



J. Safra Sarasin

Stewardship Policy

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Sustainable Swiss Private Banking since 1841

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Stewardship at Bank J. Safra Sarasin Ltd

As a sustainable, long-term oriented asset manager, Bank J. Safra Sarasin Ltd (the “Bank”) understands its role as advocate on behalf of its clients. As a manager of clients’ assets, the Bank has a fiduciary duty to make investment decisions that are in clients’ best interests and that seek to maximize the value of their managed portfolio. Stewardship, comprising of engagement and proxy voting activities, is an integral part of this process. Through its stewardship activities, the Bank aims to foster robust corporate governance structures and shareholder rights within investee companies, and secure attractive long-term returns by addressing environmental and social issues. The Bank also treats voting rights as having economic value and exercises them accordingly. Ownership activities aim at protecting shareholder value and promoting long-term returns as well as contributing to the long-term success of the Bank’s investment strategies.

Stewardship

This Stewardship policy (“**Policy**”) outlines the Bank’s approach to engagement and voting activities, the principles that guide these activities as well as the goals that they aim to achieve. It describes the Bank’s adherence to the EU’s Shareholder Rights Directive II (SRD II), to the principles of the 2023 Swiss Stewardship Code and the Asset Management Association Switzerland’s (AMAS) self-regulation on transparency and disclosure for sustainability-related collective assets (version 2.2).

As fiduciary to the owners of shares, we seek to maximise the value of our clients’ investments by aiming to enhance long-term shareholder value through promoting sound corporate governance practices and strong social and environmental performance. By highlighting the link to our sustainable investment research methodology and to internationally accepted guidelines and norms, as well as by disclosing our engagement and voting processes, we demonstrate our commitment to transparency and advancing material environmental and social concerns. Through the incorporation of environmental, social and governance (ESG) issues into our investment ownership policies and practices we seek to reduce the negative impact of invested firms on society and the environment while promoting sustainable growth.

The scope of this Policy comprises all portfolios where the Bank acts as asset manager (internally managed) and where environmental, social and governance aspects are an important part of the investment process (including in the sense of Art. 8 and 9 EU Sustainable Finance Disclosure Regulation (SFDR)). The Bank’s discretionary portfolio mandates are in-scope of this Policy to the extent that such mandates may invest in internally-managed funds that apply stewardship activities.

In relation to discretionary portfolio management mandates of clients (“**DPM Clients**”) and in accordance with market practice and applicable statutory laws, the Bank does not exercise voting rights on behalf of DPM Clients, unless otherwise agreed.

Consistent with the approach to voting, the Bank does not select engagements with investee companies as a result of the shares being held by DPM Clients. The Bank engages to the degree that the concerned companies are also held by internally managed funds and are part of the related engagement program of the Bank.

Through access to transparent communication and reporting, clients have access to the Bank’s Stewardship activities, such as the annually published [Stewardship Report](#), in which the Bank discloses how this Policy has been implemented.

Stewardship Policy

International conventions & norms

The Bank's [Sustainable Investment Policy](#) and its strategy are based on or incorporate a number of widely accepted international conventions and standards, including the following:

- The United Nations Global Compact
- The OECD Principles for Corporate Governance
- The OECD Guidelines for Multinational Enterprises
- The Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights
- The ILO conventions on labour standards
- Convention on Cluster Munitions

The Bank's norms-based screening excludes companies that violate human rights from the eligible investment universe. Since the Bank's investment methodology excludes such companies from the outset, our engagement discussions generally do not revolve around severe violations of international norms.

Stewardship forms

The Bank pursues three forms of stewardship activities:

- Company engagement
 - One-on-one company engagement
 - Collective investor engagement
 - Stewardship interaction
 - Management interaction
- Proxy voting
- Public policy engagement

Company engagement

General

By entering into a direct dialogue with investee companies, the Bank aims to increase a company's long-term value on behalf of clients. Working closely together, the Bank's stewardship specialists and investment professionals discuss company-specific matters, including strategy, capital structure, financial and non-financial risk and opportunities directly with top management and thereby aim to strengthen the investment case.

