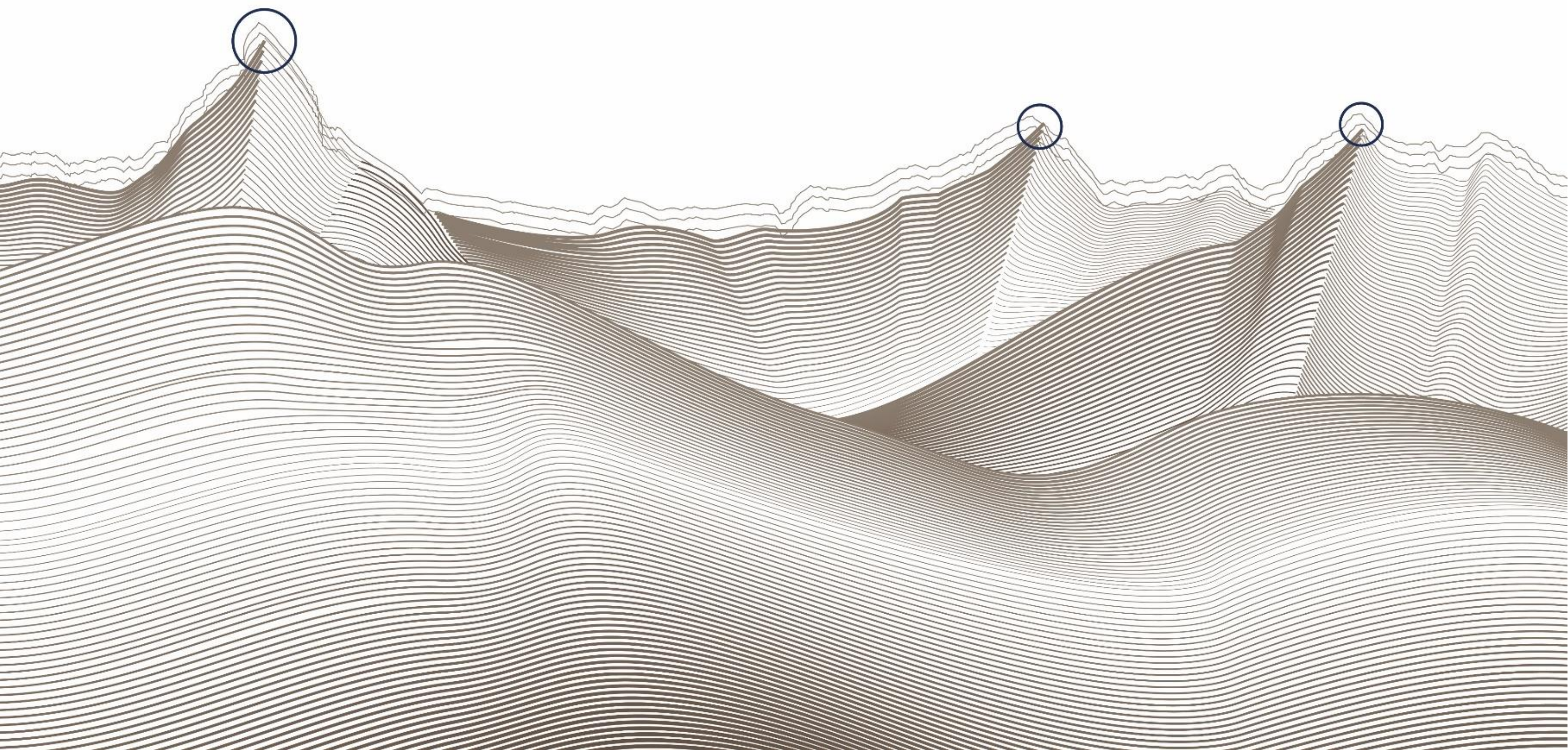
BANCA DEL SEMPIONE
PRIVATE BANK
SINCE 1960

