



# Twelve Securis

## Group ESG Investment Policy

March 2026

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## 1 Introduction and purpose

This policy outlines Twelve Securis Group's ('Twelve Securis', or 'the Group') ESG investment approach and how ESG factors are incorporated into the Group's investment process.

Twelve Securis' business is impacted by the challenges of climate change and other factors related to sustainable development. Twelve Securis' objective is to bring its independent, specialist expertise to unlock and exploit the potential to deliver sustainable investment returns in line with client's investment goals and to ensure that its clients' capital is put to good use. Twelve Securis is committed to investing in a responsible way by integrating environmental, social and governance factors alongside commercial and financials factors, during its investment due diligence, analysis and ongoing monitoring process.

Twelve Securis' ESG investment approach serves as a guiding principle for investment decisions and ensures that the core values are integrated into investment practices and individual behaviours.

Twelve Securis' ESG investment process has been designed to support its Corporate ESG strategy and its commitments as a signatory to various ESG-related principles and standards, particularly the Principles for Responsible Investment (PRI). The process also seeks to address regulatory developments, such as the transparency requirements introduced by EU Regulation 2019/2088 on Sustainability-Related Disclosures in the Financial Services Sector (the "SFDR").

## 2 Scope and applicability

This policy applies to all Twelve Securis Group entities, its Staff and its Contractors. Twelve Capital AG and Securis Investment Partners LLP are currently the two Group entities authorised to perform trading activity.

This policy governs the general ESG approach applied by Twelve Securis across the Funds it manages. Depending on the SFDR status of a specific product and the request of investors, the ESG investment approach and the related methodology, monitoring and other relevant streams can deviate.

The approach outlined in the ESG Investment Policy also applies to the funds where Twelve Securis relies on advice from external investment advisors in certain aspects of the Investment process (which might include Sustainability), unless differently specified in the present Policy.

The ESG investment approach is applied across all asset classes, sectors and markets in which Twelve Securis invests on behalf of the funds. It is also relevant with regard to the classification and discussion of individual securities in a sustainability context.

Product specific ESG disclosures of the Funds managed by Twelve Securis can be found on the websites of the relevant Management Companies.

### 3 Tackling the climate change challenge

For financial service providers such as Twelve Securis, climate change is relevant in two ways. Firstly, it can impact the performance of funds and mandates under management directly, as climate change makes extreme weather events less predictable and potentially more destructive. Secondly, financial service providers have an important role to play in combating climate change by reorienting capital flows to move towards a low-carbon and more climate-resilient economy. Business partners, the public, and policy makers assign financial institutions significant responsibility in achieving this goal. As part of an industry that identifies and measures risks, Twelve Securis can contribute to sustainability by investing in insurance providers actively supporting society's adaptation and increased resilience to climate change, plus the transition to a circular economy. For this reason, Twelve Securis analyses the companies that are part of its portfolios and sponsors of Insurance Linked Securities, such as Cat Bonds, to assess the robustness of the risk management in place regarding the physical and transition risks of climate change, and their contribution to developing an economic system that reduces these risks.

### 4 ESG criteria incorporation into Twelve Securis' investment process

#### 4.1 Overview

Given the specific characteristics of the asset classes in which Twelve Securis invests, particularly with reference to Insurance-Linked Securities (ILS), the ESG considerations focus on both the issuer and the instrument. This allows Twelve Securis to determine how an invested company is positioned in relation to ESG as well as taking into account where the capital provided by the instrument is specifically utilised. At one end of the spectrum there are equities and debt instruments, where the "instrument" is fully aligned with the "issuer", so it is appropriate to lean fully on the issuer assessment, whereas for ILS instruments such as Cat Bonds it is relevant to additionally take into account what the Cat Bond is protecting, i.e. where the capital is utilised in case of an insured event.

Twelve Securis' network of (re-) insurance relationships, industry expertise, and in-depth proprietary research processes enables the Firm to screen and assess relevant environmental, social and governance aspects to systematically integrate them into the investment analysis. The quantitative and qualitative insights are fed into the investment analysis process and may lead to the exclusion of securities linked to certain business activities and industry sub-sectors that have a detrimental impact on the environment or society. When addressing ESG considerations within investment analytics Twelve Securis has sought from the outset:

- Integration with pre-existing analytical frameworks;
- Consistent application across separate asset classes;

- Delivery of clear, verifiable and transparent outcomes at an individual investment level;
- An approach that helps driving improved portfolio management decisions; and
- A framework that supports compliance of funds and mandates with relevant regulatory disclosure rules plus Twelve Securis' own ESG commitments.

