



BERENBERG

PARTNERSHIP SINCE 1590

BERENBERG WEALTH & ASSET MANAGEMENT

Proxy Voting Policy

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Introduction

We believe that proxy voting is important and part and parcel of supporting corporate governance and enforcing shareholder rights. Therefore we have created a proxy voting policy which would adhere to different sets of principles in relation to Environmental, Social and Governance aspects (“ESG”). We believe that ESG practices of companies can have a significant impact on performances and value. Therefore we apply the Proxy Voting Policy (“Policy”) to our investment funds/pooled funds in the Asset Management (“AM”) division. However, we may have separated accounts (segregated mandates) that we manage directly for clients and in these cases the proxy voting may deviate from this Policy.

Proxy Voting Guidelines

This policy is meant to be a set of guidelines on how we would typically recommend on voting and represents our philosophy and beliefs regarding ESG issues in companies. Therefore, these guidelines are not intended to be viewed as one set hard rules on how we would recommend voting for every issue. Rather, it depends on analysis and discretion on numerous issues before we would provide our recommendations. Nevertheless, we endeavor to ensure that we incorporate decisions that would be beneficial for the long-term sustainable development of the company. These guidelines have been developed taking into account current corporate governance standards including current environmental and social issues, industry standards as well as how the impact of the proxy decisions would be on investments.

It is important to note that when applying these guidelines, it is subject to regional and country specific exceptions and modifications and is not inclusive of all considerations in each market. These guidelines are divided into seven key areas:

- 1.0** Board Related Issues
- 2.0** Audit Related Issues
- 3.0** Capital Structure Issues
- 4.0** Company Control Issues
- 5.0** Other Operational and Business Issues
- 6.0** Shareholders & Voting Mechanisms
- 7.0** Environmental and Social Issues



1.0 Board Related Issues

Board structures differ depending on the jurisdiction and country regulation that companies operate in. There are two types of structures, i) the unitary board structure and ii) the two-tier board structure. The unitary board structure is composed of both Executive Directors and Non-Executive Directors, and the two-tier board structure comprises of a separate board of Executive Directors as well as a non-executive supervisory board which supervises the Executive Directors.

1.1 Elections of Board of Directors

We will advise to vote AGAINST the election or re-election of directors:

1.1.1 Individual Qualifications

- The candidate is not sufficiently qualified or unsuitable for the position;
- Adequate disclosure of the qualifications has not been provided in a timely manner; (Career, age, nationality, date of initial appointment, mandates)
- Specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities. There are other considerations which may include sanctions from government or authority, violations of laws and regulations, or other issues related to improper business practice, failure to replace management, or egregious actions related to service on other boards.
- The discharge of the candidate is called into question (refer to 1.2 for further criteria on discharge);
- The candidate was the lead auditor for the firm in the past 4 years;
- Non-executive directors who are above the age of 75 during the election or re-elections

1.1.2 Board Structure

- Director elections are carried out on a block basis and the qualification or suitability of at least one of the candidates is called into question, except where it is market practice to vote on a block basis.
- The election of a candidate in a company with a unitary board structure results in (or continues) the dual role of CEO (Chief Executive Officer) and chairman of the board. This policy also applies to cases where the chairman / CEO is included in an election by slate. In exceptional circumstances, the vote recommendation can be evaluated on a CASE-BY-CASE basis when:
 - The company provides assurance that the chairman / CEO will only serve in the combined role on an interim basis (i. e., no more than two years), with the intent of separating the roles within a given time frame.
- A favorable vote recommendation for a combined chairman / CEO to serve on an interim basis will be considered, if the company provides adequate control mechanisms on the board (e. g., high overall level of board independence, high level of independence in the board's key committees, highly respected lead independent director).



- A CEO or executive board member can become a member of the supervisory board as well as its chairman, after a reasonable cooling-off period. If there is no cooling-off period, the following applies:
 - A CEO or executive board member can become a member of the supervisory board but not its chairman and the company has publicly confirmed prior to the meeting that she / he will not become chairman of the board.

