

J. STERN & Co.

Engagement Activity Summary 2022

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.

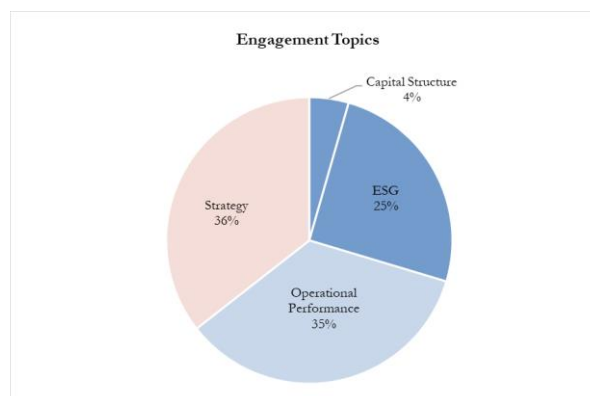
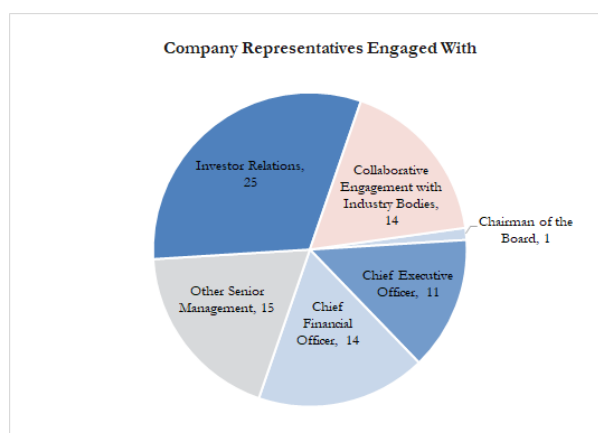
We monitor our clients' investments through comprehensive and continuous research, which includes maintaining a dialogue with management. Areas with potential to impact the value of investments held by our clients, whether positively or negatively, include corporate strategy, capital allocation policy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

We believe that engagement with issuers does maintain and enhance the value of the assets that we are stewards of on behalf of our clients. In engaging, we seek to support decisions that we consider positive for 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 the investment thesis and establish a good ongoing channel of communication with companies to ensure that the strategy is being executed with the appropriate level of risk whilst monitoring effective control of the board and relevant subcommittees. We believe that such engagement provides us with a clear indication of the quality of the management and the board and consequently the investee company's ability to deliver its key goals and anticipated operational performance.

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, 2022 – Dec 31st, 2022



In 2022, we engaged with our investee companies on 80 occasions to discuss topics pertaining to their capital structure, strategy, operational performance, and ESG matters.

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

Examples of Engagement

Sika – In 2022, we continued our deep engagement with the company's senior leadership, including meetings with its Chief Executive Officer and its Chairman of the Board. These included in-depth conversations about the company's strategy, governance and sustainability approach. We noted significant progress in key areas, including on diversity at Board and Management level. We were particularly pleased to see the company outlining its pathway to net zero emissions, reflecting the company's own commitment to that goal and its key role as an enabler in the decarbonisation of the construction industry. We discussed the investments required to achieve this target and were happy to note that ESG is linked to executive compensation, with 10% of the company's short-term incentives tied to GHG and Environment, Health & Safety KPIs.

Amphenol – We held a meeting with the company's Head of Strategy to discuss progress on its ESG strategy, building on discussions we have held with the company over the years. We discussed Amphenol's role as an enabler to structural ESG trends and noted progress in terms of sustainability reporting, as the company released its first TCFD report and provided preliminary scope 3 emission disclosures. We continued to provide the feedback from our side that we would see value in the company becoming a signatory to the UN Global Compact as a signal of its commitment to socially responsible policies and disclosures. We also continued to push for the establishment of a net zero target and reiterated the importance of aligning the company with the Paris Agreement. We also continued to hold discussions with the company's CEO and CFO on operational performance.

Honeywell – We have engaged with the company over the years to discuss its ESG strategy and its investments in sustainable technology product solutions. In 2021, the company committed to the target of making its facilities carbon neutral by 2035 and in 2022 it expanded on this, committing to align itself with the Science-Based Target Initiative. It now has a 24-month window to set an emissions target that includes scope 3 emissions. We have also reviewed the company's methodology for classifying which products are sustainable and contribute to ESG oriented outcomes, expressing the view that transparency and the use of

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quantitative metrics is crucial. We indicated our support for the inclusion of ESG targets in executive compensation, which the company noted that it will be formalised in due course and we look forward to those additional disclosures.

MHP – As bondholders of the company we engaged with its management over the course of 2022 following the invasion of Ukraine. We held calls with the company's CFO and Investor Relations to get an update on the business in light of the escalation in geopolitical risks. We focused on the company's liquidity position, operations including access to sea ports, insurance coverage and impact on leverage. Along with other bondholders, we agreed to allow the company to postpone bond interest payments in order to preserve liquidity in return for the company providing us with monthly operational updates and ensuring that all creditors are treated equitably. We believed this was the best course of action to avoid a default event and protect our clients capital over the long term.

Non-Related Assets – We have some investments in third-party funds as part of our Multi-Asset Income strategy, which represent circa 5% of the company's AUM. During the year we completed the roll out of our ESG framework across these assets, bringing our firmwide coverage to 99% of AUM. As part of that process we engaged with the managers of those funds asking them to complete a detailed questionnaire on various dimensions of their responsible investment practices & policies. These included the **Sequoia Economic Infrastructure Income Fund** and the **Biopharma Credit Fund**. Having completed our analysis of their responses, we look forward to providing them with our feedback on our conclusions and recommendations of best practice.

Collaborative Engagement

In 2022, we significantly expanded 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 seeks to uphold standards of healthy nutrition among Food and Beverages manufacturers. As part of this coalition, we have engaged with Nestlé on multiple occasions to discuss the health profile of its portfolio and encouraged the company to set a target for increasing its sale of healthy products. In 2022, we joined the LIPH initiative, a broadened framework for encompassing worker, consumer, and community health considerations in investment decisions.

We are members of the **IFRS Sustainability Alliance** (formerly known as the SASB Alliance) which seeks to promote harmonized corporate disclosure standards. In 2022, we attended numerous webinars discussing progress by the newly formed International Sustainability Standards Board (ISSB) towards the creation of globally recognised sustainability reporting standards, the release of which is due in June 2023.

As **UN PRI** signatories, we are a member of a network of investors working to promote responsible investment decisions through the incorporation of environmental, social and governance factors. In 2022, we attended signatory discussions on topics ranging from the EU taxonomy to the value of investing for impact and the UNSDGs.

In 2022, we became a member of the **Business Coalition for a Global Plastics Treaty**, convened by the Ellen MacArthur Foundation and WWF. We endorse its vision statement which seeks to tackle the plastic pollution crisis in a globally coordinated way. We have committed to engage with our investee companies to advocate for a circular economy and to support the implementation of associated company policies and action plans.

In 2023, we look forward to building upon the relationships with our investee companies and will continue monitoring progress on the issues advocated for during this past year. We will also continue to seek appropriate collaborative engagement initiatives to add our voice to and maximise our impact within the investment industry.

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