

J. STERN & Co.

Engagement Activity Summary 2025

Our Engagement Strategy

Our stewardship activities are an integral part of how we manage assets for our clients. We have a fiduciary duty to preserve and enhance the value of assets entrusted to us by our clients and, as active asset managers, we act as stewards of our clients' capital. As we hold investments in companies for the long-term, we regard the process of stewardship as a natural and essential part of our investment approach.

Stewardship goes above and beyond just investment. At J. Stern & Co. we have a distinct approach whereby Stewardship and ESG considerations are integrated across our business.

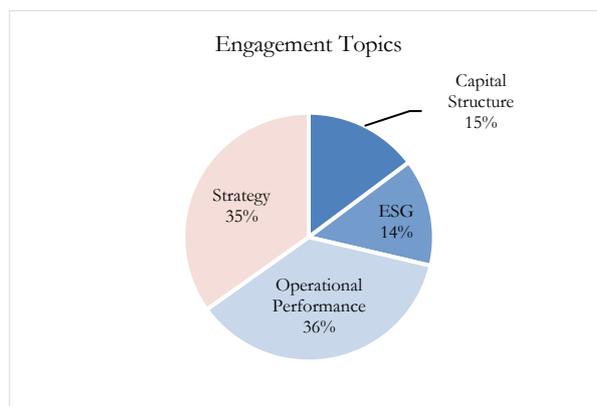
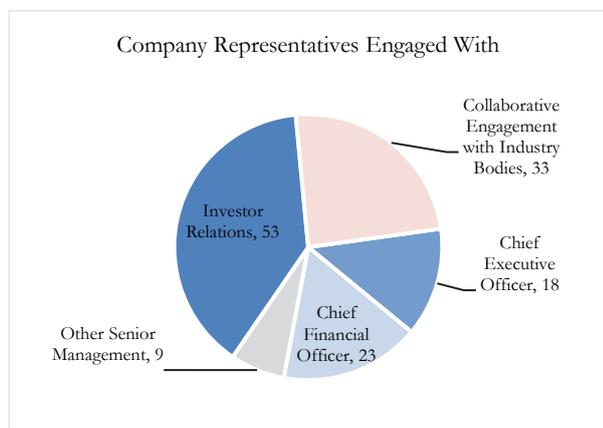
We monitor our clients' investments through comprehensive and continuous research, which includes maintaining a dialogue with management. Areas with potential to impact the value of investments held by our clients, whether positively or negatively, include corporate strategy, capital allocation policy and capital structure, remuneration and incentive structures, M&A activity, governance, and material environmental or social issues.

We believe that engagement with issuers maintains and enhances the value of the assets that we are stewards of on behalf of our clients. In engaging, we seek to support decisions that we believe enhance the value of our clients' investments, and at the same time, to ensure that investee companies are conscious of risk factors, including social and environmental risks, that may detract from that value.

This engagement serves to confirm and support our investment thesis and establish a good ongoing channel of communication with companies. It acts as an important mechanism in confirming whether an investee company's stated strategy is being executed with the appropriate level of risk and whether the board and relevant subcommittees are effective in discharging their oversight responsibilities. We believe it deepens our understanding of the quality of the management and the integrity of the board and consequently an investee company's ability to deliver on its key goals.

Our approach is consistent with emerging best practice codes including the UN Principles for Responsible Investing, and the EU Shareholders Directive II. We are signatories to the UN PRI and the 2020 UK Stewardship Code.

Engagement Activity Jan 1st, 2025 – Dec 31st, 2025



In 2025, we engaged with our investee companies and collaborative engagement bodies on 136 occasions to discuss topics pertaining to their capital structure, strategy, operational performance, and ESG matters.

In 37% of the engagement outreaches, we had the opportunity to discuss these matters directly with C-suite executives and/or senior management.

Examples of Engagement

Lowe's – During 2025 we had multiple meetings with Lowe's management team, including the CEO and IR. We discussed the health of the US consumer and the short and long-term outlook for the US housing market.

The company recently made two large acquisitions to increase its exposure to the professional builder segment, which makes up 30% of sales and where Lowe's has a c.4% market share. The impact of these acquisitions has been dilutive to group margins reflecting the fact that housing market activity in the US remains weak. Management noted however the opportunity presented of acquiring these businesses during depressed market conditions. Management also highlighted the cost savings and synergy potential over the next 12 months as these businesses are fully integrated into the Lowe's ecosystem.

The meetings also touched on the company's capital structure, with share buy-backs on hold until 2027 when leverage is expected to come down to the target of 2.75x net debt to EBITDA which we believe is a prudent decision.

ASML - During 2025 we met with ASML on four separate occasions to discuss the company's strategy and growth opportunities. ASML is the world's leading supplier of semiconductor lithography equipment, and it is benefiting from strong demand for its high-end EUV machines used in advanced logic and memory manufacturing. A key focus of our discussions was the company's role in the AI infrastructure build-out, where higher intensity of lithography in advanced processes is driving increased equipment demand.

In addition, we discussed ASML's exposure to China and the outlook for its machinery in the region. The company also shared updates on operational improvements, including the greater use of AI internally, which has helped to provide faster delivery times, and accelerated product launches. These discussions reinforced our conviction that ASML is well positioned to benefit from the continued expansion of AI.

