



ETHENEA

Voting Report

2024 calendar year

Foreword

When exercising our right to vote, we support our portfolio securities with a constructive outlook.

ETHENEA Independent Investors S.A. (“ETHENEA”)¹ places emphasis on sustainability for its investments, not only in terms of a sustainable increase in value but also with regard to ESG (Environmental, Social and Governance) criteria. Both aspects are complementary when selecting equities: a company can only be successful in the long term if it uses its resources efficiently, treats its internal and external stakeholders (e.g. employees, business partners, suppliers and customers) fairly and operates with integrity.

Therefore, as part of our portfolio management approach, we factor ESG aspects into our investment decisions in addition to conventional financial data. On the one hand, by making exclusions such as coal or tobacco, but also on the basis of individual ESG analyses and the associated minimum requirements. When compiling the fund portfolio, we use these filters and supplementary analyses to focus from the outset on companies which meet our sustainability standards, within the meaning of both definitions.

It is nevertheless important to keep supporting the development of these companies, including after the initial investment decision. As well as fostering dialogue with the management of the companies in which we invest, we use our right to vote at general meetings as an additional means of communication. Although dialogue offers the opportunity to exchange views, it does not generally have a formal or binding nature. By contrast, exercising the right to vote at general meetings, does have such characteristics and is therefore an effective tool for helping to shape the orientation of companies.

As active asset managers, we wish to dutifully exercise this right that has been invested in us on a fiduciary basis, both in the interest of our investors and to consider our internal principals. With this report we create transparency with respect to our voting behaviour during the 2024 calendar year.

¹ The voting report includes the votes of the Ethna funds: Ethna-DEFENSIV (bond fund), Ethna-AKTIV (multi-asset fund – balanced) and Ethna-DYNAMISCH (multi-asset fund with a focus on equities) – as well as the global macro fund HESPER FUND – Global Solutions.

1. Principles for the exercise of voting rights

We consider it important to exercise our voting rights in the interest of our investors and to consider our aforementioned principles. To do so, we examine a broad range of performance indicators.

The principles which govern our activity are listed in our [Guidelines for Exercising Voting Rights](#). These lay the foundations of our voting behaviour, according to which we make our voting decisions based on the individual corporate context.

ETHENEA endeavours to participate in the general meetings of all companies in which we hold a direct or delegated individual equity position with the right to vote ("proxy voting").

2. The exercise of voting rights

During the 2024 calendar year, we – ETHENEA – exercised our right to vote at 69 ordinary general meetings. Our participation rate is 100%. The number of voting rights exercised varies significantly between the funds. It is determined by the funds' respective priorities and the weight of the individual equities in the overall portfolio context.

Ethna-DYNAMISCH

Ethna-DYNAMISCH, the most offensive of the three Ethna funds, consists essentially of a long-term equity portfolio. This mandate accounted for 28 general meetings last year. The portfolio management team voted at all Annual General Meetings. We did not cast votes for three companies in which we hold preference shares.

Ethna-AKTIV

The equity allocation of our balanced flagship fund essentially results from a broadly diversified individual share portfolio. This mandate accounted for 46 Annual General Meetings last year. Here too, the portfolio management team voted at all Annual General Meetings.

Ethna-DEFENSIV

As of October 1, 2023, the Ethna-DEFENSIV is a pure bond fund and therefore does not hold any equities in its portfolio.

HESPER FUND – Global Solutions

Our global macro fund largely manages its equity allocation via ETFs and derivatives. In addition, HESPER FUND – Global Solutions pursues a highly flexible, opportunistic approach. Therefore, the number of voting individual equity positions is basically low. In the past calendar year, the HESPER FUND did not hold any individual shares with voting rights.

At the aforementioned 69 Annual General Meetings - five of which related equally to the Ethna-DYNAMISCH and the Ethna-AKTIV we cast our votes on 467 agenda items. We voted in favour of the majority of the agenda items 327. This included only one shareholder proposals which we supported contrary to management recommendations (see Extract 1 on Nike Inc. as an example). The fact that we rarely vote against management recommendations is partly due to the fact that many items on the agenda, such as the ratification of the auditors, are formalities that are not controversial for our portfolio stocks. Thanks to our stock selection process, which already takes preventive action to ensure sustainable characteristics such as sound corporate governance and adequate internal control mechanisms, our need to intervene is low even in the case of more complex, company-specific agenda items (see Extract 2 on The Walt Disney Company as an example).

We rejected 140 items on the agenda. These were all shareholder motions. ESG-related shareholder motions have increased significantly in recent years, particularly in the US. One of the likely reasons for this was an announcement by the U.S. Securities and Exchange Commission published at the end of 2021, granting shareholders greater freedom when formulating the content of proposals. Whereas the number of proposals has increased as a result, their quality has declined. While the quantity of proposals has increased as a result, their quality has tended to decrease. For example, demands are submitted by shareholder groups that have long been addressed by the respective company (see Extract 3 on Visa Inc. as an example). In addition, absolute and sometimes unrealistic demands can often be observed in ESG initiatives (see Extract 4 on Dominion Energy Inc. as an example). Due to the increase in shareholder proposals and their politicisation, it is important to weigh up votes carefully. In doing so, we take the individual company context into account and are not guided by generalised narratives (see extract 5 on Berkshire Hathaway Inc. as an example).