Twelve Securis looks at the ESG related risk elements as part of the investment due diligence and analysis with ultimate oversight from the Investment Oversight Committee (IOC). These assessments are based on E, S, or G factors that could impact the sustainable value of an investment.

For each security in which any of the Funds managed by Twelve Securis are invested, irrespective of their SFDR classification, an ESG Risk assessment is produced. This measure evaluates the extent to which the financial value of an investment may be affected by ESG risk factors, such as climate change, over the course of its lifetime.

In addition, for each security in which Art. 8 funds are invested, an ESG Rating also known as Sustainability score (hereinafter “Sustainability score”) is produced. Any art. 9 funds might follow a different rating system according to the specific characteristics that the funds aim to achieve. At present, Twelve Securis does not manage any Art. 9 Funds.

This measure is an assessment of the potential an investment has in supporting or harming sustainability factors, for example by enabling individuals to insure their homes against severe weather events or, conversely, by facilitating the insurance of polluting industries.

Funds classified under Art. 8 SFDR commit to maintaining a minimum weighted average Sustainability score, as per the relevant fund's investment guidelines and as disclosed on the relevant fund websites.

No commitment in this respect applies to funds classified under Art. 6 SFDR and funds not classified under SFDR. Nevertheless, the Sustainability score might be calculated also for these funds for internal and/or reporting purposes.

Twelve Securis' view on ESG looks across the “corporate”, “investment”, and “liability” elements of insurance companies, to understand how the company operates and also where it puts its capital to use in both its investments and what risks it decides to insure. This broad view across companies allows for a more holistic view on the impact a company will have on sustainability.

An ESG Exclusion List policy is maintained by the firm's Compliance function and governs the eligibility of securities for managed funds and mandates. If a security is included on the Exclusion List it is ineligible for investment for Art.8 Funds, meaning that these Funds would

not proceed with any potential investment or divest the instruments in the interest of the fund and underlying clients. A summary of the ESG Exclusion Policy is attached as Appendix I.

Twelve Securis Capital considers the negative consequences of its investment decisions as indicated by the principal adverse impact indicators (PAI). The PAI Policy for Art. 8 funds is in Appendix II.

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires that products classified as Article 8 do not invest in (securities issued by) companies who do not follow good governance practices. Twelve Securis’ Good governance policy can be found in Appendix III.

Sound stewardship in managing assets and aligning them with ESG principles is of paramount importance to Twelve Securis and its clients. The Group shares the responsibility to uphold the principles of the ESG Investment Approach and invests in Twelve Securis’ Employees to develop ESG capabilities, so that all can strive to incorporate ESG factors into their daily work. Twelve Securis commits to act as a good steward of assets managed on behalf of its clients. The Firm recognises that clients expect alignment of Twelve Securis’ approach with their own investment beliefs, policies and guidelines. Twelve Securis seeks to be an active investor by encouraging good governance and a high standard of corporate practices as well as environmental and social aspects. All investment strategies at Twelve Securis embed engagement with the businesses into which managed funds invest, through meetings, calls and DDQs. Further details can be found in Twelve Securis’ Stewardship Policy in Appendix IV.

#### **4.2 Data and analytics employed**

The ESG analysis draws upon both internal expertise and analytics, as well as partnering with ESG expert data providers.

Twelve Securis believes its pre-existing analytics capabilities have added significant value to much of the ESG analysis, for example in relation to the physical impacts of climate change on North Atlantic hurricane activity. Another example would be the regular assessments Twelve Securis makes on insurance company management and corporate strategy as part of its credit and equity analysis framework.

However, for certain components of the analysis, where for example Twelve Securis is lacking necessary data, the Firm supplements its work with data provided by specialist ESG data providers. The third-party data providers were actively selected based upon criteria including the coverage of their ratings and data within the insurance sector, plus the transparency and completeness of their data and analysis.