ESG Policy

Banca del Sempione



DISCLAIMER ON THE DIFFERENT OPERATIONAL CONTEXTS OF OUR GROUP

Adherence to the ESG principles outlined in this Policy represents a strategic commitment for the Group. However, the practical application of these principles must be adapted to the regulatory, cultural, and operational framework of the various affiliates. In particular, entities such as Banca del Sempione (Overseas) and Banca del Sempione (Middle East) operate in contexts that may differ from the Swiss environment, adopting approaches that reflect local specificities while remaining aligned with the spirit and overarching objectives of the ESG Policy

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1. INTRODUCTION

1.1 General context

Recent climate developments, along with growing awareness of **human rights**, **inclusion**, **diversity**, and **transparency** in **corporate governance**, have highlighted the urgency of a stronger commitment to sustainability – a priority for long-term global economic progress. Sustainability is also becoming increasingly relevant in the **financial sector**, both internationally and nationally. Consequently, key players such as public opinion, associations, and regulatory authorities are shaping the framework within which companies must strategically position themselves.

Sustainable finance refers to any form of financial service and/or product that, with a sustainability-oriented approach, integrates **environmental, social, and governance** (**ESG**) criteria into corporate or investment decisions for the benefit of all stakeholders. The banking sector plays a central role in fostering an economy that is increasingly attentive to these issues.

At the international level, Switzerland ratified the **Paris Agreement** (2015)[1] and, along with other United Nations Member States, supports the 17 **Sustainable Development Goals** (**SDGs**)[2]. The aim of these intergovernmental agreements is to ensure the livelihoods of future generations by promoting a transition toward a more sustainable economy and society. At the national level, in 2019, the Swiss Federal Council set the goal of achieving net-zero emissions by 2050.

In 2020, it published guidelines on sustainability in the financial sector to further strengthen Switzerland's position as a centre of excellence. The **Swiss Financial Market Supervisory Authority** (*FINMA*) has introduced regulations requiring greater transparency regarding climate risks and other natural risks, thereby concretizing risk management requirements for financial institutions concerning financial risks. The **Swiss Bankers Association** (*SBA*) and the **Asset Management Association Switzerland** (*AMAS*) have been actively promoting new ESG standards, focusing on careful risk management, extreme transparency, and minimizing **greenwashing** risks.

The SBA has specifically developed a series of initiatives to support the integration of sustainability principles into investments, including the self-regulation directive on sustainable finance.

In this context, our Group is committed not only to responsibly managing current business operations in compliance with local and international regulations, but also to implementing a policy characterized by a responsible vision aimed at generating positive and lasting impacts across multiple dimensions. Our focus is on our core business – **investments** – where we adopt guidelines that integrate ESG-related **risks** and **opportunities** into investment mandates, financial advisory services, and proprietary portfolio management. Our goal is to create value for all **stakeholders**, both today and in the future.

[1]Paris Agreement: An international agreement aimed at reducing greenhouse gas emissions, setting the goal of limiting the increase in global average temperature to within 1.5°C above pre-industrial levels.

[2]Sustainable Development Goals (SDGs): Set of 17 goals established by the United Nations in 2015 to promote sustainable development.

Sources: Swiss Sustainable Finance; Swiss Bankers Association; United Nations

With regard to our operational activities, our approach can be summarized as follows:

- **Environment:** we are committed to reducing our environmental impact through practices that minimize emissions, optimize the use of natural resources, and promote circular economy principles.

" Inclusion, diversity and equal opportunities (…) "

- **Society:** our social commitment is distinguished in two areas:
  - *Internal sphere*: we place great importance on improving working conditions for our employees by fostering inclusion, diversity, and equal opportunities – principles clearly defined in our Code of Ethics.
  - *External sphere*: we contribute to generating a positive impact on the society in which we operate by supporting initiatives aimed at fostering the economic and social development of local communities.

