AS Investment Management

de Pury Pictet Turrettini

# AS Swiss Equity Cadmos Engagement

# Shareholder Engagement Report 2024

- Outstanding track-record since launch in 2014
- Invest in Switzerland's structural winners
- Positive impact through expert driven direct engagement

# Our Achievements

Since 2006 the Buy & Care Strategy represents more than

**310**
**Investments**

**29 000**
**Items Voted**

**1350**
**ESG Company Assessments**

**960**
**Engagement Meetings**

**400**
**Positive Impacts**

de Pury Pictet Turrettini

AS investment management

In 1996 David de Pury, Guillaume Pictet, Henri Turrettini joined forces to create their company, de Pury Pictet Turrettini & Cie S.A. (PPT). The firm provides both wealth management and asset management services to offer high value-added strategic advice based on advanced skills and experience to our private and institutional clients. PPT has always demonstrated a great capacity for innovation, notably as a pioneer of responsible investment. It is the owner of the Buy and Care® strategy which is integrated in the funds managed internally or advised by PPT. PPT is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) since 2008.

AS Investment Management (ASIM) was created in 2006 to serve a clientele who values transparency, accountability and performance. ASIM devotes itself exclusively to Equity Portfolio Management. The conservative investment approach targets a positive return over the medium term, with the core objectives of wealth preservation and creation. ASIM strives to achieve long term gains while limiting downside risk. The fund managers are specialists in Swiss equities. Stock picking based on fundamental financial analysis is their main professional skill. For any individual position, the investment horizon spans 3 years. ASIM is regulated by the FINMA and is a signatory to the United Nations-supported Principles for Responsible Investment (PRI).

**AS Swiss Equity Cadmos Engagement Fund is a swiss law registered Fund launched in 2020. It is a clone of the UCITS regulated Cadmos Swiss Engagement Fund launched in 2014. Both funds are managed since their launch by AS Investment Management and are advised by PPT. Therefore, the section 2 (Active Voting & Stewardship) and the section 3 (Active Engagement & Impact) of this report are based on the data and track-record of the Cadmos Swiss Engagement Fund.**

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The Buy & Care Investment Strategy, applied since 2006, is a cyclical process designed by PPT to better integrate the financially material ESG factors. Through active ownership and direct engagement with companies, we can better select tomorrow's winners and improve our portfolios' risk-reward-impact profile.

The Buy & Care® strategy's three founding principles have proved to be reliable in the long term through changing financial and economic cycles.

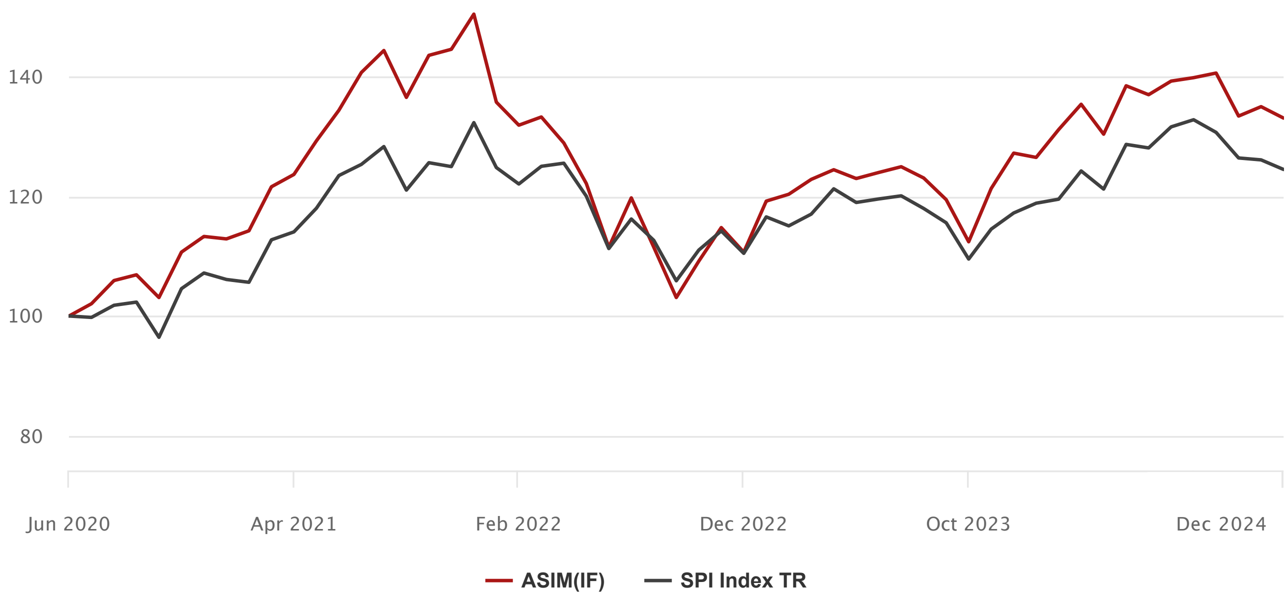
1. **Active Portfolio Management**
2. **Active Voting & Stewardship**
3. **Active Engagement & Impact**

More information on www.as-im.com

# Active
# Portfolio Management

# We outperform by investing in attractive end-markets with long-term growth prospects

**Performance since Inception until year-end 2024 of AS Swiss Equity Cadmos Engagement**




Since inception, from July 2020 to December 2024, the Fund (Class IF) returned +33%, outperforming the reference index which returned +24.4%. In 2024, the Fund generated +5.0% versus the reference index +6.2% (in absolute terms).

The strategy has a sustainability objective as defined by Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector. To achieve this objective, the sub-fund has been managed since its inception according to the Buy & Care strategy, which aims to generate higher risk-adjusted returns for investors than its benchmark and to have positive and tangible impacts. The companies in which the fund invests benefit from the paradigm shift driven by digitalization, climate change and demographic changes. Since its inception in 2020, average turnover of the AS Swiss Equity Cadmos Engagement Fund remains very low, which indicates a true long-term focus from the portfolio managers. It also indicates that we keep the majority of our companies between 5 to 10 years providing us enough time to achieve tangible results through our engagement activities.

To deliver better long-term risk adjusted performances to our clients, we actively select the most profitable and resilient market leaders. We believe that companies generating positive externalities and impacts, contributing to solving global challenges will continue to lead the markets and shape the competitive landscape.

2024 was expected to be a challenging year, but the global economy held up better than expected, particularly in the U.S., where growth continued, thanks in part to the technology sector. Inflation slowed and central banks were able to cut interest rates several times. However, the year was punctuated by waves of political uncertainty (including the U.S. presidential election, the dissolution of the French National Assembly, and the political crisis in Germany), geopolitical tensions (wars in Ukraine and the Middle East), continued economic stress in Europe and China, and hard-to-control inflation in the United States. Overall, financial markets performed well. In Switzerland, the SNB lowered interest rates several times. The Swiss market posted a positive performance in 2024, with the SMI index gaining +4.2%.

The fund underperformed the market. This underperformance was due to the decline in some of the funds' key holdings, such as Inficon, Sika and Straumann, among others, which experienced a reversal in performance compared with 2023. In 2024, the sub-fund returned +5.0%. The benchmark index (SPI Index TR) closed 2024 up +6.2%.

The Fund's assets under management increased from 62 million at the end of 2023 to 76 million at the end of 2024. This increase was due to cash inflows as well as the positive performance of the sub-fund.

As in 2023, the performance of the various portfolio positions was very uneven. Stocks that had suffered heavily in 2023 regained favor in 2024, while those that had performed strongly in 2023 declined.

Interest rate movements benefited financial companies, especially insurance companies. Swiss Life posted good results throughout the year. In announcing “Swiss Life 2027”, it raised its return on equity target to 17-19%, increased its dividend payout ratio and announced a share buyback program. Zurich also reported good results and has already achieved its 2025 targets. Its balance sheet is strong, allowing it to pay an attractive dividend. UBS reported good results and the integration of Credit Suisse is going well. Nevertheless, the share price was volatile during the year due to the FINMA report and its “too big to fail” conclusions. The FINMA report requires UBS to provide more guarantees in the event of a crisis and to review its liquidation strategy. Nevertheless, performance was positive during the year. VZ Holding continued to attract new assets under management and reported good results. Partners Group posted a more modest positive performance than the rest of the sector. The private equity firm is expected to record low performance fees in 2024, as the environment is not conducive to completing sales or marketing private assets.

Continued high inflation in the USA and a gloomy economic environment in the rest of the world weighed on consumer demand. Nestlé was unable to return to its historical real growth rates, leading its CEO to resign after disappointing results. An internal successor was appointed and has the difficult task of restoring investor confidence.
In contrast, Givaudan recorded accelerating sales growth and improved profitability throughout the year. Despite lower watch sales due to falling demand from China, Richemont’s share price rose steadily thanks to the resilience of its jewelry division, particularly the Cartier brand.

SGS was boosted by the arrival of a new CEO and her determination to simplify the group and implement cost-cutting measures to improve profitability.

In the energy sector, falling electricity prices prompted investors to take profits on BKW. The share price recovered following the presentation of the 2030 strategy, with its ambitious target of a CHF 1 billion operating profit and the announcement of a major investment program. BKW aims to play a part in the transition to more sustainable energy production.

In the healthcare sector, performances were mixed. The big pharmas, Roche and Novartis, held up well and performed in line with the market. Novartis reported good results. Despite upcoming patent losses, the Group revised upwards its average sales growth outlook to 5% for the years 2024-29 and the sales potential of several of its key drugs. In November, Novartis announced the acquisition of Kate Therapeutics, which specializes in genetic therapies. Roche reported good results and confirmed its intention to maintain high margins by focusing on internal research. The stock was influenced by hopes for its anti-obesity drugs (following its 2023 acquisition of Carmot Therapeutics), whose clinical results raised a few questions and whose sales may be lower than expected. Alcon posted a fine performance, slightly dented by the publication of lower-than-expected sales and a slight downward revision of its results for 2024. On the other hand, the Group is improving its profitability, and several launches in 2025 should sustain its growth for years to come. Sonova regained ground this year thanks to the launch of its new Infineo hearing aid platform and gains in market share. It won a new contract with Cotsco for hearing aids under its Sennheiser brand, where sales will initially remain modest. After a strong performance in 2023, Straumann declined this year despite decent results except for the United States, where the implant market is in decline. The group announced the sale of its unprofitable DrSmile business in Europe, allowing it to raise its forecasts. Ypsomed, the manufacturer of injectable drug delivery systems, decided to focus exclusively on its injection systems business and to spin off its diabetes care business. Buoyed by the success of the anti-obesity drug GLP-1, the share price continued to rise sharply until October. Despite good results and strong growth, fears that overall sales of anti-obesity drugs would ultimately be weaker than expected caused the share to lose some of its gains in the fourth quarter. Tecan had another very difficult year. Reduced spending by the biopharmaceutical industry led to a drop in demand for its research instruments, and the weakness of the Chinese market affected many of its customers.

Like the healthcare sector, the molecule-producing pharmaceutical supply companies have experienced a variety of trajectories. After a poor year in 2023, Lonza regained the favor of investors. The year was marked by several major events, starting with the acquisition of Roche’s biologics production facility in Vacaville, followed by the appointment of a new CEO, Wolfgang Wienand, then CEO of Siegfried, good results, and finally a review of its portfolio with the decision to sell its Capsule & Health Ingredients division, whose profitability had steadily declined since its acquisition. Despite the departure of its CEO, Siegfried also had a good year. The company posted good results, increased production capacity and made targeted acquisitions to ensure future growth. Since it mainly produces small molecules, it is less affected by the decline in spending by biotech companies, unlike Bachem and Dottikon, which were down this year. Bachem suffered an incident at its construction site and changed certain plans, resulting in delays and additional costs. At the end of the year, disappointing results from Novo Nordisk’s new obesity drug also weighed.

