

ESG 2018



Values-Based Global Asset Managers

ABOUT SATURNA CAPITAL

Based in Bellingham, Washington, Saturna Capital is a premier international, independent investment firm based on seven core values:

- Top quality professionalism
- Uncompromising loyalty to clients
- Risk management
- Integrated business operations
- Educating our investors, employees, community, and industry
- Prudent entrepreneurship
- Community contribution

Since 1989, Saturna has managed the Amana Mutual Funds which invest according to faith-based values. As an asset manager, Saturna Capital prioritizes the education and empowerment of its investors. As an employer, we are committed to worker ownership and employee wellness. As a community leader, Saturna promotes philanthropy through donations directed both by employees and through corporate giving specifically aimed to promote the arts, education, and the environment.

In addition to the primary business of investment management, Saturna owns Saturna Sendirian Berhad, an investment adviser and research firm in Kuala Lumpur, Malaysia; Saturna Brokerage Services, Inc., a general securities broker dealer; Saturna Trust Company in Henderson, NV; and Saturna Environmental Corporation.



Member 2018

Signatory of:





LETTER FROM THE PRESIDENT


At Saturna Capital, ESG data helps guide our investment decisions and we believe that a deep and thorough review of how a company addresses environmental, social, and governance issues is a powerful indicator of how that company will perform over time. For this update, we thought we would showcase how we practice ESG at home.

In the three years since Saturna Capital launched the Saturna Sustainable Funds, I'm proud to report that we have reduced our environmental footprint, enhanced our impact, and have made valuable contributions to our industry in a number of ways. Just as our funds seek to outperform in a variety of ESG factors, so too do we seek to be best-in-class. From phasing out single-use plastics at our Bellingham headquarters to a focus on providing educational tools around sustainable

investing to the adviser community, we bring nearly 30 years of superior ethics, prudent financial management, and a focus on resilience to the table.

We have dedicated our business to setting an example and we strive to be the best employer in our home of Whatcom County, Washington. By offering competitive benefits packages, opportunities to think creatively and grow, and a culture built firmly around employee wellness, we are dedicated to providing sustainable solutions for all of our stakeholders – shareowners, Crew Members, and community alike.

A handwritten signature in white ink, appearing to read "J. Canten", is positioned in the bottom right corner of the page. The signature is fluid and cursive, with a large, stylized initial "J".



As investors, we know that the depth of a company's commitment to environmental stewardship can be an indicator of that company's ability to succeed into the future. At Saturna, we consistently seek new ways to reduce our impact. The extensive Toward Zero Waste program we established in 2015 at our Bellingham Headquarters allows us to recycle and compost over 80% of our waste, and we have eliminated single use, non-compostable plastics from the office. From purchasing responsibly-sourced paper to rewarding our Crew Members for using means of travel other than single-passenger vehicle, our environmental footprint is at the top of mind in all that we do.

Between FY 2015 and FY 2018,
Saturna Crew Members at the
Bellingham office traveled

26,831 miles

by foot, bicycle, carpool, or public
transportation – preventing over

10.9 tons of CO₂

emissions from being released.

26%

of Bellingham
Crew Members make trips
by walking, bicycling,
carpooling, or public
transportation EVERY DAY.

100%

of copy and marketing
paper used at Saturna
is sustainably
sourced.

Since FY 2016, Saturna's
Bellingham Crew has
increased the number of
trips made by lower-impact
transportation by over

260%

3,504



FY16

7,097



FY17

12,749



FY18

MILES TRAVELED BY ALTERNATIVE TRANSPORTATION

SMART TRIPS

Since 2006, the Whatcom County Smart Trips program has hosted a number of unique and engaging campaigns that encourage community members to move away from their single passenger vehicles and embrace lower-impact transportation options. By offering cash prizes, discounts at local businesses, community events and other rewards, Smart Trips has successfully diverted 66 million miles to walking, bicycling, public transportation, and ride sharing to date.



Saturna Capital has participated in Smart Trips and National Bike to Work day since 2013. Twenty-six percent of Crew Members report making a Smart Trip every day, while another 24% report making two to five Smart Trips per week. And though Saturna's Crew Members report a mileage increase in their commutes to work – from an average of 11.7 roundtrip miles in 2016 to 15.6 in 2018 – the number of Crew Members participating in Smart Trips has substantially increased over the past four fiscal years, as has the number of Trips being logged.

