



ETHOS ENGAGEMENT POLICY

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The **Ethos Foundation** is composed of more than 250 tax-exempt Swiss pension funds and institutions. Founded in 1997, its aim is to promote socially responsible investment and to foster a stable and prosperous socio-economic environment.

Signatory of:



Ethos Services provides advisory services in the field of socially responsible investments. Ethos Services offers socially responsible investment funds, analyses of general meetings with voting recommendations, a program of dialogue with companies as well as environmental, social and corporate governance ratings and analyses. Ethos Services is owned by the Ethos Foundation and several members of the Foundation.

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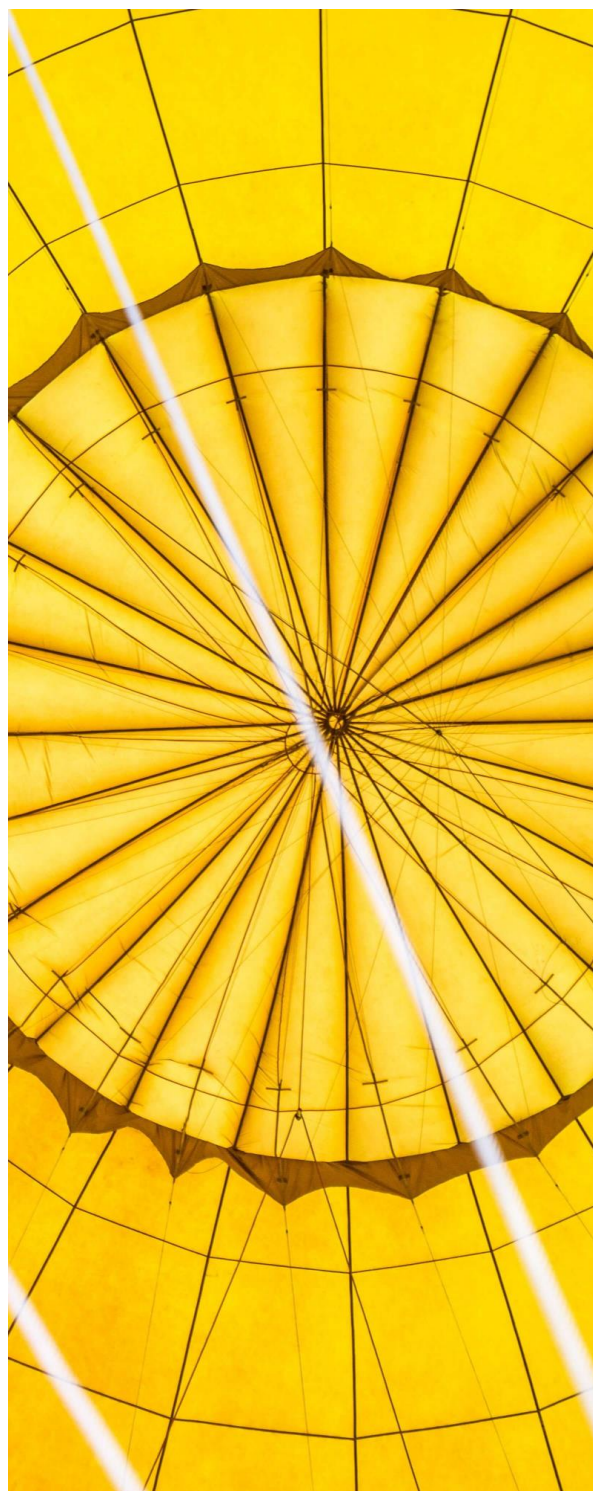


Introduction

The Ethos Foundation is a Swiss foundation composed of more than 250 Swiss pension funds and other tax-exempt institutions. Ethos aims at promoting socially responsible investment (SRI) as well as a stable and prosperous socio-economic environment that safeguards the interests of civil society today and in the future. Conducting a high-quality and long-term dialogue with companies is essential for reaching these two objectives as outlined in [Ethos' charter](#).