Daetwyler reported lower growth in its Healthcare division due to lower customer inventories and weaker sales of automotive products. The share price fell sharply.

Cyclical stocks were also mixed. ABB is in a positive trend thanks to the growing need for electrification. Belimo is benefiting from strong demand for its cooling solutions in US data centers. Despite a negative trend in the construction and automotive sectors, Georg Fischer posted a positive performance thanks to the successful integration of Uponor and, above all, the announcement of its refocusing on its piping activities with the sale of its Machining division and the study of the spin-off of its Foundry division. By contrast, the slowdown in the construction sector weighed on the results of Geberit and Sika. Lem posted the largest loss in the portfolio, suffering in particular from its heavy dependence on China and the declining automotive sector. Economic conditions and disruptions in the Suez and Panama canals pushed up freight rates in 2024. These disruptions had an impact on Kuehne + Nagel. Interroll is suffering from customer destocking, with new projects struggling to return.

Technology stocks VAT, Inficon, and Logitech, which had surged in 2023 with the rise of AI, have fallen sharply this year. Capital spending by semiconductor companies has fallen and the expected rebound has been postponed. Still, VAT expects a record year in 2025. Logitech has been very volatile this year despite good results. Pressure from the founder to change CEOs and fears of increased US tariffs on China, where the company's production facilities are located, weighed on the stock.

During 2024, the composition of the portfolio changed slightly. Four positions were removed from the portfolio – Also, Emmi, EMS Chemie and SIG Combibloc – and three were added – Galderma, Swissquote and Swiss Re. Following poor results from the software distributor Also, and benefiting from a rebound in the technology sector, the stock was removed from the portfolio. The decline in US consumer spending is weighing on the sales of Emmi and SIG Combibloc. The automotive sector is slowing down, with little improvement in sight in the short term, affecting the business of EMS Chemie.

Galderma, the dermatological and aesthetic injectables company, is benefiting from a strong growth market, geographic expansion and new product launches. Swissquote, the digital bank, is growing strongly, thanks in part to the appeal of cryptocurrency trading, but also to its growth strategy in Switzerland and internationally. Swiss Re was added to the portfolio to increase insurance exposure. The reinsurance company strengthened its financial position by increasing reserves for its property and casualty division. It announced its targets for 2025, including a net profit of USD 4.4 billion. It is targeting dividend growth of at least 7% per year for the next three years and is maintaining its ROE target of over 14%.

Several securities have been accumulated to invest the fund's new liquidity : ABB, Belimo, Georg Fischer, Givaudan, Inficon, Logitech, Lonza, Partners Group, Siegfried, Sika, Swiss Life, UBS, VAT, VZ Holding, Ypsomed, Zurich. Three positions were reduced: BKW, Lem and Nestlé. Lem was significantly reduced in preparation for its removal from the portfolio.

At the end of 2024, the minimum position was 0.2% and the maximum was 7%. The five largest positions at the end of December 2024 are UBS, ABB, Zurich Insurance, Swiss Life and Partners Group, representing 30% of the portfolio.

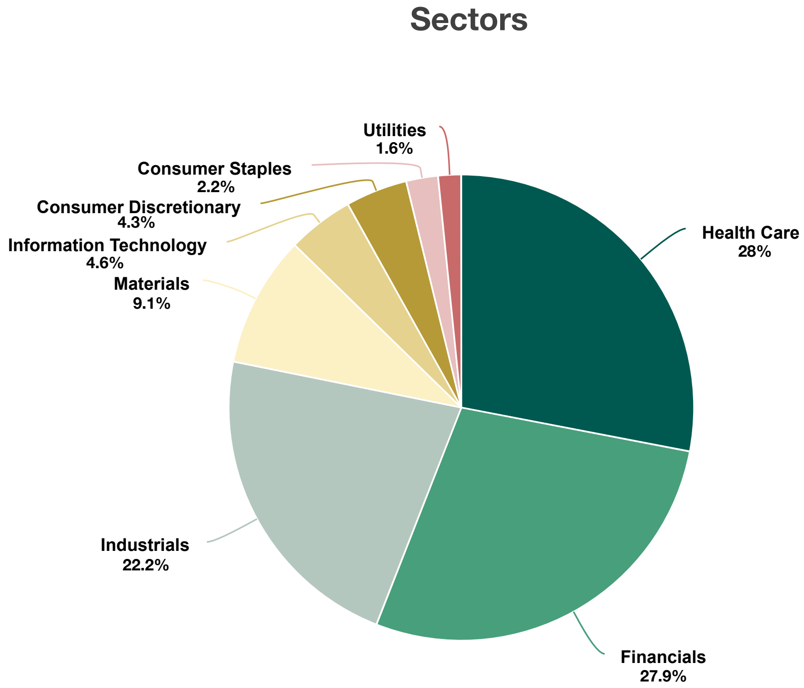
The impact of the changes made in 2024, as well as the changes in scores and ratings, is positive overall for the sub-fund's sustainability. However, these changes are small and are partly explained by the sub-fund's Buy & Care philosophy, which invests with strong convictions. Swiss Re's sustainability rating boosts the sub-fund's average, while also contributing to environmental objectives. The exits of Also, Emmi and EMS Chemie also contribute to the portfolio's sustainability profile.

The sustainability scores of individual companies are based on a double materiality approach based on an ESG score and an impact score. The ESG analysis considered all relevant and prospective ESG factors, including management processes and business model controversies. This score was combined with an impact analysis based on SDG scores and portfolio temperature scores that specifically assess the impact of the investments on society. As part of this analysis, the Fund obtained a sustainability score of 65.6%, which is well above the investment universe score of 59.8%.

These levels are still very high compared to those published for the end of 2023. Some improvements were made by smaller Swiss companies, whose improved transparency allowed them to reassess their climate scenarios. Alcon, Daetwyler, Interroll and VZ Holding were able to demonstrate that they are in line with a temperature increase of less than 2 degrees. On the other hand, our temperature data provider reassessed the scenarios for Lonza, moving from a 1.5 degree scenario to 2.6 degrees.

# Best positioned and well diversified across industries

The Buy & Care® strategy is built on a bottom-up stock selection process. We select only profitable, organically growing, sustainable businesses exposed to attractive end markets or secular trends. We do not take ex-ante sector bets.




Specific sector overweight or underweight are analyzed ex-post and are adapted only if we feel uncomfortable from a macro-economic perspective. Most overweighs are a result of our quality-growth bias and our fundamental bottom-up approach.

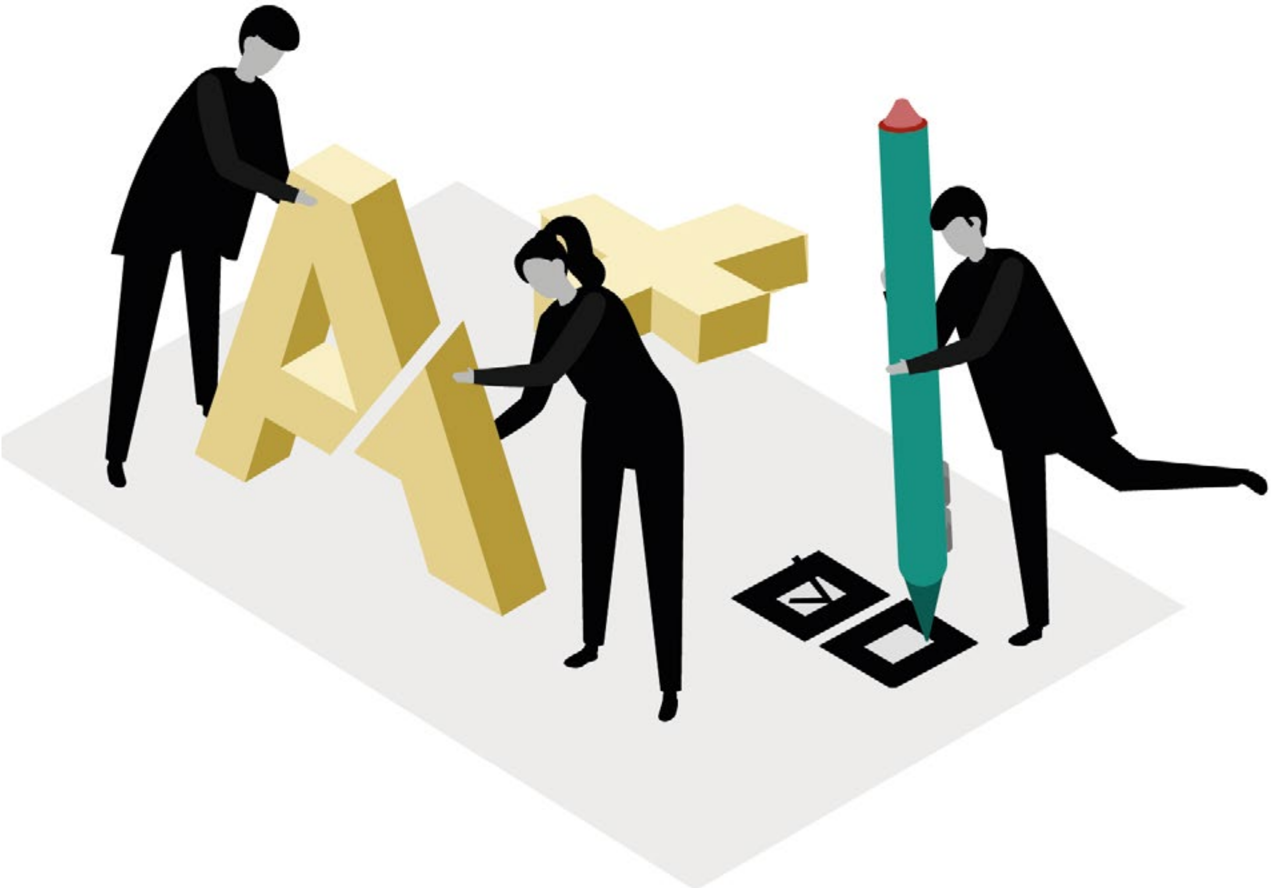
# A quality portfolio built to deliver financial and social impact

