

# VOTING

## VOTING REPORT

For the 2024 calendar year.

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## Foreword

### **Article 14(2) of the German Basic Law: property entails obligations. Its use shall also serve the public good.**

The duty of loyalty is practically the only duty of a shareholder of a stock corporation (Aktiengesellschaft) and/or a Societas Europaea (both of which are referred to hereinafter as "company" for simplification purposes). They are the actual owners of the company. We consider this duty to be based on the loyal and fiduciary exercise of the voting rights associated with our investors' assets. Voting rights are in turn one of the few, but at the same time strongest rights of a shareholder. Although voting rights are not always fairly distributed owing to the parallel requirement of accumulating capital, they are however profoundly democratic.

The value of a good strategy is measured primarily against its impact. MainFirst's<sup>1</sup> aim in issuing this report on the exercise of voting rights is to establish transparency about its impact. This impact may only be one small part of the overall picture of an asset manager; however, it is precisely here that active asset managers can make a difference where they hold significant positions in individual companies. Considering that the attendance rate of the capital represented is all too often very low, this means that it is all the more important not to ignore these rights, but rather to exercise them in the best interest of investors. It is important for us to document this comprehensively and to communicate it transparently. This is because communication and dialogue can often solve the apparent contradiction between finance and sustainability.

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<sup>1</sup> Comprising the companies belonging to the group in Germany and Switzerland, namely MainFirst Affiliated Fund Managers (Deutschland) GmbH and MainFirst Affiliated Fund Managers (Switzerland) AG, see also [www.mainfirst.com](http://www.mainfirst.com)

## 1. General comments on the exercise of voting rights

When exercising its voting rights, MainFirst undertakes to pay particular due diligence in relation to the investors in the funds managed by MainFirst as part of its fund management operations.

As an asset manager, we are always aware of our duty of care towards our investors. This means that representing interests and voting rights is a major priority for MainFirst. Our aim is – taking into account of the most varied aspects such as sustainability or corporate strategy – to exercise our voting rights actively and comprehensively in the interest of investors and in order to implement our principles in the best possible manner. MainFirst, or a representative appointed by it, will vote in accordance with all applicable statutory, supervisory, professional and ethical requirements.

MainFirst will always decide, based on the specific individual circumstances, whether and how voting rights should be exercised in the sole interest of investors and also to secure the implementation of internal principles, particularly those which focus on environmental, social and governance (ESG) aspects.

Having solid corporate governance is crucial in increasing the value of a company. As shareholders, we take the view that it is necessary to participate actively in the development of a company. This is because responsible corporate governance is not only the key to sustainably increasing the value of our investments, but is also reflected in a rising share price in the longer term. We therefore participate in annual general meetings and attend other meetings and regularly seek to engage in dialogue with company representatives in order to give effect to our commitment. As soon as any corporate analyses show that active engagement is required, voting rights will be exercised. An ongoing focus on relevant issues is guaranteed thanks to close contacts with portfolio companies as well as regular analysis. This is the only way that MainFirst can assess and influence management performance. As an investor with a long-term focus, MainFirst supports companies that, thanks to their strategies, are able to increase the value of their business over the long term and opposes any action that stands in the way of long-term performance. We play an active role in promoting progress within companies in order to make them more profitable and enable them to create value in a more sustainable manner.

We endeavour, where possible, to exercise the voting rights for all shares held by MainFirst, and to provide our investors with a voting report on the exercise of these rights. As part of the ongoing enhancement of our approach to foster more active dialogue and a more active exercise of voting rights, during the 2024 reporting period we carried out even more in-depth qualitative assessments on the respective general meeting agendas. This was also accompanied by a critical engagement with ESG aspects. These have consequently also been apparent in our individual teams' respective approaches to voting. This report describes and discloses the general aspects that are relevant for MainFirst in relation to the exercise of voting rights.