Ethos' Engagement Policy is the application of principles 6, 7, 8 and 9 of [Ethos' principles for SRI](#). This policy applies to all the entities tied to the Ethos Foundation via the use of the brand « Ethos ». These are the Ethos Foundation, the company Ethos Services and all Ethos-labelled investment funds. For the purpose of simplicity, when the statement mentions « Ethos », this concerns all the above-mentioned entities. The policy outlines how Ethos conducts a long-term constructive dialogue with listed companies to discuss material environmental, social and governance (ESG) issues to foster sustainable development on behalf of the Ethos Foundation, the Ethos investment funds, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients.

This policy is endorsed and regularly reviewed by the chair of the Ethos Foundation, the chair of Ethos Services and by the CEO of the Ethos Foundation and Ethos Services.



1. Engagement process

Ethos views long-term, constructive engagement with issuers of publicly listed financial instruments as an essential part of effective stewardship. This dialogue should address ESG issues that are material to both shareholders and other stakeholders. Through continuous monitoring and engagement, Ethos seeks to raise board and management awareness of investor concerns, convey suggestions for improvement and track progress. Although engagement activity intensifies in the period surrounding general meetings, dialogues take place year-round.

1.1 SET EXPECTATIONS

Ethos urges companies to continuously improve their ESG practices and align their business models with the principles of sustainable development to create long-term value for shareholders and other stakeholders. In this regard, companies are expected to establish a coherent sustainability strategy aligned with their overall corporate strategy. The sustainability strategy should consider all stakeholders and address all material ESG issues associated with the company's operations.

1.2 MONITOR COMPANIES

Ethos monitors the ESG performance of all engaged companies. The monitoring is carried out using a mix of in-house analysis and external ESG data provided by global data providers. The analysis allows Ethos to identify companies with potential for improvement in terms of their ESG performance and to conduct a dialogue with these companies, either directly or collaboratively with other like-minded investors. Ethos has developed a proprietary IT tool and a milestone-based system to track engagement activities and progress:

- Milestone 1: letter to the Chair of the Board of Directors.
- Milestone 2: direct contact with the company.
- Milestone 3: the company accepts the issue and is open to dialogue.
- Milestone 4: the company develops a credible strategy to address the issue.
- Milestone 5: the issue is addressed and convincing measures are implemented.

These milestones enable Ethos to systematically track companies' efforts and measure progress over time.

1.3 EXERCISE SHAREHOLDER VOTING RIGHTS

Ethos considers exercising shareholder voting rights an integral part of its engagement approach and commits to voting its shares at the general meetings of companies. Ethos issues proxy voting reports with voting recommendations in line with the Ethos proxy voting guidelines and corporate governance principles that are reviewed annually and are publicly available on [Ethos' website](#). For companies included in the Swiss Performance Index (SPI), Ethos contacts companies directly to ask for additional information or clarifications before issuing its voting recommendations. Often these discussions lead to follow-up calls or meetings. Before issuing its voting recommendations, Ethos informs each Swiss company about its voting positions on each agenda item. Ethos' voting positions for each general meeting are available on [Ethos' website](#) five days before the meeting. On request, the full proxy voting report is made available to companies after the general meeting.

1.4 ENGAGE WITH COMPANIES IN SWITZERLAND

The board of directors and executive management of listed companies are accountable for the company's long-term strategy and management of ESG issues. Thus, in addition to the engagement related to the companies' general meetings, Ethos also engages Swiss companies on behalf of the Ethos Foundation, the Ethos investment funds, the members of the Ethos Engagement Pool Switzerland as well as the Ethos engagement services clients throughout the year on selected ESG issues.

Ethos actively contacts targeted companies, and the dialogue is carried out through in-person meetings, telephone conferences, letters and emails. Furthermore, Ethos commits to responding to each company that wishes to have a discussion with Ethos.

1.5 ENGAGE WITH COMPANIES OUTSIDE SWITZERLAND

Outside of Switzerland Ethos uses a variety of shareholder dialogue approaches to engage companies on behalf of the Ethos Foundation, the Ethos investment funds, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients.

1.5.1 DIRECT ENGAGEMENT

Ethos conducts direct dialogues with selected companies. Direct dialogues can take different forms:

- Direct dialogue within Ethos' own campaigns
- Direct dialogues part of an international collaborative engagement campaign.