## Summary Table

| Portfolio as at 31.12.2024 | Country | Sector | Contribution 2024 (in CHF) | In cadmos since |
|---|---|---|---|---|
| ABB | Switzerland | Industrials | 0.77% | 2006/2023 |
| ALCON | Switzerland | Health Care | 0.87% | 2019 |
| ALSO HOLDING (Out) | Switzerland | Information Technology | 0.04% | 2020 |
| BACHEM | Switzerland | Health Care | -0.13% | 2021 |
| BELIMO HOLDING | Switzerland | Consumer Discretionary | 0.96% | 2016 |
| BKW | Switzerland | Utilities | 0.06% | 2017 |
| COMPAGNIE FINANCIERE RICHEMONT | Switzerland | Consumer Discretionary | 0.76% | 2013 |
| DAETWYLER HOLDING | Switzerland | Industrial | -0.50% | 2017 |
| DOTTIKON | Switzerland | Materials | -0.04% | 2021 |
| EMMI (Out) | Switzerland | Consumer Staples | -0.07% | 2014/2016 |
| EMS CHEMIE (Out) | Switzerland | Materials | 0.00% | 2016 |
| GALDERMA (New) | Switzerland | Health Care | 0.31% | 2024 |
| GEBERIT | Switzerland | Industrials | -0.07% | 2009 |
| GEORG FISCHER | Switzerland | Industrials | 0.23% | 2017 |
| GIVAUDAN | Switzerland | Materials | 0.74% | 2014 |
| INFICON HOLDING | Switzerland | Information Technology | -0.28% | 2020 |
| INTERROLL HOLDING | Switzerland | Industrials | -0.47% | 2020 |
| KUEHNE & NAGEL | Switzerland | Industrials | -0.78% | 2014 |
| LEM | Switzerland | Information Technology | -0.75% | 2021 |
| LOGITECH | Switzerland | Information Technology | -0.13% | 2016 |
| LONZA GROUP | Switzerland | Health Care | 1.47% | 2015 |
| NESTLE | Switzerland | Consumer Staples | -0.62% | 2006 |
| NOVARTIS | Switzerland | Health Care | 0.33% | 2006 |
| PARTNERS GROUP | Switzerland | Financial | 0.20% | 2014 |
| ROCHE HOLDING | Switzerland | Health Care | 0.16% | 2014 |
| SGS | Switzerland | Industrial Goods and Services | 0.34% | 2006 |
| SIEGFRIED HOLDING | Switzerland | Health Care | 0.25% | 2020 |
| SIG COMBIBLOC (Out) | Switzerland | Materials | -0.04% | 2020 |
| SIKA | Switzerland | Materials | -1.07% | 2014 |
| SONOVA | Switzerland | Health Care | 0.20% | 2021 |
| STRAUMANN HOLDING | Switzerland | Health Care | -0.55% | 2014 |
| SWISS LIFE HOLDING | Switzerland | Financials | 1.02% | 2015 |
| SWISS RE (New) | Switzerland | Financials | 0.00% | 2006/2024 |
| SWISSQUOTE (New) | Switzerland | Financials | 0.48% | 2024 |
| TECAN | Switzerland | Health Care | -0.43% | 2018 |
| UBS GROUP | Switzerland | Financials | 0.53% | 2006 |
| VAT GROUP | Switzerland | Industrial | -0.52% | 2016/2019 |
| VZ HOLDING | Switzerland | Financials | 0.87% | 2014 |
| YPSOMED HOLDING | Switzerland | Health Care | -0.07% | 2023 |
| ZURICH INSURANCE GROUP | Switzerland | Financials | 0.73% | 2014 |

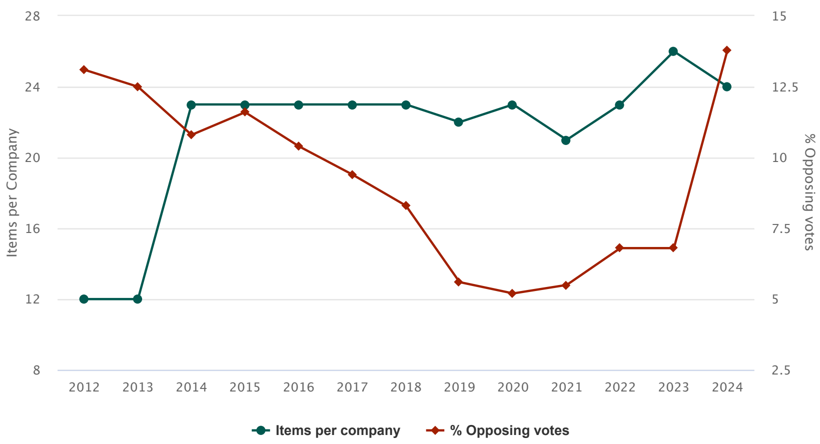
The full detail of any portfolio company
is available on www.cadmos.ppt.ch

# Active
# Voting & Stewardship

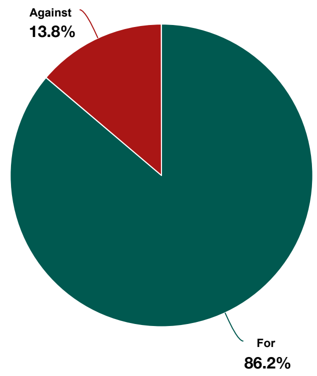


# We vote and sharpen our insight into each company

## Voting trends




## For / Against Management




Of the total 858 votes that we cast in 2024, 13.8% were against management recommendations. The introduction in the course of 2022 of the new climate components within our voting guidelines, is leading to a substantial increase in the percentage of opposing votes. Our voting guidelines are now fully aligned with our portfolio-related climate risk strategies (guided by the TCFD framework) and our global sustainability objectives. The information obtained from voting continues to sharpen our insight into the governance, management and financial structure of each company.

In 2024, higher impact companies which did not have clear sustainability committees, decarbonization strategies and in particular remuneration programs linked to ESG targets saw more opposing votes for their Board members or remuneration plans. We opposed at least one item at 100% of our companies, which is a mark of how seriously we take our role as active shareholders. The majority of our portfolio companies do, however, not, present controversial governance issues. We opposed only one item at 22% of our portfolio companies.

We opposed two or more items to the remaining 78% of companies. The items that once again elicited most of our opposition were linked to the structure and independence of the board of directors. We urge the three companies (ALSO Holding, LEM and VZ Holding) to improve the independence of their board of directors.. Furthermore, BKW was the company with the most votes against the resolutions, mainly on items regarding the Board of Directors (10 votes against, out of 11). This number of opposing votes was due to a lack of transparency in ESG matters, it was still approved by the shareholders with a large majority.

The portfolio managers define their voting positions by studying the analyses of annual general meetings (AGMs) and the voting recommendations supplied by Glass Lewis. They have the rights and the duty to deviate from the proxy's recommendations, should they find that these (advisor and provider of governance services) do not take full account of the companies' business models and particularities or do not correspond to our internal voting guidelines.

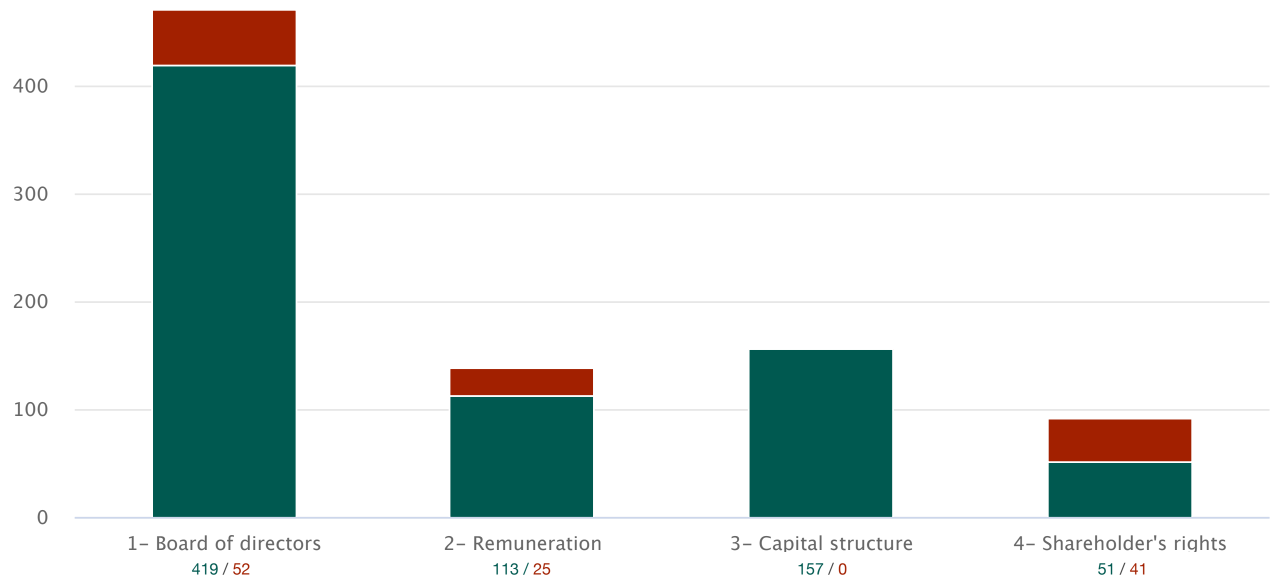
When we feel it can accelerate a company's transition, we do not hesitate to collaborate closely with other investors to co-file a shareholder resolution.

In 2024, the voting items per company remained relatively stable while the percentage of opposing votes increased substantially. This is due to numerous different factors. First, we had more opposing votes for BKW regarding the Board of Directors than usual. Second, we had more opposing votes for Nestle than in previous years due to their recent poor performance and sustainability challenges. Finally, an increase of at least one opposing vote for each company can be observed in the category of Shareholder's Rights. The reason for this is that in 2024, numerous Swiss companies included a "Transaction of other business" item on their Annual General Meeting (AGM) agendas for the first time. This practice allows shareholders to propose additional topics for discussion during the meeting. The inclusion of this item aligns with the revised Swiss company law that came into effect on January 1, 2023, which introduced several changes to corporate governance practices. Companies were granted a two-year transitional period to adapt their articles of association and regulations to comply with the new law, with a deadline of December 31, 2024. The "Transaction of other business" agenda item serves as a mechanism to address any additional matters that shareholders wish to raise, ensuring that all relevant topics can be discussed during the AGM. The reason why we always vote against such items is because it allows unspecified topics to be introduced and voted on during the AGM without prior notice to shareholders. From a corporate governance best practice perspective, proxy shareholders should vote against the "Transaction of other business" agenda item due to its lack of transparency, which prevents shareholders from reviewing topics beforehand.

We were able to vote on all companies of the voting equity securities that were in the Fund at the time of the AGMs. This means that we exercised 100% of the voting rights of our portfolio companies since the AGM of Galderma and Swiss RE happened before their entry into the fund and after the exit for SIG Combibloc.

# Voting is first and foremost a financial responsibility

## Distribution of votes & oppositions by topic




55% of all items submitted to the vote in 2024 concerned the board of directors. The skills, independence and availability of a board of directors are critical to a company's future.

The board of directors, with 52 oppositions representing 44% of all votes against management, and shareholder's rights, with 41 oppositions representing 35% of all votes against management, were the most contentious categories in 2024. A lack of board independence and respect for the rights of shareholders mostly explain these votes. 10 of theses votes were against BKW, due to the lack of ESG transparency.

The board of directors sets the strategy to follow, appoints executive management that will implement it, and sanctions them if the objectives are not reached. In order to reach those goals, the board of directors must consist of a coherent, available and competent team, which should be able to debate freely and evaluate openly the performance of general management. This applies particularly well for companies without a controlling shareholder. In more tightly held family- or founder-led structures however, the control function of the board of directors is often times lacking or almost inexistent. Even though we knowingly also invest in these companies, it is our duty to promote best practices and reduce this material risk.

Shareholder's rights gained in significance for the AS Swiss Equity Cadmos Engagement Fund in 2024. For investors, it is important to ensure that their rights are respected and that they have a meaningful say in key company decisions. We advocate for practices that ensure transparency and fairness in how shareholder rights are upheld. A firm should however have the capacity to defend itself against a hostile takeover which is not aligned with its stakeholders' interests. These defensive measures should not be implemented at the expense of minority shareholders and a sound capital structure. We advocate for practices that ensure transparency and fairness in how shareholder rights are upheld. In 2024, the entry into force of a new Swiss regulation requires companies to include the item a "Transaction of other business" on their AGM. This practice allows shareholders to propose additional topics for discussion during the meeting. It explains the large share of opposing votes in the category of Shareholder's rights.

