Aecus PARTNERS

Responsible Investment Policy

June 2026

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1. OBJECTIVE OF THE POLICY

Aecus Partners' Responsible Investment Policy reflects our integration of environmental, social, and governance (ESG) considerations at the core of our investment policy. As long-term investors, our responsible investment strategy aims to enhance the performance of our portfolios, mitigate negative impacts and improve our companies' ESG practices via active ownership.

Our policy is aligned with the standards established by Article R533-16 of the French Monetary and Financial Code and adheres to the sustainability risk management principles defined in our investment decision-making process, in accordance with Regulation (EU) 2019/2088, also known as the Sustainable Finance Disclosure Regulation (SFDR), which governs the disclosure of sustainability-related information in the financial sector.
This Policy applies to all portfolios managed by Aecus Partners.

2. SCOPE

As a responsible investor seeking to deliver long-term performance to its clients, Aecus Partners aims to encourage best environmental, social and governance practices. Aecus Partners applies ESG criteria to its funds classified as products promoting ESG characteristics ("Article 8") under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended, the "SFDR").

This Policy applies to all portfolios managed by Aecus Partners and is likely to evolve over time.

3. RESPONSIBLE INVESTMENT APPROACH

Aecus Partners aims to manage low turnover, concentrated, long-term oriented portfolios of companies that it believes can sustain earnings growth for extended periods of time. In assessing this capability, the investment team pays particular attention to the health and strength of each portfolio company's relationships with key stakeholders in its ecosystem, including the natural and social environments impacted by its activities.

Our investment philosophy incorporates a belief that sustainability-related issues are, and will remain, a potentially material source of risk and opportunity for companies in the years to come. We believe that combining non-financial fundamental factors with financial criteria will help us build more stable and better-performing portfolios over the long term.

The integration of non-financial factors is an essential component of our investment process. We consider, amongst many other criteria, how a company manages its environmental impacts and exposure, governance, and social practices. Assessing the robustness of these areas enables us to gauge the company's preparedness for the major challenges and opportunities of the future.

First, it allows us to identify companies that are effectively managing environmental risks, governance, and social responsibility and are therefore better positioned to deliver sustainable earnings' growth over our investment horizon of at least five years. Second, the integration of non-financial criteria enables us to identify and avoid (exclude) companies within our investment universe when they may result in exposure to unacceptably high extra-financial risks, which may also translate to financial risks over the longer term. This measure aims to protect our clients' long-term financial performance.

This approach also aims to improve performance through active dialogue with companies on the management of extra-financial issues and can therefore enhance their overall results. Additionally, it seeks to limit our clients' exposure to reputational risk associated with potentially irresponsible practices by certain companies.

Assessment of financial impact

Aecus Partners does not conduct a standalone analysis to isolate the specific impact of responsible investment factors on the financial performance of our strategies. We recognise that disentangling the direct contribution of ESG or responsible investment considerations from overall returns is complex and methodologically challenging. Financial performance is influenced by many factors, including macroeconomic conditions, market sentiment, investor flows, sector dynamics, and company fundamentals. The impact of ESG factors on returns is often long-term, indirect, and sometimes qualitative.

We regard ESG factors as an integral component of a company's quality and its ability to sustain long-term growth. Incorporating ESG considerations is a key way to identify and mitigate risks that could lead to permanent capital loss, such as governance failures, regulatory issues, or reputational damage. We believe that companies exhibiting strong ESG practices are better positioned to navigate changing environments and create durable shareholder value.

In our view, consistently excellent investment outcomes is often the result of robust quality characteristics—including effective ESG risk management—that enable companies to outperform over time. Therefore, rather than treating responsible investment as an isolated performance driver, we embed it holistically within our fundamental research, valuation, and portfolio construction processes to support sound investment decisions.

In our annual performance assessments, we analyse whether our investment research has helped performance or not, identifying areas of skill and areas for improvement. This assessment may uncover certain ESG-related factors that we will address as we seek to constantly improve and refine our processes.

4. INTERNATIONAL STANDARDS, INDUSTRY GUIDELINES AND FRAMEWORKS

Aecus Partners is committed to integrating responsible investment (RI) principles into its investment processes and governance. Our approach aligns with both European regulatory requirements and leading international frameworks.

Regulatory & Reporting Frameworks

- Article 29 (France)

As a French regulated asset manager, Aecus Partners complies with Article 29 of the French Energy-Climate Law, including relevant annual disclosures. This reporting framework supports the Paris Agreement as Article 29 specifically requires that public policies, including financial and investment decisions, align with the objectives of carbon neutrality by 2050 and the reduction of greenhouse gas emissions. It integrates the Paris Agreement's goals into French national legislation, making it a binding framework for climate action. The law pushes for transition to a low-carbon economy, renewable energy development, and sustainable investment practices.

- Sustainable Finance Disclosure Regulation (SFDR)

All publicly distributed Aecus UCITS funds are classified as SFDR Article 8 products, promoting environmental and social characteristics. Details are contained within the SFDR Pre-Contractual Annexes and in online disclosure documents (Article 10 disclosures within the meaning of SFDR) for the Aecus UCITS ICAV Funds.