## 2. Guidelines on the exercise of voting rights

Each ordinary share in the individual portfolio companies comprising the funds managed by us is associated with a voting right. We endeavour to exercise all of the voting rights that have been vested in us on a fiduciary basis. Portfolio management is responsible for the decision on how to participate in general meetings as well as how to vote on the individual items on the agenda. Voting rights are exercised individually by each portfolio management team drawing on its own resources, following a detailed, qualitative appraisal of general meeting agendas for all existing funds.

Decisions concerning the exercise of voting rights are made independently of our own interests or the interests of any third parties. Financial market integrity is guaranteed at all times and any voting rights are exercised under all circumstances in accordance with the relevant statutory, supervisory, professional and ethical requirements, as well as any applicable internal rules. In the event of any conflicts of interest, the exercise of voting rights in relation to these specific votes is documented by an "abstention".

The exercise of voting rights in the interest of investors is based – alongside a consideration of the fund's financial interests – on the principles embraced by MainFirst, which focus in particular on ethical, social and environmental aspects (see also ESG principles at [www.mainfirst.com](http://www.mainfirst.com)).

## 3. Principles applicable to the exercise of voting rights

We disclose our principles on the exercise of voting rights for interested parties and investors at [www.mainfirst.com](http://www.mainfirst.com) ([Voting Rights Policy](#)).

We consider a broad spectrum of financial and non-financial performance indicators, which are regularly tracked and monitored. Our indicators take account of current corporate governance standards, environmental and social factors as well as industry standards, which constitute the basis for our voting recommendations for the respective portfolio companies.

### **Our principles may essentially be broken down into five areas:**

1. Executive Body of the company (Management Board and Supervisory Board)
2. Remuneration and incentive programme
3. Auditor and annual financial statements
4. Corporate actions
5. Environmental and social aspects

Our internal rules set out generally applicable principles, procedures and processes, which MainFirst's portfolio management teams consciously apply within the context of long-term corporate monitoring of their share selection, whilst also actively exerting an influence through the exercise of voting rights. Our goals, established principles and corporate mission statements are incorporated into this voting behaviour. However, principles should not be regarded as generally applicable, prescribed voting recommendations. On the contrary, our voting recommendations are based on detailed, qualitative analyses of the companies concerned and the specific circumstances as well as our discretionary judgement on each individual case. The criteria underlying our principles are set out hereafter, with reference to which voting recommendations are made.

An important aspect for MainFirst's voting recommendations is corporate governance. Good corporate governance is essential for increasing the value of a company. Therefore, the exercise of voting rights aims to ensure good corporate governance as well as compliance with particular governance standards. In this respect, particular focus is placed on the following aspects.

### **3.1 Executive Body of the company (Management Board and Supervisory Board)**

#### **Discharge and election of the Management Board and the Supervisory Board**

MainFirst incorporates, amongst others, the following decision-making criteria in relation to the discharge, election or re-election of members of the Management Board and/or the Supervisory Board or Board of Directors<sup>2</sup>, and issues voting recommendations with reference to them:

- Qualification or suitability of at least one candidate
- Discharge of individual candidates
- Candidates' CVs (any previous overlaps)
- Age of Supervisory Board members (e.g. older than 75 upon election or re-election)
- Multiple appointments of members of the Management Board or the Supervisory Board
- Diversity within the Management Board and the Supervisory Board
- Any changes to powers in the event of proposed amendments to Articles of Association
- Breach of or failure to comply with essential corporate governance standards
- Independence of the members of the remuneration, audit, nomination or any other committees
- Appointment/re-election of a former member of the Management Board to the Supervisory Board
- Number of former Management Board members on the Supervisory Board
- Disproportionate concentration of members of the Management Board or the Supervisory Board with close ties to major shareholders
- Publication of detailed participation lists at meetings of the Supervisory Board, the Management Board or individual committees

We take account, amongst others, of the following aspects in relation to the discharge of the members of the Management Board and/or the Supervisory Board:

- Breaches of duty or other actions that undermine the integrity of the company (e.g. selfish interests and actions that run contrary to the welfare of shareholders and of the company)
- Legal risks due to shortcomings committed by individual members of governing bodies (e.g. involving illegal acts, agreements concerning prices, insider trading, fraud or bribery)
- Reports of concern from external parties (e.g. auditors, supervisors)

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<sup>2</sup> In the following, and for ease of reference, the various supervisory bodies (Supervisory Board or Board of Directors) will be referred to collectively as the Supervisory Board.