1.5.2 COLLABORATIVE ENGAGEMENT

To engage with companies outside of Switzerland, Ethos collaborates with other like-minded institutional investors which are often based in the country or the region where the respective company is domiciled. This allows Ethos to benefit from local knowledge and experience. Ethos regularly participates in collaborative engagement campaigns. The objectives of the collaborative campaigns supported by Ethos must be in line with the Ethos charter and SRI principles and promote ESG best practice. Ethos' management is responsible for deciding which campaigns to support.

1.6 PUBLIC POLICY ENGAGEMENT

Based on the recognition that many material ESG issues are ultimately system-level issues, Ethos on behalf of the Ethos Foundation, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients also engages in regular dialogues with organizations or authorities that have an influence on the framework conditions for issuers of publicly listed financial instruments available (e.g. regulators, parliaments, standard-setters).

1.7 SELECT THEMES, INDICATORS AND COMPANIES

The themes for dialogue, the indicators to track progress and the companies targeted are selected in line with the Ethos mission as outlined in the introduction of this document and reflect the shared interests of the Ethos Foundation, the investors in Ethos funds, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients.

The objective is to select engagement themes that are material for both long-term investors and stakeholders. When defining indicators to track the progress of the Ethos' engagement activities, the objective is to use clear, realistic, and measurable indicators.

The engagement universe includes all listed companies in Switzerland. On the international level, the companies engaged are included in the MSCI World ex-CH and MSCI World Emerging Markets Top 250 indices. Where a particular issue is of relevance, dialogue may also be conducted with selected companies outside these indices.



2. Escalation

In most cases, the dialogue is based on mutual trust and confidentiality. However, when the dialogue does not produce the expected results Ethos may take steps to intensify its approach in order to attain its objectives. The escalation process may differ depending on the history and the context of the dialogue. Escalation measures can be taken on behalf of the Ethos Foundation, the Ethos investment funds, the Ethos Engagement Pool Switzerland, the Ethos Engagement Pool Switzerland or the Ethos engagement services clients.

2.1 INTERVENE AT GENERAL MEETINGS

Ethos can make public declarations before or during general meetings, for example in cases where the board refuses to take adequate measures to remedy major shortcomings in the corporate governance or the environmental and social responsibility of a company.

2.2 FILE SHAREHOLDER RESOLUTIONS

If alternative measures do not produce any results and an overwhelming interest in changing a certain corporate practice exists, Ethos may file a resolution at general meeting. The same resolution can be filed at several companies to improve market practice around certain ESG issues.

2.3 UNITE WITH OTHER SHAREHOLDERS

For a dialogue to have more impact or to get more support for a shareholder resolution, Ethos can form and promote support groups made up of like-minded investors. The aim of such groups is to increase the pressure on company management by mobilizing the investor community, civil society and government agencies.

2.4 TAKE LEGAL ACTION

When the long-term interests of a company and its stakeholders are at risk and none of the measures described above have borne fruit, Ethos reserves the right to take legal action to defend its long-term shareholder interests and those of the shareholders it represents.



3. Conflict of interest

Ethos commits to treat all entities that mandate Ethos to conduct engagement activities on their behalf i.e. the Ethos Foundation, the Ethos investment funds, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients equally. All entities share the Ethos mission as outlined in the introduction of this document. This mitigates the potential for differing interests across the different entities.

Engagement activities may lead to conflicts of interest. Preventing and controlling these conflicts are important elements of protecting the best interests of the Ethos Foundation, the Ethos investment funds, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International as well as the Ethos engagement services clients. Ethos is committed to ethical conduct and the responsible management of conflicts of interest and has well-developed policies to manage potential conflicts of interest. The relevant documents [Ethos' Code of Conduct](#), [Ethos' guideline on conflicts of interest and gifts](#) and [Ethos' principles for SRI](#) (principle 1) are publicly available on the Ethos website.