It is undeniable that investors like Cadmos have led to improved corporate governance, particularly among companies with a mixed shareholder base. But much can still be done to ensure the independence and appropriate mix of attributes and expertise of some companies' boards.

# We do not delegate – Portfolio managers exercise their voting rights directly

## Summary Table

| Portfolio as at 31.12.2024 | Country | Description | Total Resolutions | Total Against |
|---|---|---|---|---|
| ABB | Switzerland | Voted | 23 | 1 |
| ALCON | Switzerland | Voted | 25 | 1 |
| ALSO HOLDING (Out) | Switzerland | Voted | 22 | 7 |
| BACHEM | Switzerland | Voted | 18 | 6 |
| BELIMO HOLDING | Switzerland | Voted | 30 | 2 |
| BKW | Switzerland | Voted | 20 | 13 |
| COMPAGNIE FINANCIERE RICHEMONT | Switzerland | Voted | 35 | 2 |
| DAETWYLER HOLDING | Switzerland | Voted | 24 | 2 |
| DOTTIKON | Switzerland | Voted | 16 | 4 |
| EMMI (Out) | Switzerland | Voted | 24 | 4 |
| EMS CHEMIE (Out) | Switzerland | Voted | 13 | 4 |
| GALDERMA (New) | Switzerland | Entry after AGM | 0 | 0 |
| GEBERIT | Switzerland | Voted | 19 | 2 |
| GEORG FISCHER | Switzerland | Voted | 22 | 1 |
| GIVAUDAN | Switzerland | Voted | 21 | 1 |
| INFICON HOLDING | Switzerland | Voted | 20 | 3 |
| INTERROLL HOLDING | Switzerland | Voted | 18 | 3 |
| KUEHNE & NAGEL | Switzerland | Voted | 28 | 9 |
| LEM | Switzerland | Voted | 22 | 5 |
| LOGITECH | Switzerland | Voted | 29 | 1 |
| LONZA GROUP | Switzerland | Voted | 23 | 1 |
| NESTLE | Switzerland | Voted | 30 | 11 |
| NOVARTIS | Switzerland | Voted | 28 | 1 |
| PARTNERS GROUP | Switzerland | Voted | 26 | 5 |
| ROCHE HOLDING | Switzerland | No voting rights | 0 | 0 |
| SGS | Switzerland | Voted | 29 | 3 |
| SIEGFRIED HOLDING | Switzerland | Voted | 25 | 1 |
| SIG COMBIBLOC (Out) | Switzerland | Exit before AGM | 0 | 0 |
| SIKA | Switzerland | Voted | 22 | 1 |
| SONOVA | Switzerland | Voted | 24 | 1 |
| STRAUMANN HOLDING | Switzerland | Voted | 22 | 6 |
| SWISS LIFE HOLDING | Switzerland | Voted | 28 | 2 |
| SWISS RE (New) | Switzerland | Entry after AGM | 0 | 0 |
| SWISSQUOTE (New) | Switzerland | Voted | 21 | 1 |
| TECAN | Switzerland | Voted | 29 | 1 |
| UBS GROUP | Switzerland | Voted | 29 | 1 |
| VAT GROUP | Switzerland | Voted | 24 | 1 |
| VZ HOLDING | Switzerland | Voted | 20 | 5 |

The full detail of any portfolio company
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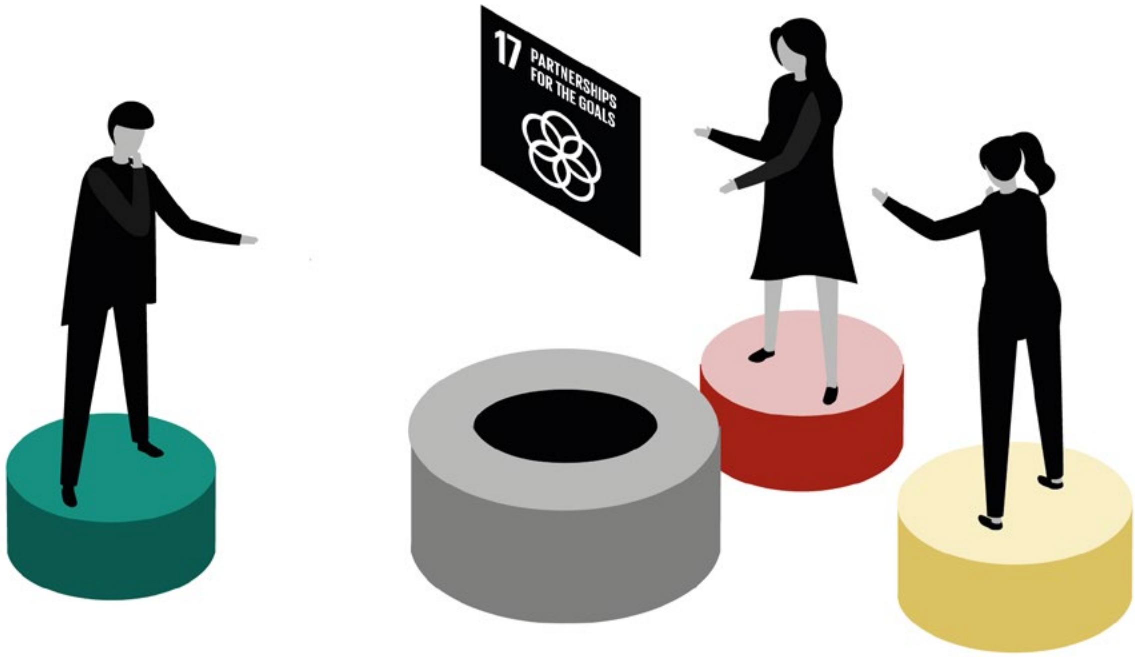
# Active
# Engagement & Impact



# Engagement & Impact Stories

## Sika

**10th consecutive engagement meeting with Sika**

Sika is a specialty chemicals company with a globally leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protection in the building sector and the industry. Sika has subsidiaries in 103 countries around the world and, in over 400 factories, produces innovative technologies for customers worldwide. In doing so, it plays a crucial role in enabling the transformation of the construction and transportation industries toward greater environmental compatibility.Sika's involvement in resource-intensive industries places sustainability at the core of its business model. Challenges relate to the environmental impact of its products and the need to uphold human rights and labour standards across its supply chain. For Sika, double materiality is crucial as its sustainability efforts not only enhance operational efficiency, reputation, and regulatory compliance but also impact the broader environmental and social landscape.

Our relationship with Sika began in 2014 and has involved regular engagement over the past decade, focusing on meaningful change. Central to our discussions has been enhancing Sika's health and safety practices, aligning them with global standards like the Global Reporting Initiative (GRI) and the UN Global Compact. We helped Sika address gaps in labor standards, human rights, and health and safety, leading to improvements such as an updated Supplier Code of Conduct and increased transparency in sustainability reporting. By 2016, we recommended expanding health and safety certifications and setting measurable human rights targets, which Sika successfully implemented.

The United Nations Global Compact (UNGC) was created by former United Nations Secretary-General Kofi Annan in 2000, as part of a strategic policy initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies. Annan proposed this framework to address the challenges of globalization, aiming to align corporate operations and strategies with ten universal principles in areas such as human rights, labor standards, environmental protection, and anti-corruption. The initiative was established to harness the private sector's influence and resources in promoting ethical practices and creating a global movement towards more accountable and inclusive economic growth.

Why is this important?

Principle 1 is about supporting, respecting and protecting human rights and Principle 2 is about making sure the company is not complicit in human rights abuses. Complicity is a significant topic in the context of the United Nations Global Compact (UNGC). It can occur through various forms of association such as business relationships, supply chain practices, or passive compliance with local laws that contravene human rights standards. Addressing complicity is crucial because it emphasizes the responsibility of corporations not only to avoid infringing on rights but also to ensure they are not tacitly allowing or facilitating violations.

In 2015, we advised Sika to refine its stakeholder engagement process and adjust its materiality matrix to focus on more impactful issues, which the company adopted to strengthen its sustainability strategy. In 2023, our assessment of Sika's conflict risks, alongside TrustWorks, led to improved supplier risk profiling and enhanced due diligence. Sika also targeted child labor and sought to exceed industry standards for human rights, significantly mitigating potential conflict-related risks in its supply chain.

Through our ongoing engagement, Sika has also strengthened its conflict-sensitivity framework, particularly in fragile states. A notable outcome was Sika's partnership in Ukraine with the Swiss Agency for Development and Cooperation (SDC) and Geberit to expand a vocational training program. This initiative supports SDG 16 by fostering peace, justice, and sustainable development in conflict zones, contributing to Sika's long-term sustainable growth and its commitment to community-driven development.Due to Sika's involvement in resource-intensive industries, we have completed 10 engagement cycles with them. Throughout this time, we have seen in several instances their commitment to enhancing their sustainability and ethical business practices based on our discussions and recommendations. The mutual trust built up over the years paid off, as the discussion of the identified gaps and possible improvement measures was once again constructive in 2024. Among other things, the proposals for measurable and verifiable targets on equal pay and for reviewing the usefulness of the current indicator of absenteeism rate due to work-related illnesses were positively received and internal follow-up are suggested. Similarly the recommendation to consider applying heightened human rights due diligence in fragile countries in which the company is most exposed to conflict risks were not contested.

## The power of regenerative agriculture

### Climate and supply chain resilience

The agri-food value chain is fundamentally dependent on soil quality. Soil degradation presents a significant risk to over 40% of the Earth's land surfaces and the climate. Each year, approximately 24 billion tons of fertile soil are lost. A mere 5% decrease in fertile soil represents the equivalent of 2 to 4 years' worth of carbon emissions. The estimated annual cost of soil degradation in the European Union is €97 billion, with human health constituting two-thirds of this cost. Without protecting and regenerating our soils, it will become increasingly difficult to feed the world, address climate change, and halt the loss of biodiversity. European agriculture remains subsidized towards an unsustainable production model that contributes to major greenhouse gas emissions, biodiversity-, and fertile soil loss. A transition to regenerative agriculture has the potential to play a major role in mitigating climate change. By storing carbon, rebuilding both soil and soil health and thus cultivating biodiversity, regenerative agricultural practices create healthy ecosystems more resilient to climate change. Yet, only an estimated 3% of farmers are farming according to regenerative practices today. Unlocking financial support and technical assistance available for them can accelerate the transition.

With those hard facts in mind, PPT decided as early as 2017 to team up with the Earthworm Foundation and its Living Soils Initiative. This program is putting soil preservation back at the heart of agricultural production systems by accelerating the adoption of regenerative agricultural practices that improve soil health. The initiative aims at facilitating the transition of 1 million hectares to regenerative agriculture by 2025 while involving 10,000 European farmers in the agricultural shift and providing them with technical assistance and at least EUR 50 million in incentives to support their transition. Melchior de Muralt (Managing Partner of PPT) joined the advisory board of the Living Soils initiative with the aim of reaching our global multinational agri-food companies. Nestlé is a key partner of the Living Soils initiative which was designed to showcase that regenerative agriculture is viable.

At PPT, we see our principal role as inviting our portfolio companies to participate and engage with this project, and help cultivate connections between the project and these companies.

Since 2017, we have been engaging the following portfolio companies on the topic of regenerative agriculture with the objective to raise their awareness of its potential. We conducted dedicated engagement meetings directly with the companies and organized webinars together with Earthworm. We also invited other financial institutions to participate and help us leverage on the work of Earthworm:

Adidas, Anheuser Bush, Compass, Danone, Emmi, FEMSA, Givaudan, Hermes, Kerry Group, LVMH Moët Hennessy, Nestlé, Novozymes, Reckitt Benckiser, Richemont and Unilever.