- CSRD & CS3D

All companies in our European portfolios have market capitalisations exceeding €1 billion, which typically places them well within the scope of the EU's Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). These frameworks, which include and extend beyond TCFD requirements, provide comprehensive sustainability disclosures that we use to better understand the risks and opportunities related to environmental, social, and governance factors. This level of disclosure helps to inform our engagement and research efforts. We use these frameworks to understand better sustainability risks and performance of our companies and they may also trigger company research meetings on specific topics.

International Standards & Commitments

- PRI (Principles for Responsible Investment)

As a PRI signatory, we intend to participate actively in relevant collaborative initiatives where we believe such participation could have an impact.

- United Nations Global Compact (UNGC)

The UNGC principles are integrated into our exclusion policy, and serve as a baseline for assessing human rights, labour, environmental and anti-corruption standards across investee companies.

5. RESPONSIBLE INVESTMENT RESOURCES, INCENTIVES AND DATA

Aecus Partners' employees incorporate ESG into their approach and have been trained on ESG issues.

Investment team

The investment team is responsible for implementing Aecus Partners' responsible investment approach. The integration of ESG criteria in the investment selection and portfolio construction process is key, as described further in the policy. Stewardship activities such as engagement, voting and advocacy are also conducted by the investment team directly. Aecus Partners does not maintain a separate ESG team for these core activities that are embedded within the investment strategy of the firm.

The investment team also ensures that:

- ESG-related compliance rules are integrated into operational monitoring and that pre-trade compliance checks are performed according to the characteristics and thresholds defined for each portfolio.
- ESG-related activities are coordinated and harmonised across the team. This includes defining quality requirements for ESG data, selecting reliable data sources and providers, and supporting data integration into Aecus Partners' data architecture. The team develops and updates internal documentation.

Operations teams

Operational teams are also involved in the sustainable finance approach:

- The permanent and periodic control function (Internal Control) has integrated ESG issues into their controls program. This team conducts regular due diligence to verify the reliability of the ESG process and compliance with investment constraints applicable to portfolios managed by Aecus Partners. Internal Control performs sample-based checks.
- Compliance, supported by specialist consultants and legal experts, is responsible for regulatory monitoring and analysis. It also assists in implementing regulatory obligations and updating fund documentation. It may also provide training sessions.
- The commercial team is responsible for external communications. Reporting plays an important role in disseminating Aecus Partners' principles and ambitions both internally and externally. It helps Aecus Partners to communicate activities relating to sustainable development and to highlight current ESG topics. Regulatory requirements for extra-financial reporting increasingly require agility in evolving our reporting.

Training

In line with its ongoing employee training plan, Aecus Partners has integrated the following:

- General training on sustainable finance principles and regulations
- ESG awareness sessions on industry evolutions (e.g. data, regulation, practices)

We use a specialist external consultant for regulatory compliance training. Our Culture Analyst is responsible for ensuring that the investment team (and the broader team)'s knowledge is up to date on RI topics and for onboarding new investment team members. Within our small investment team, training is adapted to our research needs and evolves with industry developments.

Incentives

Responsible investment objectives are embedded into the performance review and compensation framework through qualitative factors. Our structure for performance reviews and compensation is supported by a culture that champions responsible investment and long-term value creation.

<u>Investment Team Performance Review Criteria</u>

Annual variable bonuses are awarded based on a balanced assessment of qualitative and quantitative elements, including:

- Outcomes measured over rolling 3- and 5-year periods, promoting long-term sustainable value creation rather than short-term gains
- Quality of idea generation and research work, in line with our long-term investment strategy: investment in sustainable growth companies with favourable or improving ESG characteristics. As part of the investment research process, analysts review sustainability-related information and assesses a company's ability to maintain healthy relationships with key stakeholders (including for example: customers, employees, suppliers, shareholders, regulators, and the social and natural environments impacted by their activities).

<u>Deferred Compensation</u>

Designated 'risk takers' receive portions of their bonuses deferred over three years, subject to malus and clawback provisions aligned with MiFID regulations. This structure supports responsible risk-taking, including in ESG-related decision-making.

<u>Sustainability Criteria and Remuneration Policy</u>

Consistent with the European Union's sustainability disclosure legislation (effective March 2021), we are progressing towards formally incorporating sustainability risks into our Remuneration Policy. The sustainability criteria developed will be applied in the upcoming annual objective-setting and compensation cycles, strengthening the accountability of individuals and teams for responsible investment outcomes.

ESG Data

Aecus Partners combines data from external data providers with internal proprietary research to evaluate the ESG profile of portfolio companies.

This includes:

- Issuer reports: public information on companies (annual reports, regulatory filings, sustainability reports, earnings calls, etc.)
- Proprietary internal research conducted by Aecus Partners' investment team, including research carried out through site visits and discussions with various executives and managers (CEO, CFO, Human Resources Director, Quality Director, Environmental Director, Legal Counsel, etc.)
- Broker research
- ESG and market data providers for exclusion screening, controversy monitoring, company research, and ESG ratings and data
- Research and analytics platforms including AI, used for ESG analysis and ESG profiles
- Institutional and industry sources: NGO networks and industry associations such as the Principles for Responsible Investment (PRI) and the Association Française de la Gestion Financière (AFG)
- Press and media sources
- Proxy voting and governance advisers: recommendations and shareholder meeting analysis tools used to support the exercise of voting rights ("proxy voting"), with final voting decisions remaining the responsibility of the firm internally.

To enhance data quality, we ensure the methodological consistency of each external source used to feed our ESG evaluation. Meetings with non-financial data providers are regularly organised in case of specific questions regarding data quality or methodology.

