

Sustainability Policy

of the Flossbach von Storch Group



Flossbach von Storch

“Sustainability is a characteristic of long-term oriented investors and therefore of a long-term oriented investment strategy. A company can only achieve lasting success if it serves its customers well, motivates its employees, treats its business partners fairly, makes adequate investments, pays taxes, and avoids harming the environment. That is why we do not just look at company business models and balance sheets, but also at the people behind the company.”

Dr Bert Flossbach

Founder and Board Member of Flossbach von Storch AG

Signatory of:



PRELIMINARY REMARKS

The Sustainability Policy of the Flossbach von Storch Group (Flossbach von Storch AG, Flossbach von Storch Invest S.A. (FvS Invest S.A.) and the other subsidiaries, also “FvS Group” or “Flossbach von Storch”) describes how aspects of sustainability relating to environmental, social and corporate governance, so-called ESG factors (Environment, Social, Governance), are taken into account in the management of the investment funds managed by FvS Invest S.A. (the “Funds”) and in the financial portfolio management of Flossbach von Storch AG and are fully integrated into the investment policy.

The Sustainability Policy can be found on the FvS Invest S.A. (www.fvsinvest.lu) website and on the Flossbach von Storch AG (www.flossbachvonstorch.de/en/) website.



Overview

- Preliminary remarks 2**
- 1 Mission statement 4**
- 2 Sustainability strategy of the Flossbach von Storch Group 4**
 - 2.1 Integration of sustainability aspects in the investment strategy (ESG integration) 5
 - 2.2 Active owner 6
 - 2.3 Responsibilities 7
 - 2.4 Exclusion criteria 8
- 3 Public Commitment 8**
 - 3.1 Disclosure requirements 8
 - 3.2 Signatory to recognised international initiatives 9
- Principles for Responsible Investment (PRI) 9
- CDP 9
- 4 Reviewing the Sustainability Policy 9**



1 MISSION STATEMENT

Sustainability has always been a characteristic and fundamental component of the Flossbach von Storch investment philosophy, which has been designed for long-term investment. Flossbach von Storch uses attributes, such as long-term, stable, and future-oriented to define sustainability. They describe a comprehensive understanding of sustainability which focuses on the well-being of all interested parties. After all, a company can only achieve lasting success if it serves its customers well, motivates its employees, treats its business partners fairly, makes adequate investments, pays taxes, and avoids harming the environment. Ecology and social responsibility are the prerequisites for long-term economic success. You can't have one without the other.

As a trustee of its clients' assets, Flossbach von Storch maintains a responsible approach when dealing with its associated rights and obligations. This approach is in line with the principles of an active (not activist) investor who uses appropriate ways to point to deficiencies within the companies with which it is involved and acts accordingly.

2 SUSTAINABILITY STRATEGY OF THE FLOSSBACH VON STORCH GROUP

Flossbach von Storch integrates sustainability factors comprehensively into its multi-stage investment process. Sustainability factors are understood to include aspects relating to environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.



