

# Stewardship Policy

◆▶ Bayern Invest



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## 1. Our understanding of stewardship

The transformation of the economy towards a sustainable business model is an imperative for society as a whole. This is the only way to ensure a future worth living. Financial institutions can play a key role by actively approaching companies and providing them with targeted guidance and support on their transformation journey.

As an asset manager, BayernInvest Kapitalverwaltungsgesellschaft mbH (hereinafter: BayernInvest) bears fiduciary responsibility for the capital entrusted to it. BayernInvest fulfills this responsibility by actively and responsibly exercising its role as an investor. Always linked to the goal of achieving long-term value creation and positive development for investors while contributing positively to the economy, society and the environment.

BayernInvest complies with this approach on the one hand through active dialogue with companies in which we invest (hereinafter referred to as "engagement"). The exchange promotes our understanding of their strategies, structures and challenges. This relevant information allows us to better assess the prospects of the companies and to make well-founded, long-term investment decisions for our company or in the best interests of our investors. At the same time, this exchange enables us to specifically point out topics relevant to the company and to demand change. Such engagements describe continuous and constructive exchange with companies to promote sustainable value creation, address risks and enable transformation.

On the other hand, we exercise our voting rights (hereinafter referred to as voting). At annual general meetings of the companies we invest in, voting is based on voting policy. More information about the voting universe is explained under the item "Proxy Voting".

Taken together, the building blocks of engagement and voting form a holistic stewardship approach. It is particularly important to dovetail the two components so that they do not run in isolation from each other: Engagement results should be reflected in voting behavior, and findings from Annual General Meetings should be taken up in engagement.

As of 1 October 2025, BayernInvest entered a strategic partnership with IVOX Glass Lewis GmbH (hereinafter referred to as "IVOX Glass

Lewis") in order to maximize the impact of its engagement and voting activities. The collaboration with IVOX Glass Lewis is explained in more detail in the following chapters. IVOX Glass Lewis was selected according to clearly defined quality criteria and is regularly evaluated to ensure effective implementation of stewardship goals. Emphasis was placed on close cooperation in the selection process.

BayernInvest influences engagement goals and priorities. For this purpose, issuers are continuously analyzed along several dimensions. The Analysis focus includes, among others:

- the business strategy and its influence on the company's success and capital management,
- the establishment of suitable risk management processes,
- assuming ecological and social responsibility,
- the implementation of effective corporate governance structures, here we look in particular:
  - the composition of the management and control bodies
  - the independence of Supervisory Board members, and
  - the design of remuneration structures
- the compliance structure and ethical conduct

ESG data from external ESG data vendors is primarily used for the analysis, so that the most up-to-date situation is used. Based on these topics, systematic and market-wide risks are examined and their influence on the business development, financial performance and long-term potential of the companies is evaluated. These risks are listed below as sustainability risks, as they include environmental, social and governance aspects.

The results of the engagement process are re-integrated into the investment strategy. If there is no or an inappropriate response to the engagement and the imbalances mentioned above intensify, internal escalation levels can also lead to divestment decisions.

BayernInvest publishes an annual stewardship report on how it has implemented its engagement and voting activities.

The management of BayernInvest KVG and BayernInvest Luxembourg S.A. is responsible

for the active stewardship approach. The Sustainability Office unit is responsible for the operational implementation of the commitment, whose head reports regularly to the management. The Middle Office is responsible for the operational implementation of proxy voting. The head reports to the CIO and the management of BayernInvest.

## 2. Engagement

### 2.1. Engagement Process

As part of its fiduciary duty, BayernInvest uses its property rights and influence in the equity and corporate bond market on behalf of and for the benefit of its investors. Investments are made in companies that operate worldwide and whose headquarters are globally dispersed. This and the different business activities of the companies result in different risk profiles. Together with our partner IVOX Glass Lewis, material (sustainability-related) risks are identified and prioritized, and relevant engagement priorities are derived from them.

The discussions held as part of the engagements are carefully documented to create a comprehensible basis for the evaluation of the company's development. Progress and changes are continuously monitored over time to enable targeted coordination of engagement activities. All information is recorded in a web-based engagement database.

The Sustainability Office department is responsible for monitoring ongoing engagement activities and the resulting measures and consequences for BayernInvest's investments. In the ESG Competence Center (ESG-CC), which is made up of members from all departments of the Portfolio Management division and the Sustainability Office. The Sustainability Office presents findings of current engagement at regular intervals. The implications for the investment process will then be discussed. If an escalation is made by the Sustainability Office based on an engagement, e.g. in the sense of a (partial) exclusion, the issue is discussed in the ESG-CC with the involvement of the CIO. If the committee does not come to a unanimous decision, the matter is escalated to the management for a final decision.

As part of our engagement activities, we differentiate between individual engagement and engagement through our partner IVOX Glass Lewis (Service Provider Engagement). This dichotomous approach enables us to address individual companies and topics in a targeted and effective manner (individual

engagement) as well as to efficiently consider other engagement goals across the board (service provider engagement).