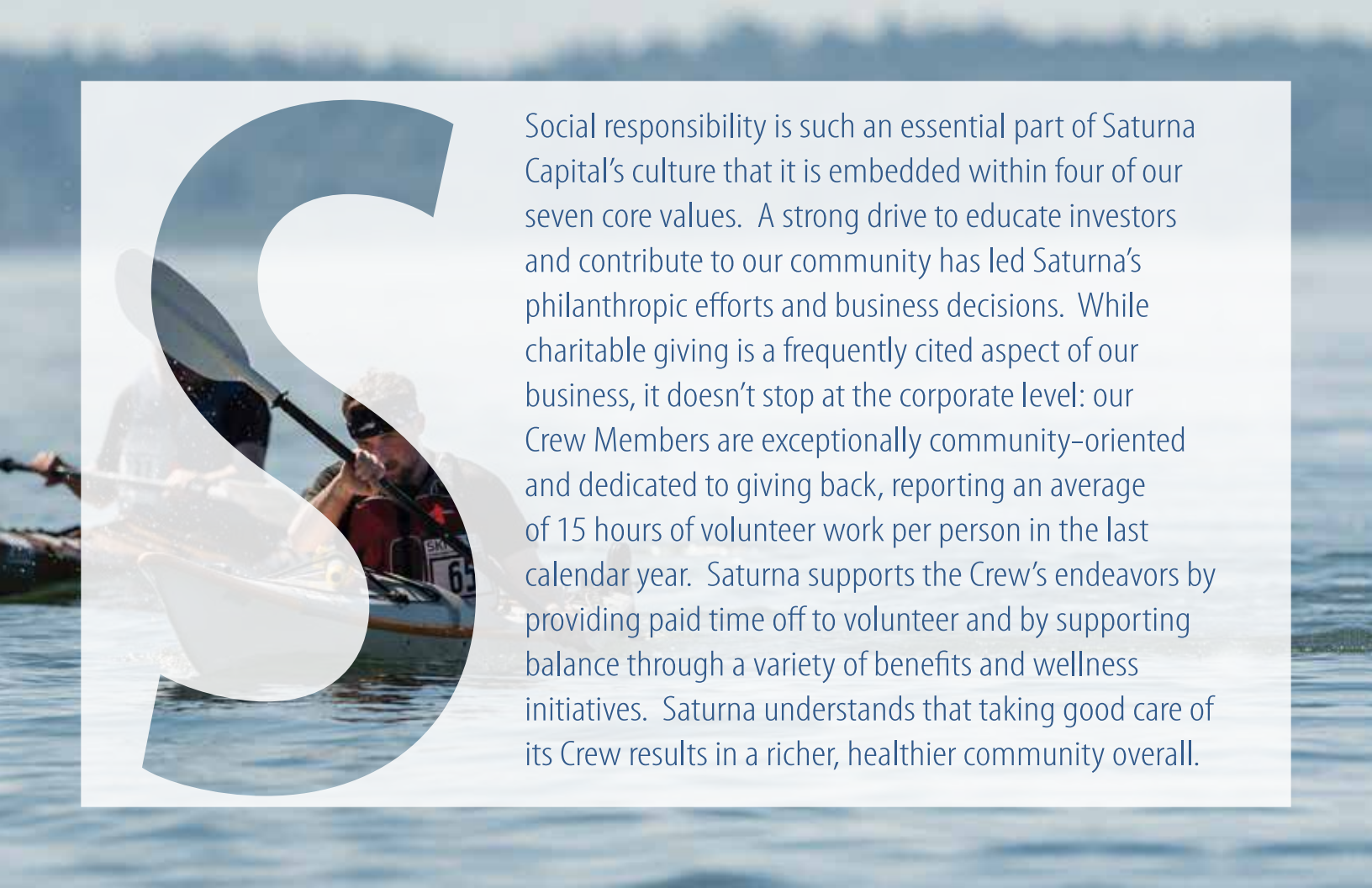


CAMP SATURNA

In 2015, Saturna purchased a 133-acre camp from the Boy Scouts of America. One mile south of the Canadian Border, along the shores of beautiful Silver Lake at the base of the North Cascades, Camp Saturna fosters environmental stewardship through a broad range of educational programs and activities. Camp staff worked with local schools to develop curricula around environmental issues and, in Summer 2018, Camp Saturna partnered with the Whatcom Family YMCA to provide two sessions of youth summer camp.

Beyond its educational component, Camp Saturna plays an important role in environmental preservation: the purchase of the property ensures that its 51 acres of timber will be preserved from logging. A 2014 study of Saturna's use of paper products in the Bellingham Headquarters – which included all copy and specialty paper, bath tissue, paper towels, cups, plates and facial tissue – suggested that even before accounting for the natural growth of forests in the Pacific Coast region, conservation of the Camp's timber could offset Saturna's annual paper use by a factor of 13.5.