2.1 Integration of sustainability aspects in the investment strategy (ESG integration)

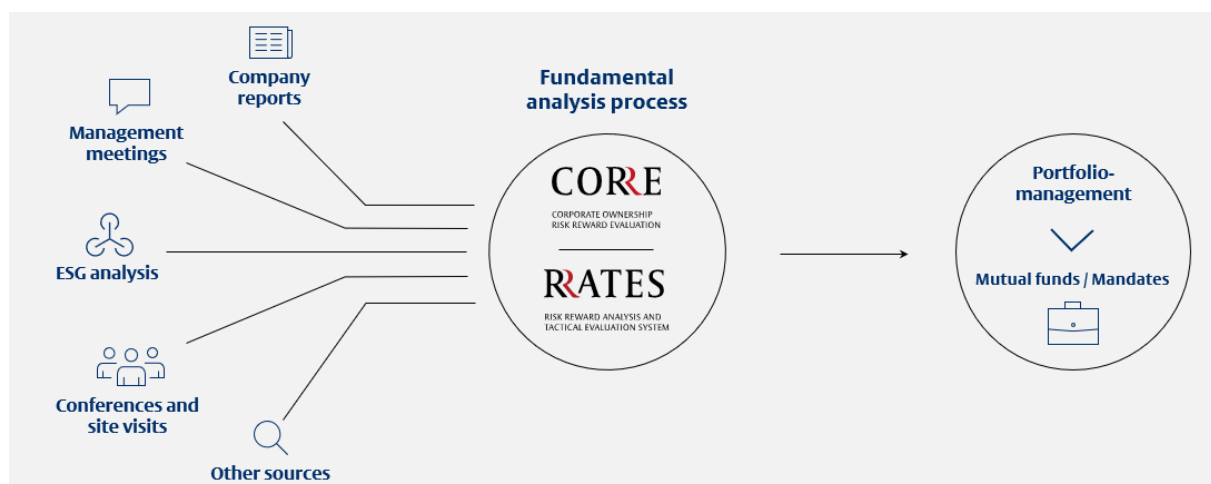
As part of a specific ESG analysis, sustainability factors are reviewed for potential opportunities and risks. This involves assessing whether a company stands out negatively in terms of its environmental and social activities and the way it deals with them. Each of the factors is considered from the perspective of a long-term investor to ensure that none of the aspects have a negative impact on the long-term success of an investment.

The findings of the ESG analysis are taken into account in our analysis processes: CORE (for determining the risk-reward profile of equities) and RATES (for determining the risk-reward profile of bonds). Only if there are no serious sustainability conflicts that might jeopardise the future potential of a company or issuer is an investment idea included in the so-called Focus List (for equities) or Guarantor List (for bonds) and thus becomes a possible investment. The portfolio managers can in principle only invest in securities that are on the internal Focus or Guarantor Lists. This principle ensures that invested securities have gone through the in-house analysis process and comply with the common understanding of quality.

As part of the multi-stage analysis process, special attention is paid to good corporate governance, which is responsible for the sustainable development of the company. This increases a company's long-term prospects of success and can only be achieved by taking ecological as well as social factors into account. Therefore, investments are made in companies that apply good corporate governance practices.

The team of analysts draws on external data sources. These include company reports, ESG research data from third parties (MSCI and Bloomberg) and a variety of other sources. They can provide useful indications for the assessment of sustainability factors, but do not replace our own analysis.

Process outline of our in-house company analysis:



Consideration of sustainability risks

Sustainability risks form an integral part of our analysis process. We define sustainability risks as environmental, social, or corporate governance events or conditions that, if they occur, may have an actual or potential material adverse effect on the value of an investment. Sustainability risks can have a considerable impact on other types of risk, including, for example, general price risk, operational risk,



liquidity risk, currency risk, etc., and are a contributing factor affecting the significance of these types of risk.

More information about sustainability risks can be found on the www.fvsinvest.lu website (or on the respective country-specific Flossbach von Storch Group website) and at www.flossbachvonstorch.de/en/.

Taking into account the most important principal adverse sustainability impacts

Sustainability indicators provide information on the adverse environmental, social and employee impacts of a company's business activities and the extent to which human rights are respected and corruption and bribery are prevented.

In order to be able to identify these adverse impacts at an early stage, we review and evaluate how our investments deal with their environmental and social footprint. In doing so, we take into account the so-called environmental and social mandatory indicators as well as an additional climate-related indicator and two additional social indicators of Regulation (EU) 2019/2088 in our in-house analysis process.

Further information on how to deal with the principal adverse sustainability impacts is available on the www.fvsinvest.lu website (or the respective country-specific Flossbach von Storch Group websites) and at www.flossbachvonstorch.de/en/.

By taking a fundamental approach when integrating ESG and by taking sustainability risks into account, Flossbach von Storch AG fulfils its fiduciary duties to the best of its ability, so as to be able to adequately classify the potential risks (and opportunities) of investment decisions.

The FvS Group attaches importance to ensuring that the remuneration policy takes into account, among other things, the long-term interests of investors and is consistent with the integration of sustainability risks into the investment decision-making process.