The engagement horizon of our individual engagement is typically three years. Companies with which we enter dialogue thus have sufficient time to respond to demands and achieve improvements. This process essentially involves the following steps:

#### **Get to know each other**

First contact the company via e-mail. We introduce ourselves as a company, as well as our motivation for the potential engagement efforts and get to know the company.

#### **Dialogue**

After the first contact, concrete demands are made via personal or virtual dialogues.

#### **Goal & Period**

Concrete and measurable goals are set for a certain period.

#### **Monitoring**

Progress can be monitored with the help of defined milestones.

#### **Escalation**

In the event of insufficient response or lack of progress, escalation measures can be initiated.

#### **Report**

Annual publication of engagement results on the website.

### 2.2. Individual commitment

Our approach to individual engagement follows a structured and transparent process with the aim of creating measurable and positive impact for our investors. The aim is to bring about sustainable change. To this end, all invested issuers are monitored about key metrics and issuers for whom we identify a need for change are defined as an engagement target.

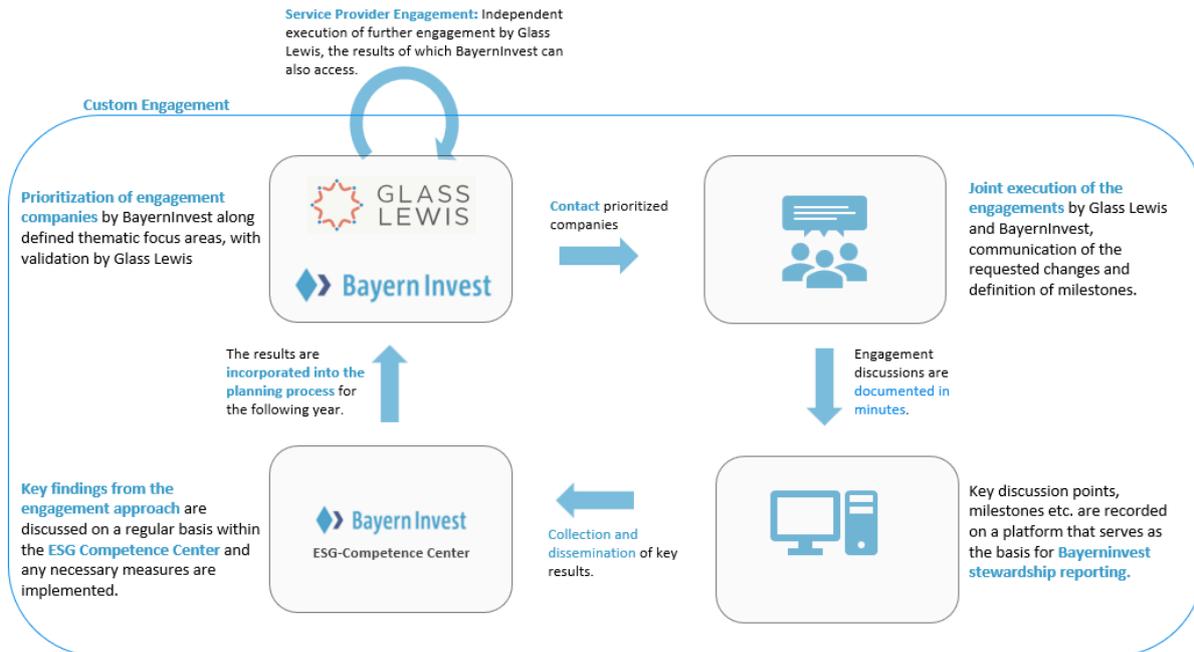


Figure 1: Engagement Process Flowchart

In doing so, we consider both sector-specific and idiosyncratic metrics. Our individual engagement focuses on issuers where we see the greatest need for dialogue based on our risk assessment and on companies in which we are particularly heavily invested. This is intended to make the greatest possible contribution to our investors are used to maintain and increase the value of invested issuers.

The engagement goals and content defined by BayernInvest are discussed and prioritized with IVOX Glass Lewis. We carry out individual commitment together with our partner's engagement experts. The commitment is documented by IVOX Glass Lewis, and recorded conversations, milestones and company feedback are quality-assured and monitored by BayernInvest experts.

Through active dialogue, the existing influence is used to achieve continuous improvements regarding the defined priorities along predefined milestones. Engagement topics that we consider particularly relevant and bring into discussions with companies are:

### **Climate protection**

Emission reduction, climate targets in line with the Paris Climate Agreement, transition plans and adaptation strategies to climate-related risks.

### **Environmental protection**

Circular economy, managing nature-related risks, biodiversity.

### **Human and labor rights**

Compliance with international standards, such as the UN Global Compact or OECD Guidelines for Multinational Enterprises.

### **Corporate Governance**

Independence from the Supervisory Board, diversity on the Executive Board.

## 2.3. Service Provider Engagement

As part of its service provider engagement, our strategic partner IVOX Glass Lewis is entering an exchange with companies in order to address and ideally reduce sustainability risks. We have no influence on the selection of engagement goals and content within the framework of Service Provider Engagement. However, we also take up the additional findings from these engagement activities. We also report on such engagement in an abbreviated form in our Stewardship Report.

