

Engagement Policy

BarmeniaGothaer Asset Management AG

Engagement Policy

BarmeniaGothaer Asset Management AG believes that all companies contribute to the achievement of global environmental and social objectives through the policies they implement. As such, we strongly believe that an active stewardship strategy, whereby, we engage with investee companies on material ESG issues is key in gaining a deeper understanding of these businesses. Engaging with investee companies, allows us to present our views, request for positive change as well as track and monitor the engagement results.

Our Engagement focuses, but is not limited to the following key themes:

- Climate Change
- Water
- Biodiversity
- Gender Equality
- Human Rights
- Labour rights
- Controversies and breaches of international norms
- Corruption

Frameworks set by the UN Principles for Responsible Investment, Net- Zero Asset Owner Alliance (NZAOA) as well as other industry initiatives, which we support, guide our engagement approach.

As a member of the NZAOA we are committed to implementing effective climate strategies that support real economy decarbonisation. In this regard, we seek to align our engagement with that of the Alliance such as engaging with Oil and Gas investee companies in our portfolio according to the actions as outlined in the NZAOA position (Section 2.3.3) and in line with the described expectations (Section 2.1).

Most engagements tend to focus on traditional listed assets, which include fixed income, as these instruments already have established market benchmarks and norms. However, as part of our integrated responsible investment approach, we also acknowledge the importance of engagement in alternative investments such as private equity, real estate and infrastructure. This engagement policy is therefore aimed at setting minimum standards expected from the companies we invest in across all asset classes.

Engagement process

Depending on the subject, engagements are conducted over a period of one or two years. At the end of the engagement cycle, it will be assessed whether to extend or close the engagement based on the company responses.

Monitoring and escalation

The ESG team is responsible for tracking the engagement progress and informing the portfolio managers. Through a robust methodology, the engagement service provider ISS tracks the progress and success of each engagement and provides regular updates and engagement statistics via quarterly and annual reports.

For each of the engagement themes, a specific goal is set focusing on one or more of the following areas;

- Improvement of public disclosure by the investee companies in order to enable more enhanced investment decision making by the investors
- Compliance and or remediation with laws/standards/norms
- Mitigation of material ESG risks and creation of positive change

In the engagement letters sent to the investee companies investors' expectations are clearly outlined and information on benchmark as well as reference to specific standards/norms are referred to, whenever appropriate. For each engagement, objective regular assessment details will be undertaken to measure success.

The response of the companies will be noted and aggregated to produce an overall engagement assessment.

In cases of severe controversy where engagement efforts fail to achieve the desired outcome, the matter is escalated for internal review. It is then brought before the ESG Committee, where the situation will be assessed and the appropriate course of action determined. This may include a decision to retain or divest from the affected companies within the portfolio, based on the specific circumstances and sustainability considerations.

Collaborative engagements

Besides engagement through our engagement service provider, we strive to collaborate with other investors, since we believe that it can be a powerful and effective engagement tool. For topics, which BarmeniaGothaer Asset Management has identified as priorities, we assess if there are available collaborative engagement platforms. The different forms of collaborative engagement include co-signing letters to companies and governments or participating in investor group engagement meetings.

Engagement with external Managers

A significant portion of BarmeniaGothaer Asset Management investments is managed externally. For this reason great importance is attached to active cooperation with external managers. The ESG team together with portfolio managers engage in discussions with external managers to discuss important ESG issues. In addition external managers are encouraged to engage with the companies in the portfolios in which we invest. This collaborative approach enables us to identify and mitigate sustainability risks and strengthens our commitment to responsible investment.

Reporting and Transparency

BarmeniaGothaer Asset Management is committed to providing regular reporting and transparency regarding its engagement activities both internally and externally. The Annual reports will be published with the intention of demonstrating the impact of our engagement during the current year.

Voting

BarmeniaGothaer Asset Management considers voting to be a crucial aspect of the investment process and provides an opportunity to influence the company. Our voting and engagement processes complement each other. More information on our voting can be found on our website.

***This engagement policy is updated regularly whenever there is need to.**