The Bank considers that engagement can positively contribute to its sustainable investment approach by fostering a dialogue with investee companies and allowing to evaluate and monitor, as well as to influence companies' social, environmental and governance practices. The Bank believes that by pursuing a targeted and structured approach in its engagement activities, it can best monitor and add value to companies, create impact on behalf of clients, while supporting the Bank's asset management's commitments on climate, biodiversity and human rights.

The Bank has identified strategic engagement focus areas that aim to meet these commitments. In this context and as a key contributor to sustainable development, the Bank has set securing natural resources for the future as central theme. Global population growth and natural resource degradation occur hand in hand, adding to the need to secure resources for future generations in more economically, environmentally and socially responsible ways. While aiming to preserve natural habitats and limit biodiversity loss, the Bank believes that fostering innovation that minimises the use of resources and promoting a circular economy, as well as encouraging sustainable business practices, can positively contribute to this goal. This is why the Bank puts a focus on resources of the future with an emphasis on strategic minerals and the agricultural value chain.

Monitoring

As outlined in the Bank's [Sustainable Investment Policy](#) and as part of its sustainable investment process, the Bank continuously monitors companies in the investment universe for ESG risks. Monitoring of company-specific risks are conducted at different levels in daily, monthly and yearly cycles and assessed based on materiality, including the recurrence, severity level, the company's response and mitigation measures and the impact that the risk has on the company's reputation. Sustainable investment analysts perform the assessment of the company's ESG credentials leveraging various tools and depending on the outcome, a company may be flagged for engagement, its internal rating may be downgraded or be excluded from the investment universe.

Engagement feedback can also flow into a company's J. Safra Sarasin ESG Rating, leading to a subsequent up- or downgrade. In severe cases, the Stewardship Team of the Bank may escalate to the ESG Committee with a proposal for exclusion from the investment universe.

One-on-one company engagement

Defined as a long-term discussion with a company, consisting of multiple interactions, one-on-one company engagements aim at initiating a change in a company's behavior or practice. These discussions include time-bound and one or multiple outcome-oriented objective(s) to ensure that progress can be monitored and reported on a regular basis.

Collective investor engagement

The Bank also works together with other (institutional) investors to engage with companies on ESG practices. This approach is particularly effective around ESG issues that affect an industry as a whole where approaching companies with a unified voice is likely to enhance the impact of the engagement activity. The Bank reports its participation in collective investor activities in its annual [Stewardship Report](#) and in its sustainability report for collective assets in line with the AMAS self-regulation.

For our collective investor engagements, the following selection criteria are taken into account:

- Relevance to the Bank's sustainable investment approach and strategic impact area and specific sustainable investment offerings
- Ability to create impact
- Relevance to sustainable development more generally.

Stewardship interaction

Stewardship interactions with companies on ESG-related topics are led by the Stewardship Team and/or the sustainable investment analysts and are one-time or short-term exchanges without a defined objective to change a behaviour or practice. This can be to clarify an open question and/or seek specific information. Stewardship interactions may lead to a long-term one-on-one engagement with a defined objective if the interaction has not led to a desired outcome.

Management interaction

Regular discussions between investment teams and investee companies are held to discuss operational or financial issues including ESG-related topics. Similar to the stewardship interactions, these typically refer to broader relevant topics, such as climate, as well as company business-specific ESG risks and opportunities without a defined objective to change a company's behaviour or practice.

Engagement triggers

Usually an engagement, a stewardship or a management interaction with a company on an ESG-related topic is triggered when certain circumstances apply. Reasons to engage with a company generally fall into one or several of the following categories:

1. A company is exposed to an ESG-related topic where the Bank's asset management has made a specific commitment or perceives a particular risk (e.g. climate, biodiversity, human rights)
2. A company is part of an investment strategy that follows a specific ESG-related objective or the strategy considers stewardship as one of its key sustainability characteristics
3. A potentially material ESG-related incident or controversy occurs at a company
4. The company lacks ESG-related disclosure or has insufficient reporting practices
5. There are questions or concerns on resolutions submitted to a company's annual general meeting (AGM) and/or extraordinary general meeting (EGM).