1.1.3 Overboarding of Directors

We will advise to vote AGAINST a Non-Executive Director which we deem hold an excessive number of board appointments if:

- The election of a candidate causes this candidate to hold more than five board seats or other comparable seats in total.
- The role of a chairman or CEO is counted double. A CASE-BY-CASE evaluation applies if,
 - a non-executive board member also holds supervisory board appointments of a quoted subsidiary;
- Any person who holds the position of CEO (or a comparable role) at one company and a non-executive chairman at a different company will be classified as overboarded.

We will advise to vote AGAINST an Executive Director if:

- The election of a candidate causes this candidate to hold other executive director or non-executive chairman positions;
- The election of a candidate causes this candidate to hold more than three positions (including board seats)

1.1.4 Overall Reasons

- A board amends the charter/ articles/ by-laws such that the effect may be to entrench directors or to significantly reduce shareholder rights;
- Where the board fails to meet minimum corporate governance standards;
- The election of a candidate would result in a lack of qualification of the Management Board, Supervisory Board or Board as a whole.
- The candidate faces conflicts of interest or has not sufficiently disclosed such conflicts of interest;
- The election of a candidate causes the board to become insufficiently independent (Employee representatives are excluded from the independence calculation), diverse or balanced with regard to the main activities of the company and according to the respective country's best practice rules on corporate governance;(usually we expect the board to be at least 50 per cent independent);
- The members of the compensation, audit, nomination, or other similar committees are not comprised of majority fully independent directors;
- The election of a candidate results in a direct (up to two years) transition from executive to non-executive directorship: In especially warranted cases, executive directors with a long and strong track record can become non-executive directors, but not chairman of the board, if this change is in line with the national best practice for corporate governance;



- A former executive director is nominated for a membership on the supervisory board when two or more former executive directors already serve on the same.
- The candidate is a member of the audit, remuneration or nomination committee, and the respective committee has made important decisions under the candidate's chair that contradict the best practice rules for corporate governance or interests of shareholders;
- Nomination rights or special rights are exercised for the election proposal resulting in a disproportionate board representation of substantial shareholder, government-, or founding family representatives;
- The candidate has attended fewer than 75% of the board and audit / risk committee meetings in a given year without a satisfactory explanation for his / her absence;
- No individual disclosure of participation in meetings of the supervisory board, the board of directors or the committees.

1.2 Discharge of Directors

We will advise to vote AGAINST the discharge of Executive Directors and/or members of the management board as well as Non-Executive Directors and/or supervisory board members if:

- A lack of oversight or actions which invoke shareholder distrust related to malfeasance or poor supervision i.e., such as operating in private or company interest rather than in shareholder interest;
- Any legal issues (e.g., civil/criminal) aiming to hold the board/management responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions;
- The external auditors' report expresses reservations concerning the board's conduct of the company, or reveals serious shortcomings in the exercise of board members' duties or deficiencies of the internal control system;
- Other egregious governance issues where shareholders may bring legal action against the company or its directors;
- Serious shortcomings in relation to corporate governance where shareholders believe there is a major risk to the company;
- Doubts on the accuracy of the company's disclosure of material information;
- Executive management refuses to implement a shareholder proposal that has been approved in a preceding general meeting;
- Clear deficiencies in the monitoring of the company through neglect of the obligatory supervision duties of the management; (discharge of non-executives)
- No regular consultation (at least every four years) on the remuneration system for the executive board (discharge of non-executives);
- Non-compliance with material transparency standards (only for non-executive directors): e.g. failure to permanently publish up-to-date profiles of non-executive members on the website, showing the criteria for presenting qualifications in connection with elections, articles of association and the composition of the committees by stating their members by name;



- Unexplained attendance at board meetings fewer than 75% as well as attendance not published individually.

1.3 Independence of Board of Directors

We revert to the local laws and regulations of the company's main listing market on the definition of "independent" directors and best corporate governance practices in the respective country. If there are no such definitions, we will refer to the International Corporate Governance Networks (ICGN) standards of independence. Refer to the appendix for the standards.

