



CORPORATE SOCIAL **RESPONSIBILITY**

2021

CORE VALUES



ACTIVE INVESTING TO REFLECT YOUR VALUES



ABOUT SATURNA CAPITAL

We are a premier provider of disciplined, ethical solutions building on our legacy of superior results. Founded in 1989 and based in Bellingham, Washington, Saturna Capital is the manager of the Amana, Saturna Sustainable, Sextant, and Idaho Tax-Exempt Funds.

As an asset manager, Saturna prioritizes the education and empowerment of its investors. As an employer, we are committed to worker ownership and employee wellness and development. In the community, our excellent reputation for job creation and philanthropy helps define us as a responsible employer of choice and underscores our pursuit of long term, sustainable success.

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. Saturna Capital has been a signatory to the United Nations Principles of Responsible Investment since 2013.

*This page: US/Canada border threads through islands, with Bellingham Bay in the foreground and Saturna Island in upper right;
On the cover: Lake Whatcom; photos by Nicole Trudeau*



TABLE OF CONTENTS

05	Letter from the President
06	Our Social Performance
08	Top Quality Professionals
10	Uncompromisingly Loyal
12	Risk Managers
14	Integrated Business Operators
16	Educators
18	Prudent Entrepreneurs
20	Community Contributors
22	Looking Forward

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Signatory of:



LETTER FROM THE PRESIDENT

Saturna Capital last published a CSR report in 2018; since then, we have sought to lower our impact and increase our commitments to the communities in which we participate. From analyzing carbon offsets for corporate travel to installing solar power at our Bellingham headquarters, we approach sustainability challenges with attention to detail and an open mind.

In 2020 we celebrated several milestones, beginning with the 5th anniversary of the Saturna Sustainable Funds. Saturna Capital was again named to Investor's Business Daily's list of best HSA providers, and we surpassed \$5 billion in total assets under management (AUM). We successfully transitioned the majority of our crew to remote work, produced 16 educational webinars, and launched a new podcast, *Halal Money Matters*.

Our ability to weather stormy seas comes down to the priority we place on sustainable business measures, and it is our Core Values and financial prudence that keep our ship steady. Our seven Core Values dovetail with each other and with each department, among every one of our products and in every element of the work we do. By highlighting our Core Values, we intend to show the strength and resilience of our company. And while our values keep us steady, it's our crew that keeps us sailing; it is with immense pride and gratitude that I introduce to you many of the crewmembers who embody our strong values and implement them daily.



The dock at Camp Saturna; photo by Christopher Patton

OUR SOCIAL PERFORMANCE

Over the years, Saturna has sought creative ways to reduce its environmental impact; from our 2014 waste audit that led to implementation of a robust recycling and composting program that diverts 80% of our Bellingham HQ's waste from the landfill, to rewarding Bellingham crew for finding ways to commute other than by single-passenger vehicle, to supporting our vibrant local farms through the Community Supported Agriculture model, to the preservation of the forest at Camp Saturna. But what's principally material to our industry are the human and social capital issues, ethics, and governance components of how we do business.

One of the main ways Saturna differs from its peers is that nearly every business function is conducted in-house. Customer service, shareowner mailings, web design, and fund accounting — among all other core functions — are carried out in the same building as portfolio management. Saturna believes that creating meaningful employment in our community is one of the privileges of doing business, and we strive to be one of the best employers. Similarly, Saturna emphasizes employee ownership: 80% of Saturna Capital stock is held by current and former employees. Over the past decade crewmembers have received an average of 10.5% of their base salary each year in profit sharing.

Keeping operations in-house means Saturna is able to maintain a distinguished level of control over our products and customer experience. It also means we are able to hire a crew with diverse experience. We firmly believe that diversity in all areas leads to better decision making and more creative solutions; we also recognize this area as one where we have room to grow. Saturna strives to model what it means to be a responsible contributor, and ensuring that diversity and inclusion are embedded among every layer of our business, community, and industry is part of our work.



95%

of Saturna's AUM is invested in socially responsible and sustainable strategies.

\$11.3 Million

Saturna strives to donate 5 - 10% of its pre-tax profits to community-based organizations each year and has donated \$11.3 million to various charitable organizations since 2007.

43%

of Saturna's Senior Managers are women, compared to 22% across the financial services industry.

71%

of crewmembers agree or strongly agree that they are satisfied with the opportunities for professional growth offered by Saturna.
(87th percentile for all survey clients)

3,027 Lbs

Within the first four months of operation, Saturna's solar panel array saved 3,027 pounds of CO₂ emissions.