Today, at least 6 of these companies are in close contacts with Earthworm and are working on tangible projects within their supply chains. The benefits of such partnerships will not materialize within several years, but as a long-term shareholder we certainly have a vested interest for them to succeed.

We are of the opinion that the collective efforts of our portfolio companies have played a significant role in raising awareness about the importance of sustainability within the key value chain. This approach has also led to a deeper comprehension of the potential benefits of collaborating with the Foundation and relevant public funders through a blended financing mechanism. In 2022 we financed a feasibility study run by the Earthworm Foundation, our long-term partner KOIS and a major French cooperative, with the objective to fix the mechanism of an innovative financing instrument, blending private and public capital, that aims to move 1'000 farmers toward regenerative agriculture practices. We believed that this pilot would be highly replicable and will therefore significantly speed up the regenerative agriculture transition process.

Unfortunately, there is still a lot of skepticism to the mass adoption of regenerative agriculture, of which a large portion do not recognize the potential of the practice. One way to convince these skeptics is by scientific, social and economic KPIs. The results of the study that was conducted showed to be replicable. The aim with these results is to now expand the reach and scope of the project. In 2023, we saw great strides being made as Vivescia joined. Vivescia helped transition this project to evolve from a pilot into a real agricultural project which, on scale, proves its economic and social viability. The project has now become the largest regenerative agricultural project in Europe. Vivescia and potential other companies like them are helping and enabling Earthworm with transitioning farmers to adopt regenerative farming practices on a shorter time frame and a bigger scale.

Additionally, to be able to produce scientific research and obtain measurable KPIs, Vivescia is collaborating with two scientific partners, UniLaSalle and INRAE, to generate more scientific evidence on the project's subject. These findings will aid Vivescia and other stakeholders in developing clearer KPIs. UniLaSalle is a Polytechnic Institute at the heart of the challenges of transition. It is shaping a new generation of Grande Ecole that unites the sciences of Life, Earth, Environment and Energy with industrial sciences and digital technologies. INRAE is France's National Research Institute for Agriculture, Food and Environment, created on January 1, 2020. It was formed by the merger of INRA, and IRSTEA. These are two giants in their fields, sure to achieve measurable KPIs.

Sols Vivants, an initiative supported since 2021 by PPT, is primarily a living laboratory that facilitates partnerships around soil regeneration and, more broadly, the transition of the agricultural model. Its purpose is to incubate, test, and develop models for large-scale transition.

The first level of partnership is between farmers, suppliers, agri-food companies, and distributors within the same supply chain (such as around wheat, for example), where we support the transformation of their supply chains toward more regenerative practices. Since 2018, we have facilitated the involvement of around 600 cereal, sugar beet, and potato producers in France in a transition, where they receive technical (from us and their collection organizations) and financial (from the buyers of their raw materials) support.

More ambitious, yet essential for scaling up, a second level of partnership focuses on crop rotation: as different crops are planted sequentially on the same soil (crop rotation), we promote collaboration between complementary value chains within targeted regions, involving common farmer crop rotations. In these partnerships, we also strive to engage public actors from the region (such as Chambers of Agriculture or Water Agencies). The goal is to bring a large number of farmers into a sustainable transition. For example, in the Grand Est region of France, this partnership took the form of a commitment by a major cooperative (Vivescia), which collects cereals and oilseeds, along with its industrial clients (Malteurop, Francine flours, Grands Moulins de Paris…), and its end customers (Heineken, Sedamyl Roquette, Avril, Tereos…), to technically and financially support 1,000 farmers in their transition through the "Transitions" program. This program also received public support from France 2030.

PPT has been an early supporter of this program, co-financing the efforts needed to design the program alongside the cooperative. In 2024, PPT facilitated a webinar with seven companies from the fund to present this concrete program (already 420 farmers engaged in year 2, and 14 companies), which is replicable and scalable. This also provided an opportunity for PPT to convey the message that investors and shareholders are ready to support companies in the necessary investment for soil regeneration, the return of biodiversity on farms, and the reduction of GHG emissions from agriculture… investments that are ultimately essential for the sustainability and resilience of supply chains. Discussions are underway with companies that participated in the webinar to explore how to integrate such programs.

Nestlé

Nestlé France has been a long-time partner of Sols Vivants. Since 2018, the company has been involved in the initiative, and the first field trials took place in 2019 with farmers supplying the Mousline factory in Rosières en Santerre (now outside the Nestlé scope). When the company announced its commitment to sourcing 50% of key ingredients from farmers practicing regenerative agriculture by 2030, things accelerated: by 2024, more than 30 farmers producing 100,000 tons of raw materials (mainly cereals and beets) are engaged in transitioning their practices. Commercially, this has led to multi-year contracts between Nestlé and seven of its suppliers. Looking ahead, the challenge will be to expand and sustain these efforts by engaging other buyers of complementary raw materials in the farmers' crop rotation.

Nestlé also promotes agroforestry through Sols Vivants, with 61 farmer projects supported in 2024 through four suppliers, resulting in 70 km of hedgerows replanted around fields and 105 hectares of agroforestry within parcels.

Additionally, in early 2025, the Protei'Sol project was launched: together with Earthworm and Terres Inovia, and with financial support from the European Union and the Hauts-de-France Region, Nestlé, via Purina, partners with the Noriap cooperative, animal nutrition players, and retailers Auchan and Lidl to foster the development of a local legume supply chain (peas and fava beans) in Hauts-de-France.

Outside of Europe, particularly in Latin America, Earthworm and Nestlé are working to implement regenerative agricultural practices (including agroforestry, degraded land restoration, and forest restoration interventions) with small palm oil and cocoa farmers to generate verified carbon benefits.

# Engagement Intensity by Key Material Sustainability Topic

**Product Environmental Impact**
Companies are expected to promote practices such as environmental responsibility, resource efficiency and pollution prevention across the full life cycle of their products and services.

**Supplier Environmental Impact**
Companies are expected to apply due diligence in their relationship with suppliers to prevent and mitigate negative environmental impacts and to engage with them to promote and foster positive environmental impacts.

**Impact on Communities**
Companies are expected to assess the rights and interests of communities, identify potential positive and negative impacts, avoid or mitigate negative impacts, foster positive impacts and establish engagement procedures.

**Core Labor Standards Compliance**
Companies are expected to exceed core labor standards (freedom of association, collective bargaining, forced or child labor, discrimination, health and safety, etc.) and not contribute to violations through their business relationships.

**Business Integrity and Compliance**
Companies are expected to maintain compliance and demonstrate their adherence to integrity, governance, and responsible business practices (bribery, money laundering, collusion, tax evasion, fraud, insider trading, etc).

**Climate Change Impact**
Companies are expected to cut GHG emissions in their own operations and value chains, foster low-carbon solutions, and mitigate and/or adapt to the impacts of climate change.

**Product Social Impact**
Companies are expected to exercise due care and foresight in their management of products and services to systematically prevent potential negative social impacts or foster positive impacts along the full life cycle.

**Supplier Social Impact**
Companies are expected to apply due diligence in their relationship with suppliers to prevent and mitigate negative social impacts and to engage with them to promote and foster positive social impacts.

**Employee Loyalty & Skills**
Companies are expected to foster a loyal and diverse workforce by acknowledging, understanding and proactively using differences among people to strike a balance that benefits the business.

"Human rights do not appear as a single topic. Instead, particularly in the light of the UN Guiding Principles on Human Rights, they are considered overarching, and are integrated into all nine topics."

## Companies from the Fund as of 31.12.2024 as well as companies that exited the Fund but were engaged by Cadmos.

**Product Environmental Impact**
ABB Ltd
EMS-Chemie Holding AG
Geberit AG
Lonza Group AG
Nestle SA
UBS Group AG
VAT Group AG

**Climate Change Impact**
BKW AG

**Supplier Environmental Impact**
Cie Financiere Richemont SA

**Product Social Impact**
Alcon Inc
Sonova Holding AG
Straumann Holding AG
Tecan Group AG

**Supplier Social Impact**
Cie Financiere Richemont SA
Givaudan SA
LEM Holding SA

**Core Labor Standards Compliance**
Sika AG

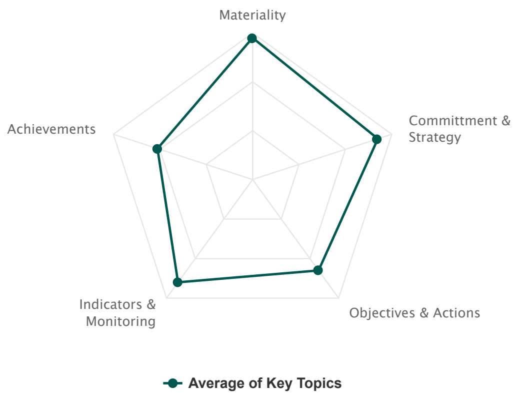
**Business Integrity and Compliance**
EMS-Chemie Holding AG
Novartis AG
Roche Holding AG
SGS SA

## Key sustainability topics


Percentage of companies engaged on this topic.

# We conduct a robust sustainability assessment of all portfolio companies

## PREPAREDNESS ON THE KEY SUSTAINABILITY TOPICS

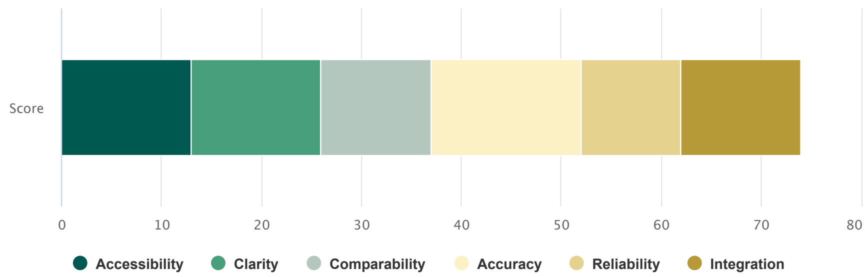



We assess and benchmark a company's preparedness to address its key material sustainability topics. Preparedness is assessed according to five criteria that draw heavily on the UN Guiding Principles.

The portfolio companies' average score for preparedness on key topics is 84%. A score of 100 % reflects absolute best practice by all the companies in the Fund in relation to their respective key topics, for all five indicators (Materiality, Commitment and Strategy, Objective and Actions, Indicators and Monitoring, and Achievements).

Most companies are well positioned to manage their key material topics. The key gaps are found in the criteria "Objectives and Actions" and "Achievements". We often engage companies to set tangible short-term and long-term objectives, to develop a comprehensive set of actions and to report on positive and negative achievements.

## QUALITY OF REPORTING

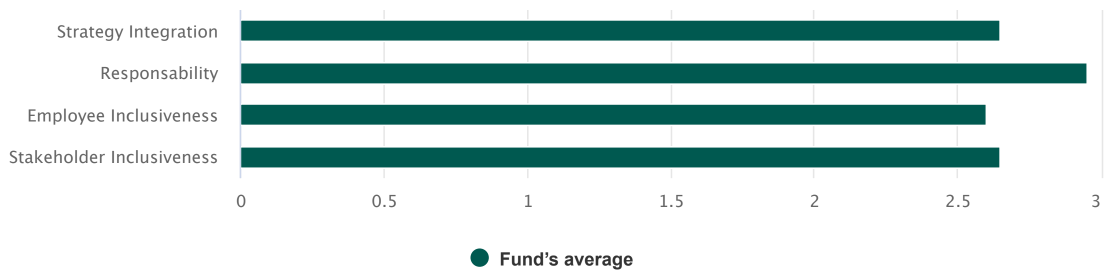



The assessment of reporting quality comprises six criteria: accessibility, clarity, comparability, accuracy, reliability, and integration, to determine how well the company's publications address the most material topics.