- 1.3.1** We will advise to vote FOR the requirement majority of the members of the board of directors to be independent.
- 1.3.2** We will advise to vote FOR the members of the compensation, audit, nomination or other similar committees to be comprised of majority fully independent directors.
- 1.3.3** We will advise to vote FOR the separation of the CEO and Chairman positions.
- 1.3.4** We will advise to vote AGAINST the requirement for the Chairman role to be filled by an independent director if:
 - Two thirds of the board are independent, or majority in countries where employee representation is common practice;
 - A designated, or a rotating, lead director, elected by and from the independent board members with clearly delineated and comprehensive duties exists;
 - The company has fully independent key committees; and/or
 - There is established, publicly disclosed, governance guidelines and director biographies/profiles
- 1.3.5** We will advise to vote AGAINST shareholder proposals to vote against directors who are not considered independent if:
 - The company has been able to provide evidence of the independence of the director i.e. reducing of equity ownership in the company (if excess of 20%)
- 1.3.6** We will advise to vote CASE-BY-CASE on nomination of independent directors with environmental expertise:
 - Proposals requiring nomination of independent directors with environmental expertise especially in climate change will be reviewed on a case by case basis especially in sectors that these competences are highly needed.
- 1.3.7** We will advise to vote AGAINST the Chairman of the audit & remuneration committee if he/she is not independent.
- 1.3.8** We will advise to vote AGAINST the Chairman of the supervisory board to also serve as the chairman of the audit committee.



1.4 Board Size, Age and Diversity

- 1.4.1** We will advise to vote AGAINST requests for the size of the board to be changed if:
- The proposal is controversial, and/or the company is in a midst of a take-over whereby the proposal is meant as an anti-takeover device.
- 1.4.2** We will advise to vote AGAINST requests that allow management to change the board size without shareholder approval.
- 1.4.3** We will advise to vote FOR requests for classification of the board and the mandatory age of 75 during the election/re-election of board of directors.
- 1.4.3** We will advise to vote CASE-BY-CASE on board diversity:
- Proposals that require diversity on board membership in regard to race, gender and other factors will be considered on a case by case basis and following the jurisdictions laws and regulations.

1.5 Board Remuneration (“Say on Pay”)

Executive compensation or “Say on Pay” has always been a key criterion in voting. Therefore, our decision on voting on compensation would take into account both management and shareholder proposals. The compensation plan should support a long-term sustainable development of a company. We generally vote for compensation plans per our description below, however we may go against shareholder proposals that deem to be excessive if management has provided a reasonable explanation on their compensation plan. Furthermore, we would also oppose shareholder proposals if we believe that the executive compensation would not be detrimental to shareholder value in the long run. We also in general would support the investment in company shares.

- 1.5.1** We will advise to vote AGAINST compensation plans for Executive Directors if:
- The individual remuneration components are not disclosed in detail and by individual name of each director (salary, short- and long-term bonuses, options and pension programs and other benefits including hiring bonuses).
 - The level of disclosure of the proposed compensation policy is not sufficient for shareholders to make an informed decision and is not in line with best practice standards and peers in the sector;
 - Information on compensation related proposals were not made available to shareholders in a timely manner and therefore could not be analyzed sufficiently;
 - Structure of the company's short-term incentive plan is not appropriate, places excessive focus on short term performance and does not take into account shareholder value;
 - Remuneration is deemed excessive and bears a significant cost for shareholders;
 - The company deviates from the relevant “comply or explain” recommendation of a country’s Governance Code;



- Proposals bundle compensation for both non-executive and executive directors into a single resolution;
- The compensation plan has increased drastically in comparison to the last years without proper justification;
- Severance pay agreements must not be in excess of (i) 24 months' pay or of (ii) any more restrictive provision pursuant to local legal requirements and/or market best practices;
- No bonus-malus system is in place, or this system does not affect the respective board members for at least three years after their retirement;
- Bonus payments are made when company has made no profits in last two years (Case-by-Case);
- Exercise of discretion by a corporate body is unclear from an outside perspective.