- Quality of corporate governance standards
- Breaches of corporate governance standards
- Qualification or suitability of at least one candidate
- Transparent provision of information relevant to the company
- Interval duration of management remuneration scheme (preferably every four years)
- Transparency regarding the CVs of members of governing bodies
- Conflicts of interest
- Inadequate risk control
- Discrimination against minority shareholders
- Compliance with essential standards of transparency
- Restrictions on voting rights or amendments to Articles of Association
- Non-publication of mandatory information

### **Independence**

The independence of members of the Supervisory Board is an essential element of their control function. We therefore consider the following criteria when making voting recommendations:

- Composition of various committees and bodies
- Interrelationships between the Supervisory Board, the Management Board and major shareholders
- Appointment to the Supervisory Board of former members of the Management Board
- Other Supervisory Board mandates

### **Diversity**

MainFirst critically assesses proposals to expand the Management Board and the Supervisory Board that have not been approved by shareholders. Any proposals affecting the diversity of the Board of Directors and/or the Supervisory Board in terms of ethnicity, gender or other factors are examined before making a decision based on the individual circumstances.

## **3.2 Remuneration and incentive programme**

Our voting recommendation takes into account both management as well as shareholder proposals. The aim of the remuneration scheme is to foster long-term growth of the company concerned.

### **Remuneration scheme for members of the Management Board**

Remuneration schemes for members of the Management Board take into account, amongst others, the following aspects:

- Publication of personalised remuneration arrangements for individual members of the Management Board

- Structure of short-term & long-term incentive scheme
- Change in the structure of remuneration compared to previous years
- Proportionality & level of remuneration compared to company size, net assets, financial & earnings position, sector and country
- Components of variable remuneration
- Medium to long-term focus of the variable remuneration components on relevant success and sustainability criteria
- KPIs for determining variable remuneration
- Granting of special bonuses
- Own investments in the company
- Subsequent adjustment of performance parameters

### **Remuneration scheme for members of the Supervisory Board**

Remuneration schemes for members of the Supervisory Board take account of the following aspects:

- Proportionality & level of remuneration compared to company size, net assets, financial & earnings position, sector and country
- Changes in the structure of remuneration
- Coupling of remuneration to company performance or other financial figures as well as ESG aspects
- Variable & additional remuneration components

## **3.3 Auditor and financial statements**

We take into account the following aspects when deciding on the appointing and compensating of an auditor:

- Discrepancies within the reports presented, auditing processes or the audit opinion issued
- Publication of the proposed auditing company and the proposed auditor in chief (incl. names)
- Reasons for any unforeseen change in the auditing company
- Audit quality of the auditing firm (ability to judge, appropriate judgement, independence of judgement)
- Regular rotation of auditor
- Transparent fees at a standard market rate as well as proportionality with revenue figures



### 3.4 Corporate actions

In addition, resolutions concerning corporate actions of the portfolio companies are a core aspect in the exercise of voting rights by MainFirst:

- Sufficient disclosure
- Capital allocation policy
- Approval of corporate actions
- Equal treatment of shareholders
- Potential dilution upon the issue of shares
- Issue of convertible bonds
- Introduction of registered shares
- Issue of preference shares
- Long-term strategy in relation to capital measures
- Implementation of a share split
- Borrowing of debt capital
- Appropriateness of dividend
- Payment of dividends from the substance
- Capital measures in relation to takeovers:
  - > Reasonability
  - > Background & strategy
  - > Disclosure of purchase price
  - > Countermeasures to prevent/obstruct takeovers

