

Engagement and Voting Policy

Engagement & Voting Policy of Universal-Investment-Luxembourg S.A.

Exercising of shareholder rights

As a 100% subsidiary of Universal-Investment-Gesellschaft mbH, Frankfurt am Main – the largest independent investment firm in the German-speaking world – Universal-Investment-Luxembourg S.A. ("UIL") successfully manages investments for its investors, including many investments for private and occupational pension plans. In order to safeguard the interests of the investors and fulfil the associated responsibilities, Universal-Investment-Luxembourg S.A. exercises – in the interests of the investors and for the purpose of good corporate governance – the shareholder rights associated with the shareholdings that are held on behalf of the managed investment funds.

In principle UIL exercises the voting rights that are linked to shares which are listed on a stock exchange. The condition for it doing so is that there are no country-specific restrictions or unreasonably high costs in relation to the voting rights – e.g. due to notarial certifications – which preclude the exercising of voting rights. These include, in particular, the requirement to attend general meetings in person, and the inadmissibility of so-called "split voting" (which enables a beneficial owner to vote in different ways on a single agenda item, e.g. to vote in favour with 500 shares and to abstain with 500 shares).

The following principles form the basis of our voting guidelines:

- Every decision is based solely on the investors' interests and the benefits of the respective Fund.
- Decisions on exercising voting rights are made independently of the interests of third parties.
- The integrity of the markets should be preserved in any case.

Voting rights are exercised by UIL, or by the service providers commissioned by it, on the basis of the following voting principles.

Furthermore, these voting principles are for the benefit of the Funds managed by UIL and are therefore generally be applied to all Funds unless, in the specific case of an individual Fund, it is appropriate to deviate from them in the interests of the Fund's investors and for the benefit of the relevant Fund while preserving the integrity of the market.

They are based on transparent and sustainable corporate governance ("ESG") criteria that focus on additional criteria from the environmental ("E"), social ("S") and governance ("G") fields which emphasise the long-term success of the businesses in which the Funds are invested (so-called portfolio companies), or take these criteria into account as part of an ESG overlay approach. Compliance with the voting guidelines also prevents conflicts of interest that could potentially arise due to the actions of third parties, the commissioning of third parties, or due to the interests of UIL.

Voting guidelines Germany

The exercising of voting rights that are linked to shares listed in Germany are based on the following voting guidelines that are listed below. These voting guidelines form the basis for the responsible management of investors' capital and rights in Germany.

1. Annual report & auditor

The portfolio company's financial statements or annual report should be published regularly and be transparent in order to give shareholders an overview of the company's financial situation.

When appointing the auditor, the following criteria should be met:

- Independence of the auditing firm and the responsible auditor
- The appointment is for up to a maximum of five years
- Appropriate and transparent remuneration

If the auditor has an advisory role at the company, this must be reported. The consultancy fees must not be disproportionately higher than the audit costs and should be shown separately.

2. Board of Directors & Supervisory Board

The structure of the bodies within a portfolio company should enable there to be a sound corporate policy. The clear defining and separation of responsibilities is considered to be important in this regard.

The following are regarded as critical:

- Insufficient qualification and diversity
- Lack of majority independence of the shareholder representatives in the committees
- The same person occupying different strategic roles
- The direct transfer of members of the Board of Directors to the Supervisory Board
- Lack of adequate compensation system. Remuneration and severance payments should be performance-based, proportionate and transparent. Their amount is to be based on the long-term success of the company. In addition, the remuneration policy should be voted on regularly (at least every 4 years).

3. Corporate actions

Capital increases and share buybacks are in the interests of the shareholder if they enhance the long-term success of the portfolio company. The portfolio company's financing strategy must be considered in this context.

A capital increase is considered to be positive if:

- it serves to achieve a clear, long-term increase in the portfolio company's earnings potential.
- clear reasons for it are provided, and the portfolio company's long-term strategy with regard to the corporate action is explained and supported.
- it is carried out using subscription rights that can be traded on a stock exchange.

In the case of share buybacks, it shall to be noted that:

- the principle of equal treatment applies. Special benefits for individual shareholders are viewed as critical.
- the buyback is clearly justified.
- the price of a share does not exceed the market price by 10%.
- the buyback volume (the critical limit is 10%) and the economic situation of the portfolio company are compatible.

4. Appropriation of earnings

A dividend payment should be reasonable and consistent with the portfolio company's financial results. Subject to special conditions, payment of the dividend out of the company's assets may be approved.

5. Mergers & acquisitions

Mergers and acquisitions should be aligned with the portfolio company's long-term strategy. The purchase price that is offered must correspond to the sustainable company value.

6. Shareholder rights

Each individual voting share should in principle have equal voting rights (on the "one share - one vote" principle). Measures that lead to an erosion of shareholder rights shall be viewed critically.

7. Corporate governance code and best practice

In principle, country-specific corporate governance factors are decisive for the treatment and analysis of the documents presented at general meetings.

Corporate governance issues that are not expressly mentioned in the preceding points should be checked and classified using best practice in the market (e.g. OECD principles).