- **Governance:** we ensure strong oversight of sustainability-related topics through the active involvement of individuals from different departments and roles. Our ESG Committee provides structured supervision and an integrated vision of activities, ensuring precise alignment with the Group's strategic objectives.

1.2 Objectives and document structure

This document defines the official ESG Policy of our Group, aligned with sustainability principles and current regulatory standards. The main objectives are:

(i) **Defining key concepts;**

(ii) **Describing the approach adopted by our Group;**

(iii) **Outlining the operational implementation methods of the ESG principles described.**

2. DEFINITIONS AND KEY CONCEPTS[3]

1

Best-in-Class/ Positive screening

An approach in which a company's or issuer's environmental, social, and governance (ESG) performance is compared with that of its peers (same sector or category) based on a sustainability rating. Those that meet specific criteria and stand out positively are considered eligible for investment

2

Code of Conducts

A formal document that establishes rules, behavioural guidelines, and specific requirements regarding interactions among employees and various stakeholders

3

Codice of Ethics

A formal document that defines the moral principles, values, and fundamental beliefs that an organization commits to upholding and expects its employees and stakeholders to adhere to

4

Corporate Social Responsibility (CSR)

A company's commitment to generating social, economic, and environmental benefits, with the goal of enhancing community well-being and ensuring the long-term success of the organization

5

ESG (Environmental, Social and Governance)

Environmental, social, and governance factors identified and evaluated in responsible investment processes

6

Double Materiality

It is a concept that emphasizes the importance of assessing and publicly disclosing both the impact of corporate activities on the environment and society (environmental and social materiality) and the financial effects of sustainability regulations and practices on a company's operations and profitability (financial materiality).

a. Impact materiality (environmental and social): reflects how a company's activities contribute to or counteract issues such as climate change, resource depletion, human rights, and community well-being
b. Financial materiality: evaluates how ESG factors influence a company's financial performance, stability, and long-term value

7

Exclusion – Negative screening

The exclusion of companies, countries, or other issuers based on business activities or practices that violate certain norms or values

8

Sustainable finance

Any form of financial service aimed at supporting the transition to a sustainable economy and society by integrating ESG factors into corporate and investment decisions

9

Greenwashing

A communication practice, either internal or external (e.g., social media, advertising, publications, etc.), in which a company projects an image of sustainability that is in sharp contrast to its actual operational practices

[3] *Sources: Swiss Sustainable Finance; Swiss Bankers Association; United Nations*

10 **Carbon footprint**
A measure that quantifies the total amount of greenhouse gases (GHG) released into the atmosphere, directly or indirectly, from the activities of an individual, company, city, or country. It is generally expressed in metric tons of carbon dioxide equivalents (tCO_2e), including not only CO_2 but also other greenhouse gases

11 **Impact investment**
Investments that, in addition to generating financial returns, create measurable added value in environmental and/or social terms

12 **Responsible investment**
A broad concept that encompasses all investment strategies that consider environmental, social, or governance factors, typically with the goal of investing responsibly. It carries an ethical connotation and a sense of social responsibility that influence investment decisions

13 **Sustainable investment**
An investment strategy applied to most assets that seeks alignment with and/or aims to actively contribute to specific sustainability objectives

14 **Net zero**
The goal of reducing global greenhouse gas (GHG) emissions to net zero by minimizing emissions as much as technically possible and offsetting remaining emissions through atmospheric removal

15 **Sustainability**
Defined in 1987 by the "World Commission on Environment and Development" ("Brundtland Commission"), in the report "*Our Common Future*", as development that "*meets the needs of the present generation without compromising the ability of future generations to meet their own needs*."

16 **ESG Rating**
An assessment of a company's or product's ability to manage risks and opportunities related to environmental, social, and governance (ESG) factors

3. OUR GROUP'S APPROACH

To effectively and promptly respond to our clients' needs, we have integrated ESG topics across all areas of our activities.