Variable Compensation

- Variable compensation is linked to dividend payments;
- Variable compensation is not geared to medium and long-term success criteria;
- Performance parameters to determine variable remuneration are solely tied to the share price.
- There is not enough disclosure available in order to evaluate how variable pay is linked to results and the performance criteria for the variable compensation components are not published.
- Remuneration paid to management is not in line with performance, disproportionate, or incommensurate in relation to that of comparable businesses;
- Variable compensation parameters are retrospectively adjusted (back dating);
- The remuneration system allows the use of adjusted operating performance measures.

Stock Option Plans

- Allotments and exercise terms of stock option plans or similar incentives are not disclosed.
- The performance criteria for reaching the exercise target of stock options plans are solely tied to the development of the share price.
- In regard to stock option plans:
 - i.** The stock option plan is used as a collateral for a loan or in a margin account
 - ii.** The first exercise date for the option plan is earlier than 3 years
 - iii.** There is an option for unlimited increase in shares without shareholder approval
 - iv.** The plan allows for repricing without shareholder approval
 - v.** The plan grants options on super-voting stock
 - vi.** The resulting dilution of existing shares is more than: (a) 10% of outstanding shares for large capital corporations; or (b) 20% of outstanding shares for small-mid capital companies (companies having a market capitalization under five billion Euro) and for micro-capital companies (companies having a market capitalization of under one billion Euro).



- Arrangements with a company executive regarding pensions and post mandate exercise of equity based awards must not result in an adverse impact on shareholders' interests or be misaligned with good market practices

1.5.2 We will advise to vote AGAINST compensation plans for Non - Executive Directors if:

- Documents (including general meeting documents, annual report) provided prior to the general meeting do not mention fees paid to non-executive directors and these are not disclosed in detail and by individual name of each director;
- Proposed amounts are excessive relative to other companies in the country or industry;
- The company intends to increase the fees excessively in comparison with market/sector practices, without stating compelling reasons that justify the increase;
- The compensation is tied to the dividend;
- Proposals provide for the granting of stock options, performance based equity compensation (including stock appreciation rights and performance vesting restricted stock), and performance based cash to non-executive directors;
- The variable compensation component accounts for substantially more than 50% of total remuneration;
- Members of the audit committee receive additional variable profit related compensation;
- Committee members receive additional remuneration which exceeds the fixed component

1.5.3 We will advise to vote FOR requests for the establishment of a remuneration committee.

1.5.4 We will advise to vote AGAINST claw back compensation plans if:

- If it is deemed that the company already has strong claw back provisions in place.

1.5.5 We will advise to vote AGAINST golden parachutes if:

- The plan results in excessive payments which would be detrimental to shareholders. We would usually limit the golden parachute to no more than three times of base compensation;
- There would be an enormous tax burden by the company as part of the pay-out;
- Management has failed to perform or effectively manage the company.

1.5.6 We will advise to vote FOR proposals requiring shareholder approval for golden parachutes.



2.0 Audit Related Issues

2.1 Audit Firm

2.1.1 We will advise to vote AGAINST the appointment and remuneration of auditors if:

- There are serious concerns about the accounts presented, audit procedures used or audit opinion rendered;
- There is reason to believe that the auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position;
- Name of the proposed auditor (company) and proposed lead auditor has not been published;
- The auditors are being changed without explanation;
- There is concern on the independence of the audit firm where there are links between the auditors and the management of the company;
- The appointment of external auditors if they have previously served the company in an executive capacity or can otherwise be considered affiliated with the company;
- The auditor was unable to prove fraud in the company which was subsequently identified and as a result had a significant negative impact on the company;
- The same lead auditor has been appointed for more than 7 years;
- The disclosure of various advisory services which have been performed by the auditor is insufficient for judging the auditor's independence.
- There are issues regarding the fees and independence of the audit and generally not in line with market best practice.
- The auditing fees have not been published separately; especially advisory fees (non-audit fees).
- The fees for non-audit services exceed reasonable standards for annual audit-related fees and the company does not provide a satisfactory reason for this case. This rule does not apply for services related to initial public offerings and mergers & acquisitions.