Step 1: Engagement selection

The engagement selection process occurs on an annual basis and is led by the Stewardship Team in consultation with the

wider investment organization. Engagements are categorized as on-going engagements, new engagements and reactive engagements/interactions.

1. On-going engagements

Company engagements are prioritized for continuing one-on-one and collective investor engagements, including but not limited to the Bank's funds that consider stewardship to be a key sustainability characteristic in accordance with applicable regulation. On-going engagements are continued until relevant objectives are reached, the engagement has failed, is put on hold or is no longer considered pertinent.

2. New engagements

An active selection process applies to new topic-specific engagements in the areas of climate, biodiversity and human rights. In selecting engagement cases, the Bank aims to maximize impact. Therefore, the selection process focuses on key themes, holding size, company access and relevance to the Bank's fund offerings. The Stewardship Team uses topic-relevant quantitative and qualitative screening processes to identify laggards that determine the new engagement candidates.

3. Reactive engagements and interactions

The majority of the Bank's dialogues with companies are of reactive nature and generally occur in response to the following activities:

1. JSS ESG ratings review
2. an ESG controversy or incident
3. the Bank's asset management's proxy voting activities, and/or
4. in response to a company request to have an exchange.

Step 2: Engagement dialogue

An engagement dialogue consists of several phases and will typically extend over a period of 2-3 years, shorter or longer if company or topic specifics demand it.

Phase 1

A stewardship specialist defines one or multiple time-bound engagements objective(s), including Key Performance Indicators (KPIs) and initiates a dialogue with the company where the objectives are communicated.

Phase 2

The company acknowledges the objective(s).

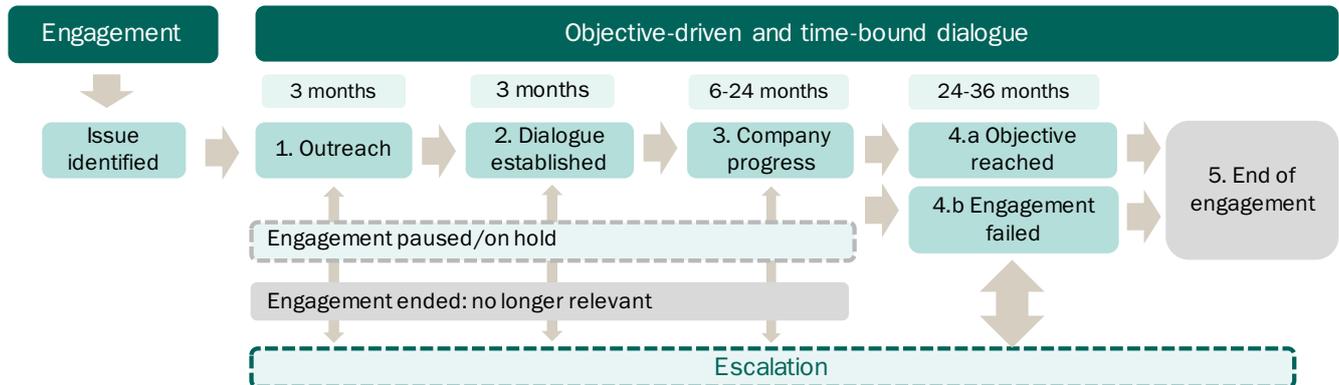
Phase 3

The company is making advances towards the objective(s).

Phase 4

The company meets or fails to meet the objective(s).

Engagement Process Description



Engagements can take the form of, or be a combination of, the following communication channels:

- One-on-one meetings including with board members, executive management or company experts, or on-site visits;
- Phone or videocalls; or
- Written correspondence via e-mail or letter.

Engagements are recorded in the Bank’s engagement-tracking tool on its ESG analytics and reporting platform “ESG Navigator”.

Step 3: Evaluation

Progress against defined engagement objectives is reviewed by the Stewardship Team at least on a yearly basis. On-going engagements are continued until relevant objective(s) are met or the engagement has failed. Non-achievement of an objective within a given timeframe can trigger a company- or topic-specific escalation measure. Finally, engagements can be put on hold or re-evaluated subject to investment and/or engagement priorities.

