

# MEAG policy for participating as a shareholder at shareholder meetings

## (Proxy Voting Guideline)

### Exercising shareholder rights

MEAG Luxembourg S.à r.l. (hereinafter MEAG) exercise their respective shareholder and creditor rights arising from domestic and foreign shares in which they invest on behalf of investors, independently of one another and as follows:

- They exercise their voting rights in a domestically based company as soon as they hold a share of its stock that represents  $\geq 0.2$  % of its statutory equity (share capital) in total across all investment funds and direct investment mandates managed by the appointed investment manager. In the event of voting on significant capital measures, MEAG can also vote if the shares held in the applicable company equate to  $\leq 0.2$  % of the share capital.
- They exercise their voting rights in a EURO STOXX 50 company as soon as they hold a share of its stock that represents  $\geq 0.2$  % of its statutory equity (share capital) in total across all investment funds and direct investment mandates managed by the appointed investment manager.

As a rule, MEAG refrains from attending shareholder meetings due to the costs involved.

Instead, it selects one of the following proxy options and instructs it to vote on its behalf.

- It authorises the Custodian
- It authorises an independent voting representative (e.g. shareholder association)
- It authorises a voting representative of the company in question
- It authorises a company, the main purpose of which is to analyse and represent third parties at shareholder meetings (e.g. IVOX).

MEAG can vote itself, without authorising a representative, if the company in question provides the option of voting through its website.

In the event of significant capital measures (e.g. acting in concert, merger (M&A), etc.) pertaining to foreign shares not contained in the EURO STOXX 50, the portfolio management also votes at its discretion, in as much as this is in the interests of its investors/clients.

## **Exercising voting rights within the scope of an investment strategy**

Our clients are predominantly insurance companies that structure their investment holdings based on how well the amount of the benefits owed and their payment deadlines can be calculated, and on accounting and earnings requirements.

Our clients set us these targets based on the investment principles of security, quality, profitability and liquidity of the investments. This results in demands on MEAG that we have to uphold using suitable methods, taking into account consequences for the fungibility of the managed assets, the term structure, the investment currencies and risk concentrations with regard to individual counterparties and sectors of the portfolio.

These requirements influence how we execute our clients' tactical investment strategies, by setting quotas and limits that influence their investments in equities.

## **Monitoring important matters of the portfolio companies**

In the course of its involvement in a company as a shareholder, and in particular before casting a vote, MEAG analyses the suggestions and measures that will have a positive long-term and lasting effect on the company's development and business model, and votes against measures that will have a negative effect on the company. The analysis also encompasses social, ethical and environmental goals/aspects of the company's management.

Before voting at a shareholders' meeting, the portfolio manager analyses the following factors as required. As a rule, the portfolio management also consults analyses from proxy voting providers to assist it.

### **Management and supervisory boards**

- Discharging of the supervisory board (supervisory board/board of directors):
  - Ongoing conflicts of interests and any lack of independence
  - Any lack of supervision with regard to the board of directors
  - Any pending legal procedures, e.g. contesting of the company accounts, insider trading, cases of bribery, etc.
  - Failed compliance
  - Regular votes (at least every 4 years) on the board's remuneration system, when changes occur
- Appointing of the supervisory board:
  - Any lack of sufficient description of the qualifications of the candidates by means of a CV on the agenda, and any lack of publication of the CV on the internet
  - Insufficient independence

- Remuneration of the supervisory board:
  - Fair and appropriate remuneration compared to similar companies, and relative to the company's sustained success
  - Largely or entirely fixed-rate remuneration
- Discharging of the management board (management board/executive board):
  - Continuously worse results relative to the rest of the industry
  - A lack of risk control and auditing procedures
  - Failed compliance
  - Any pending legal procedures, e.g. contesting of the company accounts, insider trading, cases of bribery, etc.
- Appointing of the management board:
  - Conflicts of interests when appointing the board members are to be published
  - Complete description of the qualifications of the candidates and any lack of CV publication online
  - No executive director should be involved in more than three external mandates (incl. international mandates) at listed companies
  - At companies with a "one-board" system, the Chief Executive and the Chairperson must not be the same person
- Remuneration of the management board:
  - There must be a regular shareholder meeting ballot (at least every 4 years) on the remuneration system and material changes to it
  - Preventing non-performance-based or disproportionate remuneration/ severance payments of the board members

## **Appointing an auditor**

- The auditor must be autonomous when compiling and presenting the annual accounts
- The auditor's remuneration:
  - Should be appropriate and published
  - Advisory and auditing fees must be billed separately
  - Advisory fees should not be significantly higher than the auditing fees

## **Capital measures**

- Applications for capital increases are to be included in the agenda with the reasons for them and details about the company's long-term strategy

- When applying for an increase in capital, the amount of the existing reserve capital is to be stated, as well as its percentage of the stock capital

## **Use of profits**

- The dividend must be in line with the market and the company's financial result

## **Corporate governance code and best practice**

- There must be corporate governance codes, socially responsible investment (SRI) and environmental social governance (ESG) guidelines in place in the company as are customary in the country in question, that include ethical and environmental topics and that reflect the company's social responsibility

## **Discussions with the company's executive bodies and stakeholders**

In order to remain constantly informed about the company's progress, the portfolio manager analyses annual reports, internet publications and analyses from external research providers. MEAG also makes use of the opportunity to contact company executives personally, generally at conferences or by having the board members in question visit the MEAG head office.

## **Collaborating with other shareholders**

MEAG does not collaborate with other shareholders in the sense of joining forces to change the direction of the portfolio company.

## **Dealing with conflicts of interests**

MEAG only votes in the interests of its final beneficiaries (investors) and without consideration for third-party interests.

It refrains from any form of abuse of the position as minority shareholder.

When voting, the portfolio management of the respective MEAG companies analyse the above factors independently of each other. Accordingly, MEAG companies may vote differently from one another.