The portfolio companies' average score for quality of reporting is 74%. A score of 100 % reflects absolute best practice by all the companies that we assessed, for all six indicators.

We invest in companies that are among the best at communicating about their ESG challenges and opportunities. ESG communication is however becoming increasingly complex and we often help the companies to streamline their communication and in particular regarding clarity, objectivity, balance, comparability and to better link ESG impacts to the bottom line, top line or risks.

## SUSTAINABILITY ORGANISATION

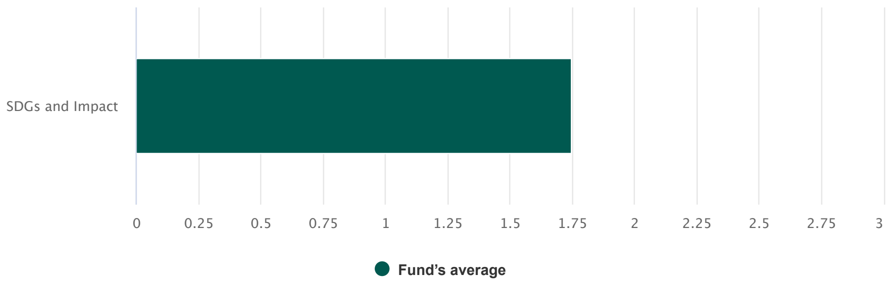



We also assess each company's sustainability organization and governance. Four criteria measure the extent to which sustainability is integrated into the company's organization and governance.

The portfolio companies' average score for quality of sustainability organization is 2.71 from a maximum of 3, i.e. 90%. A score of 100% would reflect absolute best practice by all the companies that we assessed, for all four indicators (Strategy Integration, Responsibility, Employee Inclusiveness and Stakeholder Inclusiveness).

Most portfolio companies have already well integrated sustainability within their governance structure. The most frequent weaknesses we tend to engage on are linked to the insufficient involvement and engagement with either the employees or the stakeholders.

## REFERENCE TO IMPACT AND EXTERNALITIES




We also assess quantitatively how closely companies showcase their purpose and positive impacts, adhering to double materiality reporting typically using the Sustainable Development Goals.

The portfolio companies' average score for SDG's and Impact is 1.75 from a maximum of 3, i.e. 58%. A score of 100% would reflect absolute best practice by all the companies that we assessed.

We almost systematically encourage companies to better integrate the positive impacts of their business model, using for instance the SDG framework as a benchmark. Moreover, we motivate companies to scale-up existing initiatives through strategic partnerships, sector-wide initiatives, private-public partnerships or blended finance mechanisms. Our "SDG Engagement" is specifically designed to support the companies in this endeavor.

# Examples of gaps and recommendations

## VAT Group

**Gaps and recommendations regarding some Reference to Impact and Externalities, as well as Sustainability Organization and other general topics were addressed. These are 3 of the 5 gaps and recommendations formulated during our 2024 engagement meeting.**

**Gap 1**
Whilst VAT is actively engaging employees in its sustainability agenda, it is not clear if and how how  variable compensation for senior and top management linked to sustainability goals.

**Recommendation 1**
VAT should consider communicating more clearly on whether and how sustainability targets are relevant for executive compensation.

**Gap 2**
Clear short and long-term objectives are defined for the reduction of GHG emissions and energy use, but not for resource and waste management, although activities and actions towards both aspects are mentioned.

**Recommendation 2**
Once a data basis on resource and waste management is established, VAT should define tangible short, medium and long-term objectives for this topic aspect.

**Gap 3**
VAT has performed extensive calculations of its carbon footprint an monitors water and energy consumption as well as waste management to manage its environmental impact and resource consumption. There is no evidence for a more holistic view of environmental impacts in product development.

**Recommendation 3**
When optimizing products in line with circular economy principles, VAT should consider the entire life cycle of a product and its impact, not only on CO2 emissions, but also on biodiversity, soil, air, land consumption etc…

## Straumann

**Gaps and recommendations regarding Quality of reporting, Product social impact and Sustainability Organization were addressed. These are 3 of the 14 gaps and recommendations formulated during our 2024 engagement meeting.**

**Gap 1**
Access to affordable implants for patients in low-income countries is only generically addressed though there could be a substantial demand. So far, Straumann serves this target group only occasionally and not strategically through its community engagement

**Recommendation 1**
Straumann should explore opportunities and approaches to provide low-cost implants for people living in low-income societies/countries. Further, it should critically review its community engagement from the view-point of generating measurable positive impact.

**Gap 2**
The company does not validate its non-financial reporting and the underlying collection and compilation of data through an independent third-party.

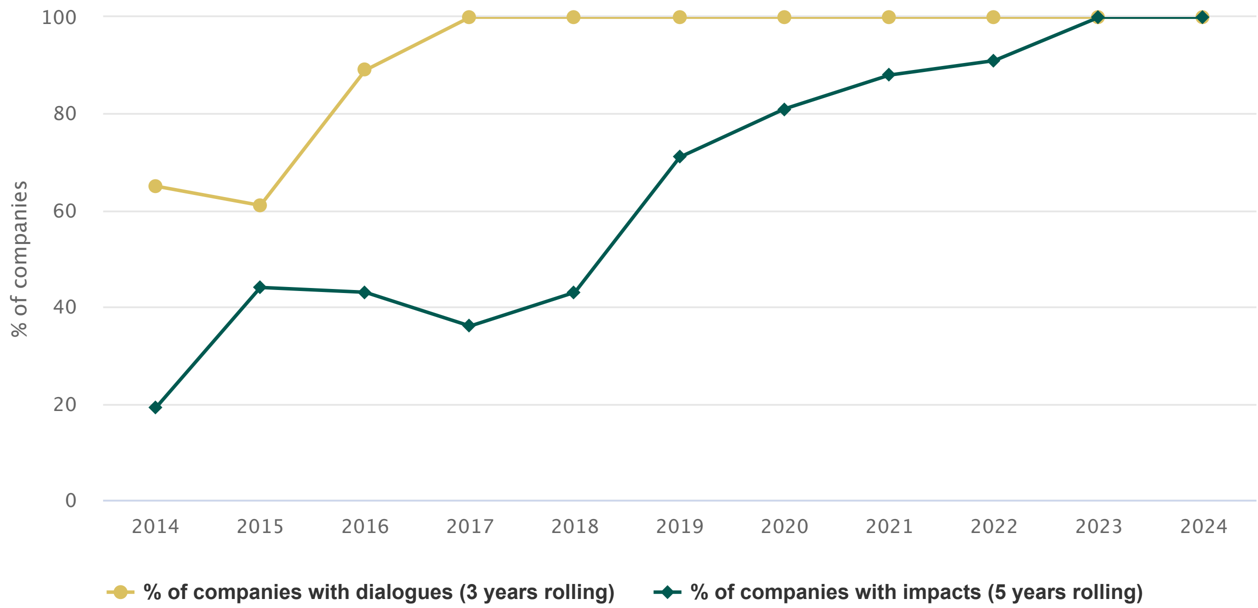
**Recommendation 2**
Instead of extending the scope of the external audit by including sustainability related aspects, Straumann could invite independent experts representing relevant stakeholders on a regular basis to discuss relevant ESG issues and to get their formal  feedback on company's non-financial disclosure.

**Gap 3**
At the management level, the necessary leadership to anchor sustainability more comprehensively and credibly is still lacking.

**Recommendation 3**
Measurable sustainability targets should be defined for all business managers, which are taken into account in the calculation or payment of remuneration.

# We actively help companies progress on the strategic integration of their key sustainability topics

## Engagement for ESG Progress — Achievements




At the end of 2023, we had an engagement dialogue with 31 or 100% of the portfolio companies we assessed. 100% of long-term holdings improved on weak points raised previously and implemented our recommendations linked to the strategic integration of sustainability into their business models.

In 2024, we maintained our outreach and capacity to generate impact at Swiss companies from at 100% of all the portfolio companies we hold since at least 5 years. Back in 2019, we had already reached our five-year objective to create impact at a majority of our portfolio companies.

Our recommendations are formulated on identified gaps, which become visible through our systematic yearly assessments. Together with our external experts, we assess key material topics for each company according to their core business activities. For the AS Swiss Equity Cadmos Engagement Fund, three key topics stand out as the most financially material to the universe of companies in the Fund which are, “Product Environmental Impact”, “Product Social Impact” and “Business Intergity and Compliance”.

Our engagement targets for the AS Swiss Equity Cadmos Engagement Fund are ambitious. The first target is to create a dialogue with each company we engage within three years. We have reached and maintained this objective since 2017, having engaged with all the companies that have been in the Fund in the past eight years. In the last engagement cycle of 2024, we engaged with 19 companies and 13 of them for at least five consecutive years.

Moreover, to provide a transparent measure of the impact of our engagement with the companies, we measure the engagement level of each company. Only when a company reaches level 5, signifying that it has acted on one of our recommendations regarding the strategic integration of sustainability, we consider that we have made the desired impact as responsible shareholders. For the AS Swiss Equity Cadmos Engagement Fund, we aim to generate positive impacts within five years at a majority of our portfolio. Having already reached our ultimate target in 2019, we are now building on it by impacting 100% of companies in the Fund’s long-term holdings. During the period under review, 14 companies (ABB, ALCON, Bachem, BKW, Richemont, EMS Chemie, Geberit, Lonza, Nestlé, Roche, Sonova, Tecan, UBS, VAT Group) acted on our recommendations and improved on at least one weak point raised the year before.

The Cadmos engagement impacts standout as they are the results of multiple engagement meetings spread over multiple years. We want to embed sustainability in the strategic and operational decisions of our portfolio companies. We want to further accelerate the sustainability transition of the companies we invest in and are not looking for a flash in the pan. The more detailed descriptions of our engagement meetings with Sika and VAT Group within this report do attest to our long-term oriented impact philosophy. Please also refer to our previous reports highlighting our multi-year engagement impacts at BKW, SGS, Givaudan, Partners Group, Straumann or Logitech.

The 2024 engagement meeting with Nestlé provided an opportunity to address various topics with their representatives from IR and the sustainability team. The company's representatives welcomed the feedback, and the specific assessment of Nestlé's presence in fragile and conflict-affected settings, and shared interesting insights. The contextualization and comprehensibility of environmental and climate data were discussed and the engagement team asked Nestlé for a more holistic evaluation of its results as well as a discussion of the business model's challenges for sustainable development. Linked to a previous recommendation, the content of the CSV report is now clearly linked to the materiality assessment.

This last year, we engaged for the first time with ABB since 2018. The Group Head of Sustainability and her colleague of Investor Relations participated in the constructive meeting. Previously, it was suggested to provide information about the effectiveness of the company's integrity measures. ABB provides now an overview of the number of allegations related to integrity concerns and employment actions, in addition to myriad, non-disciplinary remedial actions, resulting from integrity violations pursuant to company's root-cause analysis and accountability processes. Further, ABB's commitment and goals related to HSE & Security is now covered in a separate publicly available document and comprehensively explained in the latest Sustainability Report.

Altogether, since the launch of the Fund in 2014, we have recorded 106 instances of companies' positive engagement based on their improvement upon a specific point in response to the suggestions provided by Cadmos. Detailed assessments and engagement feedbacks on all companies are provided within our Integrated Performance Reports (IPRs), available to all Cadmos investors on request. A sample IPR is available within this report.