2.2 Active owner

The role of trustee does not end with the selection of the right investment. As a long-term investor, Flossbach von Storch also considers itself obligated to actively represent the interests of its clients when dealing with portfolio companies (active ownership).

Engagement

The interests of shareholders are taken into account as part of an active-ownership process and follow an established engagement policy. The developments of the portfolio investments are continuously monitored and analysed. Whenever critical issues arise which may have a long-term impact on business performance, they are discussed with management.

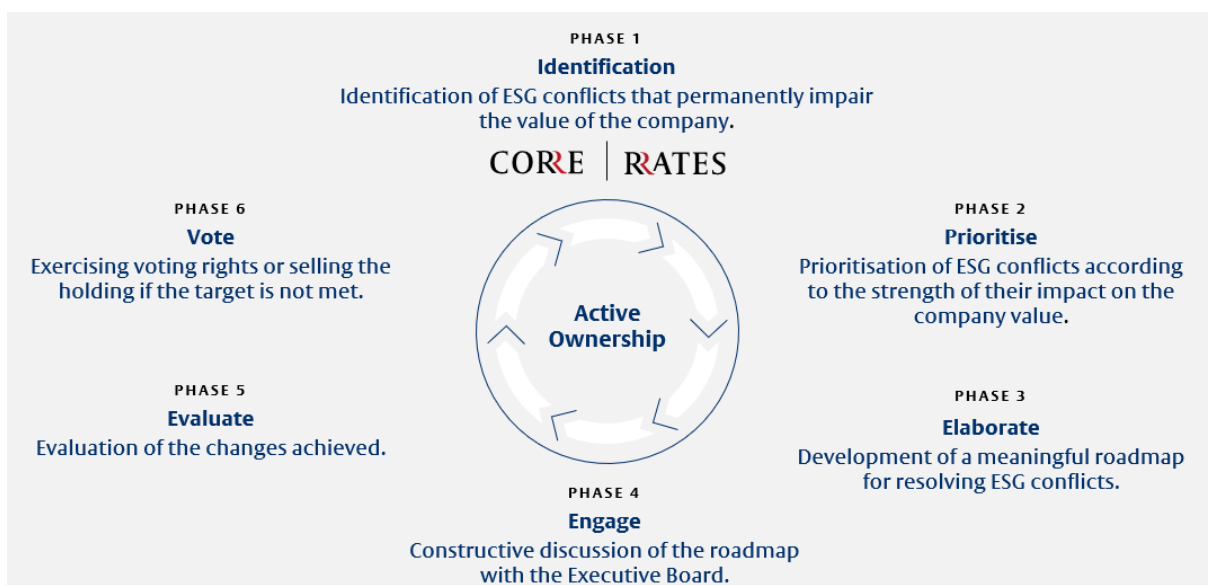


Flossbach von Storch considers itself to be a constructive sparring partner (where possible) or a corrective function (where necessary), that makes meaningful suggestions and helps management with their implementation. The analysts focus on a limited number of companies, giving them both the opportunity and enough time to guarantee progress and ensure that mutually defined objectives are met. If the management does not sufficiently take the necessary steps to achieve a sustainable business model, escalation measures will follow, including the use of voting rights in conjunction with the in-house investment funds or the disposal of a shareholding.

Exercise of voting rights for the in-house investment funds

Flossbach von Storch takes the responsibility of exercising voting rights for its investors seriously and casts votes for in-house investment funds in accordance with set criteria. As a long-term investor, Flossbach von Storch supports all measures in the interests of the investors that increase the value of a company in the long term, and it votes against, or has votes cast against, any measures that go against this objective.

The active ownership process forms an integral component of the investment process:



In relation to active shareholder engagement, reference is made to the guidelines for exercising voting rights and for FvS Group engagement, which can be found on the www.fvsinvest.lu website (or on the respective country-specific Flossbach von Storch Group websites) and at www.flossbachvonstorch.de/en/.