We believe that this approach is not only the right one but also rewarding. In 2020, we established the **Green Division**, a dedicated structure focused on developing sustainability across all operational areas, honouring the trust that our stakeholders place in us every day.

> ***''Green Division, a dedicated structure focused on developing sustainability across all operational areas"***

Our Group's approach to ESG is pragmatic and based on the core principle of materiality. This means that every **ESG initiative** we develop – whether related to investments or operational activities – is assessed in terms of tangible positive impact, ensuring that valuable resources are not wasted merely in response to market trends or external pressures. Given our core business, **investments** represent our primary focus, offering the greatest potential for meaningful impact. Through a thorough capital management, we have the opportunity to direct financial flows toward the most appropriate investments, actively contributing to a more sustainable future.

4. OPERATIONAL IMPLEMENTATION OF ESG APPROACHES

4.1 Sustainable initiatives

Since 2020 a series of initiatives have been developed that contribute to making our Group an entity increasingly aligned with the needs of society.

Specifically, among the various activities[4]:

Environmental

- We promote work flexibility through home working solutions;
- We invest in renewable energy to reduce the environmental impact of our properties*;
- We offer incentives to our employees for purchasing hybrid or electric vehicles and for using public transportation*;
- We ensure the proper recycling of various materials such as PET and paper, certifying its process.

Social

- We provide access to green spaces and promote initiatives for the physical and mental well-being of our employees;
- We offer various types of employee benefits;
- We are certified every year as fair employers and for pay equality;
- We support young athletic talents who embody healthy principles and fund projects that benefit the local community*.
- We annually donate a portion of the revenues generated from some of our investment solutions to local organizations that create a positive and measurable impact on the community*;
- We collaborate with university partners to support the integration of young talent into the workforce*;
- We offer our employees the opportunity to access a wide range of educational programs.

Governance

- We have established an internal committee dedicated to overseeing and developing ESG topics, called the ESG Committee;
- We rely on external partners, market leaders, for the provision of ESG data, integrating it with our internal research.

[4] ***Activities developed only by Banca del Sempione and not for the benefit of the entire Group**

4.2 Focus on Governance

ESG Committee

The ESG Committee was established with the goal of defining the strategic guidelines regarding the concept of sustainability to be adopted across all operational areas of the Group. Its main tasks include: monitoring regulatory changes, proposing new initiatives, overseeing those already underway, and raising awareness of the topic at all levels of the Group.

The composition of the ESG Committee reflects an interdisciplinary approach and is structured as follows:

- **Senior Manager of the Finance Area** at Banca del Sempione to ensure strategic alignment with the priorities of the entire Group;
- **ESG Expert** to ensure the development and implementation of the correct sustainability activities across the board;
- **Manager of the Wealth Management, Advisory, and Proprietary Trading** areas to manage the proper integration of ESG topics into the Group's financial products and services;
- **Manager representing affiliated companies** to ensure consistency in the adoption of ESG initiatives across all entities of the Group;
- **Manager of the Risk Area** to ensure the correct management and monitoring of ESG risks;
- **Manager of the Legal & Compliance Area** to ensure that all new regulations are properly addressed;
- **Manager of the Human Resources Area** to promote CSR initiatives.

The Committee meets twice a year, and minutes are taken and shared with the senior management of the Group. If necessary, the ESG Committee may convene an extraordinary meeting to address urgent issues.

The Committee has two main functions: strategic and operational. The strategic function is concretely translated into the development of a short, medium, and long-term action plan to achieve the goals set by the Committee and to comply with current regulations. The operational function involves the implementation, monitoring, and reporting of activities defined by the Committee. Regarding specific investment decisions, the topic is addressed within the *Financial Policy Committee* (CPF), with the involvement of the ESG Expert acting as a liaison between the two Committees.

4.3 ESG Data

''MSCI guarantees quality, reliability, and in-depth analysis''

Transparency is one of the key pillars of our ESG strategy, which is why with Banca del Sempione and Sempione SIM we rely on data provided by **MSCI ESG Manager**[5], a market leader in the provision of ESG data. MSCI guarantees quality, reliability, and in-depth analysis – elements that allow us to develop solid strategies and offer accurate reporting to our clients.