Social responsibility is such an essential part of Saturna Capital's culture that it is embedded within four of our seven core values. A strong drive to educate investors and contribute to our community has led Saturna's philanthropic efforts and business decisions. While charitable giving is a frequently cited aspect of our business, it doesn't stop at the corporate level: our Crew Members are exceptionally community-oriented and dedicated to giving back, reporting an average of 15 hours of volunteer work per person in the last calendar year. Saturna supports the Crew's endeavors by providing paid time off to volunteer and by supporting balance through a variety of benefits and wellness initiatives. Saturna understands that taking good care of its Crew results in a richer, healthier community overall.

Over the past decade, Saturna Capital
has donated a total of

\$9.1 Million

to a variety of educational, artistic,
community, and other charitable
organizations, and strives to donate

9%

of its pre-tax profits to charity annually.

20%

of Crew Members report
engaging in twenty hours
or more of volunteer
work in 2017.

47%

of Crew Members chose
to forgo a holiday bonus
in 2017, directing
proceeds to charity
instead.

Since FY 2016, Saturna's
Bellingham Crew increased
spending on local food
through the CSA model by

176%

\$2,750



FY16

\$5,522



FY17

\$7,594



FY18

TOTAL SPENDING ON COMMUNITY SUPPORTED AGRICULTURE

WORKPLACE CSAs

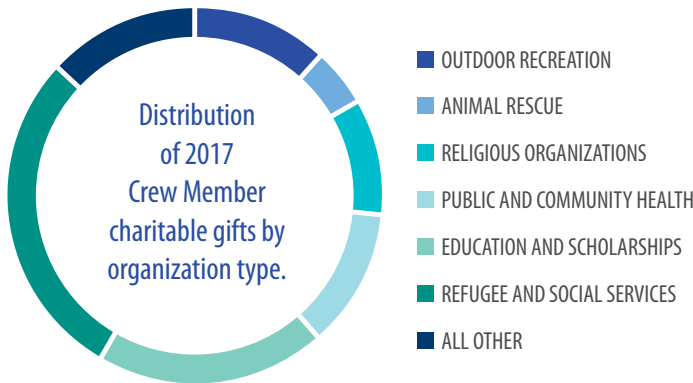
Spring 2018 marks Saturna's fourth year of participating in a workplace CSA program. CSA – or Community Supported Agriculture – programs have existed in North America since the 1980s, and offer a way for smaller, local farmers to market their produce directly to consumers. Customers purchase a subscription, or share, in a farm each spring and receive weekly or bi-monthly deliveries of the farm's produce. The CSA model helps connect farmers to their community and offers the most local, seasonal produce available.

For the past four seasons, Saturna Crew Members have selected Cedarville Farm for their CSA subscriptions; Cedarville Farm has operated in Whatcom County since 1989, and their organic practices ensure that Whatcom County's treasured farmland is operating at its best and healthiest. Saturna Crew Members have directed \$17,000 to Cedarville Farm for CSA shares, cementing a healthy partnership between consumers and farmers. And, in 2018, Crew Members participated in a new way to support local food producers: a CSF (Community Supported Fishery) with Sea to Shore Fishery in Bellingham.



CHARITABLE GIVING

Community contribution and philanthropic efforts are embedded throughout Saturna’s Core Values and have been central to Saturna’s commitment to community engagement since our inception in 1989. Each year, Saturna makes substantial corporate contributions to a variety of educational institutions, recreational organizations, and development organizations. Saturna strives to inspire other business owners to do the same.



Charitable giving doesn’t end with senior management, however: for the past decade, Saturna has offered Crew Members a chance to direct some or all of their holiday bonus to a charity of their choice. Crew Members can either choose to accept a bonus and donate an equivalent amount, or forgo a bonus and direct a contribution that is typically more than double the bonus amount. Through this program, more than \$1 million has been directed to 173 unique charitable organizations since December 2008.





Superior ethical standards are the mainstay on which Saturna Capital was built: for nearly 30 years, we have provided our customers with quality products that reflect their values while adhering to our own values every step of the way. In the two years since our last report, we have made significant strides toward greater leadership within the industry. Not only have we improved the diversity profile of the Saturna Investment Trust board and improved our proxy voting guidelines, but we have dedicated ourselves to being educators for our industry by providing tools and resources that encourage the adoption of sustainable investing strategies.

Throughout FY 2017 and FY 2018,
Saturna Capital hosted a total of

9

Sustainability Symposiums, reaching

219

Financial Advisors to promote education
and incorporation of sustainable and
values-based investing.

