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 investments. Stewardship, comprising of engagement and proxy voting activities, is an integral part of this process. Through its asset management 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 our investment strategies.

Stewardship

This Stewardship policy, which replaces the previous Active Ownership 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. This policy describes how the Bank adheres to the EU's Shareholder Rights Directive II and how it meets the principles of the 2023 Swiss Stewardship Code. In highlighting the link to our sustainable investment research methodology and to internationally accepted guidelines and norms, as well as our engagement and voting processes, we demonstrate our commitment to transparency and advancing material environmental and social concerns. As an active owner, we incorporate environmental, social and governance (ESG) issues into our investment ownership policies and practices and seek to reduce the negative impact on society and the environment while promoting sustainable growth.

As fiduciary to shareowners, we seek to maximise the value of our clients' investments by aiming to enhance long-term shareholder value through promoting sound corporate governance and strong social and environmental performance.

The scope of this policy comprises all of the Bank's investment funds 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)). Although not applicable to the non-sustainable-branded investment funds, parts of the policy may also be used for such offerings. This policy does not cover mandates and externally managed investment funds. Through access to transparent communication and reporting, clients have access to our Stewardship activities.

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 but not limited to the:

- Principles for Responsible Investment
- United Nations Global Compact
- OECD Guidelines for Multinational Enterprises
- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles
- International Labour Organization Conventions on International Labour Standards
- United Nations Convention against Corruption
- Convention on Cluster Munitions

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

Stewardship Types

The Bank pursues three types of stewardship activities:
- Company engagement
  - One-on-one company engagements
  - Collective investor engagements
  - Management interactions
- Proxy voting
- Public policy engagement

Engagement
The Bank considers that engagement can positively contribute to its sustainable investment approach by fostering a dialogue with investee companies and allowing us to evaluate and monitor as well as to influence companies' sustainability and governance practices. We believe that by pursuing a targeted and structured approach in its engagement activities, it can best add value to companies, create impact on behalf of clients, while supporting the Bank's public 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 our natural habitat and limit biodiversity loss, we believe 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 particular focus on resources of the future with an emphasis on strategic minerals and the agricultural value chain.

Targeted stewardship activities may also be utilised to address specific ESG-related topics for the Bank's sustainable investment strategies under existing regulations and reporting frameworks, for instance principal adverse impacts (PAI) under SFDR.

One-on-One Company Engagement
By entering into a direct dialogue with investee companies, we aim to increase the long-term value on behalf of clients. J. Safra Sarasin stewardship specialists 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 cases.

Furthermore, ESG-related topics are also discussed in management interactions between J. Safra Sarasin investment professionals and investee companies, in which regular operational and/or financial exchanges take place.

An engagement and/or a management interaction with a company on an ESG-related topic is triggered when certain circumstances apply. Reasons to engage with a company falls 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 (e.g. Climate, Biodiversity, Human Rights)
2. A company is part of an investment strategy that follows a specific ESG-related objective
3. A potentially material ESG-related incident or controversy occurs at a company
4. Insufficient corporate ESG disclosure or reporting practices
5. Questions or concerns on resolutions submitted to a company's annual general (AGM) and/or extraordinary general meeting (EGM).

In each of the above cases, engagement feedback may flow into a company's J. Safra Sarasin ESG Rating, leading to a subsequent up- or downgrade. In severe cases, the stewardship team may escalate to the ESG Committee with a proposal for exclusion. From a practical point of view, the process of identifying engagement candidates is outlined in this document:

Step 1: Monitoring & Selection
The Bank regularly 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 and depending on the outcome, a company may be flagged for engagement, its internal rating may be downgraded, which can lead to divestment, or be excluded from the investment universe.