<u>Limitations of Methods and Data</u>

The methodological limitations of the ESG approach lie mainly in the reliability of the non-financial information disclosed by issuers and in the subjective nature of the assessment framework implemented within Aecus Partners.

To make its analysis as relevant as possible, Aecus Partners focuses on the factors most likely to have a tangible impact on the companies under review and on society as a whole. These key issues are defined on a case-by-case basis and are, by definition, not exhaustive.

6. GOVERNANCE OF SUSTAINABILITY RISK MANAGEMENT

Governance of Responsible Investment (RI) and ESG at our organisation is implemented through a structured framework to ensure appropriate oversight of sustainability risks and ESG integration methods within the investment process.

Committee	Frequency	Role
Executive	Monthly	– Lead and manage Aecus Partners, making key decisions for investment and operational teams. – Ensure that sustainability risks are taken into account and considered in the company's strategy. Define, drive, and monitor the sustainability strategy and validate the main strategic orientations of the RI Policy. – Ensure compliance with applicable sustainability-related regulatory requirements and reporting obligations. – Ensure that the risk appetite and risk management framework are consistent with the company's objectives and commitments. – Ensure coordination among the different stakeholders in implementing the ESG strategy.
Head of Investment / Portfolio Management key decision makers	Bi-weekly	– Set objectives and priorities for Investment team – Build a consolidated view of capabilities and resources related to responsible investment. – Discuss future investments or divestments. – Define the engagement and voting policies, monitoring ongoing actions. – Monitor ESG indicators. – Controversy management: o Determine the classification of an investment company, considering exclusion criteria and controversies: decide whether to maintain or exclude it from the investment universe. o Ensure operational implementation of controversy management, coordination among different stakeholders and compliance with related procedures.

Risk		– Ensure consistency between the risk management framework, regulatory requirements, and the company's and/or specific fund's sustainability objectives. – Monitor and assess sustainability risks (including ESG risks) within investment portfolios and ensure they are appropriately integrated into the risk management framework. – Ensure that ESG-related investment constraints and any internal guidelines are effectively implemented, monitored and respected.
Internal Control		– Perform independent permanent and periodic controls on ESG integration processes and sustainability risk management frameworks to ensure compliance with internal policies and applicable regulatory requirements. – Assess the adequacy and effectiveness of ESG-related controls implemented by the investment and risk management teams as well as ESG communications.

Together, this governance structure ensures thorough oversight of sustainability risks, stewardship, and ESG integration, with continuous alignment between senior management and investment teams.

7. INVESTMENT PROCESS: INTEGRATION OF SUSTAINABILITY FACTORS

7.1. Sustainability Risks: Approach, Identification and Management

In applying its investment strategy, Aecus Partners incorporates a sustainability approach aligned with its long-term, sustainable growth investment philosophy and its RI Policy. The portfolio management team typically aims to hold investments for a minimum period of five years or more. The firm's public funds are all classified as Article 8 products under the Sustainable Finance Disclosure Regulation (SFDR), promoting environmental and social characteristics in line with SFDR requirements. However, the funds do not pursue Sustainable Investment as a primary objective.

Aecus Partners believes that ESG factors can materially influence the financial performance and share price evolution of their portfolio holdings. Consequently, ESG considerations are systematically integrated throughout the investment process—from pre-investment due diligence and ongoing investment monitoring to risk management, portfolio construction, and active ownership activities such as voting and engagement.

The portfolio management team of each portfolio is responsible for evaluating sustainability risks and opportunities with respect to specific aspects relevant to each strategy and for defining appropriate measures for identifying, preventing, monitoring and remediating in case of any issues. These measures are integrated throughout the investment cycle.

Specific material ESG factors incorporated into the investment process

A "Good Governance" assessment is incorporated into our Business Case for each investment. We assess areas such as board structure, independence, competence and diversity, executive remuneration alignment with long-term value, shareholder rights and voting practices, audit quality and financial reporting standards, ethical conduct, transparency and anti-corruption.

Environmental and Social factors that are incorporated will depend on the individual activities of each company and how material these factors are, both for the company and its stakeholders. Risks and opportunities linked to factors that may be deemed material to a Business Case include:

- Environmental: carbon emissions & transition risk, hazardous and non-hazardous waste, water use, pollution, and efficiency, environmental supply-chain oversight, biodiversity impact, environmental innovation and product sustainability.
- Social: human rights and labour standards (aligned with UNGC and OECD Guidelines), workforce health & safety, training and development, diversity and inclusion, data privacy and product safety, fair business practices and community impact.

A key focus is placed on identifying and managing material sustainability risks that could impact a company's financial performance, growth prospects, or relationships with key stakeholders. The investment team employs a combination of proprietary research and external ESG data to assess, integrate, and mitigate these risks throughout the investment lifecycle. As detailed in the investment process, we also apply exclusionary criteria to reduce our portfolios' exposure to areas presenting heightened Sustainability Risks, as detailed in the Exclusion Policy.

Sustainability risk management applies to all assets under management.

7.2. Financial Materiality

Financial materiality is determined by assessing whether ESG weaknesses could undermine the durability of earnings growth, stability of cash flows, balance sheet strength, or a company's long-term competitive advantage over a 5 year+ period (our investment horizon)—core drivers within the investment team's "Total Shareholder Return"-based financial models.