# Social Impact Partnerships leading to tangible impacts

## LEVEL OF ENGAGEMENT FOR SDG IMPACTS

We selected 19 portfolio companies to engage on tangible SDG impacts. 19 or 100% of them expressed interest in identifying together with our social impact partners, how they can best progress on the SDG journey. For the first time, one company (SIKA) implemented a suggested impact project (Read More below). Moreover, we are already developing a partnership with 2 companies (Nestlé and Novartis) to create additional social impact and make the SDGs a source of business value.

We encourage all portfolio companies to create superior value

| | |
|---|---|
| 1 | **Implementation of tangible impact project**<br>**Level 5** |
| 3 | **Social impact partnership in development**<br>**Level 4** |
| 7 | **In-depth impact assessment conducted**<br>**Level 3** |
| 10 | **Companies participated to follow-up meetings dedicated to social impact**<br>**Level 2** |
| 19 | **Expressed interest for a social impact dedicated follow-up meeting**<br>**Level 1** |

by embedding the SDGs and positive impacts in their business models. Creating real value from the SDGs take deep commitments that only few companies have truly achieved. These engagements are backed with the expertise of our social impact specialists at Kois, Kite Insights, TrustWorks, PeaceNexus, Earthworm, BHP as well as other selected organisations. The objective of these specific engagements is to support portfolio companies to harness partnerships (SDG 17) to advance the SDGs at a greater pace and with greater effectiveness than they could alone.

Our experts provide support and foster the development of tangible social impact projects including targeted blended finance instruments such as social impact bonds, partnerships with social enterprises, capacity building and executive training. Together with our social impact partners, we developed a healthy pipeline of 10 interested companies (53% of the engaged companies). These are the companies with an engagement level on SDG 17 for tangible SDG Impacts of 2 and above. This high number illustrates the interest companies have in making the Goals a driver of growth and embed the SDGs into their business, making them a key driver of decision-making and an integral part of strategy and operations.

Due to Sika's high exposure in fragile states, we engaged on SDG 16 and peacebuilding. Sika ranked #88 in the Peacebuilding Business Index in 2020 with a rise of 8 ranks since 2019. Main reasons for this good position are: substantial reporting and media coverage on local manufacturing, local sourcing, human rights assessments, community initiatives (Sika cares), youth training. The engagement discussions in

2021 continued to focus on building Sika's 'conflict-sensitivity' capacities to become better able to deal with socio-political events, support staff safety and engage with governments and communities in the fragile countries. In addition, we encouraged SIKA to define a thematic focus and outcome targets (and measurements) for community engagement initiatives. In that context, we highlighted the benefits of the public-private partnership between SDC and Geberit for vocational training in Ukraine. The engagement in 2022 focused on the ongoing need to build Sika's conflict-sensitivity capacities, particularly among local management, and to report on initiatives taken. In addition, we encouraged Sika to elaborate on the principles and human rights considerations guiding their decision to remain invested in Russia following the invasion of Ukraine. While open to considering potential conflict-sensitivity training and/or round table discussions to complement planned employee trainings on the revised Code of Conduct, Sika did not respond to PeaceNexus' follow-up request. Sika has only small operations in Russia and adopted an employee-centric approach and continued to remunerate them. This is still subject to internal discussions. In 2023, we engaged Sika together with TrustWorks on its exposure to conflict risks in FCS. Our assessment found that the company specifically targets child labour in its risk assessment, and that it plans to implement an extended approach to due diligence by utilizing Supplier Risk Profiling, but it shared few details about this initiative. Sika shared that its compliance team is looking into these risks and how to mitigate them. They expressed a strong interest in a follow-up discussion as they strive to meet higher standards than the industry standards when it comes to respecting human rights and responsible sourcing. The follow-up meeting took place later in the year where representatives from TrustWorks and the compliance team discussed peace and conflict-related operations/supply chains in FCS. We received the good news that Sika decided to join Geberit in the vocational training program for Ukraine financed until now by the Swiss Development Agency (SDC) and Geberit. Sika will be providing human resources and know-how for the vocational trainings, thereby extending the professions required for reconstruction works. We had advocated this initiative earlier during our meetings and through a webinar we co-organised with SDC for our portfolio companies in March 2022. The "Public Private Partnership to Improved Professional Education" is a project of the Swiss Agency for Development and Cooperation (SDC) in original partnership with Geberit. The overall objective of the project is to create better employment and income opportunities for construction professionals graduating in Ukraine. The project facilitates the transformation of schools across Ukraine towards active skills development and labor market actors, by improving their education and training programs, establishing sustainable practices for better school management, and building long-term partnerships with private sector companies. Until now, the project focused on training young adults in plumbing. More than 2400 students enrolled in the plumbing professions and more than 3400 plumbing students have benefitted from improved plumbing education. In the coming years, the objective of the project will be extended. This will enable young people and adults, including war veterans, internally displaced persons, and Ukrainians returning from abroad, to acquire skills tailored to the needs of the labor market and earn more money, and to develop the vocational education system in construction professions with the support of the private sector. Students will receive training in six different professions at 29 vocational education institutions in Ukraine, including plumbers, facade insulators, welders, electricians, tilers, and concrete workers. . In 2024, PPT and TrustWorks engaged Sika on its exposure to conflict risks based on its presence and activities in FCS and its 'readiness' to operate in these settings based on a review of its public-facing policies, governance processes, strategies and risk management frameworks. Our assessment found that Sika has a relatively high presence in FCS, and while the company has identified specific "high-risk" contexts and set out specific requirements for its suppliers related to conflict minerals, it does not seem to distinguish between its business activities in FCS and non-FCS more broadly. Sika representatives made it clear that this topic is important for the company and that their efforts are aligned with the upcoming EU CSDDD legislation. The company expressed interest in having a follow-up conversation.

Since 2017, we engage with SGS' management on the importance of the SDGs and how social impacts through partnerships (SDG 17) in particular can contribute to the quality of the company's business model. In early 2017, the company showed great interest in collaborating with us and has been quick to set up a pilot training program for unemployed youth in South Africa through its SGS Academy business line. Half of the trainees were employed in other companies after 6 months. In 2018, we followed up with SGS in order to scale this first pilot project. We initiated a meeting with the Swiss Development Cooperation and SGS to present the project, potentially to join forces and discuss on how to structure a build-up. Other meetings were held with SGS in 2019 and 2020 on how to scale up this powerful project to reach a significant social and economic impact. In 2021, the company signed up to the workshop we organised together with the Swiss Development Agency in relation to blended finance instruments for initiatives supporting the SDGs. We are currently following up with SGS on a potentially new vocational training project. Several follow up meetings were organised together with SDC and we hope to see good news in relation of this public-private partnership. In 2021, due to SGS' high exposure in fragile states, we also engaged on SDG 16 and peacebuilding for the first time. In 2021, the engagement focused on strengthening diversity and inclusion in fragile states and further elaborating client due diligence principles, policies and practices. Diversity and inclusion remain a priority and SGS welcomed PeaceNexus to develop a proposal to advance work on this in South Africa. While they still recognised the importance to further advance client due diligence, other initiatives are seen as priorities for SGS in the coming period. In 2022, the engagement encouraged SGS to elaborate, communicate and strengthen client due diligence principles, policies and practices. While SGS still acknowledged the importance of further advancing due diligence, particularly in light of the challenges presented by Russia's invasion of Ukraine, SGS has intentionally chosen not to communicate publicly on their response in conflict affected settings. In 2023, we engaged SGS together with TrustWorks on its exposure to conflict risks based on the company's significant presence in FCS. Our assessment found that SGS has several policies in place related to human rights, including specific processes related to remediation and grievance mechanisms, but none of the policies and processes take into consideration conflict risks. SGS shared that a lot of the work that they do on these topics happens behind the scenes and that they are currently creating a human rights framework that takes into consideration conflict risks based on their own global risk framework. They also shared some information about a task force that conducts audits, but it focuses primarily on human rights risks. A main challenge identified by the company is how to ensure that there are clear governance processes in place in terms of decision-making, both at the local and HQ level. In 2023, PPT connected SGS together with the ICRC who was looking to develop a 'gold standard' training package to assist businesses in their operations in conflict-affected and high-risk areas (CAHRA). The International Committee of the Red Cross (ICRC) has been providing humanitarian protection and assistance to people affected by armed conflicts over the past 160 years. Through this long-haul engagement, it has developed as an organization a keen understanding of armed conflicts and their dynamics as well as a keen understanding of how to operate responsibly in conflict-affected areas. A first online meeting took place between SGS Academy, PPT, TrustWorks and the ICRC serving essentially to build mutual understanding and to confirm interest in exploring collaboration or partnership in the development and hosting of the TrustWorks-ICRC training package. Separately, PPT mentioned the TrustWorks-ICRC project during a meeting with SGS CEO and SGS Head of IR, triggering 'personal interest to help' on the side of the CEO. TrustWorks and the ICRC engage in back-and-forth discussions (meetings and email exchanges) with SGS Academy to precise technical issues such as shape, format, length, planning, production process and hosting conditions of a TrustWorks-ICRC training package. SGS Academy confirmed interest in the training package and considers the latter is a 'good fit' with their portfolio. We will continue to push for this project which generates obvious positive impacts but which also makes business sense for SGS as it is closely linked to its SGS Academy business line. 2023, SGS announced that they joined the United Nations Global Compact. We were particularly proud about this news as we started engaging SGS on this issue 13 years ago and we have addressed it every year since. This shows that engagement results sometimes take a lot of time to materialize. SGS' CEO is essentially responsible for this move, which reflects his dedication to make SGS a company that is shaping a sustainable future. In 2024, SGS changed CEO and went into a restructuring program which put the collaboration project with SGS Academy at least on a temporary halt. PPT and TrustWorks re-engaged SGS on its exposure to conflict risks based on its presence and activities in FCS and its 'readiness' to operate in these settings based on a review of its public-facing policies, governance processes, strategies and risk management frameworks. Our assessment found that SGS has a high presence in FCS, and while the company has in place a Risk Management Framework (RMF) and conducts country-by-country risk profiles, it does not consider conflict and conflict-related risks specifically. However, the company's new CEO was the former CFO of Holcim and she is extremely aware of the topic. The company's representatives expects that this will have a positive effect on its processes, board reporting and potentially external reporting related to this topic. We are already in conversations on this topic outside of the Cadmos engagement cycle and we look forward to continuing our engagement.