## 2.4. Collaborative Engagement

Collaborative engagement refers to a coalition of several investors who seek to achieve a common objective in their dialogue with an issuer. This form of engagement may be preceded by a bilateral discussion that remained unsuccessful. Accordingly, collaborative engagements can also represent a form of escalation.

In principle, BayernInvest reserves the right to discourage collaborative engagement, e.g. in the context of investor initiatives, especially if it is considered more likely to succeed than bilateral engagement. Nevertheless, the legal situation must be considered for such commitments: The German Securities Trading Act and the Securities Acquisition and Takeover Act restrict coordinated investor behavior (“acting in concert”). This is one of the reasons why BayernInvest is currently focusing its efforts on bilateral engagement.

## 2.5. Escalation process

If issuers do not respond appropriately to ESG-relevant concerns or defined milestones are not reached, a multi-stage escalation process is initiated. The decision to escalate is based on the urgency and materiality of the issue, the course of the dialogue to date and the expected impact of further measures.

The escalation process begins, among other things, with repeated contact and clearer deadlines. If this is unsuccessful, BayernInvest reserves the right to reject relevant draft resolutions at the Annual General Meeting or to support shareholder proposals aimed at the engagement topic. In principle, it is possible to formulate its own shareholder proposals as well as statements made in the run-up to the Annual General Meeting – like its own contributions to the Annual General Meeting – but BayernInvest only resorts to such measures in exceptional cases. The last resort is a possible divestment by the issuer.

## 3. Proxy – Voting

BayernInvest's voting activities are based on the principles and guidelines that are already applied to the engagement (see section 6). With these framework conditions, BayernInvest defines the maxim of action according to which it exercises its voting rights for the investment funds it manages. The exercise of voting rights and monitoring of the voting process takes place in the Middle Office department and is carried out in close cooperation with our partner IVOX Glass Lewis.

The service of IVOX Glass Lewis includes the provision of information on the Annual General Meetings (including dates, invitations, agenda items), information on the companies (including master data, key figures, annual reports), voting proposals and, if necessary, the exercise of voting rights in the respective market. For the provision of the service, Glass

Lewis will receive the power of attorney to exercise voting rights.

With its voting behavior, BayernInvest wants to promote the principles of good corporate governance. BayernInvest is therefore voting in favor of shareholder proposals aimed at increasing transparency on key ESG issues, improving long-term value creation for shareholders and addressing material ESG risks. If the principles and guidelines of good corporate governance are insufficiently adhered to, BayernInvest does not support this, considering the IVOX Glass Lewis ESG Thematic Voting Policy. In these cases, a vote will be taken against management, unless management and the Board of Directors have already demonstrated reasonable efforts to mitigate risks associated with poor corporate governance in a transparent manner.

In principle, BayernInvest strives to ensure a high level of coverage of the markets to be coordinated, this is done depending on (our), the service provider IVOX Glass Lewis and the respective custodian concerned. IVOX Glass Lewis submits proposals for the planned voting behavior and exercises voting rights for votable markets at the Annual General Meetings. BayernInvest sometimes exercises the voting rights itself in the case of predefined custodians, but the proposal process remains unaffected.

BayernInvest publishes its voting behavior on its company homepage at regular intervals.

## 4. Dealing with conflicts of interest

During BayernInvest's stewardship process, both internal conflicts of interest (e.g. between asset classes or investment strategies) and external conflicts of interest (e.g. with customers or asset owners) can arise. In order to prevent conflicts of interest from having a negative impact on the interests of investment funds and mandates or clients, appropriate measures are taken to identify, prevent, settle and monitor conflicts of interest. These measures are formulated in BayernInvest's internal guidelines and procedures and are intended to ensure that conflicts of interest are identified at an early stage and that such conflicts are dealt with appropriately.

First, the guidelines provide for a transparent disclosure of possible conflicts of interest to

BayernInvest's compliance department (and any other responsible parties). Subsequently, a decision will be made on how to proceed on a case-by-case basis, taking into account all relevant information. The compliance unit assesses the materiality of the respective cases.

## 5. Insider Information

Information that we obtain during engagement activities but which is not known to the public must be kept as insider information and reported to the internal compliance unit. As soon as the information becomes publicly known, it no longer constitutes inside information. Until the information is published, this information may not be exploited, passed on to third parties or published in one's own interest or that of an investor.

## 6. Reporting & Other Policies

BayernInvest reports annually on its engagement efforts and voting results as part of a stewardship report<sup>1</sup>. The report is published on the [Policies and Reports](#) website. As part of the "Declaration on the most Important Adverse Impacts of Investment Decisions on Sustainability Factors", which is published annually, BayernInvest presents, among other things, the extent to which the engagement approach has a mitigating effect on the adverse effects of investments on the climate, environment and social issues.

This stewardship policy considers both national and international guidelines, such as the EFAMA Stewardship Code, DVFA Stewardship Guidelines and the BVI Code of Conduct. In addition, the policy is updated regularly, at least once a year.

Status of the policy is: 26.02.2026

### **Publisher**

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<sup>1</sup> If required and on request, BayernInvest also prepares customer-specific engagement reports.