### 3.5 Environmental and social aspects

ESG aspects have a significant influence on the value and reputation of a company as well as the capability to earn long-term revenues. Accordingly, we want our companies to take account of relevant social and environmental risk factors, i.e. to incorporate them into their medium- to long-term strategies. When exercising voting rights, we support companies in reducing their ESG risks and improving their environmental footprint. We want to support proposals to the general meetings that seek to increase efforts to avoid ESG risks and to improve the company's transparency (e. g. in relation to climate change, water consumption, biodiversity, human rights, corporate governance, business ethics, code of conduct as well as environmental and social practices).

## 4. Current data on the exercise of voting rights

### 4.1 Blend/European Equities Team

#### MAINFIRST TOP EUROPEAN IDEAS FUND & MAINFIRST GERMANY FUND

"We act as representatives of our investors."

We engage in active dialogue with representatives from the companies comprising our portfolio. The aim of this is to ensure a constructive and critical exchange of views concerning strategic as well as sustainability issues. Our goal is to improve the ESG profile at company level through this engagement. In particular companies with "severe risks" are examined separately and discussions on how to rectify or improve the relevant issues are conducted individually with their management. This also includes an active exercise of voting rights on our part as well as regular performance reviews. Interaction with the management occurs regularly for the whole portfolio throughout the entire year. We endeavour to exercise all of the voting rights that have been vested in us on a fiduciary basis. We exercise our voting rights individually drawing on our own resources, following a detailed, qualitative appraisal of general meeting agendas.

Our goal is to exercise all voting rights vested in us for our portfolio companies at the general meetings held throughout the year as far as we are able.

Usually, general meetings of German and European companies focus on the first half of the year.

In 2024, votes were cast at 86% of general meetings of portfolio companies for the MainFirst Germany Fund. Voting was not possible in the case of approximately 7% of the portfolio companies within the sub-fund, as these were non-voting preferential shares, such as Sixt preferential shares or Jungheinrich preferential shares. For the remaining part of the portfolio (7%), the shares were only invested in after the Annual General Meeting, sold beforehand or could not be voted on due to technical limitations.

Overall, we voted for the MainFirst Germany Fund at 38 general meetings. At 33 of those meetings (87%), we voted on all points in line with the company management – i.e. voting "YES". A "NO" vote was cast on at least one agenda item at 5 general meetings (13%).

During the reporting period, the MainFirst Top European Ideas Fund voted at approximately 63% of general meetings of portfolio companies. Voting was not possible for the remaining part of the portfolio companies within the sub-fund, as these were non-voting preferential shares, such as Sixt preferential shares. The remaining part of the portfolio could not be voted on due to technical limitations or the securities were sold from the portfolio before the Annual General Meeting. At 88% of the general meetings attended, we voted on all points in line with the company management – i.e. voting "YES". At 12% of meetings, we cast a "NO" vote on at least one agenda item.

We did not submit countermotion of our own for a vote during the reporting period. There were no voting items explicitly relating to social or environmental issues, therefore no voting behaviour is provided for these items. As such, we focused on governance aspects.

Following intense internal discussions, and applying internal principles, guidelines and the portfolio management strategy, MainFirst voted "NO" on:

- The discharge of the Management Board and the Supervisory Board: the parties involved had in our view not been acting in the best interests of minority shareholders
- A resolution on the use of retained earnings

- A resolution on the approval of the remuneration system for members of the Management Board and the approval of the remuneration report
- Elections to the Supervisory Board
- Amendment to the articles of association to authorize the implementation of a virtual annual general meeting
- Amendment to the authorization to implement authorized capital
- Resolution on the change of legal form to a European Company (Societas Europaea - SE) due to concerns about lack of transparency in corporate governance

## 4.2 Global Equities/ Multi Asset Team

### **MAINFIRST GLOBAL EQUITIES FUND, MAINFIRST GLOBAL EQUITIES UNCONSTRAINED FUND, MAINFIRST ABSOLUTE RETURN MULTI ASSET & MAINFIRST MEGATRENDS ASIA**

"By actively exercising our voting rights, we can participate in key company decisions and represent our investors."