Since 2017, we engage with Nestlé's management on the importance of the SDGs and how social impacts through partnerships (SDG 17) in particular can contribute to the quality of the company's business model. Nestlé seemed particularly interested in the mechanisms to finance various positive externalities linked to some ongoing projects. With those hard facts in mind, PPT decided as early as 2017 to team up with the Earthworm Foundation and its Living Soils Initiative. This program is putting soil preservation back at the heart of agricultural production systems by accelerating the adoption of regenerative agricultural practices that improve soil health. The initiative aims at facilitating the transition of 1 million hectares to regenerative agriculture by 2025 while involving 10,000 European farmers in the agricultural shift and providing them with technical assistance and at least EUR 50 million in incentives to support their transition. Several meetings were held as well with the PeaceNexus Foundation on conflict-sensitive human rights impact assessment and responsible sourcing from conflict-affected countries since 2018. Nespresso already highlighted their contribution to peace at the launch event of the Peace Investment Fund in November 2018. Nestlé and PeaceNexus joined forces to advance the United Nations Global Compact Action Platform to increase company contribution to achieve SDG 16. In 2020, PeaceNexus continued its collaboration with Nestlé in the UN Global Compact Action Platform on SDG 16 and co-hosted a Swiss country consultation that will inform the outcome document of this action plan. A PeaceNexus-Nespresso partnership on conflict-sensitive coffee sourcing is ongoing. In 2021, we continued our discussion on strengthening conflict sensitivity in the company's supply chain and explored collaboration on the development of SDG 16 pilot projects. We also discussed the company's response to the February 2021 military coup in Myanmar, and how the company could strengthen its public reporting about this. In 2022, we engaged Nestlé together with TrustWorks and had a fruitful engagement. Nestlé congratulated the team on the impactful slides, indicating that they had been shared with the relevant teams; company expressed significant interest in the topic; TrustWorks has followed up with the company on a confidential basis. In 2023, the engagement with Nestlé focused on the need to incorporate conflict-sensitivity and/or hHRDD into their policies, frameworks and practices; in light of the EU-CSDDD and potential implications, the company seemed interested in taking the conversation further in the context of a bilateral follow-up with TrustWorks. In 2024, PPT and TrustWorks engaged Nestlé on its exposure to conflict risks based on its presence and activities in FCS and its 'readiness' to operate in these settings based on a review of its public-facing policies, governance processes, strategies and risk management frameworks. Our Benchmarking showed that Nestlé is highly exposed to conflict and conflict-related risks through its activities and supply chains in FCS, but also that Nestlé is one of the more advanced companies on this topic in the PPT portfolio. Nestlé is one of the few companies to recognise "heightened risks" when operating in conflict-affected areas, however, other parts of its policies and strategy are less clear in terms of the processes that the company has in place to manage it activities in FCS. The company thanked us for all the support we have provided so far in terms of how to incorporate conflict-sensitivity and/or hHRDD into their policies, frameworks and practices, and they look forward to continuing the engagement. While there was not specific follow-up call, the conversation continued outside of the standard engagement cycle.

We started engaging Novartis on Peace and Stability in 2019. In 2022, we also mentioned various impact financing approaches which can help create larger-scale and/or more sustainable impact vs. traditional grant-based funding. For instance, by investing in impactful businesses, deploying results-based financing and “only pay for what works” or building public-private partnerships for impact. Novartis was particularly interested by a project from KOIS in sustainable eyecare financing in low-income country setting and was ready to follow up with us on that topic. Our engagement on Peace and Stability is hence further advanced. In the 2020 annual engagement meeting and during multiple follow-up calls, PeaceNexus raised the importance of understanding the socio-political context and being conflict-sensitive when designing partnerships that improve patient reach and drive positive societal outcomes. Peacebuilding embeddedness remains on a good level at Novartis. Relevant issues are addressed in the company’s strategies, management approaches and activities – whereby processes are elaborated in varied detail in the areas of labor issues, sourcing, and local and global engagement. Commitments regarding labor topics are expressed in strategic documents and details of implementation are given. The Third-Party Code outlines social, ethical, and environmental requirements that business partners must adhere to. Audits on labor rights and human rights assessments were conducted or are planned to be implemented in countries such as Bangladesh, Mexico, or Russia. Novartis further engages in capacity-building activities with suppliers and business partners as part of its involvement in the Pharmaceutical Supply Chain Initiative. By working with host communities and joining forces with local and international stakeholders and partners, Novartis is creating local impact and improving access to healthcare services in Kenya, Vietnam, Bangladesh, and other places. The company is also a member of various global initiatives that focus on sector- or topic-specific sustainability challenges. In the 2022 cycle, we continued the conversation on embedding conflict sensitivity within Novartis policies and procedures in fragile settings. A partnership with PeaceNexus was formalised in 2022 and is ongoing, focusing on developing principles and guidance to strengthen the human rights and conflict-sensitivity capacities of decision-makers in fragile markets. Novartis is also exploring measurement frameworks for the integration of human rights considerations and placing human rights impact assessments in the public domain. Several follow-up meetings were organised between Novartis and PeaceNexus. Novartis recognizes the importance of conflict sensitivity. It provides access to medicine in more than 30 conflict-affected and high-risk markets. Following a series of roundtables exploring the challenges facing Novartis staff in conflict-affected countries, facilitated by PeaceNexus, Novartis joined forces with the foundation to strengthen its capacities to operate in these markets and contribute to social cohesion. A detailed needs assessment confirmed a strong interest among staff for guidance, training and tools to facilitate conflict-sensitive and human rights informed decision making in conflict-affected markets. Novartis is now developing a comprehensive support ecosystem to equip staff with the information and guidance needed to complement existing emergency management and business continuity systems, to further strengthen decision-making across a range of contexts. This ecosystem will also include tailored training approaches and a platform to enable continuous learning and sharing of best practices across Novartis. In the coming years, Novartis will build up and activate this support ecosystem. Its ambition to further improving human rights informed- and conflict-sensitive business practices in conflict-affected countries is captured in the CEO’s ESG commitments for 2023. In 2023, we engaged Novartis together with TrustWorks on the company’s risk exposure in FCS and potential gaps in its due diligence approach. Our assessment found that the company conducts ongoing human rights due diligence throughout its business operations, but that its current approach has a potential blind spot when it comes to identifying conflict risks due to the heavy emphasis on human rights risks. The company was highly receptive to the recommendations and shared some more information about the project they are doing with PeaceNexus, which is moving into the implementation phase. They expressed a strong interest in a follow-up conversation and would like to schedule a call to discuss their progress on their hHRDD framework. In 2024, PPT and TrustWorks engaged Novartis on its exposure to conflict risks based on its presence and activities in FCS and its ‘readiness’ to operate in these settings based on a review of its public-facing policies, governance processes, strategies and risk management frameworks. Our Benchmarking showed that Novartis is highly exposed to conflict and conflict-related risks through its activities and supply chains in FCS, and that it has several gaps in their policies, frameworks and practices when it comes to identifying and assessing conflict and conflict-related risks. Novartis representatives was very receptive to the findings of the benchmarking and requested a follow-up conversation to understand more about its exposure and how to improve its ‘readiness’ to operate in FCS. The follow-up meeting focused on improvements to Novartis CAHRA strategy and has led to a long-term engagement where TrustWorks is currently supporting Novartis as it progresses on this topic.

Givaudan, Nestlé, Novartis, Roche, SGS, SIKA and Straumann are the 7 companies with an engagement level for tangible SDG Impacts of 3 or more. With all these companies, we have either defined a clear impact target linked to specific SDGs or are fine-tuning our in-depth assessment to identify a specific topic or geographical area of focus. Further follow-ups with our social impact network of experts may result in tangible and additional SDG impacts with these companies.

No company refused to have an engagement meeting with us at this stage. Only one company (Barry Callebaut) showed a limited interest to further follow-up with us on the SDGs but, by the end of 2023, we had divested from the company.

# We measure the level of impact of our engagement

## Summary Table

| Portfolio as at 31.12.2024 | Type of Meeting* | Dialogue within 3Y* | Impact within 5Y* | SDG Engagement** Type of Meeting | SDG Engagement** Level |
|---|---|---|---|---|---|
| ABB | Conference call | Yes (2024) | Yes (2024) | Conference Call | 1 |
| ALCON | Conference call | Yes (2024) | Yes (2024) | Not Started | N/R |
| ALSO HOLDING (Out) | N/R | Out | Out | Not Started | N/R |
| BACHEM | Conference call | Yes (2024) | Yes (2024) | Not Started | N/R |
| BELIMO HOLDING | N/R | Yes (2022) | Yes (2022) | Not Started | N/R |
| BKW | Conference call | Yes (2024) | Yes (2024) | Not Started | NR |
| COMPAGNIE FINANCIERE RICHEMONT | Conference call | Yes (2024) | Yes (2024) | Conference Call | 1 |
| DAETWYLER HOLDING | N/R | Yes (2023) | Yes (2023) | Conference Call | 2 |
| DOTTIKON | N/R | Not Started | In progress | Not Started | N/R |
| EMMI (Out) | N/R | Out | Out | Conference Call | 2 |
| EMS CHEMIE (Out) | Conference call | Yes (2024) | Yes (2024) | Not Selected | N/R |
| GALDERMA (New) | N/R | New | Not started | New | New |
| GEBERIT | Conference call | Yes (2024) | Yes (2024) | Conference call | 1 |
| GEORG FISCHER | N/R | Yes (2023) | Yes (2023) | Conference Call | 1 |
| GIVAUDAN | On-site meeting | Yes (2024) | Yes (2023) | In Person Meeting | 3 |
| INFICON HOLDING | N/R | Not Started | In progress | Not Started | N/R |
| INTERROLL HOLDING | N/R | Yes (2021) | In progress | Not Selected | N/R |
| KUEHNE & NAGEL | N/R | Yes (2023) | Yes (2023) | Conference Call | 1 |
| LEM | Conference call | Yes (2024) | Yes (2023) | Not Started | N/R |
| LOGITECH | N/R | Yes (2022) | Yes (2022) | Not Selected | N/R |
| LONZA GROUP | Conference call | Yes (2024) | Yes (2024) | Conference call | 1 |
| NESTLE | Conference call | Yes (2024) | Yes (2024) | On-Site Meeting | 4 |
| NOVARTIS | Conference call | Yes (2024) | Yes (2023) | Conference call | 4 |
| PARTNERS GROUP | N/R | Yes (2023) | Yes (2023) | On-site meeting | 1 |
| ROCHE HOLDING | Conference call | Yes (2024) | Yes (2024) | On-Site Meeting | 3 |
| SGS | Conference call | Yes (2024) | Yes (2023) | On-Site Meeting | 3 |
| SIEGFRIED HOLDING | N/R | Yes (2023) | Yes (2023) | Not Selected | N/R |
| SIG COMBIBLOC (Out) | N/R | Out | Out | Not Started | N/R |
| SIKA | Conference call | Yes (2024) | Yes (2023) | Conference call | 5 |
| SONOVA | Conference call | Yes (2024) | Yes (2024) | Conference Call | 1 |
| STRAUMANN HOLDING | Conference call | Yes (2024) | Yes (2022) | On-Site Meeting | 3 |
| SWISS LIFE HOLDING | N/R | Yes (2022) | Yes (2022) | Conference Call | 1 |
| SWISS RE (New) | N/R | New | Not started | New | New |
| SWISSQUOTE (New) | N/R | New | Not started | New | New |
| TECAN | Conference call | Yes (2024) | Yes (2024) | Not Selected | N/R |
| UBS GROUP | Conference call | Yes (2024) | Yes (2024) | On-Site Meeting | 2 |
| VAT GROUP | Conference call | Yes (2024) | Yes (2024) | Not Selected | N/R |
| VZ HOLDING | N/R | Yes (2023) | Yes (2023) | Not Selected | N/R |
| YPSOMED HOLDING | N/R | Less 3 years | Not started | New | New |
| ZURICH INSURANCE GROUP | N/R | Yes (2023) | Yes (2023) | Not Selected | N/R |

(New) Initial investment in the company
(Out) Divestment of the company
* Engagement for ESG Progress
** Engagement for SDG Impacts
Level 5 Implementation of tangible impact projects
Level 4 Impact project in development
Level 3 In-depth impact or partnership assessment
Level 2 Follow-up meetings dedicated to impact and the SDGs
Level 1 Expressed interest in a dedicated SDG follow-up meeting
Level 0 No meeting or no interest to follow-up on SDGs or impact

## NOTICE

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