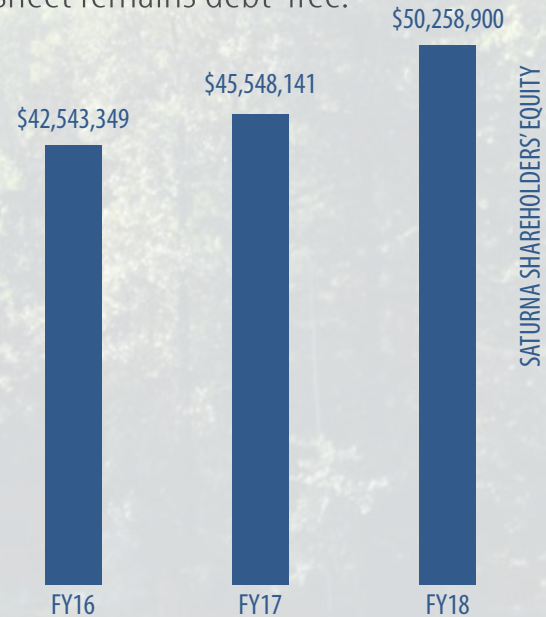
94%

of Saturna's US AUM is
invested in SRI or
sustainable
strategies

83%

of Saturna Capital stock
is owned by current
or former
employees.

Saturna Shareholders' Equity
has increased consistently
while Saturna's balance
sheet remains debt-free.



SUSTAINABLE PROCESS

Drawing on nearly 30 years of experience managing the socially responsible and faith-based Amana Funds, the launch of the Saturna Sustainable Equity and Bond Funds in 2015 was intended to be another means of expressing Saturna's firm belief in the value of sustainable business management. In the two years since our previous CSR report, Saturna's investment team has undertaken a number of measures to expand, refine, and improve our approach to ESG integration including:

- UPDATES TO OUR PROPRIETARY ESG SCORING SYSTEM that assess how well an issuer performs relative to a blend of industry, sector, and country peers in each ESG category.
- PROSPECTUS UPDATES that affirm our commitment to ESG and fossil fuel free investing.
- NEW DIRECTORS ON THE SATURNA INVESTMENT BOARD to reflect the type of gender diversity we seek on the boards of the issuers we invest in.
- PROXY VOTING GUIDELINES that are more explicit and transparent about how we act on behalf of shareowners.



ADVISER EDUCATION

Saturna is dedicated to showing industry leadership by providing educational opportunities – particularly in the area of sustainable investing. In 2017 and 2018, Saturna hosted a series of events across the country specifically designed for financial advisers to learn more about integrating sustainable investing into their practices and their clients' portfolios. These Sustainable Symposiums were intimate forums that brought together SRI experts and veterans with newcomers.

Additionally, Saturna has focused on developing educational materials for financial advisers who are interested in, but new to, sustainable investing strategies. In October 2017, we released our Sustainability Workbook for advisers, incorporating exercises and other materials to gauge client interest in sustainable strategies.

Saturna has also released five ESG Insights for investors. These pieces focus on different holdings within the Saturna Sustainable Funds and discuss how the issuers' ESG performance makes them worthy investments, and how their performance relates to Saturna's investment philosophy.

