



MEAG Proxy Voting Policy

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1 Preamble

MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH (hereinafter **MEAG**) is obliged to exercise voting rights for the companies held in its investment funds (hereinafter **portfolio companies**) always in the interests of its investors. MEAG therefore generally influences the corporate governance and business policy of portfolio companies at their shareholder meetings in the interests of its own investors and exclusively for the benefit of the investment fund concerned. In doing so, MEAG takes into account environmental, social and governance (hereinafter **ESG**) considerations.

MEAG supports measures that can lastingly and sustainably increase the value of the portfolio company in question, voting, either itself or through authorised third parties based on clearly defined criteria (proxy voting), against measures that may conflict with this objective. As MEAG's actions always focus on the interests of its investors, MEAG has taken various organisational measures to avoid possible conflicts of interest to the disadvantage of the respective investor, which could arise from the exercising of voting rights. For more information, see MEAG's Participation Policy.¹

MEAG exercises the shareholder rights to which it is entitled for domestic and foreign shares it invests in for its investors in accordance with the applicable laws. As the basis for the voting principles, MEAG also takes into account the German Corporate Governance Code on responsible corporate management and control geared towards sustainable value creation (GCGC), the current analysis guidelines for annual general meetings of the German Investment and Asset Management Association (BVI) (BVI guidelines) and applicable market practice. International standards are also taken into account where applicable. This Proxy Voting Policy takes up on these framework conditions and formulates guidelines for the voting behaviour of MEAG and third parties authorised by it, whereby the applicable laws always remain unaffected.

In the event of discrepancies between the German and English version of this document, the German version shall prevail.

2 Corporate bodies of the portfolio companies

MEAG regards good corporate governance to be the basis for responsible control of the portfolio company by its corporate bodies. Responsible management of a portfolio company geared towards long-term value creation is therefore in the interests of MEAG and its investors. The qualifications, composition, activities and remuneration of a portfolio company's corporate bodies should reflect this.

For reasons of comparability between monistic and dualistic company structures, MEAG differentiates between executive and non-executive members of the administrative, management and supervisory bodies (hereinafter **corporate bodies**). In the following, the term '**members**' includes executive and non-executive members

¹ [MEAG Participation Policy](#)

of corporate bodies, irrespective of the monistic or dualistic structure of the company, unless the addition ‘**executive**’ or ‘**non-executive**’ provides for a corresponding restriction. In dualistic systems, MEAG regularly categorizes Management Board positions as executive members and Supervisory Board positions as non-executive members. In monistic structures, the categorisation follows the tasks assigned to the corporate body in each individual case.

MEAG considers members to be dependent if one of the following applies:

- More than twelve years already served on the corporate body in question.
- Representative of a shareholder with more than 10% of the voting rights.
- Former executive member of a portfolio company in the two years prior to being appointed to the corporate body in question.
- Additional relationship to members or the company.

In addition to critical factors such as

- the corporate governance,
- the company’s remuneration policy,
- appointment of auditors,
- capital measures incl. appropriation of profits and
- mergers and acquisitions,

ESG-related aspects in particular should also be taken into account and relevant business strategies analysed. This is reflected in the following voting rules.

2.1 Appointment of members of the corporate bodies

MEAG will generally not vote in favour of resolutions to appoint members if one of the following circumstances applies:

- 2.1.1 The candidate’s qualifications (for the corporate body in question) are not evidenced with CVs and a competence matrix. This principle can be deviated from if it is not considered the market standard.
- 2.1.2 No adequate measures have been taken to identify, prevent, manage and disclose conflicts of interest.
- 2.1.3 There is a lack of diversity, in particular regarding gender (e.g. no-one from the underrepresented gender in the case of non-executive members with four or fewer members or less than 30% where there are more than four members), age or qualifications.
- 2.1.4 Failure to meet self-imposed corporate diversity targets with non-executive members. In justified individual cases, this principle can be deviated from.