Specifically, MSCI evaluates the ability of companies and/or products to manage ESG-related risks and opportunities. Finally, MSCI evaluates the ability of companies and/or products to manage ESG-related risks and opportunities. This assessment is then translated by the American company into a global rating based on a seven-level scale, ranging from AAA (*Leader*) to CCC (*Laggard*). This evaluation is the result of four key steps:

[5] MSCI: financial services provider

Sources: MSCI, Swiss Bankers Association

I. **Collection and standardization of data** from over 3'400 media sources;

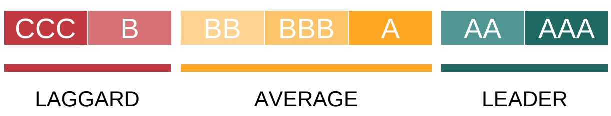
II. **Clustering of parameters** using a standardized methodology, with direct interaction with companies to verify data;

III. **Evaluation and analysis** through "*Key Issue*" specific to each sector (on a scale from 0 to 10), along with constant monitoring of controversies and events;

IV. **Final rating assignment** :

- *Leader* (AA – AAA), companies that are leaders in their sector in managing the most significant ESG risks and opportunities;
- *Average* (BB – BBB – A), companies with a mixed or non-exceptional management of significant ESG risks and opportunities compared to industry competitors;
- *Laggard* (CCC – B), companies lagging behind in their sector due to high exposure and inability to manage significant ESG risks.

Image 1



5. GROUP ESG INVESTMENT PRINCIPLES

Our Group integrates traditional quantitative and qualitative analysis methods with careful management of ESG risks and opportunities, applied where possible in alignment with local contexts. This commitment is realized through the following guidelines:

1. Integration of ESG investment strategies;
2. Exclusion of sectors or activities that do not align with our principles;
3. Promotion of investments that generate tangible positive impacts;
4. Monitoring and communication of progress in implementing ESG standards.

6. BANCA DEL SEMPIONE

6.1 Regulatory framework of reference

As mentioned in the introductory paragraph, we operate in compliance with current regulations, including the guidelines of the Swiss Bankers Association (SBA). As a trade association, the SBA has developed a series of initiatives to support the implementation of ESG principles in investments, including the **Self-discipline directive related to *sustainable finance***. This Directive aims to make the Swiss financial market more transparent and aligned with the Confederation's goals. In particular, it emphasizes the integration **of ESG preferences** and **risks** in investment advice and wealth management, as well as the prevention of *greenwashing*.

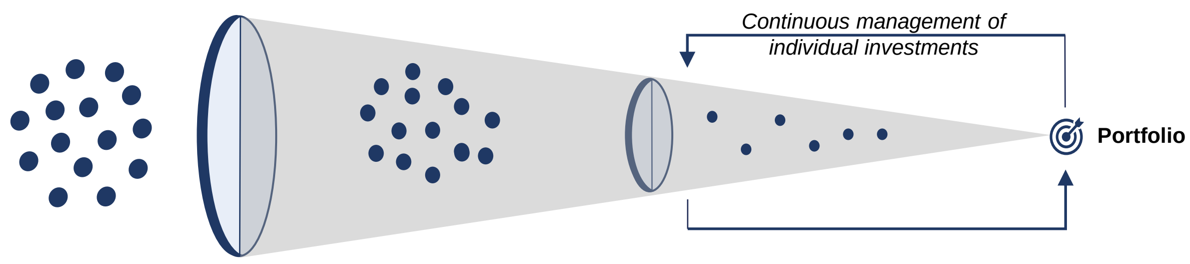
6.2 ESG investment process

In compliance with the regulations mentioned in the previous section, we have implemented an internal ESG training program, updated our client profiling parameters, and expanded the quantity and quality of reporting dedicated to both clients and the public. We have integrated ESG principles into the construction of the **Investment Universe** (**UI**), used both for the creation of managed portfolios and for making investment proposals to clients who have signed an Advisory mandate with the Bank.