4. Disclosure and reporting

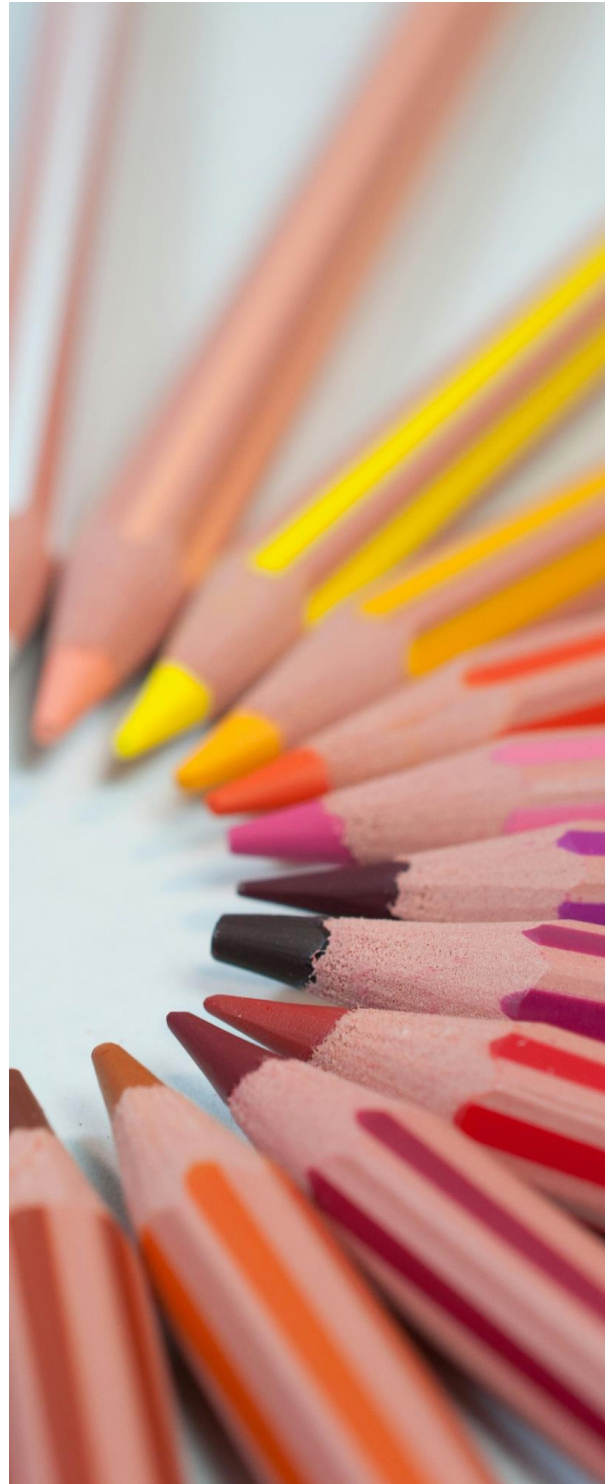
The Ethos proxy voting guidelines and corporate governance principles are reviewed annually and available on the [Ethos website](#). In addition, Ethos publishes its voting positions on companies' general meetings on [its website](#) five working days before the general meeting takes place. On request, the full proxy voting report is made available to companies after the general meeting.

Each year, Ethos discloses information about the engagement activities on behalf of the Ethos Foundation in the public annual report of the Ethos Foundation, in the reports of the Ethos funds, in reports for the members of the Ethos Engagement Pool Switzerland, in reports for the members of the Ethos Engagement Pool International as well as in reports for its Ethos engagement services clients. These reports describe the activities carried out during the year, evaluate the progress made and suggest if and how the dialogues should continue. Public summary versions of the reports for the Ethos Engagement Pool Switzerland and the Ethos Engagement Pool International are publicly available on the [Ethos website](#). The issues on which Ethos engages are disclosed annually on its website. In addition, the members of the Ethos Engagement Pool Switzerland, the members of the Ethos Engagement Pool International and the Ethos engagement services clients have access to the Ethos e-Services platform where engagement activities and progress are tracked in real time.

To transparently outline its expectations, Ethos also publishes position or engagement papers on specific ESG issues, all documents are available on the [Ethos website](#).

All Ethos responses to consultations by regulatory or other bodies are published on the [Ethos website](#).

Ethos publicly discloses its commitment to the Swiss Stewardship Code on its website and includes a reference table for the Swiss Stewardship Code in the annual reports of the Ethos Engagement Pool Switzerland and the Ethos Engagement Pool International.



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