Twelve Securis is aware of potential limitations of the data received from external providers. These are addressed mainly in two ways:

- i. Internal sense-checks of the provider's scores, with application of adjustments when deemed necessary; and
- ii. Reliance on internal data collection and analysis: for example, around 75% of a Sustainability score of a Cat Bond is derived from Twelve Securis' own analysis. Therefore, any potential limitations to specific data points are not considered to materially affect the overall sustainability rating. The internal rating methodology is reviewed by the Risk Management team.

The analysis also considers the performance of potential investments against a wide variety of recognised international standards such as the UN's Global Compact, the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI).

The analytics process at Twelve Securis has always embedded substantial and regular engagement with the businesses into which managed funds invest. These regular contacts support the gathering of additional data that can be used to refine and review ESG assessments. It should be noted, however, that many (re)insurance companies, particularly non-European, are still in the process of, or are only starting out on developing their own data gathering and reporting procedures to include the broad spectrum of ESG elements that investors seek. Even with regular engagement, Twelve Securis expects there to be a period of time before the full range of reliable ESG data is available for every company in the investment universe. In the meantime, Twelve Securis uses its knowledge of the industry, combined with comparable peer data where relevant, to make reasonable estimates to fill in missing data.

#### **4.3 The ESG risk score**

The ESG Risk scores (Issuer and Instrument) are calculated on each security as part of the analytics framework that Twelve Securis applies to individual investment opportunities for all its Funds.

The ESG Risk Issuer assessment covers a predefined set of items, in line with the ESG themes that Twelve Securis considers most financially material for an investee. The selection of these factors reflects the specific characteristics of insurance investing, as well as those factors that based on Twelve Securis' experience have proven to be more prominent over time, along with prior experience with the same counterparty. The list focuses on key material aspects that Twelve Securis has been consistently incorporating into its investment analyses across all asset classes.

The typical factors that drive a favourable ESG Issuer Risk score may include the following examples:

- A clear strategy to tackle the impact of climate change on the business

- A limited exposure to countries and sectors exposed to severe and systemic human rights violations
- A solid credit quality of the issuer

The outcomes are combined on a weighted basis to arrive at the overall ESG Risk score for an issuer with a scale from 0% to 100%.

For Insurance-Linked Securities, such as Cat Bonds and PILS, the assessment covers also the Instrument. For this component, the focus is on the susceptibility of the security to climate change according to the perils and regions to which it is exposed, based on a climate sensitivity matrix developed by Twelve Securis' Catastrophe & Climate Research team.

The ESG Risk scores are intended to serve, alongside other metrics, as risk indicators for Portfolio Managers, supporting their integration into the investment decision-making process. In the case that the analysis unearths material criticalities, the case is escalated to the relevant Investment Committee for the asset class.

#### **4.4 The sustainability score**

The Sustainability score is calculated on each security as part of the analytics framework Twelve Securis applies to individual investment opportunities for Art. 8 funds. Nevertheless, the Sustainability score might be calculated also for other funds for internal and/or reporting purposes.

The Sustainability score related to the Issuer covers each of the E, S and G pillars across predetermined areas of analysis. The analysis covers a number of topics such as corporate governance, insurance activity, human capital, customer relationship, business integrity, and management and corporate strategy.

Each item is treated using a structured set of possible outcomes, thereby supporting consistency in approach. Outcomes drive a score for every individual area of analysis which are first weighted and then aggregated for each E, S and G pillar. Weightings for each analysis within the framework have been assigned according to Twelve Securis' view on its materiality to the overall assessment.

The typical factors that drive a favourable Sustainability score may include the following examples:

- A strong qualitative view by Twelve Securis of company management and corporate strategy, indicating the potential for leadership in climate change mitigation and/or adaptation

- An underwriting portfolio that focusses on delivering environmental and societal resilience to its customers;
- No involvement in environmental, social, or governance controversies;
- Public sustainability commitment through signing and implementation of recognised international standards;
- An investment strategy that clearly embeds environmental and social considerations into asset allocation decisions.

The individual E, S and G pillars are combined on a weighted basis to arrive at the overall Sustainability score for an issuer with a scale from 0% (i.e. low sustainability) to 100% (i.e. high sustainability). This combination involves a greater weight being assigned to the Environment pillar (40%), the remainder split evenly between Social (30%) and Governance (30%). These weightings have been assigned according to Twelve Securis' view on the materiality of each pillar to the final Sustainability assessment, in the context of the global insurance industry.