2.1.2 We will advise to vote AGAINST appointment or re-election of statutory auditors if:

- There are serious concerns about the statutory reports presented or the audit procedures used;
- Questions exists concerning any of the statutory auditors being appointed;
- The auditors have previously served the company in an executive capacity or considered affiliated with the company.



2.2 Audit Reports

2.2.1 We will advise to vote AGAINST the approval of audit reports if:

- The information presented to the shareholders does not meet corporate governance best practice standards;
- The annual report was not made available sufficiently in advance of the general meeting;
- The board of directors refuses to disclose important information that is firmly requested, or responds to legitimate requests for supplementary information in an unsatisfactory manner;
- There are serious and demonstrable failings in the statement of accounts;
- There are concerns on the audit procedures.

3.0 Capital Structure Issues

3.1 The allocation of income and dividend distribution

3.1.1 We will advise to vote AGAINST the allocation of income and dividend distribution if:

- The pay-out ratio has been below 20% for two consecutive years despite availability of profitable growth opportunities, and management has not adequately reasoned this decision;
- The pay-out ratio exceeds 100% without appropriate reason (the company pays a dividend which impacts its book value);
- The pay-out is excessive given the company's financial position.

3.2 Equity Issuances

3.2.1 We will advise to vote AGAINST the issuances of equity if:

- All current approved issuances exceed 40% of currently issued capital even if they bear pre-emptive rights.
- The issuance exceeds 10% of currently issued capital and the new issuance bears no pre-emptive rights.
 - i.** Vote against equity issuances without subscription rights if the cumulative equity issuances without subscription rights across all capital measures are not limited to a maximum of 20%.
- The company issues preferred shares without voting rights and;
 - i.** The necessity of additional share capital to carry out the company's business has not been approved by the non-executive board;
 - ii.** Preferred shareholders do not receive a meaningfully higher dividend rate of at least 10%
 - iii.** If the company does not provide specific information on the anticipated use of the capital, dividend, conversion or any other rights of the stock that would be deemed beneficial for shareholders.



- iv.** The equity issuance has the purpose of defending against hostile takeover threats (e.g., poison pills, see 4.2 for further information)
- The company issues stock with multiple voting rights or other control enhancing rights.

3.2.2 We will advise to vote FOR only shareholder approval proposals for blank check preferred stock placement.

3.2.3 We will advise to vote AGAINST the creation of blank check preferred stock if:

- It will be used for any anti-takeover exercises;
- The purpose of issuing the blank check preferred stock would be for financing purposes.

3.3 Debt Issuances

3.3.1 We will advise to vote AGAINST debt issuances for restructuring if:

- The restructuring would affect shareholder rights.

3.3.2 We will advise to vote AGAINST convertible debt issuances if:

- The conversion guideline does not meet equity issuance requests.

3.4 Share Repurchases

3.4.1 We will advise to vote AGAINST share repurchases if:

- The share repurchase does not give equal treatment to all shareholders.
- The company is in financial distress and the repurchase program is not adequately reasoned.
- It will be used for any takeover defense exercises;
- A repurchase limit exceeds 10 percent of outstanding issued share capital;
- Duration of more than 5 years, or the duration set by applicable law, regulation, or code of governance best practice is not followed.
- Pricing provisions and safeguards are deemed to be unreasonable in light of market practice;
- There is no safeguard against selective buybacks.



3.5 Stock Splits

3.5.1 We will advise to vote AGAINST stock splits if:

- The stock split does not have the shareholders benefit in mind;
- Is likely to affect the ability to trade shares and/or has a negative impact on the share value.

3.6 Shareholder Voting Rights

3.6.1 We will advise to vote FOR shareholder proposals for equal voting rights:

- We believe that from a corporate governance perspective, all shareholders should receive voting rights which are proportioned to their economic value in the company.

3.6.2 We will advise to vote AGAINST requests to remove restrictions or the rights of shareholders to call for special meetings, amend the bylaws or act by written consent:

- We believe that shareholders should not have restrictions placed on them.

