

Exercise of voting and election rights

Guideline for Indirect Real Estate Switzerland

In the case of indirect property investments, ESG aspects can be incorporated through the exercise of voting and election rights. This document refers to the Swiss Stewardship Code and selected criteria of the Swiss Code of Best Practice for Corporate Governance 2023 of *economiesuisse*.

As a rule, we assume that the agenda items put to the vote by the Board of Directors are in the interests of the long-term survival of the company and therefore deserve favourable consideration. We also expect that best practice with regard to corporate governance is practised and that verifiable criteria are disclosed.

By exercising the voting and election rights, we provide impetus in the areas of the Board of Directors, climate strategy and monitoring. We consider it desirable to have different competences represented on a Board of Directors. We define various criteria in the interests of sustainable succession planning.

The climate strategy has clearly defined and measurable reduction targets and progress towards these targets is reported on a regular basis.

In engagement meetings with the management, we submit requests and vote against proposals from the Board of Directors on a case-by-case basis. The escalation process provides for the minimum requirements to be identified in a first step. In a second step, the dialogue is intensified and documented in writing. Subsequently, the objectionable agenda items for which no valid justification has been provided will be rejected. If the Board of Directors is not composed in accordance with our guidelines, the re-election of the Chairman of the Board of Directors will be rejected.

We systematically assess the following criteria:

- The Board of Directors has fewer than four members
- The candidate has exercised executive functions in the company or subsidiaries in the last three years
- The candidate has been a member of the Board of Directors for twelve years or longer and there is no valid reason for re-election (founding member, major shareholder)
- The candidate is 75 years old or older or 70 years old or older at the time of the first election to the Board of Directors. Not applicable for founding members and major shareholders
- The proportion of women on the Board of Directors is less than 20% without justification
- The company's climate strategy has not set any reduction targets for its CO_{2e} emissions that would lead to the timely fulfilment of the Paris climate targets
- The company has not made a verifiable commitment to the 2050 net zero target
- The sustainability report does not contain any quantitative key figures on the material topics
- The external auditors have not been changed for 20 years
- In their audit reports, the auditors express significant reservations about the Board of Directors' performance of its top management function or uncover serious violations of the duties of the members of the Board of Directors
- The publicly accessible "General Meeting Data & Voting Recommendations" of Ethos are used for the assessment

In accordance with the Swiss Stewardship Code, we regularly provide information on the following:

- The main priorities when exercising voting and election rights
- The number of conversations and the most important topics discussed during engagement conversations
- The proportion of companies for which voting takes place, measured in terms of invested capital
- The consolidated breakdown of votes in per cent by approval, rejection and abstention
- Share of supported votes on climate issues
- Progress made on the main priorities

This directive specifies the requirements set out in section 2.2 / 2.2.1. of the Directive on Membership and Creditors' Rights.

Management of Swiss Finance & Property Ltd

Zurich, 14 January 2025

Source reference:

Swiss Stewardship Code (AMAS and SSF) (October 2023)

Swiss Code of Best Practice for Corporate Governance (economiesuisse)

General Meeting dates & voting recommendations (ethosfunds)