While for the issuer level analysis Twelve Securis takes a view on a number of ESG related areas of analysis, for the instrument level analysis the focus is entirely on what the instrument is covering from a "line of business" approach so that the ultimate destination of the capital can be taken into account.

The Issuer and Instrument Sustainability scores are finally combined into a final Sustainability score for a security. The weighting between issuer and instrument is different for different asset classes and has been calibrated to give meaningful dispersion as well as a focus on what the sustainability rating of a particular asset is.

## 5 Transparency and reporting

Twelve Securis is committed to providing timely and relevant external communication and reporting of its ESG investment efforts, in line with regulatory requirements. Twelve Securis may provide supplemental ESG-relevant information via its website, the fund management company's website, the Fund's prospectus, the Fund's Annual Audited Financial Statements or any other type of bespoke ESG Reporting.

## 6 Monitoring and breaches

Various ESG related data points and information such as Sustainability scores, Exposure to controversial activity flags, Principal Adverse Indicators, etc. are maintained in the relevant systems in order to review data quality and to monitor investment compliance by means of pre- and post-trade investment compliance checks.

## 7 ESG investment related policies

Alongside this Policy, Twelve Securis has adopted several complementary ESG investment related policies on specific topics. These include the following:

- Exclusion Policy;
- PAI Policy;
- Good Governance Policy;
- Stewardship and Proxy Voting Policy.



# Appendix I

## Summary of ESG Exclusion Policy

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## 1 Purpose and introduction

This document provides a summary of the key elements of Twelve Securis' ESG Exclusion policy. It establishes the process to determine the list of ineligible securities for investment ('Exclusion List') by Article 8 funds, in combination with any other relevant Funds' documentation, such as the Prospectus.

For Funds not classified as Article 8 under SFDR, Twelve Securis' exclusion policy shall or shall not be implemented in accordance with each fund's related disclosure.

## 2 Exclusion List Methodology

Securities are included on the Exclusion List if Twelve Securis confirms, following an analysis based on internal and external data that:

- The issuer or sponsor is in a relevant breach of any of the ten United Nations Global Compact (UNGC) principles set out below; or
- The issuer or sponsor is directly involved in Controversial Weapons (e.g. manufacturing or selling), the definition of which includes at the time of writing: chemical, biological, nuclear, cluster, blinding laser, depleted uranium, white phosphorous weapons, land mines and weapons using non-detectable fragments; or
- The issuer or sponsor generates revenues estimated to be in excess of the NML or AML (see the "Transition Risks" section for more details) from specified Controversial Activities.
- The issuer of a Sovereign Bond shows serious violations of democracy and human rights (see section Issuers of Sovereign Bonds below)
- In addition, major governance weaknesses identified by Twelve Securis's long-established credit and equity analytics processes (e.g. evidence of corruption, illegal management activity and qualified audit opinions) would also result in the non-approval of investments for portfolios.

Cash and hedging instruments are not in scope for the Exclusion List methodology and are therefore not monitored against these criteria.

## 3 Data informing the Exclusion List

Twelve Securis uses commercially reasonable endeavours to identify securities for inclusion on the Exclusion List. Company data and analysis supplied by a specialist ESG Data Provider is used to inform the Exclusion List. Data supplied includes estimates of revenues from Controversial Activities. Analysis supplied includes the ongoing management of what is included within defined terms, such as the list of items included within the term Controversial Weapons. In the event that information comes to Twelve Securis' attention through other

sources aside from the specialist ESG Data Provider that Exclusion Criteria have been met or no longer apply to a company, then this information will be taken into account to inform the Exclusion List.

Exclusion checks are performed on a best-efforts basis, recognizing that the level of data and transparency may not always be of the highest quality.

### **3.1 Norm-based exclusions**

Norms are codified in various sources, such as the OECD Guidelines for Multinational Enterprises, the International Labour Organisation (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the United Nations Global Compact and the Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework. Twelve Securis uses norms-based screening data from vendors, including specialist advisors, to identify companies that egregiously violate global norms in the areas of human rights, labour standards, environmental standards and anti-corruption.