3.6.3 We will advise to vote FOR requests for confidential voting rights:

- We believe that confidential voting rights are important for some shareholders who have a vulnerable position with the management (i.e. employee relationships) and thus would require voting in a confidential manner.

3.6.4 We will advise to vote AGAINST the adoption of cumulative voting:

- We will vote against any proposals that require cumulative voting as this would only disproportionately aggregate votes on certain issues or director nominees.

3.6.5 We will advise to vote AGAINST the creation or authorization of additional shares of super-voting stock or stocks with unequal voting rights:

- We will vote against any proposals that create additional shares for super-voting stocks as this goes against our idea of equal voting rights for shareholders.



4.0 Company Control Issues

4.1 Mergers & Acquisitions

We will advise to vote AGAINST mergers and acquisitions if:

- Not enough information is available and/or provided to shareholders to make an informed decision;
- Voting rights, earnings distribution or any other shareholder rights are altered disproportionately and if the structure following the merger or acquisition does not display good governance;
- The merger appears not to be in the best interest of shareholders;
- The value received by the target shareholders (or paid by the acquirer) does not seem to be reasonable;
- There seems to be a conflict of interest where insiders are benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders;
- The prevailing legislation and rules at the place of business or corporate governance of the newly combined entity significantly diminish the rights of shareholders;
- There is significant concern regarding the strategic rationale behind deal. A CASE-BY-CASE evaluation then applies.

4.2 Poison Pill Plans

We will advise to vote AGAINST poison pills if:

- The plan does not have reasonable offer clause and management has not provided clear reasoning for its use.
- Not enough information is available and/or provided to shareholders to make an informed decision;

4.3 Antitakeover Mechanisms

We will advise to vote AGAINST antitakeover mechanisms if:

- Shareholders are not given the ultimate decision on any proposal or offer;
- The antitakeover proposal does not require shareholder approval;
- Gives the government or other bodies an implicit “golden share” in the company.



5.0 Other Operational and Business Issues

- 5.1** We will advise to vote AGAINST reimbursement of expenses for successful shareholder campaigns.
- We believe that though shareholder campaigns are at times necessary, allowing the reimbursement of these campaigns would only allow more unnecessary campaigns to be put forth.
- 5.2** We will advise to vote AGAINST general updating of charters, articles of associations or bylaws if:
- The company is unable to provide information on the impact the changes would have on shareholder rights;
 - The amendment would have a long-term risk on shareholder rights and interests.
- 5.3** We will advise to vote FOR proposals to change the company name:
- We believe that this would be a company decision.
- 5.4** We will advise to vote AGAINST changing the company fiscal term if:
- There are concerns that the reason for the change of the fiscal term is to postpone the annual general meeting.
- 5.5** We will advise to vote CASE-BY-CASE on Amending Quorum Requirements:
- Vote proposals to amend quorum requirements for shareholder meetings on only on a case by case basis.

6.0 Shareholders & Voting Mechanisms

- 6.1** We will advise to vote FOR shareholder proposals if:
- It strengthens the company's corporate governance or business profile and supports to increase the company's business activities or capabilities;
 - All other shareholder proposals are voted upon on a CASE-BY-CASE basis.



7.0 Environmental and Social Issues

We believe that ESG issues have been growing and are gaining traction in shareholder proposals. There is a call for greater disclosure and change in companies regarding to ESG issues. Therefore, we take into account on top of governance issues also Environmental and Social (E&S) issues in our advise on proxy voting. We understand nevertheless, that E&S issues vary across different sectors, regions and companies. Therefore, when examining these issues for proxy votes, these variances need also to be taken into account.

7.1 Managing Environmental Concerns

7.1.1 We will advise to vote AGAINST proposals requesting greater disclosure on specific emissions or environmental metrics if:

- The proposal would be too burdensome on the company in terms of costs and will not be beneficial for shareholders. This will also be reviewed per the intensity of this requirement per sector.