- 2.1.5 Accumulation of mandates, as far as known, whereby multiple mandates within a company group count as one mandate and the position of chairperson counts twice.
 - 2.1.5.1 More than four mandates in total at listed companies for an executive member.
 - 2.1.5.2 More than five mandates in total at listed companies for a non-executive member who does not hold an executive function in any of the companies.
- 2.1.6 For portfolio companies with a monistic system: If the chief executive and chairperson are one and the same person.
- 2.1.7 Less than half of the shareholder representatives in the corporate bodies of a portfolio company are independent.
- 2.1.8 The chairperson of the audit committee is not independent.
The chairperson of the remuneration committee is not independent.
- 2.1.9 No independent non-executive member has accounting or auditing expertise.
- 2.1.10 An executive member moves to the chair of the non-executive members, unless having observed a cooling-off period of two years.
- 2.1.11 In the event of block elections.
- 2.1.12 In the event of re-election:
 - 2.1.12.1 In the case of remuneration committee members: poor or non-response to significant shareholder criticism of the remuneration system.
 - 2.1.12.2 No individualised disclosure of attendance at meetings of non-executive members, i.e. the full board and the committees.
 - 2.1.12.3 Attendance at less than 75% of meetings without sufficient justification.
 - 2.1.12.4 Exceeding a mandate duration of 15 years.
 - 2.1.12.5 Chair of the non-executive members is also chair of the audit committee.

The following aspects are among those taken into account when re-electing certain positions such as the chair of the non-executive members, chair of the governance committee, members of the ESG committee (if any), chair of the audit committee:

- 2.1.12.6 There is no oversight of climate-related issues.
- 2.1.12.7 There has been no TCFD report.
- 2.1.12.8 The sustainability reporting is inadequate for the size of company.
- 2.1.12.9 No "net zero" CO₂ targets have been set and published.

2.2 Discharge of members of the corporate bodies

MEAG will generally not approve resolutions to discharge members if any of the following applies:

2.2.1 For members:

- 2.2.1.1 There are no appropriate measures in place to identify, prevent, manage and disclose conflicts of interest.
- 2.2.1.2 The internal control system and/or risk management system is/are deficient, and/or the description of the appropriateness and effectiveness is deficient.
- 2.2.1.3 Non-compliance with legal requirements and/or internal company or Group guidelines (compliance).
- 2.2.1.4 The declaration of compliance is incorrect.
- 2.2.1.5 There are pending proceedings, e.g. challenges to financial statements, insider trading, corruption or antitrust violations.
- 2.2.1.6 Target quota of 0% female representation in the respective body or, in the case of the executive functions, also in the two management levels below the executive members.
- 2.2.1.7 There is a lack of sustainability reporting.
- 2.2.1.8 Clear or recurring violations of generally accepted Socially Responsible Investment (SRI) or ESG guidelines, including failure to appoint an executive member to be responsible for ESG issues.
- 2.2.1.9 No "net zero" CO2 targets were set and published.
- 2.2.1.10 No vote on the remuneration system for members in the event of changes or at least every four years.
- 2.2.1.11 Demonstrable harm to the interests of minority shareholders.
- 2.2.1.12 No correction or statement in annual general meeting resolutions on remuneration (system and report), and discharge despite significant shareholder criticism among the voting rights represented at the annual general meeting in the previous year.

2.2.2 For executive members:

- 2.2.2.1 Sustained poorer performance relative to the sector.
- 2.2.2.2 Failure to comply with material transparency standards (e.g. failure to disclose CVs).

2.2.3 For non-executive members:

- 2.2.3.1 Failure to exercise oversight responsibilities with respect to executive members.
- 2.2.3.2 A company does not have or does not publish affiliation limits.

- 2.2.3.3 Less than half of the shareholder representatives in the corporate bodies are independent.
- 2.2.3.4 Failure to name financial experts and their qualifications.
- 2.2.3.5 No regular age limit for members is specified or published.
- 2.2.3.6 Failure to comply with material transparency standards, e.g. failure to publish CVs of non-executive members permanently up to date on the website, including their qualifications in elections, bylaws, named committee appointments.
- 2.2.3.7 No individualised reporting on the attendance of members at non-executive and committee meetings in a clear form.