We assess the potential impact of any ESG risks or opportunities on a company's revenue, costs, regulatory exposure, litigation risk, reputation, stakeholder relationships or long-term competitive advantage. We use different frameworks to gather relevant information, the SASB framework is generally the most relevant for materiality purposes.

7.3. Principle Adverse Impacts (PAIs)

PAIs refer to the negative effects of investment decisions on sustainability factors. ESMA has defined 14 mandatory indicators from Table 1 of Annex I of Delegated Regulation (EU)

2022/1288 of the European Commission. Sustainability indicators notably include environmental and social matters, employee rights, respect for human rights, and the fight against corruption.

Entity Level

In 2025, Aecus Partners does not take into account the principal adverse impacts set out in the EU SFDR, as Aecus Partners recognises the current limitations of available data to fully comply with the reporting requirements.

Aecus Partners' position will be subject to ongoing review and close monitoring as the market evolves. In this regard, Aecus Partners will reassess the situation and implement necessary changes in due course, with a view to considering principal adverse impacts in the manner envisaged under Article 4(1)(a) of the SFDR.

Fund Level

From a regulatory standpoint, Aecus Partners does not consider the 14 mandatory PAI indicators and the 2 optional ones. However, Aecus Partners assesses, where possible, the ability of companies to manage the potential negative impact of their activities on sustainability factors. For example, Aecus Partners monitors over time:

- Environmental indicators:
  - Exposure to fossil fuels (PAI 4)
  - Greenhouse gas emissions: aggregated carbon intensity (tCO_2/m revenue) at the portfolio level (Scope 1 and 2 under the GHG Protocol) (PAI 3)
- Social indicators:
  - Violations of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises (PAI 10)
  - Gender diversity on the Board of Directors: percentage of female board members (PAI 13)

In the absence of issuer data (e.g. CSRD-reported data) or when indicator coverage is low, Aecus Partners may rely on alternative analysis such as quantitative scoring or qualitative strengthening of controversy assessment, etc.

The consideration of PAIs may be integrated into the various components of Aecus Partners' responsible investment framework, via:

- The Exclusion Policy (normative and sector-based)
- The controversy monitoring policy
- The investment analysis methodology
- Stewardship activities (active engagement, voting, advocacy)

7.4. ESG Indicators

For each of its public funds, Aecus Partners defines relevant indicators that are consistent with the investment strategy and also aligned with Aecus Partners' engagement activities.

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Depending on the indicators selected, progress may take several years before becoming visible and meaningful. For this reason, dialogue is always prioritised. The investment team reviews the consistency and relevance of these ESG indicators over time.

The indicators are described in the SFDR Pre-Contractual Annex of each public fund and may evolve over time.

7.5. Sustainability Outcomes

Aecus Partners' investment strategies do not specifically seek to shape sustainability outcomes linked to Sustainable Development Goals or other frameworks. However, in our assessment of each company's ecosystem and culture, stakeholder relationships and impacts - including on the natural environment and communities - are important considerations in our Business Case for each investee company.

As of 2025, Aecus Partners has not classified any companies held in its portfolios as "sustainable investments" and does not manage any Article 9 funds.

7.6. Integration of Sustainability Risks and Opportunities

ESG considerations are fully integrated within the Fund's bottom-up fundamental research and at each step of the investment process, summarised as follows:

Starting with an Investment Universe of the strategy's relevant market listed companies with over €1bn market capitalisation:

1. Exclusions are applied

The definition of the initial investment universe is aligned with the investment strategy. The investment strategy then incorporates binding exclusions and ESG-based screening:

- Sector-based, behaviour-based and sovereign-based exclusions are applied (refer to Exclusion Policy)
- Best in Universe screening applied (an ESG Score-based screening): at least 90% of our SFDR Article 8 Funds' investments must have an ESG Score in the top 80% of the Market Universe. ESG Scores are derived primarily from third-party ESG data (LSEG Workspace) and complemented with proprietary research where data is low quality or incomplete. These scores incorporate material topics such as:
  - E: emissions (e.g. CO2, hazardous waste), resource use (e.g. environmental supply chain monitoring, water efficiency) and environmental innovation (e.g. product initiatives, impact minimisation).
  - S: workforce (e.g. training, occupational health and safety, diversity, human rights), community (e.g. fair competition, business ethics) and product responsibility (e.g. data privacy, healthy products).
  - G: shareholders (e.g. shareholder rights, voting on executive pay, auditor tenure), management (e.g. director election process, board structure policy, succession planning, board committees' independence, board skills, diversity and competence, compensation policies) and CSR Strategy (e.g. CSR committee, reporting, UNGC signatory status).

These screenings seek to ensure that only companies which are aligned with minimum ESG criteria of Aecus Partners are included in the pool of Investible Stocks (portfolio and 'bench' securities).

2. Qualitative and Quantitative research is performed, reducing the universe to a "Long List"

We perform systematic screens searching for evidence of companies with strong financials: high Return On Capital Employed, above-average (high single digit+) EPS growth: past 5 and 10 years, and forecast, strong free cash flow generation and sound balance sheets with low leverage.