Step 4: Conclusion & escalation

An engagement can be escalated at various stages of the engagement process and make use of escalation measures. In the company outreach phase, an escalation can be triggered by a lack of response by the company or if a company’s response fails or unsatisfactorily answers a question or request for action. At any other stages of the engagement process an escalation may be triggered by a lack of response by the company and/or if the company fails to respond within the given timeframe.

Escalation measures can include joining a collective engagement initiative to unite with other investors to exchange views and facilitate interaction with the firm, attending a shareholders’ meeting in person or sharing written concerns with the company’s board of directors. A lack of responsiveness can equally lead to adverse proxy voting instructions by the Stewardship Team on related agenda items at a shareholders’ meeting, or in a worse-case scenario and as final escalation

measure, divestment, subject to assessment and approval by the Bank’s ESG Committee.

Escalation measures are applied on a case-by-case basis depending on company- and engagement-specifics and be chosen in relationship to the materiality of the objective to the investment case or KPI impact of the company’s ESG rating.

Step 5: Communication & reporting

Once an engagement has been closed, engagement activities and summaries of company dialogues are tracked and accessible to the investment organization and changes to the internal ESG ratings are communicated accordingly. The Bank’s [Stewardship Report](#) is publicly available on its website and outlines examples of changes achieved through engagement and summarises overall stewardship activities, including annual proxy voting highlights. The Bank also reports its stewardship activities in the sustainability report for collective assets, in line with the AMAS self-regulation.

The Bank strives to be as transparent as possible without putting the success of a company engagement at risk. This may result in some company-specific details to be omitted when reporting on engagements.

Proxy voting

The Bank exercises voting rights as the asset manager of equity investment funds when authorized to do so by the relevant fund management companies and pursuant to a proxy voting agreement.

The Bank may also exercise voting rights on behalf of its clients when acting as their discretionary portfolio manager if the Bank and the client have entered into a proxy voting agreement within the mandate, including its asset management mandates with institutional clients.

The Bank’s [Proxy Voting Guidelines](#) (“**Guidelines**”) align and reflect its overall sustainable investment approach by incorporating key sustainability considerations, such as on board

elections, executive remuneration and auditor ratification. The Guidelines are implemented with the assistance of a proxy voting advisor. The Bank uses Institutional Shareholder Services Inc. (ISS) as main provider for research on general meetings and voting services. The Guidelines and the Bank’s voting records are publicly available on the Bank’s website.

Key financial decisions submitted to shareholder vote, including M&A are evaluated on a case-by-case basis. Environmental and social resolutions, in particular those in form of shareholder proposals, are also submitted for in-house review. This structured set-up ensures the implementation of a process in which stewardship specialists and portfolio managers work together in the best interest of clients.

Public policy engagement

The Bank conducts public policy engagement on an industry level, through involvement in leading sustainable investment initiatives and organisations, including Swiss Sustainable Finance (SSF). Public policy engagement seeks to foster contacts with politics, administration and other stakeholders to promote consideration and integration of relevant ESG themes on a reg-

ulatory level. It is the Bank’s belief that public policy strongly affects the sustainability and stability of financial markets and plays an important role in regulation, as well as in the relationship between companies, investors and society in general.

Governance

The Bank’s designated Stewardship Team is tasked with defining the stewardship strategy and coordinating and carrying out several of the key activities outlined in this Policy. The Stewardship Team assembles specialized expertise and qualifications and is embedded in the Bank’s Sustainability Team reporting into the Chief Sustainability Officer.

In exercising the responsibilities as listed in the table below, the Bank can combine several perspectives and form well-researched opinions on ESG themes as well as on companies and their ESG profiles, providing a strong basis for engagement and voting activities.

While the Bank conducts its engagement activities at the issuer or public policy level and the scope of engagement includes several asset classes, proxy voting only relates to equity holdings.