2.3 Remuneration of members of the corporate bodies

Because each portfolio company is different and there are various ways of structuring a remuneration system for members, MEAG takes into account the circumstances of each individual case when making decisions on remuneration systems. MEAG supports remuneration systems at portfolio companies that it believes to be in the interests of its investors.

The remuneration of the corporate bodies (including any benefits upon termination of contract) should be based on the sustainable and long-term development of a portfolio company and help to promote its business strategy. The remuneration systems for members must also be transparent.

The criteria for and amount of remuneration of the members are determined by an independent body, if needed with the assistance of an external remuneration expert, and disclosed in full and transparently to the shareholders of the portfolio company. In its assessment of the respective remuneration system and remuneration report, MEAG takes into account legal requirements, market conditions, applicable industry standards (e.g. corporate governance codes such as the GCGC for German stock corporations or comparable codes) and other market-specific remuneration criteria.

- 2.3.1 To the extent permitted by law, MEAG does generally not approve resolutions on the remuneration system for executive members if one of the following applies:
 - 2.3.1.1 When determining the remuneration system and remuneration, deviations have been made from relevant industry standards (e.g. corporate governance codes such as the GCGC for German stock corporations or comparable codes).
 - 2.3.1.2 The share of fixed remuneration exceeds the intended share of the short-term and long-term variable remuneration.
 - 2.3.1.3 The share of short-term, in particular the one-year, variable remuneration, exceeds the share of the long-term variable remuneration.

- 2.3.1.4 The performance parameters for determining the variable remuneration
- 2.3.1.4.1. are not set for every member for the upcoming fiscal year and are not aligned with the strategic objectives of the portfolio company,
 - 2.3.1.4.2. are exclusively linked to the stock price of the portfolio company, particularly in the case of share options and other share-based remuneration components,
 - 2.3.1.4.3. do not indicate a sustainability orientation, in particular by not including explicit ESG factors (especially related to climate change) in the short or long-term targets,
 - 2.3.1.4.4. do not differ in the criteria chosen for short and long-term incentives,
 - 2.3.1.4.5. do not include a total of at least 3 criteria in the variable remuneration for short and long-term incentives.
- 2.3.1.5 Subsequent adjustments are made to performance parameters that make it easier to achieve specified objectives.
- 2.3.1.6 The variable remuneration component for share-based components is linked to the amount of the dividend, unless there is a relative TSR (Total Shareholder Return) component.
- 2.3.1.7 Lack of clearly defined and transparent bonus and malus components.
- 2.3.1.8 Lack of a claw-back mechanism for remuneration components paid out.
- 2.3.1.9 Possibility of granting special bonuses that go beyond the remuneration obligations entered into.
- 2.3.1.10 Lack of self-investment obligation (share ownership guidelines).
- 2.3.1.11 Stock option plans are issued jointly for executive members and staff.
- 2.3.1.12 Stock option plans exceed a dilution of 10%.
- 2.3.1.13 Existence of discretionary powers, e.g. discretionary factors in the annual bonus that exceed a 20% increase or decrease or are not covered by the maximum remuneration.
- 2.3.1.14 Voting on the remuneration systems of executive and non-executive members in a single agenda item.
- 2.3.1.15 Lack of transparency (e.g. no clear and understandable disclosure of all performance parameters for remuneration or in the disclosure of stock option programmes).
- 2.3.1.16 Increasing or inappropriately reduced remuneration in conjunction with poorer corporate results.
- 2.3.1.17 Non-performance-related or disproportionate remuneration or severance payments of any kind.