Twelve Securis excludes the following issuers:

- Issuers involved in the production, sale, storage or services for and of anti-personnel mines and cluster bombs, prohibited by the Ottawa and Oslo treaties;
- Issuers involved in the production, sale or storage of chemical, biological and depleted uranium weapons;
- Issuers that violate, repeatedly and seriously, one or more of the ten principles of the UN Global Compact without credible corrective action.
- Issuers involved in the production, sale, storage of nuclear weapons of States that are non-parties to the Treaty on the Non-Proliferation of Nuclear Weapons;
- Issuers that produce nuclear warheads and/or whole nuclear missiles.

### **3.2 Transition Risks**

In relation to the controversial activities listed in the table below a general threshold applies (Normal Maximum Limit - NML). Companies generating revenues from controversial activities above the threshold are excluded. There has to be a clear link between the revenue's generation and the controversial activity in order for an issuer to be put into the exclusion list.

Twelve Securis recognizes that social and environmental activities and their assessment are constantly changing and companies are striving to reduce their exposure to controversial activities. Therefore, issuer or cedants that generates revenues above the NML but demonstrate their commitment and active work to reduce them can be take into consideration

as eligible for investment as long as their revenues from controversial activities do not exceed the absolute threshold (AML). AML is set at 2x the NML for each activity.

Controversial activities thresholds (NML and AML) vary between 5%-10% for the NML and 10%-20% for the AML.

Should the issuer or cedant fall between the NML and AML but is assessed as eligible investment based on their commitment and demonstrable actions, the investment will be marked as a “transition risk”. The issuer or cedant and its progress on the transition compared to their plan of action will be reviewed annually to determine if the investment can be maintained or not.

### 3.3 United Nations Global Compact (UNGC) principles

#### Human Rights

- **Principle 1:** Support and respect the protection of internationally proclaimed human rights
- **Principle 2:** No complicity in human rights abuses

#### Labour

- **Principle 3:** Uphold the freedom of association and the effective recognition of the right to collective bargaining
- **Principle 4:** Uphold the elimination of all forms of forced and compulsory labour
- **Principle 5:** Uphold the effective abolition of child labour
- **Principle 6:** Uphold the elimination of discrimination in respect of employment and occupation

#### Environment

- **Principle 7:** Support a precautionary approach to environmental challenges
- **Principle 8:** Undertake initiatives to promote greater environmental responsibility
- **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies

#### Anti-corruption

- **Principle 10:** Work against corruption in all its forms, including extortion and bribery

Source: United Nations Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org))

### 3.4 List of specified Controversial Activities and associated maximum percentage revenue limits

Controversial Activity	Normal Maximum Limit	Absolute Maximum Limit
Alcohol production	5%	10%
Animal welfare	5%	10%
Cannabis	5%	10%
Chemicals of concern (pesticides)	10%	20%
Civilian firearms	5%	10%
Coal	10%	20%
Fossil fuels industry	10%	20%
Gambling	5%	10%
Genetic engineering	10%	20%
High interest rate lending	5%	10%
Military	5%	10%
Nuclear power	10%	20%
Pornography	5%	10%
Tar Sands, Oil Shale and Fracking	10%	20%
Tobacco	5%	10%

Funds can, on facultative basis, choose stricter criteria than the above.

### 3.5 Sovereign issuers'<sup>1</sup> exclusions

For sovereign and quasi-sovereign issuers, exclusions are based on

- international sanctions as defined by Switzerland, the European Union, the UK Treasury and the US Office of Foreign Assets Control and
- an independent assessment of countries' vulnerability to conflict or collapse as determined by the Fragile State Index. These countries are excluded after formal review and validation from the IOC. Countries listed as State Sponsors of Terrorism are automatically excluded.
- Sovereign issuers with serious violations of democracy and human rights<sup>2</sup>.

<sup>1</sup> Instruments issued by Supranational's (e.g. IBRD, EBRD, etc.) are considered eligible for investment.

<sup>2</sup> Based on the assessment of the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>)

### **3.6 Implications of inclusion in the Exclusion List**

If a security is included on the Exclusion List by virtue of the Exclusion Criteria then it is ineligible for investment by identified funds and mandates.

If an affected security is held within identified funds or mandates, for example if exclusion criteria previously did not apply, then the respective Portfolio Managers will use commercially reasonable endeavours to remove the security from identified funds. The portfolio manager is bound by his/her fiduciary duty to always act in the best interest of clients.