We also use qualitative filters, seeking evidence of a sustainable competitive advantage (e.g. a unique brand, strong network effects, high switching costs, pricing power, scale, low-cost model etc.). This is where ESG factors are heavily integrated as we look extra-financial aspects that may have helped the company to deliver financial resilience in changing environments, such as:

- Healthy stakeholder relationships (customers, employees, suppliers, natural environments and communities impacted by the business)
- Strong governance; and
- Business culture aligned to the business purpose

3. Deep fundamental research is performed to arrive at a pool of Investible Stocks (the Portfolio and "Bench"). A Business Case and Total Shareholder Return financial model is prepared for each company

As securities approach entry into the pool of investible stocks, our research intensifies and we perform thorough due diligence. This typically involves management and stakeholder meetings in order to form a 360° view of the company, its ecosystem and its culture.

Material ESG risks and opportunities are included in the Business Case for each company, as well as a "good governance" assessment. In particular, we analyse a company's ecosystem and culture: their ability to maintain healthy long-term relationships with key stakeholders—customers, employees, suppliers, regulators, shareholders, and the natural environment. We use proprietary data, third-party data and an AI tool (AlphaSense) to populate an ESG profile.

<u>Governance Assessment</u>

We seek to identify governance structures that support a company's long-term performance orientation. We conduct proprietary research and use third-party data providers to assess the following three pillars in governance systems:

I. **Structure and accountability**: sound management structures where executive and non-executive directors fully assume their duties and responsibilities and are held accountable for them. Management performance-based remuneration criteria that incorporates growth, risks and returns. Board composition that includes an appropriate mix of skills, competence, independence and diversity. Sound succession planning and employee remuneration practices that reinforce fairness and sustained value creation.

II. **Honesty and integrity**: reputation for ethical behaviour and transparent communications with stakeholders. Demonstration of tax compliance and acceptable disclosure standards. Assessment of any ESG-related controversies e.g. human rights, employee relations, regulatory compliance.

III. **Purpose and stakeholder harmony**: employees and leadership teams motivated to work towards a defined business purpose. Alignment of interests of executive and non-executive directors with the company's interests. Remuneration practices that incentivise employees to align with the company's purpose and long-term success. Policies that promote healthy relationships with key stakeholders including customers, employees, suppliers, shareholders, regulators, and the social and natural environments impacted by their activities.

4. Security Selection and Portfolio Construction

Aecus Partners maintains concentrated portfolios where competition for capital is fierce: we typically concentrate portfolios to 25-40 holdings.

Security selection: risk/return

In our bottom-up security selection process, our valuation model outcomes are balanced with a subjective view on the risks facing each company in order to assess the "risk-reward trade off" facing each security. This risk assessment includes any material sustainability risks and ESG controversies. Materiality of risk is determined by assessing the resources and dependencies that company has (financial capital, human capital, natural capital etc) in order to develop its growth strategy.

- A higher risk profile will result in a lower position size.
- Unacceptably high levels of risk will cause a security to be removed from the pool of Investible Stocks.

Portfolio construction

Whilst our construction process is bottom-up, we also consider potential risk concentrations across the holdings as well as liquidity and compliance limits as we construct portfolios. We seek to diversify the portfolio from exposure to all risks, including ESG-related risks.

7.7. Controversy Monitoring

Definition

An ESG controversy refers to any event, behaviour, or allegation that may have a significant actual or potential negative impact on a company's environmental, social, or governance factors, and that may affect its reputation, financial performance, or regulatory compliance.

Controversy Monitoring and Management Approach

Monitoring controversies is an essential tool that evaluates issuers' engagement in relation to ESG-related controversies. Controversial issues, which are inherently evolving, can influence more or less significantly and potentially negatively the economic and financial performance of a company, thereby impacting the performance of portfolios. Consequently, regular checks on the ESG quality of invested companies must be carried out to minimise the risk of encountering an incident or controversy related to ESG factors. This may include incidents such as industrial accidents, social conflicts, disputes with stakeholders, or investigations conducted by authorities.

For all managed products, Aecus Partners applies controversy monitoring at various stages of its investment process. This monitoring notably involves tracking the severity levels of identified ESG controversies. For the most damaging controversies, a more in-depth analysis is carried out and actions such as sale or exclusion may be undertaken.

To identify these controversies, the portfolio management team relies on several data sources (e.g., Bloomberg, sell-side research, specialised websites and services).

The portfolio management team also conducts ongoing monitoring using these sources. It assesses the severity of the controversy related to an ESG criterion and, where applicable, to one or more fund objectives to determine whether issuers face significant risks. This assessment is based on the severity of potential facts, the severity of confirmed facts, the recurrence of controversies, and the response of the company involved in the controversy.

Controversy Monitoring and Management Framework

Aecus Partners applies the following controversy monitoring and management process:

I. Identification: alerts from third-party ESG data providers, market news, or internal analyst research.
II. Assessment: deep analysis of facts, severity, financial impact, and alignment with investment criteria; additional information may be requested from the company or industry experts.
III. Engagement: active dialogue to encourage improved practices, remediation plans, or policy upgrades (directly or through collaborative initiatives).
IV. Divestment (if needed): if engagement is unsuccessful or the company no longer meets sustainability or financial criteria, positions may be reduced or fully sold.

Material controversies

A controversy is considered material based on (i) severity and scope of the incident, (ii) the likely long-term consequences, (iii) any reputational, financial, regulatory or litigation risk and (iv) any misalignment with Aecus Partners minimum ESG criteria or other selection criteria.