- 2.3.2 To the extent permitted by law, MEAG will generally not approve resolutions on the remuneration system for non-executive members if one of the following applies:
- 2.3.2.1 The remuneration is not appropriate relative to comparable companies.
 - 2.3.2.2 The remuneration is not predominantly fixed.
 - 2.3.2.3 If there are variable remuneration components:
 - 2.3.2.3.1. Linkage to the dividend or comparable short-term metrics.
 - 2.3.2.3.2. Lack of focus on the company's long-term development.

MEAG expects that significant changes to a remuneration system for corporate bodies of a portfolio company will be submitted to the annual general meeting of a portfolio company for voting. The remuneration system for the corporate bodies shall be submitted to its annual general meeting for voting at regular intervals, and at least every four years.

3 Auditor

A company's annual financial statements should present a current view of the company's asset, financial and earnings situation. Requisite to this is the auditor's independence and impartiality, also with regard to the auditor's remuneration.

MEAG does generally not approve resolutions on the appointment of the auditor for a portfolio company if any of the following factors apply:

3.1 Audit of the financial statements

- 3.1.1 Doubts as to the accuracy of the audit.
- 3.1.2 Doubts about the quality assurance measures applied with reference to audit procedures to be performed.
- 3.1.3 Doubts or lack of transparency about the choice and processing of the audit priorities.
- 3.1.4 Significant pending legal proceedings against the audit firm or auditor.

3.2 Independence of the auditor

- 3.2.1 The independence of the audit firm or auditor in preparing and presenting the portfolio company's financial statements is not permanently guaranteed. Their advisory activities are not adequately disclosed (by declaration of non-activity, if applicable) to determine their independence.
- 3.2.2 The responsible auditor is not explicitly named in the annual report. Indirect mention in the auditor's note is not sufficient.
- 3.2.3 The responsible auditor has been appointed for more than five years.

3.3 Remuneration

- 3.3.1 Remuneration for the audit is not disclosed and/or not appropriate.
- 3.3.2 Remuneration for the audit of the annual financial statements is not disclosed separately from other fees, in particular advisory fees.
- 3.3.3 The fees for advisory services repeatedly or disproportionately exceed the fees for the audit of the financial statements without reasonable justification.

4 Capital measures and repurchase of shares

MEAG supports increases of a portfolio company's capital, provided that the new capital allows a return which exceeds the costs of the capital increase.

The proposals for a capital increase at a portfolio company must be submitted to its annual general meeting for a vote, together with a justification and information on the company's long-term strategy. The proposal must state the amount of the portfolio company's remaining reserve capital and the percentage it represents of the company's share capital.

MEAG will not approve a resolution to increase a portfolio company's capital in the following cases:

4.1 Resolutions regarding all capital increases, including authorised and conditional capital increases

MEAG will generally not approve a resolution to increase capital in the following cases:

- 4.1.1 Preferred shares are to be issued.
- 4.1.2 Subscription rights are not to be tradable on a stock exchange.
- 4.1.3 There is a lack of justification and information on the company's long-term strategy regarding the capital measures.
- 4.1.4 The ordinary capital increase does not serve to clearly increase the portfolio company's long-term earnings opportunities.
- 4.1.5 The total amount of the remaining reserve capital and its percentage share of the share capital are not stated in the documents for the annual general meeting.

4.2 Anticipatory resolutions for authorised and conditional capital increases

MEAG will generally not approve an anticipatory resolution to raise capital if:

- 4.2.1 The proposed capital increase exceeds 20% of the portfolio company's nominal capital.

- 4.2.2 The total anticipatory resolutions cumulatively exceed 40% of the nominal capital of the portfolio company.
- 4.2.3 The proposed capital increase exceeds 10% of the portfolio company's nominal capital and subscription rights are excluded beyond this. All exclusions of subscription rights - with the exception of the settlement of fractional amounts - shall apply. Exclusions of subscription rights are to be considered cumulatively, whereby anticipatory resolutions already provided for in the articles of association are to be included.
- 4.2.4 Subscription right exclusions are limited only by means of a voluntary commitment, which is not included in the portfolio company's articles.

