



In its function as management company or AIFM, LGT Fund Management Company Ltd. (hereinafter "LGT Fund ManCo") ensures that voting and creditors' rights are exercised in accordance with the legal basis described below:

On May 17, 2017, the EU issued the Shareholder Rights Directive II (EU) 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (hereinafter "SRD II"). SRD II fundamentally supplements and revises the existing EU Directive 2007/36/EC and brings changes for shareholders of listed companies incorporated in the EU or EEA.

The new PGR provisions implementing SRD II in Art. 367 et seq. of the Liechtenstein Persons and Companies Act (PGR) entered into force on October 1, 2021. They regulate the requirements for the exercise of certain shareholder rights associated with voting shares in connection with the general meeting of shareholders of public limited companies listed in the EEA (Art. 262a para. 1 PGR), which have their registered office in the EEA, as well as special requirements to promote long-term shareholder participation.

Likewise, LGT Fund ManCo takes into account the fund-specific requirements in Art. 40 of the Liechtenstein Ordinance of 05 July 2011 on Undertakings for Collective Investment in Transferable Securities (hereinafter "UCITSV") as well as Art. 37 of the Delegated Regulation (EU) No. 231/2013 of the Commission of 19 December 2012 supplementing Directive 2011/61/EU (hereinafter "Del. Regulation 231/2013"), which do not focus exclusively on the EEA with regard to strategies for the exercise of voting rights.

### **1. Principles governing the execution of voting and creditors' rights**

As a general rule, the execution of voting and creditors' rights associated with the managed funds must be exclusively in the interest and for the benefit of the relevant fund and its investors and must be consistent with the investment objectives and investment policy of the relevant fund (Art. 367h para. 1 item 1 PGR, Art. 40 para. 2 item b UCITSV and Art. 37 para. 2 item b Del. REG. 231/2013).

Conflicts of interest resulting from the exercise of voting and creditors' rights must be prevented or regulated and, if necessary, also disclosed. Any exercise of voting and creditors' rights shall be independent of the interests of third parties and shall comply with the relevant European and Liechtenstein regulatory provisions (Art. 367h para. 1 item 7 PGR, Art. 40 para. 2 let. c UCITSV and Art. 37 para. 2 let. c Del. Regulation 231/2013).

When executing voting rights and creditors' rights, those measures that can increase the value of the respective company in the long term are generally supported, always depending on any relevant fund-specific requirements. In addition to the financial interests of the funds, however, environmental and sustainability-related viewpoints (ESG criteria) are also of particular importance.

### **2. List of criteria for monitoring the companies**

The monitoring of important matters of the companies within the meaning of Art. 367h para. 1 no. 2 PGR, Art. 40 para. 2 let. a UCITSV and Art. 37 para. 2 let. a Del. VO 231/2013 is based on taking note of the legally required reporting of the companies and in particular takes into account the published financial reports and ad hoc announcements.

When exercising voting rights, LGT Fund ManCo or the delegated asset manager attaches particular importance to the following points:

- a) Flawless accounting of the company;
- b) Qualified and independent management (Corporate Governance);
- c) Appropriate compensation structure;
- d) Transparent communication;
- e) Balanced capital and ownership structure;
- f) Sustainability criteria.

The verification of compliance with the criteria in the exercise of voting rights is based on the regional relevance ("degree of effectiveness") of legal provisions. In this regard, the following applies:

- (1) in the case of the exercise by shareholders of certain rights attached to voting shares in connection with general meetings of public companies listed in the EEA which have their registered office in an EEA Member State and whose shares are admitted to trading on a regulated market situated or operating within an EEA Member State, all votes above the materiality threshold (see Section 3) are verified;
- (2) the exercise of all other voting and creditors' rights is verified on a sample basis by LGT Fund ManCo.

### **3. Materiality**

The exercise of voting rights and other rights associated with shares, as well as the exercise of creditors' rights by LGT Fund ManCo, generally only occurs if a material transaction exists. A material transaction is deemed to exist if the share of votes in a company or the share of performance owed, consolidated at the level of LGT Fund ManCo, amounts to more than one percent of the voting capital or the performance owed of the company in question. If the share of voting rights or the share of creditors' rights is less than one percent of the voting capital or the performance owed, LGT Fund ManCo or its delegates are nevertheless free to exercise voting rights or creditors' rights in the interests of the investors.

### **4. Exercise of voting rights by LGT Fund ManCo or by third parties**

Voting rights may be exercised by LGT Fund ManCo or by delegation through a delegatee. In the case of delegation, voting rights must be exercised by the delegatee. The recipient of the delegation must comply with the specifications defined by LGT Fund ManCo. The delegation of the exercise of voting rights must be recorded in the relevant contract.

The materiality limit of one percent defined in Section 3 is monitored by LGT Fund ManCo on an ongoing basis and any exceeding of this limit is documented. In the event of an upcoming (extra-)ordinary general meeting, further documents as well as voting documents will be requested from the depositary and forwarded to the respective delegatee with the request to vote and return them to LGT Fund ManCo. Abstention from voting is not possible. If the delegatee does not comply with the described request in a timely manner, LGT Fund ManCo will assume the exercise of voting rights.

### **5. Exercise of creditors' rights by LGT Fund ManCo or by third parties**

LGT Fund ManCo exercises creditors' rights in the event of a debtor's default in the interests of the investors. Delegation is only possible if there are no conflicts of interest. In principle, the creditors' rights must be asserted insofar as they are of material importance for the investors of the UCITS or AIF.

### **6. Continuing engagement**

LGT Fund ManCo regulates further engagement for communication with companies, stakeholders and shareholders as well as any cooperation in principle as follows:

- a) an exchange of views with corporate bodies and stakeholders of companies is possible, but not mandatory (Art. 367h para. 1 item 3 PGR);
- b) a cooperation with other shareholders is possible, but not mandatory (Art. 367h para. 1 item 5 PGR);
- c) cooperation or communication with other relevant stakeholders of companies in which investments have been made is possible, but not mandatory (Art. 367h para. 1 item 6 PGR).

In the case of the exercise of voting and creditors' rights by third parties, it is at the discretion of the delegatee to decide on the continuing involvement in the interest of the fund.

## **7. Information for investors**

LGT Fund ManCo provides information on its website free of charge about its participation policy within the meaning of Art. 367h para. 1 PGR. In addition, it provides information on its website, free of charge and on an annual basis, on how it has implemented the participation policy pursuant to Art. 367h para. 2 PGR. This includes a general description of voting behavior, an explanation of the most important votes and recourse to the services of voting advisors. LGT Fund ManCo is also required to publish on its website, free of charge, its voting behavior at general meetings of public companies listed in the EEA in which the funds it manages hold shares, unless the vote is insignificant because of its subject matter or the size of the holding in the company.

In addition, the aforementioned information as well as further details on the measures taken on the basis of the strategies described above will be made available to investors free of charge upon request (Art. 40 para. 4 UCITSV or Art. 37 para. 3 Del. Regulation 231/2013).