1 WE ARE TOP QUALITY PROFESSIONALS

- Who seek to deliver superior performance to our investors
- Who are intelligent with the highest integrity
- Who value accountability, transparency, ingenuity, experience, and persistence

Driven by strong ethics and relentless integrity, Saturna's investment team views the consideration of environmental, social, and governance ("ESG") factors as essential in forming portfolios that are better positioned to reduce risk and identify opportunities.

Viewing investing as a business partnership, Saturna's analysts seek to invest in high-caliber performers with low debt and a focus on the long-term. This long-term focus means that Saturna's analysts are experts in the industries they cover and well-versed in the macroeconomic, competitive, and company-specific dynamics driving corporate performance. We construct our portfolios with companies that exemplify excellent governance, are attuned to employee welfare and supply chain integrity, and have a commitment to the long-term sustainability of the business and the environments in which it operates.

"Our investment philosophy eschews speculation, focusing on establishing long-term investments in companies that adhere to the same values that are so core to our firm," says chief investment officer Scott Klimo. "We view our investments as a partnership that will endure for years." Executive vice president Monem Salam notes, "Starting from our original commitment to socially responsible investing and evolving to our current ESG mandate, Saturna always stays true to its belief that doing the right thing for society mitigates risk and leads to better long-term results."

"Saturna always stays true to its belief that doing the right thing for society mitigates risk and leads to better long-term results."



SCOTT KLIMO
Chief Investment Officer
Portfolio Manager



MONEM SALAM
Executive Vice President
Portfolio Manager

2 WE ARE UNCOMPROMISINGLY LOYAL

- **Providing high-value services at low cost**
- **Always doing what is best for the client**
- **Seeking trust, guarding assets, and respecting privacy**
- **Preventing conflicts of interest**

ON FACING PAGE CLOCKWISE FROM LEFT:

RACHEL NICHOLAS

Trust Administrative Coordinator

HAITHAM AL-SAYED

Regional Manager

OWAIZ DADABHOY

Director of Islamic Investing

SAMANTHA MCGARRITY

Investment Associate

AMJAD QUADRI

Regional Manager

SAMEER SARMAST

Regional Manager and Financial Planner

Saturna's community sales and wealth management teams set an industry standard for professionalism, expertise, and care. Our products are rooted in values, and we regard our clients as partners who share in our success. "We are in an age of customer service moving to third party companies," says Owaiz Dadabhoy, director of Islamic investing, "but Saturna keeps its focus on providing exceptional service through crew empowered to act for the good of our customers."

On top of our sales and wealth management professionals' superior experience, they are never compensated through commission, eliminating a common conflict of interest. Instead, our focus is on making investing easy and on finding customized strategies to help clients meet their goals. "We've lowered most of our pricing since I started with Saturna in 2008," says Dadabhoy. "A focus on reducing expenses helps us serve our non-profit and small business clients." Investment associate Samantha McGarrity notes that "we pride ourselves on continuing to learn, so that we can educate ourselves and our clients."

In an industry subject to strict regulation, Saturna has consistently sought to go above and beyond the highest standards for ethics and transparency — our deep commitment to putting shareowners' interests ahead of our own insists upon it. We know there are no promises or guarantees in this industry, but we believe our values and commitment to transparency set us apart.

"Saturna keeps its focus on providing exceptional service through crew empowered to act for the good of our customers."



3 WE ARE RISK MANAGERS

- **Making investments only when expected returns outweigh risks**
- **Preparing for the unforeseen through planning, earnings, and capital**
- **Acting with discipline, limiting leverage**
- **Insisting on professionalism and respect through leadership, supervision, and compliance**
- **Protecting our reputation**
- **Building operations internally, preferring in-house over outsourcing**

Saturna Capital was founded in 1989 to serve as the investment adviser to the Amana Income Fund. As our slate of funds and products has grown over the past three decades, we have continued to hone our award-winning screening and investment process.

Saturna's analysts developed our proprietary ESG scoring system in 2014. In 2018, we set out to capture improvements in available ESG data by refining our security scoring process; portfolio managers Bryce Fegley and Chris Lang took on the challenge. "In the past year, we've dug more deeply into issuers' carbon disclosure (or lack thereof) and, perhaps more revealingly, their carbon exposure," says Fegley. "This has allowed us to benchmark our portfolios by carbon risk, and to find areas where exposure to carbon may not show up in disclosures, such as with coal and oil transport by railroads — an often significant portion of their volumes."

