



THE DRIVE YOU DEMAND

# UBP ASSET MANAGEMENT (EUROPE) S.A.

**Voting Rights Policy** | Summary Information



UNION BANCAIRE PRIVÉE

## Overview

As a signatory to the **United Nations Principles for Responsible Investment (UN PRI)** since March 2012, the UBP Group is committed to integrate environmental, social and corporate governance (ESG) considerations into its investment activities and to exercise its active ownership duties.

UBP Asset Management (Europe) S.A. (hereinafter “UBP AM”) acting on behalf of the funds under its management (hereinafter the “Funds”), is responsible for the exercise of voting rights linked to the instruments held in the Funds’ portfolios. Therefore, UBP AM must implement an adequate and effective strategy for determining when and how voting rights attached to the instruments held by its Funds are exercised for the sole benefit of the Funds and the shareholders (in the meaning of “investors”). Moreover, UBP AM shall ensure that voting rights are exercised in accordance with the investment objectives of the Funds and the Responsible Investment Policy of the UBP Group.

In addition to the above-mentioned regulatory obligations, UBP AM is also required to meet internal standards to ensure corporate governance responsibilities are robust, transparent and consistent with local market practice.

## Principles for exercising the voting rights attached to instruments

UBP Asset Management (Europe) S.A. acting on behalf of the Funds is responsible for the exercise of voting rights actively, independently and exclusively in the interest of investors.

Proxy voting and the analysis of corporate governance issues in general are important elements of the portfolio management services provided to the Funds who have authorised UBP AM to address these matters on their behalf. The guiding principles in performing proxy voting are to make decisions that (i) favour proposals that in UBP AM’s view tend to maximise Funds’ shareholders value, (ii) are not influenced by conflicts of interest and (iii) integrate sustainability considerations and (iv) factor the cost to the Funds (e.g., ballot charges or shareblocking).

As defined by the UN PRI, responsible investment can be defined as “the integration of Environmental, Social and corporate Governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have a positive impact on financial performance”.

Based on these guiding principles the approach of UBP AM is to determine when it is in the best interest of the shareholders to effectively exercise voting rights attached to the financial instruments held in the various portfolios under management.

This analysis is performed based on the costs/benefits ratio linked to the exercise of proxy voting and leads to the allocation of the sub-funds managed by UBP AM in two distinct categories:

- **Type 1 sub-funds:** Sub-funds for which it is efficient and in the best interest of the shareholders to actively participate in the voting rights exercise (or when it is stipulated in the investment policy of the sub-fund).
- **Type 2 sub-funds:** A limited number of sub-funds (e.g. with limited AUMs) for which it is - in principle – not efficient or in the best interest of the shareholders to actively participate in the voting rights exercise.

As a rule, all equity sub-funds with Assets under Management above EUR 15 million are Type 1 sub-funds.

In practice, the voting rights attached to the securities held by said sub-funds will be exercised by ISS, which has been appointed by UBP AM to assist with the implementation of certain proxy voting functions, to act in the best interest of the shareholders, and to oppose any proposal or action which would

materially reduce and/or damage shareholders' rights, including those that reflect failures to manage ESG risks.

However, in certain circumstances, a Portfolio Manager may propose an override of ISS recommendation and the Voting Committee of UBP AM will be solicited to arbitrate and resolve disputes with respect to voting recommendation/exception.

Voting rights are exercised on the basis of the principles stipulated in the ISS Sustainability Policy Guidelines. These principles are compatible with the investment policy pursued by each of the sub-funds impacted and are applied in the context of the global UN PRI engagements of the UBP Group.

They can be summarized as follows:

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|----------------------------|---|
| Board Independence         | <p>Generally vote against the election or reelection of any non-independent directors (excluding the CEO) if:</p> <ul style="list-style-type: none"> <li>&gt; Less than 50 percent of the shareholder-elected board is independent, or</li> <li>&gt; Less than one-third of the entire board members, including those who, in accordance with local law(s) requiring their mandatory board membership, are not elected by shareholders, would be independent.</li> </ul>  |
| Key Committee Independence | <p>Vote against the election of executives who serve on the company's audit or remuneration committee. If a company does not have an audit or a remuneration committee, ISS may consider that the entire board fulfills the role of a committee. In such case, ISS may recommend against the executives, including the CEO, up for election to the board.</p>   |
| Independent Chairman       | <p>Generally, vote against (re)election of combined chair/CEOs.</p> <p>Generally vote against the election or reelection of a former CEO as chairman to the supervisory board or board of directors</p>   |
| Board Diversity            | <p>For UK and Ireland, ISS includes commentary on the company's approach to diversity. However, no adverse vote recommendations will be made due to any lack of gender diversity.</p> <p>For S&amp;P/TSX Composite Index companies in Canada, generally withhold vote for the chair of the nominating committee or chair of the committee designated with the responsibility of a nominating committee, or chair of the board of directors if no nominating committee has been identified or no chair of such committee has been identified, where the company has not disclosed a formal written gender diversity policy and there are zero female directors on the board of directors. This policy has been applied to all TSX Companies since February 2019.</p> |
| Risk Oversight Failure     | <p><b>Sustainability policies may vote against directors due to failure to manage ESG risks.</b> Vote AGAINST or WITHHOLD votes from directors individually, committee members, or potentially the entire board, due to material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company, including failure to adequately guard against or manage ESG risks.</p>  |
| Board Discharge            | <p>Vote case-by-case on the discharge of the board and management.</p> <p><b>Sustainability policies may also vote against proposals to discharge directors due to failure to manage ESG risks.</b></p>   |

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| Non-audit Fees               | Vote AGAINST auditors where fees for non-audit services exceed either 100 percent of standard audit-related fees or any stricter limit set in local best practice recommendations or law.                                   |
| Authorized Capital Structure | Vote for non-specific proposals to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding. |
| Preemptive Rights            | Vote for general issuance requests with preemptive rights up to 100 percent of issued capital.<br><br>Vote for general issuance requests without preemptive rights up to 20 percent of issue capital.                       |

Additional details together with the policy on exercising voting rights linked to instruments held in portfolios managed by UBP AM, are available free of charge at the registered office of UBP AM:

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