For each material case of ESG controversy, Aecus Partners identifies:

- The severity of the controversy based on the nature and extent of the alleged impact
- The role of the company involved in the matter – direct or indirect
- The status of the controversy – concluded, partially concluded, or ongoing
- The seriousness of the controversy with respect to potential impact on the company's business case
- The opportunity to initiate an individual shareholder engagement action or collaborate with other investors with the aim of accelerating and securing the resolution of the controversy in a sustainable and responsible manner by the company

Impact on decision-making

The portfolio management team will take decisions on portfolio holdings according to the gravity of the controversy, as follows:

- **Severe controversy**: in the event of a severe controversy, depending on the nature and seriousness of the situation, a dialogue may be initiated with the company in order to encourage improvements in its practices, the implementation of corrective measures, or the strengthening of its policies, either directly or through collaborative initiatives. Escalation measures may also be implemented where deemed appropriate. If the company does not respond satisfactorily to engagement and escalation efforts, a partial or full divestment may be initiated. Furthermore, where the controversy is considered particularly severe or incompatible with investors' interests, a partial or full divestment may be decided without a prior engagement phase. In the case of full divestment, this will be completed within a period of three months (where possible and in the best interests of investors).
- **Medium controversy**: a "watchlist" status is initiated in the event of a medium-level controversy, whilst the portfolio managers assess the company's response to the controversy and implementation of improvements/remedies as appropriate
  - If the issuer's response is deemed satisfactory, the watchlist status is removed
  - If the issuer's response is deemed unsatisfactory, even after engagement actions, a gradual exit from the holding will be implemented, respecting the interests of investors exposed to the security. This is completed within 6 months (where possible and in the best interests of investors).
- **Low controversy**: ongoing monitoring.

7.8. Periodic Review of Sustainability Risks and Monitoring

The monitoring of environmental or social characteristics is carried out through first-level and second-level controls.

First-level controls

An ESG data provider is considered an ESSP (External Essential Service Provider), and the internal policy for the selection and periodic review of External Essential Service Providers applies. A first-level control of compliance with the ESG selection rules for underlying investments and the constraints linked to the funds' ESG strategy is performed. This control is carried out prior to any investment and then on a regular basis by the investment team and portfolio manager-analysts.

These controls include in particular:

- **Prospectus, contractual and internal constraints** are monitored on an ongoing basis:
  - Verification of compliance with the fund's ESG selection criteria
  - Verification of compliance with the exclusion policy
  - Verification of the ESG analysis coverage rate, as applicable
  - Verification of compliance with the selectivity threshold, where applicable

- **Analysis of alerts** takes place in the event of a breach, ESG risk control analyses the relevance of the breach and informs the investment team in the event of non-compliance with a constraint.
- **Divestments** are carried out in compliance with the risk limits described Aecus Partners' financial risk management policy and in the best interests of investors.
  - If divestment is not possible due to market conditions or in the best interests of investors, a justification is provided by the investment teams to risk control and presented at the next executive committee meeting
  - Where the constraint allows for engagement with the issuer, the investment team contacts the company as soon as possible and records and monitors the engagement, in accordance with the engagement policy

Second-level controls

Second-level controls are carried out on a post-trade basis on the various criteria identified in the risk mapping process, and on all regulatory obligations related to sustainable finance, on a sample basis:

- Post-trade control / risk control: a control is carried out to ensure compliance with regulatory ratios and internal constraints. On a semi-annual basis, a report on compliance with constraints is reviewed collectively during investment team meetings
- Internal control (permanent and periodic controls): the internal control function is responsible for ensuring the effectiveness of all controls in place in order to ensure that portfolios comply with the ESG rules defined for their management

8. EXCLUSIONS

Please refer to the Aecus Partners Exclusion Policy.

For segregated account clients, Aecus Partners is pleased to assess whether we may be able to accommodate specific exclusion criteria, subject to data availability.

9. STEWARDSHIP: ENGAGEMENT AND VOTING POLICIES

Aecus Partners believes there are benefits to actively exercising voting rights, engaging selectively with investee companies, and participating meaningfully in advocacy and influence initiatives. Stewardship, understood as the responsible and active exercise of shareholder rights and responsibilities, is a cornerstone of our responsible investment approach. We support the United Nations Principles for Responsible Investment. Stewardship tools, including in particular dialogue with companies, the exercise of voting rights, collaborative engagement, escalation actions and, as a last resort, divestment, form an integral part of our responsible investment approach.

9.1. Voting

We vote actively, consistently and thoughtfully. Our voting approach reflects our beliefs that companies should maintain sound governance structures that incentivise long-term performance orientation and fair treatment of all stakeholders.

Our voting policy and practices are fully aligned with our investment strategy, which emphasises long-term sustainable value creation. We use voting as a tool to support governance standards, risk management, and responsible business practices that underpin the companies' financial performance and resilience.

Voting decisions are part of our broader stewardship approach and complement ongoing engagement activities, helping to drive improvements in corporate behaviour and accountability. Voting may, where appropriate, constitute an escalation tool within the framework of our engagement activities.

Voting Policy

Aecus Partners bases its voting policy on the Glass Lewis proxy voting guidelines, which serve as a comprehensive and widely respected foundation. However, we do not automatically follow Glass Lewis recommendations, we review each vote individually, applying the guidelines flexibly in light of the specific circumstances of each company.