Saturna believes that a proprietary system better serves our investors and gives Saturna an edge by allowing our analysts to respond nimbly to evolving market data and risk. Lang agrees: "Our improved scoring system is a more targeted approach to evaluating ESG risks."

ON FACING PAGE FROM LEFT:

BRYCE FEGLEY

Senior Investment Analyst and Portfolio Manager

CHRIS LANG

Senior Investment Analyst and Portfolio Manager
Vice President, Saturna Brokerage Services



Taylor Dock; photo by Stephanie Ashton

4 WE ARE INTEGRATED BUSINESS OPERATORS

- **Standardized on efficient, simple, coherent technologies**
- **Unifying our business through enterprise systems**
- **Seeking competitive advantages**

Equally tactical as it is strategic, Saturna's marketing department forms the nexus of several core business functions. Marketing generates, processes, and consolidates much of Saturna's most critical work, including investment education materials that prioritize easy-to-understand plain language, essential account maintenance forms, and our websites, which are designed and supported in-house. Our marketing team operates on the front lines of industry compliance and plays a key role in maintaining Saturna's high ethical standards. "We truly believe our products are some of the best on the market," says marketing director John Overturf. "From our mutual funds to Health Savings Accounts to employer plans, creating compelling content that serves shareowners, maintains regulatory compliance, and positions us as market leaders drives us forward every day."

Marketing's unifying bond across departments positions it to execute on our preference for developing in-house solutions over engaging third-party vendors. The department applies technology-driven solutions to solve resource allocation challenges, helping to create more efficient business practices across the company.

Digital marketing strategist Shannon Skinner notes, "Unlike many of our peers, we keep content creation in-house, and our team works across departments to develop communications that reflect our culture and enhance client relationships." Thanks to marketing's expertise and vision, Saturna has brought home 44 industry awards since 2008.

ON FACING PAGE CLOCKWISE FROM LEFT:

JOHN OVERTURF

Marketing Director

SHANNON SKINNER

Digital Marketing Strategist

CHRISTOPHER PATTON

Cultural Attaché and Videographer

MICHELLE MANSON

Senior Desktop Publisher

ZOE BRONSTEIN

Copywriter / Financial Editor

"Creating compelling content that serves
shareowners, maintains regulatory compliance,
and positions us as market leaders drives
us forward every day."



5 WE ARE EDUCATORS

- **For our investors through websites, publications, reports, articles, lectures, seminars**
- **For our employees with information and data, education and training, conferences and meetings**
- **For our communities by improving local schools, colleges, and educational systems**

A commitment to quality products and no-nonsense education is the through line among Saturna's business units. We strive toward greater transparency in our approach to investing with the goal of making values-based and sustainable investing straightforward and accessible.

This means that we are always fine-tuning our process and the resources we provide. In the past fiscal year, we developed a more cohesive investment philosophy that puts ESG issues at the front and center among our fund families and we developed a proxy voting audit process to ensure that we are upholding the values we set forth in our guidelines. We have also made strides in how we evaluate our impact.

In 2018, Saturna released its first annual impact report for the Saturna Sustainable Funds; in 2019, the Impact Report tied the Sustainable Funds' holdings to the UN's Sustainable Development Goals. By evaluating how each holding contributes to the SDGs, we sought to quantify our impact and identify areas of risk and opportunity.

"Sustainable investors and their advisers rely on Saturna's tools to help integrate their values into their portfolios," says Craig Churman, vice president of product development. "We take that seriously and strive to be a trusted resource."

ON FACING PAGE FROM LEFT:

STEPHANIE ASHTON

Business Analyst and Manager of Corporate Social Responsibility

ELIZABETH ALM

Senior Investment Analyst and Portfolio Manager

PATRICK DRUM

Senior Investment Analyst and Portfolio Manager

CRAIG CHURMAN

Vice President – Product Development



6 WE ARE PRUDENT ENTREPRENEURS

- **Building partnership culture through employee ownership and shared successes**
- **Compensated only by salary, benefits, equity, and bonus — not commission**
- **Creating new financial solutions for our clients and diversifying our markets**
- **Adapting and evolving, while respecting history and tradition**

For many people, their 401(k) or other retirement plan is their largest of savings and wealth outside of their home. But opportunities to invest retirement money in values-aligned or sustainable funds are few and far between. In fact, the most recent member survey by Plan Sponsor Council of America indicates that only 2.9% of 401(k) plans have even one ESG option.