Analysts perform this step by combining several criteria and sources to identify ESG concerns, including descriptions of business practices, news, controversies and other sources, to identify potential engagement questions. Incidents or controversies, such as in the event of a toxic spill or other negative ESG event, can lead to reactive engagement. In the selection of our engagement cases, we strive to be focused and impactful. Therefore, our focus lies on key themes, large holdings, in-scope investment fund strategies and emphasizing the important sector- and company-specific risks. This selection process identifies overarching engagement priorities, which are subject to approval by the Bank's ESG Committee.

Step 2: Dialogue
When initiating and conducting an engagement with a company, the Bank sets parameters that define the engagement case, objectives and potential Key Performance Indicators (KPIs). These can range from access to detailed information, enhancing public disclosure or a clear commitment from a company to change business practices in order to address a specific concern.

Engagements can take the form of, or be a combination of, the following communication channels:
- One-on-one meetings, preferably with board members, executive management or company experts, or on-site visits,
- Phone or videocalls, or
- Written correspondence via e-mail or letter

Step 3: Evaluation
The Bank conducts the evaluation of the engagement outcome, determining success based on the following categories:
- Goal achieved
- Goal partially achieved
- No change/answer

Step 4: Conclusion & Escalation
To the extent that the engagement outcome impacts a KPI in a determining manner, this input will be integrated into the J. Safra Sarasin ESG Rating. Analysts also decide whether the engagement can be considered to be concluded, whether it requires follow-up or whether the issue requires escalation.

In the event that a company remains unresponsive to an engagement outreach or fails to respond in a satisfactory manner, this can result in analysts adjusting the respective internal ESG rating, and the company dropping out of the Bank's eligible investment universe. Such a downgrade could eventually lead to the sale of the company holding. The same process applies to cases of human rights breaches.

In other instances, a lack of responsiveness by a company to an engagement outreach can be addressed and escalated by joining a collective engagement initiative to unite with other investors by adding greater weight in addressing a given issue, attending a shareholder meeting in person or sharing written concerns with the company's Board of Director. A lack of responsiveness can equally lead to adverse proxy voting instructions by the Stewardship team on related agenda items at a shareholder meeting, or in a worse-case scenario, divestment, subject to assessment and approval by the Bank's ESG Committee.

Step 5: Communication & Reporting
Engagement activities and summaries of company dialogues are tracked and accessible to the investment organization; changes to the internal ESG ratings are communicated accordingly. The Bank publishes an annual stewardship report on its website that outlines examples of impact achieved through engagement and summarises overall stewardship activities, including annual proxy voting highlights. Investment fund-specific engagement activity reports are also available.

It is important to note that 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.

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.

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

Management Interactions
These discussions relate to regular management interactions between investment teams to discuss operational or financial issues including ESG-related topics. They typically refer to broader relevant topics, such as climate and company business-specific ESG risks and opportunities.

Proxy Voting
The Bank exercises voting rights for its sustainable investment funds. We also exercise voting rights for internally-managed mandates on a case-by-case basis.

The Bank's Proxy Voting 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 Bank's voting guidelines and 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 Sustainable Investment analysts and portfolio managers work together in the best interest of clients.

Public Policy Engagement
J. Safra Sarasin also 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 and other stakeholders to promote consideration and integration of relevant ESG themes on a regulatory level. It is J. Safra Sarasin'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
Within 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 team

assembles specialized expertise and qualifications and is embedded in the Bank's Sustainable Investment Competence Center 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 J. Safra Sarasin 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 Collaborative 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 through a high -level summary of key engagement and voting figures and the annual Stewardship Report, which provides 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 proxies 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 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 Bank J. Safra Sarasin, 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 Bank J. Safra Sarasin investment fund 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 Bank J. Safra Sarasin may hold shares in both the acquirer and the target;
- Bank J- Safra Sarasin 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 Bank J. Safra Sarasin policy work due to a personal conflict, which could compromise Bank J. Safra Sarasin’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 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 our 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 our clients’ best interests, while advancing material environmental and social concerns. Hereby we give 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 our 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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