The portfolio company should have formulated and published a diversity policy. Regular reports on the progress made in relation to it must be provided.

Voting guidelines for other countries

In the case of voting that is carried out in other countries, UIL uses the respective [country-specific Glass Lewis guidelines](#), which take local framework conditions into account. In addition, the Glass Lewis "Environmental, Social & Governance ("ESG") Initiatives" guidelines are applied to the specific country guidelines and take precedence.

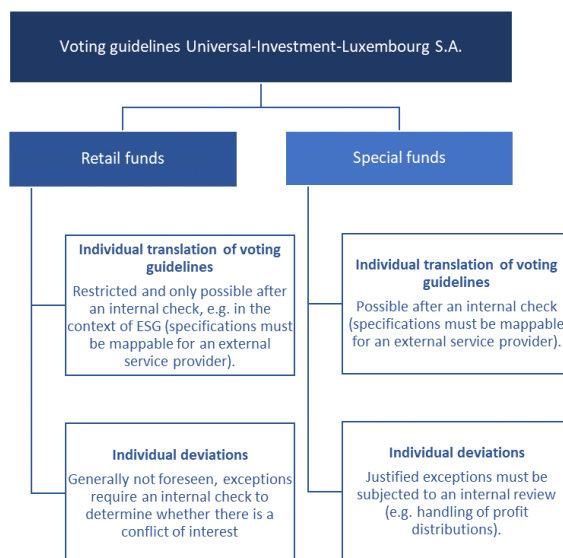
Handling of conflicts of interest and securities lending

Universal-Investment-Luxembourg S.A. analyses any conflicts of interest that arise and takes measures to resolve them. UIL makes such measures transparent for investors and documents the resolution of the actual conflicts of interest.

In order to prevent potential conflicts of interest and, if necessary, to resolve them, measures such as the following are taken:

- Ensuring there is a separation of functions and duties as well as the associated establishment of an internal control system in implementation of the requirements from section 5.5.7 of CSSF Circular 18/698.
- Establishment of confidentiality areas (so-called "Chinese Walls")
- Disclosure of the general nature and origin of conflicts of interest vis-à-vis clients, insofar as the measures taken are not adequate for excluding as far as is reasonably practicable the risk of harming client interests.

In addition to these general measures for preventing potential and actual conflicts of interest, voting rights are specifically exercised according to the following decision tree:



Should a conflict of interest arise as a result of a deviation from the general voting guidelines, UIL will resolve this in the best interests of the investor(s). In situations in which Universal-Investment-Luxembourg S.A. has a business relationship with the issuer / the portfolio company in question, there shall be no deviation from these voting guidelines.

If securities holdings have been lent to other market participants, the securities loan must be terminated in time to enable the voting rights associated with the lent securities to be exercised. If it is in the interests of the investors in a specialised AIF to forego the exercising of their voting rights in favour of the income from securities lending, Universal-Investment-Luxembourg S.A. will comply with these interests.

Details of the measures taken in their investment fund(s) on the basis of these voting guidelines will be provided to investors upon request and without charge by Universal-Investment-Luxembourg S.A..

Irrespective of this, Universal-Investment-Luxembourg S.A. reports annually on its website regarding general voting behaviour, the most important votes, the use of proxy advisors, and actual voting behaviour.

Monitoring

The monitoring of important matters concerning the portfolio companies - within the meaning of Art. 1sexies of the Law of 1 August 2019¹ is the responsibility of the portfolio manager who is contractually responsible for the careful selection, acquisition and monitoring of assets on behalf of the Fund. Otherwise such monitoring must be incorporated into the recommendations that are provided by an external investment advisor. Whether and how analyses are carried out depends largely on the investment strategy of each individual Fund. Portfolio managers are also responsible for evaluating the outcomes of general meetings and drawing appropriate conclusions for the portfolio concerned. Investment advisers must incorporate the results of general meetings into their investment recommendations. The qualified investment decision based on the investment adviser's recommendation is made by UIL.

Corporate Dialog / cooperation

For business reasons, Universal-Investment-Luxembourg S.A. itself does not engage in corporate dialogue or cooperate with other shareholders. If, in individual cases, it is nevertheless in the best interests of investors or of the investment funds managed by Universal-Investment-Luxembourg S.A. to actively exchange views with the corporate bodies and stakeholders of a portfolio company, Universal-Investment-Luxembourg S.A. may use the services of contractually appointed third parties.

These third parties may

- a) Monitor the companies in which the funds are invested on important issues;
- b) Engage in dialogue with the companies in which the Funds are invested;
- c) Exercise voting rights and other rights attached to shares;
- d) Cooperate with other shareholders;
- e) Communicating with relevant stakeholders of the companies in which the Funds are invested; and
- f) Managing actual and potential conflicts of interest in relation to the participation.

1) Luxembourg Law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and implementing Directive 2007/36/EC, as amended by the Luxembourg Law of 1 August 2019.

Contact

T +352 261502-1

info@universal-investment.com

Universal-Investment-Luxembourg S.A.
15, rue de Flaxweiler
6776 Grevenmacher – Luxembourg