

# Voting Rights & Engagement Policy

---

## Contents

I.	Legal framework.....	1
II.	Scope & aim.....	2
III.	Policy review.....	2
IV.	Voting Rights Policy.....	2
A.	Decision-making process.....	2
B.	Voting scope.....	3
C.	Voting principles and voting guidelines.....	3
V.	Engagement Policy.....	4
A.	Monitoring of relevant matters.....	4
B.	Dialogues with companies.....	5
C.	Exercise of voting rights and other rights attached.....	5
D.	Cooperation with other shareholders.....	5
E.	Communication with relevant stakeholders.....	5
F.	Conflict of interests.....	5
G.	Disclosure.....	5

## I. Legal framework

Structured Invest S.A. (hereafter “**SI**”) is a management company established under Luxembourg law and a 100% subsidiary of UniCredit Bank AG. SI is authorized under chapter 15 of the law of 17 December 2010 relating to undertakings for collective investment as amended (“Law of 2010”), and is furthermore authorized as alternative investment fund manager pursuant to chapter 2 of the law of 12 July 2013 relating to alternative investment fund managers as amended (“AIFM Law”).

In accordance with the regulatory requirements set out particularly in

- Article 23 of CSSF Regulation N° 10-4 of 20 December 2010 (“CSSF Regulation 10-4”),
- Article 37 of the European Commission Delegated Regulation (EU) N° 231/2013 of 19 December 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council (“Delegated Regulation 231/2013”),
- Section 5.5.10 of CSSF Circular 18/698 of 23 August 2018 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law (“CSSF Circular 18/698”)

SI exercises shareholder and creditor rights attached to the assets held by UCITS and AIFs (hereafter “**Funds**”) under management independently of instructions from and interests of third parties, and exclusively in the interest of the Funds’ investors and the integrity of the market. Consequently, SI has developed appropriate and effective strategies for determining when and how potential voting rights attached to instruments held in the Funds will be exercised.

Moreover, SI respects the relevant provisions of the law of 24 May 2011 on the exercise of shareholders’ rights in shareholders’ meetings in listed companies (“Shareholders Rights Law”) as amended by the law of 1 August 2019 transposing the requirements of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (“SRD II”).

## II. Scope & aim

This document (hereafter “**Policy**”) generally describes SI’s voting behavior for management or shareholder proposals at shareholders’ meetings as well as engagement behavior without claiming to be exhaustive.

Within this Policy SI

- (i) sets out principles for the exercise of voting rights attached to the assets held by the Funds (hereafter “**Voting Rights Policy**”) and, in relation to this,
- (ii) aims to strengthen the engagement of investors in their investment and therefore sets out principles for the engagement of shareholders (hereafter “**Engagement Policy**”).

It is SI’s understanding, that the Voting Rights Policy and Engagement Policy are not to be considered as strictly separate policies; on the contrary the engagement of shareholders and their interests are viewed as a key principle for SI’s exercise of voting rights.

Where a Voting Rights Policy and/or an Engagement Policy is not required by law, this Policy shall not apply.

## III. Policy review

This Policy will be reviewed and updated annually, and on an ad hoc basis in case of major changes to the organizational structure of SI, in case of amendments to the regulatory framework governing this Policy or if otherwise deemed necessary.

## IV. Voting Rights Policy

### A. Decision-making process

The exercise of voting rights attached to the assets of the Funds is part of SI’s management company duties. It is exercised with the necessary care and diligence and guided by certain rules and principles.

The general decision-making process is divided in two general approaches: SI carries out the activity either (i) directly, or (ii) by delegation to a third party, namely the investment manager of the respective Fund, or a dedicated proxy advisor as the case may be<sup>1</sup>.

- (i) Direct exercise of voting rights

SI as the management company receives notifications from the Fund’s depositary about corporate events, including forthcoming general meetings, in relation to assets held by the respective Fund. SI analyzes the

<sup>1</sup> Currently, SI does not involve any proxy advisors. In case of changes hereto, this Policy will be updated accordingly.

received notifications and decides on the next steps. If the exercise of voting rights is decided, SI prepares the voting decision and transmits the information back to the Fund's depository.

(ii) Delegation to a third party

SI as the management company receives notifications from the Fund's depository about corporate events, including forthcoming general meetings, in relation to assets held by the respective Fund. In case the investment management function has been delegated to a third party, SI informs the appointed investment manager about these events and/or ensures that the investment manager receives the necessary information. The investment manager analyzes the received notifications and decides on the next steps. If the exercise of voting rights is decided, the investment manager prepares the voting decision and transmits the information back to the Fund's depository.

## **B. Voting scope**

The decision to exercise voting rights or to abstain from it, is based on a comprehensive analysis. SI uses different metrics and approaches defining the voting scope, including the following core principles:

- **Cost-benefit analysis:** When deciding for or against exercising voting rights, SI weighs up the costs and benefits. If the exercise of voting rights is not viewed as being in the interest of investors, for example due to disproportionately high costs or disproportionate effort, SI will refrain from exercising these voting rights.
- **Total assets of the Fund:** In case the value of assets with voting rights attached is irrelevant compared to the total assets of the investing Fund, SI may not exercise voting rights.
- **Amount of participation:** SI considers the percentage of participation within the capital of a single asset. If it is not considered as a substantial amount and the voting behavior is not expected to be influential, SI will abstain from exercising voting rights.
- **Time:** The assets held by a Fund refer to short-term investments only and therefore SI may decide not to exercise its voting rights.