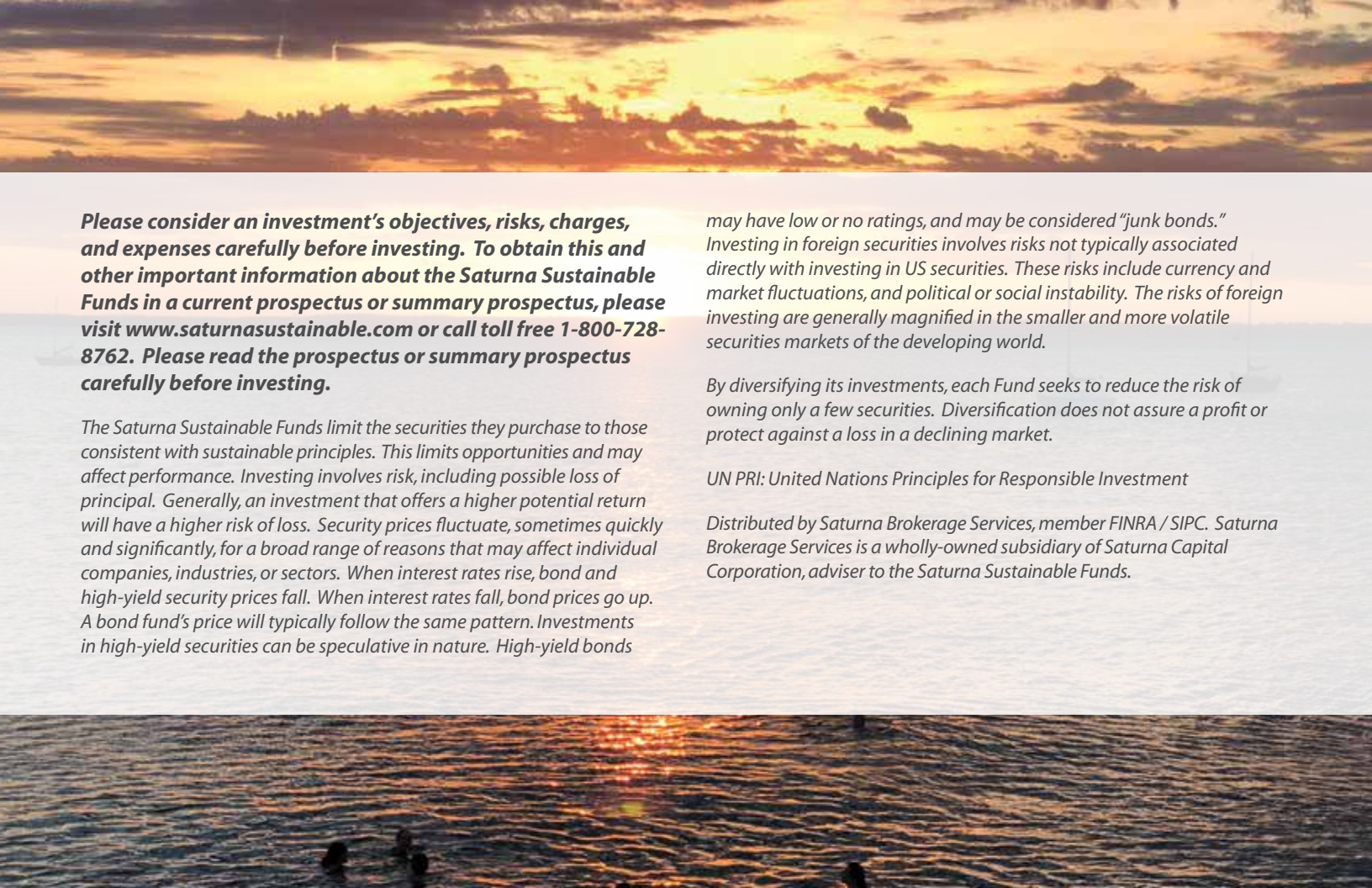




SATURNA SUSTAINABLE FUNDS

Saturna Capital has been investing responsibly for over 30 years, placing a primary emphasis on social and governance considerations. As responsible and sustainable investing has evolved, however, so has our approach: we view the consideration of environmental, social, and governance (ESG) factors as essential in forming portfolios of high-quality companies that are better positioned to reduce risk and identify opportunities. By examining material ESG factors in conjunction with overall financial performance metrics, we believe the added due diligence better serves the interest of our clients by driving long-term performance.

Saturna's screening process excludes firms engaged in tobacco, alcohol, pornography, pork, and gambling. We positively screen for issuers with low environmental, social, and governance risk profiles – which, in addition to material and non-financial ESG considerations, includes firms that show management stability, low debt, strong balance sheets, high quality operations, and a long-term focus. Saturna's Sustainable Funds also support the divestment campaign by avoiding investment in the energy extraction and refining industries.



Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Saturna Sustainable Funds in a current prospectus or summary prospectus, please visit www.saturnasustainable.com or call toll free 1-800-728-8762. Please read the prospectus or summary prospectus carefully before investing.

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance. Investing involves risk, including possible loss of principal. Generally, an investment that offers a higher potential return will have a higher risk of loss. Security prices fluctuate, sometimes quickly and significantly, for a broad range of reasons that may affect individual companies, industries, or sectors. When interest rates rise, bond and high-yield security prices fall. When interest rates fall, bond prices go up. A bond fund's price will typically follow the same pattern. Investments in high-yield securities can be speculative in nature. High-yield bonds

may have low or no ratings, and may be considered "junk bonds." Investing in foreign securities involves risks not typically associated directly with investing in US securities. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

By diversifying its investments, each Fund seeks to reduce the risk of owning only a few securities. Diversification does not assure a profit or protect against a loss in a declining market.

UN PRI: United Nations Principles for Responsible Investment

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