4.3 Repurchase of own shares by portfolio companies

MEAG will generally not approve resolutions on share buybacks if one of the following applies:

- 4.3.1 The portfolio company making the application is in financial difficulties.
- 4.3.2 Proposals for share buybacks are without justification and information on the portfolio company's long-term strategy with regard to capital measures.
- 4.3.3 The share buyback is not regulated equally for all investors and there are advantages for individual shareholders.
- 4.3.4 The price at which the shares are to be repurchased exceeds the respective market price by 10%.
- 4.3.5 A buyback volume of more than 10% for anticipatory resolutions.
- 4.3.6 A period of authorisation of more than five years, with the exception of share repurchase programmes that are solely for remuneration purposes.
- 4.3.7 An authorisation to issue repurchased preferred stocks.

With regard to item 4.3, it should be noted that this is a BVI standard that is applied in Germany but not internationally.

5 Acquisitions and mergers

MEAG supports intended acquisitions and mergers in which a portfolio company is involved, if they are in line with the portfolio company's long-term and sustainable corporate strategy.

MEAG evaluates these transactions taking into account the facts of each individual case. As part of the case-by-case assessment, MEAG considers in particular the legal and economic framework of the proposed transaction, valuations, ESG criteria, the reaction of the relevant market, the timing of the transaction, the process of identifying a target company, any conflicts of interest and voting agreements.

MEAG will generally not approve a resolution on a transaction if any of the following apply:

- The offered purchase price does not correspond to the sustainable company value.
- Measures are being taken to impede takeovers (poison pills).

6 Distribution of profit

MEAG supports a distribution policy for portfolio companies that is appropriate and in line with the long-term corporate strategy.

MEAG will generally not approve a resolution on the appropriation of profits if any of the following apply:

- The dividend is not appropriate by sector standards and does not reflect the financial performance of the portfolio company.
- The dividend is paid out of the portfolio company's equity, except in specially justified exceptional cases.
- In the case of an authorisation to use bonus shares (scrip dividends), there is no option to choose a cash dividend.

7 Sustainability and shareholder proposals

MEAG assesses the roles and responsibilities of the members and its committees in order to understand how much sustainability and climate-related risks and opportunities are being considered. MEAG does principally not approve the discharging of members if there are clear and sustained violations of generally recognised SRI or ESG guidelines, e.g. environmental concerns, employee concerns, social concerns, human rights, or if there is no monitoring of supply chains. MEAG also supports appropriate shareholder proposals that promote the aforementioned ESG criteria, as described in more detail in 7.4.

A portfolio company's climate change strategy is judged as to whether it has set "net zero" reduction objectives.

The aim is to minimise potential ESG risks and promote the sustainable development of the portfolio Companies.

7.1 Human rights

MEAG promotes respect for human rights through the following measures:

- Critical re-election of the chairperson of non-executive members if the company does not have a human rights policy or is not a signatory to the United Nations Global Compact.
- Critical discharge of the chairperson of non-executive members and, if individual discharge is not possible, critical discharge of all non-executive members if the company does not have a human rights policy or is not a signatory to the United Nations Global Compact.

7.2 Biodiversity

MEAG also takes biodiversity into account when exercising its voting rights at annual general meetings. MEAG generally supports shareholder proposals that aim to reduce a company's negative environmental impact and overall ecological footprint, including any threats to biodiversity in ecologically sensitive areas. MEAG generally votes in favour of shareholder proposals that require companies to prepare sustainability reports.

7.3 ESG disclosure and reporting

MEAG expects the portfolio companies to comprehensively disclose sustainability and climate-related risks in company reports, to enable it to assess how the respective portfolio companies take climate change, environmental and social issues into account.

Based on the information and analyses received from the portfolio companies, an assessment is made whether they comply with sustainability standards, codes and principles, draft their responsible business strategy in writing and provide information on their activities and ESG principles, e.g. with regard to climate, environmental aspects, employee concerns, human rights, combating corruption and bribery.