Honeywell - During 2025 we met with the CFO of Honeywell, Mike Stepniak, in what is a critical juncture for the company ahead of its separation into three entities. This built on prior meetings with the company's CEO Vimal Kapur.

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We discussed progress on the planned separation into three entities as well as further portfolio optimisation initiatives, including plans for its quantum computing business. We reviewed strategic priorities for the Aerospace and Automation businesses post separation and went over key operational initiatives, including efforts to accelerate the pace of new product introductions across the group.

Overall, we were encouraged by management's razor-sharp focus in realising shareholder value and progress in meeting key strategic priorities. The meeting reinforced our conviction that Honeywell is an underappreciated industrial asset with visible catalysts ahead.

IHS Towers – In 2025, we engaged with IHS' management and IR team multiple times on how to optimise the company's capital structure and the potential for recovery in its operations in Nigeria given the volatility in the local currency, the Naira. We also discussed the potential for issuing bonds in local markets to align the company's capital structure with recent changes to some of its contracts which effectively increased the local currency component. We encouraged the company to remain active in extending the maturity profile of its bonds and deliver on its debt reduction plans.

Collaborative Engagement

In 2025, we continued to build on our collaborative engagement efforts.

We support **ShareAction**, a UK-based charity dedicated to promoting responsible investment. We are a member of the **Healthy Markets Initiative**, which aims to raise standards of nutrition among food and beverage manufacturers. Engagement continued to focus on US manufacturers, with discussions centred on product nutritional profiles, marketing and lobbying practices. These discussions emphasised the importance of transparent disclosures, target setting, and reducing reliance on products high in fat, sugar and salt.

We participated in engagements with Mondelez and Nestlé, encouraging companies to improve the nutritional profile of their products. In April 2025, following ongoing engagement over a number of years, Nestlé committed to industry best practice in nutrition reporting, enhancing its existing disclosures.

We are also a member of ShareAction's **Long-Term Investors in People's Health Initiative** and supported engagement activities under its Clean Air Initiative. These sought to encourage high-emitting companies in the freight and logistics sector to address air pollution. We supported collaborative engagements with Linde and DHL among others, encouraging transparent disclosure, target setting and actions to reduce air pollution.

We are members of the **IFRS Sustainability Alliance** (formerly the SASB Alliance), which promotes harmonised corporate disclosure standards. In 2025, we participated in a consultation to enhance the SASB Standards, with the aim of clarifying industry descriptions and sharpening narrative disclosures around targets and performance.

We advocated for amendments that would encourage more decision-useful information, including the disaggregation of PM10 into PM2.5. This is important because PM2.5 is regarded as the most critical measure of air quality and is more closely linked to environmental and public health risks, making the data more meaningful for investors. We believe these changes would improve the consistency and comparability of disclosures. We now await the final draft of the revised standards, which is expected to be published in late 2026.

In 2025, we continued to engage with the **Business Coalition for a Global Plastics Treaty**, convened by the Ellen MacArthur

Foundation and WWF. We attended webinars and contributed to signatory surveys throughout the year. INC-5.2 was held in August 2025, but after 10 days of negotiations, talks were adjourned without consensus on a treaty text.

We continue to support negotiations in 2026, noting that INC-5.3 was held in February, where a new Chair of the Intergovernmental Negotiating Committee for the Global Plastics Treaty was elected in an effort to revive the negotiations process. We are hopeful that negotiations will ultimately lead to a legally binding Global Plastics Treaty in the future.

We continued to engage with the **Ceres Valuing Water Finance Initiative**, an investor-led effort focused on companies with high water footprints. In 2025, the initiative launched an updated Valuing Water Finance Initiative Benchmark, which assesses company progress towards alignment with the UN's 2030 Sustainable Development Goal for Water (SDG 6) across four water-intensive industries, namely apparel, food, beverage and high-tech. This second iteration of the benchmark serves as a useful engagement tool for monitoring company progress on water stewardship.

During the year, we also attended a series of webinars, including broader discussions on the link between AI-related infrastructure and water use. These insights are incorporated into our ongoing analysis of environmental and climate-related issues.

We are members of the **Global Coalition on Workplace Mental Health** (CCLA), which seeks to elevate workplace mental health as a business consideration. We co-signed the coalition's collaborative engagement letters to the CEOs of benchmarked companies, encouraging improved practices.

In 2025, the coalition launched its annual Global 100+ Mental Health Benchmark, a tool that enables investors to monitor progress on workplace mental health. We believe the analysis provides valuable insight into workplace wellbeing and a helpful framework for corporate engagement.

In 2026, we look forward to building on our relationships with investee companies and continuing to monitor progress on the issues we advocated for over the past year.

We will also continue to seek out appropriate collaborative engagement initiatives, adding our voice where it can maximise impact across the investment industry.

Starting in 2026, we joined two new initiatives, the **CDP** (formerly known as the Carbon Disclosure Project) and the **IIGCC** (Institutional Investors Group on Climate Change), which underscores our commitment to a net zero and a climate resilient global economy. Both initiatives are well underpinned and represent \$142 trillion and \$76 trillion in assets under management, respectively. We believe our participation will help us stay ahead of a rapidly evolving climate policy landscape while creating opportunities for us to contribute to and influence broader engagement efforts.

Our approach and principles in terms of engagement are detailed in our Stewardship and Engagement Policy document available on our website.