Source: MSCI

Image 2

STEP 1 – Research scope | ***STEP 2 – Investment Universe*** | ***STEP 3 – Target portfolio development***



STEP 1 – Research scope

- Securities listed on regulated markets
- New issuances of financial products
- Authorized investment funds

STEP 2 – Investment Universe

- Fundamental and valuation analysis
- Exclusion of securities with low liquidity
- Specific risks analysis
- *Application of ESG exclusion criteria*

STEP 3 – Target portfolio development

- Assessment of geographic and sectorial exposure
- Adherence to risk/return profile
- *Management of the portfolio's average rating*
- *Management of the 'Not rated' ratio*

Bank Level (Steps 1–2)

Portfolio Level (Step 3)

In detail, we have integrated ESG principles as follows:

1) Step 1:
   - **Definition of the research scope**: we include a broad set of securities, also considering new issuances, instruments listed on authorized markets or traded on *Over The Counter* (OTC) markets, as well as investment funds supervised by national or supranational regulatory authorities in developed countries.

2) Step 2:
   - **Definition of Investment Universe**: we filter the entire research scope by applying quantitative and qualitative parameters defined by the Bank, including fundamental analysis, liquidity assessment, regulatory aspects, specific risks, and the exclusion of activities such as:
     - **Unconventional fossil fuels and thermal coal**: we exclude companies that generate their revenue from fossil fuel sources requiring advanced and less traditional extraction techniques compared to conventional fossil fuels.

These include oil sands, oil shale, shale gas and oil, gas hydrates, and liquefied or gasified coal. Thermal coal, on the other hand, is a type of coal primarily used as fuel for electricity generation and heating.

- **Controversial weapons**:
  we exclude companies involved in the production or use of cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, undetectable fragments, and incendiary weapons.

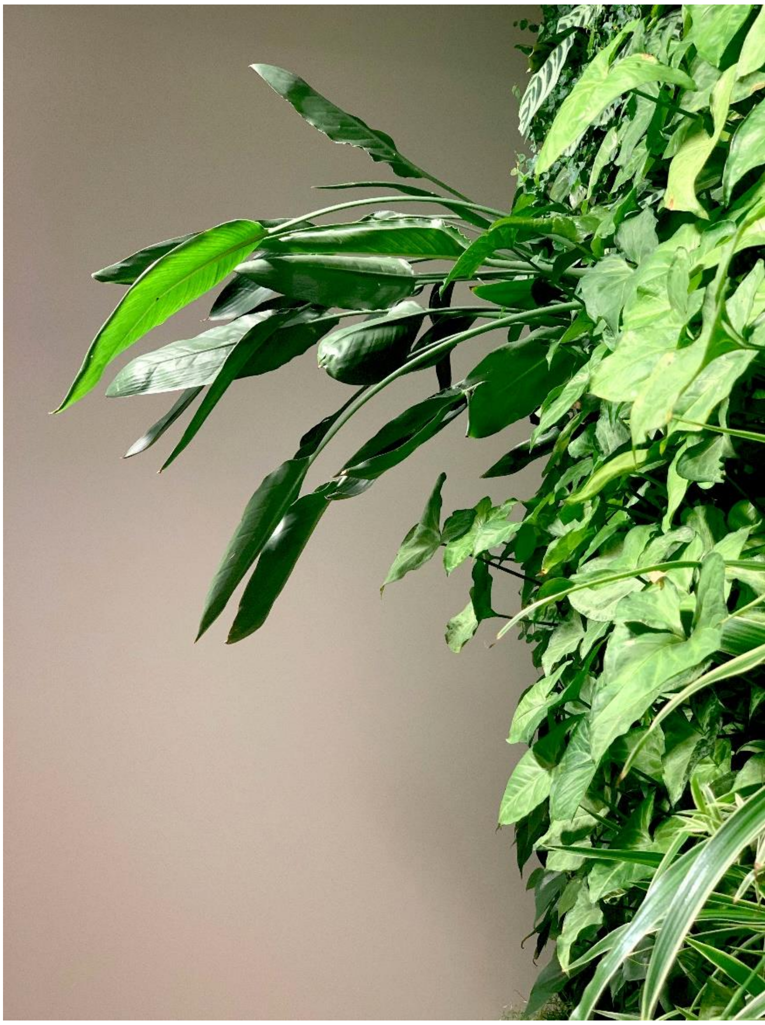
- **International sanctions**: we exclude countries or companies subject to restrictive measures (financial sanctions, embargoes, asset freezes, etc.) imposed by governments or supranational entities due to ESG violations (e.g., human rights violations, child labor, etc.).