We are conscious that one set of voting rules will never fit all possible voting scenarios across companies, sectors and geographic regions, which is why we consider each voting decision carefully. This means we may vote against management and against our voting policy (proxy recommendations) when we believe that the standard rules do not fit the precise setting of a particular company. Aecus Partners may also be as active as to lead a group of shareholders to file a shareholder resolution or we may pre-declare our voting intention as a form of engagement. We will back shareholder proposals when they align with the long-term benefits of shareholders.

Each proxy vote is assessed on a case-by-case basis, considering company-specific factors such as governance structure, ESG risks, shareholder rights, and strategic context. This tailored approach allows us to exercise our voting rights in a way that best supports long-term value creation for shareholders. Whenever a voting decision by Aecus Partners differs from the recommendations made by Glass Lewis, a clear explanation is documented.

The Glass Lewis voting policy is reviewed and updated periodically to reflect evolving best practices and regulatory developments.

Identification of Significant Votes

We disclose all significant votes in our annual report, providing explanations for any key voting decisions. Aecus Partners flags votes as "significant" based on a review of various categories, including votes withheld, votes opposing management recommendations, votes on shareholder proposals, votes that diverge from the voting policy, votes involving substantial influence/shareholding and votes linked to an engagement escalation strategy.

Voting Responsibilities

The investment team monitors upcoming general meetings and ensures that voting is carried out consistently, accurately and on time.

Voting decisions are taken by the portfolio management team. This ensures voting is closely aligned with investment insights and stewardship objectives. We do not delegate voting authority to third-party service providers. Glass Lewis is used as an input and benchmark rather than a decision-maker.

We use the Glass Lewis proxy platform to cast votes electronically, enabling Aecus Partners to participate consistently in general meetings across the countries where investments are held.

9.2. Engagement

Shareholder Engagement

Shareholder engagement is a key pillar of Aecus Partners' responsible investment approach. It aims to establish constructive dialogue with investee companies in order to better understand their practices, identify sustainability risks and opportunities, and, where appropriate, encourage improvements in their environmental, social, and governance practices, with a view to long-term value creation.

Engagement activities are conducted in a proportionate, targeted, and pragmatic manner, taking into account the materiality of the issues, the nature of the investment, and Aecus Partners' ability to exert influence.

Objectives of Engagement

Engagement is an essential component of Aecus Partners' stewardship strategy. Our engagement policy aims to be proactive and targeted:

- Contributing to the dissemination of best practices and promoting better integration of Sustainable Development considerations into the governance, operations and business models of the companies in which we invest.
- Enabling the improvement of how companies manage their impacts, particularly on specific issues that are essential to the sustainability of the company, civil society and the economy.
- Supporting them in their transition towards a more sustainable business model
- Highlighting, through a voting policy, the need for company governance and boards of directors to understand environmental and social challenges—both risks and opportunities.

Engagement Topics

Aecus Partners' engagement activities focus on environmental, social, and governance factors where these may be material to the investment thesis. Engagement is undertaken on a case-by-case basis, depending on the specific circumstances of each company and the relevance of the issues identified. These matters are addressed in a prioritised and pragmatic manner, taking into account their materiality to each company, their potential impact on long-term value creation, and Aecus Partners' ability to exert influence.

Forms of Engagement

- **Individual:** dialogue with the investee companies (written correspondence, meetings, site visits etc), controversy management, exercising voting rights.
- **Collaborative:** cooperation with other shareholders and communication with relevant stakeholders, use of collaboration platforms e.g. UN PRI.

Prioritisation

In accordance with our engagement objectives, we prioritise quality over quantity when it comes to engagement efforts. The decision as to whether to engage directly or collaboratively is based on an assessment of likely impact, resources and outcomes. We prioritise company engagement based upon:

- **Material issues** identified– the more significant the issue is to a company's long-term trajectory, the more likely we are to engage. For example, for businesses with high exposure to the use of natural resources (e.g. textiles, food and beverage companies) we scrutinise environmental risks more carefully whereas for companies operating in the construction or chemicals industries, we may look more at health and safety practices and impacts on local communities.
- **Expectations of impact** from our engagement, we engage when we believe we can achieve outcomes, recognising that sometimes initial outcomes can be minor. We consider every step in the right direction is an achievement.
- **Relevance of the engagement topic** with our values as a firm: we seek fairness and equity. This involves consideration of all stakeholders impacted by a company, including the environment.

Setting objectives and measuring engagement effectiveness

Maximising engagement effectiveness is a topic we consider to be very important. As a high-conviction, research-driven manager of concentrated portfolios, our stewardship philosophy is firmly rooted in quality rather than quantity. We typically identify only a handful of meaningful engagement priorities each year, each of which is managed and monitored carefully on an individual basis. Engagements are led and tracked by the investment team, who is responsible for setting clear, specific and measurable objectives at the outset. The team's culture analyst monitors progress over time, typically alongside the relevant analyst for each company.

The partial or full achievement of objectives is a measurement of engagement effectiveness. We monitor a company's 'responsiveness' and we are patient - we know from experience that achieving engagement outcomes can take time, often years rather than months – depending on the topic.

Given our boutique-sized operation, investment style and relatively low number of active engagements, we are not at a level of volume where portfolio-wide KPIs are necessary or informative. Instead, we prioritise detailed, qualitative assessments of progress against the specific objectives set for each engagement and provide regular transparent investor reporting on our activities.