7.4 Shareholder proposals

MEAG also makes use of its voting rights for shareholder proposals put to the vote at an annual general meeting. It generally supports those that are conducive to the company's sustainable development and reflect the long-term interests of shareholders.

MEAG generally considers the following proposals favourably:

- Proposals to reduce a company's negative environmental impact and overall ecological footprint, including any threats to biodiversity in environmentally sensitive areas.
- Proposals requiring companies to carry out social and/or environmental audits and/or risk assessments of their activities in general.
- Proposals for including sustainability/ESG criteria in the remuneration structure
- Proposals that require companies to prepare sustainability reports, including proposals that require disclosure in accordance with TCFD, SASB, GRI or other international guidelines.
- Proposals requesting companies to set greenhouse gas reduction targets, taking into account science-based targets, including information on their greenhouse gas emissions (including carbon, methane and all other recognised greenhouse gases), mitigation targets and the company's climate transition plan.
- Proposals calling for the appointment of at least one member of the administrative board as a sustainability expert and/or the establishment of a special sustainability committee.

- Proposals that the company cease its climate-related lobbying activities that contradict the conclusions of the IEA and the IPCC.
- Proposals to not fund new fossil fuels / to amend the articles of association to not fund fossil fuel supplies / to disclose information that shows how funding is not used for new or derivative fossil fuels.
- Proposals for companies to adopt fair labour practices that are consistent with recognised international human rights standards, including policies to eliminate gender-specific violence and other forms of harassment in the workplace, and requests for a company to report on its efforts to promote a safe workplace for all employees; this includes requests for further reporting on compliance with international human rights standards.
- Proposals calling for the payment of living wages and/or the protection of children from forced labour.
- Proposals calling for a diversity policy to be introduced.
- Motions to introduce robust whistleblowing systems and policies that are accessible to all.

8 Virtual shareholder meetings

MEAG only supports virtual shareholder meetings if the legal requirements for virtual shareholder meetings are met and shareholder rights are not unreasonably restricted in comparison to on-site meetings.

Shareholders' rights are deemed to be unreasonably restricted if each shareholder's right to ask questions in advance of the shareholder meeting is unreasonably limited or if a maximum total number of admissible questions is set in advance and the right to ask questions or request information at the meeting itself is limited to follow-up questions and questions on new matters.

9 Dealing with conflicts of interest

MEAG votes only in the interests of its investors, discounting the interests of third parties. Should a potential conflict of interest arise to the disadvantage of an investor, MEAG resolves it in the best interests of the investors concerned. MEAG has internal guidelines for such cases to ensure that conflicts of interest are avoided or that unavoidable conflicts of interest are handled and disclosed appropriately. Further information on how to deal with conflicts of interest can be found in MEAG's Principles for the Avoidance of Conflicts of Interest, which can be found at www.meag.com.

10 Exercising and reviewing voting rights

MEAG exercises the shareholder rights to which it is entitled for almost all domestic and foreign shares it invests in for its investors. When exercising its voting rights, a proxy voting advisor appointed by MEAG prepares voting proposals on the basis of this Proxy Voting Policy. For the voting proposals of a proxy voting advisor commissioned by MEAG, MEAG conducts a preliminary review (ex-ante) for selected portfolio companies, in particular companies with an engagement dialogue. Further, the exercising of voting rights is subject to subsequent review (ex post) by means of a random sample of the largest holdings. In the event that the proxy advisor's voting proposal differs from the assessment of the ESG & Sustainable Finance Team, MEAG has an established process (MEAG ESG Committee) to reach a decision on the vote.

11 Revision of the Proxy Voting Policy

MEAG's ESG & Sustainable Finance department is responsible for the contents of this Proxy Voting Policy. The Proxy Voting Policy is reviewed annually and amended as necessary. Any material changes, such as changes to responsibilities or material changes to content or scope, are subject to the approval of the MEAG ESG Committee.