3) Step 3:

- **Target portfolio development**: We generate and manage portfolios ensuring a balanced geographical and sectoral diversification, in line with the risk/return profile defined for each client. We monitor and maintain the proportion of “Not rated” positions in the portfolio under control and ensure that the portfolio's average ESG rating meets predefined thresholds. Additionally, for funds not included in the MSCI database, we classify these products according to the corresponding MSCI rating based on our methodology, which assesses the ESG degree of investment in accordance with the Sustainable Financial Disclosure Regulation (SFDR).

Client profiling has been integrated with ESG preferences. Each portfolio is aligned not only with the client's experience, knowledge, financial situation, and risk appetite but also with their stated ESG preferences.

We carry out continuous monitoring, and for the integration of future investments, they will be assessed following the process outlined above.



7. APPENDIX

Swiss Associations

- **SBA (Swiss Bankers Association)**
  The reference trade association for the Swiss banking sector, committed to creating optimal conditions for banks in the Swiss Financial Market and promoting sustainable development of the sector through expertise and strategic vision.

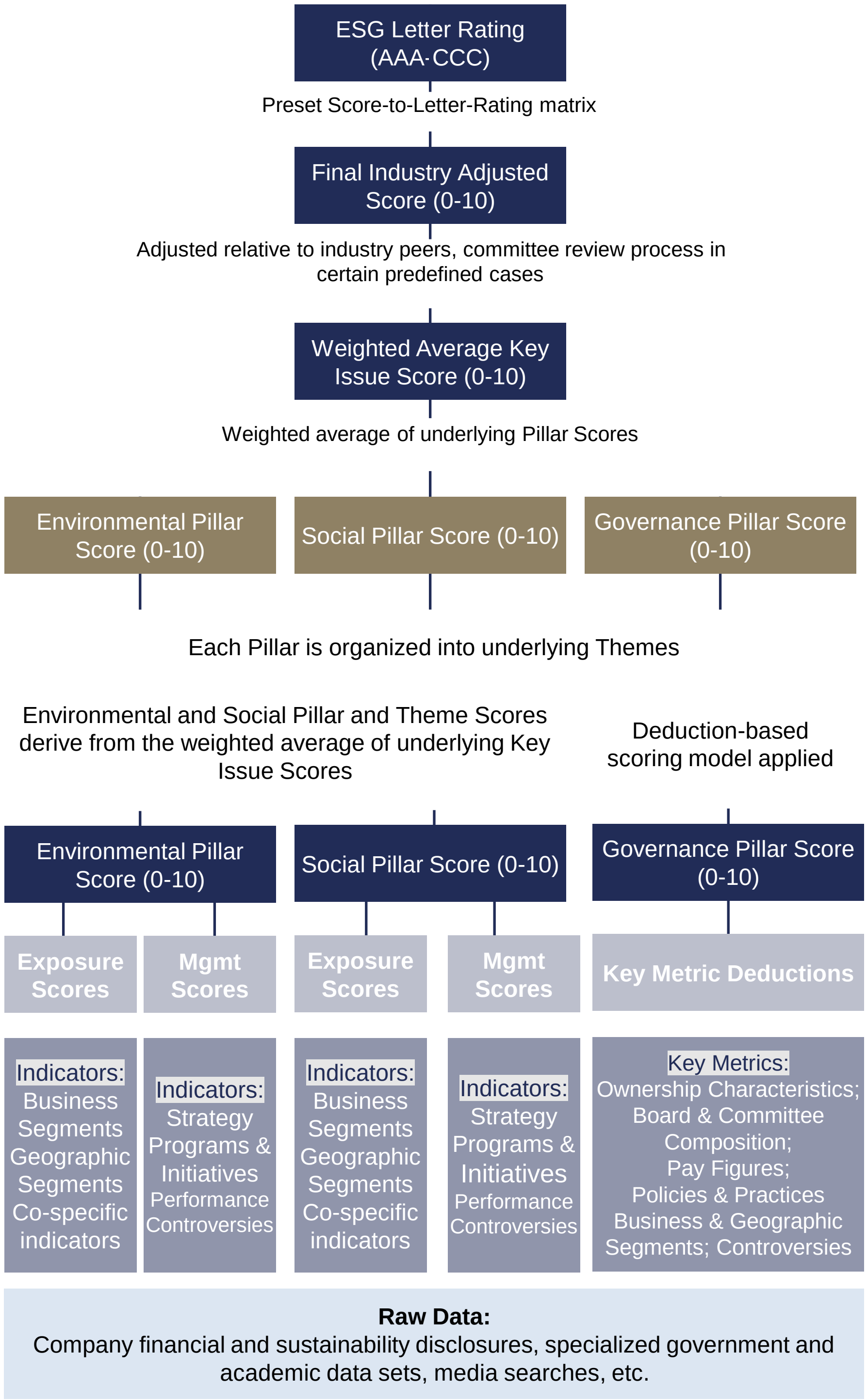
- **AMAS (Asset Management Association)**
  An association for the Swiss asset management sector, with the goal of strengthening Switzerland as a leading centre for quality, performance, and sustainability, supporting the development of the industry and the creation of long-term value for investors.

- **ABT (Ticino Banking Association)**