Saturna's employer services department seeks to not only provide values-based and sustainable solutions to investors, but prioritizes educational support for both employers and employees. "When we designed our open architecture 401(k) platform, our team made certain that the investment options we provide are ethical, values-based, and focused on sustainability," says employer services manager Michael Adams. "None of the options generate any form of back-channel revenue sharing from other fund companies, and many of them were created with either faith-based or strong social values in mind."

Saturna created several videos to support both employers and employees as they consider plan options, prioritizing education and a good fit over making a sale, and provides clients with a comprehensive list of sustainable funds so that clients can focus on the ESG factors that matter most to them. "We are absolutely committed to helping our clients achieve their investment goals without having to sacrifice their values to do so," Adams says.

ON FACING PAGE FROM LEFT:

MICHAEL ADAMS

Employer Services Manager

TAYLOR ULSH

Employer Services Administrator

MEGAN LEWIS

Employer Services Administrator

SONYA LUHM

Employer Services Lead Agent



Whatcom Falls Park; photo by Stephanie Ashton

7 WE ARE COMMUNITY CONTRIBUTORS

- **Paying hefty taxes on profits, revenues, property, and compensation**
- **Supporting worthy charities**
- **Promoting philanthropy**

Saturna Capital's spirited ethic of philanthropy and community involvement has been a part of our corporate mission and culture since our founding in 1989. Each year, Saturna strives to donate between 5 – 10% of its pre-tax profits to local, community-based organizations and seeks to inspire other business owners to do the same. Saturna places a particular emphasis on supporting educational institutions and programs, and is proud of its contributions to Franklin Academy, Western Washington University, and to the commitment it has made to provide quality environmental education at Camp Saturna (www.campsaturna.com).

Since 2007, Saturna Capital has donated a total of \$11.3 million to various charitable organizations. Saturna also encourages crewmembers to adopt charitable causes of their own. Since 2008, Saturna has offered crewmembers the opportunity to direct either a portion or the entirety of their holiday bonus to a charity of their choice, with the donation magnified by generous matching from Saturna.

"The year-end holidays are an important time to take stock of the year's accomplishments and review plans for next year," says Nick Kaiser, Saturna's chairman.

"We are proud to be able to donate to the causes that matter most to our crew," says Jane Carten, president and portfolio manager. "It's the hard work of our team that drives profitability in our business, and as part of our culture of shared ownership, donating profits back into the causes that our colleagues champion matters."

ON FACING PAGE FROM LEFT:

NICHOLAS KAISER
Chairman and Global Strategist

JANE CARTEN
President and Portfolio Manager



Lake Whatcom; photo by John Overturf

LOOKING FORWARD

Though it remains to be seen how the global pandemic will alter “business as usual,” we know that an unwavering commitment to sustainability is what truly drives us forward in resilient growth. The COVID-19 crisis has reinforced the need to seek investments from issuers with superior governance performance, employee support, and limited carbon exposure. Our recently finalized five year plan includes measures to deepen our impact.

Operationally, we are learning from our 2020 Engagement Survey where we are excelling and where we can set additional goals. While we are proud to have a number of women in key leadership positions, we know that we must hold ourselves to the same level of scrutiny as the companies in which we invest when it comes to diversity and inclusion.

2020 marked a milestone in Saturna Capital history: founder Nicholas Kaiser stepped down from his duties as lead portfolio manager for the mutual funds he has managed for more than three decades. Though he remains active in his role as global strategist and as a mentor to the next generation of values-based investment analysts, the move represents another step in Saturna’s long-term succession plan. Kaiser set the example of what it means to provide disciplined and ethical investment services, and we look forward to continuing his legacy of superior results.



The Saturna Sustainable Funds seek to invest in sustainable and responsible issuers. By using a combination of negative and positive screening, along with financial analysis and an emphasis on low debt, the Funds seek issuers who outperform their peers on a variety of environmental, social, and governance (ESG) factors.

At Saturna Capital, we view the consideration of ESG factors as essential to identifying opportunities and forming portfolios of high-quality, low-debt companies better positioned to reduce risk. We believe that companies proactively managing business risks relating to ESG performance make better contributions to the global economy and are more resilient, and we believe that a thorough review of how a company addresses ESG issues provides an important indication of how that company will perform over time.

The Saturna Sustainable Funds exclude investments in firms engaged in alcohol, tobacco, weapons, gambling, and pornography, and honor the fossil fuel divestment campaign by excluding companies engaged in energy extraction and refining.

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. Stock 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 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.

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