7.1.2 We will advise to vote FOR proposals to disclose the long-term business risks related to climate change if:

- Management has not shown initiative to address this concern. Also this should be consistent with government policies as per jurisdictions and different markets especially with the current EU initiative to limit global temperature rise to well below 2 degrees Celsius.

7.2 Managing Social Concerns

7.2.1 We will advise to vote AGAINST the linking of sustainability metrics with financial/incentive measures if:

- The board and management of the company do not believe that this would increase company performance or profitability in the long-run.

7.2.2 We will advise to vote AGAINST requiring disclosure on sustainability report if:

- Companies already include this information in other means of communications such as policy reports or information on their websites and would be deemed sufficient information for shareholders.

7.2.3 We will advise to vote CASE-BY-CASE on reliance on animals for testing.

- Proposals requiring increased disclosure on the numbers, the types of animals and the types of tests will be voted for. However, all other types of proposals would need to be taken into account the impact on the business in consideration with laws in each jurisdiction.



- 7.2.4** We will advise to vote AGAINST requiring better labor standards to ensure sustainable living wages and protection of children against forced labor if:
- The company already has policies in place to prevent this especially in following labor standards (i.e. the International Labor Organization's Declaration of Fundamental Principles and Rights) and has been addressing any concerns regarding this issue.
- 7.2.5** We will advise to vote FOR policies that address progress in diversity if:
- The company does not have a policy on diversity and does not disclose if the company has been taking any steps to address this issue.
- 7.2.6** We will advise to vote CASE-BY-CASE on the disclosure of corporate political participation and/or lobbying policy payments.
- Proposals that require increased disclosures of corporate political participation would be voted for especially if there are no specific committees that oversee this expenditure or participation. This would assist shareholders in understanding the political system of the company and if it would have any future hindrance to the company business. We are against proposals that request companies to prohibit corporate political spending. However, we will review all other proposals related to political participation a case by case basis by answering whether there is a risk to shareholders and /or the proposal would lead to increased shareholder value.



Appendix

Proxy Voting Committee

The Proxy Voting Committee (“PVC”) would consist of internal members from Berenberg’s asset management department who are responsible in overseeing the proxy activities and updating this policy including the guidelines. Berenberg’s analysis on the recommendations may from time to time diverge from the proxy voting guidelines. However, this decision would have to go through the PVC before a final decision is made.

The PVC will consist of:

- Head of Investments, Wealth and Asset Management
- Chief Operating Officer, Wealth and Asset Management
- Head of Small Cap for Equities, Wealth and Asset Management
- Head of ESG Office, Wealth and Asset Management
- ESG Committee, Wealth and Asset Management

This policy and guideline is reviewed regularly and updated as necessary to take into account new regulation, issues or standards. If there are issues that have not be specifically stated in this guideline, the PVC will then provide its view on a case by case basis in regards to the concerns.



ICGN Independence Criteria (Principle 2.6)¹

The board should identify in the annual report the names of the directors considered by the board to be independent and who are able to exercise independent judgement free from any external influence. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director

- is or has been employed in an executive capacity by the company or a subsidiary and there has not been an appropriate period between ceasing such employment and serving on the board;
- is or has within an appropriate period been a partner, director or senior employee of a provider of material professional or contractual services to the company or any of its subsidiaries;
- receives or has received additional remuneration from the company apart from a director's fee, participates in the company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme;
- has or had close family ties with any of the company's advisers, directors or senior management;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- is a significant shareholder of the company, or an officer of, or otherwise associated with, a significant shareholder of the company;
- is or has been a nominee director as a representative of minority shareholders or the state;
- has been a director of the company for such a period that his or her independence may have become compromised. There is no fixed date that automatically triggers lack of independence; the norm can differ in varying jurisdictions between 8-12 years after which a non-executive director may no longer be deemed independent. Companies should be guided by local norms, and directors with longer tenure should not be classified as independent in terms of committee appointments or other board functions requiring independence.

¹ Retrieved from "ICGN Global Governance Principles"
http://icgn.flpbks.com/icgn_global_governance_principles/



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