

Information on the Shareholder Engagement and the Exercise of Voting and Creditors' Rights

for clients of LGT Capital Partners (FL) AG, Vaduz

Pursuant to statutory and regulatory provisions, LGT Capital Partners (FL) AG, Vaduz, (LGT CPFL), acting in its capacity as management company/alternative investment fund manager, is under an obligation to act in the best interests of its clients, the investment fund(s) and market integrity when performing its services and activities and to identify, minimise or avoid, if possible, the risk related to non-compliance with statutory and regulatory requirements using suitable and adequate procedures and effective organisational and personnel measures, respectively. In this context, it is necessary to provide that membership and creditors' rights associated with investment funds managed by LGT CPFL are asserted independently and exclusively in the investors' interests and further to provide for any related disclosure of information to investors.

LGT CPFL has issued a directive governing the implementation of legal and regulatory requirements and the definition of principles, appropriate and effective strategies and transparent procedures in relation to shareholder engagement and the exercise of membership and creditors' rights in connection with the investments in domestic and foreign equity instruments made by the funds managed by LGT CPFL as well as the provision of information in this regard. This document summarizes the most important points of this directive.

1. Shareholder Engagement

Active participation is an essential component of the sustainable investment approach pursued by LGT CPFL for the funds it manages. Voting rights are actively exercised and there is direct cooperation with the companies in which investments are made. LGT CPFL is convinced that a well-developed relationship between a company and its investors can lead to an increase in shareholder value and above-average returns in the long term.

LGT CPFL also believes that for funds that pursue strategies involving direct investments in listed companies ("investee companies"), active participation in and ongoing engagement with investee companies leads to better results.

LGT CPFL has delegated the portfolio management of the funds it manages, and which invest directly in listed securities, to LGT Capital Partners Ltd (the "Portfolio Manager") and, in the case of the LGT Select Fund, to external portfolio managers. The portfolio manager or the external portfolio managers select the invested companies for the individual funds and interact with the invested companies as appropriate. The portfolio manager has defined in an internal directive how it monitors the companies in which it or the external portfolio managers are invested.

The invested companies are regularly monitored regarding relevant environmental, social and governance ("ESG") matters as well as their strategy, financial and non-financial performance, risks, capital structure, the social and environmental impact of their actions and their corporate governance.

2. Dialogue with the Investee Companies

The Portfolio Manager and the external portfolio managers strive to maximize the value of the funds in the interests of the investors. The Portfolio Manager therefore regularly monitors the Investee Companies in order to gain insights into the criteria mentioned above. If, based on this regular monitoring, there is a need for discussion or action with an Investee Company or the Portfolio Manager identifies an opportunity to influence the business behaviour of an Investee Company with regard to certain issues, such as ESG matters in particular, an “engagement process” is initiated, if necessary, in cooperation and consultation with other shareholders.

The engagement consists of a constructive dialog between the Portfolio Manager, other shareholders as appropriate and the Investee Companies to discuss (among other things) views on specific ESG-related events, measures to improve ESG practices and, where appropriate, follow-up measures. The dialogue relates particularly to the management of sustainability risks and opportunities and the improved disclosure of ESG-related information, data and practices.

Engagement activities include one-on-one meetings with the management, investor relations or corporate social responsibility teams of the Investee Companies, on-site visits, written communication and participation in events. Engagement can take place on an individual basis or in cooperation with other shareholders or Investee Companies.

The engagement activities are evaluated on a regular basis. Lessons learned are systematically shared with relevant stakeholders within the Portfolio Manager, including the responsible portfolio management team, analysts, management committees and the Board of Directors, as appropriate. Engagement cases are recorded and regularly reviewed together with all relevant data in the ESG Cockpit, a special software platform of the Portfolio Manager.

If the ongoing assessment of an active engagement case, including the investee company’s actions and responses, leads the Portfolio Manager to the conclusion that it is unlikely that the defined objectives for a long-term investment will be met, the Portfolio Manager will terminate or pause and review the engagement process. The Portfolio Manager may use one of the following escalation strategies:

- Reducing or completely divest the holdings in the investee company’s securities,
- Voting against the investee company’s board of directors,
- Considering a collaborative engagement.

3. Basic principles associated with the voting rights policy

LGT CPFL exercises the membership and creditors' rights associated with the investments of the funds managed by LGT CPFL independently and exclusively in the interests of the investors. LGT CPFL also informs investors about the exercise of its membership and creditors' rights.