2.3 Responsibilities

Flossbach von Storch does not apply rigid ESG filters but decides on a case-by-case basis using its proprietary analysis process whether a company stands out negatively in terms of its ESG activities or not. The basis for making a decision in this regard is formed during internal meetings, put in writing



and subjected to in-depth critical scrutiny to ensure that the line of argument is rigorous, complete and accurate. This teamwork-based approach, which is anchored in the principles of the Flossbach von Storch Pentagram, is based on a mutual understanding of the quality of an investment.

The integration of ESG is firmly anchored in the investment process and is monitored by the Chief Investment Officer (CIO) and by the Head of Equity Research of Flossbach von Storch AG. ESG integration is implemented, discussions are entered into with the companies and voting rights for the in-house investment funds are exercised centrally by the responsible portfolio managers and analysts. In the analyst team, there are colleagues who focus on the topic of sustainability and thus make an important contribution to assessing the quality of an investment.

2.4 Exclusion criteria

Excluded are investments in companies that have:

- > 0 % of their turnover with controversial weapons
- > 10 % of their turnover with the production and/or distribution of armaments
- > 5 % of their turnover with the production of tobacco products
- > 30 % of their turnover from the mining and/or distribution of thermal coal

An exclusion also applies to companies with serious violations (without a positive outlook) of the principles of the UN Global Compact (see below) and to state issuers that are considered “not free” according to the Freedom House Index.

The Flossbach von Storch Exclusion Policy, as well as the specific features and applications of the in-house mutual funds, specific investment funds, and the mandates and special funds managed by Flossbach von Storch can be found at [Offenlegungspflicht nach VO \(EU\) 2019/2088 - Flossbach von Storch](#) and [SFDR information - Flossbach von Storch \(fvsinvest.lu\)](#).

3 PUBLIC COMMITMENT

Flossbach von Storch supports the increasing significance of sustainability in the finance sector. In order to emphasise the importance of the topic, Flossbach von Storch follows developments in a constructively critical manner and engages in intensive discourse, not only with clients, but also with politicians, initiatives and, among other things, through press releases, interviews and its own publications. After all, transparency is a key element for reaching a mutual consensus concerning the central issue: what is and what is not a sustainable investment?

3.1 Disclosure requirements

In the context of its engagement, Flossbach von Storch publishes an annual Active Ownership Report with excerpts from its voting process and engagement activities for the previous calendar year. The



current Active Ownership Report is published on the www.fvsinvest.lu website (or the respective country-specific Flossbach von Storch Group websites) and at www.flossbachvonstorch.de/en/.

The Flossbach von Storch Group fulfils its sustainability-based disclosure requirement pursuant to the Disclosure Regulation (EU) 2019/2088 (SFDR). Disclosures pursuant to the SFDR are published on the www.fvsinvest.lu website (or on the respective country-specific Flossbach von Storch Group website and at www.flossbachvonstorch.de/en/).

3.2 Signatory to recognised international initiatives

Principles for Responsible Investment (PRI)

In January 2019, Flossbach von Storch AG signed the United Nations Principles for Responsible Investment (UN PRI) on behalf of the Flossbach von Storch Group. This places an obligation on the Flossbach von Storch Group to take ESG factors into account when making investment decisions and to integrate active engagement and the exercising of voting rights as a shareholder.

CDP

Flossbach von Storch joined CDP (formerly Carbon Disclosure Project) in July 2023.

The international non-profit organisation promotes the disclosure system for companies, cities and countries regarding greenhouse gas emissions, water and forest risks. Every year, engagement activities work towards better data transparency at companies.

4 REVIEWING THE SUSTAINABILITY POLICY

This Sustainability Policy is subject to regular review and will be updated as necessary depending on the development of business activity and the adjustment of strategies for implementing sustainability criteria and risks. The current version of the Sustainability Policy is published on the FvS Invest S.A. www.fvsinvest.lu website (or the respect country-specific Flossbach von Storch Group website) and on the Flossbach von Storch AG <https://www.flossbachvonstorch.de/en/> website.

