Voting rights policy

1. Purpose

Swiss Rock Asset Management ("SRAM") is an investment management company ("Fund Management Company") under Swiss law. It is also licensed to manage investment portfolios in accordance with mandates given by investors on a discretionary, client-by-client basis.

As such, SRAM is also an alternative investment fund manager pursuant to Chapter 2 of the Luxembourg Law of July 12, 2013 on Alternative Investment Fund Managers ("AIFM"). Indirectly, SRAM, in its activity as fund manager of two self-initiated Luxembourg Sicavs, is thus subject to the applicable Luxembourg regulatory provisions regarding "voting rights policy" that may arise in connection with its activity as fund manager.

The purpose of this document is to describe SRAM's policy for the exercise of voting rights. This policy aims to ensure that voting rights for shares under SRAM's responsibility, including voting rights for shares held in funds managed by SRAM, are exercised on a consistent basis by establishing key principles for decision-making and defining procedures and responsibilities.

2. General principles

The exercise of shareholder voting rights is an effective tool for influencing the behavior of companies in the portfolios of funds managed by SRAM. As such, SRAM may exercise voting rights in a fiduciary capacity on behalf of investors in the relevant managed funds. By exercising voting rights, SRAM can support sustainable actions that enhance the long-term value of the underlying investments

This document is to be understood as a guideline. It does not decide in advance on possible reconciliation scenarios. Each voting decision is to be made on a case-by-case basis based on the specific facts. SRAM will consider whether voting is in the best interests of the funds and their investors and will take appropriate organizational measures to avoid or at least minimize the risk of conflicts of interest.

Details of the measures taken to implement the strategies for exercising voting rights are available to investors free of charge upon request.

3. Exercise of voting rights

By investing in a Luxembourg fund sponsored by SRAM, investors allow SRAM to exercise voting rights at general meetings on a fiduciary basis. SRAM may exercise the voting rights in the best interest of the investors

Swiss Rock Asset Management may be assisted in the exercise of voting rights by a recognized, independent voting rights advisor. At the same time, it always reserves the right to exercise its voting rights independently.
SRAM may take all reasonable steps to achieve the best possible outcome for the funds under management, taking into account various factors in particular. The most important voting principles with regard to the selection of important agenda items are listed below (non-exhaustive list):

Annual Report

Approval of the annual report will only be refused if serious deficiencies are apparent, the usual standards with regard to information content are flagrantly disregarded, or facts are withheld which have been made public by other means in the reporting year. A refusal will also be made if the annual report or financial statements were not published in good time before the Annual General Meeting.

Refusal to discharge the Board of Directors

The motion for discharge of the members of the Board of Directors shall be rejected if the Board of Directors or the members of the Executive Board can be accused of serious deficiencies in the management or ultimate direction of the Company or if there is sufficient suspicion thereof. The same shall apply if the company has been guilty of serious violations of the social rights of its employees or has been guilty of serious violations of the social rights of its suppliers' employees by association or there is sufficient suspicion thereof.

Election of members of the Board of Directors

New election or re-election shall be rejected if there is insufficient information about the candidate to assess his/her potential contribution to the Board of Directors. The candidate is rejected if he/she does not have a good reputation or does not offer a guarantee of irreproachable conduct and attitude. SRAM normally votes against candidates who simultaneously hold the position of Chairman of the Board of Directors and the position of CEO (dual mandate). Exceptions may be made if the dual mandate is transitional and organizational structures are in place to ensure checks and balances. The candidate will be rejected if he is not considered independent and at the same time the degree of independence of the Board of Directors does not correspond to local best practice.

Application of the unappropriated profit and distribution practice

The proposed appropriation of retained earnings will be voted against if it appears disproportionate to the financial situation and prospects of the company or if it is incompatible with the interests of the investors. If the proposal is to replace the dividend distribution with a share buyback plan, SRAM will vote against it. The proposal will be rejected if the dividend is replaced by a par value repayment that significantly affects the shareholders' right to include an item on the agenda.

Election of the auditor

The proposal of the Board of Directors for the election or re-election of the auditor is rejected,

- if there are indications of specific misconduct or if there is a risk of conflicts of interest that jeopardize the independent exercise of the audit mandate;
- if the name of the auditor has not been announced before the Annual General Meeting;
- if the disclosure of the various consulting services provided by the auditor is not sufficient to assess the auditor's independence;

- if the work of the lead auditor responsible for the engagement has recently been severely criticized in relation to a similar engagement;
- if the auditor demonstrably failed to identify harmful fraud or weaknesses in the internal control system that had a material effect on the Company's results;

o When fees for non-audit services exceed local practice.

Remuneration

The compensation system may set false incentives that are not in the interest of the company or the shareholders. The compensation report will therefore be rejected if it does not comply with the following principles:

- The compensation system must be presented clearly and comprehensively. Long-term incentive systems must contain clear performance criteria. The amount of compensation must have an upper limit.
- Compensation must be commensurate with the performance rendered and must be geared to long-term value enhancement for the shareholder. Guaranteed payments or payments subject to a high degree of discretion are to be avoided.
- Contracts that provide for substantial payment even in the event of management failure are not acceptable.

Amendments and additions to the Articles of Association

Proposals of the Board of Directors are generally accepted, in particular if they improve corporate governance, strengthen shareholders' rights in a constructive manner and eliminate inequalities between types of shares. Proposals of the Board of Directors are rejected if they

- lead to a restriction of shareholders' rights;
- jeopardize the equal treatment of shareholders or voting shares;
- create an excessive amount of authorized or conditional capital in relation to the registered share capital or if the information on the intended use is inaccurate;
- create contingent capital to promote option plans with non-transparent terms, or if they allow a disproportionate entitlement to compensation;
- reduce the share capital by repayment of par value or cancellation of shares, resulting in a significant weakening of equity or the equity structure;
- bring about a change that negatively affects the rights or interests of all or some of the shareholders;

o bring about a change that negatively affects the long-term interests of the majority of the company's shareholder groups.

4. Responsible investing

Responsible investing is the integration of environmental, social and governance ("ESG") factors into investment decisions through a controlled and structured investment process. ESG factors are a subset of non-financial performance indicators that include environmental, ethical and corporate governance issues. In recent years, ESG factors have gained importance in society, politics and also among investors. This is in line with SRAM's long-standing focus on generating sustainable, long-term returns.

It is of great importance for SRAM to protect the entrusted and managed assets from the impact of financial and non-financial risks. The assessment, integration, ongoing monitoring and reporting of the integration of ESG criteria becomes a best practice for prudent asset management and is part of SRAM's holistic asset management approach. The integration of ESG criteria is addressed in various phases and sub-processes of SRAM's investment process, among others.

SRAM supports proposals that sustainably improve corporate governance according to recognized principles or promote ethical, social or economic aspects, provided they are compatible with the strategic direction of the company. In addition, the Swiss Rock "Engagement Policy" applies, which is broken down in a separate document.

5. Review of the exercise of voting rights Policy

SRAM will review the "Voting Rights Policy" on a regular basis. A review will also be conducted if material changes occur in the market environment that may affect SRAM's ability to achieve the best possible outcome.

6. Disclosure

Investors can find more details at the following links:
https://www.swiss-rock.ch/unternehmen/Regulierung/

In addition, they can request additional information free of charge by writing to the following address:

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