LGT CPFL must exercise the membership and creditors' rights to which it is entitled as a shareholder or creditor itself or issue explicit instructions to an appointed third party, such as the custodian, the portfolio manager or the proxyholder, on all agenda items that have a material impact on investors' interests. Such instructions may, for example, take the form of:

- a specific instruction on how the appointed third party is to exercise a specific membership or creditors' right (e.g. at the annual general meeting or the creditors' meeting); or
- a general directive setting out the principles and requirements for the exercise of membership and creditors' (e.g. the present directive) to the extent that these principles and requirements can be implemented by the appointed third party without the need for further instructions from LGT CPFL

However, LGT CPFL is entitled at any time to decide on and exercise its membership and creditors' rights itself instead of issuing explicit instructions to the appointed third parties.

The general voting rights policy of LGT CPFL is explained in section 4 below. A distinction is made between the following transactions:

- agenda items, in which investors' interests are materially affected ("material transactions"); and
- agenda items that do not have a material impact on investors' interests ("routine transactions").

Delegation to a third party can only take place for both material and routine transactions, if there are no relevant conflicts of interest that diverge from the interests of the investors. Such conflicts of interest can be clarified in general terms, i.e. without specific formal requirements.

If there are objective reasons, LGT CPFL may exercise membership and creditors' rights differently for individual LGT CPFL funds, provided this is also in the interests of investors.

4. Voting rights policy

The principles and strategy of the voting rights policy contain criteria on voting behaviour to:

- enable the relevant corporate actions to be pursued;
- ensure that the exercise of voting and creditors' rights is in line with the investment objectives and/or the investment policy; and
- prevent or manage conflicts of interest resulting from the exercise of voting and creditors' rights.

5. Voting rights policy – basic principles and criteria

The Socially Responsible Investment (SRI) Proxy Voting Guidelines of Institutional Shareholder Services Inc. (ISS) serve as the basis for the exercise of voting rights by LGT CPFL and/or any third parties commissioned by it.

Voting rights must be actively exercised in the case of material transactions. Material transactions exist in particular:

- in the case of exceeding a certain minimum threshold (e. g. percentage of fund assets or voting rights in a company);
- in the case of particularly controversial transactions and agenda items;
- in the event of significant mergers, takeovers, reorganisations, the sale of parts of the business and changes in the capital and voting rights structure of companies, or in the event of dual mandates of governing bodies, or
- in the event of (imminent) partial or total default of a debtor (creditor rights).

These transactions are treated in accordance with the capital thresholds defined in the following section.

In any case, the applicable rules on the acquisition of control and the prohibition of control pursuant to Art. 58 of the UCITSG must be observed. Accordingly, LGT CPFL and the UCITSS managed by it may not acquire any equity or participation rights that in total amount to more than ten percent of the voting rights or that allow them to exercise a significant influence over the management of an issuer.

6. Implementation of the voting rights policy

The exercise of voting rights is mandatory if defined thresholds are reached or exceeded either in terms of the equity interest held (in the sense of a control ratio) or in terms of the weighting in the fund assets (threshold as a ratio of the fund assets).

Voting rights must be exercised as soon as the voting capital of all funds managed by LGT CPFL in the company concerned amounts to at least 1 percent. In this context, the voting capital is made up of the different voting rights of the individual funds.

In addition, voting rights are exercised depending on the weighting of individual shares or similar equity securities in the fund concerned. Voting rights are exercised when the following ratios (NAV thresholds) are reached or exceeded:

- 2 percent for single manager funds
- 5 percent for multi manager funds (LGT Select Fund)

LGT CPFL or any appointed third party are also entitled to exercise additional voting rights on a voluntary basis at their own discretion (if below the 2 percent or 5 percent threshold).

7. Information and disclosure obligations vis-à-vis investors

LGT CPFL and/or any appointed third party shall document the decisions taken and the manner in which voting rights are exercised and shall ensure that LGT CPFL is able to provide detailed information to investors and authorities. This also applies to the manner in which voting rights or creditors' rights are exercised by appointed third parties.

Information on the principles of the voting rights policy and the procedure for exercising membership and creditors' rights is available on the LGT CPFL website in German and English.

Further information on voting behaviour and the measures taken will be made available to investors free of charge upon request. However, this information will only be provided to investors who can provide proof of their investment in the relevant fund. Furthermore, LGT CPFL will only provide information on its voting behaviour after the relevant general meeting.

In addition, LGT CP FL publishes the following information in accordance with the requirements of SRD II, i.e:

- a description of the voting behaviour;
- a description of how proxy voting was used; and
- information on how the votes were cast.

This information is disclosed in the annual LGT CP Group Active Ownership Report. The report contains a detailed description of LGT CPFL's active ownership objectives and active ownership approach, an overview of its engagement during the relevant calendar year, details of its proxy voting activities and a list of the companies with which LGT CPFL or its appointed third parties work. In addition, a monthly report on the exercise of voting rights is prepared and published. This report contains a summary of the voting decisions resp. instructions of the Portfolio Manager. Both documents are published externally on LGT CPFL's website and will be sent to investors upon request.