# Appendix II

## Principal Adverse Impacts Policy

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## 1 Scope

For funds classified Article 8 under SFDR, Twelve Securis considers the negative consequences of its investment decisions as indicated by the adverse impact indicators, as part of the investment process. This is achieved through the exclusion of investments which do not meet minimum environmental or social thresholds, and/or through maintaining portfolio thresholds, and/or through engagement activities and active ownership.

Twelve Securis currently considers the indicators shown below.

## 2 Methodology

The following PAIs are being considered and reported on. For each PAI considered, a binding threshold is set. The binding thresholds might be linked to Twelve Securis' Exclusion Policy or set against the performance of worldwide recognised indexes, as per the relevant funds' investment guidelines and as disclosed on the relevant funds websites.

Article 8 funds currently do not consider all the 14 PAIs as a consequence of lack of data or because of the irrelevance of some indicators for the insurance sector. The number of PAIs considered by Art. 8 funds might increase in the future if data quality and availability improve.

The PAI currently considered by Article 8 Funds are the following:

- PAI 03 GHG Intensity of investee companies
- PAI 04 Exposure to companies active in the fossil fuel sector
- PAI 10 Violations of UNGC principles and OECD Guidelines for Multinational Enterprises
- PAI 14 Exposure to controversial weapons

## 3 Monitoring

Principal Adverse Impact indicators are independently monitored by Twelve Securis' Risk Management team. Any breaches are presented to the IOC for consideration.



# Appendix III

## Good Governance Policy

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## 1 Introduction and purpose

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires that products classified as Article 8 and Article 9 products do not invest in (securities issued by) companies who do not follow good governance practices. This policy describes how Twelve Securis determines if and when a company does not follow good governance practices and is therefore excluded from the initial investment universe for Article 8 funds (the ‘Good Governance Test’).

## 2 Applicability and Scope

For purposes of the Good Governance Test, Twelve Securis has defined a number of criteria as set forth below. These criteria reflect widely recognised industry established norms:

- Corporate Governance
- Business Ethics
- Management team and corporate strategy

## 3 ESG Disclosure

The Good Governance Test is not applied to investments in securities issued by sovereigns or supranational entities as part of Article 8 products, however separate sustainable investing measures for sovereigns are in place and can be found in Appendix I (i.e. ESG Exclusions) of this policy.

## 4 The assessment process

The Good Governance Test is performed by a combination of data driven analysis based on external data vendors and qualitative judgement applied by Twelve Securis’ Analytics team. For companies that do not have sufficient data Twelve Securis reaches out to the relevant companies in order to obtain the data required.

## 5 Disposal of investment or engagement

Companies that fail the Good Governance test are not eligible for Article 8 products. For these ineligible companies, all related investment instruments (e.g. equities, bonds, ILS instruments) are in scope for exclusion. In case an ineligible instrument is held within identified funds or mandates, the respective Portfolio Managers will use commercially reasonable endeavours to remove the security from identified funds. The portfolio manager is bound by his/her fiduciary duty to always act in the best interest of clients.

# Appendix IV

## Stewardship and Proxy Voting Policy

## 1 Introduction and Purpose

As part of its commitment to ESG principles Twelve Securis' Stewardship Policy outlines the different engagement strategies the Group employs during its engagement with issuers, investors and the wider market in which it operates. Given Twelve Securis' cross balance sheet approach and use of different investment instruments, the level of engagement may vary reflecting the various investment strategies and the difference in client needs.

## 2 Applicability and Scope

The Stewardship Policy applies to Funds managed by Twelve Securis that are classified as Article 6 or Article 8 under the SFDR. The Proxy Voting procedures will also be implemented for Funds that are not classified as Article 6 or Article 8 under SFDR, provided that such Funds include equity holdings.

## 3 What is Stewardship

Stewardship describes activities undertaken by investors to monitor and, where necessary, intervene on matters that may affect the long-term value of investee companies. It seeks to build relationships between companies and their shareholders to promote a healthy dialogue on a variety of issues such as strategy, performance, risk, capital structure and general ESG considerations. Stewardship responsibilities go beyond the traditional financial analysis performed by many investors and seek to confirm that companies are sustainable and run for the long-term benefit of all stakeholders, as well expecting investors to work with others in the investment chain to improve best practice and transparency.

