

## Voting Rights Policy

**Subject:** Voting Rights Policy

**Issuing Unit:** Eurobank FMC-LUX

**Scope:** Voting Rights Policy of Eurobank FMC-LUX has as scope to ensure its compliance with the provisions of the Art. 23 of the CSSF Regulation 10-4 and point 5.5.10 of Circular CSSF 18/698.

**Recipients:** Eurobank FMC-LUX  
Eurobank Asset Management M.F.M.C.

**Version:** Version 4 / December 2019

<b>Date</b>	<b>Created by:</b>	<b>Approved by:</b>	<b>Issued by:</b>
01.07.2011	Eurobank FMC-LUX	BoD of Eurobank FMC-LUX	Eurobank FMC-LUX
01.07.2013	Eurobank FMC-LUX	BoD of Eurobank FMC-LUX	Eurobank FMC-LUX
28.11.2017	Amended by Eurobank FMC-LUX	BoD of Eurobank FMC-LUX	Eurobank FMC-LUX
17.12.2019	Eurobank FMC-LUX	BoD of Eurobank FMC-LUX	Eurobank FMC-LUX

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## **I. Introduction**

The voting rights policy pursued by Eurobank FMC-LUX (the Management Company) is clearly exposed in order to ensure its compliance with the provisions of the Art. 23 of the CSSF Regulation 10-4 and the point 5.5.10 of Circular CSSF 18/698.

Voting rights allow shareholders to participate in ordinary and extraordinary meetings and in the decision-making process relating to important corporate events. By investing in collective undertakings, investors do not retain their voting rights, and are therefore relying on Eurobank FMC-LUX.

The Management Company has delegated the Investment Management of (LF), (LF) Fund of Funds and (TLF) to Eurobank Asset Management Mutual Funds Management Company S.A. (the Investment Manager) who has the duty to exercise Management Company's voting rights policy.

The Board of Directors of the Management Company has adopted and implemented a policy that is reasonably designed to ensure that votes are casted in the best interest of Funds, in accordance with its fiduciary duties. The Management Company consequently delegated the function of vote casting for Fund portfolio securities to Investment Manager, subject to the Management Company's continuing oversight, and in accordance with the Management Company's policy.

The Management Company is responsible for updating this current policy for new developments in corporate governance practices and changes in regulatory requirements, and therefore authorizes the Investment Manager to exercise its vote casting responsibilities in accordance with this policy, with a goal of acting in the best interest of funds and maximizing the rating of the investment policies of the funds.

The voting policy shall be reviewed by Eurobank FMC-LUX and updated, if necessary, on a periodical basis.

## II. Definitions

In this document, the following term shall have the meaning described to them below.

**Voting rights:** Voting rights are the legal right to vote shares under company law (supplemented by rules on voting shares held in street name), regardless of whom decides how to vote.

## III. Voting Policy Principles

Portfolio Managers of the Investment Manager are obliged to attend assembly general meetings of Issuers in case that the total percentage position of the Funds' under management is over 1,5% of the outstanding shares of a specific Issuer. A proxy may also be used that will represent and vote on behalf of the Funds.

The Depositary bank informs the Investment Manager of any ordinary and extraordinary meetings and any other corporate event, and provides the Investment Manager with convening notices, agenda, proxy form and any other relevant document and information allowing the Investment Manager to adopt a well-informed voting strategy, in the best interest of the funds, and in compliance with the provisions of the present voting rights policy.

Investment Manager employs a close monitoring for exercising voting rights in accordance with funds' investment objectives and policies. Additionally, Investment Manager takes into consideration the principles of corporate governance of issuers along with the way that voting in a general assembly may influence issuer's traded price.

Generally, Investment Manager adheres to the following voting principles:

1. Act in the long term interests of shareholders & Protect shareholders' rights

Corporate governance practices should focus board attention on acting in the long term interests of shareholders keeping a clear strategy in place.

2. Ensure independent and efficient board structure

The Board and the committees should include a strong presence of independent directors to allow an efficient oversight of the management.

3. Align incentive structures with long term interests of shareholders

Compensation structures need to be aligned with the long term-performance of the Issuer. Compensation structures should respect best market practices and be disclosed to shareholders in a clear and thorough way.

4. Disclose accurate, adequate, and timely information

Companies should ensure that timely and accurate disclosure is made on financial and operating results, ownership issues, and performance on key environmental, social, and governmental issues.

5. Ensure good environmental and social performance

Companies are expected to act responsibly to all stakeholders and to meet corporate governance, environmental and social standards to protect shareholders' long term interests.

In exceptional cases, conflicts of interests may however occur. This will apply especially when there is a risk that Management or any of the delegated Investment Manager will receive information that limits its ability to execute transactions on account of the Funds, so called insider information. In such situations the Management Company or the Investment Manager may refrain from taking active part in the corporate governance.

#### **IV. Recordkeeping**

The Investment Manager has the responsibility to report every 6 months to the Management Company on their voting activity. The report will include (i) the percentage stake in the Issuer held

by the Fund at the time when the assembly of shareholders of the Issuer took place and (ii) whether or not the Investment Manager voted at that assembly.

The Investment Manager will keep a record of all the voting history for all the Funds, for a period of 5 years; and will make that record available to the Management Company upon request.

Since, January 1, 2013, the Management Company has implemented a dedicated reporting electronic address ([reporting@eurobankfmc.lu](mailto:reporting@eurobankfmc.lu)) in which it receives and keeps all relevant reports from delegates' of its activities.

#### **V. Due diligence controls**

The Management Company shall perform, on an annual basis, sample checks of votes casted by the Investment Manager, to ensure compliance with the principles laid down in this policy. Such due diligence controls will be applied in case of control stakes in Issuers in excess of the 1,5% threshold mentioned under point III above.

#### **VI. Disclosure**

The Management shall keep its voting right policy at the disposal of shareholders, at its registered office at the following address and on its internet website <http://www.eurobankfmc.lu>, and at the following address: Eurobank FMC-LUX: 5, rue Jean Monnet, L-2180 Luxembourg.

Upon shareholders request and free of charge, the Management Company shall provide in writing details of the actions taken on the basis of the voting right strategy.