Although the Global Equities/Absolute Return Multi Asset team does not pursue an impact-based investment strategy, the exercise of voting rights is a core focus. Thanks to the strict, upstream exclusionary criteria, companies with weak governance as well as ecological and social grievances, are excluded from the outset.

Our critical analysis focuses on topics such as capital increases, remuneration systems and electing & discharging committee members – the main reasons why we vote against a proposal.

In 2023, at least one agenda item was voted against at 14% of general meetings of mutual funds. These include cases such as management incentive systems that are overly short-term, too many other Supervisory Board positions, or bias due to committee positions outside the Supervisory Board.

The exercise of voting rights in relation to institutional mandates is ensured by the capital management company in order to reflect clients' individual preferences.

In addition, sustainability aspects are addressed during direct contacts with the company as well as cooperation with non-profit organisations. Coupled with the exercise of voting rights, this results in the exerting of consistent influence over portfolio companies, adding weight to all ESG criteria.

## 4.3 Team Equities Value

### MAINFIRST GLOBAL DIVIDEND STARS

“Exercising our voting rights highlights our sustainability requirement to make management more responsible.”

We are involved in an ongoing, active exchange with our portfolios’ investee companies and comply with our fiduciary duties, amongst other things by exercising voting rights. As part of the investment process, critical dialogue concerning strategic direction as well as ESG aspects is regularly engaged in with company representatives. Our goal is to improve the ESG profile at company level through this engagement. Companies that fall into higher risk groups that have “severe risks” are questioned specifically concerning these aspects. The aim of companies should be to develop guidelines over time in order to reduce ESG risk aspects. We would like to specifically point out once again that we regularly exercised our voting rights at general meetings even before they started to be recorded systematically. Voting rights are exercised individually following a thorough examination of the general meeting agendas as well as standards in line with the [Voting Policy](#). It is our interest to act in the interest of investors at all times.

Our goal is to exercise all voting rights vested in us for our portfolio companies at annual general meetings as far as we are able. In 2024, we exercised our voting rights to the best of our ability. In comparison with the previous year, for all of our companies we voted on the agenda items in line with company management. As part of our ESG process, we are currently in no active dialogue with any portfolio company.

## 4.4 Team Case Invest

### CASE INVEST SUSTAINABLE FUTURE ETF

“Clearly defined exclusion criteria along key sustainability aspects create a basis for long-term performance. The focus on the Sustainable Development Goals (SDGs) complements this approach with a future-oriented perspective. Coordinated voting behaviour also supports this process by promoting responsible corporate governance and providing impetus for sustainable transformation.”

The active exercise of voting rights plays a central role in the investment process. Strict exclusion criteria are applied in advance to exclude companies that stand out due to inadequate governance structures or environmental or social shortcomings. In addition, the SDG agenda is also taken into account when assessing votes, particularly if resolutions have a potential impact on sustainable development in accordance with the UN goals.

The exercise of voting rights focuses particularly on issues such as capital measures, remuneration systems and the election and discharge of board members. In 2024, at least one item on the agenda was rejected or voted against at 28% of Annual General Meetings.

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Information for investors in Switzerland: The home country of the collective investment scheme is Luxembourg. The representative in Switzerland is IPConcept (Schweiz) AG, Münsterhof 12, P.O. Box, CH-8022 Zurich. The paying agent in Switzerland is DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zurich. Prospectus, key information documents (PRIPs-KIDs), articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative.

Information for investors in Belgium: The prospectus, key information documents (PRIPs-KIDs), annual reports, and semi-annual reports of the sub-fund are available free of charge in French upon request from ETHENEA Independent Investors S.A., 16, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, and from the representative: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Luxembourg.

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