Advocacy

We may conduct advocacy initiatives such as supporting improvements to disclosure or the regulatory environment where we believe that our actions could lead to positive outcomes for society and our investments.

9.3. Escalation

Aecus Partners' escalation framework is built around the principle that stewardship is a long-term process. When an issue is identified as materially important, the firm may continue engagement efforts for up to five years. This indicative timeframe is intended to allow for an in-depth dialogue and to give the company time to define, implement, and demonstrate the effectiveness of credible corrective measures. If, during that period, a company shows no credible intention of addressing the concern and we believe the issue is material to the business case, the position may ultimately be sold in the interests of shareholders.

Before considering divestment, however, the firm may progressively intensify its actions. These steps come into play only after repeated attempts at constructive dialogue have failed. As engagement moves beyond routine dialogue, we draw on several escalation tools, including:

- Additional, more targeted meetings with senior management or board representatives
- Sending formal written communications to management or the board to underline the seriousness of the issue
- Approaching the board directly, including independent directors, to raise concerns
- Using voting rights strategically, in line with the voting policy of Aecus Partners, sometimes notifying boards in advance of intended votes.
- Supporting or co-filing shareholder resolutions aligned with long-term value creation
- Coordinating with other investors to strengthen the collective voice
- In exceptional cases, when circumstances may require, informing regulators, engaging media, or submitting shareholder resolutions
- Divesting when change is unlikely and the issue is materially significant

These measures are only pursued when it becomes evident that active dialogue—Aecus Partners' preferred approach—is unlikely to deliver the desired outcome. Escalation levers are stewardship tools that are used in a gradual, proportionate, and consistent manner, in line with the investment thesis and the identified sustainability issues.

Divestment

Escalation outcomes are incorporated into our ongoing valuation work, scenario assessments, and risk monitoring. Persistent governance failures, unmanaged sustainability risks, or a lack of responsiveness to engagement may affect our long-term conviction in the company and ultimately lead to a reduction or exit from the position. Divestment is a last-resort measure and is considered when the identified risks are deemed incompatible with Aecus Partners' long-term investment objectives.

9.4. Stewardship Reporting

Engagement activities, including escalation steps, are documented and periodically reviewed. This documentation covers all stewardship tools used and the main issues addressed, in a manner that ensures traceability and consistency with Aecus Partners' investment strategy.

Aecus Partners provides transparency to clients through regular reporting, including examples of engagements, vote rationales, and updates on progress made, presented in a qualitative and contextual manner, with priority given to quality over quantity. Our reporting includes:

- Annual Voting Report, including significant votes and their justification
- Annual Responsible Investment Report presenting key stewardship activities conducted
- Bespoke investor reporting, upon request and availability of data

10. REPORTING

Aecus Partners is committed to communicating with its clients as transparently and comprehensively as possible. Our goal is to provide them with all necessary information. All major financial and non-financial information related to the funds is accessible via our website, in compliance with applicable regulations. We believe that transparency is essential to establish and maintain our clients' trust.

At firm-level, the following documents are available:

- Article 29 annual report under the Energy Climate Law (France)
- Responsible Investment policy (including shareholder engagement and voting)
- Annual voting and engagement report
- Exclusion policy
- Remuneration policy

For our public funds, the following documents are available:

- Legal documents (prospectus, fund supplements, Key Investor Information Documents (KI(I)Ds), annual reports, semi-annual reports)
- SFDR pre-contractual disclosure document (within fund supplements)
- SFDR periodic disclosure document (Aecus UCITS ICAV Annual Report)
- Monthly factsheets that include ESG data

Bespoke client reporting

- Aecus Partners is pleased to develop bespoke ESG reporting for clients, subject to availability of data and resources.

Regulatory Disclosures (EU) 2019/2088 (SFDR)

- **Article 3**: Aecus Partners integrates sustainability risks into its investment decision-making process as part of its Responsible Investment framework, as set out in this Responsible Investment Policy.
- **Article 4**: Aecus Partners takes principal adverse impacts of investment decisions on sustainability factors into account on a selective basis, as set out in this Responsible Investment Policy.
- **Article 5**: the remuneration policy of Aecus Partners SAS does not encourage excessive risk-taking with respect to sustainability risks. Further details are available in the remuneration policy of Aecus Partners SAS, available on our website.
- **Article 10**: the information required under Article 10 is provided through the SFDR Annex II pre-contractual disclosures for each Fund, which are available on the Aecus Partners website. Supplementary information on the environmental and/or social characteristics promoted by the Funds, including ESG integration, stewardship and engagement practices, is set out in this Responsible Investment Policy.

Aecus Partners recognises the risks associated with both greenwashing, being the risk of overstating or misrepresenting the sustainability characteristics or impacts of its investment strategies, and greenhushing, being the risk of under-communicating or omitting relevant sustainability information in order to limit scrutiny or reputational exposure. These risks are actively managed through rigorous ESG due diligence, robust data verification processes and transparent reporting practices. Sustainability disclosures and communications are subject to periodic internal review to ensure ongoing consistency between investment practices, regulatory disclosures and external communications.

11. REVIEW OF POLICY

The responsible investment policy and process is reviewed annually. This update provides an opportunity for the management team to make improvements to the methodology based on regulatory developments, organisational changes, and issues identified during the past year.

DISCLAIMER

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