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CLIENT INFORMATION ON SUSTAINABILITY PREFERENCES

The aim of this document is to provide you with specific information about the requirements of the EU Sustainable Finance Framework and how NS Partners Europe S.A. (hereafter referred to as "the Company" and "we" or "us") is considering sustainability within the portfolio management and investment advice services.

This document does not, however, deal with the fiscal and legal consequences of transactions involving financial instruments. We recommend that you seek personal advice from an expert in these areas prior to making any investment.

I INTRODUCTION

Responsible advice and the satisfaction of our clients are among our highest priorities.

In this context, it is important to establish and further develop a basis of trust between you as a client and us as your advisor. This includes offering and recommending suitable - and depending on your preferences – financial products with sustainability considerations.

In the following, we provide you with specific information about the requirements of the EU Sustainable Finance Framework and how we are considering sustainability within our portfolio management and investment advice services.

We kindly recommend reading this document carefully.

II OBJECTIVES OF THE EU

Recognizing that our planet is facing the destructive consequences of climate change, resource depletion and social instability, the European Union has positioned itself as a leader in sustainable finance by setting ambitious targets for the transition to more sustainable, resource-efficient and low-carbon economic growth. Inspired by the adoption of the Paris Climate Agreement in 2015 as well as the United Nations Agenda 2030 and its 17 Sustainable Development Goals, the idea that a decarbonized economy is significantly dependent on sustainability-oriented finance has been established nationally as well as internationally. For years, there has been a significant shift in the landscape of sustainable finance, also due to these political events. The aim is a future characterized by stability, equity, resilience and sustainability.

To achieve this, the European Union adopted the EU Action Plan for Sustainable Finance in March 2018. The EU Action Plan is part of a comprehensive effort to link finance to the goal of fostering a global economy that benefits the planet and our society.

The EU Action Plan has three basic objectives:

1. Reorienting capital flows towards sustainable investment

Capital flows should be redirected to finance sustainable projects.

2. Integrating sustainability into risk management

Risks arising from climate change, environmental degradation, social inequalities, corruption, etc. need to be considered in the decision-making processes by economic actors.

3. Promoting transparency and long-termism

Measures need to be taken to:

(i) create a common and clear terminology for products with Sustainability Factors,

(ii) combat greenwashing, and

(iii) create incentives for long-term investments.

Simplified, the EU Commission is creating a system that rewards companies that are deemed "sustainable" (based on strict standards defined by regulators). This is done by channeling capital flows from investors with sustainability preferences into these companies.

Within the EU, the regulatory framework is an important factor driving the sustainable finance agenda. The key building blocks are the following:

A. EU Taxonomy Regulation

The EU Taxonomy introduces a new, common and science-based classification tool of companies' activities. With clear guidelines on activities that can contribute to environmental objectives, it aims to provide investors with information on which investments finance environmentally sustainable economic activities.

Further guidance on activities contributing to other sustainability objectives, including social objectives, may follow at a later stage. Companies in scope of the EU Taxonomy Regulation will thus have to indicate the extent to which their economic activities are in line with the EU Taxonomy, which will allow investors to make more informed decisions on sustainability.

B. Sustainable Finance Disclosure Regulation (SFDR)

The main objective of the SFDR is to reduce information asymmetries with regard to the consideration of sustainability risks and adverse sustainability impacts by obliging financial market participants and financial advisors to provide pre-contractual information and ongoing disclosures to investors. This is intended to ensure information transparency and comparability for end investors. Increased transparency enables investors to make more informed decisions. These objectives can only be achieved if specific sustainability disclosure requirements are imposed on financial market participants, financial advisors and financial products (including investment advice) in the EU.

C. MiFID II and "sustainability preferences"

The Markets in Financial Instruments Directive II (MiFID II) and its Delegated Regulation came into force in 2018 with main objectives to strengthen investor protection and improve the efficiency and transparency of financial markets.

As of 2 August 2022 amendments to MiFID II Delegated Regulation have been introduced based on the EU Sustainable Finance Framework, specifically as regards the integration of Sustainability Factors, risks and preferences into certain organisational requirements and operating conditions for investment firms. Financial market participants and financial advisors providing investment advisory and portfolio management services must assess and consider the sustainability preferences of their clients in addition to their knowledge as well as their experience, financial situation and investment objectives.

Sustainability preferences are defined as a client's or potential client's choice as to whether and, if so, to what extent, one or more of the following financial instruments shall be integrated into his or her investment: (a) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in environmentally sustainable investments as defined in Article 2 (1) of EU Taxonomy Regulation;

(b) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2 (17) of SFDR; (c) a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration is determined by the client or potential client.

In the following we explain further the three elements, i.e. (a) sustainable investments according to the EU Taxonomy Regulation, (b) sustainable investments according to SFDR and (c) the consideration of principal adverse impacts of investment decisions.

a. "Environmentally sustainable investments" as defined in the EU Taxonomy Regulation

An economic activity is considered environmentally sustainable if it:

- makes a significant positive contribution to one or more of the environmental objectives of the EU Taxonomy Regulation;
- does not lead to a significant negative impact on one or more of the environmental objectives of the EU Taxonomy Regulation;
- is carried out in compliance with the defined minimum safeguards (e.g. human and labour rights, guiding principles in corporate governance, etc.).

b. "Sustainable investments" as defined in the SFDR, Article 2(17)

"Sustainable investment" means an investment in an economic activity that:

- contributes to the achievement of an environmental and/or social objective;
- do not significantly harm any of the other environmental and/or social objectives; and
- demonstrate good corporate governance (e.g. good relations with employees, staff remuneration, etc.).

c. Consideration of principal adverse impacts (PAIs) of investment decisions

Investments with consideration of the Principle Adverse Impacts (PAIs) on Sustainability Factors are investments that pursue the goal of avoiding, limiting or reducing negative effects on those Sustainability Factors. PAI here refers to sustainability indicators defined within the regulatory technical standards of SFDR ("SFDR Level 2") that measure the impact of an investment on those sustainability indicators. PAIs are, for example, the carbon footprint or water pollution.