Examples of voting rights exercised

1. Ethna-AKTIV vote against the management recommendation of Nike Inc., 10 September 2024

In the 2022 calendar year, a shareholder motion called on Nike to suspend the sourcing of wool and other raw materials from China in order to rule out Nike's involvement in human rights violations against the Uyghur ethnic group. We voted against this shareholder motion at the time as it was too imprecise and absolute. However, we supported the concerns expressed in the motion and submitted a written request to Nike's management, requesting that they expand their control of the value chain, particularly in China. In the 2024 calendar year, a similar motion was put to the vote, calling on Nike to provide an accountability report on the effectiveness of value chain control. We supported this proposal.

2. Ethna-AKTIV vote according to the management recommendation of The Walt Disney Company, 3 April 2024

Activist investors proposed to add their own members to the Supervisory Board with the intention to influence the company's strategic direction. In accordance with the management recommendation, we have rejected this proposal. Walt Disney Company is undergoing a transformation process in both the entertainment and theme park business. The measures to accelerate growth and expand margins are already proving effective. In this phase, we consider external disruptions to be counterproductive.

3. Ethna-AKTIV and Ethna-DYNAMISCH vote according to the management recommendation of Visa Inc., 23 January 2024

A shareholder proposal required Visa to submit remuneration packages exceeding a certain amount to a shareholder vote, with particular consideration given to the share-based remuneration component. We rejected this proposal. Visa already has guidelines on management remuneration that require shareholder approval. These are voted on at the annual general meeting and we have approved the management's proposal. We consider further requirements to be superfluous and restrictive.

4. Ethna-AKTIV vote according to the management recommendation of Dominion Energy Inc., 7 May 2024

At the general meeting, a shareholder proposal was put to the vote that called for Dominion Energy's legal form to be changed to a "benefit corporation". The motion states that the objective is to transition from a purely shareholder-centric approach to a broader stakeholder approach that incorporates environmental considerations, for instance. Dominion Energy already has significant capacities in renewable energy generation and numerous pipeline projects that will further expand this share. In addition to the absence of any offset advantages associated with a change of legal form, there is no rationale for Dominion Energy

to become a non-profit organisation. In line with the recommendation provided by the management team, we voted against the proposal.

5. Ethna-AKTIV and Ethna-DYNAMISCH vote according to the management recommendation of Berkshire Hathaway Inc, 4 May 2023

In recent years, we have voted in favour of a shareholder proposal calling for the disclosure of climate-related risks and opportunities at holding level in line with the internationally recognised reporting standard of the Task Force on Climate-related Financial Disclosures (TCFD). The proposals have narrowly failed in recent years. In 2024, several shareholder proposals made environmental demands on individual divisions of Berkshire Hathaway. We do not consider separate ESG initiatives by individual subsidiaries to be expedient. The issue of inconsistent reporting remains. Consequently, we have voted against the corresponding proposals.

In our assessment, these votes align with our mandates and serve the interests of our investors by supporting the long-term value of the respective company. In line with this approach, we voted on 467 agenda items at 69 Annual General Meetings throughout the 2024 calendar year. We will continue to exercise our voting rights in a constructive manner to support our portfolio companies in the future.

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Austria, Belgium, Germany, Liechtenstein, Luxembourg: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Luxembourg; France: CACEIS Bank France, 1-3 place Valhubert, F-75013 Paris; Italy: State Street Bank International – Succursale Italia, Via Ferrante Aporti, 10, IT-20125 Milano; Société Générale Securities Services, Via Benigno Crespi, 19/A - MAC 2, IT-20123 Milano; Banca Sella Holding S.p.A., Piazza Gaudenzio Sella 1, IT-13900 Biella; Allfunds Bank S.A.U – Succursale di Milano, Via Bocchetto 6, IT-20123 Milano; Spain: ALLFUNDS BANK, S.A., C/ Estafeta, 6 (la Moraleja), Edificio 3 – Complejo Plaza de la Fuente, ES-28109 Alcobendas (Madrid); Switzerland: Representative: IPConcept (Schweiz) AG, Münsterhof 12, Postfach, CH-8022 Zürich; Paying Agent: DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zürich. The paying or information agents for HESPER FUND, SICAV - Global Solutions are the following: Austria, France, Germany, Luxembourg: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Luxembourg; Italy: Allfunds Bank S.A.U – Succursale di Milano, Via Bocchetto 6, IT-20123 Milano; Switzerland: Representative: IPConcept (Schweiz) AG, Münsterhof 12, Postfach, CH-8022 Zürich; Paying Agent: DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zürich.

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Information for investors in Belgium: The prospectus, the key information documents (PRIIPs-KIDs), the annual reports and the semi-annual reports of the sub-fund are available in French free of charge upon request from the investment company ETHENEA Independent Investors S.A., 16, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg and from the representative: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Luxembourg.

Information for investors in Switzerland: The country of origin of the collective investment scheme is Luxembourg. The representative in Switzerland is IPConcept (Schweiz) AG, Münsterhof 12, P.O. Box, CH-8022 Zurich. The paying agent in Switzerland is DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zurich. The prospectus, the key information documents (PRIIPs-KIDs), and the Articles of Association, as well as the annual and semi-annual reports, can be obtained free of charge from the representative.

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