

NS PARTNERS RESPONSIBLE INVESTMENT POLICY



INTRODUCTION

NS Partners SA (hereafter "NS") has undertaken a progressive endeavor to implement and strengthen its Environmental, Social, and Governance (ESG) strategy. As dedicated long-term investors, we recognize the need to adapt to shifts in the investment landscape and integrate ESG considerations into our decision-making processes. This policy has been jointly developed with input from the ESG team, the Board of Directors and the Executive Committee, including the Chief Investment Officer. It will be reviewed periodically to ensure its relevance.

The integration of our fundamental active and bottom-up investment methodology with an ever-expanding inclusion of environmental, social, and governance (ESG) criteria is central to our approach in terms of management of collective investment schemes (including funds and Actively Managed Certificates [AMCs] and wealth management of our managed or advised portfolios where relevant). Over the past half-decade, we have relentlessly sought optimal ways to execute our strategy. While performance remains a pivotal yardstick, we have chosen to adopt an approach that is straightforward and transparent.

DEFINITION

Our definition of responsible investment adheres to Mercer's definition as proposed by the Principles for Responsible Investment (PRI): " The integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance."

RESPONSIBLE INVESTMENT GUIDELINES

NS employs diverse responsible investment approaches.

Wealth Management investments

We have undertaken a comprehensive review of our selection process for external investments. This effort has resulted in the creation of a well-defined list of external funds and ETFs for the Wealth Management department that demonstrate excellence in responsible investment. This list is made available to all our wealth managers and to their clients, this approach is promoted by the Executive Committee. In the event of a client specific demand related to ESG, a due diligence analysis and a fund selection will be made by ESG and Risk Management teams. Our investment strategies encompass a fusion of ESG integration and Themed investing, with a specific focus on acquiring impactful investments. Notably, our recent emphasis has been directed towards enhancing the environmental dimension. Relationship Managers are encouraged to align with the asset management investments, avoiding sensitive sectors and promoting some environmental and social thematic.

Asset Management investments

Within our allocation funds, we have utilized this curated list to gradually increase our exposure to ESG strategies through a combination of ESG integration and Themed



investing. Building on this trajectory, we have implemented a fund strategy tailored for energy transition investments.

Specifically, for those equity funds that promote environmental and social characteristics (Article 8 of SFDR), we employ a combination of exclusion (negative screening) and positive screening criteria (best-in-class), while also considering the principal adverse impacts on sustainability factors (Article 7.1(a) SFDR). These funds exclude investments in tobacco producers, gambling companies, and controversial weapons producers. Additionally, we avoid companies with an MSCI ESG rating score of "CCC," companies that significantly breach the UN Global Compact Code, and those entangled in serious controversies identified through the MSCI ESG Controversy assessment, specifically related to negative environmental impacts. While we choose to limit investments rather than exclude them entirely, we actively seek out companies that are driving the energy transition.

Within these funds, we incorporate a range of sustainability indicators during the investment selection process. These indicators serve the purpose of refining the investment universe and evaluating the suitability of investments based on their alignment with the promoted environmental and social characteristics. Sustainability indicators play a guiding role in investment selection, leveraging insights from fundamental, valuation, and ESG analyses. Our proprietary "NScore" is employed internally to assess ESG situations and negative impacts, with a preference for companies situated in higher Governance quartiles. We have established limits for investments with MSCI ESG ratings of "B" and "BB". Notably, investment decisions are also influenced by carbon emission scores.

MSCI ESG Manager serves as our primary external data source, seamlessly integrated into our internal model for investment analysis. The pressing nature of climate change stands as a pivotal concern that occupies our contemplations. In the context of our long-only equity funds, categorized under Article 8 of the SFDR (Sustainable Finance Disclosure Regulation), we are actively factoring these risks into our assessments through a range of strategies. We are also able to extend these considerations to our clients' investments. Addressing social issues, we are confronted with limited available data. Consequently, we have opted to concentrate our efforts on the UN Global Compact for the time being.

We are extending our responsible investment approach to encompass all of our internally managed equity funds as well as fixed income funds. Additionally, we are ensuring that our clients will have access to products that are aligned with their goals and our strategic focus.

STEWARDSHIP

The Executive Committee has determined a threshold percentage of holding above which it considers exercising voting rights to be cost-effective and in the shareholders' best interest. This threshold is periodically reviewed. We are currently in the process of implementing new solutions to ensure our internal capacity to assess the majority of general meetings in a few of our managed funds. Looking ahead, our objective is to cast votes on the vast majority of companies held by our largest internally managed fund, aligning with our comprehensive understanding of the invested companies. Once finalized, the voting policy will be communicated to investors. Currently, corporate actions are managed and executed by the Investment Manager.



REPORTING

We are committed to transparency in our investment practices. To this end, we provide public reporting for our equity funds categorized under Article 8 of SFDR. Clients will have access to quarterly reports and factsheets that offer a comprehensive overview of aggregated ESG information tailored for our funds.

CONCLUSION

NS is resolute in integrating ESG considerations into our investment approach, guided by our unwavering commitment to sustainable growth and societal progress. Our policy serves as a roadmap to harmonize our investments with our values, all while aiming to generate value for both our clients and the world at large. We recognize that responsible investment is an evolving field.