## 4 Twelve Securis' Commitment to Stewardship

Twelve Securis is committed to acting as a good steward of assets managed on behalf of its clients. The Firm recognises that clients expect alignment of Twelve Securis' approach with their own investment beliefs, policies and guidelines. Twelve Securis seeks to be an active shareholder by encouraging good governance and a high standard of corporate practice. It has strong regard for the principles of good stewardship and is a signatory of the Principles of Responsible Investment (PRI).

As an active investment manager Twelve Securis seeks to take leadership on material industry issues, where possible, and engages with the companies in which it invests in with a focus on the following core aspects:

- Addressing relevant ESG macro topics for the insurance sector
- Aim to improve ESG disclosure of the target companies
- Identify, monitor and manage ESG risks and opportunities and their effect on the sustainable value of Twelve Securis' investments

- Engage with the industry to increase the provision of products that have a sustainable impact

### **Engagement with Investee Companies**

Twelve Securis believes in the fundamental analysis and monitoring of investee companies. Its network of (re-)insurance relationships, industry expertise, and in-depth, proprietary research processes enables the firm to screen and assess relevant environmental, social and governance aspects and systematically integrate them into its investment analysis.

All investment processes at Twelve Securis have embedded regular engagement with the businesses into which managed funds invest, undertaking a substantial number of company meetings annually.

Engagement activities are tracked and monitored in an internal tool.

Twelve Securis adopts the following Engagement strategies:

#### **1. Proactive engagements**

Proactive engagements are undertaken by Twelve Securis' Investment Analysts and Portfolio Managers on specific issues related to the applicable investment strategy and/or sustainability risks and opportunities that may have a positive or substantial impact on the risk/return profile of an investment. These discussions with corporate management are conducted with the aim of obtaining detailed information and influencing corporate practices to promote improved financial performance longer term.

#### **2. Thematic engagements**

Thematic engagements are focussed on specific ESG topics related to the insurance industry. Engagements are typically identified by taking into consideration the current performance of insurance companies on the relevant subject.

#### **3. Reactive engagement**

Reactive engagement is focused upon companies that are involved in serious breaches of international standards and/or of Twelve Securis' exclusion criteria. Twelve Securis' engagement list includes cases that are material, relevant, or represent systematic management failure. The purpose of Twelve Securis' engagement is to influence companies in order to effectively close and remedy identified breaches and address any management failures so as to avoid repeating the mismanagement or error in the future.

#### **4. Cooperation**

As Twelve Securis has access to the management of its investee companies, engagement with such companies is typically undertaken on a direct, private basis. However,

collaboration with other market participants may be sought if a potential strong benefit is seen and if it is believed that the effectiveness of the engagement can be increased from this collaboration.

#### 5. Escalation Strategy

There may be occasions where, despite discussions with companies, Twelve Securis' concerns have not been sufficiently addressed. If the usual engagement process fails, Twelve Securis will seek to escalate concerns, initially via further discussions with senior management members of the investee company. If however, a company consistently fails to meet expectations, or if a company's ESG disclosures are insufficient to provide an appropriate understanding of a company's sustainability-related performance, Twelve Securis may decide not to invest into a new issue, underweight an existing position or divest from an investment as applicable.

#### 6. Voting Rights

Proxy voting is one of the most prominent engagement strategies to safeguard shareholders' interests and their assets. Twelve Securis utilises proxy voting as an engagement method. When exercising voting rights, Twelve Securis uses the analyses and services of "Institutional Investor Services (ISS)".

#### 7. Management of Conflicts of interest

Twelve Securis is aware of potential conflicts of interest when engaging with companies and has measures in place to limit potential conflicts. In addition, there are policies and controls in place that are aimed at detecting and preventing activities of Employees that could cause conflicts. Twelve Securis' investment team members may from time to time be in a position to receive material non-public information from companies or their advisers (e.g., through "market soundings" of potential transactions in a company's securities). Twelve Securis continuously builds upon its trade surveillance framework to monitor the internal use of material non-public or confidential information.

Conflicts of interest incidents are managed by Compliance, and all employees are subject to regular and mandatory trainings on the topic.