  A private association that, since 1920, has brought together banks operating in the Canton of Ticino, safeguarding the image of the Ticino financial market and representing the interests of its members. In 2022, it established a Sustainability Commission to promote discussions on topics related to Corporate Social Responsibility (CSR), Sustainable Investments, and Sustainable Credit.

- **SSF (Swiss Sustainable Finance)**
  The leading Swiss association dedicated to sustainable finance. Founded in 2014, it brings together over 200 members, including banks, wealth managers, asset owners, and providers of services, research, and training.

Sources: Swiss Bankers Association, Asset Management Association, Ticino Banking Association e Swiss Sustainable Finance

MSCI – ESG Rating Scale



Source: MSCI

MSCI – "Key Issues" List

3 Pillars	10 Themes	33 ESG Key Issues
Environment	Climate Change	Carbon Emissions Climate Change Vulnerability Financing Environmental Impact Product Carbon Footprint
	Natural Capital	Biodiversity & Land Use Raw Material Sourcing Water Stress
	Pollution & Waste	Electronic Waste Packaging Material & Waste Toxic Emissions & Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building Opportunities in Renewable Energy
Social	Human Capital	Health & Safety Human Capital Development Labor Management Supply Chain Labor Standards
	Product Liability	Chemical Safety Consumer Financial Protection Privacy & Data Security Product Safety & Quality Responsible Investments
	Stakeholder Opposition	Community Relations Controversial Sourcing
	Social Opportunities	Access to Finance Access to Health Care Opportunities to Nutrition and Health
Governance	Corporate Governance	Board Pay Ownership & Control Accounting
	Corporate Bahevior	Business Ethics Tax Transparency

Source: MSCI

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