## **C. Voting principles and voting guidelines**

Furthermore, the preparation and/or the exercise of voting rights is guarded by certain voting principles and guidelines established by SI, including:

- The overarching goal is to create a long-term and risk-adjusted investment return for a Fund under management and any decision by SI takes this goal into account.
- The exercise of voting rights must be in the interest of the Fund's investors, regardless of interests of third parties.
- Voting rights are exercised at any time and exclusively in accordance with the investment objectives and investment policy of the respective Fund.
- Potential or actual conflicts of interest that may arise in connection with the exercise of voting rights are monitored by SI and are covered by the Conflict of Interest Policy.

Additionally, when preparing and/or exercising voting rights certain principles of corporate governance in relation to the investee companies are considered. While there is no absolute set of rules determining appropriate corporate governance under all circumstances and no set of values always guaranteeing ethical behavior, there are principles indicating good corporate governance practice. This includes the following non-exhaustive principles which shall be applied when analyzing and/or exercising voting rights:

- **Management quality:** The members of the management bodies (such as board of management, supervisory board, committees) should be competent and broadly independent and not be subject to any lasting conflicts of interest.
- **Reasonable remuneration structures:** The remuneration of management bodies should be transparent and directed towards the long-term development of the company in a performance-related manner.
- **Objectivity of the auditors:** The auditors appointed to audit the annual financial statements should be independent of the company; their remuneration should be transparent and reasonable.
- **Capital structure:** Changes in the capital structure should positively affect the company's long-term prospects; any proposed action by the company (restructuring or recapitalization) should to be reviewed in the light of enhancing value for the Fund holding these shares.
- **Corporate transparency:** The company reporting should have the highest degree of transparency regarding the position and development of the business. It should include, inter alia, the company's financial and operational results, ownership issues and performance on relevant ESG metrics in a timely, accurate and adequate manner.
- **Potential success of planned takeover and merger activities:** All proposals are assessed on a case by case basis, taking into account various aspects, including the company's profitability and the best interest of the Fund and its investors.
- **Dividend policy:** Dividends must correspond to the financial result of the company and be appropriate to the sector of industry.

The described voting scope, voting principles and voting guidelines are not exclusive and may be amended from time to time. SI ensures that this Voting Rights Policy is applied by the respective investment manager either directly or by establishing comparable rules in compliance with regulatory provisions.

## V. Engagement Policy

SI acknowledges the importance of strengthening the engagement of investors and has developed a dedicated Engagement Policy<sup>2</sup>.

The Engagement Policy describes how SI

- monitors investee companies on relevant matters,
- conducts dialogues with investee companies,
- exercises voting rights and other rights attached to shares,
- cooperates with other shareholders,
- communicates with relevant stakeholders of the investee companies and
- manages actual and potential conflicts of interests in relation to the engagement.

### A. Monitoring of relevant matters

Monitoring relevant matters of companies invested by the Funds is deemed essential. Such relevant matters include typically areas of increased importance for investors such as business strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance.

SI monitors these matters usually by reviewing publicly available information on financial information platforms, e.g. financial statements, annual reports, company announcements. In certain cases, SI's analysis

---

<sup>2</sup> This part of the Policy is applicable only to assets held by the Funds (e.g. shares of the investee company) which are in scope of SRD II.

may be support by third parties, e.g. research analysts. Moreover, SI has implemented reporting and escalation strategies in case the monitoring activity results in unfavorable findings, e.g. request for deeper analysis, communication to the board of directors of the Fund and/or the investment committee as the case may be.

## **B. Dialogues with companies**

SI also acknowledges that dialogues with companies are important, for example in order to influence the investee company to improve its corporate governance practices, to ensure long-term value creation in the investee company, to promote disclosure standards or any other identified area of concern. Such dialogues can be held directly, e.g. by initiating meetings with the company management, or indirectly, e.g. through the exercise of voting rights.

Primarily, SI will focus on the duly exercise of voting rights in accordance with this Policy. If deemed necessary, direct ways of dialogue may be considered additionally.

## **C. Exercise of voting rights and other rights attached**

Reference is made to section IV of this Policy.

## **D. Cooperation with other shareholders**

In order to further positively influence investee companies and promote better corporate governance, risk management, performance, disclosure or ESG-related standards or other principles, SI may cooperate with other shareholders of the investee company.

The decision whether to cooperate with other shareholders is based on a case by case assessment. Factors influencing this decision may include the view that engaging as a group will be more successful than individual engagement and that the engagement objectives of the collective group are consistent with SI's objectives. However, for the moment SI will not regularly cooperate with other shareholders.

## **E. Communication with relevant stakeholders**

In order to obtain additional information and views that may serve as an input in SI's ongoing engagement with investee companies, SI may communicate with relevant stakeholders such as interest groups, public authorities and institutions, NGO's and "think-tanks".

Any communication with relevant stakeholders will be based on a case by case decision but will not be a frequent activity from a current perspective.

## **F. Conflict of interests**

Potential or actual conflicts of interest, that may arise when involving in engagement activities as described in this Engagement Policy, are monitored by SI and are covered by the Conflict of Interest Policy.

## **G. Disclosure**

SI will publicly disclose on an annual basis how this Engagement Policy has been implemented, including:

- a general description of voting behavior,
- an explanation of the most significant votes and
- the use of the services of proxy advisors (if any).

Moreover, the annual disclosure will include information on how SI has cast votes in the general meetings of companies in which the Funds hold shares; however, such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company.

SI ensures that the principles of the Engagement Policy are applied by the respective investment manager either directly or by establishing comparable rules in compliance with regulatory provisions.

All information concerning this Engagement Policy and its implementation is publicly available on SI's website [www.structuredinvest.lu](http://www.structuredinvest.lu).

Luxembourg, October 2020

Structured Invest S.A.