III EXCLUSION CRITERIA

NS Partners Europe S.A. aims, wherever legally possible, to exclude investment in companies involved in activities including but not limited to, the violations of the UN Global Compact principles, violations of anti-corruption and anti-bribery laws, and exposure to controversial weapons (i.e. "minimum exclusions").

› Note that the application of such exclusions and subsequent exclusion of issuers may reduce the universe of possible investments.

IV SUSTAINABILITY PREFERENCES

In accordance with the obligations set out in MiFID II and MiFID Delegated Regulation, while providing investment advice and/or portfolio management services, NSE has to provide suitable personal recommendations to clients and/or has to make suitable investment decisions on behalf of its clients. Suitability has to be assessed against clients' knowledge and experience, financial situation and investment objectives. Such information is acquired by NSE via the "client's suitability questionnaire".

The recent amendments to MiFID II have the aim to integrate sustainability preferences in the advisory and portfolio management processes to ensure that clients' sustainability preferences are considered by investment firms.

Therefore, as of 2 August 2022, investment firms that provide investment advice and portfolio management are required to assess clients' sustainability preferences when performing the suitability assessment.

In this context, NSE has integrated the existing "client's suitability questionnaire" by ad hoc queries aiming at assessing and recording the sustainability preferences (see extract below).

1	Do you have any **sustainability preferences** for your investment portfolio?		
2	Do you consider including **sustainable investments** as defined by **EU Taxonomy** (i.e. economic activities that qualify as environmentally sustainable) in your investment portfolio?	**2a**	If yes, which **proportion** of **sustainable investments** as defined by **EU Taxonomy** would you prefer to include?
3	Do you consider including **sustainable investments** as defined by **EU SFDR** (i.e. economic activities that contribute to Environmental or Social objectives and follow good Governance practices) within your investment portfolio?	**3a**	If yes, which **proportion** of **sustainable investments** as defined by **EU SFDR** would you prefer to include?
4	Do you consider including **principal adverse impacts (PAI)** in your investment portfolio?		
5	If the answer to question **3 and / or 4** is **yes**, on which on the following **issues** would you like to **focus**? (**Climate** issues, **Other environmental** issues and **Social** issues)		

Based on the sustainability preferences expressed by the client, it is possible to identify the following main client's sustainability profiles:

1. Sustainability neutral: where a client does not answer the question whether it has sustainability preferences or answers "no". In this case, NSE may recommend products both with and without sustainability-related features;
2. The client has sustainability preferences with regard to aspect a), b) or c) of the definition according to Article 2(7) MiFID II Delegated Regulation and the client may prefer a combination of one or more of the three aspects. With regard to aspects a) and b), the client may determine that a minimum proportion is invested;
3. When the client wishes to include a financial instrument that considers PAIs (i.e. aspect c), NSE may test the client's preferences and appetite for PAI integration with regard to the families of PAI indicators such as climate change, other environmental issues and social issues.

V CLOSING REMARKS

Should you have any further questions, please do not hesitate to contact your advisor.

As the query and recording of investors' sustainability preferences are mandatory since 2 August 2022, you will be approached about this at the earliest opportunity and asked about your preferences. From this date, we will take your sustainability preferences into account when selecting our investment proposals as part of our portfolio management and investment advice services.

- Note that sustainability preferences may have a positive or negative impact on the performance of your financial product.

GLOSSARY

Term	Definition
ESG	Environment, Social, Governance
EU Action Plan	The EU Action Plan primarily provides for a classification system (taxonomy) that defines the criteria for sustainable economic activities and thus provides investors with the necessary transparency for investment decisions.
EU Taxonomy Regulation	The classification system for sustainable economic activities.
MiFID II and its Delegated Regulation	Directive 2014/65/EU on Markets in Financial Instruments (MiFID II) entered into force on 3 January 2018, establishes rules to strengthen investor protection and transparency, and to harmonise the functioning of markets in financial instruments; Commission Delegated Regulation (EU) 2017/565 (MiFID II Delegated Regulation) entered into force on 3 January 2018, supplementing MiFID II as regards organisational requirements and operating conditions for investment firms.
Sustainability preferences	Defined by Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending MiFID II Delegated Regulation, as a client's or potential client's choice as to whether and, if so, to what extent, one or more of the following financial instruments shall be integrated into his or her investment: (a) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in environmentally sustainable investments as defined in Article 2 (1) of EU Taxonomy Regulation; (b) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2 (17) of SFDR; (c) a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client.
Sustainability risks	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, according to SFDR.
PAIs (Principal Adverse Impacts)	Those impacts of investment decisions and advice that result in negative effects on Sustainability Factors, according to SFDR.
Paris Climate Agreement	The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.
SFDR	In this case, information for investors on how to incorporate

(Sustainable Finance Disclosure Regulation)	sustainability risks and opportunities into their investment recommendations and decisions.
Sustainable Development Goals	1. No poverty 2. Zero hunger 3. Good health and well-being 4. Quality education 5. Gender equality 6. Clean water and sanitation 7. Affordable and clean energy 8. Decent work and economic growth 9. Industry, innovation and infrastructure 10. Reduced inequalities 11. Sustainable cities and communities 12. Responsible consumption and production 13. Climate action 14. Life below water 15. Life on land 16. Peace, justice and strong institutions 17. Partnerships for the goals
Sustainable Factors	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, according to SFDR.