Allocation of responsibilities

Function	Responsibility
Corporate Sustainability Board	Approval of Stewardship Policy
Sustainable Advisory Council (external)	Advice on Stewardship Policy
ESG Committee ESG Sub-Committee - Corporate Governance & Proxy Voting	Exclusions Approval of proxy voting procedures and guidelines
Stewardship Team	Company engagement Collective engagement Execution of proxy voting activities Tracking and reporting of engagement activities
Sustainability Manager	Coordination of public policy engagement initiatives

Reporting

Processes aim to be transparent and clearly structured. Engagement and proxy voting activities are tracked and communicated on an annual basis through various channels, including in the Bank’s annual report and the annual [Stewardship Report](#), which outlines its engagement strategy, as well as engagement and proxy voting highlights. The Bank’s detailed voting history is publicly available through the [Voting Portal](#) accessible via the Bank’s corporate website. Additionally, clients may obtain detailed information about how the Bank has voted as proxy on their behalf by contacting their client relationship manager.

Conflicts of interest

The Bank’s asset management team is committed to maintaining the highest professional standards and principles and to act in the best interest of its clients when carrying out proxy voting and other engagement activities when managing assets. Conflicts of interest may arise from time to time, for example when voting or engaging on matters affecting a client and the Bank, or two clients differently.

The following addresses conflicts of interest as applicable to the Bank’s engagement and proxy voting activities and provides

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key information on how actual and potential conflicts of interest are identified, prevented or managed within the Bank.

The Bank has implemented a Code of Compliance and effective organisational arrangements to prevent conflicts of interest from creating a material risk of damage to the interests of the Bank's clients. These measures enable the Bank to identify, appropriately report, limit and manage actual and potential conflicts of interest and include policies and processes designed to handle conflicts of interests that may arise in the course of proxy voting and our engagement activities.

The following (non-exhaustive) examples show when conflicts of interest may arise:

- The Bank and/or its employees have a financial or other incentive to favour the interest of a client or group of clients over the interest of another client or group of clients;
- An issuer of securities that the Bank may engage with or who may provide opportunities to vote may have a commercial relationship with the Bank, which could be a disincentive to challenge it robustly;
- Employees of the Bank may sit on the boards of public companies whose shares are held in investment funds managed by the Bank;
- Clients have invested in more than one investment fund of the Bank and their interests may differ, for example because one investment fund ("A") owns the other investment fund ("B") and B seeks votes to approve an increase the pay for its staff or directors or the services of the Bank;
- Potential merger or acquisition situations in which the Bank may hold shares in both the acquirer and the target;
- The Bank holds in different investment funds equity and fixed income securities in the same company and a vote arises in which equity and fixed income holders have diverging interests (such as a vote whether to write down or forgive debt, which is advantageous to equity shareholders but disadvantageous to creditors); and
- Clients/staff may seek to influence the Bank's policy work due to a personal conflict, which could compromise the Bank's independence in determining which initiatives to prioritise.

Employees of the Bank who identify a potential or actual conflict of interest in the regular course of business report these to their line manager. When faced with a conflict of interest the Bank, or in last course of action, the Corporate Sustainability Board takes a case-by-case approach to addressing it. The measures the Bank will consider include (but are not limited to):

- Recusing itself from casting a vote;
- Seeking independent third party advice;
- Taking what it considers the most appropriate action (for example where the balance of interests is overwhelmingly in one direction) and disclosing any residual conflict to affected clients that may potentially be negatively affected; and
- Managing staff roles to minimize the existence or impact of conflicts involving an employee's personal interests, e.g. ensuring that a decision is made by colleagues who do not have personal conflicts of interests.

Summary

Stewardship is an integral part of the Bank's sustainable investment approach. It is the Bank's belief that sound corporate governance and strong social and environmental performance enhance long-term shareholder value.

As investor advocates, the Bank has a fiduciary duty to make investment decisions that are in the Bank's clients' best interests, while advancing material environmental and social concerns. Hereby the Bank gives clients a voice with their voting rights in financial markets. The Bank's stewardship activities aim at promoting sustained profitability and risk management in invested companies in order to protect shareholder value and enhance long-term returns. In communicating with clients and other interested parties, the Bank transparently reports on its activities.

The Bank will continuously aim to improve and optimise its stewardship activities to be effectively fulfilling its responsibilities towards clients, while seeking positive impact on the environment and society, and by doing so, will review its Stewardship Policy on a regular basis.

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